

2022 INTEGRATED  
ANNUAL REPORT

*Agile*

*Pioneer*

We are the Bank  
that makes  
a difference  
and shapes  
the future

*Competitive*

*Innovative*

*Customer Focus*

On February 6, 2023, our country underwent one of the biggest natural disasters in its history.  
We are deeply sorrowed...

We wish God's mercy on the citizens who lost their lives in the earthquake disaster, condolences to our country, and a quick recovery to all those who are injured.

We will get through these difficult days in the spirit of unity and solidarity, and we will heal our wounds together.

Koç Holding and Yapı Kredi continue to use all their resources to support our people during the recovery process and to work with all their strength to ensure a better future for our country.

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# About the Report

## NATURE, PERIOD AND SCOPE

The Integrated Annual Report of Yapı ve Kredi Bankası A.Ş. and its domestic and overseas affiliated subsidiaries (“Yapı Kredi” or “Bank”), this report presents the 12 month activity period of Yapı Kredi between 1 January 2022 and 31 December 2022. Accordingly, the financial and non-financial data of Yapı ve Kredi Bankası and its subsidiaries, both domestic and overseas, are included in the report.

The Report will be presented to the 2023 Ordinary General Meeting of Yapı Kredi as an Annual Report.

## CONTENT AND REGULATORY FRAMEWORK

The Report presents the integrated business model of Yapı Kredi that creates long-term value for all of its stakeholders, its management of risks and opportunities, future strategies, stakeholder communication, and its performance on economic, environmental and social indicators. The Report also provides detailed information on the Bank’s material issues identified with the broad involvement of stakeholders, approach to governance based on sectoral and global trends, and its performance and goals in financial and non-financial areas.

The report has been prepared in accordance with the renewed GRI Standards, the International <IR> Framework within the Value Reporting Foundation, and the SASB Sustainability Accounting Standard for Commercial Banks FN-CB standard. Borsa İstanbul Sustainability Index Banking Criteria, United Nations Global Compact, United Nations Sustainable Development Goals (SDGs), and Women’s Empowerment Principles (WEPs), of which Yapı Kredi is a signatory, were also taken into consideration in the preparation of the report. The report includes the gender equality targets have been set in technology and innovation framework of the Bank which is among the global leaders in the field of “technology and innovation” of the United Nations “Generation Equality Forum”.

The Report provides the statement table for the Task Force on Climate-Related Financial Disclosures (TCFD), of which Yapı Kredi is a supporter.

Moreover, the reporting of the United Nations Responsible Banking Principles, which Yapı Kredi signed as a founder in order to shape the sustainable banking of the future, is also shared with the stakeholders.

## AUDIT APPROACH

Selected economic indicators, sustainability governance, energy, greenhouse gas emissions, water consumption, waste generation, environmental investment, compliance with environmental legislation, renewable energy financing, greenhouse gas emissions prevented through renewable energy financing, occupational health and safety, selected social performance indicators for employees, anti-bribery, anti-corruption, and human rights indicators provided in this Report have been audited with a limited assurance by the independent audit firm, PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., in accordance with the ISAE 3000 (Revised) and ISAE 3410 standards. The list and scope of indicators assured are given in the Independent Assurance Statement on pages 646-651.

The financial data presented in the Report have been audited by the same independent audit firm. The relevant Independent Auditor’s Statements are present on pages 285 and 449 of the Report.

Please send all your questions, comments and suggestions regarding the report to [Sustainability@yapikredi.com.tr](mailto:Sustainability@yapikredi.com.tr) [yapikredi\\_investorrelations@yapikredi.com.tr](mailto:yapikredi_investorrelations@yapikredi.com.tr)

## SUSTAINABILITY INDEXES LISTING YAPI KREDİ AND INITIATIVES SUPPORTED BY THE BANK



Please scan the QR code for the full version of Yapı Kredi 2022 Integrated Annual Report.

The Report presents the integrated business model of Yapı Kredi that creates long-term value for all of its stakeholders, its management of risks and opportunities, future strategies, stakeholder communication, and its performance on economic, environmental and social indicators.

*We value innovative ideas.*

*Being a pioneer*

We are the leader of change and innovation.

*We can freely express extraordinary and creative ideas.*

**PRESENTATION**

8 Outlook

# Outlook

A year of inflation and central bank policies...

## SLOWING GROWTH IN THE GLOBAL ECONOMY, HIGH INFLATION, TIGHTENING FINANCIAL CONDITIONS

2022 was dominated by aggravated geopolitical risks, which led to increased energy and food prices, adversely affected global inflation and the economic growth outlook. Other factors limiting global economic activity and thus growth levels were the tightening of monetary policies by central banks around the world in order to control high levels of inflation, the concern about the ongoing global recession as well as supply constraints and resulting uncertainties caused by disruptions in supply chains. Based on these developments, the IMF predicts that the global economy will grow by 3.2% in 2022 compared to the previous year. The growth expectation for 2023 stands at 2.7%. According to the IMF, today, the global economic outlook is the weakest in the two decades since 2001.

In 2022, the tightening in global financial conditions caused funds to flow predominantly to developed countries, and fund outflows were observed in emerging markets. In 2023, geopolitical risks and recession expectations, inflation and monetary policies will continue to be one of the important topics on the global agenda. Moreover, the high global inflation is expected to suppress demand due to tightening financial conditions and cause a slowdown in the growth outlook.

## HIGH INFLATION AND STRONG GROWTH IN TURKISH ECONOMY

The Turkish economy continued to grow strongly in the first half of 2022 support by domestic demand. In the second half of the year, economic activity lost some momentum due to the macroprudential measures put in place and weakening foreign demand caused by the negative impacts resulting from global risks.

The high inflation in 2022 was the result of high demand driving energy, food and commodity prices upwards, geopolitical risks globally as well as depreciation in TL. High energy prices also affected the current account deficit. Despite the increase in service revenues, the current account deficit continued to increase due to the high volume of energy imports. On the other hand, with the ongoing strong outlook in the labor market, the budget balance was kept under control thanks to the positive reflection of the strong economic activity on tax revenues.

In 2023, the effects of uncertainties regarding global inflation and growth are expected to be observed on the economic growth and inflation outlook. Moreover, these uncertainties are expected to be reflected on financial conditions while geopolitical risks affect the economic outlook. On the other hand, there is an expectation of relative improvement in inflation levels in the first half of 2023, with the contribution of the base effect.

## DOWNWARD TREND IN POLICY RATE

The Central Bank of the Republic of Turkey (CBRT) maintained its year-end stance in 2021 in monetary policy until July 2022. As a result of the increase in uncertainties regarding global growth since August, easing steps were taken in monetary policy to maintain the upwards trend in industrial production and the increase in employment. The policy rate was lowered by 500 basis points from August to November. The CBRT concluded that the current 9% policy rate in December was sufficient, taking into account the increasing risks regarding global demand, and decided to end the interest rate reduction cycle that started in August. The course of monetary policy will change depending on the future developments and will be effective on the financial market conditions.

2022 was a year where regulatory institutions implemented a number of measures and regulatory steps under the 'liralization' strategy, based on structuring the financial system on TL instruments. Following the introduction of the currency-protected deposit regulation, the CBRT introduced target rates such as the conversion rate of banks' foreign currency deposits to TL and the share of TL deposits in total deposits. These measures taken under the liralization strategy increased the share of TL in the balance sheets of the banking sector.

In addition, the CBRT stated that the tools to support the effectiveness of the monetary transmission mechanism will continue to be used, and the entire policy toolkit, especially the funding channels, will be aligned with the liralization targets. The CBRT also announced at the Monetary Policy Committee meetings that it is committed to use the tools to support the effectiveness of the monetary transmission mechanism and will implement additional measures. It is clear that developments regarding this process will be followed up in 2023.

In the reporting period, the Turkish banking sector quickly adapted to the amended and new regulations and continued to stand by its customers by ensuring the continuity of its operations.

## MAINTAINING THE STRONG ASSET QUALITY

In 2022, the strong economic activity in Turkey, the support from collections and the expansion in the credit base led to a positive course for asset quality. While an improvement was observed in the non-performing loan ratio, banks made provisions above the previous year due to prudent measures.

It is foreseen that in the next year banks will continue their cautious approach.

(1) Fixed prices with a percent change

**In 2023, geopolitical risks and recession expectations, inflation and monetary policies will continue to be one of the important topics on the global agenda.**

## CHANGES IN THE SECTOR

The strong recovery in the economy after the pandemic in 2021 lost its momentum in the second half of 2022. The supply problems caused by the chip crisis in automobile and light commercial vehicle sales and white goods sales continued in the first half of 2022. As of October 2022, the total market contracted by approximately 6% in automobiles and 5% in white goods compared to the previous year (Source: Reports by the Automotive Manufacturers Association and the White Goods Manufacturers' Association of Turkey).

The construction sector driven by domestic investors and foreign migration at the end of 2021 started to decline at the end of 2022 due to high housing prices, loss of income due to inflation and the limits imposed on housing loans. In November, house sales across Turkey decreased by 34.1% compared to the previous year, while house sales to foreigners decreased by 17.4% in the same period (Source: TurkStat). Retail sales volume index<sup>1</sup> increased by 10.3% in August 2022 compared to 2021 (Source: Presidency of Strategy and Budget 2022 Annual Economic Report).

In the first 6 months of 2022, the e-commerce volume reached TL 348 billion TL with an increase of 116%. For the same period, the share of e-commerce in total trade increased by 5% compared to the previous year, reaching 18.5%.

Cross-border e-commerce, which has been boosted worldwide by the pandemic, continues to improve globally. The share of e-exports in total exports in the world is 4% and 1.3% in Turkey. The share of e-exports is expected to increase in the upcoming period, reaching 10% by 2030, with the effect of the support package announced by the Ministry of Trade.

# Outlook

As digitalization becomes a mega trend, all sectors are expected to maintain their innovation focus and their technological investments. In the near future, it is predicted that new technologies such as AI, metaverse, blockchain, internet of things and 5G will earn more space in personal and business lives.

Researches show that new technologies caused the definition of roles in companies, and thus, the required competencies to change. Companies will therefore need to enable their employees to develop the much-needed skills. In the near future, the use of augmented reality (AR) and virtual reality (VR) technologies are expected to increase in various human resources activities such as hiring, career fairs, and meetings.

While new technologies continue to change the ways of doing business, they have also created employment opportunities for people in any country. Evaluation of talents in the global pool will further escalate the competition.

In addition, the slowdown in the economy, the increase in global inflation, geopolitical developments and the deteriorating global uncertainty have an adverse impact on the supply chain. Since end-to-end monitoring of processes is required for an effective supply chain management, it is predicted that the use of blockchain applications will become widespread in the near future, especially in international trade. Thus, businesses will be able to easily track their shipments and inventories, transform their contract processes, and collect their payments faster. In addition to the blockchain, new generation technologies and solutions such as the internet of things and 5G will also support smart supply chains.

## DYNAMIC CHANGE IN CONSUMER BEHAVIORS

As health concerns caused by the COVID-19 pandemic diminish, concerns about financial and environmental issues seem to increase. While consumers act more cautiously in financial matters, they also prefer eco-friendly products. Therefore, they will continue their search of a goal-oriented brand that reflects their own values.

The consumer goods and retail sector, which are among the most affected by the pandemic, aims to offer new shopping experiences to their customers to transform the customer experience. The coming period will witness the introduction of smart store applications, the development of the concept of 'social commerce' carried out on social media platforms, and the spread of virtual events.

As the number of socially-conscious consumers increases, brands will be obliged to focus on expressing the values they reflect to the consumer. For example, conscious consumers will ensure the development of the second-hand economy. Accordingly, it is expected that many brands will initiate their own exchange and resale activities and present this as part of their sustainability-oriented work.

## FINANCIAL SECTOR PROSPECTS

The digital transformation in finance and banking will continue in the coming years. With the use of facial recognition applications for payment transactions, the share of cash payments will gradually decrease. It is expected that the use of digital money and digital wallet applications will become widespread. As personalized experiences gain more importance, it is envisaged that people will start using personalized interfaces and will have the opportunity to personalize mobile and internet banking interfaces thanks to algorithms. New business partnership opportunities will also

increase, especially for traditional financial institutions such as banks, as new players from small firms to large technology companies enter the market. Solutions that provide easy, instant and uninterrupted financial services integrated into the platforms of customers will stand out. Never compromising their technological transformations, banks will continue to offer new experiences by supporting customers at every moment of their lives with new business models and increase their efficiency.

With the implementation of open banking applications, both Personal and Business Finance Management (PFM and BFM) solutions will become widespread, making it easier for customers to track and analyze their cash flows. It will be important for banks to develop solutions that offer cash flow platforms and tracking mechanisms where customers can manage their financial planning. Accordingly, determining the needs in advance and designing personalized offers at the right time will provide a competitive advantage.

Concepts and technologies such as metaverse, blockchain, AI, internet of things, and big data analytics will gain importance for financial institutions. Especially the banking sector is expected to take place more in the metaverse. The sector will focus on branch openings, social media communications with avatars, the use of avatar customer representatives and the widespread use of applied trainings on this platform. The development and personalization of AI-supported applications for an improved customer experience will also take its place among the remarkable applications.

The use of blockchain technology, which provides secure data storage and data transfer, is expected to increase. Banks will also increase their investments in this area and make their infrastructure ready.

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**Never compromising their technological transformations, banks will continue to offer new experiences by supporting customers at every moment of their lives with new business models and increase their efficiency.**

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On the other hand, as consumers place more and more emphasis on the Environmental, Social and (Corporate) Governance (ESG) concept, companies will have to take more initiatives to comply with the ESG criteria. By increasing their initiatives in this direction, banks will both offer more inclusive financial products and services to their customers and gain competitive advantage by putting sustainability at the front. For example, while providing applications and services to meet the financial needs of customers, banks will be expected to combine this with sustainability-related initiatives and produce solutions that will increase awareness and contribution. With all these technological developments, investments in the field of cyber security will continue to increase.

## ALWAYS PEOPLE-FOCUSED

Yapı Kredi will continue its investments in the light of these expectations. While defining its strategic initiatives in the medium and long term, the Bank will place priority on its values, which are being people-focused, innovation, agility, efficiency, target orientation and sustainability.

With its people-focused approach, Yapı Kredi will continue to develop initiatives with an agile and innovative approach to improve the experiences of both our customers and employees.

## SIMULTANEOUSLY MANAGING THE SHORT, MEDIUM AND LONG TERMS IN STRATEGY

Yapı Kredi will continue to manage its strategy from a short, medium and long term perspective. On the one hand, the Bank will adapt to the rapidly changing short-term developments with an agile approach, manage the agenda to provide the highest benefit to our stakeholders, and increase focus and performance by setting quarterly targets in

# Outlook

certain strategic areas. On the other hand, the Bank will continue to develop initiatives to transform its investments and the Bank's culture in line with the future.

## MOST IMPORTANT PRIORITY OF COUNTRIES AND BUSINESS WORLD:

### Climate Crisis

2022 was a year dominated by highly visible climate change impacts such as record-breaking temperatures, floods, storms and mega-droughts in parts of the planet. With the end of the La Niña climate event, which has lasted for three years and has been known for its cooling effect, 2023 is expected to be a much warmer year compared to 2022. Although low- and middle-income countries may be more at risk and less prepared to cope with the risks than their high-income counterparts, all stakeholders will bear the impact of the physical risks associated with climate change. In line with these projections, 2023 will also witness the developments regarding the "Loss and Damage" fund, established at the United Nations (UN) 27th Conference of the Parties (COP 27) to support vulnerable countries against climate change. In addition, related issues such as water scarcity and biodiversity loss are likely to be reassessed to address the short-term urgency of long-term climate goals.

In 2022, the sustainability linked borrowing market could not reach the expected levels due to reasons such as rising interest rates and economic recession in many parts of the world. It is foreseen that 2023 will be a year where attempts to combat climate change will be tested against ongoing inflation and economic uncertainties. However, despite this macroeconomic environment, the sustainability linked borrowing market is expected to grow faster to close the climate finance gap and affect the efforts to

promote the UN Sustainable Development Goals. According to the Climate Bonds Initiative, annual green bond issuance must reach USD 5 trillion by 2025 for the global economy to complete the transition to net zero emissions by 2050. This requires companies to accelerate the issuance of green bonds. However, without more comprehensive regulations on green bond standards, there is a risk that the issuance amount will outpace improvements in green bond quality. On the other hand, in 2023, it is thought that the transition to cohesion financing will become even more important in protecting living things, assets and the production capacity of the economy. In this sense, 2023 is expected to be a year where innovative financing instruments will be designed and launched.

2022 was a very active year in terms of regulatory matters with various regulations being published all over the world. The European Financial Reporting Advisory Group (EFRAG), the US Securities and Exchange Commission (SEC), and the International Sustainability Standards Board (ISSB) have published disclosure standards on sustainability and climate-related issues. In 2023, these standards are expected to force companies and investors to adapt and respond, and cause some potential challenges. On the other hand, with the Sustainable Finance Disclosure Regulation (SFDR) coming into force in 2023 and the introduction of Task Force on Climate-related Financial Disclosures (TCFD) as a mandatory reporting standard in some countries, it is anticipated that climate-related disclosures will occupy an important place in the agenda of companies. Moreover, companies will start to include their emissions in their financial reports within the framework of IFRS S1 General Requirements for Disclosure of Sustainability-Related Financial Information, published by the International Sustainability Standards Board (ISSB) in 2022. In 2023, companies and organizations will closely monitor the improvements adopted by the ISSB regarding

the measurement and disclosure of emissions arising from Scope 3 (Category: 15) loans and investments, which represent the majority of financial institutions' emissions.

In Turkey, 2023 is expected to be a year which action plans for the BRSA Sustainable Banking Strategic Plan (2022-2025), created for the development of sustainable banking, will gain momentum. In addition, the declaration published as a result of Turkey's first Climate Council held in February 2022 states that the national taxonomy legislation will be prepared. This subject has also been included in the Medium Term Program (2023-2025) published by the Ministry of Treasury and Finance under the name of preparing of science-based National Green Taxonomy legislation. Directly related to the banking sector, these developments will be among the most important agenda items of the Turkish banking sector in 2023.

With the global energy landscape shifting due to record prices and supply disruptions in 2022, some countries weakened restrictions on the operation of coal-fired power plants, while others extended the economic life of coal and nuclear power plants. Moreover, with the EU Taxonomy Complementary Delegated Act, in July 2022, the inclusion of nuclear energy and natural gas in the scope of sustainable economic activities during the transition period was accepted by the European Parliament. As a result of these developments, it is predicted that it will become increasingly difficult to reach the Paris Agreement target of limiting warming to 1.5 to 2°C compared to pre-industrial levels, as emissions are expected to reach all-time highs in 2023. 2023 is expected to be a year where countries and companies will assess the balance of energy security, affordability and energy transition in the context of high inflation and rising interest rates. In this context, 2023 is considered an

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**2023 is expected to be a year where countries and companies will assess the balance of energy security, affordability and energy transition in the context of high inflation and rising interest rates.**

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important year in terms of expanding the product range that the banking sector offers to its customers on issues such as renewable energy investments and energy efficiency.

2022 was also a year of significant developments regarding the Carbon Border Adjustment Mechanism (CBAM), implemented within the scope of the EU's goal of being 'carbon-neutral' by 2050. It has been decided that the transition process, planned to start on January 1, 2023, will start on October 1, 2023 and end on December 31, 2027, under the temporary agreement concluded between the negotiators of the European Parliament and the Council of Europe. Turkey is one of the most important trade partners of the European Union and exports about half of its exports to the EU. Accordingly, it is expected that there will be new developments in 2023 regarding the "Green Deal Action Plan", prepared with the expectation of positively affecting the trade relations with the EU. In addition, the efforts to establish the Emissions Trading System (ETS) by the Ministry of Environment, Urbanization and Climate Change will be closely monitored in 2023.

In 2022, efforts by investors and companies to integrate ESG into corporate policies and investment decisions faced various challenges due to lack of action and incompetence or due to overstepping practices. 2023 is expected to be a year where companies and investors may face increased litigation risks related to sustainability and climate action. This risk, on the other hand, seems likely to bring about a new phenomenon, "greenhushing" (a company choosing to remain silent about achieving its environmental goals).



*Team spirit and common mind  
are among our strongest  
properties.*

We  
work

*We are One*

as a team,  
as one body.

*Communication,  
collaboration and  
solidarity keep supporting  
team spirit.*

## FROM THE MANAGEMENT

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# Chairman's Message



Dear Stakeholders,

We are deeply sad by the devastating earthquake affecting many provinces, including Kahramanmaraş, the epicenter of the disaster. According to official announcements, tens of thousands of citizens lost their lives, and tens of thousands of citizens were injured.

I wish God's mercy on our citizens who lost their lives in the earthquake, my condolences to their families, and a quick recovery to the injured. As Koç Group, with our companies operating in various fields, we are striving to heal the wounds of the disaster and reach those in need. We know that our nation's unique spirit of solidarity will get us through these unfortunate times.

Globally, 2022 continued to be a year with challenging economic conditions and geopolitical factors. Inflation was on a rising trend since the second half of 2021 and turned into a significant global problem in 2022. The conflict between Russia and Ukraine arisen in February, the commodity prices, especially energy and food, increased while the strict measures taken by China against the COVID-19 pandemic aggravated the economic difficulties. As a result, the global economic growth is expected to decrease to 3.2% in 2022 from 6.1% in 2021.

The Turkish economy made a solid start to 2022, gaining momentum in the service sector as well as the positive performance in the manufacturing industry. With the strong contribution in domestic consumption demand, Turkey is expected to reach an economic growth level of 5% this year.

In 2022, the Turkish banking sector, as always, continued its operations without any interruptions and stood by its customers. With the support of the Banking Regulation and Supervision Agency (BRSA) and other official institutions, the banking sector maintained its contribution to the economy this year after a strong growth in 2021. The total cash loans in the banking sector grew by 53% reaching TL 7,100 billion, while the deposit base increased by 68% to TL 7,975 billion TL.

In 2022, the strong economic activity in Turkey, the support from collections and the expansion in the credit base led to a better-than-expected asset quality. Although the non-performing loan ratio continued to decrease, banks adopted a prudent approach, increasing their provisions compared the previous year.

The Turkish banking sector once again proved its resilience, maintaining high levels of key indicators, particularly liquidity and capital adequacy ratios.

The trust held in us by Koç Holding, which is our country's largest conglomerate, grows in parallel with the realization of the strategies we devise and their reflection on our Bank's financial performance.. As a result, Koç Holding increased its ownership in our Bank to 68% as of April 2022. Since its foundation, our Bank has been more than a financial institution, always aiming to create value for society and pioneering the sector in economic, social and environmental indicators. We always strive to contribute to our country and society with all our resources.

In 2022 the global climate crisis, the biggest risk factor threatening our world, was once again one of the top items in agendas of many countries, institutions and organizations. Strategically focusing on the fight against the climate crisis, our Bank continues its support in various international initiatives developed to manage and reduce the emissions of the sector arising from operations and loan portfolio. To this end, Yapı Kredi became the first and only institution in Turkey to commit to set emission reduction targets within the framework of the "Business Ambition for 1.5°C".

Always aware of the importance of innovation and technology, our Bank leads the sector in digitalization, providing personal, on-site and effective services to its customers. We carried various non-digital functions to the digital world, thus leading the sector not only in experience but also in the use of cutting-edge technologies thanks to our end-to-end digital services and products. With our

strong position in the sector and our innovative spirit, we will remove borders in every aspect of banking.

I would like to take this opportunity to extend my thanks to all our customers for their support and trust in our Bank, our esteemed shareholders, and in particular, to all our employees for their commitment to our values and their hard work in this challenging times, and their families.

Ali Y. Koç  
Chairman

# CEO's Message



2022, following the upward trend observed in the second half of 2021. Moreover, China once again resorted to quarantine measures in some cities under its zero-tolerance policy against the COVID-19 pandemic, further weakening the global economy. Despite these challenging conditions, our country completed 2022 with a successful performance.

After starting to recover in the second half of 2021, improved levels of domestic consumption demand continued to support the Turkish economy in the first half of 2022. Unfortunately, in the second half of the year, the upward trend in economic activity slowed down due to the decrease in demand caused by global inflation. However, despite the slow down, Turkish economy is expected to grow by approximately 5% in 2022, following a solid growth of 11% in 2021. While the budget deficit was only 1% of GDP in 2022, the current account deficit is expected to be around USD 50 billion.

Turkish banking sector maintained its support to the economy, meeting the increasing demand of customers, as it did last year. Despite all the difficulties, Yapı Kredi, as the first private bank of Turkey, continued to create value to all stakeholders, especially the national economy, thanks to its experience and know-how boosted by its history of achievements.

Yapı Kredi was able to manage its operating environment in the most efficient way, thanks to its dynamic asset-liability management. Our strong balance sheet structure enabled us to improve our continuing contribution to the Turkish economy through cash and non-cash loans to TL 850 billion, with an annual

growth of 51%. Meeting the predominantly TL loan demand of our customers, we have registered an annual increase of 84% in TL cash loans. In line with our strategic priorities, we have increased our market share among private banks in TL loans and consumer loans, while continuing to reduce our market share in FC loans. We have successfully increased our asset size to TL 1,184 billion by taking timely steps. Our gross operating profit reached TL 77.7 billion TL while our net profit realized as TL 52.7 billion. Moreover, our return on tangible equity rose to 57%, the highest level among private banks.

In addition to our uninterrupted support to the economy, our priority was to further improve our key financial indicators and maintain high levels of performance. The Bank completed the year with a total liquidity coverage ratio of 152% and a foreign currency liquidity coverage ratio of 450%.

Despite the strong growth during the period, our Bank further expanded its capital buffers with the support of our high internal capital generation capacity. Our consolidated capital adequacy ratio realized at 18.1%, and our Tier I capital ratio stood at 16.2% (excluding the regulatory forbearances).

The outlook on the asset quality was better than expected throughout 2022. The non-performing loan ratio has improved by 119 bps in 2022 compared to previous year and decreased to 3.4% with the support of limited non-performing loan formation and a strong collection strategy. However, due to our prudent approach in asset quality, we have further strengthened our provisions during the year, becoming one of the top banks in the sector in

terms of highest loan provision levels. Thus, we have maintained our position among the leading banks of the sector, with our strong liquidity level and solid capital adequacy, which was well above the regulatory limits.

Customer deposits continued to be the Bank's main funding source, as it did in the previous year. Yapı Kredi's total deposit volume reached TL 705 billion with a growth of 68% in 2022. Customer deposits also recorded a 68% annual growth amounting to TL 695 billion while our market share among private banks reached 15.1%. In line with our strategic priorities, our market share in Turkish Lira customer deposits and Turkish Lira customer demand deposits have increased by 89 bps to 16.2% and 110 bps to 18.2% respectively, among private banks. Moreover, the share of demand deposits in total deposits in both Turkish Lira and foreign currency have both been increased, increasing the support to funding costs.

The strong customer acquisition seen during the year also contributed to our broad-based growth strategy. We have been able to prove the sustainability of this strategy by recording approximately 3 million net new customers in 2022. On the international funding side, our Bank received two syndicated loans in 2022: USD 810 million and USD 458 million. ESG criterias incorporated in these loans are aligned with our goal of creating long-term sustainable value for all of our stakeholders. The loan signed in May includes targets for increasing electricity supply from renewable energy sources, maintain improved ESG risk management rating and decreasing the Bank's Scope 1 and 2 greenhouse gas emissions. For the loan signed in November,

Dear Stakeholders,

As Yapı Kredi, we are all deeply saddened by the earthquake disaster in Turkey. Bearing in mind the importance of sustainability and our responsibility towards our country and our people, we will continue to stand by our citizens in solidarity. I would like to offer my condolences to the families and relatives of those who lost their lives in the disaster, and wish a fast recovery to the injured. 2022 was a challenging year due to global inflation and geopolitical uncertainties. The conflict between Russia and Ukraine that started in February, led to an increase in commodity prices, especially energy and food. Inflation became a global problem in

# CEO's Message

sustainability-linked goals for generating renewable energy with solar panels to be installed on the Banking Base building and reducing the paper consumption used in the approval processes in line with the Bank's digitalization strategy. Consequently, the sustainability-linked funding we raised in 2022 reached over 72% of our total wholesale funding activities which was USD 1.8 billion. The share of ESG-related deals we executed to this date corresponds to the 30% of our total outstanding international funding.

As Yapı Kredi, we believe that sustainable economy and business models can only be achieved by ensuring environmental and social sustainability, aiming to become a key driving force in low-carbon investments and projects in the sector through the integration of the sustainability approach into the entire business model and value chain. We devote ourselves to combating the climate crisis, one of the most important items on the global agenda, and we commit to increasing our support for the transition to a low-carbon economy with our products and services. As one of the important players of the Turkish banking sector in the transition to a low carbon economy, we continue our work to transform our lending and investment portfolio under the project launched in 2021 as part of the Koç Holding Carbon Transformation Program. In 2022 we reduced our Scope 1 & 2 emissions from operational activities to zero by carrying out projects on energy efficiency and ensuring 100% renewable energy supply. Thanks to our efforts to combat the climate crisis, we earned recognition as one of the companies with leadership level performance in the 2022 Climate Change Program of the Carbon Disclosure Project (CDP), one of the largest environmental reporting organizations in the world.

We continue to be ranked among the leading banks in the sector in terms of sustainability as we channel our operations with the guidance of United Nations (UN) Global Compact and Sustainable Development Goals and have adopted responsible finance approach.. As one of the founding signatories of the United Nations Principles for Responsible Banking (UN PRB), we have continued our active work in the field of financial inclusion in 2022. In addition, thanks to our strong position on gender equality and our leading role in the sector in terms of women employee ratio, we have been listed in the Bloomberg Gender Equality Index (GEI) for the third time in a row.

As Yapı Kredi, we continue to go beyond the limits of today and take banking to new heights. In line with our digital banking strategy that focuses on the perfect customer experience, we aim to use and develop innovative technologies and create tailor-made solutions, products and services to meet the needs of our customers.

To this end, we enriched the banking ecosystem with our investments and innovations in digital banking channels, while offering various new services to our customers in digital channels. The Bank's innovative applications improved the number of digital active and mobile active customers, customer acquisition, customer interaction, number of transactions, and digital penetration.

In 2022, we increased the number of our digital banking active customers by more than 2.5 million, gaining twice as many customers compared to 2021. Moreover, 9 out of 10

active customers preferred digital banking channels. Customer interaction on digital channels reached 3 billion in 2022. In 2022, analyzing and evaluating various data, we have supported profit-oriented customer acquisition with our effective performance marketing activities presented with the right content, at the right time and to the right customer. We also increased the number of users who became our customers via Yapı Kredi Mobile approximately four times compared to the previous year.

While presenting our 2022 Integrated Report, I would like to take this opportunity to thank all our stakeholders, and particularly, our loyal customers that carry our Bank into the future, our shareholders for their devoted trust and support, and our employees for their valuable efforts.

Gökhan Erün  
CEO

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**We believe that sustainable economy and business models can only be achieved by ensuring environmental and social sustainability, aiming to become a key driving force in low-carbon investments and projects in the sector through the integration of the sustainability approach into the entire business model and value chain.**

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*Foreseeing the future we always work for the best.*

We work while **aiming** at leadership in all fields of our business.

*Competitiveness*

*Challenge our goals with high energy and enthusiasm.*

## ABOUT YAPI KREDİ

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# About Yapı Kredi

Established as Turkey's first retail focused private bank, Yapı Kredi has always played a pioneering role in the banking sector.

Established in 1944 as Turkey's first retail focused private bank, Yapı Kredi has always played a pioneering role in the banking sector. In 2006, legal merger of Yapı Kredi and Koçbank (together with the two banks' core subsidiaries operating in the same sectors) was completed. In 2007, the segment based service model was completed and branch expansion started. In 2008, innovative product, service and distribution channels were developed and the branch network was rapidly expanded.

In 2013, capital base was strengthened and the Bank continued effective liquidity management via balanced growth in loans and deposits. In 2015, Yapı Kredi focused on digital banking. While fields and products creating added value gained the foreground in 2017, productivity increase was persevered.

With the strategy developed in 2018, priority was given to the areas of strengthening and optimizing the capital position, creating sustainable income by balancing the business volumes, a well-managed cost structure with efficiency gains, and optimizing the asset quality.

Holding a strict human-focus, Yapı Kredi continued to implement extraordinary measures in 2022 for protecting the health and safety of its employees as it kept offering uninterrupted service to its clients.

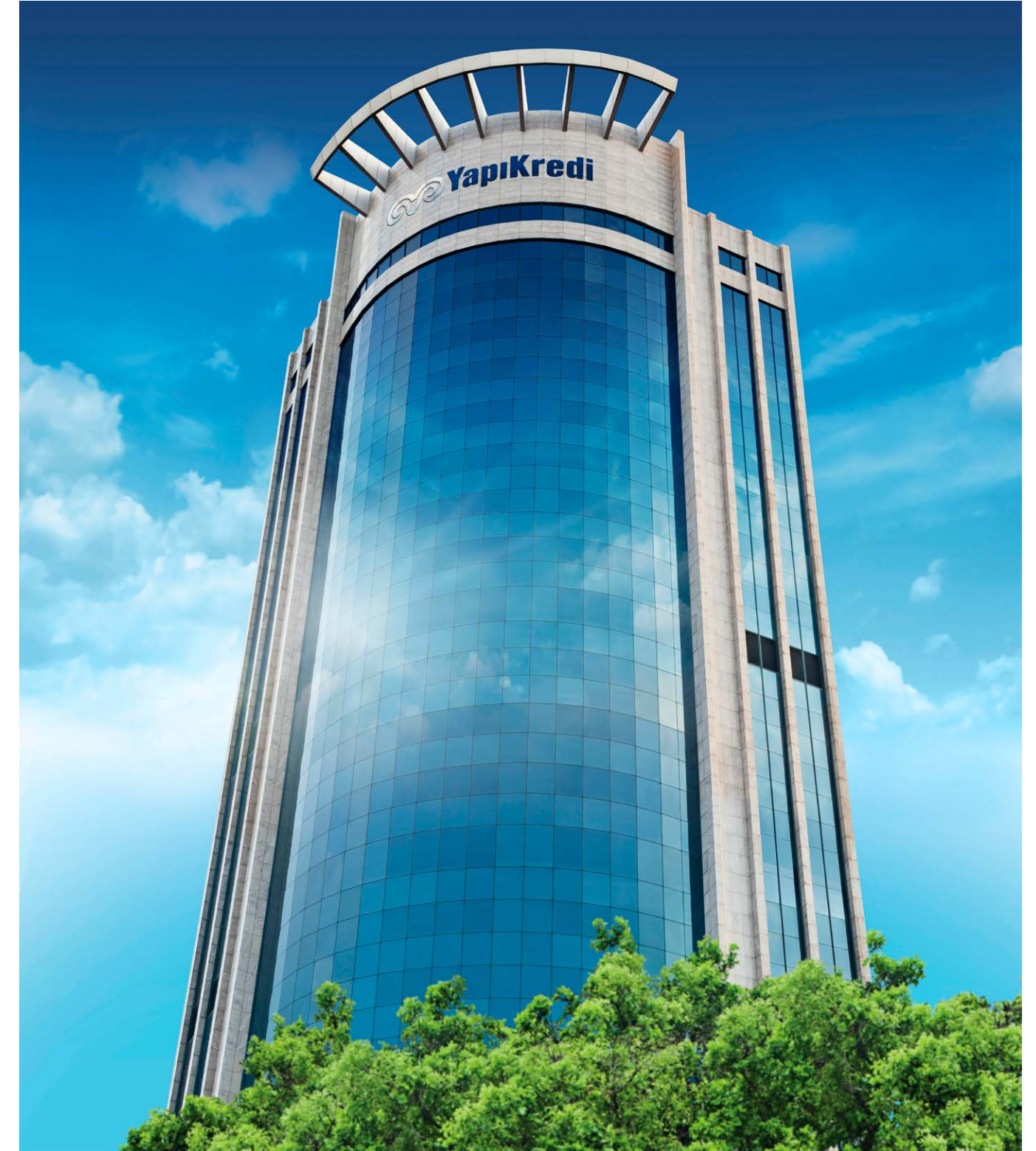
In 2022 the Bank continued to focus on small-ticket transactions in loans and deposits. In addition, Yapı Kredi enjoyed a strong increase in the number of transactions thanks to the approach centered on transaction banking. These developments increased

the Bank's productivity and significantly contributed to the increase in profitability. Moreover, in 2022, the Bank managed its operating environment in the most effective way thanks to its proactive and dynamic active-passive management.

Targeting to constantly increase its contribution to the financing of the Turkish economy with its customer-centric approach, Yapı Kredi provides service to its customers with 16,516 employees and 801 branches covering all regions of Turkey. On a consolidated basis, total cash and non-cash loans of the Bank increased by 47% and reached TL 564 billion in 2021, while its total assets were worth TL 850 billion.

Yapı Kredi delivers its products and services via its 4,721 ATMs, innovative internet banking, leading mobile banking, call center and approximately 1,135 thousand POS terminals. 98% of the Bank's non-cash transactions carried out through digital channels as at year-end 2022.

Yapı Kredi is active in retail banking (comprising of payment systems, individual banking, business banking, private banking and wealth management), commercial and SME banking, also corporate banking. The Bank's operations are supported by domestic subsidiaries engaged in asset management, brokerage, leasing and factoring as well as international banking subsidiaries in the Nederland and Azerbaijan.



# Vision, Mission, Strategy and Values

## Vision

To be the undisputed leader in the finance sector.

## Mission

To ensure long-term sustainable growth and value creation for all stakeholders, and become the first choice of customers and employees.

## Strategy

A customer centric commercial bank driven by cutting edge technology and committed workforce, delivering responsible growth.

Best-in-class profitability, backed by a strong balance sheet, resulting in enhanced and sustainable shareholder returns.

## Values

### BEING A PIONEER

We value innovative ideas; we create a working environment where extraordinary and creative ideas can be expressed freely. We are the leader of change and innovation. We lead the sector as the trendsetters and decision makers.

### AGILITY

We make the fast and right decisions against market changes, respond to our customers' needs at the same speed and flexibility. Without compromising on quality we manage change both outside and inside it in the most effective way.

### CUSTOMER FOCUS

Our customers is at the heart of our unique service perception. We focus on win-win relationships, mutual development and value creation with our "Dedicated to Deliver" philosophy since the day of our foundation.

### SUSTAINABILITY

We work to create long-term value to all our stakeholders. Seeing social development as the primary goal we continue our understanding of sustainability-oriented service. We focus on long-term effects of our decisions, harmonize sustainability in all processes of our business while adopting in all economic, social and environmental aspects.

### COMPETITIVENESS

We work while aiming at leadership in all fields of our business. Foreseeing both the present and the future we always work for the best, challenge our goals with high energy and enthusiasm.

### INNOVATION

Our ability to create innovation, it is the most important part of our competitive strength. We believe in continuous improvement. We implement new ideas use our resources efficiently, constantly revive and develop ourselves, our business, our business processes.

### BEING ONE, TOGETHER, WE ARE ONE

As Yapı Kredi Family, we work as a team, as one body. Team spirit and common mind are among our strongest properties. Communication, collaboration and solidarity keep supporting this understanding.

### GOAL ORIENTATION

We put high goals in all aspects, work with all our strength without losing our focus in order to accomplish them.

### EFFICIENCY

We believe not in limitless work, but in working to overcome the boundaries. What we cherish is the added value we have created for our customers. Technologies, operating systems and processes that will increase our productivity are what matters to us.

### RESILIENCE

In uncertain and turbulent times, we focus on continuity and uninterrupted service, remain always prepared for the most difficult situations and strong even in the face of circumstances.

# Shareholding Structure

Yapı Kredi has a solid shareholding structure supporting sustainable and profitable growth. Yapı Kredi's 27.02% of the shares are directly owned by Koç Holding A.Ş. and 40.95% of the Bank's shares are owned by Koç Financial Services (KFS), which is 100% owned by Koç Group. 32.03% is publicly traded on Borsa İstanbul.

Its establishment dating back to 1926, Koç Group is the largest business group in Turkey with its revenues, exports and more than 115 thousand employees. Total revenue of Koç Group corresponded to 8%\* of Turkey's GDP while its exports accounted for nearly 7%\* of Turkey's total exports.

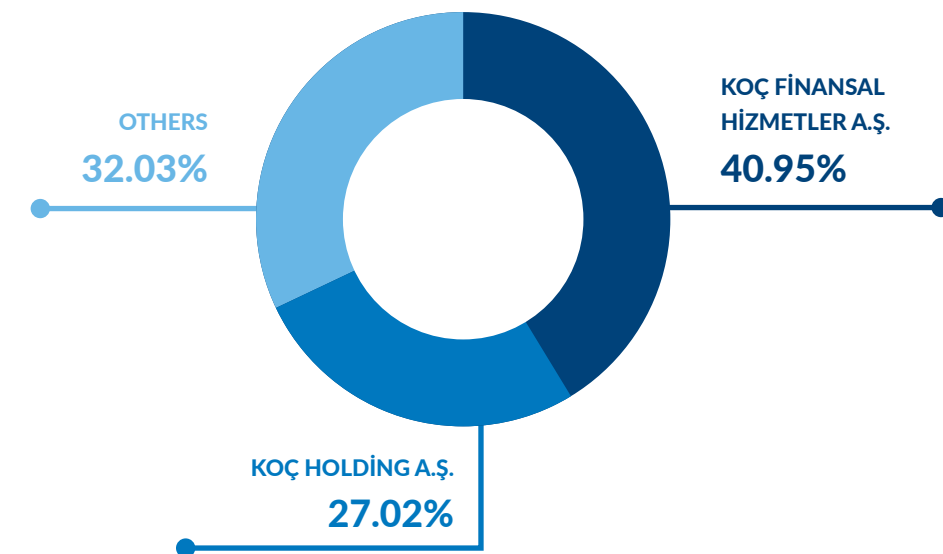
On 09 November 2021, Koç Holding made an announcement regarding the purchase of shares corresponding to 18% of Yapı Kredi's share capital, which are held by UniCredit. As Koç Holding's direct and indirect stake in Yapı Kredi will exceed the 50% threshold defined in the Capital Markets Board's (CMB) Communiqué on Takeover Bids, a mandatory tender offer was triggered for Koç Holding for the shares of other Yapı Kredi shareholders. Accordingly, Koç Holding applied to the CMB for conducting a mandatory tender offer.

UniCredit S.P.A. has notified our Bank that it has sold its Yapı Kredi shares which corresponds to 2% of the Bank's capital in Borsa İstanbul as of 19 November 2021. As a result of this disposal, the stake of UniCredit S.p.A. in our Bank decreased from 20% to 18%. The stake of "Others", on the other hand, increased from 30.03% to 32.03%.

As of 1 April 2022, the share transfer have been finalized and Koç Holding's direct share in Yapı Kredi increased from 9.02% to 27.02%.

**Yapı Kredi has a solid shareholding structure supporting sustainable and profitable growth.**

SHAREHOLDER'S TITLE	SHARE AMOUNT (TL)	OWNERSHIP (%)
Koç Finansal Hizmetler A.Ş.	3,459,065,642.23	40.95
Koç Holding A.Ş.	2,282,666,574.00	27.02
Others	2,705,319,067.77	32.03
<b>Total</b>	<b>8,447,051,284.00</b>	<b>100.0</b>



\* GDP as of 2021, total exports as of 2022.



# Milestones

1944

## ESTABLISHMENT

Yapı Kredi, Turkey's first retail focused private bank with a nationwide presence, was established

1946

Tradesmen loan was extended followed by other sector-specific loans

1950's

## STRENGTHENED MARKET POSITION

1960's

## CHILDREN'S BANKING

With children's accounts, Yapı Kredi expanded the coverage of deposit banking and introduced children to banking services

1964

## FIRST COLLECTIVE AGREEMENT

The first collective bargaining agreement in banking was signed

1967

## FIRST COMPUTER IN BANKING

Yapı Kredi introduced computers into the Turkish banking industry

1975

Yapı Kredi has been the first bank to receive authorization for maintaining foreign currency position in Turkey

1980

Yapı Kredi was acquired by Çukurova Holding

1984

## FIRST ONLINE APPLICATION IN BANKING

Turkey's first inter-branch online banking application was launched

1985

## FOUNDATION OF CORPORATE BANKING

Yapı Kredi has been the first to initiate corporate banking services under the name Wholesale Commercial Banking

1986

## YAPI KREDI BONDS GO CROSS-BORDER

Yapı Kredi has been the first Turkish bank whose bonds and certificates were traded on international capital markets

1987

## CROSS-BORDER ONLINE CONNECTION

Yapı Kredi has been the first bank to establish online connection with overseas representation offices

## LISTING

Yapı Kredi stock was quoted on İstanbul Stock Exchange

1988

## FOUNDATION OF INDIVIDUAL BANKING

A number of firsts were introduced in Turkey in keeping with "Active Banking" concept.

## TELE-24

All financial needs of customers began to be fulfilled by ATMs

## TELECARD

Turkey's first debit card was issued

## FIRST CONSUMER LOAN

Turkey's first consumer loan was extended

## FIRST OVERDRAFT CREDIT CARD

Yapı Kredi Visa Classic Card has been Turkey's first overdraft credit card

1989

## FIRST AUTO LOAN

Turkey's first auto loan was extended

1991

## WORLD CARD

WorldCard that is accepted worldwide was launched

## TELEPHONE BANKING

First telephone banking service was initiated

## FIRST POS DEVICE

Turkey's first POS device was put to use

1992

## OVERDRAFT ACCOUNT

Overdraft Account, a revolutionary step in the Turkish banking sector, was introduced

1998

## TELETEL

24/7 telephone banking made available all over Turkey

2000

## TELEWAP

Turkey's first mobile banking branch

1990's

Shopping point system and installment shopping were commenced in credit card products

The first Turkish bank to be awarded ISO 9001 Quality Certification

2006

## BIGGEST MERGER IN THE TURKISH BANKING SECTOR

Resulting from the merger of Koçbank, the 8th largest bank (an associate of Koç Finansal Hizmetler; which is a 50-50 joint venture by Koç Holding and UniCredit) with Yapı Kredi, 7th largest bank, Yapı Kredi became the 4th largest private bank

2009

## TURKEY'S FIRST IPHONE APPLICATION

The first financial app in Turkish developed for iPhone was introduced

2018

## CAPITAL INCREASE

The paid-in capital of Yapı Kredi was raised by TL 4.1 billion to TL 8.45 billion

2019

## THE FIRST ADDITIONAL TIER-1 ISSUANCE WITHIN TURKISH DEPOSIT BANKS

Additional Tier-1 issuance of USD 650 million was carried out

2020

## INCREASED PUBLIC FLOATATION (13 FEBRUARY 2020)

The free float ratio of Yapı Kredi went up to 30% upon UniCredit's sale of shares

## COVID-19

During the Covid-19 pandemic, which affected the whole world, uninterrupted service and support was provided to customers while prioritizing the health of employees.

2021

## KOÇ HOLDING'S DISCLOSURE CONCERNING THE PURCHASE OF YAPI KREDI SHARES FROM UNICREDIT (9 NOVEMBER 2021)

Koç Holding announced that it would buy 18% of the 20% of Yapı Kredi's shares held by UniCredit

## INCREASED PUBLIC FLOATATION (19 NOVEMBER 2021)

The free float ratio of Yapı Kredi went up to 32.03% after UniCredit sold 2% share to the market

2022





As of 1 April 2022, the share transfer have been finalized and Koç Holding's direct share in Yapı Kredi increased from 9.02% to 27.02%.

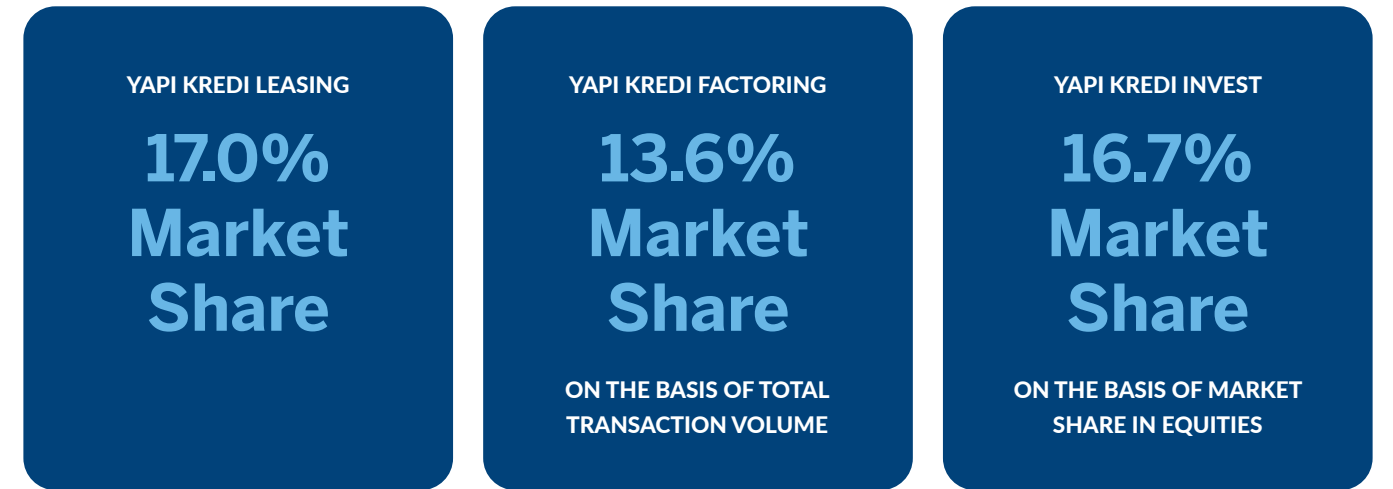
# Service Model



PRODUCTS AND SERVICES		YAPI KREDİ'S AREAS OF DISTINCTION AND STRENGTH	
<p><b>HISTORIC LEADERSHIP IN THE SECTOR</b></p> <p>Yapı Kredi has been the leader of the credit cards business line for 32 years in a row.</p>	<p><b>PAYMENT SYSTEMS</b></p> <p>Worldcard, World Gold, World Platinum, Play, Taksitçi, World Eko, Opet Worldcard, KoçAilem Worldcard, Adios, Adios Premium, Crystal, Fenerbahçe Worldcard, World Business, Debit Cards (TLcard, Play TLcard, Business TLcard) Desktop POS, Mobile POS, Contactless POS, ADSL POS, Cash Register POS, Virtual POS, Mail Order, World Mobile, Prepaid Cards (World Cash, Play Cash, World Cash Virtual), Mobile Payment, Payment with QR Code, In-Car Payment, Payment from the Account, E-Commerce Payments, World Pay Shopping Loan</p>	<ul style="list-style-type: none"> <li>· A wide merchants network making the Bank the market leader in the credit card outstanding volume</li> <li>· Bonus point, discount and installment possibilities at a wide network of merchants</li> <li>· Monthly campaign offers in all sectors to all Worldcard customers thanks to partnerships with major brands</li> <li>· License agreements with three banks boosting the awareness of the World brand</li> <li>· Market leadership in QR and NFC payments thanks to the completed and ongoing infrastructure developments to adopt to digital payment (QR and NFC) options</li> <li>· End-to-end digital and personalized shopping experience for cardholders via World Mobile, and fast, reliable mobile payment solutions integrated with World Mobile</li> </ul>	
	<p><b>RETAIL BANKING</b></p> <p><b>Deposits:</b> Time Deposits, Demand Deposits, Flexible Time Deposits, Fund Deposits, Gold Deposits, 5D Deposits, Employee Term Account, FC-Indexed TL Time Deposit, FC-Conversion FC-Indexed TL Time Deposit</p> <p><b>Loans:</b> General Purpose Loans, Individual Flexible Accounts, Mortgage Loan, Personal Finance Mortgage Loan, Home Improvement Loans, Workplace Loans, Auto Loans, FordFinans Auto Loans, Installment Payment System for Schools (TEST), Nature-Friendly Mortgage, Nature-Friendly Auto Loan, Caravan Loan</p> <p><b>Individual Payments:</b> Bill Payments, Regular Payments, Rent Payments Insurance: Health Insurance, Life Insurance, Non-Life Insurance, Private Pension</p> <p><b>Investment:</b> Funds, Stocks, Bills, Snowballs, My First Money, Cumulative Products, Gold Saving, FX Saving, Order Tracking, My Smart Broker, Investment Packages Safe Deposit Box, Gold Days (Scrap Gold), Findeks Package, Product Bundles</p>	<ul style="list-style-type: none"> <li>· More than 2.5 million new customers acquired through all channels in 2022</li> <li>· Expert and experienced workforce</li> <li>· Priority services and privileges focused on customer satisfaction on all channels</li> <li>· Remote service model based on a strong digital infrastructure for customers who prefer to carry out their transactions without visiting a branch</li> <li>· Customer relationship management based on a long-term perspective</li> <li>· A wide range of investment products tailored to customer profiles</li> <li>· Continuous leadership in health insurance with 34.9% market share as of the end of 2022 boosted by digital services and conveniences</li> <li>· Strong position among private banks with 18.0% market share in individual general purpose loans and 36.3% market share in auto loans</li> </ul>	
<p>Yapı Kredi's individual and retail banking products add value to people's lives and plays a role in building the financial future</p>			

PRODUCTS AND SERVICES		YAPI KREDİ'S AREAS OF DISTINCTION AND STRENGTH	
<p><b>STRATEGIC BUSINESS PARTNER OF COMPANIES OF ALL SIZES</b></p> <p>Offering various products and services, yapı kredi is an important member of the production and commercial cycle of a broad range of companies from major companies to smes operating in turkey.</p>	<p><b>COMMERCIAL AND SME BANKING</b></p> <p>Working Capital Loans, Long-Term Loans, Letters of Guarantee, Money Transfers, Project Finance, Direct Debit System, BANKOTM-OHES, Payment Products, Collection Products, Commercial Credit Cards, POS, Public Payments, Derivatives, Import and Export Letters of Credit, Documentary Collection Payments, Guarantees, Foreign Trade Finance Products (ECAs, FC Loans, Forfaiting, Import and Prefinancing Promissory Note Avalization, T. Eximbank Credits, CBRT Credits), Corporate Finance Advisory, Financial Advisory, M&amp;A Finance, Capital Management Advisory</p>	<ul style="list-style-type: none"> <li>· Strong position among private banks with 13.8% market share in commercial cash loans and 20.5% market share in non-cash loans</li> <li>· Service model designed to offer high-quality service to commercial customers</li> <li>· Service concept prioritizing digitalization in products, services, and processes</li> <li>· Focus on cash flow needs of companies through cash management and foreign trade activities</li> <li>· Supporting the Bank's overall performance through dealer and supply chain and private banking customer acquisition</li> <li>· Strong and comprehensive finance support to SMEs through special loan agreements with foreign financial institutions as well as strategic collaborations established under the programs run by the Credit Guarantee Fund (CGF), and Small and Medium Industry Development Organization (KOSGEB), where Yapı Kredi plays a pioneering role among private sector banks</li> </ul>	
	<p><b>DISCIPLINED SERVICES BASED ON COMPETENCE, TRUST AND TECHNOLOGY</b></p> <p>Yapı Kredi offers high quality solutions to the assets under its management thanks to its competencies and experience.</p>	<p><b>TREASURY</b></p> <p>Treasury manages Yapı Kredi's liquidity needs, interest rate risk and foreign currency (FC) position, and controls the Bank's investment portfolio.</p>	<ul style="list-style-type: none"> <li>· Assets and liabilities management quickly adopting to the interest risk concerning the Bank's balance sheet and off-balance sheet liabilities, and to market developments</li> <li>· Robust infrastructure and know-how</li> <li>· New products tailored to client needs and market developments in an ever-expanding product range</li> <li>· Uncompromising transaction continuity and diversity in treasury products offered through digital channels</li> <li>· Effective management in parallel with the current market conditions</li> </ul>

# Subsidiaries of Yapı Kredi

DOMESTIC	PRODUCTS AND SERVICES	AREAS OF DIFFERENTIATION AND STRENGTH
	Provides financial leasing solutions for machinery and equipment to a broad array of companies with a particular focus on construction, printing, automotive, tourism, agriculture, medical and real estate sectors.	<ul style="list-style-type: none"> <li>· A leading institution with 17.0% market share.</li> <li>· The sector's first mobile application, first online transactions, and second-hand sales module on mobile</li> <li>· World Lease product allowing leasing using a credit card</li> <li>· Yapı Kredi Leasing School offering training programs ranging from professional expertise to managerial competence</li> </ul>
	Offers sustainable quality in domestic and overseas factoring services, produces unique strategic solutions to the customer portfolio.	<ul style="list-style-type: none"> <li>· Solidly positioned in the sector with robust shareholding and financial structure coupled with a high market share.</li> <li>· Named "Turkey's Best Factoring Company" in 2022 by the Global Banking and Finance Review magazine</li> </ul>
	Offers Private Pension Funds Management and Discretionary Portfolio Management, and Investment Advisory services.	<ul style="list-style-type: none"> <li>· The most profitable and the highest return performance.</li> <li>· Pioneering the sector with advanced product management expertise</li> <li>· Broad range of deep-seated client management services and sales support functions</li> <li>· Market leader in mutual funds</li> </ul>
	Provides a wide range of services from domestic and overseas equity transactions to derivatives and advisory services.	<ul style="list-style-type: none"> <li>· Ranks first in terms of market share in equities and derivatives</li> <li>· High quality sales and execution service to domestic and foreign institutional investors for different products</li> <li>· One of the leading domestic brokerage houses in various IPOs</li> </ul>



DOMESTIC	PRODUCTS AND SERVICES	AREAS OF DIFFERENTIATION AND STRENGTH
	Offers a broad range of products, services and solutions in retail, corporate and private banking segments.	<ul style="list-style-type: none"> <li>· Deepseated market knowledge and strong transaction capabilities in foreign trade and structured commodity finance</li> <li>· Service to non-resident Yapı Kredi customers</li> </ul>
	Offers a broad range of products and services in retail and corporate banking segments.	<ul style="list-style-type: none"> <li>· Investments in digital products and channels</li> <li>· High quality services in economic relations between Turkey and Azerbaijan and in foreign trade</li> </ul>

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# 2022 Positioning

TOTAL BANK	MARKET SHARE (SECTOR) 2022	RANKING (SECTOR) 2022
Total Loans(Cash+Non Cash)	8.7%	3
Deposits	8.0%	4
Net Profit	13.1%	4
DISTRIBUTION NETWORK		
Personnel <sup>(1)</sup>	8.2%	6
Branch <sup>(1)</sup>	8.3%	6
ATM	9.5%	5
BANKING ACTIVITIES		
Credit Card Outstanding	16.9%	2
Credit Card Issuing	16.1%	2
POS Acquiring Volume (incl. ATM)	17.2%	2
Number of Credit Cards	15.2%	1
Consumer Loans	10.8%	3
General Purpose Loans	13.5%	2
Leasing Receivables	17.0%	-
Factoring Turnover	13.6%	-
Mutual Funds	12.0%	-
Equity Transaction Volume	16.7%	-

1) Bank only employee number: 16.516; Bank only branch number: 801  
Sectoral market shares are calculated based on BRSA monthly data as of December 2022 and BRSA weekly data as of 31 December 2022.  
Sectoral data consists of those of deposit and development and investment banks\*

# Summary Financials

VOLUMES	2021	2022	CHANGE
Assets (billion TL)	781	1,184	52%
Cash + Non-Cash Loans (billion TL)	564	850	51%
Cash Loans (billion TL)	403	607	50%
TL Cash Loans (billion TL) <sup>(1)</sup>	224	411	84%
Customer Deposits (billion TL)	413	695	68%
TL Customer Deposits (billion TL)	140	377	169%
PROFITABILITY			
Revenues (million TL)	35,149	109,266	211%
Operating Expenses (million TL)	10,945	23,705	117%
Net Income (million TL)	10,490	52,745	403%
Return on Average Tangible Equity <sup>(1)</sup>	19.6%	56.6%	3701 basis point
Return on Assets	1.7%	5.4%	371 basis point
Cost/Income Ratio	31.0%	21.7%	-937 basis point
CAPITAL AND LIQUIDITY			
Capital Adequacy Ratio <sup>(2)</sup>	15.0%	18.1%	310 basis point
Tier-1 Ratio <sup>(2)</sup>	12.6%	16.2%	361 basis point
Bank Loans / (Deposits + TL Bills)	94.4%	84.6%	-977 basis point
ASSET QUALITY			
Non-Performing Loans Ratio	4.6%	3.4%	-119 basis point
Total Coverage <sup>(3)</sup>	7.2%	5.9%	-129 basis point
Cost of Risk <sup>(4)</sup>	87	147	60 basis point

Notes:

All data based on consolidated financials unless otherwise stated

(1) Excluding FX-indexed loans

(2) Excluding the regulatory forbearances

(3) Based on unconsolidated financials

(4) The ratio of total loan impairment provisions to total gross loans excluding collections; Adjusted for FX hedge on ECL.

# Board of Directors

## Ali Y. KOÇ

Chairman of the Board of Directors

Ali Y. Koç received his bachelor's degree at Management Faculty of Rice University. He earned an MBA from Harvard Business School. He started his career at American Express Bank as a Management Trainee and continued as an Investment Analyst at Morgan Stanley Investment Bank. Mr. Ali Y. Koç joined Koç Holding in 1997 and held senior-level positions until 2010 including new business development and information technologies. He was the President of Corporate Communications and IT Group. He served as a Board Member at Koç Holding for over 12 years. In addition, he was elected as Vice Chairman on February 2016. Mr. Ali Y. Koç serves as Chairman of the Board of Koç Financial Services and Yapı Kredi Bank since 1 April 2016. Currently, Ali Y. Koç is the Chairman of Bilkom, Digital Panorama, Ford Otosan, Koçtaş, Otokar, Setur. In addition to being Chairman and Vice Chairman at Turkey's biggest companies and financial institutions, Ali Y. Koç also contributes to country's social and economic development and currently is the President of Fenerbahçe Sports Club and the Turkish Club Association. He is a Board Member at the National Competition Research Association (URAK), Board Member at ECA (European Club Association) and Endeavor Association, a member of the Global Advisory Council of Bank of America, Harvard University and Council on Foreign Relations. He is also a member of Panel of Senior Advisers at Chatham House and a member of Trade and Investment Council at the Confederation of British Industry.

## Levent ÇAKIROĞLU

Vice Chairman of the Board of Directors

Levent Çakiroğlu graduated from Ankara University - Faculty of Political Sciences, Business Administration Department and received his master's degree from University of Illinois. He started his professional career at the Ministry of Finance in 1988. Between 1997-1998, he taught as part time instructor at Bilkent University and served as Vice President of Financial Crimes Investigation Board at the Ministry of Finance. Çakiroğlu joined Koç Group in 1998 as Koç Holding Financial Group Coordinator. He was the General Manager of Koçtaş between 2002-2007, CEO of Migros between 2007-2008, CEO of Arçelik between 2008-2015 and the President of the Durable Goods Group of Koç Holding A.Ş. between 2010-2015. Çakiroğlu was appointed as the Deputy CEO of Koç Holding in February 2015 and he took over the CEO position in April 2015. As of April 2016, Çakiroğlu is also a Board Member at Koç Holding. Çakiroğlu has been a Board Member at Yapı Kredi and Koç Financial Services since April 2015 and in February 2020, he was appointed as Vice Chairman of Yapı Kredi Board. Çakiroğlu is also a Board Member in various Koç Group Companies.

## Gökhan ERÜN

Executive Director and Chief Executive Officer (CEO)

After graduating from İstanbul High school (İstanbul Erkek Lisesi), Gökhan Erün earned his undergraduate degree from İstanbul Technical University - Department of Electronics and Communications and graduate degree from Yeditepe University - Business Administration. Erün began his career at Garanti Bank Treasury Department in 1994. Between 1999-2004, Erün served as the Senior Vice President of Commercial Marketing and Sales Department. After becoming the CEO of Garanti Pension and Life in 2004, he was appointed as Executive Vice President of Garanti Bank in September 2005. Erün began to serve as the Deputy CEO of Garanti Bank in September 2015, also in charge of Corporate Banking, Treasury, Treasury Marketing and Financial Solutions, Derivatives, Cash Management and Transaction Banking, and Financial Institutions. At the same time, he was Board Chairman and Board Member in various local and international subsidiaries of Garanti Bank. As of January 2018, Erün has continued his career in Yapı Kredi as Executive Director in Board of Directors and Chief Executive Officer (CEO). In addition, Erün is the CEO of Koç Financial Services and holds positions in the Boards of various Yapı Kredi Group subsidiaries, Koç Finansman A.Ş. and Allianz Yaşam ve Emeklilik A.Ş. Also as of April 2021, Erün became the President of Koç Holding's Banking Group.

## Ahmet F. ASHABOĞLU

Member of the Board of Directors

Ahmet F. Ashaboğlu holds a Bachelor of Science degree from Tufts University and a Master of Science degree from Massachusetts Institute of Technology (MIT) in Mechanical Engineering. In 1994, he began his career as a Research Assistant at MIT. Between 1996-1999, Ashaboğlu held various positions in capital markets within UBS Warburg, New York. Between 1999-2003, he worked as a Consultant at McKinsey & Company, New York. In 2003, Ashaboğlu joined Koç Holding as Finance Group Coordinator. He served as the CFO of Koç Holding from 2006 to April 2022. In addition to being a Board Member at Yapı Kredi and Koç Financial Services since September 2005, Ashaboğlu is also a Board Member at various other public and non-public companies.

# Board of Directors

## A. Ümit TAFTALI

Member of the Board of Directors

A. Ümit Taftalı earned his Bachelor of Science degree in Finance from Ball State University (Indiana) and his MBA degree from University of South Carolina. He also participated in senior executive programs at Harvard University. Taftalı is an investment banker and wealth manager with nearly 35 years of international experience. He has worked in executive positions in Atlanta, New York and London for Merrill Lynch & Company, Bankers Trust Company and Goldman Sachs International. Taftalı represented and advised Mrs. Suna (Koç) Kiraç between 2001-2020 was a Member of Koç Holding Executive Committee until April 2021. He currently manages the Koç family's private investment office and is Chairman of Kare Portföy. Taftalı is or has been Board/ Founding Member of various philanthropic and professional organizations such as Suna-İnan Kiraç Foundation, Educational Volunteers Foundation of Turkey (TESEV), Turkish Industrialists and Businessmen Association (TÜSİAD), Saint Joseph Educational Foundation, Educational Volunteers Foundation of Turkey (TEGV), Galatasaray Sport Club, American Finance Association (USA), Financial Management Association (USA), Museum of American Financial History (USA), Ball State University Foundation (USA), Turkish Bankers Association (UK), University of South Carolina Foundation (USA). Taftalı has been a Board Member of Yapı Kredi and Koç Financial Services since April 2016.

## Dr. Ahmet ÇİMENOĞLU

Member of the Board of Directors (Independent) <sup>(1)</sup>

Ahmet Çimenoğlu graduated from Department of Economics at Boğaziçi University in 1992. After completing his MA in Economics at Boğaziçi University, Çimenoğlu started his professional life as an economist at Yapı Kredi in 1995. He received his PhD degree in economics at Istanbul Technical University in 2002. He worked as the Chief Economist, and Head of Strategic Planning and Research at Yapı Kredi, respectively, between July 2004 and February 2009. In March 2009, he joined Koç Holding as the Head of Economic Research. He is currently the Chief Economist of the Koç Holding. Mr. Çimenoğlu has been servingn as a Board member at Koç Financial Services and Yapı Kredi since March 2019.

## Virma SÖKMEN

Member of the Board of Directors (Independent)

Virma Sökmen has a Bachelor degree in Finance from LaSalle University. Sökmen began her professional career at research and investment banking departments of Körfezbank and Çarşı Menkul Degerler. Between 1993-2001, Sökmen worked at Midland Bank A.S. as a Credit Analyst. Between 2001-2010, she served as Corporate Banking Group President and an Executive Vice President of Corporate and Commercial Banking at HSBC. Sökmen managed corporate banking, commercial banking foreign trade and provision management, factoring, corporate and commercial insurance, corporate marketing and cash management units since 2010. Sökmen also served as the Assistant General Manager, responsible from Corporate and Commercial Banking, at HSBC. Since 2016, Sökmen is a Managing Partner at Credia Partners. In addition, Sökmen became an Independent Board at Sarkuysan Elektrolit Bakır Sanayi ve Ticaret A.Ş. in June 2020. Sökmen has been a Board Member of Yapı Kredi and Koç Financial Services since March 2019.

## Nevin İMAMOĞLU İPEK

Member of the Board of Directors (Independent) <sup>(1)</sup>

Nevin İmamoğlu İpek graduated from Ankara University, Faculty of Political Sciences, Department of Business Administration in 1993. She received an MBA degree from the same university in 1997. İpek also earned a Master of Accounting degree from the University of Michigan in 2001. İpek began her career at the Capital Markets Board (CMB) of Turkey. At the CMB, she worked as Assistant to Expert between 1994-1997, Expert between 1997-2005, Deputy Head of Corporate Finance Department between 2005-2006 and Head of Institutional Investors Department between 2006-2007. She joined Koç Group in 2007 and is still working as Finance Coordinator responsible from Compliance to Securities Regulation. She is also heading the Capital Markets Working Group in TÜSİAD from 2013. Nevin İmamoğlu İpek has been a Board Member of Yapı Kredi, Yapı Kredi Yatırım and Koç Financial Services since February 2020.

# Board of Directors

## Mehmet TIRNAKLI

Member of the Board of Directors (Independent) <sup>(1)</sup>

Mehmet Tırnaklı graduated from Boğaziçi University with a Bachelor's Degree in Business Administration and received his MBA degree from Rutgers, New Jersey State University. He began his professional career at Corporate Banking department of Citibank İzmir in 1992. He worked at Citibank Türkiye as the Head of Treasury Marketing Unit between 1997-1999. After serving as the Corporate Branch Manager at Citibank İzmir between 1999-2001, he continued his career at Citibank İstanbul as Head of Corporate Bank Marketing Unit between 2001-2004. He worked at Citibank Türkiye as Head of Corporate Finance between 2004-2008 and the Head of Corporate Bank between 2008-2009. He joined Koç Holding A.Ş. in 2009 and was a Finance Coordinator until he left Koç Holding in June 2022. Mehmet Tırnaklı has been a Board member of Yapı Kredi since March 2021.

## Melih POYRAZ

Member of the Board of Directors

Melih Poyraz graduated from Bosphorus University with Business degree in 2001. He completed his MBA at Massachusetts Institute of Technology (MIT) and Economic Law Master's degree at Galatasaray University. He then received Juris Doctor Degree from Northwestern Law School in 2014. He was admitted to law practice in Illinois as of 2014. Poyraz began his professional career as a consultant at Ernst Young Istanbul office. In 2004, he was appointed as Auditor at Turkish Ministry of Finance. He joined Arçelik as Risk Director in 2014. In 2015, he started working at Koç Holding as Coordinator at CEO Office, which included responsibilities such as strategical, legal and financial advice to the CEO. Melih Poyraz has been serving as Koç Holding Strategy and Business Development Director at Koç Holding since January 2021. Poyraz has been Board Member of Yapı Kredi and Tofaş since March 2021.

## Kemal UZUN

Member of the Board of Directors

Kemal Uzun received his bachelor degree in Business Administration from Ankara University and his Master's degree in Finance from the University of Illinois. In 1990, Uzun started his career as an Apprentice Public Account Inspector. He worked at the Ministry of Finance as Assistant Tax Auditor (1991-1994), Tax Auditor (1994-2002), Senior Tax Auditor (2002-2003) and Head of Department (2003-2005). Later, he functioned in Group Head (2005-2006) and Department Head (2006) positions at the Revenue Administration. Between 2006 and 2011, Uzun worked as Koç Holding's Audit Group Coordination and from 2011 until 2021 as Tax Management Director. Uzun has been serving as the President of Koç Holding's Audit Group since April 2021. He is also a member of the Boards of Directors of various Koç Group companies. In addition to these roles, he is a member of Turkish Industry and Business Association (TÜSİAD), Tax Council and TURMEPA. Kemal Uzun has been a Board Member of Yapı Kredi and Koç Financial Services since April 2022.

## Polat ŞEN

Member of the Board of Directors

Polat Şen, who was born in 1976 in Istanbul, received his bachelor's degree from the English Department of Economics in Marmara University in 1998 and master's degree from the International Finance Department in Bradford University in 1999. He completed the Harvard Business School Advanced Management Program in 2016. Between 2005 and 2022, Şen served as Internal Audit , Purchasing Director , mergers and purchases of companies at Arçelik A.Ş. Polat Şen worked as Chief Financial Officer at Grundig Multimedia B.V. in Germany. Şen also worked as Arçelik A.Ş.'s Chief Financial Officer overseeing the company's commercial operations in Sub-Saharan Africa. Şen was appointed the CFO of Koç Holding at 2022. Polat Şen has been a Board Member of Yapı Kredi and Koç Financial Services since April 2022.

<sup>(1)</sup> Based on Capital Markets Board's Item 6(3)a of the Communiqué Serial II-17.1 on Corporate Governance, Ahmet Çimenoğlu, Nevin İmamoğlu İpek and Mehmet Tırnaklı, Members of the Audit Committee are deemed as Independent Board Members.

### Notes:

The members of the Board of Directors each have a one-year term of duty. Appointments of members are set out annually at the Annual Shareholders' Meeting.

Ali Y. Koç, Ahmet F. Ashaboğlu, Levent Çakıroğlu, and A. Ümit Taftalı, who are members of the Board of Directors, are also members of Board of Directors at other Koç Group companies due to their positions in Koç Holding.

# Management

## Gökhan ERÜN

Executive Director and  
Chief Executive Officer (CEO)



After graduating from İstanbul High school (İstanbul Erkek Lisesi), Gökhan Erün earned his undergraduate degree from İstanbul Technical University - Department of Electronics and Communications and graduate degree from Yeditepe University - Business Administration. Erün began his career at Garanti Bank Treasury Department in 1994. Between 1999-2004, Erün served as the Senior Vice President of Commercial Marketing and Sales Department. After becoming the CEO of Garanti Pension and Life in 2004, he was appointed as Executive Vice President of Garanti Bank in September 2005. Erün began to serve as the Deputy CEO of Garanti Bank in September 2015, also in charge of Corporate Banking, Treasury, Treasury Marketing and Financial Solutions, Derivatives, Cash Management and Transaction Banking, and Financial Institutions. At the same time, he was Board Chairman and Board Member in various local and international subsidiaries of Garanti Bank. As of January 2018, Erün has continued his career in Yapı Kredi as Executive Director in Board of Directors and Chief Executive Officer (CEO). In addition, Erün is the CEO of Koç Financial Services and holds positions in the Boards of various Yapı Kredi Group subsidiaries, Koç Finansman A.Ş. and Allianz Yaşam ve Emeklilik A.Ş. Also as of April 2021, Erün became the President of Koç Holding's Banking Group.

## Mehmet Erkan AKBULUT

Assistant General Manager –  
Credits



Mehmet Erkan Akbulut graduated from Business Administration Department of Faculty of Political Science at Ankara University in 1989. He started his career in Yapı Kredi Bankası as an Assistant Internal Auditor, then worked as Department Manager in Credits Management, then as Directors in Corporate Banking Management and Commercial Banking Management. He had been expatriated to Yapı Kredi Azerbaijan and worked as Assistant General Manager, Credits between 2009 and 2013. Returning to Yapı Kredi, he worked as Director and then Group Director in Monitoring and Workout in Corporate and Commercial Credits between 2013 and 2018. Between 2018 and 2020 he worked as the Group Director of Corporate and Commercial Credits Underwriting. He worked as a Head of Collection and Workout Management between the dates of 2020 August – 2021 August. As of August 2021 he has been serving as Assistant General Manager – Credits and Yapı Kredi Bank Executive Committee Member. Akbulut is also a member of the Board of Directors of Yapı Kredi Faktoring, Yapı Kredi Leasing and Turkish Credit Bureau.

## Yakup DOĞAN

Assistant General Manager –  
Limitless Banking



After graduating from the Faculty of Business Administration at Çukurova University, Yakup Doğan started his career at İşbank as an Assistant Specialist in 1992. Between 1996 and 2001, he worked at Ottoman Bank in Senior Management positions responsible for the development of Retail Banking, Credit Cards and Alternative Delivery Channels. In 2001, Doğan joined Koçbank as Alternative Delivery Channels Manager. With the merger of Yapı Kredi and Koçbank in 2006, Doğan held the position of Alternative Delivery Channels Executive Vice President in Yapı Kredi. Doğan has been Assistant General Manager in charge of Alternative Delivery Channels (Limitless Banking) at Yapı Kredi since May 2009. Doğan has been a Member of the Executive Board at Yapı Kredi since October 2020, and he is a Member of the Board of Directors at Yapı Kredi Teknoloji A.Ş., Yapı Kredi Finansal Teknolojiler A.Ş., Yapı ve Kredi Bankası A.Ş. Mensupları Yardım ve Emekli Sandığı Vakfı and Tanı Pazarlama ve İletişim Hizmetleri A.Ş.

## Cahit ERDOĞAN

Assistant General Manager -  
Commercial and SME Banking Management



Following graduation from İstanbul Technical University / Faculty of Mechanical Engineering, Cahit Erdoğan completed his MBA degree from Rochester Institute of Technology. Erdoğan started his professional career at Xerox Corporation (Rochester, NY) as a Business Analyst. In 2000, Erdoğan started his Management Consultancy career by joining Accenture Turkey. Until 2019, he worked in Accenture as Consultant, Manager and Senior Manager and in February 2008, he was appointed as Turkey Country Lead of the Management Consulting. Erdoğan joined Yapı Kredi in 2009 as Chief Information Officer (CIO). Since July 2013, he assumed the position of Assistant General Manager in charge of Information Technologies and Operations at the Bank. Between May 2020 and August 2021, he was the Chief Operations Officer (COO), responsible of Information Technologies, Operations and Analytics. As of August 2021, he appointed as Assistant General Manager of Commercial and SME Banking in Yapı Kredi. Mr. Erdoğan is also a member of the Executive Committee in Yapı Kredi since July 2013, the Chairman of the Board of Directors in Yapı Kredi Technology A.Ş between May 2015- August 2021, he was the member of the Board in Yapı Kredi Investment & Securities A.Ş. between March 2020- September 2021, member of the Board in Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Bank Azerbaijan since August 2021, Yapı Kredi Bank Netherland since October 2021, Tanı Marketing and Communication Services since December 2021, Yapı Kredi Financial Technologies since February 2022.



# Management

## Abdullah GEÇER

Assistant General Manager -  
Internal Audit



After graduating from the Department of Economics at Middle East Technical University in 1996, Abdullah Geçer began his professional career at the Undersecretariat of Treasury as an Assistant Sworn Bank Auditor. Having served in this position between 1996 and 2000, Abdullah Geçer assumed Sworn Bank Auditor and Senior Sworn Bank Auditor positions in Banking Regulation and Supervision Agency of Turkey between 2000 and 2007, and completed the MBA in Finance program at University of Nottingham in 2006. Serving as a coordinator in Koç Holding Audit Group in 2007-2020, Abdullah Geçer was appointed as the Assistant General Manager for Internal Audit in Yapı Kredi on 20 April 2020.

## Demir KARAASLAN

Assistant General Manager -  
Financial Planning and Administration (CFO)



Mr. Karaaslan graduated from Marmara University, Business Administration department in 1999. Between September 1999 and December 2004, he worked at PricewaterhouseCoopers (PwC) where he joined as an Assistant Auditor and promoted to Audit Manager. He continued his career at Koçbank between 2005 and 2006 as Head of Budget & Planning. In 2006, following the merger of Koçbank and Yapı Kredi Bank, he was appointed as Vice President responsible from Planning & Control. He has been the Head of Planning & Control since 2010 and promoted as Executive Vice President in 2011. Starting from January 2016, he was appointed as Assistant General Manager in charge of Retail Credits. Currently, he continues to serve as Chief Financial Officer (CFO) starting from March 2020. Mr Karaaslan also assumes the positions of member of Board in several subsidiaries of Yapı Kredi Bank. He was also a board member of Credit Bureau and a member of The Banks Association of Turkey Risk Center.

## E. Kürşad KETECİ

Strategic Planning, Investor Relations  
and Corporate Development, EVP



Kürşad Keteci earned his undergraduate degree from Marmara University Business Administration. Keteci began his career at Andersen Audit and Consultancy in 2001. Between 2001 and 2003 he worked in audit work of several banks and financial institutions. Between 2003 and 2006 he worked in Transaction Services Department for M&A activities as well as consultancy projects in financial sector. He worked as Deputy CFO in Bankpozitif Investment Bank between 2006 and 2012. He was responsible for budget and planning, reporting, Asset&Liability and capital management as well as FI and investor relations. He joined Yapı Kredi in 2012 and served as Head of Financial Reporting, Head of Budget and Planning and Head of Corporate Strategy and Investor Relations within CFO team. Since 2018, Keteci has been working as Strategic Planning, Investor Relations and Corporate Development Executive Vice President.

## Korkut OKAY

Banking Operations, EVP



Korkut Okay earned his undergraduate degree from Middle East Technical University, Department of Management and his MBA degree from Marmara University. He started his career at Yapı Kredi Audit as a Management Trainee in 1994. Between 1999 and 2005, Okay worked in Dışbank as a director in Audit, Branch Operations and Organization Management. He worked in Fortisbank as a managing director in Operations and Retail Banking between 2006 and 2011. He returned to Yapı Kredi and served as the director of Branch Operations between 2011 and 2021. Since August 2021, he has been working as Banking Operations Executive Vice President.

# Management

## Özden ÖNALDI

Assistant General Manager -  
Human Resources Organization and Internal Services



Özden Önalı graduated from Istanbul Technical University's Department of Management Engineering and earned her Executive MBA degree from Koç University. She began her professional career as a Project Consultant at SAP Company in 1999. Önalı, later continued her banking career at Osmanlı Bank in the Alternative Distribution Channels department. In 2002, she started working at Garanti Bank, where she led several strategic projects in CRM & Marketing, Strategic Planning, IT, and Human Resources at various management levels. Özden Önalı joined Koç Holding in 2016 and worked in Human Resources and Industrial Relations Group in digital transformation, agile transformation, and leadership programs areas. As of February 2022, she was appointed as Assistant General Manager of Human Resources Organization and Internal Services. Önalı is also a member of the Executive Committee in Yapı Kredi, the Chairperson of Yapı Kredi Group subsidiaries Disciplinary Committee and the member of Sustainability Committee.

## Mehmet Erkan ÖZDEMİR

Assistant General Manager -  
Compliance, Internal Control and Risk Management



After graduating from Middle East Technical University, Department of Economics in 1989, Mehmet Erkan Özdemir worked as a Sworn-in Bank Auditor on the Sworn-in Bank Audit Board of the Banking Regulation and Supervision Agency between April 1994 and August 2001. He joined Koç Holding in September 2001 as Audit Coordinator in the Koçbank Audit Group, responsible for the financial companies of the Group. Özdemir was assigned as Compliance Officer and Assistant General Manager in charge of the Compliance Office in April 2008. Özdemir has been served as Assistant General Manager in charge of Compliance and Internal Control between October 2013 and October 2020. He has been serving as Assistant General Manager in charge of Compliance, Internal Control and Risk Management since October 2020.

## Gökhan ÖZDİNÇ

Assistant General Manager -  
Technology, Data and Process Management



Gökhan Özdiñ earned a Bachelor of Science degree in Computer Engineering (1997), MBA (1999) and Ph.D. (in Management) (2006) degrees from Boğaziçi University. Özdiñ started his career as a software engineer in Finansbank Information Technologies. He managed Card Payment Systems Applications Development, Software Architecture, Business Analysis, Project & Program Management, Digital Channels Applications Development, Data-warehouse & Business Intelligence teams till 2012. He worked as the member of the Management Board responsible from Digital Banking and Data Management teams in Finansbank's Information Technologies company, IBTECH, between 2012 and 2014. Özdiñ was appointed as the COO, responsible from Information Technologies and Banking Operations departments in Aktifbank between 2014 and 2019. At the same time he also assumed the positions of the member of Board in E-kent, NKolay and Çalık Digital, the subsidiaries of Aktifbank. Özdiñ joined Yapı Kredi in 2020 and worked as the Subsidiaries' Application Development & IT Governance Director and the CIO of Yapı Kredi Invest. As of August 2021, he was appointed as the Assistant General Manager of Yapı Kredi in charge of Technology, Data & Analytics and Process Management, and a member of the Executive Committee. At the same time, Özdiñ has been giving lectures in the Department of Management Information Systems and the Department of Management at Boğaziçi University since 2007.

# Management

## Arda ÖZTAŞKIN

Corporate Communications, VP



Arda ÖZtaşkın graduated from TED Ankara College and from Ankara University, Faculty of political Science. Having started his career at Demirbank in the Advertising and Public Relations Department, he then worked at Dışbank and Fortis. ÖZtaşkın joined Yapı Kredi as Vice President of Brand Management in 2008. Since 2018, he has been leading the Corporate Communications team of Yapı Kredi responsible for brand management, strategic communications and sustainability. A member of the Advertisers' Association, MMA, Association of Corporate Communicators and Sustainable Brands Turkey, ÖZtaşkın is a visiting lecturer in various universities giving classes in sustainability and communications, brand management, leadership communication and crisis management.

## Cemal Aybars SANAL

Assistant General Manager – Legal Affairs



After graduating from Istanbul University Faculty of Law, Cemal Aybars Sanal began his career in 1986 at Sanal&Sanal Law Firm as Partner. Between 1992 and 1995, he worked at Shell Company of Turkey Limited as an Attorney, between 1995 and 1998 at White&Case Law Firm as an Attorney, between 1998 and 1999 at Shell Company of Turkey Limited as Chief Legal Counsel and a Member of the Board of Directors, between 1999 and 2006 at Boyner Holding as Chief Legal Counsel and Vice President. After working as a freelance attorney between 2006 and 2007, Sanal worked at ELIG Law Firm as Senior Consultant from 2007 to 2008. Sanal has been Assistant General Manager in charge of Legal Affairs at Yapı Kredi since July 2008.

## Kaan ŞAKUL

Assistant General Manager -  
Corporate Banking



Kaan Şakul earned his undergraduate degree from Istanbul University, Economics in English Department in 1996 and earned his graduate degree from Bilgi University, Banking and Finance (MA) in 2015. He started his banking career at Yasarbank in 1996 as Corporate Banking Management Trainee until 2000. After working at Finansbank between 2000 and 2002, he joined Koçbank of Koç Holding. He undertook various positions in branches and Head Office such as Sales Support Manager in Commercial Banking, Commercial and Corporate Branch Manager positions, Corporate and Commercial Credit Underwriting EVP position, Product Groups EVP position including Project Finance, Investment Banking, Cash Management and Trade Finance, Corporate Banking Sales EVP position until 2021 August. He has been assigned by the Board of Directors as Corporate Banking Assistant General Manager and Exco member as of August 2021. He is also member of Sustainability Committee from the beginning.

# Management

## Serkan ÜLGEN

Assistant General Manager -  
Retail Banking



Serkan Ülgen received his B.S. degree in Industrial Engineering from Bilkent University, Ankara in 1998. Following his graduation, he started his professional career at BENKAR Consumer Financing and Credit Card Services within Boyner Group. In 2001, he joined Yapı Kredi Bank and since then, held different positions in Retail Banking and Card Payment Systems at Yapı Kredi. In this time period he got his MBA degree from Boğaziçi University, Istanbul in 2005.

Serkan Ülgen, has been working as Yapı Kredi's Assistant General Manager responsible for Retail Banking and a member of the Executive Committee since January 1, 2018. Ülgen is also a Member of the Board of Yapı Kredi Bank Azerbaijan, Yapı Kredi Invest and Yapı Kredi Financial Technologies and also Yapı Kredi Pension Fund Foundation.

In addition to his responsibilities in the Bank, Ülgen is also a board member of Interbank Card Center (BKM), Allianz Life and Pension, Tanı Marketing and Communication Services and UK-based 441 Trust Company companies. Also, Ülgen has been serving as the Head of the Supreme Council of Turkey within Visa Turkey and continuing his duty as the Advisory Board Member within MasterCard Europe.

## Serdar YERLİ

Collection and Workout, EVP



Serdar Yerli has undergraduate degree from Middle East Technical University (METU), Department of Economics. He started his career in HSBC Bank Bursa corporate branch and worked as assistant portfolio manager between 2000-2003 years. In 2004, he joined Koçbank as credit analyst in corporate credit underwriting department. In Yapı Kredi, he worked as manager position in corporate and specialized credits monitoring unit and commercial credit underwriting region office between 2008 and 2013. In 2014, he was appointed as vice president at head office and worked in commercial credit underwriting, corporate, subsidiaries and specialized credits underwriting unit and finally in commercial monitoring and workout unit. In August 2021, he was appointed as Executive Vice President in Collection and Workout Management and he is responsible from restructuring, collection and workout activities of Stage 2 and Stage 3 clients in Yapı Kredi.

## Saruhan YÜCEL

Assistant General Manager -  
Treasury and Financial Institutions



Saruhan Yücel earned his undergraduate degree from Istanbul University Department of Business Administration and his graduate degree from University of Illinois in Business Administration. Yücel started his career at Koçbank in fund Management Department in 2000. Following his role as Securities Portfolio Manager, between 2002 and 2003, in Yapı Kredi Portfolio in Investment Funds Management Fixed Income department, between 2003 and 2018, he worked as FX and Money Markets Senior Dealer, FX Markets Vice President, Fixed Income Securities Vice President and Balance Sheet Management and Fixed Income Securities Executive Vice President in Yapı Kredi Bank. Following June 2018, he continued his career as Treasury Management Assistant General Manager. He is also Member of the Executive Committee at Yapı Kredi Bank.

# Board of Directors and Committees

## BOARD OF DIRECTORS

The Board of Directors convenes upon the request of the Chairman when necessitated by the Bank's business. The Board of Directors reviews and decides on the corporate agenda, as authorised by the Articles of Association of the Bank, laws and regulations. In 2022, the Board of Directors convened 11 times with the required majority and quorum satisfied.

## EXECUTIVE COMMITTEE

The Executive Committee is the decision making body of the Group, established to collectively decide upon priority topics, facilitate information sharing among senior management and support strong team spirit. The Committee holds regular bi-weekly meetings or according to the needs of the bank (at least once a month). All decisions are taken unanimously by the members. In 2022, the Executive Committee convened 48 times with the required majority and quorum satisfied.

The Committee's responsibilities include:

- Defining Group strategies and the Bank's structural risk management
- Managing asset-liability guidelines including pricing and interest rates
- Evaluating existing products and approving new products
- Assessing credit, operational, market and liquidity risks
- Ensuring coherence of the Bank's commercial policies and principles with budget objectives
- Further improving customer satisfaction and marketing activities
- Internal and external communication plans
- Approving the Bank's annual project plan and major organisational changes
- Optimising market risk strategies within the guidelines set by the Board of Directors

EXECUTIVE COMMITTEE MEMBERS		
Chairman	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Saruhan Yücel	Assistant General Manager - Treasury and Financial Institutions
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Gökhan Özdiñç	Assistant General Manager - Technology, Data and Process Management
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Özden Önalđı	Assistant General Manager - Human Resources Organization and Internal Services
ATTENDEES OF THE COMMITTEE WITHOUT VOTING RIGHTS		
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management

## AUDIT COMMITTEE

The Audit Committee administers the Bank in terms of compliance with local laws and internal regulations. The Committee convenes quarterly or more, according to the needs of the Bank. In 2022, the Audit Committee convened 4 times with the required majority and quorum satisfied. The Committee reports at least once every six months to the Board of Directors.

The Committee's responsibilities include:

- Monitoring the performance of Internal Audit, Compliance and Internal Control as well as Risk Management departments

AUDIT COMMITTEE MEMBERS		
Chairman	Ahmet Çimenođlu	Member of the Board of Directors
Member	Nevin İmamođlu İpek	Member of the Board of Directors
Member	Mehmet Tırnaklı	Member of the Board of Directors

## RISK COMMITTEE

The Committee is responsible for determining the risk management strategies and risk appetite of the bank and to prepare the policies, to make the necessary changes in accordance with the economic conjuncture and submit them to the approval of the Board of Directors. In 2022, the Risk Committee convened 7 times with the required majority and quorum satisfied.

The Committee's responsibilities include:

- To determine the risk strategy, policies and risk appetite of the Bank regarding the risks that may arise and to ensure that these are regularly monitored
- To evaluate the issues raised by the Risk Management and to ensure that necessary measures are taken regarding them,

- Fulfilling the relevant tasks as determined by Banking and Capital Market regulations
- Approving and monitoring the Annual Audit Plan and the charter of the internal audit function
- Verifying adequacy of internal control systems
- Monitoring audit projects and evaluating significant findings
- Appointing, compensating and overseeing external auditors, rating, valuation and support service institutions
- Monitoring the financial reporting process
- Reviewing procurement policies and practices

- To observe the necessary communication between the relevant departments throughout the Bank in order to ensure efficiency in risk management,
- To ensure timely and reliable reporting to the committee regarding significant risks,
- To monitor the compliance of the bank's strategy with the determined risk management strategies and risk appetite, and to make suggestions to remedy in case of a contradiction,
- Determining the limits on the risks that the bank is exposed to/may remain and monitoring the determined limits, taking actions in case of exceeding the limits and making studies to eliminate them and make suggestions the Board of Directors,

# Board of Directors and Committees

- To monitor the accuracy and reliability of risk measurements, methods and results, to evaluate the functionality and adequacy of the bank's risk control systems, to follow that the Bank takes the necessary measures to find the necessary systems, employees and resources for risk management
- Observing the processes of preparing and evaluating the

internal capital adequacy and prevention plan measures of the bank and evaluating the results.

- To ensure the establishment and development of risk culture in banks and its subsidiaries,
- To monitor the regulatory requirements regarding risk management, to encourage the development of an advanced risk management model and risk management practices

## RISK COMMITTEE MEMBERS

Chairman	Levent Çakıroğlu	Vice Chairman of the Board of Directors
Member	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Member	Ahmet Çimenoglu	Member of the Board of Directors
Member	Melih Poyraz	Member of the Board of Directors
Member	Polat Şen	Member of the Board of Directors
Member	Kemal Uzun	Member of the Board of Directors

## CREDIT MONITORING COMMITTEE

Within the scope of the Credit Risk Policy, Credit Monitoring Committee reviews and evaluates the commercial loan portfolio to be determined by the Committee, especially the risk groups/companies under the authority of the Board of Directors and the Credit Committee, and to determine the issues to be taken into account in the following periods regarding the mentioned companies. The meetings of the Committee are held at least one time a year or more

often when needed. Documents to be submitted to the Committee are prepared by the Credits Management, when necessary, other relevant managements work on the requested subjects and submit them to the committee. Committee decisions are taken unanimously and in cases where unanimity cannot be reached the topics are escalated to Board. In 2022, the Credit Monitoring Committee convened 1 time with the required majority and quorum satisfied.

## CREDIT MONITORING COMMITTEE MEMBERS

Chairman	Levent Çakıroğlu	Vice Chairman of the Board of Directors
Member	Ahmet F. Ashaboğlu	Member of the Board of Directors
Member	Ahmet Çimenoglu	Member of the Board of Directors
Member	Virma Sökmen	Member of the Board of Directors
Member	Mehmet Tırnaklı	Member of the Board of Directors
Member	Melih Poyraz	Member of the Board of Directors
Member	Polat Şen	Member of the Board of Directors

## CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee is an advisory body that assists the Board of Directors on compliance to Corporate Governance Principles, investor relations activities and public disclosures. The Committee is responsible for identifying and providing guidance for any conflicts of interest that may arise. The Committee confirms that proper flow of information is ensured by the Koç Financial Services, Subsidiaries and Shareholder Relations

Unit to shareholders and investors. All decisions of the Committee are taken unanimously and can only be implemented after the approval of the Board of Directors if taken by majority. Conducting studies in the scope of evaluating and determining of the independent candidates suitable for Board of Directors, presenting the nominated candidates to the Board of Directors for approval. In 2022, the Corporate Governance Committee convened 2 times with the required majority and quorum satisfied.

## CORPORATE GOVERNANCE COMMITTEE MEMBERS

Chairperson	Virma Sökmen	Member of the Board of Directors
Member	Nevin İmamoğlu İpek	Member of the Board of Directors
Member	M. Erkan Özdemir	Assistant General Manager – Compliance, Internal Control and Risk Management

## REMUNERATION COMMITTEE

The Remuneration Committee monitors and audits compliance of the Bank's compensation principles and remuneration practices with its structure, strategies, long-term targets and risk approach

on behalf of the Board of Directors. The Committee convenes at least twice a year or according to the needs of the Bank. In 2022, Remuneration Committee convened 2 times with the required majority and quorum satisfied.

## REMUNERATION COMMITTEE MEMBERS

Member		Chairman of the Board of Directors
Member	Levent Çakıroğlu	Vice Chairman of the Board of Directors

## CREDIT COMMITTEE

The Credit Committee is an advisory and deliberative body whose purpose is to provide guidelines for the Bank's lending activity in coherence with the credit policy, economic objectives and the Bank's overall risk profile. By the end of 2022, the Credit Committee convened 66 times with the required majority and

quorum satisfied. The Committee reviews loan applications and restructuring requests within its authorised delegated limit or advises the Board of Directors for those that are not. The Credit Committee also outlines parameters for credit scoring, lending and monitoring systems.

# Board of Directors and Committees

## CREDIT COMMITTEE PRINCIPAL MEMBERS

Chairman	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Member	Ahmet Çimenoğlu	Member of the Board of Directors
Member	Virma Sökmen	Member of the Board of Directors
Member	Mehmet Tırnaklı	Member of the Board of Directors

## CREDIT COMMITTEE ALTERNATE MEMBERS

Alternate Member	A. Ümit Taftalı	Member of the Board of Directors
Alternate Member	Levent Çakıroğlu	Vice Chairman of the Board of Directors

## DISCIPLINARY COMMITTEE

The Disciplinary Committee has the purpose of determining the disciplinary actions/penalties according to the cases and to the Disciplinary Regulations. The Disciplinary Committee's duties,

authorities and responsibilities as well as working principles and procedures are set by the Board of Directors. The Committee convened 7 times with the required majority and quorum satisfied.

## DISCIPLINARY COMMITTEE MEMBERS

Chairman	Özden Önalı	Assistant General Manager - Human Resources, Organization and Internal Services
Member	Cemal Aybars Sanal	Assistant General Manager - Legal Department
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Demir Karaaslan	A represent from Bank Assistant General Managers with the Human Resources, Organization and Internal Services Department's advice and the approval of CEO for 1 calendar year

## COST MANAGEMENT AND EFFICIENCY COMMITTEE

The Cost Management and Efficiency Committee is responsible of central cost and purchase management. Within this scope, the Committee monitors monthly evolution of main cost items compared with the budgeted targets, review status of planned cost

saving actions and demands related with the projects, negotiate unbudgeted and high amount demands defines new cost saving / cost management initiatives. In 2022, the Committee convened 8 times with the required majority and quorum satisfied.

## COST MANAGEMENT AND EFFICIENCY COMMITTEE MEMBERS

Chairman	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Özden Önalı	Assistant General Manager - Human Resources, Organization and Internal Services

## ATTENDEES OF THE COMMITTEE WITHOUT VOTING RIGHTS

Member	Aytaç Yoloğlu	Purchasing Vice President
Member	İbrahim Uç	Technology Purchasing Manager
Member	Seçil Ayıntap	Cost Management Vice President
Member	Kürşad Keteci	Strategic Planning, Investor Relations and Corporate Development, Executive Vice President

## CREDIT RISK STAGING AND PROVISIONING COMMITTEE

Credit Risk Staging and Provisioning Committee is formed to evaluate and make necessary decisions regarding credit staging, credit provisioning and credit rating activities in compliance with IFRS9 and reporting the results to top management and other committees. Credit Risk Staging and Provisioning Committee, conducts monitoring and evaluation of staging/provisioning risky

clients, makes decisions regarding stage overrides of necessary clients evaluates LLP impact of client rating upgrade or downgrade, evaluates for approval of parameter and methodology changes regarding LLP calculations, examines and approves the staging/provisioning effect of the realization of identified risks, examines year-end and month-end LLP forecasts. The Committee convened 10 times with the required majority and quorum satisfied.

## CREDIT RISK STAGING AND PROVISIONING COMMITTEE MEMBERS

Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Serdar Yerli	Collection and Workout Executive Vice President
Member	İrem Can	Credit Risk Strategy, Modelling and Reporting Executive Vice President

# Board of Directors and Committees

## INFORMATION SYSTEMS STEERING COMMITTEE

To support IS Strategy Committee function and senior management in the Executive Board, To determine the priority order of IT investments and projects, to make the necessary guidance by evaluating the changes needed in the plan, Evaluate capacity distributions and review roadmap, To follow the status

of ongoing IT programs and projects, To resolve resource conflicts between projects, To make the necessary guidance to ensure IT architecture and IT projects comply with the legislation, It is responsible for monitoring service levels for IT services and reviewing improvements. In 2022, The Committee convened 2 times with the required majority and quorum satisfied.

## INFORMATION SYSTEMS (IS) STRATEGY COMMITTEE

The IS Strategy Committee is responsible for, on behalf of the Board of Directors, overseeing the appropriate use of IS investments in line with the IS strategy plan and the alignment of the Bank's business objectives with IS objectives; reporting directly and regularly to the Board of Directors on these matters;

reviewing the IS strategy plan at least once a year, revising the plan when necessary and submitting the revised plan to the approval of the Board of Directors; and overseeing the activities of the IS Steering Committee. The Committee convened twice in 2022 with the required majority and quorum of decision.

### INFORMATION SYSTEMS STEERING COMMITTEE MEMBERS

Chairman	Cengiz Arslan	Yapı Kredi Technology General Manager
Vice-Chairman	Gökhan Özdiç	Assistant General Manager - Technology, Data and Process Management
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration or a manager to appoint
Member	Kürşad Keteci	Strategic Planning, Investor Relations and Corporate Development, Executive Vice President
Member	Gökhan Yalçın	Yapı Kredi Technology Information Systems Security Management Assistant General Manager
Member	Elif Küçükaltun	Project and Agile Management Vice President
Member	Özcan Yahşi	Yapı Kredi Technology Assistant General Manager
Member	Erhan Çetin	Yapı Kredi Technology Assistant General Manager
Member	Özkan Demir	Yapı Kredi Technology Assistant General Manager
Member	Hakkı Erdoğan	Yapı Kredi Technology Assistant General Manager
Member	Eylem Karaca	Yapı Kredi Technology Assistant General Manager
Member	İrem Özyurt	A representative from Human Resources, Organization & Internal Services Management
Member	Kaan Dinç	A representative from Compliance, Internal Control and Risk Management
Member	Özkan Aygül	A representative from Compliance, Internal Control and Risk Management
Member	Feyza Torlak	A representative from Legal Department
Member	Other relevant business unit representatives	

### INFORMATION SYSTEMS STRATEGY COMMITTEE MEMBERS

Chairman	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
Vice Chairman	Cengiz Arslan	Yapı Kredi Technology General Manager
Member	Gökhan Özdiç	Assistant General Manager - Technology, Data and Process Management
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Saruhan Yücel	Assistant General Manager - Treasury and Financial Institutions
Member	Özden Önalı	Assistant General Manager - Human Resources Organization and Internal Services
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	M.Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Gökhan Yalçın	Yapı Kredi Technology Information Systems Security Management Assistant General Manager
Member	Kürşad Keteci	Strategic Planning, Investor Relations and Corporate Development Executive Vice President
Member	Other relevant managers	



# Board of Directors and Committees

## INFORMATION SECURITY COMMITTEE

On behalf of the Bank's Board of Directors; It carries out activities for creating, updating and implementing information security policies, Information security policy reviews procedures and processes at least once a year, and also reviews them after major security incidents, new vulnerabilities or significant changes in technical infrastructure, Ensures the establishment of an information security management system that is obliged to observe its implementation throughout the bank, Provides oversight of the compliance of the Information Security strategic plan and Information Security objectives with the business objectives of the bank on behalf of the Board of Directors,

Gives opinion and approval to the bank's information security policy before it is submitted for the approval of the board of directors, Approves the asset classification guide prepared for the classification of information assets, Approves the information security awareness training program, Is responsible for ensuring effective controls on information systems to ensure the confidentiality, integrity and accessibility of information assets and for conducting effective surveillance to manage security risks arising from the use of information systems, When necessary, it enables working groups to be created in different areas of information security. The Committee convened 2 times with the required majority and quorum satisfied.

### INFORMATION SECURITY COMMITTEE MEMBERS

<b>Chairman</b>	Gökhan Erün	Executive Director and Chief Executive Officer (CEO)
<b>Vice Chairman</b>	Gökhan Özdiñ	Assistant General Manager - Technology, Data and Process Management
<b>Coordinator</b>	Gökhan Yalçın	Yapı Kredi Technology Information Systems Security Management Assistant General Manager
<b>Member</b>	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
<b>Member</b>	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
<b>Member</b>	Özden Önalı	Assistant General Manager - Human Resources, Organization and Internal Services
<b>Member</b>	Cemal Aybars Sanal	Assistant General Manager - Legal Department

## BUSINESS CONTINUITY COMMITTEE

Roles of the Business Continuity Committee are, to plan what needs to be done in case of any Emergency and Crisis in order to take effective measures in case of disaster, crisis or interruption, By giving opinions to Business Continuity and IS Continuity plans, Considering all the factors related to the events that occur, declaring that there is a crisis situation, Deciding on the implementation of plans to protect reputation, brand value, value-creating activities

and the interests of stakeholders, To propose actions to ensure the continuity of critical operations / ensure that they can be saved within the targeted timeframe and to return to the pre-crisis state, To fulfill the function of the IS Continuity Committee described in the regulations, Coordinating with other rescue, continuity and response teams, It is responsible for informing the Crisis Management Team. The Committee convened 29 times with the required majority and quorum satisfied in 2022.

### BUSINESS CONTINUITY COMMITTEE MEMBERS

<b>Member</b>	Gökhan Özdiñ	Assistant General Manager - Technology, Data and Process Management
<b>Member</b>	Özden Önalı	Assistant General Manager - Human Resources, Organization and Internal Services
<b>Member</b>	Yakup Doğan	Assistant General Manager - Limitless Banking
<b>Member</b>	Mehmet Erkan Özdemir	Assistant General Manager - Compliance Internal Control and Risk Management
<b>Member</b>	Cemal Aybars Sanal	Assistant General Manager - Legal Department
<b>Member</b>	İrem Can	Credit Risk Strategies, Modeling and Reporting Executive Vice President
<b>Member</b>	Can Dalođlu	Credit Risk Strategies and Operational Risk Vice President
<b>Member</b>	Yasemin Hatem	Operational, Reputational Risk and BCM Management Manager
<b>Member</b>	Arda Öztaşkın	Corporate Communications Vice President
<b>Member</b>	Korkut Okay	Banking Operations Executive Vice President
<b>Member</b>	Hakkı Erdoğan	Yapı Kredi Technology Infrastructure, Network and Operations Assistant General Manager
<b>Member</b>	Gökhan Yalçın	Yapı Kredi Technology Information Systems Security Management Assistant General Manager
<b>Member</b>	Murat Çevikbaş	General Services Vice President

## SUSTAINABILITY COMMITTEE

Yapı Kredi Sustainability Committee was established to create Yapı Kredi's sustainability strategy and policies in economic, social and environmental areas, integrate this strategy and these policies into Bank operations, and monitor its sustainability performance. Representing various management units, the Committee is chaired by the Independent Board Member. Meeting quarterly to monitor and guide developments in sustainability, the Sustainability Committee periodically reports to the Executive Committee and to the Board of Directors every year.

Sustainability Working Groups were formed with the participation of relevant departments of the Bank in order to implement the strategy determined by the Sustainability Committee

and coordinate relevant efforts. Operating under Corporate Communications Management, the Sustainability and Corporate Social Responsibility Unit is responsible for;

- Coordinating the Sustainability Working Groups,
- Monitoring goal progress and performance of the groups,
- Performing data consolidation,
- Evaluating activities in line with sustainability goals,
- Conducting Yapı Kredi's internal and external communications with regards to sustainability.

# Board of Directors and Committees

In 2022, the Committee convened 4 times with the required majority and quorum satisfied

SUSTAINABILITY COMMITTEE		
Chair	Ahmet Çimenoğlu	Member of the Board of Directors
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Mehmet Erkan Akbulut	Assistant General Manager - Credits
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance Internal Control and Risk Management
Member	Özden Önalı	Assistant General Manager - Human Resources, Organization and Internal Services
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Korkut Okay	Banking Operations Executive Vice President
Member	Kürşad Keteci	Strategic Planning, Investor Relations and Corporate Development, Executive Vice President
Member	Arda Öztaşkın	Corporate Communications Vice President

## CUSTOMER AND SERVICE EXECUTION COMMITTEE

Customer and Service Execution Committee is responsible for (i) deciding if a new development/improvement should be considered as a “change” or “new product”, (ii) guiding Project teams in order to reduce compliance risk about subjects that might cause audit findings or reputational damages; (iii) monitoring and leading of preventive actions about possible defects or malfunctions, about

quality assurance and compliance topics, in existing products/ services. Committee can also decide if it is necessary to follow up ongoing developments in committee level or circulate updates to executive committee or other related committees.

In 2022, the Committee convened 4 times with the required majority and quorum satisfied.

CUSTOMER AND SERVICE EXECUTION COMMITTEE MEMBERS		
Member	Gökhan Özdiñç	Assistant General Manager - Technology, Data and Process Management
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Cemal Aybars Sanal	Assistant General Manager - Legal Department
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Member	Kaan Şakul	Assistant General Manager - Corporate Banking
Member	Demir Karaaslan	Assistant General Manager - Financial Planning and Administration Department
Member	Korkut Okay	Executive Vice President – Banking Operations
Member	A representative Process and Program Management (attends the meetings as the Committee Secretary and also responsible for coordination of the committee)	
Member	Business unit/channel representative who has requested the development of product/service (to be invited in accordance with the agenda when necessary and not permanent)	
Member	Other relevant business unit representatives who will be possibly affected by the development (to be invited in accordance with the agenda when necessary and not permanent)	

In accordance with the agenda, related senior managers may attend the meeting, in addition to the permanent members listed above.

## ANALYTICS COMMITTEE

Analytics Committee is responsible for directing analytical works in line with Bank's strategic goals. In this framework, the Committee (i) evaluates the important changes needed in the analytical project roadmap quarterly and makes the necessary guidance, (ii) evaluates and approves the analytical projects and modeling studies planned to be addressed next year in the last quarter of the year, (iii)

within the relevant quarter, it ensures that analytical requests shared with Analytics and Data Management teams are prioritized transparently and in line with market standards.

In 2022, the Committee convened 4 times with the required majority satisfied.

# Board of Directors and Committees

## ANALYTICS COMMITTEE MEMBERS

Chairman	Gökhan Özdiñç	Assistant General Manager - Technology, Data and Process Management
Member	Mehmet Erkan Özdemir	Assistant General Manager - Compliance, Internal Control and Risk Management
Member	Serkan Ülgen	Assistant General Manager - Retail Banking
Member	Yakup Doğan	Assistant General Manager - Limitless Banking
Member	Cahit Erdoğan	Assistant General Manager - Commercial and SME Banking
Coordinator	Emin Rodoslu	Analytics and Business Intelligence Vice President
Coordinator	Sertaç Özdemir	Customer and Service Analytics Vice President
Member	Bora Üzüm	Analytics and Data Governance Vice President
Member	Can Daloğlu	Credit Risk Strategies and Operational Risk Vice President
Member	Mahir Güneş İnce	Credit Risk Planning Modelling and Reporting Vice President
Member	Elif Küçükaltun	Project and Agile Management Vice President
Member	Anıl Güngör Güler	Risk Validation Vice President

According to the Committee agenda, Assistant General Managers, Executive Vice Presidents and Vice Presidents of the relevant managements requesting projects may attend the meetings as guests. At the same time, managers of model responsible experts and model consultants who are under Analytics and Data Management can participate in the work of the Committee.

## INFORMATION TECHNOLOGIES RISK AND QUALITY MANAGEMENT STEERING COMMITTEE

The IT Risk and Quality Management Steering Committee is responsible for evaluating the problems experienced in system

continuity, backup and recovery, evaluating root cause analyses and preventive actions, and determining and monitoring improvement actions. The Committee convened three times in 2022 with the required majority and quorum of decision.

## INFORMATION TECHNOLOGIES RISK AND QUALITY MANAGEMENT STEERING COMMITTEE MEMBERS

Chairman	Cengiz Arslan	Yapı Kredi Technology General Manager
Vice Chairman	Gökhan Özdiñç	Assistant General Manager - Technology, Data and Process Management
Member	Eylem Karaca	Yapı Kredi Technology Assistant General Manager
Member	Gökhan Yalçın	Yapı Kredi Technology Information Systems Security Management Assistant General Manager
Member	Hakkı Erdoğan	Yapı Kredi Technology Assistant General Manager
Member	Özkan Demir	Yapı Kredi Technology Assistant General Manager
Member	Özcan Yahşi	Yapı Kredi Technology Assistant General Manager
Member	Erhan Çetin	Yapı Kredi Technology Assistant General Manager
Member	Önder Erdem	Yapı Kredi Technology IT Governance Manager

## TECHNOLOGY AND ARCHITECTURE STEERING COMMITTEE

The Technology and Architecture Steering Committee is responsible for monitoring the Bank's five-year architectural transformation program. To this end, the Committee decides on the use of new technologies, architectural structures or products,

draws up the transformation road map, and makes and monitors decisions to terminate the use of old structures and products. The Committee convened 19 times in 2022 with the required majority and quorum of decision.

## TECHNOLOGY AND ARCHITECTURE STEERING COMMITTEE MEMBERS

Chairman	Cengiz Arslan	Yapı Kredi Technology General Manager
Vice Chairman	Gökhan Özdiñç	Assistant General Manager - Technology, Data and Process Management
Member	Özkan Demir	Yapı Kredi Technology Assistant General Manager
Member	Özcan Yahşi	Yapı Kredi Technology Assistant General Manager
Member	Erhan Çetin	Yapı Kredi Technology Assistant General Manager
Member	Eylem Karaca	Yapı Kredi Technology Assistant General Manager
Member	Hakkı Erdoğan	Yapı Kredi Technology Assistant General Manager
Member	Gökhan Yalçın	Yapı Kredi Technology Information Systems Security Management Assistant General Manager
Member	Gülter Bedel	YK Financial Technologies Assistant General Manager

*Customer Focus*



*We focus on value creation.*



Dedicated to  
**Deliver.**



*We remain strong even in the face of circumstances.*

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# Sustainability Management

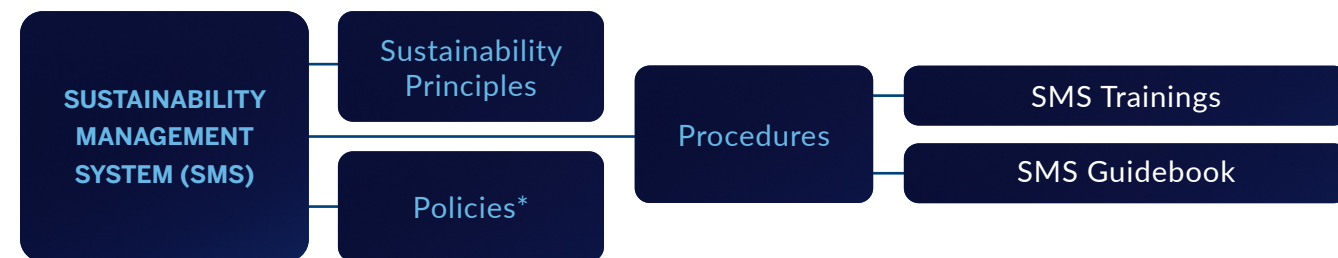
The financial instruments and services offered by the banking sector have a direct and/or indirect impact on the lives of a large part of the society. Stakeholder groups, especially customers, investors, employees and non-governmental organizations demand from banks to create value in the fields of economic, social and environmental sustainability.

In its sustainability management, Yapı Kredi considers the expectations of all of its internal and external stakeholders. Yapı Kredi addresses its environmental, social and economic impacts on the entire value chain via an integrated management system. Based on this understanding, environmental, social and governance (ESG) factors, which enable the Bank's financial and non-financial performance to be monitored in an integrated manner, are regularly monitored with key performance indicators. These indicators are shared transparently in the annual integrated I reports and limited assurance statements are received for the indicators determined as material.

## SUSTAINABILITY MANAGEMENT SYSTEM (SMS)

Yapı Kredi launched the "Sustainability Management System" to carry out all its activities in line with the sustainability principles and to shape its governance structure in line with these principles. Within this scope, sustainability strategy and policies were designed, and the management style of sustainability issues targeted by Yapı Kredi was determined. The procedures, necessary tools and documents to be followed within the framework of this management system have been established, and at the same time, roles and responsibilities related to these procedures have been defined.

Distance and in-class trainings were developed in order to increase the awareness of all employees in the field of sustainability in general and to develop capacity in the units that will take part in the system. After the completion of the training programs, the Sustainability Management System was fully implemented.



[Ethical Principles and Policies](#)

## SUSTAINABILITY GOVERNANCE STRUCTURE



# Sustainability Management

## SUSTAINABILITY COMMITTEE

The Sustainability Committee is responsible for integrating sustainability in business processes and monitoring sustainability performance. Established in 2014, the Committee is chaired by a Board Member. The Committee annually reports its activities to the Executive Committee and the Board of Directors. In addition to this structure, under the leadership of Committee members, five working groups operating in various fields of sustainability are responsible for the management of sustainability projects within the Bank.

Reporting to the Corporate Communications Management, the Sustainability Department ensures coordination across the Bank for the implementation of Yapı Kredi's sustainability strategies and policies. The Sustainability Department is responsible for monitoring the Bank's sustainability goals and performances, coordinating the working groups under the Sustainability Committee, making suggestions to the Committee and working groups on sustainability trends and agenda, ensuring data consolidation regarding sustainability at the Bank, and conducting sustainability communication. The Department directly reports the progress and performance in sustainability as well as the current developments to the Sustainability Committee.

## YAPI KREDI'S STRATEGIC PRIORITIES IN SUSTAINABILITY

In line with the sustainability strategy defined by the Yapı Kredi Sustainability Committee, Yapı Kredi addresses sustainability initiatives under four main pillars. While determining its strategic priorities, the Bank has taken into consideration internal and external shareholders' expectations, national and international trends and initiatives, environmental, social and governance (ESG) indices and ratings.

### CLIMATE CRISIS AND ENVIRONMENT SUSTAINABLE FINANCE RISK MANAGEMENT AND CORPORATE GOVERNANCE HUMAN AND SOCIETY

## SUSTAINABILITY INDICES AND RATINGS

Yapı Kredi works to be listed in national and international ESG indices and ratings, to consolidate its position and to continuously improve its performance.

Yapı Kredi has been listed in Borsa Istanbul (BIST) Sustainability Index since its launch in 2014, and in BIST Corporate Governance Index since 2008. In addition, the Bank has been selected for the FTSE4Good Emerging Markets Index of the London Stock Exchange in 2017, and since then, it has continued to carry its activities in the field of responsible banking to international platforms.

Yapı Kredi received a rating above the global, sectoral and country averages with its reporting within the scope of the Bloomberg Gender Equality Index in 2022, and was entitled to be included in the 2023 Bloomberg Gender Equality Index. The Index evaluates companies across five dimensions: female leadership & talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand.

Yapı Kredi reports to the Carbon Disclosure Project (CDP) Climate Change Program since 2016, and to the CDP Water Program since 2018. The Bank received a score of A- (Leadership) in CDP Climate Change Program 2022, and B (Management) in CDP Water Security Program 2022.

The Bank is one of the supporters of the Task Force on Climate-related Financial Disclosures (TCFD).

The Bank has increased its MSCI ESG rating by three levels in 2022 and has been shown in the AA (Leader) class.

Yapı Kredi has been listed among the top performing companies in the international banking sector for the second time in the S&P Sustainability Yearbook, with its reporting within the scope of S&P Global's Corporate Sustainability Assessment since 2021.

In the 2022 ESG Risk Rating report of the international sustainability rating company Sustainalytics, the Bank was evaluated as having a "Strong" ESG risk management.

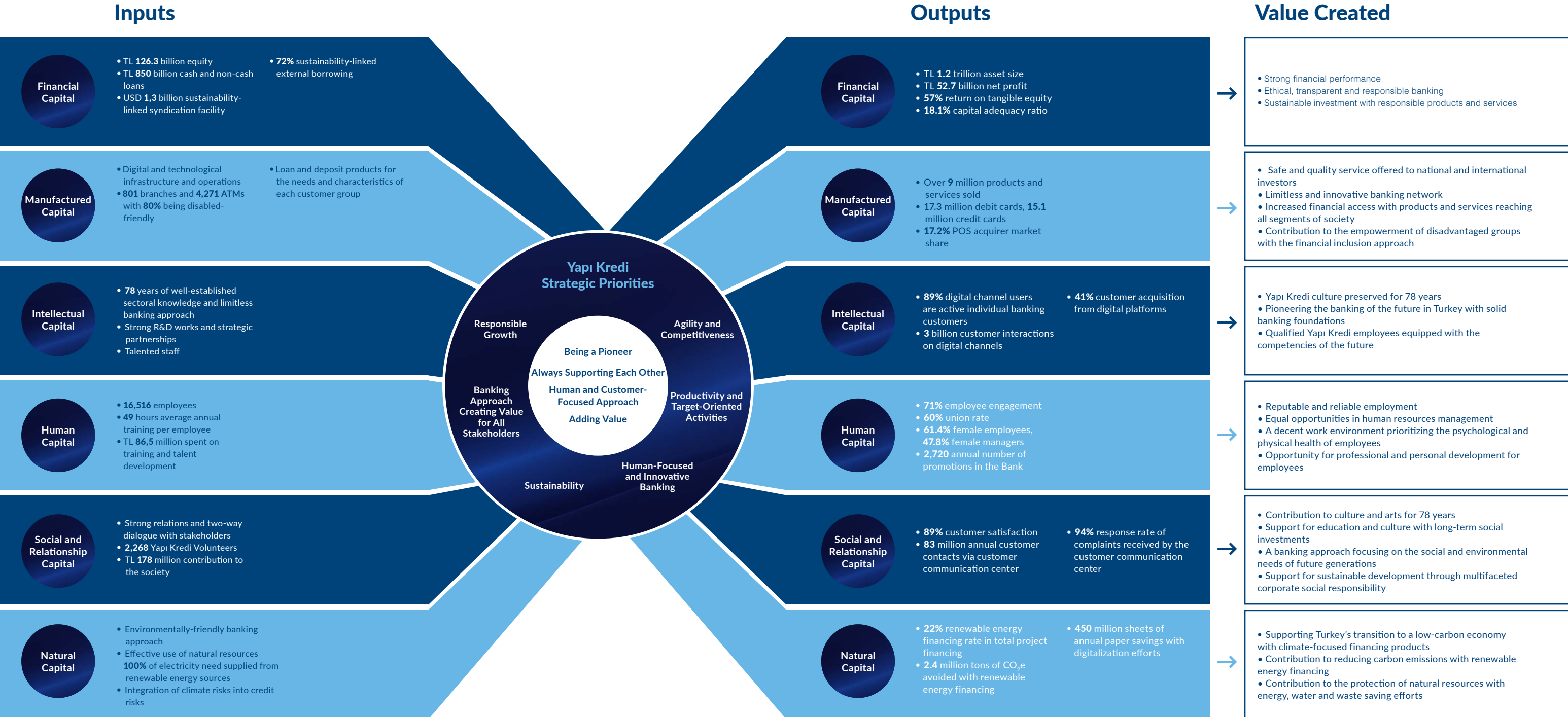
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**Yapı Kredi works to be listed in national and international ESG indices and ratings, to consolidate its position and to continuously improve its performance.**

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Yapı Kredi has been listed above the global industry average in each of the environmental, social and governance headings in Moody's ESG rating with its 2022 report.

# Business Model and Strategy



# Business Model and Strategy

## APPROACH

### Customer-Centric Banking Approach that Creates Value for All Stakeholders

Yapı Kredi is active in retail banking (including card payment systems, individual banking, business banking, private banking and wealth management) as well as corporate, commercial and SME banking.

### Responsible Growth

Yapı Kredi adopts a corporate governance approach based on transparency, responsibility and accountability in its banking activities. The Bank continues to operate with the vision of responsible growth that creates value for all segments by considering its impact on all its stakeholders.

The Bank manages the environmental and social impacts arising from the loans it finances and its operational activities, and continues to develop new initiatives in line with its sustainability policies. Yapı Kredi contributes to the sustainability of the economy by growing with effective risk management.

Yapı Kredi closely monitored the trends affecting the sector and developments in legal regulations and determined six strategic priorities to take the Bank with more confident steps into the dynamic and rapidly changing world of the future.

### Customer-Centric and Innovative Banking

Yapı Kredi designs its initiatives with a people-focused approach by considering its customers, employees and all stakeholders. The Bank adopts and implements a customer-focused banking approach that is developed and improved based on their feedback. To this end, Yapı Kredi increases its investments to collect more

customer feedback and to develop systems and processes to analyze this information and convert it into improvement actions. On the other hand, the Bank develops innovative services by closely following trends and the developments in legal regulations. Yapı Kredi launched projects to join various ecosystems to meet all the needs of customers and make their lives easier in all areas. In this context, the Bank aims to increase the experience offered through third party partnerships. Yapı Kredi has taken steps to establish a separate fintech company by obtaining a digital bank license to provide easier access to financial products and services for customers from all walks of life. Thus, the Bank aims to provide services to the masses who cannot reach banking services to establish long-term relationships with more customers and to continuously improve their experience and satisfaction.

Yapı Kredi attaches great importance to the satisfaction and loyalty of its employees, its most important asset for realizing all of its strategic goals. The Bank continuously invests in its talents to carry the Bank forward with the strength of its flexible, competent employees and experienced management.

### Agility and Competitiveness

Yapı Kredi defines one of its strategic priorities as effectively responding to the rapid change in market conditions and consolidating its leading position in the competition. To this end, the Bank digitalizes the processes and products offered to all customer groups to meet the changing customer needs and behaviors in the best manner possible. The primary focus areas are digital customer acquisition, digitalization actions for corporate customers, and enabling existing customers to use digital channels more effectively.

Moreover, the Bank makes significant investments in its technical infrastructure to adopt a more flexible (cloud-based) structure. This structure is expected to shorten product development times and to provide a more efficient working environment.

### Productivity and Target-Oriented Activities

Increasing competition environment and shrinking profit margins force banks to increase their efficiency and to employ a more efficient workforce. In order to minimize these pressures, Yapı Kredi focuses on increasing efficiency in all areas. The studies carried out in this context focus on three main areas:

- Introducing remote working models and shifting existing resources to more value-added works through the changes to be made in the sales and service model,
- Developing decision mechanisms with a leaner and more controlled organizational structure, and
- Taking actions to increase job creation productivity and collection efficiency.

In order to achieve the high targets set in all areas of operation, Yapı Kredi supports all channels with analytical systems, improves channels with a mentoring approach, and monitors them with a simple and plain financial tracking system.

### Sustainability

In line with its vision of adding value to society, Yapı Kredi adopts as one of its strategic priorities maintaining its solid position among the banks that shape the sector in environmental, social and corporate governance areas. To this end, the Yapı Kredi Sustainability Committee, responsible for the integration of sustainability into business processes and monitoring its performance, and the working groups under this Committee, carry out studies in the following areas:

- Climate Crisis and Environment,
- Risk Management and Corporate Governance,
- Sustainable Finance, and
- Human and Society.

Yapı Kredi monitors national and international initiatives and best practices supporting its sustainability strategy that comprises four main components and achieves alignment therewith. Under the Sustainability Management System, launched to regularly monitor and improve its sustainability performance, the Bank handles all its activities holistically and monitors them within the framework of relevant policies and procedures.

Yapı Kredi embraces the Sustainability Development Goals (SDGs) and the Paris Climate Agreement as guidelines for its sustainability strategy. Yapı Kredi's sustainability strategy is also guided by Turkey's development plans and Turkey's Intended Nationally Determined Contribution Statement within the scope of Turkey's sustainability priorities.

Aware of the importance of multistakeholder communication and cooperation, Yapı Kredi actively engages in sectoral initiatives and non-governmental organizations. The Bank aims to join and contribute to international standards and initiatives on sustainability.

In order to embrace a responsible and sustainable banking approach across the organization, Yapı Kredi organizes, every year, a training program for its employees covering all environmental, social and governance factors, including sustainability, environmental management system, environmental and social risk assessment, code of ethics and business conduct, anti-bribery and anti-corruption, and protection of personal data.



# Trends, Their Impact on the Sector and Yapı Kredi's Response

## ECONOMIC AND POLITICAL DEVELOPMENTS

2022 was dominated by heightened geopolitical risks, which led to increased energy and food prices, adversely affected global inflation and the economic growth outlook. Other factors limiting global economic activity and thus growth levels were the tightening of monetary policies by central banks around the world in order to control high levels of inflation, the concern about the ongoing global recession as well as supply constraints and resulting uncertainties caused by disruptions in supply chains. Based on these developments, the IMF predicts that the global economy will grow by 3.2% in 2022 with a relative slowdown after the 6% growth in 2021.

The Turkish economy continued to grow strongly in the first half of 2022 especially thanks to the domestic demand support. Economic activities lost some momentum in the second half, caused by the weakening foreign demand due to the negative impact of global risks. The high inflation in 2022 was mostly the result of high demand and geopolitical risks as well as increasing global energy, food and commodity prices. High energy prices were also among the determining factors affecting the current account deficit. Despite the increase in service income, the current account deficit continued to increase due to the high volume of energy imports. On the other hand, with the ongoing strong outlook in the labor market, the budget balance was kept under control thanks to the positive reflection of the strong economic activity on tax revenues.

The Central Bank of the Republic of Turkey (CBRT) maintained its year-end stance in 2021 in monetary policy until July 2022. As a result of the increase in uncertainties regarding global growth since August, easing steps were taken in monetary policy to maintain the upwards trend in industrial production and the increase in

## 2022 was a year where regulatory institutions implemented a number of measures and regulatory steps under the 'liraization' strategy, based on structuring the financial system on TL instruments.

employment. The policy rate was lowered by 500 basis points from August to November. The CBRT concluded that the current 9% policy rate in December was sufficient, taking into account the increasing risks regarding global demand, and decided to end the interest rate reduction cycle that started in August.

2022 was a year where regulatory institutions implemented a number of measures and regulatory steps under the 'liraization' strategy, based on structuring the financial system on TL instruments. Following the introduction of the currency-protected deposit regulation, the CBRT introduced target rates such as the conversion rate of banks' foreign currency deposits to TL and the share of TL deposits in total deposits. These ratios are used as the target rates in determining the additional required reserves for foreign currency liabilities and the commission rates to be paid for these required reserves. In addition, banks' foreign currency deposits and TL commercial loans (over growth rate, disbursement amount and interest rates) were subject to long-term fixed-interest securities in TL, where the conversion rate and TL deposit rate are also used as target rates.

In 2022, these measures taken under the liraization strategy increased the share of TL in the balance sheets of the banking sector. Accordingly, as of the end of 2022, the sector's TL loans increased by 78% while the growth was mainly boosted by TL corporate loans and credit cards. Moreover, public and private

banks enjoyed similar rates in TL loan growth with TL loans of private deposit banks increasing by 76% compared to the end of 2021, while this rate was 75% in public deposit banks. In foreign currency loans, there was a 16% contraction in USD terms throughout the sector. In the same period, with the effect of the currency-protected deposit and other arrangements launched under the liraization strategy, the TL deposit base increased by 150%, and the foreign currency deposits contracted by 14%. Furthermore, the non-performing loans ratio of the sector improved by 100 basis points compared to the end of 2021, decreasing to 2.1% thanks to the ongoing strong economic activity, support from collections, sales from non-performing loans and the expansion of the loan base.

In 2022, the banking sector maintained high liquidity and capital adequacy ratios. As of the end of 2022, the liquidity coverage ratio and the capital adequacy ratio of the sector were realized as 153% and 19% (including regulatory forbearances), respectively. The net profit of the sector increased by 362% in 2022, reaching TL 404 billion, while the return on equity was 40%. Private banks increased their profits by 360% on a year basis. In addition, driven by the low base of the previous year, public banks enjoyed an increase in their profits by 566%.

## HOW WE MANAGE

Since its foundation, Yapı Kredi has been more than a financial institution, always aiming to create value for society. In 2022, the Bank continued to support the Turkish economy with all its resources, providing funds amounting to TL 850 billion to the economy.

Yapı Kredi maintained its successful and strong performance in key indicators in 2022, thanks to its solid balance sheet, strong

capital structure, high liquidity levels, and prudent management approach capable of foreseeing developments. Driven by the ongoing internal capital generation, the Bank managed to maintain its capital adequacy ratios well above the regulatory capital requirements (without taking into account the temporary regulatory forbearances of the BRSA). The internal capital generation also enabled the Bank to attain a consolidated capital adequacy ratio of 18.1% as of the end of 2022, 615 basis points above the regulatory capital limit. The Bank completed the year with a total liquidity coverage ratio of 152% and a foreign currency liquidity coverage ratio of 450%.

In 2022, the Bank continued to strengthen its provisions through maintaining its prudent approach to asset quality. The Bank's total coverage ratio was 5.9% being the highest among its peers. There was a limited inflow of non-performing loans in 2022, and thanks to a strong collection strategy, non-performing loan ratio decreased to 3.4%. Moreover, the Bank's prudent provision strategy brought the cost of risk to 147 basis points, excluding the exchange rate.

The Bank achieved a net profit of TL 52,745 million in 2022 with the return on tangible equity increasing to 57%. In addition, despite the challenging operating environment, Yapı Kredi increased its cumulative net interest margin to 9.1% thanks to an effective margin management.

In the future, Yapı Kredi will maintain its prudent balance sheet management and strategies without compromising its priorities. With its lean and agile organizational structure, the Bank will continue to adapt rapidly to developments in the market, take new measures when necessary, and retain its strong key indicators.

# Trends, Their Impact on the Sector and Yapı Kredi's Response

## CHANGES IN THE REGULATORY FRAMEWORK

Being a critical component of the financial system, the banking sector is strictly regulated, which keeps its activities under control. The activities of the banks that deliver a variety of services within the financial system are regulated, controlled and supervised by several public authorities: the Banking Regulation and Supervision Agency (BRSA), the Central Bank of the Republic of Turkey (CBRT), the Capital Markets Board of Turkey (CMB), and the Republic of Turkey Ministry of Trade.

In 2021 and 2022, public authorities carried out important projects particularly in relation to digitalization, open banking and fintechs while enforcing amendments to existing regulations as well as new regulations. It is expected that the works related to these topics continue and increase, as mentioned in the 2022-2025 strategic plan published by the Presidency of The Republic of Türkiye.

As it is known, regulatory authorities took numerous measures to mitigate the economic impacts of the COVID-19 pandemic that broke out in 2020 on banks and real and legal persons. In 2021, these measures were gradually lifted in line with the normalization process.

At the end of 2021 and in the first months of 2022, as a result of the fluctuations in the value of the Turkish lira against the US Dollar and other foreign currencies, the "Turkish Liraization Strategy" was adopted in the economy. Thus, it is aimed to gradually increase the weight of Turkish lira-denominated items in the assets and liabilities of households, companies and banking sectors to enable the financial system as a whole to have a Turkish lira-weighted structure.

The first results of this target were the support provided for the conversion of foreign currency deposits/participation funds of domestic residents into Turkish lira in accordance with "Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" and the support provided to prevent the conversion of Turkish lira deposits/participation funds of domestic residents (commercial and individual) into foreign currency in accordance with the "Presidential Decree No. 5206 on Supporting Deposit and Participation Accounts against Exchange Rate Increases". Under the above-mentioned regulations, domestic residents were able to open "Foreign Currency Protected Time Deposit Accounts" at banks and had the opportunity to gain "currency difference" based on the difference between the exchange rate on the date the account was opened and the exchange rate at the end of the maturity date as well as based on the interest yield difference. Similarly, following the publication of these regulations, "Communiqué No. 2022/7 on Deposit and Participation System Accounts of Citizens Residing Abroad (YUVAM)" was published. With this communiqué, persons (commercial and individual) residing abroad were given the opportunity to open "Foreign Currency Protected Time Deposit Accounts" with the foreign currency they would bring into Turkey, and to earn "currency difference" based on the difference between the exchange rate on the date the account was opened and the exchange rate at the end of the maturity date as well as based on the interest yield difference.

With the aim of increasing the success in the conversion of foreign currency deposits/participation funds into Turkish lira and encouraging banks on the subject, targets were defined for banks under the name of conversion rate from foreign currency deposit accounts and foreign currency denominated participation fund accounts to time deposits and participation accounts in Turkish

lira. With the securities establishment regulations that came into effect, additional securities establishment was required in the event that the banks remain below the thresholds determined for the purpose of increasing Turkish lira share in banks' deposit/participation fund liabilities.

In addition, in order to prevent the high dollarization habit of the citizens and the demand for crypto assets, which have become a very popular investment instrument in recent years, from adversely affecting the Turkish liraization strategy, one of the important topics of 2022 was to ensure the use of individual and commercial loans extended to customers by banks in accordance with their purpose. Some measures were designed to prevent citizens from using the resources they obtain from banks in investment instruments other than their real needs.

In parallel with the above-mentioned measures, macro-prudential steps and decisions were taken with the aim of ensuring financial stability, using resources in accordance with the purpose of meeting the financing needs of the segments in need of financing, and ensuring the effective functioning of the credit system. With the decision No. 10248 of the BRSA in June 2022, a high risk weight started to be applied to the loans to be extended to domestic residents who make derivative transactions with establishments abroad. In addition, as a result of the BRSA decision No. 10250/10265, if the foreign currency cash assets of the independently audited customers whose foreign currency cash assets are TL 15 million or more exceed 10 percent of the total assets or net sales revenue of the last year, depending on which is the larger, according to the most recent financial statements, it is ensured that such customers cannot use new loans and that a high risk weight is applied to the loans extended.

**In 2021 and 2022, public authorities carried out important projects particularly in relation to digitalization, open banking and fintechs while enforcing amendments to existing regulations as well as new regulations.**

Moreover, in April 2022, with the aim of further strengthening the macro prudential policy set by the CBRT in line with the main objective of price stability to support financial stability and encourage Turkish liraization, Turkish lira cash loans extended by banks, except for SME-like loans, were required to be subject to 10% reserve. This rate was increased to 20% in June 2022. Subsequently, in August 2022, in order to support the efficiency of the monetary transmission mechanism and ensure the use of financial resources for economic activities in line with its purpose, the required reserve application was terminated and replaced with the application of 30% security facility. To this end, with the exception of SME and similar loans, TL cash loans were required to be subject to 30% base security facility. In addition, it is required to apply additional security facility for the loans extended according to the loan growth rate and with an interest rate exceeding the threshold determined by the CBRT. In addition, the CBRT enforced the requirement that SME-like loans, exempt from the establishment of securities, should be used against expenditure. As a complementary measure, it was stated that banks should use an integrated expenditure tracking system and export commitment system in collaboration with other credit institutions. Banks continue to work to integrate into systems that serve this purpose and that are already operational.

# Trends, Their Impact on the Sector and Yapı Kredi's Response

On the other hand, in order to control the inflation rate, which started to increase rapidly in the last months of 2021, to ensure financial stability and to reduce the current account deficit, tightening measures were taken for consumption expenditures. Accordingly, tightening amendments were made in the loan extension rates compared to the maturities of auto loans, mortgages and general purpose loans and the value of the asset to be purchased. In addition, the minimum payment rates for the card term debt were increased depending on the limits of credit cards.

In 2021, the authorities enforced remote identification regulations for real person customers, enabling remote customer acquisition without the need for face-to-face meetings with customers, completing and accelerating the steps taken towards the digitalization of banking services, which can be considered groundbreaking in terms of providing banking services. In addition to this new practice, in 2022, regulatory work started to allow legal customers to be remotely acquired as customers. It is expected that the practice will come into force and be implemented by the banks in 2023.

In addition to these regulations, with the aim of regulating the sharing of confidential data due to the increasing importance of data in our age and protecting confidential data, the BRSA enforced "Regulation on Sharing Confidential Data" July 1, 2022. The BRSA also issued a circular that complements the Regulation.

In the last months of the year, the CBRT launched the open banking services such as initiating payment orders and consolidation of account information, which were governed by the European Union (EU) Directive on Payment Services-PSD2 and the Turkish "Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions" entered into force in 2019.

## HOW WE MANAGE

At Yapı Kredi, expert teams closely monitor the above-mentioned legislative changes that directly affect the banking products and services offered as well as business processes. These changes are evaluated and interpreted by legislation, law and other units, their effects are analyzed and communication is established with associations of organizations and legal authorities when necessary. As a result of the relevant planning processes, full compliance with the legislation is ensured. Moreover, Yapı Kredi identifies the possibilities that may be brought by the changes in the regulations, and studies are carried out on these opportunities in new product and service development processes within the framework of fragmented business and transactions.

The banking sector has a very dynamic regulatory atmosphere. Although adaptation to this atmosphere is possible with an agile business model, it requires the existence of elements that complement each other. At Yapı Kredi, expert legal teams closely monitor the legal regulations, the relevant amendments and new regulatory plans as well as the amendments implemented and the new regulations entering into force.

Impact analysis is carried out as a result of close cooperations with the relevant business units, and the necessary decisions for the compliance of the processes and business models with the regulations are taken jointly and rapidly together with the relevant units. Compliance with legal regulations requires not only the harmonization of processes and business models, but also the regular activities of audit and control units. To this end, the Internal Audit and Internal Control units regularly and continuously carry out audits and controls for the compliance of banking activities with legal regulations.

## CLIMATE CRISIS

In 2022 the global climate crisis, the biggest risk factor threatening our world, was once again one of the top items in agendas of many countries, institutions and organizations. According to the Global Risks Report annually published by the World Economic Forum, the most important risks expected to affect the world in the coming period are environmental risks in 2022, as well. While the temperature of the planet continues to rise every year due to climate change, statistics and researches draw attention to the increase in severe weather events around the world in 2022. According to the Global Climate Status report annually published by the World Meteorological Organization at the beginning of the UN Climate Summit states that the last eight years will probably be the hottest eight years in recorded history, and that the rate of sea level rise reached a record level in 2022. The Report also underlines that the cooling effect of the La Niña climate event, which has caused significant changes in the climate of the planet in the last three years, will be short-lived and cannot reverse the long-term global warming trend. In addition, it also states that severe natural events such as heat waves, floods and drought in 2022 adversely affected millions of people, leading to the loss of billions of dollars. Highlights of the weather disasters in 2022 were the terrible flooding in Pakistan and the deadly, prolonged drought in the Horn of Africa, and prolonged heatwaves in much of Europe and southern China. With the effect of climate change, Turkey has witnessed climate disasters such as forest fires, floods, storms and tornadoes in recent years. We were faced with the destruction of forested areas in the fires that started in the south of the country last year, as well as the negativities brought by the flood disasters in the Western Black Sea and some eastern regions and this year in Ankara. According to the Turkey Country and Climate Report published by the World Bank in 2022, Turkey is quite vulnerable to the effects of climate change and other

**According to the Global Risks Report annually published by the World Economic Forum, the most important risks expected to affect the world in the coming period are environmental risks in 2022.**

environmental hazards considering its geographical, climatic and socioeconomic conditions. The climate crisis continued to be the biggest threat to sustainable economic development in 2022 due to the negative effects of the disasters on living life and ecological balance and the increase in financial losses. Considering these losses, the most important development of the United Nations (UN) 27th Conference of the Parties (COP 27) held in Sharm El Sheikh, Egypt this year, was undoubtedly the decision to establish a "Loss and Damage" fund to support vulnerable countries against climate change.

The 'Climate Change 2022: Impacts, Adaptation and Vulnerability' report published by the Intergovernmental Panel on Climate Change (IPCC) in 2022 shows that the current emission policies and commitments around the world put the world on a path of approximately 2.3-2.7°C. The report emphasized that "near-term actions that limit global warming to close to 1.5°C would substantially reduce projected losses and damages related to climate change in human systems and ecosystems, compared to higher warming levels, but cannot eliminate them all". All these facts and scientific research have made it even more important to effectively manage the physical and transition risks arising from the climate crisis and to create emergency action plans. To this end, 2022 was a year where the actions taken in the fight against the climate crisis gained momentum both at the level of national

# Trends, Their Impact on the Sector and Yapı Kredi's Response

and international regulators, governments and companies. Entered into force in 2016, the Paris Climate Agreement provides that states should take action towards becoming carbon neutral by 2050 by creating action plans in line with their emission reduction commitments. The targets of the Agreement were reaffirmed at the United Nations (UN) 27th Conference of the Parties (COP 27) in 2022. There were also significant developments throughout the year 2022 under the EU Taxonomy, entered into force in 2020 to establish a classification system for environmentally-sustainable activities and contribute to the implementation of the European Green Deal targets. For the first time, in January 2022, the technical criteria for the first two of the six targets set under the framework, namely "mitigation of climate change" and "adaptation to climate change", entered into force. Moreover, the EU Taxonomy Complementary Delegated Act was published in July 2022. According to the Act, the European Parliament adopted the inclusion of nuclear energy and natural gas in the scope of sustainable economic activities during the transition period.

In Turkey, committed to net zero emissions by 2053 under the Paris Agreement, the first Climate Council was held by the Ministry of Environment, Urbanization and Climate Change to determine the roadmap for combating climate change. The five-day Council welcomed representatives of public institutions, universities, private sector, business world, local administrations, international organizations, and non-governmental organizations. As a result of three months of work, in line with Turkey's 2053 net zero emission and green development goals, a final declaration was published, containing 217 decisions under the headings of "Climate Compatible Cities", "Climate Friendly Agriculture", "Drought Action Plan", "Environmental and Clean Transport Network", "Green Energy", "Green Economy" and "Climate Education".

## The year 2022 has been a year in which the actions taken in the fight against the climate crisis accelerated at the level of both national and international regulators, governments and companies.

The declaration states that the national taxonomy legislation will be prepared by the end of 2023 by the "Technical Expert Group" to be formed to classify sustainable economic activities. In parallel with these developments, the preparation of science-based National Green Taxonomy legislation which is compatible with an international common classification system and takes into account the unique needs of our country, has also been included in the Medium Term Program (2023-2025) published by the Ministry of Treasury and Finance.

These developments in Turkey in relation to the fight against climate change have further reinforced the need to utilize financial resources in sustainable investments and to make the financial system more resilient against the climate change-related risks to reach the net-zero target in 2053. In addition, the report "Financing for Climate Action" prepared specifically for the United Nations (UN) 27th Conference of the Parties (COP 27) underlines that in order to cope with the climate crisis, emerging markets and countries need to obtain foreign financing of USD 1 trillion annually from external sources until 2030. The ongoing financing need in Turkey and in the global arena has further strengthened the link between financial institutions and the climate crisis. These developments have continued to position banks, which are among the most important players of the financial sector that steers the world's financial network, at the center of the fight against the climate crisis and the transition to a low-carbon economy.

Accordingly, in January 2022, the BRSA determined the development of sustainable banking as a strategic target in order to contribute to reaching the carbon emission reduction target that Turkey has committed to in accordance with the Paris Climate Agreement. The BRSA also published the BRSA Sustainable Banking Strategic Plan (2022-2025). Moreover, in the first quarter of 2022, the CMB Green and Sustainable Borrowing Instruments Guide was prepared to encourage the financing of investments that will contribute positively to environmental sustainability under the Paris Climate Agreement. Also, in 2022, the Science Based Targets Initiative (SBTi) published the framework that allows financial institutions, which play a key role in the transition of the real sector to a net-zero economy, to set scientific targets to align their lending activities with the Paris Agreement. Established to support the role of financial institutions in achieving a net-zero economy, the NZBA (Net-Zero Banking Alliance) announced its Transition Finance Guide in October 2022.

2022 was also a year of significant developments regarding the Carbon Border Adjustment Mechanism (CBAM), implemented under the European Green Deal related to the EU's goal of being 'carbon-neutral' by 2050. CBAM is designed to impose a "carbon emission tax" at certain rates at the border, based on the carbon content of some products imported by the EU. In the draft arrangement published in 2021, it was decided that the transition process, planned to start on January 1, 2023, will start on October 1, 2023 and end on December 31, 2027, under the temporary agreement concluded between the negotiators of the European Parliament and the Council of Europe on December 13, 2022. In our country, which is one of the most important trade partners of the European Union and exports about half of its exports to the EU, the "Green Reconciliation Action Plan" was announced to the public on July 15, 2021, with the expectation that it will affect the

## As one of the most important players in the financial sector that steers the world's financial network, banks continued to be at the center of the fight against the climate crisis and the transition to a low-carbon economy.

trade relations with the EU. In 2022, the Ministry of Environment, Urbanization and Climate Change continued to work on the establishment of an Emissions Trading System (ETS) to prevent companies operating in related sectors exporting to the EU from incurring an additional carbon tax burden and thus from losing their competitive advantage.

The International Financial Reporting Standards (IFRS) Foundation announced the establishment of the International Sustainability Standards Board (ISSB) at the UN Climate Change Summit (COP 26), held in 2021, in order to gather both financial and sustainability indicators under a single roof. In 2022, as a result of the work carried out within the ISSB, the Board published FRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. The Turkish version of these draft standards published by the ISSB has been prepared by the Public Oversight Accounting and Auditing Standards Institution and made available to the relevant parties in order to inform the companies, users and all other interested parties in our country and to raise awareness about sustainability reporting. As part of the set of guidance and facilitations laid out at its meeting in December, the ISSB agreed to a temporary exemption from the implementation of the climate standard for at least one year to give companies time to implement the processes. Moreover, the ISSB declared its agreement to

# Trends, Their Impact on the Sector and Yapı Kredi's Response

improve the proposed requirements to support financial sector enablers in the measurement and disclosure of their emissions from Scope 3 (Category: 15) loans and investments, which typically represent the bulk of financial institutions' emissions.

In the field of green finance, one of the most important dimensions of the decarbonization process of the economy, banks continued to support the real sector with products such as green bonds/sukuk, sustainability-linked syndicated loans, sustainability-linked loans, and green funds. According to the Sustainable Debt Market 2022 Third Quarter report published by the London-based Climate Bonds Initiative, the green bond market cumulatively reached USD 2 trillion as of the third quarter of 2022. In the first nine months of 2022, a total of USD 427.7 billion was exported, indicating a 22% decrease compared to the same period of 2021. In 2022, within the scope of green financing, financing packages provided by international organizations and development banks continued to play an important role in banks' offering financial products for green financing.

## HOW WE MANAGE

At Yapı Kredi, which places the fight against the climate crisis at the center of its strategic focus, the management of climate-related risks and opportunities is carried out under the supervision of the Sustainability Committee, chaired by an independent member of the Board of Directors and composed of all relevant senior management of the Bank. The decisions taken and the work carried out by the Committee are regularly reported to the Executive Board and the Board of Directors. Moreover, in order to bring dynamism to its work in the field of sustainable banking, the Bank established the working groups of "Sustainable Credits Management", "Sustainable Products and Services", "Corporate Governance & Risk Management", "Sustainable Products and Services" and "Cultural Transformation of Employees", which directly report to the Committee.

The Bank classifies climate-related risks and opportunities as physical and transitional. Accordingly, the Bank defines the following as climate-related risks and opportunities: extreme weather events, extreme temperatures, national and international regulations related to climate change, stakeholder expectations, changing market expectations with the transition to a low carbon economy, and emerging new technologies. The impact of these risks and opportunities for Yapı Kredi and the agenda on combating climate change are determined by taking into account national and international regulations, initiatives and trends under the joint work of different units within the Bank. To this end, Yapı Kredi continues to support many international initiatives developed for the financial sector to manage and reduce its emissions from both its own operations and loans. In line with the climate risks action plan provided for under the Paris Climate Agreement, the Bank has made a commitment to the Science Based Targets Initiative (SBTi) in 2021 to reduce its emissions.

Moreover, Yapı Kredi became the first and only institution in Turkey to commit to set emission reduction targets within the framework of the "Business Ambition for 1.5°C".

In line with these commitments, Yapı Kredi launched a project within the Koç Holding Carbon Transformation Program to measure its emissions from its loan portfolio in 2021. Accordingly, the Bank continues to implement targets, strategies and action plans aimed at reducing energy and resource consumption in all its operational activities. The Bank works proactively to evaluate the operational risks that may be caused by the rise in sea level and extreme weather events (heavy rain, flood, drought, hail, tornado, etc.) due to the climate change in the short, medium and long term, and to create action plans accordingly.

Under this project, in 2022, Yapı Kredi measured the emissions from the credit and investment portfolio of 2021 based on the PCAF methodology and published the results in the Carbon Disclosure Project (CDP) Climate Change report. Increasing its grade from B to A- under the CDP Climate Change Program, Yapı Kredi outperformed the global financial sector average, becoming one of the companies that perform at the leadership level in this regard. Yapı Kredi's net zero commitment under the Carbon Transformation Program, calculation of Scope 3 loan and investment portfolio emissions, and important steps taken on issues such as the integration of climate risks with credit risks paved the way for the Bank's CDP Climate Change score to rise from B to A-. Within the framework of the SBTi commitment, the Bank continues its efforts to set out its medium and long-term science based emission reduction targets. The Bank aims to disclose its strategy for transforming its loan portfolio in line with these targets.

## Yapı Kredi initiated a project within the Koç Holding Carbon Transformation Program to measure its emissions from its loan portfolio in 2021.

The Bank also incorporates its strategic approaches to reducing emissions from its loan portfolio in its Reputational Risk Policy and Credit Policies approved by the Board of Directors. Issues related to risky areas and sensitive sectors (environmentally unfriendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry, etc.) are defined in line with the general principles of reputation risk management. Based on its new policies updated in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal mining. Yapı Kredi manages climate-related risks arising from lending activities under the ESRA (Environmental and Social Risk Assessment) system, applied by the Bank to corporate and commercial loan requests. The Bank monitors the effects of air pollution through local environmental permits, monitoring of relevant air measurements and Environmental and Social Action Plans for high-risk projects and investments. In 2021, Yapı Kredi carried out improvement works in the system based on national legislation, International Finance Corporation Performance Standards (IFC PSs) and Equator Principles practices.

The Bank completed its first study in this area by analyzing the climate risks, evaluated within the scope of physical and transition risks, over its entire loan portfolio. Individual loans pose only physical risks in connection with the location of the collateral and the individual customer. Individual loans were not subject to

# Trends, Their Impact on the Sector and Yapı Kredi's Response

transition risk assessment because they only pose physical risks. Corporate, commercial, SME and project finance loans pose both physical and transitional risks. For corporate loans, physical risks are related to the location of the activities and collateral, while for project financing, physical risks are related to the location of the project. The sector and sub-sectors where corporate customers are active contain transitional risks. Identification of physical risks and transitional risks is of great importance in terms of reducing the carbon intensity of the loan portfolio. The Bank takes into account various frameworks when determining the transition risk classification of different sectors, including the Transition Heatmap of the United Nations Environment Program Finance Initiative (UNEP FI) and the Environmental Risks Heatmap of the rating agency Moody's. Accordingly, five different risk rating categories are determined for different sectors where Yapı Kredi has credit risk: very low, low, medium, high and very high. Within the scope of the science based targets to be set by the Bank to support the transition to a sustainable economy and the Scope 3 transformation strategy planned to be created, Yapı Kredi aims to make measurements and reporting on climate risks a part of its credit risk assessment processes in the future. In this context, the Bank launched a project in 2022 to incorporate climate risks in all risk processes starting from the credit evaluation stage. Under the project, a training and workshop series titled "Integration of Climate Change Risks and Opportunities into Credit Processes" was initiated in order to build the knowledge capacity established within the Bank on this subject. With the completion of the said trainings, the Bank plans to step up the efforts to integrate climate risks and opportunities into credit evaluation mechanisms within the Bank. Moreover, Yapı Kredi launched the "Establishment of a Sustainable Financing Infrastructure" project in 2022 to align with the EU Taxonomy and to establish a sustainability-related

## Yapı Kredi initiated a project in 2022 to include climate risks in all risk processes, starting from the credit evaluation.

classification, monitoring and reporting system for loans. The project is expected to systematically monitor the climate and emission information for the loans, to measure the climate risks and to form an input in the transformation strategy.

Yapı Kredi believes in the importance of standing by its customers in the combat against the climate crisis and in Turkey's transition to low carbon, and organizes workshop and information activities for its customers on international environmental and social sustainability criteria, national and international regulations and sustainability trends. Under the "Planting Seeds for Sustainability" project, Yapı Kredi met with women farmers in four regions, providing trainings on agricultural literacy and cost reduction methods in agricultural production.

Yapı Kredi embraces a sensitive attitude toward social and environmental issues while ensuring economic development and growth, and adopts this approach to create long-term value for each area and stakeholder. Accordingly, to ensure the transformation of the sector, Yapı Kredi offers sustainable finance solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, Nature-Friendly Auto Loans, and Clean Energy Fund. In the coming period, the Bank aims to expand and diversify its sustainable product portfolio in line with market and customer

expectations. Thus, the Bank aims to respond to the net-zero transformation of its customers with its financial targets.

Providing service with 801 branches all over Turkey, Yapı Kredi analyzes in an integrated manner the risks that may arise from extreme weather events that may occur due to climate change in an integrated manner in order to ensure business continuity. To this end, the Bank takes necessary infrastructure measures for adaptation to climate change on the basis of branches and regional directorates. In order to measure its emissions from its operational activities, Yapı Kredi calculates and validates Scope 1, Scope 2 and Scope 3 emissions in accordance with the ISO 14064 standard. In this context, the Bank carries out energy efficiency and renewable electricity supply studies to reduce its emissions. Moreover, the Banking Base Roof SPP and LED lighting transformation projects were implemented in 2022.

In addition to emission reductions achieved by projects in 2022, the Bank neutralized Scope 1 and 2 emissions by purchasing Gold Standard Carbon Neutral Certificate for Scope 1 emissions and IREC (International Renewable Energy Certificate) for Scope 2 emissions.

The Bank adopts a forward-looking capital planning approach to enable the Bank to continue operations in case of losses due to contingencies or deteriorations in the market. Within the scope of climate-related risks, the Bank monitors the number of flood events, the cost of physical damage caused by extreme weather events, the proportion of fossil fueled projects in the energy portfolio, the carbon footprint of the project finance energy portfolio, the Bank's operational greenhouse gas emissions, greenhouse gas emission intensity per employee at the Bank

## Providing service with 801 branches all over Turkey, Yapı Kredi analyzes in an integrated manner the risks that may arise from extreme weather events that may occur due to climate change in an integrated manner in order to ensure business continuity.

(Scope 1 and Scope 2), and the Bank's energy consumption. Believing in the importance of transparency in climate-related risks, Yapı Kredi is one of the supporters of the Task Force on Climate-related Financial Disclosures (TCFD). In the future, Yapı Kredi will continue to closely monitor the risks and opportunities that may arise in line with the applicable regulations and to play an important role in the transformation of the real sector into a low-carbon economy.

# Ethics and Compliance

## CODE OF ETHICS AND BUSINESS CONDUCT

The banking sector is dominated by a highly competitive environment, so it is important to adopt principles and policies to address ethical values, anti-bribery, anti-corruption, and human rights issues. Yapı Kredi manages all of its business processes in line with its Code of Ethics and Business Conduct.

Code of Ethics and Business Conduct covers all employees, and is regularly reviewed to provide a concise, simple and easy-to-understand policy document that incorporates the current developments in the regulatory framework. The policy is updated and adapted to the Bank and all (domestic and overseas) subsidiaries. Through the system, all employees must submit a declaration of acceptance, stating their acknowledgement of the adapted Code of Ethics and Business Conduct Policy.

Yapı Kredi ensures that organization processes, internal communication, personal development and performance management comply with the disciplinary/ethical rules, and aims to prevent digressions by encouraging its employees to act in accordance with the compliance culture.

The Bank has established a Whistleblowing Policy, which defines reporting methods where employees and stakeholders can report situations that they suspect are contrary to the Code of Ethics and Business Conduct as well as to the applicable policies or legislation. The whistleblowing methods are managed under the Audit Committee that reports directly to the Board of Directors. These methods are open for use by individuals from within and outside the Bank, and are managed in line with the principle of confidentiality in five main areas: internal audit, anti-bribery

and anti-corruption, ethics, sanction violations, and conflicts of interest. In addition, Yapı Kredi makes it clear that any employee who makes a report in good faith is protected against any possible retaliation. The whistleblowing methods are offered in local languages at the Bank's international subsidiaries, and the Whistleblowing Policy can be accessed in the local languages in countries where Yapı Kredi is active. The Whistleblowing Policy also explains in detail how the process of informing, notifying and reporting unacceptable behaviors within the Bank is managed while defining related responsibilities.

Anyone who wants to report unacceptable behaviors violating the Code of Ethics and Business Conduct, the applicable legislation and the policies can do so via etik@yapikredi.com.tr, by sending a letter or calling +90 212 339 73 53. Reporting can be conducted anonymously. In 2022, the whistleblowing channels received 77 reports, which were all resolved. During the reporting period, there were no notifications/reports concerning discrimination received by the whistleblowing channels.

Moreover, the Koç Group Ethics Line, managed by independent service providers, offers live call service and online reporting in 34 languages in 19 countries, including Turkey, and provides service 24/7.

**Yapı Kredi was recognized as one of Turkey's most ethical companies for the 10<sup>th</sup> year in a row in the ETİKA Turkey's Most Ethical Companies Award organized by the Association of Ethical Values Center (EDMER).**

To ensure compliance with the Code of Ethics and Business Conduct and to disseminate the culture of ethics, Yapı Kredi periodically shares visual and video content prepared by the Bank in line the Code of Ethics via e-mail with all the employees. In addition, meetings are held with employees to increase employee awareness, and the Bizler+ platform, which can be accessed by all employees, make relevant content available.

The Ethics Unit reviews all notifications received via the whistleblowing channels, and, if necessary, issues a preliminary warning or ethical reprimand depending on the nature of the incident. If during routine, periodic or spot controls performed via the Bank's digital infrastructures as a part of the Ethic Unit's activities, the Unit detects any incident that violates the Code of Ethics as well as the Disciplinary Regulation, and/or that recurs within the same period of violation, that incident can be directly referred to the Disciplinary Committee. As a result of the investigation, the employee in question may receive disciplinary penalties including termination of employment contract depending on the nature of the incident. Violations of Code of Ethics resulting in an ethical reprimand are taken into consideration in the performance management of the employees in question. Guidelines and internal policies are used to determine the impacts of deficiencies in competence and behavioral indicators and/or violations of compliance matters on performance-based incentives.

Yapı Kredi is a member of the Ethics and Reputation Society (TEİD) which aims to assist and guide companies in the creation and execution of codes of ethics and business conduct, anti-bribery and anti-fraud policies and processes, and to ensure that companies' ethical values are embraced in all administrative and commercial functions.

## CODE OF ETHICS AND BUSINESS CONDUCT TRAININGS

At Yapı Kredi, all employees (temporary, part-time, half-time or full-time) and managers, including the Board of Directors, receive trainings on Code of Ethics and Business Conduct. The content of the existing distance training was updated in line with the updated Code of Ethics and Business Conduct, and reassigned to all employees, including those at domestic and overseas subsidiaries. Moreover, virtual classroom training began to be offered through online platforms, in addition to classroom training. In 2022, 13,627 employees received 20,162 hours of training to raise their awareness on the Code of Ethics and Business Conduct.

## Anti-Money Laundering and Combating the Financing of Terrorism

Activities associated with the legal obligations within the scope of prevention of laundering proceeds of crime and financing of terrorism and achieving full compliance with related national and international legislation and FATF (Financial Action Task Force) recommendations are carried out by the Crime Prevention Unit of Yapı Kredi Bank Financial Group that operates under Compliance, Internal Control and Risk Management that directly reports to the Audit Committee. Established under the leadership of the parent company Koç Holding pursuant to the regulatory framework, the Yapı Kredi Bank Financial Group operates in accordance with the Corporate Policies of the Bank and the Financial Group on Anti-Money Laundering and Combating the Financing of Terrorism as well as with other applicable policies and procedures. Within this context, practices regarding customer acceptance, customers' risk classification, monitoring and assessment, and know your customer obligations are successfully carried out to achieve full compliance and prevent possible risks. Robotic technologies are

# Ethics and Compliance

integrated in operational areas for customer acceptance and monitoring activities to ensure more efficient and analytical use of the human resource. In case of suspicious transactions, Yapı Kredi reports these suspicious transactions to the Financial Crimes Investigation Board (MASAK) in line with the laws and regulations governing the Bank.

In order to follow up international sanctions, the Bank performs all the controls regarding the decisions of international organizations and institutions, including the United Nations, the European Union, the U.S. Department of the Treasury - Office of Foreign Assets Control (OFAC), etc.

As the Parent Financial Institution, the Bank conducts the activities for the adoption of necessary measures and coordination of compliance functions by the companies in the Financial Group in accordance with the Financial Group Compliance Policy. All new employees of the Financial Group companies receive classroom/ virtual classroom trainings as part of the orientation program while annual online trainings are offered to the entire workforce of the Financial Group.

The Yapı Kredi Internal Audit Department periodically performs risk-based audits to verify the compliance of all these activities with the policies and procedures. The Department regularly reports activities regarding anti-money laundering and combating the financing of terrorism to the Audit Committee/Board of Directors.

## CODE OF ETHICS AND BUSINESS CONDUCT TRAININGS

# 13,627

EMPLOYEES

# 20,162 Hours

TRAININGS

# Material Issues

Yapı Kredi's material issues form the basis of its business model and value creation approach, and guide the process of determining the Bank's corporate strategy. While determining its regularly-reviewed material issues, Yapı Kredi takes into account stakeholder expectations, sectoral and global trends, senior management views, the Bank's strategic plan and risks and opportunities based on the impact analysis carried out by the Bank.

The Bank adopted the practice of renewing its material issues every two years and updated its material issues in 2022. To this end, first, an issue universe was created, including issues potentially important for the banking and finance sector. While creating this universe, Yapı Kredi considered sector and competitor practices, global reports and important issues on the national and international agenda. In line with these issues, a stakeholder analysis and materiality study was carried out to identify Yapı Kredi's material issues.

The stakeholder analysis was completed with the participation of more than a hundred stakeholders, including shareholders and investors, customers, supervisory and regulatory bodies, financial institutions, chambers of commerce and unions, suppliers, NGOs, universities, and research institutions. The Bank prepared an online survey to collect opinions of external stakeholders and the Bank's employees. In addition, one-on-one interviews were conducted with the senior management to take their opinions. At the last stage of the analysis, workshops were held with the members of the Sustainability Committee and the Bank's material issues were determined in line with Yapı Kredi's strategic plan. The material issues were classified in three categories as significantly material, highly material, and material. The material issues matrix was updated accordingly.



GRI 2-14; GRI 2-29; GRI 3-1; GRI 3-2; GRI 3-3

GRI 2-14; GRI 2-29; GRI 3-1; GRI 3-2; GRI 3-3

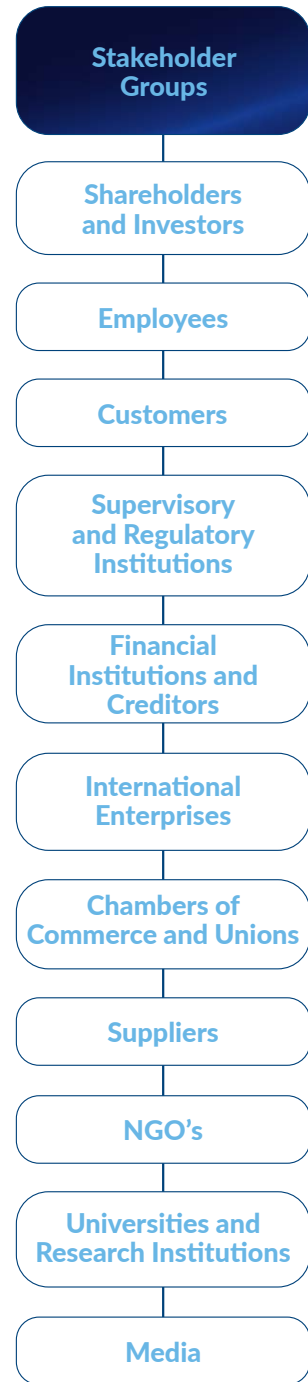
# Material Issues

## MATERIAL ISSUES MATRIX



MATERIAL ISSUES	RELATED CAPITAL ITEMS	RELATED SDGS
Business Continuity	Financial Capital Manufactured Capital	8
Digital Transformation and Innovation	Intellectual Capital Manufactured Capital	8, 9, 10, 12, 13, 17
Customer Satisfaction	Social and Relationship Capital	8, 9, 10
Climate Change	Natural Capital	7, 13, 14, 15
Financial Performance	Financial Capital	8, 17
Ethics & Compliance	Human Capital	8, 16
Corporate Governance	Financial Capital Human Capital Intellectual Capital Social and Relationship Capital	8, 16
Corporate Risk Management	Financial Capital Natural Capital Human Capital	8, 13, 16, 17
Employee Satisfaction and Engagement	Human Capital Intellectual Capital	3, 4, 8, 10
Diversity & Inclusion	Human Capital Social and Relationship Capital	5, 8, 10
Cyber Infrastructure and Data Security	Manufactured Capital Intellectual Capital	8, 9, 16
Human Rights	Human Capital	5, 8, 10
Responsible Products and Services	Financial Capital Manufactured Capital Social and Relationship Capital Natural Capital	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13
Financial Inclusion	Financial Capital Social and Relationship Capital	5, 8, 10
Social Investments	Social and Relationship Capital Intellectual Capital Natural Capital	4, 10, 17
Brand Culture	Intellectual Capital Social and Relationship Capital	8, 12
Talent Management	Human Capital	4, 5, 8
Resource and Waste Management	Natural Capital	6, 8, 9, 13
Transparency	Intellectual Capital Social and Relationship Capital	8
Responsible Supply Chain	Natural Capital Social and Relationship Capital	8, 12
Financial Literacy	Manufactured Capital Social and Relationship Capital	8, 9, 10
Open Banking	Manufactured Capital Intellectual Capital Social and Relationship Capital	8, 9
Biodiversity	Natural Capital	13, 14, 15

# Stakeholder Relations



While determining its business strategy and priorities, Yapı Kredi defines the expectations of its internal and external stakeholders and considers the short, medium and long term value that its activities create on its stakeholders.

Analyzing the priorities and expectations of stakeholders for Yapı Kredi enables the Bank to better manage risks and opportunities. The Bank embraces the concept of effective and two-way communication with its stakeholders, which are grouped as shareholders and investors, employees, customers, supervisory and regulatory institutions, financial institutions and creditors, international enterprises, chambers of commerce and unions, suppliers, non-governmental organizations (NGOs), universities and research institutions, and the media.

Customers lie at the heart of Yapı Kredi's business model and constitute one of the most important stakeholder groups. The Bank considers its customers' feedback, and improves and enhances customer experience and the value proposition delivered to them. You can find detailed information about how customer opinions are integrated into all processes and about communication with customers in the [Customer Experience](#) section.

Human capital is the most important asset that serves as the foundation of Yapı Kredi's sustainability. In order to meet the expectations of its employees and to prepare for the business world of the future, Yapı Kredi regularly improves its working model, employee training and development programs, and the fringe benefits offered to its employees.

You can find detailed information on communication methods with employees and Yapı Kredi's investments in human capital development in the [Talented and Committed Employees](#) section.

The Investor Relations Department is responsible for relations with shareholders. During 2022, within the scope of relations with shareholders, the Investor Relations Department organized 5 analyst day meetings and nearly 400 teleconferences. Moreover, the Department participated 18 conferences and 3 roadshows to meet with current and potential investors while informing shareholders about current developments.

Yapı Kredi actively takes part in sectoral initiatives and nongovernmental organizations, and heeds multi-stakeholder communication and cooperation. The Bank spends efforts to become a member of, and contribute to, international standards and initiatives on sustainability.

Since 2017, Yapı Kredi has been a member of the United Nations Environment Programme Finance Initiative (UNEP FI), and is a founding signatory of the United Nations Principles for Responsible Banking (UN PRB) established under the UNEP FI. Actively participating in UN PRB's working groups, the Bank cooperates and shares experience in the field of sustainability with other banks at the international level. Moreover, the Bank became a founding signatory to the new initiative of the United Nations Principles for Responsible Banking in the field of "Financial Health and Inclusion" in 2021. In 2022, under this working group, together with other national and international banks, Yapı Kredi took an active role in the creation of target and indicator sets to

increase financial health and inclusion in the society. In the light of these indicators, the Bank carries out target setting activities to increase the financial literacy of disadvantaged groups and increase their access to financial products. Yapı Kredi regularly and transparently reports developments in this area every year.

You can find detailed information in the Yapı Kredi United Nations Principles for Responsible Banking Reporting Index section. As a member of the Banks Association of Turkey (BAT), the Bank actively participates in all the activities of the association and is represented on the Board of Directors of the BAT. In addition, the Bank is a member of the "Role of the Financial Sector in Sustainable Growth Working Group", which is one of the continuous working groups of the BAT, and actively participates in all the studies carried out under this group.

Yapı Kredi is also an active member of the Turkish Industry and Business Association (TÜSİAD) Environment and Climate Change Working Group, and participates in the Climate Change and Paris Agreement, and Sustainable Finance Sub-Working Groups of the relevant working group. Moreover, the Bank is an active member of the Gender Equality and Energy Working Groups. Through TÜSİAD working groups, Yapı Kredi enters into collaborations with various public institutions, non-governmental organizations and international organizations. Yapı Kredi contributes to TÜSİAD opinion papers according to the agenda of the working groups, and supports reports and research related to its fields of activity.

Additionally, being a signatory of the UN Global Compact, the world's largest corporate sustainability initiative, Yapı Kredi follows

# Stakeholder Relations

up Sustainable Finance, Inclusion and Diversity, Gender Equality and Environment Working Groups within Global Compact Turkey. In 2017, within the scope of the activities of the Global Compact Turkey Sustainable Finance Working Group, the Bank became the founding signatory of the Global Compact Turkey's Declaration of Sustainable Finance in cooperation with the sector. The Bank contributes to updating the declaration in the light of sustainable finance developments.

Since the 2019 reporting period, Yapı Kredi has been presenting its financial and non-financial data to its stakeholders in annual integrated reports based on the shared value creation model. In this context, the Bank is a member of the Integrated Reporting Turkey Network (ERTA) with the aim of contributing to the development of integrated reporting and integrated thinking system in Turkey.

Yapı Kredi actively participates in seminars, panels, conferences and workshops organized by the Turkish Investor Relations Society (TÜYİD) to closely monitor the developments in investor relations in Turkey and in the world.

Being a member of the Ethics and Reputation Society (TEİD) as well, Yapı Kredi participates in training and working group activities at TEİD.

## CORPORATE MEMBERSHIPS AND INITIATIVES

- Advertisers Association (RVD)
- Banks Association of Turkey (TBB)
- Corporate Communication Professionals Association (KID)
  - Corporate Governance Association of Turkey (TKYD)
  - Corporate Volunteers Association (OSGD)
    - Credit Reference Agency (KKB)
    - Economic Research Foundation (IAV)
  - Educational Volunteers Foundation of Turkey (TEGV)
    - Equality at Work Platform and Declaration
    - Ethics and Reputation Society (TEİD)
  - Financial Literacy and Access Association (FODER)
    - For My Country Project
    - Foreign Economic Relations Board (DEİK)
  - Foreign Trade Association of Turkey (TURKTRADE)
    - Global Compact Turkey
    - Institute of International Finance (IFF)
  - Integrated Reporting Turkey Network (ERTA)
    - Interbank Card Center (BKM)
  - International Chamber of Commerce - Turkey (ICC)
    - İstanbul Foundation for Culture & Arts (IKSV)
    - İzmir Foundation for Culture & Arts (IKSEV)
  - Learning and Development Association of Turkey (TEGEP)
  - Task Force on Climate-related Financial Disclosures (TCFD)
  - Turkish Family Health and Planning Foundation (TAPV)
  - Turkish Industry and Business Association (TÜSİAD)
    - Turkish Investor Relations Society (TÜYİD)
    - UN Generation Equality Forum Turkish Marine Environment Protection Association (TURMEPA)
      - United Nations Environment Programme Finance Initiative (UNEP FI)
    - Women's Empowerment Principles (WEPs)

# Risk Management

Risk management is essential to capitalize on opportunities by following up global trends, to stand out in the competitive environment, and to improve economic, social and governance performances. Aware of the role of risk management in long-term sustainable growth, Yapı Kredi takes steps to create an effective risk management structure and risk culture.

Risk management is carried out by 98 employees under the management of the Audit Committee to, on an individual and consolidated basis, measure, monitor, report and control the risks that the Bank may encounter, taking into account international legal regulations, and using methods in accordance with national legislation. The highest-ranked manager responsible for risk management is the Executive Vice President for Compliance, Internal Control and Risk Management. Risk management consists of Credit Risk Strategy, Modeling and Reporting Group Directorate and Market Risk Directorates.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees. In this process, the Board of Directors establishes and monitors all necessary control mechanisms and processes in order to successfully implement targets and strategies.

## EMERGING RISKS

### Climate Action Failure Risk

Climate change has become the biggest risk factor that that affects all areas globally and threatens our world. In this context, in line with the 2022 Global Risks Report published by the World Economic Forum, Yapı Kredi considers the risk of "climate action

failure" as a long-term and increasingly important risk with effects expected to continue in the coming period. Therefore, combating climate change is among Yapı Kredi's strategic focal points. The Bank guides the climate agenda under the leadership of the Sustainability Committee, chaired by an independent Board Member and includes senior management, and its subordinate working groups. Within the scope of combating climate change and in order to eliminate the risk that the measures taken will fail in the fight against climate risk, the Bank works to monitor and reduce the carbon footprint both in the operational areas of activity and in the lending processes of the Bank.

Yapı Kredi continues to support many international initiatives developed for the financial sector to manage and reduce its emissions from both its own operations and loans. To this end, Yapı Kredi launched a project for the Carbon Transformation Program, initiated under the leadership of Koç Holding, within the framework of the Scientific Based Targets Initiative (SBTi) and the "Business Ambition for 1.5°C". Under the project, Yapı Kredi measured its emissions from its operational activities as well as its loans and investment portfolio for the first time in 2022 and published it in the Carbon Disclosure Project (CDP) Climate Change report. Within the framework of the SBTi commitment, the Bank continues its efforts to set out its medium and long-term science based emission reduction targets for both operational and lending activities.

Yapı Kredi addresses the risks it may face in the event that the net-zero target is not achieved, within the scope of physical and transition risks. Physical risks are considered as the risks that sea level rise and extreme weather events (heavy rain, flood,

# Risk Management

drought, hail, tornado, etc.) may impose on the Bank's operations. Accordingly, with a proactive approach, the Bank continues to implement targets, strategies and action plans aimed at reducing energy and resource consumption in all its operational activities. These physical risks may also have devastating effects on the Bank's customers' operations and thus their financial resilience. Yapı Kredi's lending activities are located in Turkey, located in the Mediterranean Basin, which will be greatly affected by rising average temperatures. It is anticipated that the potential capacity drops of the financed hydroelectric power plant projects may increase the credit risk of these projects and affect Yapı Kredi's corporate and commercial banking activities. Issues related to risky areas and sensitive sectors (environmentally unfriendly establishments, nuclear energy, mining and thermal power plant industry, water infrastructure and dam industry, etc.) are defined in line with the general principles of reputation risk management and are also evaluated under the Environmental and Social Risk Assessment (ESRA) system.

It is important for real sector companies to be aware of the physical risks that they may face and to be encouraged to use lower emission technologies and investments.

Innovative loan products of the banking sector are taken into account to increase the resilience of customers against physical risks that they may be exposed to and to encourage them to comply with net zero. To ensure the transformation of the sector, Yapı Kredi offers financial solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, and Nature-Friendly

## Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees.

Auto Loans. Thus, by responding to the net-zero transformation of its customers with its financial targets, the Bank takes steps to prevent the market and competition risks that the Bank may face in reaching net zero in its loan portfolio. The Bank's strategic approaches to reducing emissions from its loan portfolio are also included in the Reputation Risk Policy and Loan Policies approved by the Board of Directors.. Based on its new policies updated in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal mining.

Identification of transition risks is important for reducing the carbon emission intensity of the credit portfolio, which is the highest emission source for the banking sector. The Bank takes into account various frameworks when determining the transition risk classification of different sectors, including the Transition Heatmap of the United Nations Environment Program Finance Initiative (UNEP FI) and the Environmental Risks Heatmap of the rating agency Moody's. Accordingly, five different risk rating categories are determined for different sectors where Yapı Kredi has credit risk: very low, low, medium, high and very high.

The Bank, which has been a TCFD supporter since 2021, carries out studies in line with TCFD recommendations, evaluating financial risks and opportunities related to climate change, integrating physical and transition risks arising from climate change

into risk management processes and reporting them in a transparent manner. In this context, the Bank launched a project in 2022 to incorporate climate risks in all risk processes starting from the credit evaluation stage. Under the project titled "Integration of Climate Change Risks and Opportunities into Credit Processes", training and workshop series continue to build the knowledge capacity established within the Bank on this subject. With the completion of the said trainings, it is planned to accelerate the efforts to integrate climate risks and opportunities into credit evaluation mechanisms within the Bank. In addition, the "Establishment of a Sustainable Financing Infrastructure" project was launched in 2022 in order to comply with the EU Taxonomy and to establish a sustainability-related classification, monitoring and reporting system for loans and to systematically track emission information. These projects are expected to generate important inputs for the Bank's net-zero transformation strategy.

### Business Interruption Risk during Disasters

The Bank defines 'disaster' as situations that occur as a result of not being prepared for emergencies and not being able to respond in a timely manner, that generally affect the majority of the society, that cause social, physical and economic losses, and that are caused by nature or humans. The definition of disaster covers earthquakes, landslides, floods, rockfalls and avalanches. After a possible disaster, the Bank's employees, facilities, assets, suppliers and service providers may be damaged, systems may not be accessible, and the supply chain may be affected. Bank services may be interrupted due to these effects. In particular, the earthquake risk is considered one of the most important risks for the Bank, and Yapı Kredi plans and implements various actions to reduce the impact of this risk on the Bank's resources.

## The Bank, which has been a TCFD supporter since 2021, carries out studies in line with TCFD recommendations.

The Business Continuity Committee is responsible for planning what needs to be done in an emergency and crisis to take effective actions in the event of a disaster, crisis or interruption; implementing plans to protect reputation, brand value, value-creating activities and stakeholder interests; and recommend actions for ensuring the continuity of critical operations and their recovery within the targeted time frame. Committee meetings are held at least four times a year, and the number of meetings is increased when deemed necessary.

The Bank has a "Business Continuity Management Policy" covering the regulations to be implemented in Business Continuity Management as well as a "Business Continuity Management Plan" covering Emergency, Crisis Management, Business Recovery, Crisis Communication, IT Emergency and Continuity Plans. Under the business continuity activities, regular trainings are offered to employees depending on their tasks and responsibilities. Under the Emergency Management, Emergency Teams are responsible for the coordination of emergency response teams after a disaster or emergency. Emergency response teams receive trainings in line with their responsibilities. In the light of the available information, the Crisis Management Team makes critical decisions on issues such as stopping and restricting operations, crisis communication, resuming systems from the Emergency Center, transferring employees

# Risk Management

to alternative locations, their possible needs, and returning to normal, etc. The Yapı Kredi Search and Rescue Team (YAKUT) is a team established especially with the mission of executing the search and rescue activities that our Bank's employees will need during and after a disaster. Yapı Kredi Disaster Line has been established to ensure that employees of the Bank and its domestic subsidiaries can access YAKUT in the event of a disaster. If a live search and rescue operation is required in emergencies caused by a disaster, YAKUT provides the necessary coordination and responses to the situation within its possibilities according to the place, size and scope of the incident.

## Technology and Cyber Security Risk

Today, technology risk and cyber security have become even more important due to security and regulation needs, increasing threats and expanding networks. Yapı Kredi may be exposed to accessibility, integrity and confidentiality risks arising from technology risks, since the Bank uses information technologies intensively as part of its operations.

Various factors such as malware, ransomware, data breaches, and use of outdated equipment are considered as technology risk. With technology risk management and risk mitigation, the Bank's security gaps are eliminated and possible risks can be prevented. The successful management of technology risks that may cause disruptions in the Bank's business processes enables improved business continuity by finding agile solutions to risk incidents, thus preventing financial and reputational losses.

With the Information Technologies Risk Management Process developed to analyze, reduce, monitor and report the information

## Under the Emergency Management, Emergency Teams are responsible for the coordination of emergency response teams after a disaster or emergency.

technology risk, Yapı Kredi tries to bring the technology risk to a tolerable level, taking into account the current security management and potential breaches. Risks are defined and risk is rated according to probability and impact value in the light of vulnerabilities and control environment. Yapı Kredi has created metrics and risk indicators to measure whether the risk is within tolerance. These metrics and risk indicators are closely monitored, and additional actions are taken for risks when necessary. In addition, the Bank follows the compliance requirements of IT processes with legal regulations and relevant standards. Yapı Kredi is regularly audited every year in accordance with regulations and the Control Objectives for Information and Related Technologies (COBIT).

In order to ensure business continuity at Yapı Kredi, an Information Technologies business continuity plan is developed and launched in line with the needs of customers and other stakeholders. Yapı Kredi determines the impact of potential incidents, develop appropriate recovery strategies and plans to ensure the continuity of products and services, and take necessary precautions through training, implementation, maintenance and review. Under the Business Continuity Management Plan, the Bank prepares and annually reviews the

necessary plans to make the critical processes interrupted in the event of an emergency operational again within the specified recovery time target period. The Bank's Disaster Recovery Center is located in a different city, away from the Head Office locations, in order not to be subject to the same risks geographically, and is designed to back up all critical systems and data. Disaster recovery tests (transition tests from live environment to Disaster Recovery Center) and crisis simulation are carried out at least once a year. After extraordinary situations, lessons learned during the operation of the plan and procedures are reviewed and necessary updates are made, if any.

Yapı Kredi manages information systems and data security under relevant policies and processes. Data are classified according to confidentiality, integrity and accessibility values and security measures are taken, if required. The Bank designs data leak detection and prevention controls. The Information Security Committee carries out the activities of establishing, updating and implementing the information security policies in the Bank on behalf of the Board of Directors. Data sharing with third-party companies at Yapı Kredi is also kept under control in line with regulations and internal bank policies. All employees receive trainings on information security awareness and Personal Data Protection Law, cyber security bulletins and information security announcements are published, and the awareness of employees is raised.

The Bank carries out monitoring activities 24/7 to detect and prevent cyber attacks. Security trail logs collected from all products are subject to correlation rules, which makes the detection and prevention of cyber incidents possible.

## The Bank carries out monitoring activities 24/7 to detect and prevent cyber attacks.

### Critical Human Resources Risk

Finding and retaining talent is considered one of the most important risks for the next decade. Therefore, talent management has become a strategic priority not only for the human resources department but also for risk management. Skill management also covers strategy, corporate culture, being a learning organization, technology, management philosophy and system. Yapı Kredi considers understanding the business expectations of Y and Z generations, developing value propositions for them, and adapting, training, retaining and backing up the same among the material issues of risk management.

Today's business challenges prove the necessity of having competent human resources, being able to act quickly and designing an "agile and adaptable model" focused on technology. In particular, the risk of having insufficient or incompetent human resources, loss of critical human resources and not backing up critical human resources leads to the risk of limiting success in operational targets. To this end, due to the increase in the use of technology and digitalization in human resources management processes (hiring, development, retention, etc.), a global human resources management approach should be adopted, and technology-oriented and data-supported decision mechanisms should be prioritized.

# Risk Management

Yapı Kredi manages the transformation in human resources with the vision defined in terms of acquiring the competent human resources that the Bank will need as soon as possible. The Bank's Human Resources started to implement new practices related to the transformation in human resources in all areas from employer branding to recruitment, from training-development practices to career management, from performance and leadership development to employee loyalty-motivation. Accordingly, the Bank designs risk reduction actions through training, workshops and coaching projects, which are implemented with broad participation. Moreover, the Bank periodically monitors the targets set for human resources and the realization of the targets.

Under the operational risk, reputation risk and business continuity management, Yapı Kredi places the utmost attention to the quality, quantity, training, satisfaction, loyalty and expectations of the human resources, problems reflected in the media and social media, employee turnover rate, balance in the number of female and male employees, criticality and redundancy status, equipment needs, communication strategies, and employee safety and health in emergency / unexpected situations. These studies are regularly followed by defining business impact analyses, business recovery and emergency strategies, and key risk indicators. In addition, possible complaints about employee rights violations, negative working conditions, intimidation, and faulty managerial attitudes that may occur in the working environment are forwarded to the Ethics Line under the Compliance, Internal Control and Risk Management, and actions are taken within the framework of the Code of Ethics and Business Conduct Policy.

## For effective risk management, the Bank trains internal experts, and makes investments to establish risk system infrastructures.

### RISK CULTURE AT YAPI KREDİ

The Bank's Risk Management Framework consists of the following components: risk governance, definition of scope and identification of risk, evaluation of the risk profile, determining the risk appetite, monitoring, and reporting.

For effective risk management, the Bank trains internal experts, and makes investments to establish risk system infrastructures. The Bank carries out activities to create a risk management infrastructure that seeks not only to achieve regulatory compliance but also allows monitoring and measuring independently from executive functions, supports business and decision-making processes, and is integrated with day-to-day operations. Automated reporting and validations are conducted for effective analysis, monitoring and control mechanisms. The employees are enabled to embrace the risk culture with the policies established, processes defined, targets, responsibilities and regular trainings. In order to establish a common risk culture across its subsidiaries, Yapı Kredi acts with the principle of maximum compliance in relation to risk management activities. The Bank provides the necessary coordination in line with the responsibility of ensuring effective risk management suitable for the structure, complexity and risks of the Bank and its subsidiaries.

The Risk management strategy of the Bank aims to ensure the optimized use of the capital by measuring risks with methods complying with international standards and local regulations and maintaining risk-return balance in line with the sustainable growth target, and to secure sustainable growth within this balance. The Bank's risk management approach, namely the Internal Capital Adequacy Assessment Process (ICAAP), is based on solid risk management methods, and prospective planning and capital assessment based on the risk profile.

The Bank adopts a forward-looking capital planning approach to enable the Bank to continue operations in case of losses due to contingencies or deteriorations in the market. The most advanced international practices are utilized to identify measure, analyze and control risks. The process of defining the risk and determining the appropriate measurement method has a dynamic structure, where risk management is improved based on advanced international practices and analyses used by the Bank are updated parallel to the business evolution. A risk appetite framework integrated with the budgeting process is designed to optimize the operations while achieving the budget targets set for the Bank, thus, taking the proper risk positions.

Yapı Kredi regularly and annually reviews the Lending Policies, which reflect the Bank's asset quality, effective risk management and regulatory compliance strategy. Lending Policies cover common standards, restrictions and principles applicable across the Bank, including all practices in relation to credits management.

In addition, the rating / scoring systems are also regularly updated and improved. The Bank adopts a forward-looking capital planning approach to enable the Bank to continue operations in case of losses due to contingencies or deteriorations in the market.

As part of the Bank's risk management activities, the Bank prepares the Liquidity Coverage Ratio Report and submits the report to the Banking Regulation and Supervision Agency (BRSA) pursuant to "Regulation on Calculation of Liquidity Coverage Ratio for Banks" published by the BRSA in accordance with Basel III guidelines. The Total Liquidity Coverage Ratio (LCR) of Yapı Kredi exceeds the regulatory and internal limit and triggering levels. This ratio is annually approved by the Board of Directors and closely monitored in terms of its conformity to threshold levels.

### RISKS

To identify the Bank's risk exposure, the Bank takes into consideration its main fields of activity, competitive environment, regulatory framework, best practices by international banks, and cost-benefit analysis in relation to the measurement of the risk exposure.

### Credit Risk

Credit risk refers to possible loss that the Bank may be exposed to due to the borrower's failure to timely fulfill its contractual obligations in part or in whole.

# Risk Management

Under the credit risk management, Yapı Kredi aims to measure, mitigate and take necessary precautions against the credit risk by using efficient and smooth rating / scoring models, strategies and processes. Internal rating models used for measuring credit risks are designed in accordance with the requirements of the "Communiqué on Calculation of the Risk Weighted Exposure Amount for Credit Risk by Internal-Ratings Based Approaches" published by the Banking Regulation and Supervision Agency (BRSA). Yapı Kredi submitted its internal rating models to the BRSA for its opinion within the scope of the Advanced Internal Rating Based (AIRB) approach. The internal rating models developed by Yapı Kredi in line with the AIRB approach were approved by the BRSA. Thus, Yapı Kredi became the first bank in Turkey to ensure compliance within the framework of the AIRB approach. Upon the BRSA approval, the Bank has been calculating its capital adequacy ratios using the AIRB approach as of June 30, 2021.

Yapı Kredi uses the following primary strategies for Credit Risk:

- Effectively implementing the Credit Policies Guidelines to ensure the continuity of the common risk management approach adopted across the Bank
- Directing the credit portfolio to less risky sectors
- Avoiding excessive concentration in group risks and strictly adhering to the applicable legal limits
- Focusing on customers with better ratings
- Avoiding transactions that will cause high credit risk and reputational risk
- Managing the country risk in accordance with the defined strategy, policy and implementation procedures.

## In addition to financial credit risks, Yapı Kredi evaluates possible environmental and social risks of investments such as environmental, human rights, ethical and corruption risks.

In addition to financial credit risks, Yapı Kredi evaluates possible environmental and social risks of investments such as environmental, human rights, ethical and corruption risks. New investments and projects to be financed are handled under the Environmental and Social Risk Assessment System.

[You can find detailed information on the management of the loans extended with respect to environmental and social risks in the section titled Responsible and Sustainable Finance \(page XX-XX\).](#)

### Counterparty Credit Risk (CCR)

Counterparty credit risk is the risk of the counterparty to a financial agreement to lapse into default before the due date specified in the agreement and its failure to fulfill its contractual payment obligations. Agreements subject to CCR are agreements concluded individually between the parties, such as over-the-counter derivatives agreements and margin trading.

Yapı Kredi daily calculates and monitors amounts involved in counterparty credit risk, using the most advanced methods provided for by international regulations. The calculations take into account the current market conditions and various stress scenarios.

Risks subject to counterparty credit risk is ultimately a credit risk and is a part of the Bank's general credit risk monitoring / follow-up processes.

### Credit Concentration Risk

Credit concentration risk refers to exposure to potential losses at a magnitude that might hinder the Bank from carrying out its core activities in a healthy manner due to the concentration of risk in a certain loan or group.

Monthly reports prepared for analyzing and monitoring credit concentrations at the Bank with respect to sectors, currencies, countries, geographical distribution etc. and for taking action when necessary are regularly shared to be used by sales / marketing and credit allocation departments, as well as by compliance, internal control and risk management units. The reporting aims to analyze the Bank's credit portfolio to avoid the concentration risk by monitoring the performance of the credit portfolio, and to take necessary actions. Moreover, the Bank has introduced the group-based threshold value methodology, and credit concentrations at large groups are monitored and reported to the senior management regularly in line with the Group-Based Threshold Value methodology.

### Residual Risk

Residual risk refers to risks that occur when the credit risk mitigation techniques used turn out to be less effective than projected. For residual risk management at Yapı Kredi, adequate liquidity and validation of collateral valuation is monitored

regularly at least once a year, and monitoring and revaluation frequency is increased in case of major changes in market conditions. In addition, the Bank's units regularly update collaterals, and apply the rules on reviews in line with the regulations and communiqués published by the BRSA.

### Operational Risk

Operational risk is defined as the risk of loss arising from errors, violations, interruptions or damages caused by internal processes, employees and systems or external events.

Updated in 2021, Yapı Kredi's Operational Risk Management Policy covers group-wide principles and standards regarding operational risk management structure; strategies concerning operational risk control, measurement and management system practices as well as the frequency, content and addressees of operational risk reports.

The Business Continuity Management Policy aims to minimize the systemic risks that may be caused by suppliers, natural disasters, etc. that may threaten the continuity of the Bank's operations, and to ensure the operationalization of critical products and services under acceptable times in case of possible interruptions. The Business Continuity Management Policy is regularly updated and submitted for the approval of the Board of Directors.

# Risk Management

Operational risks are quantified in accordance with Basel II's advanced measurement methods. To this end, the Bank's operational risk losses and key risk indicators are monitored, scenario analyses are performed, and risk-based insurance management activities are carried out. Operational risk limits are determined based on the risk appetite, approved by the Board of Directors, and monitored throughout the year. The Bank carries out the risk assessment of support services, outsourced services and new products and prepares a risk inventory of information technologies. Risk is mitigated by preparing action plans and business continuity plans for potential disasters such as the Istanbul earthquake, COVID-19 pandemic, etc. Risk culture and awareness are improved by means of the operational risk strategies and training programs developed by the Bank. Activities conducted in relation to operational risk and business continuity are periodically submitted to the Audit Committee, the Executive Board and the Board of Directors.

Yapı Kredi also takes into account environmental, social and climate change-related risks in addition to other risk factors under the operational risk and business continuity management. The Bank aims to detect, measure, mitigate through action, and report these risks.

## Reputational Risk

The Reputational Risk Management Policy published in 2013 to define the fundamental principles and procedures for controlling, measuring and mitigating reputational risks is updated annually in view of legal and internal standards. The Policy was last updated in 2022. The Policy focuses on reputational risk control system for establishing and maintaining effective reputational

risk management; measuring, monitoring and reporting activities involved in defining and preventing reputational risks and restoring the Bank's reputation; sensitive sectors and sectoral norms complying with lending policies; and relevant international standards.

Yapı Kredi also takes into account environmental, social and climate risks in addition to other risk factors under the reputational risk management. The Reputational risk management general principles cover sectors bearing environmental and social risks, sectoral norms, international standards, best practices, mining, coal mining, coal-fired thermal power plants, nuclear energy industry, hydroelectric power plants, dam industry and water infrastructure, agricultural industry, strategies for reducing carbon footprint and supporting renewable energy, and fundamental approaches to climate-related risks. Risks in these areas are defined, monitored and reported to senior management by means of risk / performance indicators.

## Market Risk

Market Risk refers to the risk exposure of the Bank due to the fluctuations in the market, particularly in interest rates, exchange rates, credit spread, equity and commodity prices due to the positions followed up in the trading portfolio.

The term 'position' refers to the positions the Bank takes in its own portfolio and the positions arising from the services offered to the customers or from market-making activities. The trading portfolio covers the financial instruments exposed to short term price / interest rate fluctuations. Valid positions should comply with the standards and principles set forth in the Financial

Markets Policy and its appendices, as well as in the Policy for Inclusion in Trading Accounts. The Financial Markets Policy and its appendices are updated at least once a year in line with the new legal and internal regulations, the needs of business units and the annual budget, providing guidance to market risk measurement, limiting and monitoring functions.

Guiding all treasury operations and market risk management functions of Yapı Kredi, the Financial Markets Policy and its appendices identify the competencies and procedures in the relevant area and also cover all detailed provisions governing these areas. The Policy is primarily implemented by the Treasury Management and Market Risk Management units, and also observed by all the other units to provide an integrated risk management system. It is ensured that all positions carried by Yapı Kredi comply with the limits set out in the Policy and its appendices.

The limit system regarding Treasury Management and Market Risk activities covers all factors associated with the market risk as well as the organizational structure, the list of approved treasury products and the list of approved intermediary agencies / platforms. The Market Risk Management Department is responsible for expanding and adapting the limit systems in line with their experiences, the needs of business units and the annual budget. The limits set are monitored in comparison with current limit utilizations through daily reports. The related reports also take into account the current market conditions, stress and scenario analyses. In cases of limit overruns, the actions set out in the Policy are taken. Regulatory and economic capital requirement is calculated and monitored regularly within the scope of market risk.

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**Yapı Kredi also takes into account environmental, social and climate risks in addition to other risk factors under the reputational risk management.**

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## Financial Investment Risk

Financial investment risk stems from the subsidiaries included in the Bank's or the Group's balance sheet or from items arising from equity not included in the trading accounts. Financial investment risk is used to determine the risk specific to equity. Equity investment portfolio basically consists of listed and unlisted stock / subsidiaries, equity-backed derivatives, private equity, investment trusts, hedge funds and related private equity funds. Financial investment risk is quarterly monitored and reported to related units.

## Property Risk

Property risk is defined as potential losses arising from the fluctuations in the market value of the real estate portfolio of Yapı Kredi. Property risk is measured to determine the underlying risk of property prices and to be included in total economic capital calculation within holistic risk profile assessment.

Basically, property risk is calculated for two purposes: Retrospective (for follow-up purposes) and Prospective (for capital planning purposes). Thus, the Bank takes property risk into consideration for risk management purposes and in relation to its capital planning goals. Property risk is quarterly monitored



# Risk Management

and reported to related units so as to incorporate unconsolidated and consolidated results.

## Liquidity Risk

Liquidity risk refers to the Bank's inability to fulfill its repayment obligations timely and completely with the assets at its disposal. By nature, liquidity risk is a kind of risk that banks can face suddenly and that may create dramatic outcomes for financial institutions, and needs to be frequently monitored, for example daily, weekly or monthly, and closely monitored separately in relation to major currencies. Yapı Kredi measures liquidity risk as short-term and medium / long-term liquidity risk. Various stress tests are also performed on liquidity risk in the light of statistical and scientific analyses and assumptions based on historic experiences. Thus, Yapı Kredi closely monitors the status of the Bank's liquidity risk under current and extraordinary market conditions, submits necessary information to senior management, and ensures the continuity of the healthy structure of the Bank's balance sheet by taking timely and effective actions. The scope of the liquidity risk is composed of both on- and off-balance sheet items. The magnitude and the highly dynamic nature of the scope of liquidity risk necessitates multifaceted measurements.

Yapı Kredi monitors liquidity risk by taking into consideration the latest local and international regulations (e.g. Basel, EBA) and best practices, and through the dedicated liquidity risk policy that is annually reviewed and revised. To this end, the Bank performs liquidity risk measurements, assigns a wide variety of limits ranging from risk appetite indicators to granular indicators, and regularly monitors the existing status of each metric as compared to its respective limits to take necessary actions. Some of the

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**Yapı Kredi closely monitors the status of the Bank's liquidity risk under current and extraordinary market conditions, submits necessary information to senior management, and ensures the continuity of the healthy structure of the Bank's balance sheet by taking timely and effective actions.**

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actions taken include money swaps, coordination in deposit and credit movements, management of interbank transactions, repo and reverse repo transactions, and management of the Central Bank of the Republic of Turkey (CBRT) reserves in harmony with liquidity risk management. At the same time, the Bank's profitability and risks are assessed together to ensure that the Bank's liquidity risk is managed conservatively.

## Strategic Risk

Strategic risk refers to the risk of loss that the Bank may suffer due to faulty commercial choices, misimplementation of commercial choices, or failure to analyze or interpret the changes in the sector well.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees. In this process, the Board of Directors sets up and oversees all control mechanisms and processes necessary for successfully implementing targets and strategies.

## Interest Rate Risk

Interest rate risk is the risk of loss that may result in the Bank's capital or revenues due to the fluctuations in interest rates. Changes in interest rates affect and change the underlying values of the Bank's assets, liabilities and off-balance sheet items and / or economic values of future cash flows (and in some cases, the cash flows themselves).

Interest rate risk management at Yapı Kredi aims to protect the financial strength of the balance sheet against the possible adverse effects of the changes in interest rates on net interest income and economic value. Interest rate risk is managed through an adequate assets / liabilities composition that will comply with the Bank's Risk Appetite Framework (RAF), and measurement and close monitoring of revenues and economic value sensitivity. Designed in view of the latest local and international regulations and best practices, the Bank's interest rate risk policy is reviewed and revised at least once a year. Moreover, the Bank performs interest rate risk measurements periodically by means of metrics and limits determined by taking into account the current market conditions and stress scenarios, and reports there measurements to the senior management.

In order to mitigate interest rate risk, Yapı Kredi implements hedge accounting, which complies with the International Financial Reporting Standards (IFRS) and allows application of specific accounting procedures for derivative products.

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**Designed in view of the latest local and international regulations and best practices, the Bank's interest rate risk policy is reviewed and revised at least once a year.**

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## Country and Transfer Risk

Country risk refers to the potential risk of loss for the Bank that may result from failure of, or avoidance by, the borrowers in a country to fulfill their external liabilities due to the volatilities in the economic, financial, social and / or political conditions.

The Bank addresses country risk management from two angles. The first one is the risk appetite limits and approval authorization levels involved in risk management assessment, and the second one is the country credit limits allocated to countries with the financial institutions perspective and associated workflows.

Country credit risk appetite refers to the maximum risk the Bank targets to assume, which is determined by the Board of Directors. These risk levels are determined based on the ratio, to the Bank's capital, of the total risk calculated on the basis of country of customer's residence and risk for countries classified according to their ratios. Actualizations of defined risk appetite limits are monitored and reported monthly.

# Risk Management

Transfer risk refers to the potential risk of loss for the Bank that may result from the borrower's inability to convert the local currency into the foreign currency payable to the Bank and / or its failure to make the payment in the foreign currency. This risk usually occurs due to the foreign currency scarcity that may result from the foreign currency restriction measures adopted by the government of the borrower's country. Loans in a foreign currency are followed up in the Bank's concentration reports, and sensitivity analyses are monthly shared with the senior management.

## Bribery and Corruption Risk

Banks are institutions that operate based on the trust. Increased competitive environment and digitalization force banks to improve their efficiencies, to perform more profitable transactions at lower costs and use more productive workforce. These developments in the competitive environment and digitalization expose the banks to various risks including anti-bribery and anti-corruption. Yapı Kredi evaluates business processes against bribery and corruption risks. Areas susceptible to corruption risk are identified and analyzed according to the risk assessment methodology. Giving / receiving gifts and entertainment offers made / received, sponsorships and donations, outsourced tasks, business offers, mergers, acquisitions, major investments and relations with civil servants are defined as activities susceptible to high corruption risk, and are reviewed with priority under the risk assessment methodology. The Bank periodically assesses operations, carries out activities to identify possible risks and updates business processes when necessary. Assessment results are periodically reported to the Audit Committee. Disciplinary

## In 2022, employees received 20,136 hours of training to raise awareness of employees on anti-bribery and anti-corruption.

punishment up to and including termination of the employment contract is imposed in case of the violation of the Anti-Bribery and Anti-Corruption Policy.

In the reporting period, no confirmed bribery incidents were reported to the whistleblowing channels set up within the scope of the combat against bribery and corruption. No disciplinary punishments were imposed in the reporting period due to bribery or corruption.

To ensure compliance with the Anti-Bribery and Anti-Corruption program, contents and images prepared by the Bank are periodically e-mailed as announcements to all employees throughout the year. In addition, relevant messages are posted under the tab Compliance on Bizler+, an internal platform accessible by all employees.

All employees of Yapı Kredi, including subcontractors, receive Anti-Bribery and Anti-Corruption trainings. In 2022, employees received 20,136 hours of training to raise awareness of employees on anti-bribery and anti-corruption. Trainings are periodically reported to the Audit Committee.

Under the anti-bribery and anti-corruption program, third parties are requested to comply with the relevant Yapı Kredi policies while their employees are requested to embrace the principles set forth in these policies, and to carry out their activities in accordance with those principles. By carrying out training and awareness activities, the Bank performs reviews to determine the preagreement status with the third parties, and incorporate related provisions in the agreements concluded with third parties. In 2022, no bribery and corruption incidents involving third parties occurred and there were no companies with their contracts being revoked on such grounds.

You can reach Yapı Kredi Anti-Bribery and Anti-Corruption Policy [here](#).

## Environmental Risks

Aware of the transformative power of financing on the real sector, Yapı Kredi manages all of its environmental impact including climate change and water risks stemming from its lending activities under the Environmental and Social Risk Assessment (ESRA) System. To this end, all new investment and project finance loan requests and project advisory services, covered by corporate and commercial banking and have an investment amount of USD 10 million and above, are subject to the ESRA System. The combat against climate change and water management are addressed in the Bank's Reputational Risk Policy and Lending Policy. Reputational risk management concerning risky areas and sensitive sectors (companies and establishments with a high environmental impact, nuclear energy, mining and thermal power plant infrastructure etc.) are outlined in these policies.

You can find detailed information on environmental risks in the [Climate Crisis section \(pages XX-XX\)](#) and in the [Responsible and Sustainable Finance section \(pages XX-XX\)](#).

## Technology Risks and Opportunities

The banking sector, one of the sectors that invest the most in technology, is also among the sectors that are exposed to the risks brought by technology and digitalization, and that are best placed to seize the opportunities.

From the standpoint of banks, the opportunities internet and mobile banking offer to banks and customers can be defined as the capability to offer products at lower costs, to be accessible 24/7 independent from time and place, to reduce transaction costs in branches and to constantly reduce costs as the number of customers using internet / mobile banking increases. From the standpoint of customers, the opportunities include the relatively faster and easier accessibility of the system, the time and cost saving provided by the system, and increased financial access. Information technology (IT) risks are among the most important risks for the Bank. By establishing IT risk management policies, the Bank measures, monitors and reports IT risks. Thus, Yapı Kredi can define the threats against the Bank's critical assets and processes, identify weaknesses and keep them under control, thus preventing unexpected threats against the Bank and mitigating losses.

Policies are annually reviewed, revised when necessary and submitted for the approval of the Board of Directors. In addition, the Bank creates an IT risk map and action plans to perform Information and Communication Technologies risk assessments.

# Risk Management

The Bank has a Business Continuity Management Policy designed to ensure the continuity of operations and to mitigate associated risks. In addition to this policy, Yapı Kredi introduces necessary practices for business continuity through Contingency Action, Crisis Management and Business Recovery Plans.

Moreover, the related business unit and internal systems analyze in detail losses resulting from external fraud. To this end, the Bank completed a number of developments for monitoring and preventing fraud. As part of the activities to combat external fraud, customers' suspicious transactions are monitored 24/7. In order to prevent possible incidents of fraud, regular analyses are performed using attempted frauds and new fraud trends. Yapı Kredi monitors new products / services and updates the supervision systems to respond to current fraud trends.

## Human Rights Risks

Addressing and most effectively managing risks related to all forms of modern slavery including but not limited to child labor, forced labor and human trafficking under the human rights risks, Yapı Kredi attends to human rights risks in line with its Human Rights Statement. The Yapı Kredi Human Rights Statement has been prepared based on the Universal Declaration of Human Rights, Fundamental Conventions of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights, as well as national legislation and internal policies. The Yapı Kredi Human Rights Statement addresses gender equality, diversity, right to collective agreement, prevention of forced labor and child labor, work-life balance, protection of personal data, relations with suppliers, human rights awareness activities for employees, and measures

## The Yapı Kredi Human Rights Statement is regularly reviewed and updated when necessary.

against human rights violations. The Yapı Kredi Human Rights Statement is regularly shared with all employees through internal communication announcements. The Statement can be accessed on the intranet and corporate website. In addition to the Turkish version, the Yapı Kredi Human Rights Statement has also been translated into English and local languages of the countries where Yapı Kredi is active to ensure access by subsidiaries. The Yapı Kredi Human Rights Statement is regularly reviewed and updated when necessary. Furthermore, Yapı Kredi is also a signatory to the UN Global Compact. Yapı Kredi annually reports on the 10 principles of UN Global Compact. In relation to human rights, Yapı Kredi participates in Global Compact Turkey Gender Equality Working Groups that also address Turkish Industry & Business Association (TÜSİAD) Gender Equality and Women's Empowerment Principles (WEPs) initiatives.

Sharing its sensitivity in relation to human rights with the entire value chain, the Bank incorporates in the agreements concluded with suppliers an article requiring compliance with the Universal Declaration of Human Rights, Fundamental Conventions of the ILO and Yapı Kredi Human Rights Statement. Moreover, suppliers are encouraged to operate responsibly in relation to environmental and social rights, including human rights in line with the Yapı Kredi Responsible Procurement Policy.

In the reporting period, the Bank continued to offer awareness trainings to employees regarding human rights. No cases of child labor, forced or compulsory labor, preventing of employees' right to organize or collective bargaining were detected in the reporting period.

You can reach the Yapı Kredi Human Rights State [here](#).

You can reach Yapı Kredi Responsible Procurement Policy [here](#).

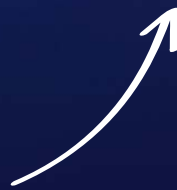
**In the reporting period, the Bank continued to offer awareness trainings to employees regarding human rights.**

*Sustainability*



We work to  
**create**  
long-term  
value.

*We see social development as the primary goal.*



*We adopt sustainability in all economic, social and environmental aspects.*

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# Responsible and Sustainable Finance

Yapı Kredi, taking into consideration the far reaching influence the sector has, embraces a responsible growth approach in its operations, which will increase positive impacts on all its stakeholders and create value for all segments of its operations. Yapı Kredi's main approach to sustainability is based on creating long-term value for each area and stakeholder by adopting a sensitive attitude toward social and environmental issues while ensuring economic development and growth. Sustainability lies at the heart of the Bank's business culture and philosophy. Given the huge responsibility that falls upon the finance sector for finding solutions for the global environmental and social issues, Yapı Kredi effectively manages the environmental and social impacts arising from its own operations and from the projects and investments it finances.

Yapı Kredi is the third largest private bank in Turkey. The Bank takes decisive steps while focusing on growth and contribution to the economy. With the loans extended in 2022, the Bank contributed TL 850 billion to the sustainable growth of the Turkish economy.

Yapı Kredi has espoused the responsible finance approach in order to support the combat against environmental, social and governance (ESG) issues including the climate crisis, and to increase its contribution to Turkey's sustainable development. To this end, the Bank reviews its current business processes and redesigns these processes in line with current trends in ESG, the changing legal framework, its commitments to international sustainability initiatives and stakeholder expectations. In addition, Yapı Kredi carries out various activities on risk assessment processes, loan policies, reducing the environmental footprint of

financing and developing new products. The Bank transparently shares these activities with all its stakeholders under international sustainability initiatives and reporting standards.

In line with its responsible banking approach, Yapı Kredi will continue its transparent communication and pioneering work in sustainable finance. The Bank will follow its roadmap created to fulfill its commitments to the international sustainability initiatives. The Bank has set increasing the variety and volume of sustainable finance products one of its most important goals. In addition, Yapı Kredi places utmost importance to actions planned to achieve the targets of carbon emission reduction arising from both the operational activities and the loan portfolio.

Diversifying and expanding sustainable finance products is among the most important factors in the transition to a low carbon economy. In this context, Yapı Kredi works to increase the number of sustainable finance products for its customers in individual and corporate segments. The Bank aims to set strategic targets to increase the share of these products in the loan portfolio. Another aim of the Bank is to contribute to the capacity building of its customers on sustainable finance products, thus supporting the financing of transformation.

**With the loans extended in 2022, the Bank contributed TL 850 billion to the sustainable growth of the Turkish economy.**

Collaborations with international financial institutions is also of great importance for the Bank for transferring its funding resources to sustainability-related fields. For foreign borrowing transactions, Yapı Kredi's goal is to increase the number and volume of sustainability-related transactions. In 2022, Yapı Kredi increased its support for green transformation with sustainability-related financing agreements provided in the international arena, earning the trust placed upon the Bank. You can find detailed information on sustainability-related foreign borrowing transactions carried out in 2022 [in the Financial Institutions and International Debt and Capital Markets sections of the report \(page 180\)](#).

In addition to these activities, by way of a transformation project in the making, Yapı Kredi aims to contribute to the internalization of sustainability and trigger this transformation. In this context, it seeks to create a sustainability ecosystem paralleling the needs of the society and its customers. Thus, while working for a sustainable world as an institution, the Bank will transform its stakeholders into active players. Yapı Kredi plans to initiate transformation in a wide area by supporting individuals and institutions to enrich the culture of sustainability.

#### **TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE**

Yapı Kredi joined the companies that support the Task Force on Climate-Related Financial Disclosure (TCFD) in January 2021 as part of combat against the global climate crisis.

#### **CARBON DISCLOSURE PROJECT (CDP)**

According to the 2022 results of the Carbon Disclosure Project (CDP), the world's largest environmental reporting platform, Yapı Kredi received A- (Leadership) in the CDP Climate Change

**Diversifying and expanding sustainable finance products is among the most important factors in the transition to a low carbon economy.**

Program and B (Management) in the Water Security Program. Thus, the Bank took its CDP Climate Change rating to new heights compared to 2021, and became one of the companies that perform at the leadership level, exceeding the global financial sector average.

#### **SCIENCE-BASED TARGET SETTING COMMITMENT**

In July 2021, Yapı Kredi joined the Business Ambition for 1.5 °C platform of the Science Based Targets Initiative and pledged to set emissions reduction targets that will limit global warming to 1.5°C. The Bank aims to reduce its Scope 1 and Scope 2 absolute emissions by 76% by 2030 and by 100% by 2035 compared to the base year 2019. Moreover, the Bank works to calculate the emissions arising from its own portfolio annually and to set a reduction target for these emissions under the project commenced within the framework of the Carbon Transition Program of Koç Holding, the Bank's main shareholder.

Accordingly, Yapı Kredi plans to disclose its medium- and long-term emissions reduction targets in alignment with its carbon neutrality target by 2050 embraced across the Koç Group. In line with these targets, the Bank aims to determine its strategy for the transformation of its loan portfolio and to redesign its loan policies in line with this strategy.

# Responsible and Sustainable Finance

## CLIMATE RISK ANALYSIS OF THE LOAN PORTFOLIO

Yapı Kredi is committed to becoming carbon neutral by 2050. To this end, the Bank plans to gradually reduce the loans extended to customers/projects with high climate risks and to reduce the carbon intensity in its portfolio.

Yapı Kredi carried out the first climate risk assessment on its entire loan portfolio in 2021. With this assessment, the first steps were taken for analyzing the climate risks existing in the Bank's portfolio with respect to physical and transition risks, and the basis of Yapı Kredi's future strategy and targets were revealed in relation to climate risks management. In 2022, the Bank initiated works on integrating climate risks into credit risk assessment processes and models. Within the scope of these studies, trainings were given and workshops were organized to increase the technical knowledge capacity of the relevant teams. In the future, Yapı Kredi aims to integrate climate risks into all lending steps.

## ESRA SYSTEM

Yapı Kredi launched the Environmental and Social Risk Assessment (ESRA) System under the Sustainability Management System established in 2017.

The ESRA System continues to be implemented with updates in its scope and content throughout the process. To identify, prevent or minimize the environmental and social risks of investments to be financed by Yapı Kredi, the Bank implements the ESRA System, based on national legislation and International Finance Corporation (IFC) Environmental and Social Performance Standards. Under the ESRA, all loan requests submitted to the Bank are evaluated in line with the loan policies and the Exclusion

## Yapı Kredi plans to disclose its medium- and longterm emissions reduction targets in alignment with its carbon neutrality target by 2050 embraced across the Koç Group.

List provided in the Yapı Kredi Environmental and Social Policy. Activities that do not comply with these policies or are on the Exclusion List are not financed under any circumstances.

You can reach the Yapı Kredi Environmental and Social Policy and the Exclusion List [here](#).

At Yapı Kredi, the ESRA System is executed by an expert staff under the Loans Management. The Executive Vice President of Loans, a member of the Sustainability Committee, is responsible for the management of the system. The effectiveness of the ESRA System is closely monitored through internal audits as well as regular trainings given to all teams responsible for the implementation of the model, especially portfolio managers. Improvements were made in the reporting steps of the ESRA System to the credit and sustainability committees, increasing the control of the senior management over the system. The Bank expanded the scope of the ESRA System in 2019, which has been applied to investment and project finance loans with a loan amount of USD 20 million or more and a loan demand of at least three years since 2017. Since 2019, the ESRA system has been used to evaluate all new investment and project finances with an investment amount of USD 10 million and more and provided with resources and services under the corporate and commercial

business lines. Moreover, since 2019, environmental and social risk assessments have been performed for thermal power plant projects requesting the restructuring of existing loans.

In order to align the scope of the ESRA System with the Equator Principles, improvements were made in 2021 with reference to national legislation and the International Finance Corporation Performance Standards (IFC PSs) as well as Equator Principles practices.

In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented. As a result of the system build and development works, the process documents used throughout the bank were updated and made available to the relevant staff. After the automation process, the portfolio managers in the branches and all related teams received trainings on the purpose, scope, implementation and user guide of the ESRA System in order to renew the in-house ESRA trainings and raise corporate awareness.

In keeping with its efforts in relation to low-carbon transition and combating climate change that make up its material topics, and with its target to minimize environmental risks, Yapı Kredi has declared not to finance greenfield coal-fired thermal power plants and new projects engaged in coal mining as per its new policies revised in 2021 and included these activities in its Exclusion List covered within its Environmental and Social Policy.

Investment and project finance loan requests with an investment amount of more than USD 10 million, which are not in the Exclusion List in line with the updated policies in 2022, were subjected to an environmental and social risk assessment in

accordance with the Procedure for Assessment of Environmental and Social Risks of Credit Activities.

Under the ESRA System, investments are examined in line with the national Environmental and OHS legislation as well as within the scope of various international standards on issues such as key sensitive areas, cultural heritage, resettlement of affected people, natural resource use, stakeholder engagement, environmental and social management systems, community health and safety, media, and community objection. According to the results of the assessment performed with the question sets defined specifically for the sector, the relevant risk category of the investment in question is determined and action and monitoring plans suitable for this classification are created in cooperation with the investor. In case the investment is found to be high risk, these actions are monitored in cooperation with independent consultants. Yapı Kredi clearly defines the criteria and control definitions for the selection of independent consultants for investments, and includes these in the implementation processes of the ESRA System.

The investments assessed are classified into four categories according to their risk level: high (Category A), medium high (Category B+), medium low (Category B-) and low (Category C). The risk categories are briefly described below.

**In 2022, system automations required for monitoring the ESRA System on the bid screens were completed and implemented.**

# Responsible and Sustainable Finance

## Category A

Business activities that have an adverse environmental or social risk and/or impact that is diverse, irreversible or unforeseen, and of significant severity

## Category B+

Business activities that have a high number of adverse environmental or social risks and/or impacts that are generally localized to the project area, largely reversible and already subject to mitigation measures

## Category B-

Business activities that have a small number of adverse environmental or social risks and/or impacts that are generally localized to the project area, largely reversible and already subject to mitigation measures

## Category C

Business activities with minimal or no environmental or social risk and / or impact.

For more details of ESRA System please click [here](#).

Yapı Kredi reports the implementation results of the ESRA System every year and publishes the results as a part of this report after the relevant activity year is completed. The results are presented to the Sustainability Committee every year.

To this end, the Bank reports

- the number of projects evaluated under the system, the total credit limit allocated and the number of projects with the first loan disbursement, and
- the risk assessment distribution of the projects evaluated under the system.

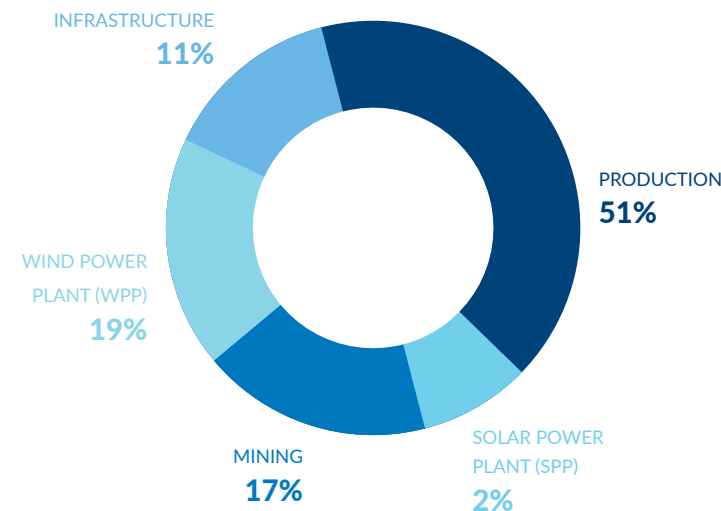
In 2022, 26 investments were evaluated under the ESRA System, and a total of USD 341.2 million credit limit was allocated to these investments as of December 2022.

The distribution of the projects evaluated under the ESRA System in 2022 by categories is as follows:

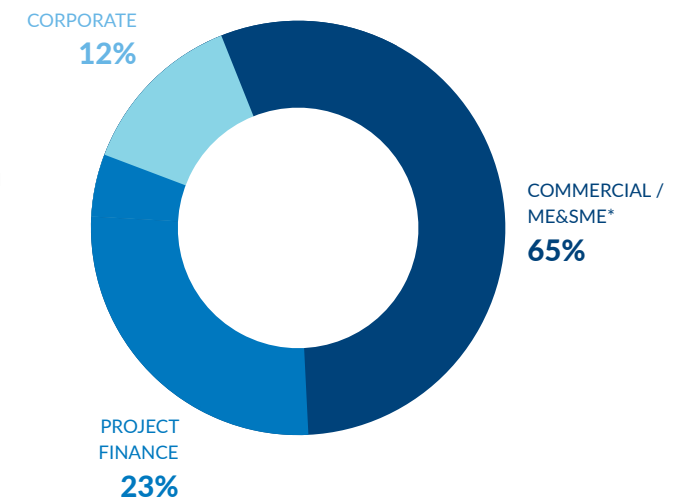
RISK CATEGORY	TOTAL INVESTMENTS ASSESSED
A	2
B+	1
B-	6
C	17

PROJECTS ASSESSED UNDER THE ESRA SYSTEM IN 2022		Assessed Investment (USD million)
Sectoral Breakdown		
Infrastructure		60.5
Mining		94.6
Production		282.5
Renewable Energy	Wind Power Plant (WPP)	106.9
	Solar Power Plant (SPP)	10.0
SUM TOTAL		554.5

SECTORAL BREAKDOWN OF PROJECTS ASSESSED UNDER THE ESRA SYSTEM (%)



SEGMENTAL BREAKDOWN OF PROJECTS ASSESSED UNDER THE ESRA SYSTEM (%)



\* There is one ME&SME investment.

# Responsible and Sustainable Finance

## SUSTAINABLE FINANCE

When evaluated together with the indirect effects generated by the financing provided to the business world, the finance sector has a quite wide field of activity. Thanks to its transformative power, the responsibilities of the sector in sustainability are also extremely important. Aware of its responsibilities, Yapı Kredi transparently defines and reports its impacts and targets, and gives priority to financing green and sustainable projects that the real sector needs. While taking responsibility for green and sustainable transformation, the Bank supports its customers in their transition to sustainable business models.

In this context, Yapı Kredi offers financial solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, and Nature-Friendly Auto Loans.

On the other hand, encouraging its customers to take action in sustainability, Yapı Kredi sets certain targets linked with the customers' sustainability performances independent of where the loan is planned to be used in sustainability-linked loans extended to corporate and commercial customers. Advantages are provided in loan conditions if these targets are achieved during the loan's term.

Yapı Kredi also participated in the equality mobilization in technology and innovation at the United Nations Women's Generation Equality Forum, where the Koç Group plays a transformative role. To this end, the Bank aims to reach a total of 20,000 women entrepreneurs in five years with an advantageous product and service package.

## Yapı Kredi launched the environmental and social risk assessment (ESRA) system under the sustainability management system established in 2017.

In addition to the products and services developed to support the sustainability journey of its customers, Yapı Kredi also assists its customers in their sustainability transformations with the communication activities carried out by the Bank. The Bank contributes to increasing the awareness and knowledge of its customers on sustainability through various communication channels, including live broadcast programs, webinars, podcast series, press interviews, news and publicly disclosed reports.

### YAPI KREDI ASSET MANAGEMENT SUSTAINABILITY FUNDS

#### Clean Energy Variable Fund

Having launched Yapı Kredi Asset Management Clean Energy Variable Fund as the first of the sustainability-themed funds, Yapı Kredi firmly maintains its support to energy efficiency, renewable energy and other low-carbon energy resources with its products and services. Investing in the capital market instruments issued domestically and abroad by companies operating in the capacity of producer, developer, distributor and founder in sustainable and alternative energy technologies, Yapı Kredi Asset Management Clean Energy Variable Fund targets to generate returns by investing in companies that might contribute to the transformation process in the global energy industry.

#### BIST Sustainability Index Stock Fund

With the Yapı Kredi Asset Management BIST Sustainability Index Stock Fund launched in 2022, Yapı Kredi Asset Management invests on partnership shares selected by sampling among the partnership shares under the BIST Sustainability Index, which is an index where at least 80% of the total fund value is continuously taken as basis and also invests on the stock exchange mutual fund participation shares which constantly invest on only the assets under the BIST Sustainability Index.

#### Electric Vehicles Variable Fund

Yapı Kredi Asset Management Electric Vehicles Variable Fund was launched in 2022. With this Fund, Yapı Kredi invests in capital market instruments issued domestically and abroad to companies active in electric vehicle production and / or in fields supporting electric vehicle production (such as spare parts production, vehicle technology production, battery production, mining, etc.).

#### Climate Change Solutions Variable Fund

The aim of the Yapı Kredi Asset Management Climate Change Solutions Variable Fund is to invest in the capital market instruments issued domestically and abroad of companies that offer solutions to climate change with technology and production alternatives in various sectors. With this fund, Yapı Kredi Asset Management invests in companies active in fields that can participate in the transformation process that may take place in the global energy sector in the upcoming period (companies that provide solutions with technology and production alternatives in sectors such as agriculture, electricity, heating, transportation, recycling, reuse and construction, and companies that provide services to these companies). Thus, the Bank aims to provide a reasonable level of return to the holders of participation shares through the investments made within the scope of the fund.

## Diversifying and expanding sustainable finance products is among the most important factors in the transition to a low carbon economy.

### NATURE-FRIENDLY MORTGAGE

Yapı Kredi launched the Nature-Friendly Mortgage product to raise awareness on energy savings. With Nature Friendly Mortgage, the Bank offers 50% exemption in the loan allocation fee just for residences with Class A and B Energy Identity Certificates.

### NATURE-FRIENDLY AUTO LOAN

Supporting its customers' sustainability journeys with the Nature-Friendly Auto Loan, Yapı Kredi also offers attractive interest rates for the financing of electric and hybrid vehicles, and 50% discount on the allocation fee.

### ROOFTOP SOLAR POWER SYSTEMS LEASING

Under an unprecedented collaboration with Arçelik Solar Energy, Yapı Kredi Leasing offered the consumers the possibility to purchase rooftop solar systems with up to 18 month installments. With the new financing model, customers can access green energy with the installment options determined by choosing the most suitable one from the eight packages offered, without the need for completing any procedure, in all kinds of structures such as houses, summer houses, offices, workplaces and gas stations. The financing model enables anyone who wants to switch to an eco-friendly rooftop solar energy system to access green energy on a turnkey basis.



# Environmental Impact

Environmental sustainability is one of the main responsibilities of banks in terms of sustainability. Yapı Kredi manages the environmental impact of its operational and lending activities as part of its Sustainability Management System (SMS) and reports it annually.

## YAPI KREDI ENVIRONMENTAL MANAGEMENT SYSTEM

To systematically manage its environmental impacts, Yapı Kredi received ISO 14001 certification for its head office buildings, Yapı Kredi Plaza Block D and Yapı Kredi Banking Base, and established the Environmental Management System (EMS) in 2016. Since 2018, the EMS has been expanded to the Bank's subsidiaries: Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts and Publishing (YKKSŞY), Yapı Kredi Asset Management, and Yapı Kredi Invest. As of 2022, the EMS certification covers Mutlukent Warehouse, Darıca Archive as well as all regional and service buildings and branches in Istanbul. In addition, the EMS certification was extended to Yapı Kredi Technology, its domestic subsidiary, and Yapı Kredi Azerbaijan and Yapı Kredi Netherlands, its foreign subsidiaries. The buildings where approximately 70% of the employees of the Bank and its domestic and international subsidiaries work are certified by ISO 14001 Environmental Management System.

At Yapı Kredi, the studies related to EMS are managed by the Environmental Management Team affiliated to the Technical Building Management. The responsibility of the EMS at the senior management level rests with the Executive Vice President of Human Resources Organization and Internal Services Management. Yapı Kredi aims to comply with EMS requirements at all stages of its banking activities, to inform its employees about the latest legal developments, and to raise awareness on

## In 2022, Scope 1 emissions were neutralized by purchasing the Gold Standard Carbon Neutral Certificate and Scope 2 emissions by IREC.

energy efficiency, climate change, water management and waste management. To this end, the Bank regularly provides trainings every year to develop environmentally-friendly behavior models both inside and outside the Bank.

## EFFECTIVE MANAGEMENT OF ENVIRONMENTAL PERFORMANCE

Yapı Kredi monitors its indirect and direct environmental performance with targets and improvements. The Bank has defined strategic targets in three categories, annual, 5-year and 10-year, covering greenhouse gas (GHG) emission reduction, energy efficiency, water efficiency, and waste management. Relevant targets are included in the performance evaluation processes of the teams that implement, manage and monitor the projects.

Performance evaluations against the determined targets are examined and evaluated within the framework of the results of internal audits conducted at least once a year and semi-annual management review meetings. The main purpose of the management review process is to evaluate the annual performance in line with the EMS objectives, to monitor the effectiveness of the system in practice and to ensure its continuous improvement. Review activities are supported by senior management.

In the reporting period, the Bank made investments, expenditures and donations amounting to approximately TL 36.6 million to protect the environment. In 2022, Yapı Kredi did not receive any administrative penalty due to non-compliance with the Environmental Law and regulations.

## CLIMATE CHANGE AND ENERGY MANAGEMENT

The climate crisis is a global agenda item that poses a high risk for many sectors, including the banking sector. The biggest impact of the banking sector on the environment emerges in projects financed through lending activities. Yapı Kredi manages its indirect environmental impact resulting from lending activities under the Environmental and Social Risk Assessment (ESRA) System and develops action plans when necessary.

Since 2011 Yapı Kredi has calculated Scope 1 and Scope 2 GHG emissions of its Head Office (Plaza D Block and Banking Base) and service buildings (Bayramoğlu Education Facilities, Yeniköy Koru and Darıca Archive) in line with the ISO 14064-1 Greenhouse Gas Emissions Reporting Standard and these emissions are verified by independent accredited institutions.

In 2022, the Bank calculated its GHG emissions to cover all its buildings, branches and subsidiaries (Yapı Kredi Azerbaijan, Yapı Kredi Netherlands, Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts and Publishing (YKKSŞY), and Yapı Kredi Technology), and renewed its ISO 14064-1 certificate. Yapı Kredi carries out improvement works to reduce GHG emissions with regular monitoring activities.

Yapı Kredi has been awarded the ISO 50001 Energy Management System Certificate for its Headquarters buildings (Plaza D Block and Banking Base), which is within its 2022 targets, and brought its energy management systems to international standards. Yapı Kredi will continue to work on reducing environmental impact, reducing costs and using resources effectively, with the ISO 50001 Energy Management System, which is based on the principle of determining energy policies, managing energy consumption and evaluating energy management performance and ensuring continuous improvements.

Yapı Kredi carries out projects to achieve energy efficiency in its operational activities and to use renewable energy sources while reducing the energy consumption arising from its operations. One of the most important of these projects is the "Rooftop Solar Power Plant (GES)" project, which was established in the Banking Base Headquarters Buildings. Another project was the replacement of natural gas boilers in the Plaza D Block facility with new generation energy efficient boilers and the conversion of LED lighting in the emergency exit halls and car park floors.

## Carbon Neutrality by 2050

Yapı Kredi applies shadow carbon pricing in the evaluation of renewable energy investments and renewable electricity purchase within the scope of its operational activities. In line with its goal of becoming carbon-neutral by 2050, Yapı Kredi sets Scope 1 and Scope 2 targets to reduce absolute carbon emissions. With an eye on these targets, the Bank gives priority to energy efficiency projects and the use of renewable energy.

# Environmental Impact

In addition to the emission reductions achieved by the projects in 2022, the Bank neutralized Scope 1 and 2 emissions by purchasing the Gold Standard Carbon Neutral Certificate for Scope 1 emissions and IREC (International Renewable Energy Certificate) for Scope 2 emissions. Although there is currently no carbon pricing system in Turkey, the shadow carbon price is regularly reviewed and updated to monitor the costs incurred in relation to these purchases. In addition, Yapı Kredi closely monitors possible regulations regarding the emission trading system and the studies that may form the basis of these regulations.

## Creating Sustainable Value with Syndicated Loans

In 2022, Yapı Kredi completed the syndicated loan transactions in line with its goal of ensuring sustainability and creating long-term sustainable value for all its stakeholders. The sustainability criteria determined within the scope of these loans include targets for increasing the Bank's electricity supply from renewable energy sources and improving the Environmental, Social, Governance (ESG) Risk Management rating.

In line with its targets of combating the global climate crisis and syndication loan, the Bank achieved approximately 35,862 tons of CO<sub>2</sub>e reduction by supplying the total 2022 electricity need from renewable energy sources of all service points (the Bank and its subsidiaries Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Culture and Arts and Publishing (YKKSŞY), Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Technology, Yapı Kredi Azerbaijan and Yapı Kredi Nederland). The targets for the installation of a Solar Power Plant on the roof of the Banking Base facility and commissioning the plant by the end of the year, and paper saving target were also successfully achieved by Yapı Kredi.

## In 2022, the Bank increased its rating to A- (Leadership) in the CDP Climate Change Program as a result of its annual reporting.

### CDP Climate Change Program Sector Leader

Since 2016, Yapı Kredi has been transparently sharing its strategy, performance and targets on climate change with its stakeholders as part of the CDP Climate Change Program. In 2022, the Bank increased its rating to A- in the CDP Climate Change Program as a result of its annual reporting. Thus, the Bank became one of the companies performing at the leadership level by scoring above the global financial sector average.

### Sustainable Branch Project

The Bank transformed the Yapı Kredi Bodrum Branch into a "Sustainable Branch" with the collaboration of Yapı Kredi Leasing and Arçelik. The sustainable branch, with solar panels installed on its roof, provides ~19% of its electricity consumption from renewable energy. Renewable energy produced in 2022 is 19% of branch consumption.

### Science Based Targets Initiative

In July 2021, Yapı Kredi joined the Business Ambition for 1.5°C platform of the Science Based Targets Initiative and pledged to set emissions reduction targets that will limit global warming to 1.5°C.

Accordingly, the Bank started working towards its target to reduce its Scope 1 and Scope 2 absolute carbon emissions by 76% and

100% by 2030 and 2035 respectively as compared with 2021 base year. In line with the environmental targets set for 2022, the Bank became carbon neutral by reducing its emissions by 100% by switching to technologies that generate lower carbon emissions to reduce emissions arising from its operational activities, launching energy efficiency projects and purchasing carbon credits for unavoidable emissions.

### WATER MANAGEMENT

Yapı Kredi closely monitors water consumption and implements various projects for its reduction. As the first financial institution in Turkey, the Bank received the ISO 14046 Direct Water Footprint Certificate for its Head Office and service buildings in 2019.

The Bank continued its efforts for efficient and effective management of water resources in 2022. In 2021, the project of using drinking water treatment units to supply ready-to-use and sufficient quality fresh water in the Headquarters Plaza D Block and Banking Base facilities was implemented. As a continuation of this project, purified water dispensers and under-the-counter water treatment systems provide drinking water in accordance with hygiene conditions in Plaza Block D, Yeniköy Kuru facility, Plaza Block A cafeteria, Yapı Kredi Invest, Yapı Kredi Asset Management and Yapı Kredi Culture and Arts. Another water efficiency project continued in Darıca Administration and Archive facilities. Under the project, well water, rain water and building drainage water are collected to be used in landscape irrigation. With the rainwater collection project implemented at the Banking Base, approximately 3,5 thousand m<sup>3</sup> of rainwater was used in garden irrigation in 2022. The project enables the use of rain water and well water for landscape irrigation instead of mains water.

## Yapı Kredi applies shadow carbon pricing in the evaluation of renewable energy investments and renewable electricity purchase within the scope of its operational activities.

### Expanding the Water Footprint Certificate

In 2022, Yapı Kredi expanded the ISO 14046 Water Footprint Certificate to all its branches in Istanbul, in addition to its five head office and service buildings. Thus, the Bank's effective management system for the efficient use of water resources and reduction of waste water was certified in line with international standards. Yapı Kredi plans to expand this certification in 2023 to all branches in the Marmara region and in locations where the number of branches is high, such as the provinces of Izmir and Ankara.

### CDP Water Security Program

Since 2018 Yapı Kredi has been reporting its strategy, performance and targets regarding water security and management as part of the CDP Water Program. The Bank was the proud recipient of the CDP Turkey Water Leader award in 2019, 2020 and 2021. The Bank continued its reporting activities in 2022, and received a B grade from the Water Security Program.

### WASTE MANAGEMENT

Yapı Kredi attaches great importance to natural resource management and develops programs and projects to generate less waste and to recycle the waste generated. Yapı Kredi has

# Environmental Impact

been carrying out the recycling project since 2008 to ensure and support the sustainability of natural resources. With the aim of minimizing wastes, the first principle is to prevent waste at its source, and the second principle is to reduce the amount of waste. To this end, packaging wastes are collected by sorting in the recycling boxes within the facility and sent for recycling.

Out-of-use electronic equipment in the Bank is evaluated, and if the equipment is suitable for reuse, it is donated as second-hand, thus reducing waste. Equipment that cannot be reused is evaluated as electronic waste and sent to licensed recycling facilities, and if it is not suitable for recycling, it is disposed of by authorized companies. Thus, electronic wastes can be used as raw materials by recycling and are prevented from harming the environment.

## Zero Waste Project

Under the Zero Waste Project launched in 2021, waste sorting was ensured in the Head Office buildings in accordance with the Zero Waste Regulation, and thus the Banking Base and Plaza Block D buildings were entitled to receive a Zero Waste Certificate. In 2022, Zero Waste Management was extended to all branches in Istanbul. With the “End the Use of Single-Use Plastics” project for waste reduction, the use of single-use plastics selected in the head office, service buildings, regional buildings and branches was terminated.

Yapı Kredi attaches great importance to the recycling of wastes arising from its operations with the right methods. To this end, a total of 1,312 tons of waste, including 100 tons of hazardous waste and approximately 1,212 tons of non-hazardous waste, was recovered and recycled in 2022.

## Green Office Program

The Green Office program aims to reduce the ecological footprint with viable resource management and awareness-raising activities in offices. The Green Office Environmental Management Program launched by WWF Turkey was incorporated into the environmental management system currently implemented in Yapı Kredi Head Office buildings. Thus, Yapı Kredi plans to realize the targets set by utilizing the Green Office action plan prepared by WWF Turkey and to receive the Green Office Certificate in 2023.

## Paperless Transactions and Digitalization

The paper use during many transactions is eliminated thanks to innovative investments and digital processes offered to both employees and customers at Yapı Kredi. Under the paperless transactions and digitalization efforts started in 2018, 471.5 million sheets of paper were saved in transactions made through all service channels in 2022, thus saving approximately 39,950 trees. In 2022, 177 million sheets of paper were saved in transactions made from branches, and approximately 15,130 trees were saved from being cut down.

## SUPPLY CHAIN ENVIRONMENTAL IMPACT MANAGEMENT

In addition to the management of the environmental impact of its operational activities, Yapı Kredi monitors the environmental impact of its customers and suppliers, which make up its value chain, as part of its Sustainability Management System (SMS).

With the Responsible Procurement Policy launched on December 21, 2016, the Bank gives priority, in its procurement processes, to suppliers that prefer efficient production methods that reduce GHG emissions, support the transition to a low-carbon economy,

and reduce the use of natural resources and waste generation. Yapı Kredi also encourages all its suppliers to comply with the Bank’s environmental, social and human rights criteria.

## AWARENESS AND TRAINING PROJECTS

Yapı Kredi pays attention to the contributions of all employees and individuals to improving environmental performance. The Bank believes in the importance of raising awareness and behavioral change in this regard. To this end, in 2022, the Bank provided 2,634 hours of environmental training to 4,825 Yapı Kredi employees and 154 hours to 231 subcontractor employees, on various topics including ISO 14001 Environmental Management System, climate change and water stress. Moreover, in 2022, awareness-raising materials and content on environment and sustainability were shared with employees and customers through the in-house portal, e-mail and social media. Awareness-raising communications and seminars were also held within the framework of the WWF Green Office Program, launched in 2022.

Since 2017, drills under the Environmental Emergency strategy have been held in the Head Office buildings, and employees have been informed about proactive methods that should be applied in case of possible environmental spills and environmental accidents.

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**Yapı Kredi ended the use of single-use plastics in its headquarters, service buildings, regional buildings and branches with the “Single-Use Plastics Exit Project” for waste reduction.**

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# Environmental Impact

## YAPI KREDİ'S ENVIRONMENTAL TARGETS

### SHORT-TERM ENVIRONMENTAL TARGETS FOR 2022

### COMPLETION STATUS\*

Ensuring the continuity of the certification in accordance with the ISO 14064-1 Greenhouse Gas Emissions Reporting Standard at all locations of the Bank	ISO 14064-1 Greenhouse Gas Emissions Reporting Standard certificate was renewed at all locations of the Bank.
Ensuring the continuity of the ISO 14001 Environmental Management System certification of the Head Office buildings and expanding the certificate to the branches located in Istanbul	The continuity of ISO 14001 Environmental Management System certification was ensured and the process of expanding the certificate to branches in located Istanbul was completed.
Ensuring the continuity of ISO 14046 Water Footprint certification in the Head Office and service buildings and expanding the certificate to the branches located in Istanbul	ISO 14046 Water Footprint certificate has been expanded to cover Istanbul locations.
Transition to Zero Waste System in Yapı Kredi Plaza Block D building, and expanding the certificate to branches located in Istanbul	Applications for the Zero Waste Certificate issued by the Provincial Directorate of Environment, Urbanization and Climate Change have been filed.
Supplying 100% of the Bank's electricity demand from renewable energy sources	100% of the Bank's electricity demand was supplied from renewable energy sources.
Neutralization of Scope 1 and Scope 2 emissions	Scope 1 and Scope 2 emissions are neutralized with IREC and Carbon Neutral certificates.
Establishment of a solar power plant (SPP) at the Banking Base	The SPP installation was completed in 2022.
Replacing the gas boiler in Plaza Block D	The gas boiler in the Plaza D Block building was replaced.
Ending the use of single-use plastic	The 2022 target for plastic use has been achieved.
Obtaining ISO 50001 Energy Management System certificate for head office buildings	The ISO 5001 Energy Management System certification process of Plaza Block D and Banking Base buildings has been completed.

\* ISO 14064 and ISO 14001 certifications were expanded to cover all subsidiaries, including Yapı Kredi Azerbaijan, Yapı Kredi Nederland and Yapı Kredi Technology.

## YAPI KREDİ'S ENVIRONMENTAL TARGETS

### SHORT-TERM ENVIRONMENTAL TARGETS FOR 2023

Ensuring the continuity of the certification in accordance with the ISO 14064-1 Greenhouse Gas Emissions Reporting Standard at all locations of the Bank

Ensuring the continuity of the ISO 14001 Environmental Management System certification of the Head Office buildings and the locations in Istanbul and expanding the certificate to all branches in the Marmara Region and in locations where the number of branches is high such as the provinces of Izmir and Ankara

Ensuring the continuity of ISO 14046 Direct Water Footprint certification of the Head Office buildings, service buildings and the branches in Istanbul and expanding the certificate to all branches in the Marmara Region and in locations where the number of branches is high such as the provinces of Izmir and Ankara

Ensuring the continuity of the Zero Waste System in the Head Office buildings, service buildings and the branches in Istanbul and setting up the Zero Waste System in all branches in the Marmara Region and in locations where the number of branches is high such as the provinces of Izmir and Ankara

Obtaining 100% of the Bank's electricity demand from renewable energy sources

Neutralization of Scope 1 and Scope 2 emissions

Ensuring the continuity of the ISO 50001 Energy Management System certification of the Head Office Buildings

# Contribution to the Society

Since its founding in 1944, Yapı Kredi has been carrying out activities and designing long-lived projects in line with its responsibility to add value to society. Acting with the belief that institutions that want to leave its mark on history should be beneficial not only to themselves but also to the society, Yapı Kredi aims to remove borders in many areas.

Yapı Kredi supports all its investments, from education to culture and arts, from environment to economic development, with innovative and sustainable social responsibility projects to generate permanent solutions to social problems. In order for all these projects to reach wide audiences, Yapı Kredi continued its efforts without slowing down in 2022, a year dominated by uncertainties around the world.

## CULTURE & ARTS PROJECTS

Endeavoring to contribute to the society in keeping with the value it attaches to culture and arts, Yapı Kredi sustains the support it has been extending to various artistic disciplines to date.

Yapı Kredi pays tribute to Afife Jale, the grand stage actress, with the Yapı Kredi Afife Theater Awards, an acclaimed event in the Turkish theater world, continuing to support all the people who contribute to theater since 1997. In its 25<sup>th</sup> year, Yapı Kredi Afife Theater Awards have become the most prestigious theater awards ceremony in Turkey.

Yapı Kredi Publications (YKY) is one of the most influential institutions in the Turkish publishing scene. Publishing its 6,110<sup>th</sup> title since its establishment, YKY published 1,205 titles in 2022, with 213 new titles, reaching a total printing volume of more than 6 million books. YKY plans to publish 200 new books in 2023.

## Established under the Yapı Kredi roof in 1984, Yapı Kredi Culture and Arts Publishing (YKKSYP) each year, continued to add colour to the world of culture and art in 2022.

Established under the Yapı Kredi roof in 1984, Yapı Kredi Culture Arts and Publishing (YKKSYP), continued to add colour to the world of culture and art in 2022.

The Yapı Kredi Culture and Arts building in Beyoğlu which has been the home of Yapı Kredi's cultural and artistic activities since 1964, brings art lovers together with exhibitions and events. Yapı Kredi Bomontiada, another important art venue in Istanbul, is frequented by art lovers for talks, concerts, exhibitions, and workshops.

Yapı Kredi owns important and rich art collections, gathered since early 1950s, which are preserved and exhibited in the Yapı Kredi Museum established in 1992.

In 2022, the Yapı Kredi Culture and Arts Exhibitions and Museum were visited by 50 thousand art lovers. YKKSYP organized about 110 online events on platforms such as YouTube and Instagram. The events are still online, reaching more and more people each day. These events can also be watched live on YKKSYP's social media platforms.

KoçSistem, Turkey's leading technology company, signed a new collaboration with Yapı Kredi Publications (YKY) as a part of its corporate social responsibility project Family Time in December

2020. YKY has been the "Book Partner" of the Family Time corporate social responsibility project launched by KoçSistem. The Mother Child Education Foundation (AÇEV) also participates in the project as the "Education Partner". As part of the cooperation between Koç Sistem and YKY, parents were invited to regain and reinstall the habit of reading to spend more quality family time and improve communication among the family members, especially as the pandemic led to an increase in the time spent before digital screens. Under this cooperation, AÇEV Mother and Father Support Programs provided trainings to parents on instilling reading habit and how to select books. Moreover, the project partners shared with parents attending trainings the books titled "Her Güne Bir Masal" (A Tale for Every Day) and "Her Güne bir Oyun" (A Game for Every Day) published by YKY to support 'screen-free' home activities.

In 2022, Yapı Kredi's support to cultural and artistic events, sponsorships and corporate social responsibility projects amounted to TL 11,9 million. The Bank's charitable donations and aids added up to TL 166,5 million for various causes in the reporting period.

Supporting culture and arts in line with its founding mission, Yapı Kredi will continue its activities in 2023.

Yapı Kredi Culture and Arts plans to organize a classical music concert series with stories for children aged 0-6 in early 2023, in cooperation with BabyConcerts. Moreover, in the first five months of the year, an annotated concert series is planned to be held, based on the classical Ottoman-Turkish music research book published by Yapı Kredi Publications and written by Cem Behar, who received the Sedat Simavi Award in Social Sciences this

year. This series, a part of the project "From Letters and Notes", carried out for five years at Yapı Kredi Culture and Arts, is a very special artwork that will attract the attention of a wide audience from students to amateurs, from composers to commentators, from listeners to writers. Yapı Kredi plans to celebrate the 100<sup>th</sup> anniversary of the Republic in 2023 with concerts, talks and theater plays. In addition, as part of Yapı Kredi Culture and Arts' contemporary art and archeology exhibitions, the Bank organizes conferences, video screenings, and performances and workshops.

Yapı Kredi Culture and Arts prepares an exhibition on archaeological researches carried out in the first years of the Republic of Turkey, to be presented at the museum from May 4 to November 1, 2023, within the scope of the activities planned for the 100<sup>th</sup> anniversary of the Republic. The exhibition will also be accompanied by an exhibition catalog to be published in two languages, Turkish and English. Striving to protect the historical and cultural heritage of Turkey, Yapı Kredi has intensified its efforts to support the ancient city of Aphrodisias and raise awareness on the city since the last quarter of 2007. For years, Yapı Kredi Private Banking has been supporting the excavations in Aphrodisias, the city of Goddess Aphrodite, as well as the work carried out by the Geyre Foundation to ensure that the ancient city, famous for its sculptures, takes its rightful place in the agenda of culture and arts and will be enjoyed by future generations.

## ACCESS TO FINANCE AND FINANCIAL INCLUSION

An advanced financial system and widespread availability of financial services are important factors for improving social welfare and reducing inequalities. Access to financial services plays a key role for sustainable economic growth. Sustainable financial

# Contribution to the Society

development will be possible only by making participation in the financial system available to, and accessible by, large populations.

The UN Sustainable Development Goals (SDGs) emphasize under a number of its goals the importance of financial accessibility for society, especially for women, farmers, SMEs, startups and youth, for sustainable growth and development. With its financial solutions, Yapı Kredi works with the aim of giving increased access to finance to all segments of the society and to offer products in line with their needs, thus eliminating borders.

## BARRIER-FREE BANKING

Yapı Kredi successfully continues the Barrier-Free Banking Program, which was launched in 2008 and is a first in the sector.

Barrier-free Yapı Kredi ATMs, specially designed for physically- and visually-impaired customers, provide service across Turkey and an online chat application is available for the hearing-impaired customers. At ATMs open to all customers, customers with disabilities can perform transactions free of charge, and are granted priority on their calls to the Customer Communication Center. Thus, the inclusion of disabled customers in the financial system is supported.

### Highlights Of Barrier-Free Banking

**Barrier-free ATM for the Visually-Impaired Persons:** Voice-commanded transactions for unsighted and visually-impaired persons.

**Barrier-free POS for the Visually-Impaired Persons:** Voice-commanded Barrier-free POS Devices introduced for the first time in the world by Yapı Kredi provide convenience to visually-impaired persons in credit card transactions.

## Yapı Kredi meets changing customer expectations in the digitalized world with innovative products and services.

**Text-to-Speech Technology for the Visually-Impaired Persons:** This special technology that converts text to speech allows visually-impaired customers to receive spoken information about instant changes in the markets.

**Barrier-free ATM for the Orthopedically-Impaired Persons:** The service grants orthopedically-impaired customers easier and modern access to banking services.

**Online Chat for the Hearing-Impaired Persons:** With online chat, lost/stolen card notification, card closure, new card request due to magnetic damage, credit card data update and similar transactions can be all performed without getting into contact with a branch or the call center.

Moreover, during video calls carried out for remote customer acquisitions, hearing-impaired customers are served in sign language.

With the cooperation between Yapı Kredi Publications (YKY) and Assistive Technology and Education Laboratory for Individuals with Visual Disabilities (GETEM), every book published by Yapı Kredi Publications is made available to the visually-impaired persons simultaneously with the readers under the project "No Barriers for My Country". Under the "Book Reading Project", the books read by Yapı Kredi employees were added to the online audiobook library accessible by visually-impaired persons.

You can visit Yapı Kredi Barrier-Free Banking microsite [here](#).

## FINANCIAL LITERACY

Yapı Kredi is focused on contributing to awareness, training and research activities and policymaking processes in order to improve financial literacy and financial awareness of individuals across the country. To this end, the Bank launches various projects through its services and collaborations with public and non-governmental organizations.

Yapı Kredi believes that financial literacy education, which is given at a young age, is extremely important and places this issue at the top in its social responsibility activities for young people. In this context, Yapı Kredi Young Branch Internship Program, which was launched in 2019 and moved online in 2020, continued in 2021 as well. Second and third year university students who applied as branch interns from different provinces of Turkey participated in the program. The program offers to the students various sectoral and personal development training programs and webinars. The training programs on basic financial analysis, general economy and markets, money management, basic financial concepts aim to boost financial literacy of young people and their awareness on this topic. Supporting the financial education of 910 students in 2021, Yapı Kredi Young Branch Internship Program reached 1,000 active students in 2022.

In 2022, Yapı Kredi Banking Academy developed a financial and digital literacy training program accessible by all customers. It is aimed to contribute to the financial health of all segments of the society and to support financial access through training programs that aim to increase the awareness and knowledge level of customers about budget management, the correct use of banking products, new generation technologies and payment methods.

## In 2022, Yapı Kredi Banking Academy developed a financial and digital literacy training program accessible by all customers.

Yapı Kredi is a corporate member of the Financial Literacy and Access Association (FODER). The Bank supports individuals receiving financial literacy training to be informed on management of household budget and payment of debt as well as how to benefit from various loan and investment products.

## SUPPORT TO EDUCATION

### I Read, I Play

Yapı Kredi, in cooperation with the Education Volunteers Foundation of Turkey (TEGV), has been carrying out the "I Read, I Play" project since 2006 in order to enable primary school children who do not have modern education opportunities to carry out extracurricular educational activities.

Under the project, 12,296 volunteers carry out activities at TEGV's event points across the country. As of the end of 2022, the project reached 338,042 children through face-to-face trainings. Due to the pandemic broke out in the first months of 2020, education programs under the project were moved to digital platforms, and the digital version of the "I Read, I Play" program was developed. From July 2020 to the end of 2022, the online I Read, I Play activities were offered to 4,381 children, with the number of volunteers reaching 483.

# Contribution to the Society

## Colorful Pens

Yapı Kredi has supported the “Colorful Pens” project, launched in 2014 in cooperation with TEGV. Colorful Pens is a newspaper project created by children as part of the I Read, Play Education Program. The project aims to reinforce the achievements of children, encourage children to read and think, and support the education of individuals who are conscious of media literacy.

With the Colorful Pens project, which is a communication activity within the scope of “I Read, Play”, children bring the news of the city they live in to the pages of the newspaper. The project enables children to learn about the journalism profession, and to develop their writing, reading and research skills by following the culture, art and sports news of the city they live in. Moreover, the project helps children develop their skills such as using Turkish effectively, responsibility, self-confidence and self-expression through activities. Within the scope of the “Colorful Pens” project, 764 children participated in activities together with 129 TEGV volunteers, publishing 52 local children’s newspapers. In 2022, Colored Pens activities continued with the participation of volunteers and children from learning units in Ankara, Gaziantep, İstanbul Ferit Aysan, İstanbul Kartal, Eskişehir, Hakkâri, Siirt Kurtalan, Giresun, Kocaeli, Bursa, Van Erciş, Erzincan, Batman, İzmir Eşrefpaşa ve Şirnak Cizre.

## Design and Skills Workshop:

The “Design Inventors Firefly”, which has been carried out with TEGV since 2018, aims to support children’s personal, social, emotional, cognitive and academic skills. The project also aims to raise individuals with high adaptability and learning skills in the ever-changing and developing global world while enabling children

## Within the scope of the “Colorful Pens” project, 764 children participated in activities together with 129 TEGV volunteers, publishing 52 local children’s newspapers.

to think outside the box. As of today, 9,653 children participated in the Design and Skills Workshop with the support of 605 volunteers.

## Role Model Teachers

After the “Science Migration to Anatolia” project, launched in cooperation with the Young Guru Academy (YGA), reached its goal, the second phase of the project started. In the second phase, role model teachers from every corner of Turkey joined the project to touch the lives of more children with science and to contribute to the development of society.

Receiving training under the project, role model teachers share the science kits prepared by YGA graduates with the students in their schools. During the project, Yapı Kredi Volunteers throughout Turkey actively support the project.

## Yapı Kredi Vocational and Technical Anatolian High School

Yapı Kredi Vocational and Technical Anatolian High School is one of the main education projects Yapı Kredi supports. Founded in the 2008-2009 academic year, the school is located in Çayırova, Kocaeli. Enrolling girl students only, the high school had its first graduates in 2012. Today, roughly 600 students study in Child Development and Education, Graphics and Photography,

Information Technologies, Food and Beverage Services and Office Management departments. In 2012, Yapı Kredi started to grant scholarships to further support students. In 2022, achievement scholarships were granted to 20 students studying at Yapı Kredi Vocational and Technical Anatolian High School.

## For My Country Fund

Koç For My Country Fund (Yapı Kredi Asset Management Third Variable Fund) creates income opportunities for its investors thanks to its structure that adapts to changing market conditions. With this mutual fund, added by Yapı Kredi to its wide product range in parallel with the increasing awareness on social responsibility, investors sensitive in social responsibility issues can donate to social responsibility projects without making any additional payments by only making use of their savings.

## Anatolian Scholars

Yapı Kredi continued to support students under the Anatolian Scholars Program launched in 2011 by Koç University. Increasing its support in 2022, the program continued with 16 scholars.

## Yapı Kredi Economics Research Chair

Yapı Kredi founded the Yapı Kredi Economics Research Chair at Koç University to remove the barriers between the economy and finance sector and universities.

Yapı Kredi Economics Research Chair aims to contribute to the sustainable development of Turkey by creating a common working ground for academics in economics and finance and representatives of the private sector. The head of the chair is Prof.

## In 2022, Yapı Kredi has committed to reaching 80,000 women aged 18-27 in five years to increase their technological knowledge, skills and competencies.

Dr. Selva Demiralp, Faculty Member at Koç University Faculty of Economics and Administrative Sciences.

## Yapı Kredi Afife Theater Awards Scholarship

Enabling Turkish theater to flourish with the efforts of young people, Yapı Kredi Afife Theater Awards granted scholarships to 16 students from different cities of Turkey, who studied theater studies and who want to pursue a graduate degree in theater studies, through the scholarship fund created by Yapı Kredi at the Turkish Education Foundation. The scholarship fund created in cooperation with the Turkish Education Foundation aims to contribute to the education of successful young people who need financial support.

## Yapı Kredi Private Banking Art Scholarship

Established in collaboration with the Turkish Education Foundation (TEV), Yapı Kredi Private Banking Art Scholarship Fund aims to make contributions to the “Superior Achievement Art Scholarship” and “Higher Education Art Scholarship” programs to support the young talents studying in arts. At the start of each academic year, students attending the conservatory and schools of fine arts of universities can apply for the scholarship. Students who successfully pass the assessment qualify for scholarship. Students

# Contribution to the Society

studying at the piano, harp, guitar, strings, wind and percussion instruments, painting, sculpting, graphics, and calligraphy departments can apply for Yapı Kredi Private Banking Art Scholarship Fund.

With the Yapı Kredi Private Banking Art Scholarship Fund launched in 2021 in cooperation with the Turkish Education Foundation, Yapı Kredi support arts and talented young artists who continue their education. The successful cooperation continued in 2022. Throughout the year, meetings were organized with students to increase interaction, and opportunities were provided for students to take part in Bomonti World Acoustic concerts with a focus on increasing the awareness of the fund. Moreover, the content generated was used in image making studies and in advertising activities.

## PUBLICATIONS TO RISE SUSTAINABILITY AWARENESS

Yapı Kredi actively and effectively uses all communication channels to create a common awareness regarding sustainability. Promoting a responsible behavior with the leading credit card brand of Turkey, World, the Bank invites consumers to simplify their lives, start savings and shop smart with the "As Simple as the World" project instead of encouraging them to spend more. Thus, the Bank invites individuals to take steps to prevent waste and make savings in all areas of life. Yapı Kredi's podcast channel "Let's Talk Sustainability" shares sustainability tips from life with a dynamic and easy-to-understand style of narration.

In the "Sustainability Talks" series, broadcast live on Yapı Kredi's YouTube channel and Facebook page, two programs focusing on the impact of sustainability on the business world is broadcast every month, where success stories and good practice examples

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**16 students from different cities of Turkey, who studied theater studies and who want to pursue a graduate degree in theater studies granted, through the scholarship fund created by Yapı Kredi at the Turkish Education Foundation.**

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are shared with the audience. The importance of sustainability and the transformation created by sustainable development are brought under the spotlight with guests who are experts in their fields. Live programs can also be accessed on Yapı Kredi's "Let's Talk Sustainability" podcast channel.

## EQUALITY IN TECHNOLOGY AND INNOVATION

In line with the global leadership of Koç Group in the United Nations Women's Generation Equality Forum, Koç Group companies participated in the equality mobilization in technology and innovation. In 2022, Yapı Kredi, as being one of the group companies, has committed to reaching 80,000 women aged 18-27 in five years to increase their technological knowledge, skills and competencies. In 2023, the Bank will start to offer trainings for the target group under the commitment.

## SUPPORT TO FRIENDS WITH PAWS

Yapı Kredi meets the food, drink, shelter and health needs of cats and dogs at two shelters established at the Banking Base. Veterinary services are provided for the health and care needs of friends with paws in shelters. There are full-time employees for the care of cats and dogs, and the needs of paw friends are regularly shared with the Bank by the relevant employees. It is planned

to establish new cat and dog houses in 2023. In addition, during 2022, excess food from the Yapı Kredi Banking Base cafeteria was used to feed stray animals.

## YAPI KREDI VOLUNTEERS

Yapı Kredi Volunteers are goodwill ambassadors who want to add value to society, are sensitive to what is happening around them, look for and use opportunities to make a difference, and bring their spirit, expertise and skills wherever they go. Volunteers aim to make the world a better and more sustainable place and add value to society by not limiting the scope of their work to the people they can reach.

Yapı Kredi Volunteers was established with the aim of creating an easy, transparent and secure way for employees to be informed of all projects carried out with NGOs, to participate in existing projects and to create their own projects. Yapı Kredi carries out activities to make volunteering a corporate culture by increasing awareness of volunteering among Yapı Kredi employees and by promoting teamwork.

In 2022, Yapı Kredi Volunteers organized 137 projects for regions and people in need of aid with the participation of 2,268. Various communication channels are used effectively to enable more people to have their voices heard, while supporting social development in many areas through volunteering projects.

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**In 2022, Yapı Kredi Volunteers organized 137 projects for regions and people in need of aid with the participation of 2,268.**

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*Our ability to create innovation, it is the most important part of our competitive strength.*

*Innovation*

We believe in **continuous** improvement.

*We constantly revive and develop ourselves, our business, our business processes.*

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# Banking Activities

## IMPACTFUL PRODUCTS AND SERVICES

### Retail Banking

The Retail Banking business line encompasses Payment Systems, Individual Banking, Business and Agricultural Banking, Private Banking and Wealth Management, and Bancassurance Management.

#### [Breakdown by Business Units Retail Banking business line](#)

Loans  
**41%**

Deposits  
**59%**

### Commercial and SME Banking

Commercial Banking serves companies with an annual turnover between TL 60-1.000 million, whereas SME Banking serves companies with an annual turnover between TL 3 million and TL 60 million.

#### [Commercial and SME](#)

Loans  
**35%**

Deposits  
**26%**

### Corporate Banking

Corporate Banking serves companies with an annual turnover of TL 1 billion and higher.

#### [Corporate](#)

Loans  
**24%**

Deposits  
**15%**

The Bank's segmentation criteria were modified effective 1 January 2022, under which companies with an annual turnover between TL 3-60 million started to be serviced in the SME Banking segment, and companies with an annual turnover between TL 60 million and TL 1 billion started to be serviced in the Commercial Banking segment.

Effective 1 January 2023, companies with an annual turnover above TL 2 billion started to be serviced in the Corporate Banking segment.

# Retail Banking

## PROFILE

Number of Branches 736

SECTOR POSITIONING	MARKET SHARE (SECTOR)	MARKET SHARE (PRIVATE BANKS)
Consumer Loans	10.6%	17.9%
General Purpose Loans	13.2%	17.7%
Mortgages	4.08%	14.6%
Auto Loans	20.3%	35.9%

## INDIVIDUAL BANKING

In 2022, Yapı Kredi continued to grow in terms of revenue and active customers in the Retail Banking business line.

The Bank continued to make investments in line with its approach of providing high quality and unlimited service through all its channels, and also maintained its strong position in the sector by offering a wide range of products and services to its customers in the Retail Banking business line with its Individual, Individual Portfolio and Blue Class sub-segments.

Under the service model created with a high customer satisfaction strategy, the focus was on effective portfolio management, and increasing loyalty of all customers and deepening relations with them.

In 2022, Yapı Kredi achieved an increase of 208% in the number of Retired Banking customers, one of its strategic targets, thus enjoying a market share of 12%.

## Growth Strategy Focused on Digitalization

In line with its strategy of digitalization of sales processes and customer experience, Yapı Kredi continued its investments in 2022 to ensure the continuous development of products and services in digital channels.

In 2022, the number of active digital customers increased by 28% and the number of active mobile customers by 29% such that 89% of active retail banking customers now use digital channels. Moreover, 60% of financial transactions were carried out using the digital channels except for ATMs. On the other hand, 86% of cash transactions were carried out using the widespread ATM network throughout Turkey.

## Digital Customer Acquisition Reaching 41% of Total New Customer Acquisition!

Yapı Kredi continues to improve and update its onboarding service via Yapı Kredi Mobile launched at the end of 2018 in line with the needs of its customers and the priority targets of the bank. In 2022, products started to be offered to customers during the onboarding via Yapı Kredi Mobile, enabling customers to be a Yapı Kredi customer and buy the products they need in a single process. As a result of all these improvements, the Bank acquires 41% of new customers through digital channels.

## Individual Deposit Performance

Yapı Kredi maintained its steady growth in deposits in 2022. On the demand deposit side among private banks, the rapid growth in both TL and foreign currency deposit volumes continued. Among private banks, Yapı Kredi achieved a market share of 19.9% in TL demand deposits with an annual increase of 168 basis points, and

# Retail Banking

14.4% in foreign currency demand deposits with an increase of 129 basis points, thus making a positive contribution to funding costs. The Bank also continued its strong growth in TL time deposits among private banks, reaching a 13.8% market share with an annual increase of 191 basis points.

In 2022, the number of Yapı Kredi branches holding Gold Days events increased to 18. Currently, Gold Days are organized every day in eight branches in Istanbul, 10 branches outside Istanbul where scrap gold is collected.

One of the important developments of this period was the start of gold collection services by contracted jewelers as of October. Thus, physical gold valued by contracted and authorized jewelers can be transferred to the Gold Demand Deposit Account in grams. With the products "Currency Protected TL Time Deposits", "Currency Conversion Currency Protected TL Time Deposits" and "YUVAM TL Time Deposits" launched at the end of 2021, the Bank enjoyed strong growth while customers have found the opportunity to earn a high rate of return from their TL deposits and protect them against changes in exchange rates.

## Market Share Growth in General Purpose Loans

One of the main products Yapı Kredi focuses on is general purpose loans extended for various needs of customers.

Throughout the year, increase in customers' income led to the improvement of their ability to pay while customers started to spend more due to price hikes. As a result, average loan amounts in 2022 increased by 44% compared to 2021. In 2022, the loan volume grew by 59% compared to the previous year, which in turn increased Yapı Kredi's market share among private banks to 17.7% by the end of 2022.

## On the demand deposit side among private banks, the rapid growth in both TL and foreign currency deposit volumes continued. Among private banks, Yapı Kredi achieved a market share of 19.9% in TL demand deposits, and 14.4% in foreign currency demand deposits.

Individual banking customers continued to prefer digital channels for their instant product needs. The extension rate of general purpose loans through digital channels reached 80%.

One practice contributing to customer satisfaction is online shopping loans, offered as a payment option on the online platforms of sectors affected by credit card installment limitations. Almost all of the major e-commerce sites operating in Turkey actively offer online shopping loan products. Yapı Kredi has contracts with 16 companies in this segment.

In addition, to support customers whenever they need, the Bank launched Cash Loan at Share Sale and World PAY Shopping Loan products in 2022. Thus, customers can meet their cash needs without waiting for the settlement period after placing a share sale order, and while shopping, customers can pay for their purchases at Yapı Kredi Merchants in the store, and the transaction initiated by the store employee via the POS device in installments via Yapı Kredi Mobile or World Mobile applications, without the need for a credit card or limit. Launched in October, the world's most widespread Buy Now, Pay Later program enables customers to use shopping loans at approximately 325,000 points. During the launch, customers

were offered a special interest rate of 0% for the first use for loans up to TL 10,000 with payment options up to 6 months. Yapı Kredi continues to create special campaigns for companies.

## Developments in Mortgages

2022 was a successful year for Yapı Kredi in mortgages with custom-tailored products offered via call center, branches and "Loan Now" channels. The Bank continues to collaborate with corporate real estate firms and construction companies to offer mortgages for housing projects.

Due to the periodic focus of public banks on mortgages and the new regulations regarding the interest rates, which were implemented during the year specifically for mortgages, private banks outstanding volume remained stable in 2022 while Yapı Kredi gained a market share of 14.6% among private banks.

In order to increase the number of houses with high energy efficiency and raise environmental awareness in Turkey, the Bank focuses on houses with Class A and B Energy Performance Certificates, offering a special Eco-Friendly Mortgage product for such houses. Yapı Kredi applies more flexible downpayment terms and reduces loan allocation fee depending on the energy class of the house to be purchased. In 2022, the mortgage processes were redesigned and the documents required to be submitted by the customer during the disbursement phase were converted to digital approval to the extent permitted by the legislation. Thus, the number of signatures and of printed documents/pages was reduced, providing both customer satisfaction and savings in paper. In the upcoming period, Yapı Kredi aims to focus on customer-oriented lending processes by offering digital solutions instead of traditional loan processes.

## Yapı Kredi displayed an amazing performance in auto loans in 2022, becoming the market leader in the entire sector, including public banks.

### Strong Performance in Auto Loans

Yapı Kredi displayed an amazing performance in auto loans in 2022, becoming the market leader in the entire sector, including public banks. The Bank improved the quality of the auto loan services offered to retail and commercial customers at dealerships and branches thanks to a wide and effective dealer network, and campaigns with attractive payment terms suitable for customer needs.

Although supply-related production problems in the automotive sector persisted throughout 2022, the total volume of auto loans of private banks increased by nearly three times due to the high demand.

Established in collaboration with Ford in 2008, the Ford Finance program enjoyed a successful year in 2022, as well. In addition, Yapı Kredi concluded a central agreement with Hyundai and Fiat, the acclaimed brands of the sector, and organized campaigns under the business partnership. The Bank also focused on second-hand markets, expanding its network of contracted dealers and increasing the number of customer contact points by 36%.

Thus, Yapı Kredi's growth rate exceeded the already-successful growth of the auto loans sector, quadrupling its balance and claiming the first place in the market with a 35.9% share. The Bank will focus on digitalization and new collaborations in the coming period.

# Retail Banking

## Installment Payment System for Schools (TEST)

Just like many other segments, Yapı Kredi is also a pioneer in the school payments segment. Customers can apply for the limited loan product, the Installment Payment System for Schools (TEST), facilitating the school payments of parents at Yapı Kredi Mobile and Customer Communication Center channels in addition to Yapı Kredi branches. The Bank offers TEST as a payment option to parents at 357 schools.

Yapı Kredi will expand the number of contracted schools with the field staff focused on new school acquisition.

In 2022, the Bank enjoyed an increase of 71% in the TEST limit assigned.

## Bancassurance

Yapı Kredi is a leading and innovative player in bancassurance. While maintaining its leadership in health insurance with a market share of 34.9%, the Bank completed 2022 as the leader in life insurance with a market share of 17.4%. Moreover, Yapı Kredi has a market share of 6.5% in non-life insurance and 17.5% in private pensions through the pension company for which the Bank mediates sales.

In 2022, Yapı Kredi offered innovative bancassurance products through digital channels. Customers welcomed PPS (Private Pension System) and PPS for Under 18s products entirely offered in digital channels, and in only six months, more than 20,000 customers entered the Private Pension System through Yapı Kredi Mobile. A new product, "PPS for Your Loved Ones", was introduced under the Private Pension System, enabling customers to pay additional premiums as gifts to their relatives.

**While maintaining its leadership in health insurance with a market share of 34.9%, Yapı Kredi completed 2022 as the leader in life insurance with a market share of 17.4%.**

Via the mobile application, Yapı Kredi launched another first in Turkey and in the sector, the "Start/Stop Safe Home Insurance", where customers can pay as much as they use and can stop and start whenever they wish. In addition to these innovations, selected insurance policies purchased from any channel of the Bank can be renewed and policy-related transactions can be completed via Yapı Kredi Mobile.

Yapı Kredi continues to prioritize digital actions to deliver bancassurance products and services to customers in the fastest and easiest way.

## OUTLOOK

In the coming period, Yapı Kredi aims to

- Maintain its stable growth in deposits to boost its growth in market share and to implement its broad-based deposit strategy, develop advantageous deposit products by always providing easy and hassle-free banking services to its customers,
- Focus on deepening relations with customers by meeting customer needs and maintaining the customer-based growth strategy, Increase profitability by focusing on deepening relations with the customers of Salary and Pension Banking, an ever-growing segment,
- Maintain and improve customer satisfaction by fully meeting the banking needs of customers from all channels in line with its uninterrupted service approach,
- Facilitate the lives of customers in the financial world and to enable them to quickly perform the transactions they want with the Open Banking service, one of the important steps of digital transformation, which takes into account the financial needs of customers and will set the stage for a new era for banking, Better meet the expectations of customers by offering smart products and services in line with the legal regulations expected to be implemented in the upcoming period, and
- Increase the number of active digital and mobile users in 2023 by launching customer-oriented projects under its digitalization strategy.

**Yapı Kredi aims to increase the number of active digital and mobile users in 2023 by launching customer-oriented projects under its digitalization strategy.**

# Business Banking

## PROFILE

Number of Branches	698
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## HOLISTIC APPROACH TO INDIVIDUAL AND COMMERCIAL ACTIVITIES

Yapı Kredi Business Banking adopts an integrated approach while offering services to its customers. The individual and commercial activities of the customers are handled simultaneously, and the customers are served by specially appointed Business Portfolio Managers depending on their financial needs.

In 2022 we continued to approve the product sales documents of banking transactions via digital and mobile channels. Moreover, a larger range of digital sales documents were introduced by adding new products and functions to the corporate mobile approval application.

### Effective Service for Yapı Kredi Mobile Business Banking Customers

Yapı Kredi Mobile enables tradespeople and individual businesses to access both individual and commercial products on digital channels, allowing easy transition between individual and corporate users without the need for a password. With this system called Easy Transition, customers are provided with an effective service in digital channels.

Through the digitalization projects, the number of business banking customers using digital channels increased by 37%. Our teams continue to develop new features to help the customers doing business complete their transactions with mobile approval via Yapı Kredi Mobile without visiting a branch. As of the end of 2022, 86% of customer transactions were carried out remotely with mobile confirmation.

## Yapı Kredi Providing Support to Customers

Since its foundation Yapı Kredi has stood by its customers in line with its customer-focused approach.

The Bank participated in the Treasury-Backed Credit Guarantee Fund loan programs to support customers in need of financing for their expenses such as salary and rent payments, raw material purchases, and check payments. Through the programs, the Bank provided necessary financing to businesses. The volume of loans extended to Business Banking customers grew by 46.8% compared to 2021.

Special campaigns were also offered to support tradespeople. Thus, tradespeople benefited from advantageous POS pricing and commercial credit card advantages as well as opportunities in cash loans.

Yapı Kredi focused on developing processes such as digital/mobile approval that would further support customers in their digitalization journey while reducing contact. As a result, our customers can now enjoy a simplified process to use products with mobile approval such as salary payment protocols, commercial loan installment plans, merchant and corporate credit cards.

While digitalization of services gained pace, the Bank worked on ensuring the completion of transactions with digital and mobile approval. Launched in 2021, the "POS Cepte" (Mobile POS) application was enhanced to offer businesses the convenience of receiving contactless payments. The "WorldPAY" feature offers the opportunity to instantly become a Yapı Kredi customer in a store. In addition, the World PAY Shopping Loan supports the turnover of Business Banking Merchant customers.

Yapı Kredi's special campaigns for women entrepreneurs continued, with the SME Financing Support Program, women entrepreneur loan,

and Yapı Kredi's 50% discount on loan fees for women entrepreneurs. In 2022, special campaign packages for tradespeople were offered to customers. The 'Women Entrepreneur Support Package' was also launched to facilitate the access of women entrepreneurs to financing.

## Stronger Deposit Base

In line with the strategy of strengthening and expanding the deposit base, Yapı Kredi continued to prioritize improving performance in deposit products in 2022. The demand deposit volume of Business Banking customers increased by 100% compared to the previous year. Business Banking will continue to expand the deposit base by focusing on the needs of customers, gaining new customers and offering a diversified portfolio of products.

## Solutions for businesses to enable access to Digital World

In 2022, the presence of businesses in the digital world gained more importance with the increased focus in e-commerce. Yapı Kredi continued to offer solutions to help businesses increase their presence in the digital world through collaborations with companies active in e-commerce, e-document solutions and website installation services.

## AGRICULTURAL BANKING

Agricultural Banking offers products and services to support producers for crop and animal production. Yapı Kredi offers the Productive Card, which can be used by producers in purchasing agricultural inputs. The Productive Card enables customers to make interest-free transactions at merchants participating in the campaign with payment opportunities at harvest.

For the Productive Cards, producers are offered the most advantageous and longest-term statement discount campaigns in the sector. Moreover, by providing farmers with the opportunity

to pay their electricity bills in installments of up to three months without interest, many electricity distribution companies have become productive merchants.

Thanks to the Agricultural Value Chain, the payments of the parent companies and producers can be made through the Bank, thus allowing the producers to manage their cash flows with a wide range of products. Under the Agricultural Value Chain, preapproved productive cards were offered to producers who received their payments from the Bank.

Loan finance support was provided to the producers by securing the Electronic Produce Certificates, issued in return for the delivery of agricultural produce to the licensed warehouses throughout Turkey that joined the program.

Under the "Planting Seeds for Sustainability" project, Yapı Kredi met with women farmers in four regions, providing trainings on agricultural literacy and cost reduction methods in agricultural production.

## OUTLOOK

In 2023 Yapı Kredi Business Banking aims to:

- Focus on broad-based income distribution,
- Continue to invest in digital banking channels to providing transaction-facilitating solutions to its customers,
- Ensure healthy and sustainable growth in loans through effective risk management,
- Contribute effectively to sustainability policies,
- Increase the cross-selling rate with core banking products to become the favorite bank of in terms of cash flow and product diversity, and
- Support the entrepreneurial ecosystem and increase the participation of women in business life.

# Payment Systems

PROFILE	2022
Number of Credit Cards, including Virtual Cards	15.1 million
Number of Debit Cards	17.3 million
Number of Merchants	897.4 thousand

SECTOR POSITIONING	MARKET SHARE (SECTOR)	MARKET SHARE (PRIVATE BANKS)
Credit Card Outstanding*	16.9%	22.6%
Credit Card Issuer	16.1%	21.3%
Commercial Credit Card Outstanding*	14.8%	23.7%
POS Acquirer**	17.2%	23.8%
Number of Credit Cards	15.2%	21.1%
Debit Card Issuer***	11.2%	18.2%

\* Sectoral and private bank market shares are calculated based on the BRSA weekly data as of 30 December 2022. Sector data consists of deposit, development and investment banks, while private banks data are compiled from deposit/domestic private and deposit/foreign bank data.

\*\* Includes credit card acquirer POS and ATM transactions.

\*\*\* Includes debit card issuer POS transactions.

## THE UNDISPUTED LEADER SINCE 1991: WORLD

Yapı Kredi, with its main credit card brand World, has been the leader in the Turkey in card payment systems since 1991. The Bank owes this strong position to its focus on innovation, going beyond customer expectations and pioneering the card payment systems sector.

In 2021, Yapı Kredi celebrated an important milestone: World's 30th anniversary. In three decades, the Bank became the architect and creator of the credit card market in Turkey while offering innovative products and solutions for the global credit card sector.

In 2022, Yapı Kredi maintained its pioneering approach in Payment Systems, consolidating its leadership in the sector with 15.1 million credit cards.

According to the 2021 Nilson Report published in December 2022, Yapı Kredi is the leader in credit card outstanding volume in both Turkey and Continental Europe.

Despite intense competition and challenging market conditions in 2022, Yapı Kredi maintained its long-standing leadership in credit card total outstanding volume, achieving a strong growth in profitability.

Throughout the year, the Bank focused on acquiring new customers, deepening customer relations and increasing cross-selling. Yapı Kredi also maintained its disciplined approach to installment payments and credit card loyalty points.

Repeating its success in 2021, Yapı Kredi was the bank with the highest growth rate among private banks in terms of active debit cards in 2022.

## YAPI KREDI PAYMENT SYSTEMS CONTINUES TO OFFER INNOVATIVE SOLUTIONS

Yapı Kredi developed various innovative, customer-focused projects in addition to its current efforts to strengthen its position in the sector and to further improve customer satisfaction. These projects are summarized below:

New approaches to data analysis continued to be implemented to better define the card usage habits of cardholders and to design personalized and more effective offers.

As the pioneer of digital banking in Turkey, the Bank created the "Digital Slip" and "My Tracked Expenses" functions to take the customer experience to new heights in 2022. The digital slip technology enables customers to quickly access the slips of their card expenditures while with the My Tracked Expenses option customers can group and save their expenses with the digital slip as they prefer. Customers can quickly view the details of the expenditures in the groups they create. Moreover, they can set reminders for any expenditure to easily follow up the corresponding return and warranty periods.

## In 2022, Yapı Kredi maintained its pioneering approach in Payment Systems.

Relaunched in 2019 as Yapı Kredi Wallet's new user-friendly interface, World Mobile continued to expand its active user base in 2022. In 2022, the "Vadaa Chance" competition blending knowledge and luck was added to World Mobile in 2022. The competition is open to everyone, even if they are not a Yapı Kredi customer, to win Worldpoints and have fun. Moreover, with a new addition in 2022, customers can now apply for additional card via World Mobile.

On the other hand, the Augmented Reality technology allows customers to view their card information easily and safely without entering a password, by scanning their credit, debit and prepaid cards with the camera. Leading the digital transformation of card payment systems, Yapı Kredi continues to offer all digital payment solutions under the roof of World PAY through various functions such as Payment with QR Code at POS and on the Internet, Mobile Payment and In-Car Payment while providing its customers with the option to make contactless payment with their mobile devices. In addition, with the inclusion of Physical and E-Commerce Shopping Loan functions, World PAY's digital payment solutions are now richer than ever. Thus, World PAY now offers diverse payment options such as credit card, debit card, prepaid card and account as well as through a shopping loan.

# Payment Systems

With World PAY Shopping Loan, Yapı Kredi customers can use a paperless and unsigned shopping loan while shopping, without visiting a branch, just by scanning the QR code generated on Yapı Kredi POS via the payment step in Yapı Kredi Mobile or World Mobil applications. Users, who are not yet Yapı Kredi customers, can instantly become Yapı Kredi customers and benefit from this service by scanning a QR code via POS in the merchant. With the World PAY Shopping Loan available at more than 400,000 points, Turkey's most extensive "Buy Now, Pay Later" function is offered to customers.

Offering convenient and fast customer experience on credit card purchases, Yapı Kredi maintained its leadership in the number of contactless card transactions thanks to the contactless payment feature that decreases the time spent at payment and increases shopping circulation at merchants. Almost all World credit cards and more than half of debit cards have contactless feature. In 2022, the number of contactless transactions increased 1.6 times while the transaction volume grew approximately three times due to the increase in card limits. Increasing the contactless transaction limit without a passcode to TL 750 also had a positive effect on the transaction volume.

Yapı Kredi continued to organize communication activities and campaigns in 2022 to promote the use of contactless cards in transportation. As a result of expansion activities, contactless cards can now be used in 27 provinces of Turkey for transportation. Customers can also use Yapı Kredi Mobile to top up their Istanbulkart, used for transportation in Istanbul, and to give an automatic top-up order.

Focusing on improving its customers' online shopping experience in 2022, Yapı Kredi increased the share of online shopping in total shopping compared to 2021.

## In 2022, the number of contactless transactions increased 1.6 times while the transaction volume grew approximately three times due to the increase in card limits.

Customers who apply for a credit card are now able to start shopping via using their digital cards, without waiting for the delivery of their plastic cards. After the approval of their card applications, Yapı Kredi customers can instantly access their digital cards and define shopping limits via World Mobile, Yapı Kredi Mobile and Internet Branch, and start using their digital cards within the limits in online shopping and on POS devices with a QR code.

In 2022, Yapı Kredi focused on profitable and effective growth in commercial card holders, which resulted in gains in commercial cards. In addition to the gains in branches and self-service channels, the Direct Sales team started to sell commercial cards with tablets. In 2022, Yapı Kredi became the bank with the highest growth rate in the number of commercial card customers among private banks.

### FACILITIES AND SERVICES FOR THE PANDEMIC

The growing demand for contactless payments in 2022 and the increase in contactless card spending limit to TL 750 make shopping easy for Yapı Kredi customers, who made two out of three physical purchases contactless.

Remote access shopping trend also showed an increase in 2022. To this end, the campaigns offered on World Mobile were tailored to customer needs to be valid in physical stores and e-commerce.

Payment with QR Code at POS, E-Commerce Payments, Mobile Payment and In-Car Payment solutions offered by World PAY were preferred more by customers in 2022, leading to an increase in transaction volume by approximately 2.8 times compared to 2021. On the other hand, there was an upward trend in e-commerce turnover throughout 2022.

As of the end of 2022, the share of Yapı Kredi e-commerce turnover in shopping turnover stood at 27.1%, while the sector average was 27%. Compared to the same period last year, the Bank's e-commerce turnover in 2022 grew by 109%.

During the pandemic, Yapı Kredi customers were offered important advantages with the option to apply for credit cards via World Mobile, Yapı Kredi Mobile, Internet Branch and Customer Communication Center, to conclude distance contracts and to perform similar transactions via connections with video transaction assistants through Yapı Kredi Mobile.

### LARGEST MERCHANT NETWORK OF TURKEY

In 2022, Yapı Kredi consolidated its pioneering position in merchant networks thanks to the contribution of its wide product range boosted by its strong collaborations and innovative investments. In line with its customer-centric approach, the Bank offered more than 100 campaigns a month via 897.4 thousand merchants in 2022.

## In line with its customer-centric approach, the Bank offered more than 100 campaigns a month via 897 thousand merchants in 2022.

In addition, Yapı Kredi took pioneering steps towards digitalization, thus maintaining its successful performance and expanding its merchant network via cooperations with tradespeople businesses.

Yapı Kredi offers its customers hassle-free contactless payment experience and ease of use thanks to the ability of receiving payments from accounts with the QR code from the cards and applications of all participating banks via TR QR Code in its widespread network of more than 400 thousand merchants.

In 2022, Yapı Kredi entered an effective cooperation with Global Blue and launched the "Dynamic Currency Conversion (DCC) via POS" product, designed for both tourists and merchants in order to make a significant contribution to the Turkish economy. The service enables tourists to shop in Turkey and make their payments transparently in their own currencies with the best exchange rate guarantee, while merchants acquire an additional income flow and the opportunity to improve the shopping experience of their international customers.

With the Yapı Kredi POS Cepte (POS on Mobile) application, launched for merchants in 2021, merchants can accept payments with their Android-based mobile phones without any need for

# Payment Systems

a POS device. The application is now more powerful with the features added in 2022. Customers of merchants can make their payments using contactless cards or mobile banking applications using contactless and QR payment technologies. The digital transformation started in POS devices is planned to be extended to wider target audiences in the coming years.

In the Yapı Kredi merchant network, three out of four physical POS devices have contactless features. The Bank is also the leader of the sector in terms of number and turnover of credit card contactless transactions.

## OUTLOOK

In 2023, Yapı Kredi's goals for card payment systems are:

- Completing the digitalization of cardholder and merchant transaction slips in line with sustainability principles,
- Ensuring the acceptance of card transactions in transportation expenditures in Istanbul and Izmir in cooperation with municipalities,
- Increasing the digital channel usage rate of both card and POS customers with customer experience improvements in digital channels,
- Enriching the function set in channels and presenting campaign offers to improve the use of digital channels by corporate cardholders,
- Adding new products to new generation digital payment solutions offered under the umbrella of World PAY, enabling customers to have a faster and easier payment experience,
- Making the necessary improvements for the payment experience to be carried out at the merchant side through digital applications,

- Expanding the customer base of World Cash, Play Cash and World Cash Digital prepaid cards developed for customer needs, allowing cash withdrawals and spending as much as the amount deposited into these cards, without the need for a loan limit or bank account, and reaching unbanked population with these cards,
- Adding new functions to World Mobile to offer a hassle-free shopping experience for customers and launching new projects to increase customer satisfaction,
- Viewing the digital platforms where the cards are registered and easily managing the payment orders on World Mobile and Yapı Kredi Mobile thanks to the 'Digital Platform Payment Orders' function, thus providing customers with an even more secure digital platform payment order experience,
- Being a pioneer in payment systems by following and implementing the global and local developments related to fintechs, and
- Realizing a gradual transition to the use of recycled materials in card plastics in the following years.

# Private Banking and Wealth Management

## PROFILE

Number of Branches	15
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The Private Banking and Wealth Management offers services to high net-worth individual customers.

Yapı Kredi Private Banking also offers integrated wealth management through the Bank's subsidiaries, Yapı Kredi Invest and Yapı Kredi Asset Management, as well as the entire range of banking products and services for all financial needs of its customers.

## SUSTAINABLE LEADERSHIP

Yapı Kredi Private Banking manages a total of TL 190 billion in assets via 15 Private Banking Centers with 5 centers located outside Istanbul. Thanks to a wide range of products that meet the expectations and risk perceptions of its customers, Yapı Kredi Private Banking and Wealth Management maintains its leadership in the sector.

Building on its ongoing success through the years, Yapı Kredi Private Banking displayed a strong performance in 2022, embracing an approach that prioritizes the financial expectations and needs of its customers with strong customer communication. In 2022, the Private Banking deposits grew by 43%, mutual funds by 83%, assets under custody by 52%, stocks by 189%, and pension funds by 47%.

Yapı Kredi Private Banking offers asset distribution suggestions to improve its customers' experience with investment products and to enable customers to choose investment products compatible with their investment profiles both at branches and digital

channels. In 2022 the suggestions were updated in line with market conditions to improve customer satisfaction.

## NEW NORMAL AFTER THE PANDEMIC

During the pandemic, Yapı Kredi, as always, prioritized employee and customer health, preventing in-branch crowding through a rotating shift schedule for employees to serve at Private Banking branches and remotely. As a result of the weakening of the pandemic, the branches started to offer services again in line with a controlled normalization process.

In 2021, Yapı Kredi moved the customer events, suspended in 2020 to decrease physical contact, to the digital platforms. Thus, Private Banking customers got together with speakers in online seminars without leaving their homes. Last year, as a further step in the normalization, the events were physically organized with a small number of customer groups.

## NEW MUTUAL FUNDS

In 2022 Yapı Kredi created new mutual funds in line with the market developments to meet the investment needs of customers and enable them to diversify their portfolios.

To this end, the Bank started to offer 13 mutual funds, eight hedge funds and five under different umbrellas. These funds are: Secondary Money Market (TL) Fund, Electric Vehicles Variable Fund, BIST Sustainability Index Stock, Climate Change Solutions Variable Fund, Fintech and Blockchain Technologies Fund, Sarıyer Hedge (FX) Fund, Emirgan Hedge (FX) Fund, Banking Sector Equity Securities Hedge Fund, Karaköy Equity Hedge Fund, Commodity Hedge Fund, Feriköy Hedge (FX) Fund, Ortaköy Hedge (FX) Fund, and İstinye Hedge (FX) Fund.



# Private Banking and Wealth Management

## ALWAYS BETTER DIGITAL CUSTOMER EXPERIENCE

Yapı Kredi continued its digital channel integrations in 2022 to improve the customer experience at branches, and expanded the practice of secure-signing of transaction orders to branches via digital channels with mobile approval. In 2022, the Bank redesigned the Investments menu in Yapı Kredi Mobile. Quick transaction menus were added based on transaction type.

In the Private Banking customer base, where the average age is high and digitalization is relatively limited, Yapı Kredi achieved a significant increase in the use of digital channels among customers thanks to the new digitalization steps taken. With the digitalization of the processes carried out at branches and the mobile approval function, the Bank's customers were enabled to perform all their transactions without visiting a branch. Launched during the pandemic to respond to the changing customer interaction, online video calls between branch teams and customers have been welcomed by customers. In line with the continuous improvement approach, Yapı Kredi continues development works on online video calls. In 2022, the Bank's specialist teams closely monitored global uncertainties and market activities, and developed projections to assist customers in their investment decisions. The teams shared the daily projections with the customer while also offering recommendations on investment products suited to market conditions.

## A QUALITY PRODUCT-CENTERED DEVELOPMENT PERFORMANCE

In line with the challenging market conditions of 2022, Yapı Kredi Private Banking focused on customer acquisition and deepening relations with existing customers through strong brand perception and intensive customer communication via alternative channels, and

**In line with the challenging market conditions of 2022, Yapı Kredi Private Banking focused on customer acquisition and deepening relations with existing customers through strong brand perception and intensive customer communication via alternative channels, and displayed a development performance focused on quality products.**

displayed a development performance focused on quality products. The Bank continues to offer its customers new products tailored for investors.

## PROJECTS FOCUSING ON CUSTOMER SATISFACTION

As part of its holistic asset management approach offered to its Private Banking customers, Yapı Kredi focuses on their financial needs as well as non-financial expectations while creating solutions.

The Bank provides tax, inheritance, real estate, education, art and philanthropy consultancy services for Yapı Kredi Private Banking customers through the best contracted firms. Customer demands are received both at branches and via internet banking. To this end, articles and news about these topics are posted on digital channels, and various events are organized.

Yapı Kredi meets the expectations of customers with training and philanthropy consultancy services while supporting investments on future. Education consultancy helps Private Banking customers to guide their children or grandchildren's education depending on

their goals, career choices, expectations and qualifications. On the other hand, philanthropy consultancy makes donations easy and meaningful, highlighting the benefit provided to society, promoting a culture of donation and supporting a sustainable future.

Private Banking provides its customers with consultancy services in the field of art through the art consultancy service offered in cooperation with Yapı Kredi Culture and Arts. In addition, Yapı Kredi launched the Yapı Kredi Private Banking Art Scholarship Fund in 2021 in cooperation with the Turkish Education Foundation to support arts and talented young artists who continue their education. The successful cooperation continued in 2022. Throughout the year, meetings were organized with students to increase interaction, and opportunities were provided for students to take part in Bomonti World Acoustic concerts with a focus on increasing the awareness of the fund. Moreover, the content generated was used in image making studies and in advertising activities.

## 2022 CUSTOMER SATISFACTION SURVEY

Always giving priority to the opinions of its customers, Yapı Kredi Private Banking conducted a general customer satisfaction survey in 2022 as well.

The survey shows that customers are satisfied with the service they receive and consider Yapı Kredi as their main bank.

## PERFORMANCE RECOGNIZED WITH AWARDS

Yapı Kredi Private Banking was recognized with "Turkey's Best Private Banking Award" in 2022 in the International Finance Awards organized by the International Finance magazine, one of the UK's leading finance and business analysis publications.

## OUTLOOK

Under its 2022 strategy, Yapı Kredi aims to reach new customers and deepen relations with existing customers to increase their loyalty. To this end, the Bank determined its main areas as providing diverse and privileged experiences to its customers and focusing on sustainability and investments.

In order to provide customers with the best branch experience, extensive renovation works were initiated at the branches with the renovation of two branches completed in 2022. Yapı Kredi plans to expand the renovation works in 2023.

In volatile and fluctuating market conditions, trust will be more important than ever for affluent customers. It is expected the need for expert opinion in asset management will gain prominence in the future.

In 2023 Yapı Kredi aims to in Private Banking and Wealth Management:

- Expand the customer base and to deepen relations with the existing customers by focusing on products and services that meet the financial expectations and needs of the Privileged Customer group,
- Improve processes and increase efficiency by continuing investments in digitalization, and
- Enhance quality investment products and maintain portfolio diversity with a long-term perspective, and maximize customer satisfaction by improving the physical branch experience with a more refined service model approach.

# Commercial and SME Banking

Supporting the economy with the philosophy of “No limits in service” since its foundation, Yapı Kredi combined its Commercial Banking and SME Banking activities under one roof, continuing to stand by its customers in 2022 with its wide range of banking products services.

## SME BANKING

PROFILE	
Number of Branches	658

### Supporting SMEs via an Extensive Service Network

In 2022, Yapı Kredi SME Banking offered services to companies with an annual turnover between TL 3 million and TL 60 million. As of the start of 2023, the SME Banking segment criteria were renewed to offer services to companies with an annual turnover of TL 5-100 million in the SME Banking segment in 658 branches.

Yapı Kredi worked on various projects to provide faster and easier service to its customers in line with its customer-oriented service approach.

Continuing its support for the sectors, the Bank entered into new collaborations in e-commerce and e-export to facilitate its customers' access to new markets and to increase their competitiveness while creating a product and service package to support its customers engaged in e-commerce and to provide advantageous services for their needs.

### Highlights of Financing Support to SMEs

In 2022, Yapı Kredi signed a protocol with the Credit Guarantee Fund (CGF) for three different loan programs. The support programs are:

Enterprise Expenditures Support Package to meet the working capital needs of SMEs and non-SME companies,

- Export Support Package to increase export volumes and the number of exporting companies by providing support to SMEs operating in exporting or foreign currency earning sectors as well as SMEs that are not currently exporters but have export potential
- Investment Support Package to provide financing for investments and investment-related operating expenses of SMEs and non-SME companies that plan to invest, especially enterprises operating in the manufacturing industry and exporting enterprises.

Yapı Kredi provided financing to customers with a loan of TL 953 million in the Enterprise Expenditures Support Package, TL 1.7 billion in the Export Support Package and TL 1.1 billion in the Investment Support Package.

Based on the resources provided by the European Bank for Reconstruction and Development (EBRD) in April 2022, within the scope of the TURWIB Program, the Bank extended support to businesses with female managers under the guarantee of the CGF to increase the participation of women in business life. Under the program, financing with a total amount of TL 309.5 million was provided.

November 2022 marked the start of the second phase of the CGF Support Loan 2 program, created as a separate package to be given out of the CGF's own funds. Within the scope of the program, Yapı Kredi made available loans reaching TL 101 million to support SMEs. The program continues actively.

A protocol was signed with İhracatı Geliştirme A.Ş. (İGE) for the first time in November to create a loan resource of TL 2.9 billion to provide financing to exporters and customers with export potential under the guarantee of İGE. Under the ongoing program, loan worth TL 1.3 billion has been extended. Yapı Kredi plans to continue extending loans in 2023.

### Cooperations with International Funds

Yapı Kredi grants thematic resources to its commercial customers as part of its strong cooperation with international funding sources. Brief information about the thematic funds in use and about ongoing negotiations is as follows:

**Under an agreement with the GGF - Green for Growth Fund,** 15 million Euros were made available to eligible customers as of February 2022. The program offers financing to Renewable Energy and Energy Efficiency projects.

**EBRD - TURWIB** is a financing program designed to support women entrepreneurs. Under the program, the EBRD provided USD 50 million in funding and loan disbursements started in April 2022. Loans are provided under the guarantee of the CGF. The project also comprises trainings on digital marketing, e-commerce, payment methods and business management for women entrepreneurs.

Yapı Kredi worked on various projects to provide faster and easier service to its customers in line with its customer-oriented service approach.

**TKYB (Development and Investment Bank of Turkey) – World Bank Emergency Firm Support Project** is designed to support firms affected by the pandemic and that suffered revenue loss, especially for inclusive, young firms managed by women entrepreneurs and operating outside metropolises. An agreement was made with the World Bank for a US\$ 50 million fund through TKYB. The disbursement of the first tranche of resources amounting to USD 20 million started in December 2022.

**In the TKYB - Asian Infrastructure Investment Bank COVID-19 Project,** USD 30 million was obtained from the Asian Infrastructure Investment Bank through TKYB for the financing of companies operating in infrastructure, manufacturing and other sectors deemed suitable that were adversely affected by the COVID-19 pandemic. Loan disbursement started in December 2022.

TKYB-supported loan programs are planned to continue in 2023.

### Environmental Social Rating Infrastructure in Commercial Loans

Thematic loans require an environmental and social risk assessment (ESRA). The assessment aims to promote the financing of environmentally and socially sustainable projects.

# Commercial and SME Banking

In this context, the “Sparx - Environmental and Social Risk Assessment Form” module was launched. It is actively used in loans from EBRD-TURWIB, TKYB-World Bank Emergency Firm Support Project and TKYB-Asian Infrastructure Investment Bank COVID-19 Project resources.

## Enriched Digital Function Set for SMEs

Aiming to offer a smooth customer experience, the Bank expanded the end-to-end digital solutions offered to its customers, creating a platform with Yapı Kredi Internet Branch and Yapı Kredi Mobile that meets all banking needs of SMEs from a single point and makes their business lives easier.

With the My Cash Flow module, individual businesses and legal customers were enabled to easily monitor and manage all their cash flows based on their collection and payment information, and to receive appropriate product and service recommendations based on their future needs regarding their financial situation. Yapı Kredi continued to offer digital solutions tailored to customer demands and needs by developing a non-cash loan infrastructure such as cash loans or letters of guarantee to support customers' cash flows. In order to provide conveniences for SMEs engaged in foreign trade, the export value acceptance certificate (IBKB) issuance and export collection document sending functions were added to the Corporate Internet Branch.

The mobile approval function, which allows product sales to be made remotely in addition to digital banking channels, was made available to corporate customers with more than one representative, thus enabling more customers to complete their transactions remotely.

The practice contributed to the protection of nature by implementing practices reducing the use of paper in banking transactions. Yapı Kredi maintained its pioneering role by increasing the number of documents related to product sales and other banking transactions that can be approved with mobile approval. The Bank also introduced digital solutions to reduce wet signature processes by moving fax transactions to digital channels. With the e-receipt project, all transaction receipts were transferred to the electronic environment with legal validity.

## Non-Financial Support for SMEs

Undertaking various innovations for its SME customers, Yapı Kredi continued to enter into collaborations to enable SMEs to move their businesses to the digital world and increase their competitiveness.

Under the cooperation agreements with Turkey's leading companies active in e-commerce, e-document solutions and website installation and integration services, Yapı Kredi provided its customers with many solutions to

- open a free virtual shop in the online marketplace and make advantageous collections,
- set up an e-commerce web sites at special prices,
- integrate marketplaces,
- benefit from discounted prices at Virtual POS, and
- minimize e-document costs.

Within the scope of the Women Removing Borders Program, implemented in cooperation with the European Bank for Reconstruction and Development (EBRD), end-to-end e-export trainings are offered to women entrepreneurs who plan to operate

in e-export. In 2023, free e-export consultancy will be given to 40 women entrepreneurs to be selected among the participants in the training.

## Support to SMEs Active in E-commerce and E-Export

In 2022, Yapı Kredi partnered with e-commerce brands and continued building on the value proposition provided to vendors.

To this end, vendors were provided with various advantages such as exemption from EFT/money transfer fees, free-of-charge cheque books, advantageous commission rates on Business cards, Worldpoint bonus point campaigns, salary promotions and low-rate loan packages entailing grace periods for the needs of suppliers.

With the cooperation in e-export B2B, membership packages specially created for Yapı Kredi's SME clients with export-oriented activities are offered at a discount. In addition to collaborations that allow importers and exporters in international markets to follow their shipments and access new customers and markets, companies were enabled to access end-to-end e-export management solutions at advantageous prices.

In the field of B2C in e-export, Yapı Kredi entered into cooperation to offer special prices to the Bank customers and consultancy service providers for online sales via websites and international online sales.

The Bank plans to enter into cooperations in e-export logistics in 2023. In addition, Yapı Kredi will organize events focusing on the digitalization of companies in Anatolia.

The Bank collaborated with marketplaces and e-commerce website software companies to offer numerous advantages in digital sales to SMEs ranging from setting up e-commerce websites to marketplace integration, from search engine optimization to shipping management. Moreover, advantageous prices for Virtual POS were offered to companies on their way to become a merchant for the first time.

Under the cooperation with Koç Sistem throughout 2022, e-document integration service was provided to the Bank's customers free of charge for up to 100,000 credits (documents) for 12 months.

## OUTLOOK

In 2023 Yapı Kredi SME Banking aims to:

- Improve customer satisfaction by support its customers whenever they need with a wide range of products and services with digital solutions,
- Stand by its customers at every point in their cash flows,
- Offer services by maintaining the “loan / deposit” balance in order to maintain healthy growth,
- Respond to the varying demands of customers in the best manner by expanding products and services specific to the sector and province, and
- Introduce products and services through digital channels at the highest level in line with digitalizing banking approaches.

# Commercial and SME Banking

## COMMERCIAL BANKING

### PROFILE

Number of Branches	133
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Yapı Kredi is one of the leading banks in Commercial Banking thanks to its privileged products and services. In 2022, Yapı Kredi's Commercial Banking business line provided services to companies with an annual turnover between TL 60 million and TL 1 billion. As of the beginning of 2023, the segment criteria were restructured to offer services to companies with an annual turnover between TL 100 million and TL 2 billion.

Operating with 11 Commercial Regions with the scope of Commercial Banking, with the change in the service model in the last quarter of 2022, the Bank created a single region structure, thus combining Commercial and Retail regions. Under the new regional structure, Yapı Kredi offer services in 23 regions with 42 Commercial Branches and Commercial segment representatives in 96 branches.

In addition to its core banking products, Yapı Kredi also provides services to domestic and foreign companies that meet the Commercial Banking segment criteria in specialized areas such as project finance, cash management, foreign trade finance, and investment banking. In the last quarter of 2022, the Public Banking Management was established to deliver Yapı Kredi's products and services to public institutions and organizations and to create a value chain.

Yapı Kredi continued to support its Commercial Banking customers by complying with legal regulations under the challenging macroeconomic conditions and high inflation environment of 2022.

Focusing on providing fast and quality service to its customers in the Commercial Banking segment through various channels, with simplified business processes and digital solutions, Yapı Kredi continuously invests in technology and human resources to make its products and services sustainable.

### Cash Management and Foreign Trade Finance

Yapı Kredi enjoys a strong position in the sector with its Turkish lira and foreign currency cash management and foreign trade finance solutions offered to its customers through numerous channels. The Bank supports these services with its expert teams working in the Head Office, Corporate Banking Centers and commercial and retail regions.

Cash management services provided by Yapı Kredi throughout Turkey cover various products and services, including collection and payment services, cash transfer services, digital banking and operational services. In addition to cash management services, customers are also provided with data integration and reconciliation solutions for these products.

The electronic signature solutions offered by the Bank started to replace the wet-signed orders, which are frequently used in the daily operations of its customers, thus expanding and promoting the use of e-signatures. Yapı Kredi further strengthened its pioneering position in e-banking with its high performance in Direct Debit System (DDS) and BANKO bulk payment systems in 2022.

With products such as Automobile Stock Finance and DDS Discount, the Bank offered digital solutions to support its customers in their financing and cash management needs. The Bank continued to expand the use its Supplier Finance product in 2022, enabling its customers to manage their procurement processes more efficiently and to access alternative financing options.

Digital payment and collection solutions such as the bulk payment system BANKO, Supplier Finance and DDS provided conveniences for customers in their operations while improving their access to finance during the pandemic.

### Tailored Solutions for International Trade Customers

Yapı Kredi also offers various support services and payment management options to Turkish companies active in international trade. In addition to traditional import and export products, the Bank supports customers with innovative and alternatively-structured foreign trade products and solutions.

Yapı Kredi adapted in a short time to the practice of selling the Export Value Acceptance Certificate (IBKB) amount of exporter customers to the CBRT, with the application implemented in 2020 pursuant to an amendment in the Export Circular in January 2022, and became the first bank to issue an Export Value Acceptance Certificate (IBKB) from Corporate Internet Banking.

As a first in Turkey, exporters were enabled to carry out their 'export collection document' sending operations via Yapı Kredi Corporate Internet Branch without the need for visiting a branch. In addition, Yapı Kredi provided exporters with the services of monitoring and reporting the Export Price, IBKB and Export Commitments as digital banking solutions.

In 2022, Yapı Kredi continued to develop and implement new products and services to support customers in their digitalization journey and to increase efficiency in cash flow management.

Yapı Kredi offers alternative solutions to its customers' foreign trade finance needs through Turk Eximbank Export Credit Programs, the CBRT's export-supporting pre- and post-shipment financing facilities

as well as export credit agencies and Eximbanks in other countries. The Bank also develops long-term and convenient financing products via correspondent banks to meet the investment needs of its customers.

### 13.7% share in Turkey's foreign trade volume

Enjoying a market share of 11.4% in check collections and payments in 2022, Yapı Kredi intermediated foreign trade transactions of more than 19,000 customers. In 2022, Yapı Kredi's share in Turkey's foreign trade volume stood at approximately 13.7%.

### OUTLOOK

In 2023, Yapı Kredi Commercial Banking aims to:

- Consolidate its business partner position with customers by offering a wide range of services ranging from core banking transactions to financial advisory,
- Expand the corporate customer network across Turkey with cash flow-centered, active and widespread customer acquisition,
- Create a value chain by establishing strong relations with the subsidiaries and suppliers of customers,
- Provide customers with the speed and quality of the digital age through the effective use of digital channels,
- Continue to offer a unique customer experience through processes designed with smart systems,
- Develop new products to support customers' transition to a sustainable economy and increase the share of these products in the portfolio, and
- Continue to participate in important projects that require expertise while adding value for Turkey.

# Corporate Banking

Yapı Kredi is among Turkey's leading banks in the Corporate Banking segment with its distinctive products and services.

Yapı Kredi Corporate Banking serves large-scale domestic companies and multinationals with custom-designed products and services at 4 corporate banking centers, 3 in Istanbul and 1 in Ankara. The Bank also provides various others services to its customers such as project and structured finance; corporate finance advisory, capital management advisory, and merger and acquisition financing under investment banking; and financial advisory.

Yapı Kredi Corporate Banking's specialized team aims to deepen relations with customers based on long-term cooperations, swiftly present products and services best suited to ever-changing needs of customers and market conditions while acting as the financial business partner and advisor, and maximize service quality and customer satisfaction.

As the effects of the COVID-19 pandemic were partially alleviated across the world in 2022, the Bank continued to offer products and services meeting the varying needs of customers with a customer-centric approach.

## CROSS-BORDER BANKING

Yapı Kredi Cross-Border Banking, the first point of contact for investors from abroad, provides advisory services on Turkey and the Turkish banking system.

Presenting the Bank at consulates and channels related to foreign capital investments (domestic fairs, attaché offices, etc.),

information about Yapı Kredi and the banking sector is shared with interested parties. The Bank also carries out sales and marketing activities to attract foreign investors to the Bank. Yapı Kredi gives support to companies with foreign partners in account opening processes at any branch or subsidiary of Yapı Kredi while promoting the products in all product groups offered by various units in the Bank in collaboration with the units.

In 2022, the Bank assisted Turkish companies abroad regarding foreign account opening transactions and their investments abroad. In Turkey, Yapı Kredi acquired customers by completing the account openings of many foreign-capital companies at Yapı Kredi branches.

## PROJECT AND STRUCTURED FINANCE

Yapı Kredi is one of the leading banks in long-term project and structured finance.

Drawing power from its strong balance sheet, Yapı Kredi provides financing support to large-scale projects.

The Bank benefits from its unique service model and well-established experience in this business line, offering to its customers a wide range of services such as financial advisory, structuring, arrangement, and project finance.

Yapı Kredi's project finance portfolio consists of projects in infrastructure, energy, commercial real estate, and acquisition finance.

2022 was a year where the COVID-19 pandemic still continued to affect the world, though in a weakened state, exchange

rates fluctuated, global inflation as well as inflation in Turkey increased significantly, and the Ukraine-Russia war left its mark. This volatile environment led to the postponement of newly-developed projects. On the other hand, there was an increase in public offering and bond issuance transactions since active energy companies with a renewable energy portfolio preferred different capital market instruments to gain resource diversity. The sector was energized especially by meeting the highly increased demands for the installation of solar energy panels on the roofs of production facilities.

The Bank provided EUR 192 million in financing for an important infrastructure project, which was designed as a sustainability related loan under the leadership of Yapı Kredi. In addition, our portfolio was expanded on the sustainable finance side with one green loan and one sustainability-related loan. Moreover, EUR 68 million in financing was provided for new wind power plant projects in 2022.

## SUSTAINABLE FINANCE

Aware of its responsibility to environment and society, Yapı Kredi provides financing for sustainable projects while diversifying its portfolio in this field.

To this end, the Bank designs financing structures in line with its customers' sustainability goals and strategies, and creates sustainable products such as sustainability-related loans, and green and social loans. The Bank also raises the awareness of its customers in sustainable finance and promotes sustainable financing instruments offering alternatives alongside traditional financing instruments.

## EXPECTATIONS AND PROJECTIONS

In project financing transactions, the slowing effect on investments caused by the increasing exchange rates and foreign currency borrowing costs due to macroeconomic developments is expected to continue in the short and medium term. In the long term, Turkey's growing energy needs will require new investments. Turkey has a great potential in renewable energy, which plays an important role in reducing foreign dependency in energy and reinforcing supply security.

With the Grand National Assembly of Turkey's ratification of the Paris Climate Agreement on October 6, 2021, an important step was taken in Turkey's transition to a low carbon economy and growth in renewable energy. Turkey aims to rapidly boost its renewable energy generation to reduce its foreign dependency and GHG emissions. Increasing energy demand and the share of renewable energy sources in production as well as the targets of transition to a net zero carbon economy by 2053 require the transformation of the energy system in Turkey.

On the other hand, thanks to the stabilization of the macroeconomic conditions, it is projected that investments in energy continue in addition to state-supported infrastructure investments such as transportation and health.

Yapı Kredi will continue to support renewable energy and energy efficiency projects, and also engage more actively with its customers on issues such as environmental and social impact management, new regulations including the European Green Deal, and occupational health and safety.

# Corporate Banking

## INVESTMENT BANKING

Investment Banking manages Yapı Kredi's corporate finance advisory and capital management advisory services.

### Corporate Finance Advisory

The Corporate Finance Advisory team develops strategic dialogues with Yapı Kredi customers active in energy, infrastructure, consumer products, retail, finance, telecommunications, media, technology and general industry, and provides comprehensive merger and acquisition advisory services to companies both in Turkey and abroad.

### Capital Management Advisory

Capital Management Advisory provides advisory services to customers on the creation of a healthy balance sheet structure specific to their active sectors, ensuring the most appropriate debt-equity balance, and meeting their financing needs with the right products while offering the most suitable banking products and financing options. Moreover, the Bank also mediates all kinds of balance sheet-based structured finance services (syndications, club loans, refinancing, etc.) required by companies.

### Koç Group Dealer and Supplier Network Business Development

Koç Holding is Turkey's oldest and largest conglomerate.

Koç Holding carries out its activities, investments and expansions under its global growth vision with the largest and most effective ecosystem in Turkey of companies, dealers, suppliers, employees and other stakeholders.

## In line with its responsible finance approach, Yapı Kredi also focuses on sustainable products and services.

The Koç Group Dealer and Supplier Network Business Development unit was launched in 2018 under Yapı Kredi Corporate Banking Management to meet the financial needs of the dealers and suppliers in the ecosystem with fast solutions, to support their development by providing financial advisory when necessary, and to achieve sustainable quality standards in the services provided. Koç Group Synergy Workshops were held in 2022 with the participation of Group companies to increase the synergy within the Group and to create new cooperation opportunities. During the Workshops, more than 120 new ideas were generated to increase benefits to the entire ecosystem consisting of Group companies, dealers and suppliers, and internal and external customers.

Yapı Kredi products and services make Koç Group dealers and suppliers stronger, and develop new opportunities for them to make great contributions to the economy.

## OUTLOOK

In 2023 Yapı Kredi Corporate Banking aims to:

- Strengthen its business partner position by meeting the needs of customers with a service model offering a wide range of banking instruments and financial advisory,

- Continue to participate in important projects that require expertise while adding value for Turkey,
- Contribute to market share with Cash Management and Foreign Trade Finance products,
- Continue to offer a unique customer experience through processes designed with smart systems and alternative digital solutions,
- Focus on value chain management to enable customers to establish stronger relations with their subsidiaries and suppliers, and
- Increase the rate of sustainable finance in total loans with a focus on sustainability.

## SUPPORTING RENEWABLE ENERGY PROJECTS

In line with its responsible finance approach, Yapı Kredi also focuses on sustainable products and services.

It is important for the banking sector to effectively manage the risks caused by climate change and to capitalize on opportunities. Yapı Kredi supports the increase of renewable energy capacity of Turkey to contribute to the transition to a low carbon economy.

Yapı Kredi Project Finance aims to support renewable energy and energy efficiency investments in order to protect the environment and minimize the effects of climate change, contribute to the development of Turkey through long-term business partnerships with customers, and lead the banking sector by increasing its market share.

## RENEWABLE ENERGY PROJECTS FINANCED AS AT YEAR-END 2022

TYPE OF PROJECT / INVESTMENT	INSTALLED CAPACITY <sup>1</sup> (MW)	ELECTRICITY GENERATION <sup>2</sup> (KWH)	AVOIDED GHG EMISSIONS <sup>3</sup> (TCO <sub>2</sub> E)
HEPP	3,236	7,422,418,972	1,164,857
WPP	836	2,555,597,658	777,366
GPP	74	333,333,640	144,367
SPP	262	463,622,166	179,210
Biomass	129	578,090,649	148,151
<b>Total</b>	<b>4,536</b>	<b>11,353,063,085</b>	<b>2,413,951</b>

1 Installed Capacity of the renewable energy portfolio as of the end of 2022.

2 Electricity Generation data for 2021 of renewable energy plants in the renewable energy portfolio. The data was compiled in line with the following:

• Calculation covers the period from January 1, 2022 to December 31, 2022,

• Real-time production figures of renewable energy projects are obtained from Energy Piyasaları İşletme A.Ş. (EPIAŞ, Energy Exchange Istanbul) (<https://seffaflik.epias.com.tr/transparency/index.xhtml>),

• Based on customer statements for production figures of unlicensed SPP projects,

• For the SPP projects with a total installed capacity of 102.66 MW for 2022, for which a 12-month production figure cannot be obtained, and for the 10 MW BES project, a proportional estimation was made for the months for which production figures could not be obtained, based on the 2021 production figures. 3 Calculation of Avoided GHG Emissions: Avoided GHG Emissions (TCO<sub>2</sub>e) = Annual power generated from renewable energy power plants (kWh)\*IEA Statistics Data Service Emissions Factors (2021 edition) Turkey emissions coefficient \*Yapı Kredi's Financing Share Percentage (%)

# Yapı Kredi Asset Management

## COMPANY PROFILE

Number of Employees	63
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Yapı Kredi Asset Management, the pioneer of the sector with its wide range of products and services, has consistently maintained its strong position since 2002. The Company celebrated its 20th anniversary in 2022 via the print and broadcast media using conventional and digital media channels. In 2022, Yapı Kredi Asset Management expanded its product, offering for the first time Venture Capital Investment Fund in addition to various thematic funds in mutual funds. The Company strengthened its relations with distribution channels and thus with the institutions for which it is an active distributor in mutual funds. Yapı Kredi Asset Management also increased the frequency of regular meetings, which led to a boost in its total size. Moreover, the Company increased the number of special funds established for individual investors while offering mutual funds bringing tax exemption to corporate and commercial customers as a result of the amendment of the tax law. Yapı Kredi Asset Management also develops sustainable financial products to provide social benefit and protect our world. To this end, the Company offered three new funds to support the allocation of individual investments to these funds.

The Company manages a wide range of investments structured in line with various market conditions: 33 mutual and 44 hedge funds, and 18 pension mutual funds of three pension companies.

In 2022 Yapı Kredi Asset Management increased its total size to TL 82 billion with a 12% market share in mutual funds, while enjoying 11% market share in pension mutual funds under management. On the other hand, excluding money market funds, also known as qualified funds, the Company has been the leader of the sector for years. The Company manages a total volume of assets amounting to approximately TL 135.8 billion.

In 2023, Yapı Kredi Asset Management will work on new strategies to respond to the changing investor demand in the fast-growing portfolio management sector through new products, and develop new projects to provide services to its investors via new platforms to climb to the leading position in all areas of the sector.

**Launching various products in special asset management in 2022, Yapı Kredi Asset Management expanded the base of individual investors, starting to serve ~6 thousand investors.**

# Yapı Kredi Invest

## COMPANY PROFILE

Branch Number	20
Number of Employees	258

Yapı Kredi Invest, one of Turkey's leading investment companies, aims to offer one-stop solutions to meet all needs of its customers, providing a wide range of services from domestic and foreign stock transactions to advanced derivative products and consultancy services.

Yapı Kredi Invest is the sector leader in terms of transaction volume and market share in the Equity Market and VIOP market, the two most important markets of Borsa Istanbul. Despite the challenging conditions brought by the intensifying competition in 2022, the Company maintained its leadership in the sector with 16.7% and 23.6% shares, respectively, in stock and VIOP transactions, thus leading the sector for five years in a row since 2018. Thanks to its wide range of products, expert staff and efficient transaction channels, Yapı Kredi Invest offers the best service to more than one million customers while expanding the customer base. The Company engaged in active marketing and communication campaigns, thus further increasing brand awareness. Yapı Kredi Invest ranked second in the "Intermediary Institution" category, included in the list for the first time this year, in the "Most Admired Companies" survey conducted by Zenna Research and Consultancy and led by Capital Magazine. The Company aims to further boost its communications in the future.

Playing an active role in IPOs in 2022, Yapı Kredi Invest mediated the public offering revenue of TL 1.3 billion from two public offerings realized under the leadership of the Company. In

addition, Yapı Kredi Invest acted as an intermediary in consortiums in 13 IPOs amounting to TL 7.3 billion.

In debt instruments, Yapı Kredi Invest intermediated issuance of TL 34.1 billion in 113 transactions. Thus, 21 issuers obtained funds from the capital markets. In addition, the Company successfully completed the first TL bond/bill issuances of five important institutions in the sector.

Aiming to offer continuous services to its customers throughout Turkey, Yapı Kredi Invest has a total of 20 branches in Istanbul and Anatolia, with the recent addition of 8 new branches. The Company continues to grow in line with its targets, increasing its number of employees to 258 people to provide better service to its customers.

In 2023 Yapı Kredi Invest will continue to maintain its market leadership and operate in line with its sustainable growth and development targets. The Company will monitor risk management issues more closely due to the increasing volatility in the market. Yapı Kredi Invest will expand its customer base with new branches and investments in technology and innovation.

Providing privileged services to its customers in the capital markets thanks to its experienced investment advisors, who monitor technological opportunities day by day and evaluate and interpret developments instantly, Yapı Kredi Invest aims to diversify its services in digital channels always focusing on the needs and expectations of its customers in volatile market conditions. The Company will, as always, respond quickly to changing customer needs and offer premium products.

# Yapı Kredi Leasing

## COMPANY PROFILE

Number of Branches	13
Number of Employees	144

Yapı Kredi Leasing was established in 1987 and 99.99% of its shares are held by Yapı Kredi.

Yapı Kredi Leasing has a 17% market share in terms of leasing receivables. Thanks to its infrastructure supported by technology investments, rational solutions, expert staff and market experience, Yapı Kredi Leasing is an important player in the leasing sector, always supporting and standing by its customers.

In 2022, Yapı Kredi Leasing performed beyond the expected figures and amounts with its new products, its collaborations with solution partners, and its cutting-edge applications. Maintaining its strong position in the market, the Company provided financing for machinery investments in the real sector, particularly in the manufacturing, textile and construction equipment sectors.

Focusing on green energy for a sustainable world, Yapı Kredi Leasing aims to reduce its carbon emissions to zero by 2050. In this context, the Company intermediates the financing of sustainable products such as wind power plants, rooftop solar power systems, and charging stations for electric vehicles.

True to its commitment, Yapı Kredi Leasing extended USD 170 million of approximately USD 250 million of resources obtained from abroad in 2022 for renewable energy, energy efficiency, water efficiency and sustainable soil management investments. In 2022 the Company secured 50 million Euros in financing from the

European Bank for Reconstruction and Development (EBRD). With the agreement signed under the Green Economy Financing Facility (GEFF), Yapı Kredi Leasing became the first leasing company to receive a share from the fund.

Moreover, the Company took out a USD 120 million loan from the International Finance Corporation (IFC). With this loan, Yapı Kredi Leasing will finance sustainable water and energy projects in various fields such as clean water, water efficiency and wastewater as well as green energy, energy efficient equipment, electric vehicle and charging infrastructure, energy efficiency improvements in buildings and facilities, and renewable energy solutions. Yapı Kredi Leasing is proud to be first leasing company in Turkey to sign the blue loan agreement in line with the Paris Agreement target of IFC.

Yapı Kredi Leasing's excellent performance was recognized in Turkey and abroad, receiving the "Best Equipment Leasing Company" award in 2022 organized by the Global Banking & Finance Review magazine.

Moreover, Yapı Kredi Leasing was also selected as "Turkey's Best Workplace" according to the global "Kincentric Best Employers" research conducted by Kincentric for more than 20 years.

In 2023 Yapı Kredi Leasing aims to retain its leadership in the sector, expand its customer network and further consolidate its position in the market.

Energy and energy efficiency projects constitute 25% of all transactions carried out in 2022. Yapı Kredi Leasing aims to double this rate to 50% in the next three years. In the field of renewable energy, the Company plans to build up on the current portfolio of nearly 650 MW, reaching a renewable energy portfolio of 750 MW in 2023, and of 1000 MW in the long term.

# Yapı Kredi Faktoring

## COMPANY PROFILE

Number of Branches	9
Number of Employees	128

Yapı Kredi Faktoring was established in 1999.

Yapı Kredi Faktoring stands out among its competitors thanks to its strong capital structure and performance, vast experience and expert human resources embracing a high quality service approach.

Yapı Kredi Faktoring, the pioneer of the Turkish factoring market, has a market share of 13.6% in total transaction volume and 23.3% in international factoring volume in 2022. As of the end of 2022, the Company reached a transaction volume of 56.8 billion TL, consisting of 74% domestic transactions and 26% international transactions.

Yapı Kredi Faktoring provides factoring services with its Istanbul Head Office and its branches throughout Turkey in Adana, Ankara, Antalya, Beyoğlu, Bursa, Güneşli, İzmir, Kadıköy and Kartal. In 2022 Yapı Kredi Faktoring continued to provide cost-effective financing to its customers by diversifying its funding sources.

Yapı Kredi's close relationship with its national sales and service organization and the organization-wide synergy are among Yapı Kredi Faktoring's most important service and competitive advantages.

Yapı Kredi Faktoring was recognized as Turkey's Best Factoring Company by the Global Banking and Finance Review magazine in 2022.

**Yapı Kredi Faktoring, the pioneer of the Turkish factoring market, has a market share of 13.6% in total transaction volume and 23.3% in international factoring volume in 2022. As of the end of 2022, the Company reached a transaction volume of 56.8 billion TL, consisting of 74% domestic transactions and 26% international transactions.**

Yapı Kredi Faktoring was also the recipient of the "Turkey's Best Workplace" award for the second time in the global 'Kincentric Best Employers 2022' research conducted for more than 20 years by Kincentric, the human resources and management consultancy company. Continuing its outstanding performance and success in 2021, Yapı Kredi Faktoring once more received the Most Admired Company award in the factoring sector in 2022 in the "Most Admired Companies" survey held by Capital Magazine.

For two decades since 2002, Yapı Kredi Faktoring has been one of the leading companies in the Best Export Factoring Companies list published by Factors Chain International (FCI), headquartered in Amsterdam. In the 2022 list, the Company ranked first among 193 members in the category of correspondent service quality and transaction volume.

Yapı Kredi Faktoring is a member of the Association of Financial Institutions, as well as of FCI.

In 2023, Yapı Kredi Faktoring aims to expand the number of customers and penetration in each segment and to further its relations with existing customers.



# Yapı Kredi Bank Nederland

## COMPANY PROFILE

Asset Size	USD 2.3 billion
Number of Branches	-
Number of Employees	61

Yapı Kredi Bank Nederland offers a wide array of products and services in retail, corporate, and private banking. The Bank mainly aims to provide to support Yapı Kredi's customer base residing abroad. Wholly owned by Yapı Kredi, the bank serves its customers out of its head office in Amsterdam and its digital channels.

During the COVID-19 pandemic, which continued to affect people, albeit mildly, in 2022, Yapı Kredi Bank Nederland provided a safe and healthy working environment to its employees while adopting a prudent approach and maintaining its healthy performance despite volatile market conditions, high inflation, increasing interest rates and further legal regulations. The Bank's goal is to keep its return on equity at high levels under current conditions.

In 2022, the Bank increased its asset size by 18% and its net profit by 48%. The Bank's goal is to keep its return on equity at high levels under current conditions. As of the end of 2022, the return on equity reached 8.2%.

The Bank offers savings and deposit products to its customers in retail banking, and structured commodity finance and foreign trade finance solutions in corporate banking. While carrying out

operations, the Bank also benefits from the synergy of the Yapı Kredi Group.

Yapı Kredi Bank Nederland continues its activities in foreign trade finance, highly influenced by market conditions, and also offers its corporate customers ship finance, project finance, cash management, and Islamic banking products. Also active in correspondent banking, the Bank evaluates the opportunities offered by the money and capital markets as required by the Bank's balance sheet.

In 2023, Yapı Kredi Bank Nederland aims to meet the needs of its customers through investments in technology and innovation that take risks into account and comply with the legislation, to grow efficiently and consistently, and to achieve strong and sustainable profitability with outstanding and long-term customer satisfaction.

# Yapı Kredi Bank Azerbaijan

## COMPANY PROFILE

Asset Size	USD 298 million
Number of Branches	9
Number of Employees	254

Yapı ve Kredi Bankası A.Ş. has a 99.80% stake in Yapı Kredi Bank Azerbaijan, which was established in 1998. Yapı Kredi Bank Azerbaijan offers a wide range of products and services in retail (card payment systems and retail banking), corporate and commercial banking with a total of nine branches.

Despite the global economic slowdown expectations, high global inflation and uncertainties stemming from geopolitical tensions, Azerbaijan's economy grew by 4.6% in 2022 on the back of its strong oil and gas export performance. The current account, which had a surplus of USD 8.3 billion in 2021, rose to USD 17.7 billion as of the third quarter of 2022, breaking an all-time record.

The banking sector continued to grow in 2022, thanks to the improving financial conditions since the 2nd quarter of 2021. During the year, bank loans grew by 18%, whereas the deposits grew by 25%.

The Central Bank of Azerbaijan published an operational framework document in line with its monetary policy targets and strategies. The document introduced new operational instruments aiming to increase the effectiveness of monetary policies that reduce inflation and provide macro stability. Following the lift of

of fundamental pandemic-related restrictions, Yapı Kredi Bank Azerbaijan recorded a strong performance in 2022, increasing its net profit to over USD 3.2 million in 2022. The bank's revenues increased by 28% to USD 16.9million, its loans grew by 35% to USD 139 million, and its deposits grew by 27% to USD 229 million.

In 2022, the bank established a committee to build the right ownership structure with a greater focus on sustainability, and further strengthened its activities for a better environment during the year. Thus, Yapı Kredi Bank Azerbaijan became the first bank among local banks to be awarded the ISO 14001:2015 Environmental Management System certificate. The bank aims to significantly improve its environmental and social performance in the following years. In line with this aim, the bank will manage direct environmental impacts of the projects related to customers and of the loan processes in accordance with international standards.

Yapı Kredi Bank Azerbaijan focuses on contributing to Azerbaijan's economy and growing by meeting the ever-increasing banking demands of its customers. To this end, the bank aims to ensure long-term sustainable growth and plans to continue and increase investments in technological infrastructure and human resources.

Yapı Kredi Bank Azerbaijan will continue to provide added value to and support development of Azerbaijan's developing financial market with the strength of its shareholders, cutting-edge technological infrastructure and customer-oriented products and services.

# Treasury Management

In 2022, energy prices have been closely followed by both global and domestic markets. As the effects of the pandemic in economies other than China weakened rapidly, increasing energy prices caused by the Ukraine-Russia war and the ongoing problems in the supply chain caused inflation to rapidly increase in Turkey and in the world. The general motivation in the central banks of various countries was to increase interest rates and reduce inflation. The increase in exchange rates due to the increasing demand for foreign currency also had serious effects on domestic inflation. The Central Bank of the Republic of Turkey and the Ministry of Treasury and Finance introduced products such as currency-protected deposit (KKM) and foreign currency conversion deposit (DDM) as well as other measures under the 'liraization' strategy to reduce the volatility in the Turkish lira. Products such as KKM, DDM and other regulations, curbed the demand for foreign currency, reducing the volatility in the exchange rate. Compared to the years 2020-2021, the increase in the number of foreign tourists also moved up the foreign exchange supply. With Turkey's neutral stance and mediator approach, Turkey felt the effects of the war at minimum.

## AN APPROACH OF ENSURING EFFECTIVE LIQUIDITY MANAGEMENT AND MAINTAINING A DIVERSIFIED FUNDING BASE

Throughout 2022, Yapı Kredi further diversified its funding by effectively managing its liquidity with its experience in interest and exchange rate risk management, and successfully completed transactions to close its balance sheet interest position. Moreover, the Bank took quick steps to comply with the new regulations. On the other hand, the Bank continued to meet the financing needs of the real sector with its product variety and maturity profiles offered within the framework of asset-liability management. Yapı Kredi Treasury Management carries out its activities through the Treasury and Financial Institutions groups.

## TREASURY

The Treasury Department is responsible for managing Yapı Kredi's liquidity needs, interest rate risk, foreign currency position and assets, and controls the Bank's investment portfolio.

### Fixed Income Securities

Yapı Kredi is one of the 11 market makers designated by the Ministry of Treasury and Finance in the TL bonds and bills market. Actively involved in the securities market during the year, the Bank's market share in the BIST bond market stood at 8.62% as of end of 2022.

Yapı Kredi also borrowed TL 19.84 billion from the domestic market with a total of 39 issuances in 2022.

### Money Markets and Balance Sheet Management

The Money Markets and Balance Sheet Management Department manages the interest rate risk of Yapı Kredi's balance sheet and off-balance sheet liabilities in an approach that adapts quickly to market developments and in accordance with the Bank's Risk Policy. To this end, the Department built a flexible balance sheet structure by taking into account the effective management of loan and investment portfolios and liquidity positions as well as risk-return balance and customer needs.

Although 2022 was a year dominated by political tensions around the world and the negative effects of the pandemic, Yapı Kredi continued to provide cost-effective resources with various debt instruments in international financial markets thanks to its reputation and reliability.

## Foreign Exchange and Derivatives

The Foreign Exchange and Derivatives Department carries out the pricing of spot and forward foreign exchange as well as all kinds of commodities, derivatives and structured products in international markets. The Department develops various derivative products in the over-the-counter derivative markets, taking into account the customer's needs, while providing effective pricing in accordance with the Bank's position and market conditions.

### Treasury Marketing

Blending its technological infrastructure and know-how, the Treasury Marketing Group offers products to hedge current and future financial risks to its customers in all segments of the Bank. These products are designed according to customer-specific needs in a wide range from spot foreign currency transactions to foreign currency, to interest and commodity derivatives. In line with the Bank's policies prioritizing digitalization, the Treasury Marketing Group aims to take customer experience and satisfaction to new heights thanks to its constantly-improved digital infrastructure.

### Balance Sheet Planning and Financial Monitoring

The Balance Sheet Planning and Financial Monitoring Department is responsible for the effective management of Yapı Kredi's balance sheet and income statement in line with risk management principles and the practices of the legal authority. The Department analyzes the effects of changes in market conditions on the Bank's profitability and operations, and provides support to other business units in the Treasury Management.

### Treasury and Investment Products Management

The Treasury and Investment Products Management closely monitors the markets, investor needs, risk and return expectations,

and relevant legal regulations, and offers investment products to customers as part of Yapı Kredi's digitalization strategy.

Three departments under the Management designs investment products for investors.

### Mutual Funds and Savings Products Management Department

The Department is responsible for the management of mutual funds and savings products. It also handles the coordination between Yapı Kredi Asset Management and the Bank.

Embracing an approach that quickly adapts to market developments and customer needs, the Department offered 33 new funds to customers in 2022, in addition to the existing 47 mutual funds with different strategies. With the Fintech and Blockchain Technologies Fund, BIST Sustainability Index Stock Fund, Electric Vehicles Variable Fund, Banking Sector Equity Securities Hedge Fund, Commodity Hedge Fund, Climate Change Solutions Variable Fund, the Department closely monitored sustainable investments, new trends and technological developments while achieving a wide spectrum that allows to invest in different investment strategies such as companies in the banking sector, commodities, etc. Yapı Kredi customers can access their mutual funds at branches and via all digital channels. On the other hand, with the Special Funds established under the "Currency Conversion Special Portfolio Management Model", the Bank aimed to meet the needs of investors looking for alternative products. In line with the amendment made in the Corporate Tax Law in 2022, mutual funds investing in TL and having (TL) in its title were added to the product range. In line with the risk and return expectations of investors, the Department continued to create mutual funds tailored for a single institution or individual in 2022.

# Treasury Management

The Koç For My Country Variable Fund, transferring at least 50% of the fund income to social responsibility projects every year, continued to support projects in 2022.

Under the Bank's digitalization strategy, Mutual Funds pages of Yapı Kredi Mobile were redesigned with additional functions offered to customers. In order to enable customers to follow their fund investments in detail, to perform their transactions easily and to access detailed information about mutual funds, My Fund Portfolio, Buy/Sell/Convert, Fund Income and Fund Detail pages were redesigned with new functions.

## Foreign Currency, Derivatives and Fixed Income Securities Product Management Department

In line with Yapı Kredi's product policies, the Department is responsible for the design, operation and effectiveness of products as well as implementation of changes. The Department is responsible for various products such as foreign currency transactions, gold, bills, bonds, Eurobonds and repo, and over-the-counter derivatives.

Under the Bank's digitalization strategy, the Foreign Currency, Derivatives and Fixed Income Securities Product Management Department implements projects to offer foreign currency order transactions, foreign currency alarm, foreign currency calculator, foreign currency transaction history and foreign currency movements functions to the Bank's customers. As part of the improvements in mobile and internet banking service designs, new frontends were introduced to investors and the Investment menus were updated.

Within the scope of the Bank's activities on compliance with amendments in legislation and on new product and service

## Throughout the year, Yapı Kredi fulfilled customers' foreign trade financing needs with the support of a network of around 1,600 international banks.

development, the Department launched various projects in 2022 regarding Currency Conversion Protected TL Time Deposits, Currency Protected TL Time Deposits, YUVAM accounts, FATSİ integration and gold transactions planned to be realized through authorized institutions.

In 2023, Yapı Kredi will continue to work to implement new products and services and to deliver them to customers through all channels with an uninterrupted experience.

## Stock, Derivatives Market Order Transmission and Product Management Department

With its function of intermediating order transmissions, the Department is responsible for uninterrupted execution of the intermediation activities at all branches and other sales outlets for stock, public offering, Derivatives Market (VIOP) and Tradebox products, which fall under the scope of Yapı Kredi Invest's transaction intermediation activities. The Department is also responsible for resolving technical issues and client disputes, and fulfilling the regulatory responsibility of Yapı Kredi as defined by the Capital Markets Board for the intermediation function in its entirety.

The Product Management function is responsible for all kinds of operation, efficiency, productivity and revision requirements,

except for pricing, of the stock, public offering, Derivatives Market and Tradebox products to ensure their delivery to the customers in accordance with the Capital Market Law and the Order Execution Policy (transaction and portfolio intermediation), Company Policy on Order Transmission Intermediation, Compatibility Test Company Policy and Customer Classification Policy.

Under the Bank's digitalization strategy, the Stock, Derivatives Market Order Transmission and Product Management Department launches various projects such as digitalizing stock service design and Derivatives Market account opening and trading screens; Akıllı Borsacım (My Smart Stockbroker) displaying the stock recommendations in Yapı Kredi Invest research reports on the transaction screens; enabling trading via Mobile Banking and Internet Branch; and Stock Swap Loan that allows customers to use their stock sales balance as cash without waiting for the clearing day.

In 2023, the Department aims to implement various new products and services covering domestic and international markets in line with the digitalization strategy.

## FINANCIAL INSTITUTIONS

### Correspondent Banking

Despite the volatile and negative conditions in global and local markets, Yapı Kredi added new achievements to its correspondent banking activities in 2022.

Throughout the year, the Bank fulfilled customers' foreign trade financing needs with the support of a network of around 1,600 international banks. In a difficult period marked with a low global

## Yapı Kredi successfully completed its first syndicated loan based on sustainability criteria in May 2022. The syndicated loan, with a maturity of 367 days, consists of two tranches, in USD and Euro.

risk appetite, the success of correspondent banking activities also contributed to the renewal of syndication transactions and the preservation of foreign trade finance market share. In such a period, new names were added to the syndication participant banks.

The Bank continued to work actively on the introduction of new technologies by closely monitoring the developments in the world in the field of foreign trade finance and cash management while aiming to provide faster, more transparent and less costly services to its customers within the network of cooperations with technology companies, SWIFT, Mastercard, etc. in the field of payment solutions and foreign trade. Yapı Kredi is the first bank to use SWIFT GO in Turkey.

### Syndicated loans based on sustainability criteria

Yapı Kredi successfully completed its first syndicated loan based on sustainability criteria in May 2022. The syndicated loan, with a maturity of 367 days, consists of two tranches, in USD and Euro. With a total loan amounting to USD 349.5 million and EUR 431.5 million, the Bank aims to meet the resource needs of customers regarding foreign trade financing.

# Treasury Management

The transaction was secured with the participation of 37 banks from 19 countries. The total cost of the syndicated loan was SOFR+2.75% and Euribor+ 2.10% for a maturity of 367 days.

Yapı Kredi rolled over its second syndication loan in October, with a maturity of 367 days, in two tranches, in US dollars and Euros, amounting to a total of 210 million US dollars and 249 million Euros, in line with the sustainability criteria selected by the Bank. Secured to support foreign trade financing, the loan was extended in two different currencies with the participation of 23 banks from 14 countries. In line with market developments, the total cost of the loan was SOFR+ 4.25% and Euribor+ 4% for 367 days.

In addition to syndicated loans, Yapı Kredi continued its activities throughout the year in funding related to foreign trade.

## INTERNATIONAL DEBT AND CAPITAL MARKETS

Yapı Kredi continued to diversify its funding sources in international markets in 2022, and to raise funds from foreign markets through products such as syndication, securitization, bond issuance and bilateral loans. Yapı Kredi secured funds worth more than USD 1.8 billion, including syndications, from overseas markets thanks to its strong international relationships and respected shareholding structure.

In May and November 2022, the Bank secured syndicated loans based on the Environmental, Social and Corporate Governance (ESG) performance criteria. The total funding amount in the two transactions is approximately USD 1.3 billion and will be used for foreign trade financing.

Yapı Kredi signed a funding transaction of EUR 126.7 million with a maturity of six years under the DPR program based on remittance flows expected in April.

In July, the Bank signed two loan agreements of USD 90 million from the Asian Infrastructure and Investment Bank and the World Bank through the Development and Investment Bank of Turkey. These resources will be used to support SMEs and commercial customers.

## OUTLOOK

In 2023, Yapı Kredi's Treasury and Financial Institutions Groups aim to:

- Meet the financing needs of the real sector,
- Maintain its leading position in its relations with correspondent banks and contribute to the foreign trade activities of Turkey by expanding its correspondent network,
- Maintain the diversity of funds,
- Diversify sustainability-themed funding,
- Maintain cooperation with International Finance Institutions,
- Continue its disciplined approach to maintain its solid liquidity and funding position,
- Increase the share of Sustainable Finance in 2023, and
- Adapt quickly to new regulations.

# Limitless Banking

## PROFILE

Number of ATMs	4.721
Number of Active Digital Customers	~11.5 million
Product Sale Penetration Rate Through Digital Channels*	~%36
Annual Customer Contacts of Customer Communication Center	83 million

\*General Purpose Consumer Loans, Credit Cards, Bill Payments, Flexible Accounts, Time Deposits

Yapı Kredi's Targets in Limitless Banking

- Offer end-to-end digital services and innovative solutions that fully meet customers' all banking needs
- Improve sales capabilities of digital channels to satisfy customers' need for banking products
- Increase digital onboarding
- Create value both for the Bank and the customers by enhancing customer satisfaction, and
- Develop new business models that will expand the banking ecosystem

Based on its banking concept focused on the digitalization, Limitless Banking introduced new innovations for perfect experience in 2022. Yapı Kredi aims to offer more than a bank to its customers while facilitating and increasing accessibility of banking transactions.

Yapı Kredi acts with the vision of delivering a perfect customer experience that will create direct solutions for customer needs with its initiatives aiming to be the bank of choice in physical and Limitless Banking channels.

## DIGITAL BANKING

In line with the digital banking strategy that focuses on the perfect customer experience, Yapı Kredi aims to use and develop innovative technologies and create tailor-made solutions, products and services to meet the needs of customers. Moreover, the Bank offers unique applications the fintech work to shape the banking world of the future.

The contactless banking ecosystem enabled by the Bank's investments and innovations in digital channels has ensured uninterrupted satisfaction of customer needs particularly during the pandemic and transformed customer behavior permanently into a digital one. Working to make a higher number of banking services available for the customers on digital channels in 2022, Yapı Kredi continued to offer contactless solutions and perfect customer experience.

In keeping with its vision of delivering a perfect customer experience that will provide the direct solution for customers' needs, Yapı Kredi focused on perfecting customer experience, optimizing customer interaction and delivering standard-setting solutions in the sector in 2022. To this end, the Bank offered several new services on digital channels to its customers while improving the banking ecosystem. The Bank's innovative applications improved the number of digital active and mobile active customers, customer acquisition, customer interaction, number of transactions, and digital penetration. In 2022, Yapı Kredi increased the number of its digital banking active customers by more than 2.5 million, gaining twice as many customers compared to 2021. Moreover, 9 out of 10 active customers preferred digital banking channels. Customer interaction on digital channels reached 3 billion in 2022.

# Limitless Banking

## Onboarding via Yapı Kredi Mobile without visiting a branch

As a first in Turkey, in 2018, Yapı Kredi designed and introduced the onboarding experience by connecting to a "Video Transaction Assistant" without visiting a branch. Rapidly adapting to the amended MASAK (Financial Crimes Investigation Board) and BRSA regulations in 2021, Yapı Kredi redesigned Yapı Kredi Mobile from end to end to offer the option of onboarding via Yapı Kredi Mobile. The Bank maintained its strong position in the sector with its pioneering experience in 2022.

In 2022, based on data-driven approach, profit-oriented customer acquisition was supported by effective performance marketing activities carried out to the right customer, at the right time and with the right content. The number of users who became customers through Yapı Kredi Mobile increased four times compared to the previous year.

## A Brand New Invoice Transactions Experience on Yapı Kredi Mobile

In 2022, Yapı Kredi introduced a brand new payment experience to its customers via Yapı Kredi Mobile. The Bank made it easier for customers to give orders by presenting as an order suggestion the invoices that they regularly pay. The Bank enabled its customers to easily follow their orders with easy-to-understand charts and views of past transactions. Moreover, various notifications reminded customers that they can convert their regularly paid invoices into orders, thus making giving orders a smooth experience.

## Easy Tracking of Payments with Monthly Payment Plan

In 2022, Yapı Kredi launched the Monthly Payment Plan in Yapı Kredi Mobile to enable customers to monitor their payments more closely. Thus, customers can easily monitor their payments to be

**In keeping with its vision of delivering a perfect customer experience that will provide the direct solution for customers' needs, Yapı Kredi focused on perfecting customer experience, optimizing customer interaction and delivering standard-setting solutions in the sector in 2022.**

made in the next month on a single screen. Moreover, the Bank facilitated the financial transactions of approximately 55,000 customers by offering solutions such as Automatic Invoice Orders and Regular Payments based on regular complete payments made by customers.

## Fast International Money Transfer with Yapı Kredi Global Fast

Yapı Kredi Global Fast was launched in December 2022 on Yapı Kredi Mobile. With Yapı Kredi Global Fast, Bank customers can make money transfers to foreign accounts quickly and easily. In addition, the Bank launched the "Which Is the Most Suitable Method for Me?" service, a first in Turkey, allowing customers to compare their international money transfer methods, on Yapı Kredi Mobile in December 2022. In this way, customers are enabled to choose the payment instrument, country and currency they want to transfer money to, to compare different methods in terms of time and transaction costs, and to choose the method that suits their needs.

## Experience-Oriented Investment Services at Yapı Kredi Mobile

Yapı Kredi further improved the investment services experience offered by Yapı Kredi Mobile in 2022, diversifying its investment

services for various customer needs and making them more accessible.

Among the new products offered are Currency Protected Time Deposits, Currency Conversion Time Deposits and YUVAM Time Deposits. In addition, the Currency Conversion Special Portfolio Management Model designed specifically for portfolio customers was opened for applications on Yapı Kredi Mobile. In addition to the updates that customize the Bank's Market Watch List to improve the experience of its stockholder customers, the Bank enriched the Akıllı Borsacım (My Smart Stockbroker) notification contents which bring stock recommendations offered by Yapı Kredi Invest to customers. In addition, Yapı Kredi enabled customers to use the amount they will obtain from the sale of shares instantly, without waiting for the value date, with the pioneering Cash Loan at Share Sale. Approximately 25,000 customers have used credit by means of this innovation. With the Currency Protected Time Deposits, Currency Conversion Time Deposits and YUVAM Time Deposits offered during the year, approximately 100,000 customers were acquired through Yapı Kredi Mobile and Internet Branch.

## Enriched Digital Insurance Products

Based on the ever-changing customer needs, Yapı Kredi continued to introduce new insurance products to Yapı Kredi Mobile in 2022 that will best meet these needs. As a first in the sector, the Bank offers customers the Start/Stop Safe Home Insurance, as a monthly subscription, via Yapı Kredi Mobile, enabling customers to periodically insure their homes and summer houses. As of September 2022, Yapı Kredi allowed customers to apply for Private Pension System (PPS) for their children under the age of 18. Since the start of the service, 38% of PPS applications have been made for children under the age of 18.

Moreover, as another first in the sector, Yapı Kredi enabled customers to contribute to PPS contracts not only for themselves but also for their loved ones. In addition, the Bank improved the application processes for Compulsory Earthquake Insurance and Automobile Insurance (Kasko) products at Yapı Kredi Mobile, started to offer renewal offers via mobile, and provided customers with the opportunity to apply for PPS and calculate estimated savings via Yapı Kredi Mobile.

## Innovative Solutions Meeting Customer Expectations

Yapı Kredi further improved the digital customer experience of its General Purpose Loans, Card Payment Solutions and Flexible Account products while launching new services. To this end, the Bank enabled customers to easily access credit and card products, facilitated the payment experience of customers with overdue payments, and enabled customers to update their credit product limits via Yapı Kredi Mobile. With the ability offered to customers of applying for additional cards for their loved ones through Yapı Kredi Mobile, 34% of additional card sales in 2022 were made through Yapı Kredi Mobile. On the Flexible Account side, customers can now give automatic limit increase orders and receive more detailed information.

Yapı Kredi made unique additions to the customer experience at Yapı Kredi Mobile. The Bank improved its digital sales capabilities by offering one-touch solutions for the needs of customers when the customers are in need, and by implementing behavioral-based analytical methods. Always focusing on customer experience, Yapı Kredi attaches the highest importance to the opinions of its customers. In 2022, the Bank transformed the App Rater, where customers can rate Yapı Kredi Mobile, to an In-App Rater to make the mobile experience smoother. After the change, Yapı Kredi

# Limitless Banking

Mobile became the highest rated finance application in Turkish application markets. In addition, with the aim of following up the experience of its customers more closely, Yapı Kredi launched the NPS evaluation structure to receive customer feedback at the end of the transactions carried out at Yapı Kredi Mobile. Thus, the Bank can instantly follow the opinions about its customers' experience and to evaluate the adjustments for customer needs more quickly.

When customers come to break their time deposits to transfer their money to other banks to take advantage of investment opportunities outside the Bank, customers were reminded that they might take advantage of the opportunities offered by Yapı Kredi and high-rate time deposits are offered at the time of EFT transaction. Thus, 46% of these customers were enabled to give up making the transfer and deposit their earnings at the Bank.

## Digital Slip

In line with the Bank's sustainability strategy, both individual and corporate customers are offered the opportunity to choose "Digital Slip" for their contactless transactions on Yapı Kredi POS devices, thus enabling them to prevent paper waste and contribute to the protection of nature. In addition, with the "My Tracked Expenses" menu, customers can group and save the digital slips of their expenses that they want to track, and set reminders for their expenses in order not to miss the return / warranty periods.

## E-Receipt

In cooperation with the Revenue Administration, Yapı Kredi moved the physical receipts to the electronic environment with legal validity. While the names of all physical and digital receipts were changed to e-receipts, all transaction receipts started to be created as e-receipts. The Bank enabled both Retail and Corporate

customers to access their e-receipts via Yapı Kredi Mobile and Internet Branch.

## Yapı Kredi Corporate Website continues to be a pioneer with its new design and customer focus

Yapı Kredi Corporate website continues to stand out in the sector with its website yapikredi.com.tr. The Bank has become a pioneer in the sector by consolidating its efforts to facilitate the access to yapikredi.com.tr to be able to organically meet customers' searches for products and services through search engines. Yapı Kredi launched its new Home Page design on yapikredi.com.tr in December 2022 in order to provide services in line with today's rapidly changing technologies. With the new homepage design, the Bank has enabled users to easily access the most frequently needed information such as General Purpose Loans and Credit Card Applications, Calculations and Campaigns with a single click by scrolling the page. In addition, by positioning the For Myself and For My Business buttons in the menu of yapikredi.com.tr, the Bank offered a navigation structure that offers solutions to the needs of all individual and corporate audiences.

## Yapı Kredi Blog Online

Yapı Kredi Blog enables users to access unique content in various areas from future technologies to banking, from sustainability to daily tips. Divided into main categories, Yapı Kredi Blog offers rich content on different topics as text, podcasts and videos.

## Card Information with Augmented Reality

Under the project, which aims to offer a unique experience to customers by integrating features enriched with Augmented Reality technology into Yapı Kredi Mobile and World Mobile applications, the ability to display card information with AR was introduced.

Thanks to this feature, after activating the "Remember Me" feature for once in Yapı Kredi Mobile and World Mobile applications, customers can view their card information with Augmented Reality technology at any time, by scanning their Credit Card, TL Card or Prepaid cards easily and safely with the camera without entering a password.

## All Vehicle Needs Solved with My Car+ on Yapı Kredi Mobile

While working to create new income models under the platform banking, Yapı Kredi aims to offer various services to its customers besides banking products. To this end, in 2021, the Bank launched My Car+ platform, enabling vehicle owners to fulfill all their needs and manage the complete lifecycle of vehicle ownership. My Car+ platform continues to make life easier for users with its rapidly growing user and vehicle base.

My Car+ aims to make life easier for car / motorcycle / truck owners by offering one-stop access to all vehicle-related transactions and to be a one-stop shop for all vehicle transactions. My Car+ functions include MTV (motor vehicle tax) payments and reminders, HGS (Rapid Pass-through Label) applications and transactions, traffic fine payments and proactive notification of fines issued to vehicle plates for vehicle owners, auto loan calculation and tracking, in-car payment when buying gas, proactive automobile insurance quotations at the end of policy term and motor insurance policy purchase, vehicle inspection appointment, and vehicle buying / selling through "Secure Payment System". In addition, customers are provided with reminder notifications by adding the vehicle inspection date, and automobile insurance renewal offers are displayed in the reminders area. In the coming period, Yapı Kredi aims to strengthen cooperations and expand the transaction set to stand by customers for all their vehicle-related needs.

## Digital Payments

Available on Yapı Kredi Mobile and World Mobile, World PAY presents under a single roof digital payment solutions such as In-Car Payment, NFC Mobile Payment, Payment with QR Code and E-Commerce Payments. Payments made by World PAY digital payment solutions increased by 89% over 2021.

With the World PAY Shopping Loan solution, customers are now able to shop for products instantly with the use of loans in stores, thus diversifying the payment solutions offered under the umbrella of World PAY.

Yapı Kredi launched the E-Campus project in the third quarter of 2022 to improve the experience of university students at on-campus payment points. Students and university employees at contracted universities can perform E-Campus activations via Yapı Kredi Mobile and World Mobile, and make payments by scanning the QR Code via World PAY or with physical cards at the turnstiles in the contracted university cafeterias. In the coming period, the Bank aims to expand its contracted university network by continuing its negotiations with universities.

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**My Car+ aims to make life easier for car / motorcycle / truck owners by offering one-stop access to all vehicle-related transactions and to be a one-stop shop for all vehicle transactions.**

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# Limitless Banking

## POS Cepte

In the Yapı Kredi POS Cepte application, which allows mobile phones with Android operating system to be used as a POS device, merchants can make sales without having to re-enter their passwords during the day with the “Fast Sale” feature.

## Innovations for Corporate Customers

In 2022, Yapı Kredi increased the variety of existing products and services offered through Corporate Banking and developed new features under the remote service model. The Mobile Approval service, previously open only to Corporate customers with a single authorized user, was offered to Corporate customers represented by more than one authorized person in 2022.

The Bank improved the experience of legal customers by enabling system administrator authorization definition and authorization update transactions through Yapı Kredi Corporate Internet Branch, which could previously only be done through the branch.

For the first time in Turkey, Yapı Kredi enabled the easy and quick performance of the “Export Value Acceptance Certificate” issuance transactions via Yapı Kredi Corporate Internet Branch, without the need for visiting a branch. Moreover, the Bank continued to facilitate the banking transactions of legal users by enabling companies to perform their salary payment services through Yapı Kredi Mobile.

## Open Banking

Yapı Kredi closely followed the change and transformation of open banking in the financial ecosystem this year, as it has for a long time, and complied with legal regulations. The Bank continued to work on innovative functions and collaborations that can be offered through open banking.

## Yapı Kredi became one of the first banks to complete the technical certification process by getting ready to open and use open banking services. In December 2022, open banking functions were made available to customers on Yapı Kredi Mobile and Internet Branch.

In addition to the improvements that will ensure legal compliance under the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers published by the CBRT in 2021, Yapı Kredi designed and made ready innovative services that can be offered to customers by making use of the services provided by other institutions. Yapı Kredi became one of the first banks to complete the technical certification process by getting ready to open and use open banking services. In December 2022, open banking functions were made available to customers on Yapı Kredi Mobile and Internet Branch. With open banking, customers can now transfer money from other banks by following their current accounts at other institutions via Yapı Kredi Mobile and the Internet Branch.

In the new period, open banking activities will continue with new developments and products to make the lives of customers easier and to offer innovative services. Yapı Kredi will offer innovative integrations in line with the applicable legal regulations.

## Service Model Banking

Yapı Kredi started to work on service model banking in 2022, believing that service model banking will introduce new and

innovative services to the financial ecosystem and enable users to access financial services wherever they need. In order to offer the right services and to understand the needs of the sectors, an inclusive perspective was determined in collaboration with expert consultants and long and short-term strategies were developed. In order to meet the needs of customers with service banking, Yapı Kredi held meetings with various partners to design business models.

Yapı Kredi aims to expand its products and services with new partners in line with legal regulations through the service model banking in the coming period.

## Innovation and Ecosystem Management

The 360° Innovation Model was implemented in 2022 with all internal and external ecosystem actions. Moreover, the FRWRD innovation umbrella brand was established, and innovation and ecosystem studies were carried out in a holistic and mutually supportive manner both inside and outside the Bank.

In order to realize pioneering and innovative collaborations in the sector and to turn these collaborations into tangible benefits as a part of Yapı Kredi FRWRD 360 Degree Innovation Model, Yapı Kredi Fast FRWRD Blockchain Acceleration Program, the first of the Fast FRWRD Acceleration Programs to be conducted on critical innovation areas / themes that will define the future, was successfully implemented and terminated. The program attracted 151 applications, a number beyond expectations, and among these applications, 13 qualified startups were accepted into the program. The results were announced in the FRWRD Innovation Week in December 2022. At the “Fast FRWRD Demo Day” held on December 13, 2022, nine startups made presentations. The event was held with the participation of more than 150 people from a significant

## The 360° Innovation Model was implemented in 2022 with all internal and external ecosystem actions. Moreover, the FRWRD innovation umbrella brand was established.

audience, including ecosystem stakeholders, investors and members of the press. Two more acceleration programs will be carried out in 2023. The first of these programs will focus on SME Solutions. In the second, it is planned to focus on Artificial Intelligence.

With the aim of increasing the know-how of bank employees on the innovation and entrepreneurship ecosystem, supporting innovation production, increasing collaboration and sharing of ideas among teams, creating a team that will lead innovation within the Bank, and leading innovation “continuously” inside and outside the Bank, the “Yapı Kredi FRWRD Idealist Working Group” was launched in cooperation with Yapı Kredi Banking Academy, with the participation of a total of 31 employees experienced and expert in various disciplines from 26 departments. On the Experimental Innovation Projects demo day held on December 13, 2022, seven idealist teams presented six innovative projects. The group will continue to expand throughout the Bank and develop its activities in two different cycles in 2023.

Under the umbrella of Experimental Innovation Projects, activities were carried out in 2022 to collect and support innovative projects from different departments of the Bank that will make a difference in the sector, and to implement them in an agile and simple manner. Two Experimental Innovation Committees were held in 2022, the first in May and the second in December together with the Innovation Week. In the first application

# Limitless Banking

period, three innovative projects were accepted. In the second application period, a total of 18 applications were received from the requests for Bring Your Idea Metaverse Material Topic Study, Idealist Working Group team projects and Experimental Innovation Projects with 10 of the projects submitted to the committee. Assessments of the projects continue. Under the Experimental Innovation Projects, three projects were completed and introduced to customers in 2022, each receiving a different award. Many innovative projects will continue to be implemented with the application calls to be made twice in 2023.

As part of the efforts to support innovative thinking and spread the innovation culture, the "Innovation Bulletin" continued to be communicated to the entire bank every two weeks. The bulletin was received with interest and admiration by the employees, and the opinions of the employees were asked for content suggestions.

In the second Yapı Kredi FRWRD Innovation Week, various events, trainings and webinars were organized between December 12-16, 2022 with the aim of finalizing the works done throughout the year and explaining them inside and outside the Bank in the best way possible. Events with different themes were organized for each day, both inside and outside the bank. The contents are enriched with experts active in the fields of fintech, demo day, innovation, sustainability and artificial intelligence. Demo days were held with a large number of physical participants while other days were held online. In 2023, Yapı Kredi aims to increase brand awareness by reaching more participants from inside and outside the Bank. An intensive activity and communication program was implemented with the aim of supporting the innovation ecosystem and culture and increasing the awareness of the Bank as an entrepreneur-friendly and supportive, innovative institution. To this end, Yapı

## An intensive activity and communication program was implemented with the aim of supporting the innovation ecosystem and culture and increasing the awareness of the Bank as an entrepreneur-friendly and supportive, innovative institution.

Kredi organized three demo days in collaboration with Keiretsu Forum Turkey, 12 demo days and four quarterly events in collaboration with Startups.watch, and more than ten trainings and webinars were organized within the Bank while sponsoring for NFT Summit, Istanbul Fintech Week, Fast Company Corporate Startup Day and Avalanche Hachathon events. Yapı Kredi employees participated as a speaker in sponsored events to which the Bank was invited. In 2023, the collaborations will continue, and different collaborations with new institutions will be developed.

In order to increase the visibility, weight in the ecosystem and activities of Yapı Kredi and the FRWRD brand, active duties Yapı Kredi joined the leading organizations and communities of the ecosystem, thus actively assuming tasks and responsibilities. The Bank got into contact with more than 30 startups and various collaborations have been established. Close communication was established and joint studies were carried out with the leading companies of Koç Group, such as KWORKS and Arçelik, in order to evaluate and realize the possibilities of intragroup cooperation. A representative from the Idealist Working Group participated in the "Innovation Champions" Program of Arçelik Garage Innovation Hub, launched in 2022, and collaborated with KWORKS under the acceleration program. In addition, together with KWORKS,

Yapı Kredi applied for the call for TUBITAK BIGG Implementing Organization as a consortium partner. The application was accepted. In 2023, the Bank will carry out TÜBİTAK BIGG studies together with KWORKS and other consortium partners.

### Dijital

The number of fintechs, which emerged as a result of the developing technology, changing customer behaviors and new regulations around the world, rapidly increases. Banks diversify added value and products / services by offering innovative financial solutions and customer-oriented applications for users. Banks step up the development and digital transformation of the market, especially thanks to the new generation banking service models they offer through their own digital platforms.

Parallel to these developments, the fintech ecosystem is rapidly expanding in Turkey. It is predicted that this sector will grow faster with the new regulations. This growing ecosystem creates an environment for catching opportunities especially in global finance and technology, and ensuring the sustainability of the financial system as well as the inclusion of people who have not been involved in the financial system before.

Constantly developing its digital ecosystem, Yapı Kredi aims to provide better tailored solutions to meet the needs of users, while determining solutions based on customer needs and ensuring that these solutions are quickly included in the system in order to remain competitive.

Yapı Kredi established a fintech company that can offer next-generation banking services and provide a wider range of services by creating added value to users.

Fintech aims to introduce the financial products and innovative business models created by using digital technologies to users while providing added value. Yapı Kredi's main goals in establishing a Fintech company are to enable people who have not yet been included in the financial system or who have been outside of this system, to enter the financial ecosystem. Thus, by creating equal opportunity in access to financial services, the Bank will contribute to the generation of wider social benefits.

The services to be offered by the Bank will enable customers to access many different products from a single point and perform their transactions more easily and quickly. These services will cover many products and solutions from payment services to investment services.

Supporting financial innovation with Yapı Kredi's agile working methodologies, the fintech company will create a new generation banking system, provide equal opportunities for all users, and increase access to financial services and inclusiveness.

### Best Digital Bank of Turkey for the Sixth Time!

Yapı Kredi's products and services offered through digital channels have been endorsed by prestigious organizations in the world, as well as in Turkey.

Crowned with a total of 19 awards in 2022 around the world, Yapı Kredi was recognized with the Best Digital Bank in Turkey award for the sixth time in a row at the Digital Banking Awards held by the Global Finance magazine.



# Limitless Banking

## OUTLOOK

In 2023 Yapı Kredi Digital Banking aims to:

- Offer digital services with new service models and sector-leading innovative solutions that create end-to-end experience on the basis of persona in digital products and services,
- Realize investments that will better analyze customer behaviors and needs will make their experience perfect,
- Lead the way in ease of use with application solutions that streamline the customers' experience within the application in addition to its simple design principle in digital,
- Develop new products and services that adapt to customers' lifestyles by capitalizing on various cooperation opportunities with fintechs and startups in parallel with the changes in legal regulations,
- Increase the digital acquisition of corporate customers through digital services that meet corporate and bank needs of corporate customers with integrated solutions.
- Yapı Kredi will strengthen its position as the leading bank with the activities carried out in the Innovation and Entrepreneurship ecosystem.
- As an entrepreneur-friendly bank with the products, services and supports offered to startups, the Bank will increase awareness in the ecosystem and create mutually beneficial relationships, including investment opportunities with startups.
- The Bank will continue to create new values, products and services, which will make the Bank stand out in competition by expanding its innovative perspective to the entire Bank with the activities carried out for the employees within the Bank.

## The annual transaction volume at Yapı Kredi ATMs stood at TL 394 billion. Nine out of ten cash transactions were performed via ATMs.

### ATM NETWORK AND SELF-SERVICE BANKING

With 4,721 ATMs, Yapı Kredi is one of the top five banks with the most extensive ATM network in Turkey. The Bank continued to renew its ATM network in 2022. To this end, the Bank replaced 84 ATMs with the latest technology ATMs. This 'rejuvenation' process will continue in 2023. Under enabled banking, four out of five ATMs have been made suitable for use by persons with disabilities.

The Bank also continued to increase its contact points in line with its strategy of expanding its ATM network at non-branch locations. Yapı Kredi strengthened its position in the 4th place, especially by prioritizing the acquisition of new salary customers and increasing the income from card utilizations abroad.

All ATMs of the Bank can be used for withdrawal and deposit. In addition, 93% of ATMs are Recycle ATMs. Yapı Kredi is among the pioneers of the sector with its ATMs, which enable the paying of the money deposited by customers to other customers who want to withdraw money when necessary.

The annual transaction volume at Yapı Kredi ATMs stood at TL 394 billion. Nine out of ten cash transactions were performed via ATMs.

Providing the opportunity to make transactions without touching the ATM, the QR Code was welcomed by customers and QR Code was used in more than 50 million transactions at ATMs. In addition, Yapı Kredi is one of the first banks to offer the QR code withdrawal service (TR QR Code) to other bank customers under the Shared ATM initiative.

In line with its vision to increase financial access, Yapı Kredi offers cash withdrawal, deposit, credit card debt payment, credit card debt / limit inquiry and QR code withdrawal operations in the Shared ATM menu. Thus, the services that other bank customers can get from Yapı Kredi ATMs whenever they need it were diversified. Moreover, Al Baraka Türk was added to the bilateral agreements started with Türkiye Finans Katılım Bankası A.Ş. and continued with Kuveyt Türk Katılım Bankası A.Ş. last year to enable other bank customers to benefit more from Yapı Kredi ATMs.

Thanks to these projects, the use of Yapı Kredi ATMs by other bank customers continued to increase, resulting in a 55% increase in the number of uses compared to 2021. In addition to existing agreements, work continues on new collaborations with other banks, fintech and e-money institutions.

In order to increase the use of Yapı Kredi ATMs by cardholders of foreign banks, Yapı Kredi continued to expand its penetration in regions that are centers of attraction for culture, faith, border, health and holiday tourism. Yapı Kredi offers the DCC (Dynamic Currency Conversion) option for cash withdrawals made with foreign bank cards from Yapı Kredi ATMs. Moreover, by adding new language options and card brands, the customer base and transaction experience that can receive service has been improved,

## Providing the opportunity to make transactions without touching the ATM, the QR Code was welcomed by customers and QR Code was used in more than 50 million transactions at ATMs.

thus enabling foreign bank customers to prefer Yapı Kredi ATMs more. Compared to 2021, the Bank doubled its international card transaction volume. One out of every ten tourists who withdraw cash across Turkey preferred Yapı Kredi ATMs for their transactions.

In line with the expectations in the digitalizing world, the product and service portfolio preferred by digital customers for their cash needs has been expanded with the use of new products such as prepaid digital cards and plastic cards in ATMs. In the coming period, it is planned to expand the set of transactions performed with QR code, as well as diversify ATM access with alternative technologies such as NFC (Near Field Communication).

Yapı Kredi continued to support the customer-oriented banking approach with its widespread, fast and user-friendly ATM network, while starting to renew its ATM cabinets with a modern design to increase brand awareness.

# Technology, Data and Process Management

In 2022, Yapı Kredi Technology, Data and Process Management continued its activities without slowing down to best meet the needs shaped by Yapı Kredi's strategy and the effects of the post-pandemic new normal. Yapı Kredi worked on projects for transition to the digital business model while introducing innovative applications to its customers.

## WHAT'S NEW IN 2022

Yapı Kredi launched various pioneering applications to bring the future of banking to the present and to offer the best customer experience in the sector. With the projects and developments in all channels, an average of 97% of financial transactions in 2022 was realized digitally or automatically.

## OUR PRIORITY: SUSTAINABILITY

In line with the sustainability principles and the remote service model, Yapı Kredi expanded its work on paperless transactions with digital approval. In 2022, solely authorized legal customers were enabled to complete product sales and other banking transactions with remote mobile approval. Moreover, all legal customers can now receive instructions with digital approval. In 2022, the rate of digital approval for the documents received from customers in product sales and transaction processes increased by 6 percentage points compared to 2021 from 79% to 85%. Thus, Yapı Kredi saved more than 2,000 tons of paper in 2022, contributing to the protection of environment.

Another first in the sector, as a result of the work done in collaboration with the Revenue Administration, a transformation project was completed to allow the legally-valid digital use of the receipts of the transactions carried out at the branches. Thus, it became possible to receive digital copies of 20 million

receipts printed at branches. With this project, Yapı Kredi Bank implemented the technological infrastructure that converts 2 billion receipts into e-receipts annually, much exceeding 534 million, the total number of e-receipts in Turkey. Thanks to this transformation project, legal customers can now use their bank receipts as invoices after accessing them through digital channels.

Moreover, customers can reach their legally-valid e-receipts individually or collectively through Yapı Kredi Mobile or Internet Branch. With the digital slip technology launched via Yapı Kredi Mobile in 2022, the Bank now provides fast and easy digital access to card slips. As of January 2023, merchant slips can be generated digitally and displayed in a paperless environment. In line with the sustainability vision of Koç Holding and Yapı Kredi Bank, the Data Center cooling system energy saving project was launched in line with the goal of reducing carbon footprint. Another contribution to energy efficiency was obtained by technologically renewing storage devices, backup devices and servers at the end of their economic life.

**Focusing on algorithm-robot-human cooperation in AI and robotic technologies**, Yapı Kredi stepped up the production of smart automation scenarios. To this end, with the support of 32 robots and 11 AI algorithms, employees were supported with an average of 28 million transactions and controls per month in 180 business processes. Yapı Kredi also developed a new technology based on image processing and deep learning algorithms to perform signature control with the support of AI. The technology is now used to control the signatures of physical documents received from customers for a transaction. The number of documents with automatic signature verification increased significantly, reaching an average of 193 thousand per month. Product range was

diversified in the AI-supported Intelligent Document Processing infrastructure, which reads, classifies and extracts customer orders. Yapı Kredi continues its R&D activities on face recognition and voice processing as well as quantum computing.

**In line with the Responsible Banking approach**, processes related to products and services continued to be systematically monitored over control scenarios created with regulatory compliance and responsible banking approach while the effectiveness of warning mechanisms was improved.

**In order to support sales activities**, the Bank enabled customer needs to be clearly identified, thus presenting the most appropriate product and service offers at all channels with the automation infrastructure designed in big data architecture and analytical models created.

A competitive advantage was provided in the offers to be given to the companies through predicting the income generation from our salary customers to our Bank.

As part of the remote service model, the end-to-end digital approval of auto loans from both dealers and branches was launched. This innovation enhanced customer satisfaction with savings in paper and time.

With the "My Cash Flow" function, a platform is created where customers can monitor their cash flows based on their income and expenses through Corporate Internet Banking and Mobile Banking applications. As a result, product offers were presented to customers according to their behavior models, increasing efficiency in sales activities.

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**With the support of 32 robots and 11 AI algorithms, employees were supported with an average of 28 million transactions and controls per month in 180 business processes.**

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Under the Insurance Program, initiated to make a difference in the sector with digital investments and diversify bancassurance products, the insurance products such as "PPS (Private Pension System) for Your Loved Ones" and "Start/Stop Safe Home Insurance" were launched as a first in the sector.

**Yapı Kredi attaches great importance to data quality and processing.** To this end, a major data literacy training program for the Bank's employees was completed. Data quality score of SME customers was improved. Moreover, the acquisition model that supports private banking customer acquisition was completed. An NPS (Net Promoter Score) estimation model was developed to estimate customer satisfaction. In addition, the Bank launched advanced modeling practices for the optimum management of the branch cash balance.

**Yapı Kredi continues to create innovative applications to customers through rapid adaptation to innovations in technology.** The new "Augmented Reality" Technology introduced with Yapı Kredi Mobile enables customers to scan their Credit Card, TLCard and Prepaid cards with their device cameras and access to their card information on their devices via the application. Under the "Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers", published by the CBRT, Yapı Kredi

# Technology, Data and Process Management

became the pioneer completing the certification process required for the creation of services that enable customers to share their account information with different institutions/channels and initiate transactions from their accounts through these institutions/channels.

**Continuous improvement projects to maintain credit card leadership.** As a result of the work carried out with International Payment Institutions, Yapı Kredi introduced new features for customers. By integrating Visa Direct, Mastercard MoneySend and Mastercard GlobalFast products, the Bank enriched money transfer functions from Yapı Kredi cards and accounts to international cards/accounts. With the “most suitable for me” method, customers can now select the most advantageous transfer method for them. As the first bank in Turkey to integrate with the Visa Global VTS system, Yapı Kredi started to accept card storage transactions from merchants abroad. Yapı Kredi Cards can be registered to the Visa One-Click system via Yapı Kredi Mobile and World Mobile to be used in domestic transactions. With the integration established with Etisan, the information technologies company, students and university staff at contracted universities are enabled to make transactions with QR/Physical card scanning by using their bank/credit cards at turnstile entrances and campus payments. The “POS Cepte” mobile application provides an experience and convenience not available in physical POS devices by enabling the use of Installments, Points and Campaigns in contactless transactions carried out at merchants with World licensed cards. Yapı Kredi became the pioneer bank offering this feature. The Quick Sale function was developed to enable

payment from the POS Cepte mobile application without the need for entering passcode. This improvement reduced the payment time by approximately 50%.

With the aim of ensuring continuity and scalability **by aiming to provide perfect service to the Bank’s customers**, Yapı Kredi stepped up the modular software infrastructure and architectural works. To this end, applications were renewed, the core banking application was redesigned and the user experience was improved to introduce banking products to the market faster and to create a more modern application portfolio. With the production of smart automation scenarios, the systems can self-manage and self-monitor 24/7. In addition, with the alarm systems installed, it became possible to shorten processing times, ensure uninterrupted data flow and system continuity, and reduce carbon footprints. Proactive monitoring methods were developed and necessary software investments were made to support the methods to offer uninterrupted and fast service to customers via the computers used at the branches. With the developments in the Video Banking customer acquisition infrastructure and capacity, the call capacity of 6,000 per hour was increased to support 36,000 calls per hour. In 2022, the cloud infrastructure was used to hold 5,900 training meetings of 1.6 million minutes and 183 live broadcasts of 11 thousand minutes. The capacity of the network infrastructure serving Mobile Banking environments was doubled, thus ensuring the continuity of the service and the adequacy of its performance. Moreover, network access devices were replaced at 492 non-branch ATMs. The operating performance of the branches was also improved by boosting the capacity of 609 data lines.

## OUTLOOK

In 2023 Yapı Kredi Technology, Data and Process Management aims to:

- Develop new applications for the New Generation Banking Architecture, the first in the banking sector,
- Continue in parallel the big data-oriented architectural transformation and analytical process automations, while projects to increase the decision quality of business units continue.
- Step up process and application developments aimed at further increasing the use of digital channels by corporate customers,
- Launch the process of becoming an end-to-end digital customer without visiting a branch for legal customers by connecting to the Video Transaction Assistant,
- Create a business environment where our employees can train the algorithm with the documents they use for their tasks, thereby increasing the speed and volume of using algorithms, which will significantly improve the current, generic, employee-friendly architecture and the natural language processing algorithm that reads, classifies and extracts the information in the orders,
- Ensure the use of the signature verification technology in the control of the drawer’s signature on the checks received from the customers for collection and guarantee with the support of artificial intelligence,
- Develop the technology that enables the control of handwritten statements, which are legally obligatory in documents received from customers, with the support of

artificial intelligence, and integrate this technology into document control processes,

- Monitor control scenarios much more effectively and quickly by using robots in line with the responsible banking approach,
- Enable corporate customers to become customers remotely in addition to individual customers, Implement the “bring your friend” application to enable the existing customers to invite their acquaintances and relatives with a special reference code and direct them to digitally becoming a customer,
- Design and implement the remote service model for the extension of mortgages with digital approval,
- Investigate the opportunities and risks that blockchain technology will create in the financial sector, complete the relevant infrastructure and security developments and review processes and operations to include the use of new technology,
- Migrate the network infrastructure to the new architecture, improve the capacity of the devices and increase the speed of service by investing in big data and unstructured databases,
- Use cloud-compatible security programs and ensure the use of new generation security technologies in the Bank to ensure bank security and combat new generation cyber threats with the Secure360 security program, and
- Initiating new change/transformation programs to provide the necessary technological support for the subsidiaries to maintain their leadership in the competitive environments of different sectors and countries and to achieve their profitability targets.

# Banking Operations Management

Yapı Kredi Bank's Banking Operations team continues to serve its customers with an ever-increasing efficiency and service quality while minimizing risk and focusing on digitalization in line with the motto of "Turkey's Digital Bank".

## SERVICE QUALITY

In 2022, Yapı Kredi reached a 90% rate of compliance with target customer service times regarding operational transactions.

While the delivery speed of cards sent to customers by courier maintained its previous level (58%), the first visit delivery rate of cards increased from 70% to 75% in 2022.

Yapı Kredi is the first bank to offer a service for the transfer of export prices to the Central Bank of the Republic of Türkiye via internet banking. Our customers made 25% of their transactions with this channel.

Yapı Kredi built the infrastructure to enable its exporter customers to send their "export collection documents" via Internet Banking without the need for visiting a branch.

During the year, 45% of the 21,000 mortgages established were executed as electronic mortgages. Moreover, Yapı Kredi issued a total of 80,000 letters of guarantee with 30% being electronically drafted. The Bank will continue to use electronic channels that allow faster transactions with less paper consumption.

## PRODUCTIVITY

Toward the end of 2022, the Bank launched the pilot application of the "Operation Sharing Model", aiming to ensure the automatic

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assignment of tasks among the central teams and, in the future, between the branches and the central operation teams. The model is expected to boost productivity.

The STP rate for outgoing foreign currency transfers increased from 40% in 2021 to 47% in 2022.

In 2022, Yapı Kredi also started works on Digitization Dashboard to monitor the digitalization ratio of the branches as well as the usage rates of digital products more efficiently and to reduce the preordered incoming transactions.

During the renewal of check sorting devices, a check finding function was added to the existing Bill Counters with special software, thus saving costs for device replacement (~ 1 Million Euro).

## OPERATIONAL RISK

Purchased in 2021 to mitigate risks stemming from operations in Cash Centers, the Main Vault Automation Software is now available in all Cash Centers. In 2023, through the integration of the software to the main banking system of Yapı Kredi, efficiency will be increased.

The entire workout process from the transfer of delayed customers to workout to the closing of workout contracts started to be carried out by expert teams at the center. The branches of the Bank are involved in the process only when customers apply to a branch (27% of transactions). The project aims to reduce the branch workload and minimize the risk arising from operational errors.

Through the centralization of the Inheritance Credit Notification Schedule process, it is planned to reduce the operational and legal risks and to eliminate inefficiency due to the manual creation of the inheritance debt notification schedules.

## ECO-FRIENDLY OPERATIONS

As a direct contribution to sustainability, Yapı Kredi recently started "using cloth bags instead of cassettes while loading cash to ATMs". The final model of the operation estimates to save 33,000 plastic bags per month.

The export letter of credit opening and change notification forms, including the relevant SWIFT messages, are now sent to the defined e-mail addresses of the branches and customers as an attachment. Moreover, the forms are printed in one copy instead of two, which leads to an annual saving of approximately 30,000 sheets of paper.

In 2022, approximately 3 million sheets of paper were saved thanks to the widespread use of KEP (registered e-mail). All the operations teams with customer contact of the Bank continue to direct the customers' physical document requests to digital channels (E-receipt, Corporate Internet Banking, etc.).

## OUTLOOK

In 2023 the Yapı Kredi Banking Operations Management aims to:

- Use the digitalization initiative at the highest level to reduce risk while increasing service quality and efficiency for the customers and the Bank,
- Increase productivity through changes in business models,
- Hire young people for our teams to ensure the structured transfer of knowledge and experience in each team.

# Technological Risks and Cyber Security

Digital transformation and technological developments have led the banking industry to develop risk management tools to ensure the security and privacy of customer information and personal data, and to manage increasing cyber threats.

At Yapı Kredi, the Information Security Committee is responsible for the oversight of the information security management system. The Committee carries out the activities of establishing, updating and implementing the information security policies in the Bank on behalf of the Board of Directors. The Committee reviews the policies, procedures and processes at least once a year, and reports annually to the Board of Directors on cyber security.

You can find more information about the Information Security Committee [here](#).

## CYBER SECURITY INVESTMENTS COME FIRST

Data security at Yapı Kredi is managed within the scope of relevant policies and processes. Data are classified depending on their confidentiality, integrity and accessibility.

In this context, security measures are taken to ensure the integrity and confidentiality of data.

The Bank designs and implements controls to detect and prevent data leakage, while prioritizing cyber security investments. Yapı Kredi carries out monitoring activities 24/7 to detect and prevent cyber attacks, to realize immediate interventions if necessary. Security trail logs collected from all related software and hardware products are subject to correlation rules, making the detection and

prevention of cyber incidents possible. In line with international standards and local legal regulations, the Bank regularly conducts internal and external audits, application security tests on applications as well as vulnerability analysis and penetration tests on information assets.

Yapı Kredi aims to constantly review and improve its banking processes, and to enrich digital channels with innovative products and services. The Bank further aims to expand the use of AI, advanced analytics and machine learning technologies to different channels and applications to improve the agility and scalability of the technology infrastructure and to increase the success and efficiency of fraud detection systems. In this context, anti fraud processes have been developed with analytical behavior based detection applications, artificial intelligence based models have been implemented to protect customers from fraud, and systems that monitor customer behavior have been put into use.

## GOING BEYOND FULL COMPLIANCE WITH LEGISLATIONS

Yapı Kredi implements practices that go beyond the requirements of the Banking Law and other legislation, with in-house policies such as the Code of Ethics and Business Conduct, Corporate Policy on Protection and Processing of Personal Data, and Information Security Policy. The Bank constantly informs its customers about the internal policies in this area and the measures the customers can take for cyber security. In addition, the Bank informs all its employees about the changes and amendments in the applicable legislation and/or rules, and observes the obligation of the employees to comply with the internal policies and rules.

Yapı Kredi is subject to the regulations of the Banking Regulation and Supervision Agency (BRSA), the regulatory authority of the banking sector in Turkey. There is a regulation published by the BRSA on Information Systems and Electronic Banking Services. This regulation obligates the presence of an information security management system mechanism that is equivalent to ISO 27001 Information Security Management System. Yapı Kredi is regularly audited by the BRSA every year. In addition, audit activities are carried out every year under the SWIFT framework, which refers to foreign currency money transactions to bank accounts in or out of the country.

In cases where it is necessary for Yapı Kredi to share data with third-party companies, contracts with companies comply with Yapı Kredi policies and standards, and include commitments to ensure the data security required from banks under Foreign and Support Service procurement section of the BRSA Information Systems and Electronic Banking Regulation.

In 2022, the Bank continued its development and improvement works in supplier security. Yapı Kredi plans new projects for 2023 to evaluate and score the security levels of the Bank's suppliers, to mitigate the cyber security risks originating from the suppliers, and to automate the processes.

Yapı Kredi carries out a comprehensive information security awareness program for all employees. The program covers trainings, tests, announcements, and bulletins related to information security. The Information Security Awareness Days, which was organized for the first time in 2021 as part of the information security awareness program, was organized and held

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**3,509 hours of information security training were given to 7,429 bank employees in 2022.**

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in 2022. During the event held in October, the Cyber Security Month in the world, the Bank's senior executives and speakers from the security sector provided information to employees on various issues related to information security. Yapı Kredi plans to continue the Information Security Awareness Days events in 2023 and beyond. Moreover, phishing tests are conducted throughout the year to raise awareness of all employees against phishing attacks, one of the biggest threats to cyber security. Data security and privacy issues are included in various trainings on information security awareness to improve the awareness of employees on these issues. In addition to information security trainings, awareness is also raised through trainings for employees on the Law on the Protection of Personal Data. Under the information security awareness program, 3,509 hours of information security training were given to 7,429 Bank employees in 2022.

In addition to the security awareness raising activities for the Bank's employees, information is regularly shared with customers to increase their security awareness against possible external fraud cases. Security notifications sent via various channels such as SMS, MMS, e-mail, and social media explain how customers can ensure the security of their information against current fraud methods and attempts. Proactive information activities continued in 2022.

# Technological Risks and Cyber Security

Always focusing on the security of customers and employees, Yapı Kredi Studies continued cyber security awareness activities in 2022. In line with the principle of quality, responsible and compliant banking, the Bank gives priority to compliance with banking laws and regulations. Developments in information technologies, new business models, security solutions, cyber security related attacks and threats, and security regulations are regularly monitored by the Bank.

In 2022, Yapı Kredi launched new projects on Machine Learning Technologies in Cyber Security and Cyber Hygiene. The KPI and metric architecture, an important tool for evaluating the Bank's security maturity level, was reviewed and redesigned. In this way, it was ensured that KPI and critical metrics could be monitored on dashboards and regularly evaluated. The "VadaAI: Anomaly Detection with Machine Learning in Cyber Security" project developed by International Data Corporation (IDC) Turkey at the Finance Sector Technologies event using machine learning technologies in cyber security won the first prize in the "Big and Analytical" and "Security and Fraud Management" categories.

Moreover, in the RRA (Response Readiness Assessment) maturity assessment study conducted in collaboration with Mandiant to evaluate the ability of institutions to respond to cyber security events and threats, Yapı Kredi became one of the companies with the highest score among financial services companies in the EMEA (Europe, Middle East, Africa) region.

By the end of 2022, the Cyber Security and Fraud Team and the Abuse Prevention Team were brought together under the same

roof to ensure both bank and customer security, now directly reporting to the Information Security Officer. Thus, the Bank renewed the security organization structure with a holistic approach.

Yapı Kredi plans to continue and expand studies and projects on cyber security in 2023. To this end, a new program, called Secure360, covering the years 2023-25, was developed to maximize the security of both the bank and its customers. The program aims to realize projects such as the use of AI and machine learning technologies in cyber security and the automation of security operations. It is expected to enhance the proactive security approach through security analytics, and threat intelligence and hunting works.

The Bank aims to design new projects in line with the Zero Trust principles that became prominent in cyber security in recent years. In 2023, Yapı Kredi will launch important data security projects as well as projects on critical data discovery in structured and unstructured environments and on Hardware Security Module (HSM) transformation.

To protect the information entrusted by customers, Yapı Kredi will constantly review, improve and implement cyber security measures in accordance with national and international security standards.

## INFORMATION SECURITY AUDITS

Units reporting to the head of the Information Systems Security Management take action and measures against risks related to

information security. Departments reporting to the Information Systems Security Manager and other Yapı Kredi Technology teams are subject to security audits by the Information Security Audit and Information Technologies (IT) Audit units. In 2022, security audits were performed on:

1. Individual Internet Banking
2. Corporate Internet Banking
3. Network Security
4. Software Development Processes
5. Data Storage in External Cloud Environments
6. POS Cepte Mobile Application
7. World Mobile Application
8. Identity and Access Management

The purpose of the audits is to evaluate the adequacy, effectiveness and efficiency of the identity, access and password management processes of the Bank, and also to assess the compliance with the provisions set forth in Article 11 (Identity and Access Management) of the Regulation on Banks' Information Systems and Electronic Banking Services.

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# Other Subsidiaries

## BANQUE DE COMMERCE ET DE PLACEMENTS

Yapı Kredi holds 31% of the capital of Banque de Commerce et de Placements (BCP), established in 1963 in Switzerland, active in structured commodity finance, wealth management, treasury, and capital markets.

BCP has been offering custom-tailored services and solutions to its commercial, private and corporate customers for nearly 65 years. The Bank provides high level of service quality and innovative products and services with high added value in its segments, enjoying a respectable position with its ever-growing customer and correspondent bank portfolio around the world. Established in accordance with Swiss Banking Laws and Regulations, BCP is subject to the supervision of the Swiss Financial Market Supervisory Authority (FINMA).

BCP is headquartered in Geneva. The Bank also operates through its branch in Luxembourg and its representative office in Dubai. Although the rapid price fluctuation that started in the commodity market due to the Russia-Ukraine war in 2022 and a series of embargoes imposed by the Swiss Government on Russia caused the Bank's transaction volume in commodity trade finance to decrease by 10%, BCP partially compensated for the lost trading volume with other markets. In addition, the improved balance sheet interest margin after the sudden increase in interest rates, high commodity prices and the collection of some problematic receivables caused by the COVID-19 had a positive effect on the income flow, leading to profitability in 2022 above the budget target. Moreover, the Bank strategically kept its risk appetite under control and limited its growth rate to a cautious level.

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**In 2022, BCP's cost-to-income ratio stood at 39.8% and Tier 1 capital ratio at 15%. In the same period, the Bank increased its economic profit by 43% compared to 2021, amounting to 61.4 million Swiss Francs.**

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In 2022, BCP's cost-to-income ratio stood at 39.8% and Tier 1 capital ratio at 15%. In the same period, the Bank increased its economic profit by 43% compared to 2021, amounting to 61.4 million Swiss Francs. BCP's international commodity finance transaction volume moved down by 10% in 2022 compared to the previous year, reaching 36 billion Swiss Francs. The Bank's consistency in its customer-focused business policy and in its service to its long-established and broad customer base in its sector further increased BCP's recognition in the commodity finance market.

The Bank works on strengthening its second main area of activity, asset management, in line with market and customer expectations, planning to complete the project in June 2023.

In 2023, BCP aims to achieve results in line with its budget by maintaining its controlled growth strategy and prudent risk management.

Focusing on product and geographical-oriented diversification as a strategic goal in its main fields of activity, BCP commits to maintaining a healthy level of asset quality with effective risk control while expanding its customer portfolio.

## YAPI KREDİ TECHNOLOGY

Yapı Kredi Technology (Yapı Kredi Teknoloji A.Ş.) has been working on innovative, high value-added and R&D-oriented products and activities for the financial sector in the Istanbul Technical University ARI Teknokent Technology Development Zone since 2015. In 2019, Yapı Kredi added the "On-Site R&D Center" to its innovation centers. With the new center established in the Yapı Kredi Bank Çayirova campus, the Bank now carries out R&D-focused studies in two campuses.

Providing banking services to its customers regardless of time and place in the digitalizing world, Yapı Kredi Technology continued to rapidly adapt to technological innovations and create innovative applications for its customers in 2022. From the first moment, Yapı Kredi welcomes its customers to a world of seamless end-to-end experience through digital channels while offering ever-expanding functions via the Yapı Kredi Mobile application. With the digital slip technology, the Bank now provides fast and easy digital access to card slips. The new Augmented Reality Technology introduced with Yapı Kredi Mobile enables customers to scan their Credit Card, TLCard and Prepaid cards with their device cameras and access to their card information on their devices via the application.

Moreover, Yapı Kredi Mobile was enriched with various new features such as transportation card integrations, new international money transfer options, applications for various insurance and deposit products, smart recommendations, and campaign options.

Now, with WorldPay in Yapı Kredi Mobile or World Mobile applications, customers can also use Shopping Loans by scanning a QR code via the POS at member merchants. People who are not Yapı Kredi customers can also instantly become a Yapı Kredi and

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**Digitizing Yapı Kredi's internal processes while facilitating the lives of its customers with its digital solutions, Yapı Kredi Technology designed pioneering R&D and innovation projects in 2022, as in previous years.**

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benefit from shopping loans via the Yapı Kredi Mobile application in-store.

The Vadaa Chance quiz blending luck and knowledge was added to World Mobile, where all participants can compete simultaneously and earn Worldpoints.

With the launch of Open Banking services by the Central Bank of the Republic of Turkey (CBRT), Yapı Kredi Bank, as the technological leader of the sector, introduced Account Information and Payment Order Initiation services. Yapı Kredi Technology successfully completed certification tests for the structure operating via the 'Open Banking Gateway' (GECIT) infrastructure developed by the Interbank Card Center (BKM), enabling standard Open Banking transactions to be offered to the parties.

Digitizing Yapı Kredi's internal processes while facilitating the lives of its customers with its digital solutions, Yapı Kredi Technology designed pioneering R&D and innovation projects in 2022, as in previous years.

Yapı Kredi also developed a new technology based on image processing and deep learning algorithms to perform signature

# Other Subsidiaries

control with the support of AI. The technology is now used to control the signatures of physical documents received from customers for a transaction. The Bank achieved significant improvement in processing times thanks to the automatic realization of signature verification with AI algorithms. The number of documents with automatic signature verification increased significantly, reaching an average of 193,000 per month.

Limited only to customer orders in the past years, the AI-supported Intelligent Document processing infrastructure is now available for different document types such as Foreign Trade, Land Registry, Income Statement, etc. In 2023, Yapı Kredi Technology aims to upgrade its NLP algorithm, which reads, classifies and extracts information from transaction orders, to gain a generalized and employee-friendly architecture, and thus, to create a work environment where employees teach the documents they use for various tasks to the algorithm, thereby increasing the speed and volume of transactions completed via algorithms.

In the e-receipt project, a first in the sector, launched in line with the sustainability principles of Yapı Kredi, the receipts of the transactions carried out at branches started to be digitally transformed to allow digital use with legal validity in cooperation with the Revenue Administration. Thus, it became possible to receive digital copies of 20 million receipts printed at Yapı Kredi branches.

Used by employees to respond to help requests regarding banking processes, the AI-supported chat bot application gained new features such as the ability to answer questions from documents and be trained with a much smaller amount of questions compared to the past. Thus, the application became one of the first examples of a business environment where with human-artificial intelligence cooperation humans can train the algorithm with less effort and

reduce their workload thanks to the increased performance of the algorithm. Yapı Kredi Technology aims to promote the use of virtual assistants in various processes to serve customers via chat bots and voice processing technologies, and launch an AI-supported chat bot application for the use of customers through the Yapı Kredi Mobile application.

In the field of fraud detection, Yapı Kredi Technology successfully completed the R&D activities and integration of the AI application for the detection of frauds committed by social engineering.

In 2022, R&D initiatives started on face recognition, voice processing and quantum computing. For example, in the field of quantum computing, Yapı Kredi Technology's project became one of the two projects found suitable in this field within Koç Holding. Yapı Kredi also started to collaborate with one of the world's leading quantum computer manufacturers to start PoC studies.

Moreover, the Bank entered into collaborations with various universities while promoting R&D activities through publications in prestigious academic conferences/journals and blogs. As part of Koç Holding's cooperation with the Scientific and Technological Research Council of Turkey (TÜBİTAK) and the Directorate for EU Affairs, Yapı Kredi Technology joined mentors from five group companies with Horizon Europe support programs competence.

In 2022, Yapı Kredi Technology sat down with organizations from various sectors and continued negotiations for the commercialization of existing R&D and innovation solutions, carrying out multiple PoC studies. It is aimed to increase efficiency and benefits by offering the solutions developed by the R&D teams to organizations active in various sectors.

In 2023, Yapı Kredi Technology will continue to work on new products and services to meet the needs of customers in digital transformation and provide them with the best experience by using technologies such as AI, smart solutions, blockchain, quantum computing, anomaly detection, machine learning, natural language processing, sound processing, deep learning, and robotics.

## ALLIANZ YAŞAM VE EMEKLİLİK

Allianz, the parent company of Allianz Yaşam ve Emeklilik A.Ş., is one of the largest insurance and asset management groups in the world, serving to over 100 million customers with more than 150 thousand employees in more than 70 countries.

Acting with the vision of pioneering a new generation insurance business focused on customer satisfaction and technology and being a social brand that increases the life quality of the society, Allianz Yaşam ve Emeklilik, under the roof of Allianz Turkey, provides services in private pension and life insurance with products for individual and corporate needs.

Together with its subsidiaries, Yapı Kredi Bank holds 20% shares of Allianz Yaşam ve Emeklilik A.Ş. The long-term strategic cooperation between the Bank and Allianz is regulated by a 15-year exclusive bancassurance partnership agreement concluded in 2013. Allianz's insurance and private pension products are offered to customers through Yapı Kredi's extensive branch network and innovative alternative distribution channels.

Allianz Turkey, that incorporates Allianz Yaşam ve Emeklilik, is one of the leading companies in the insurance and pension sector, with a premium and contribution production of TL 36 billion in 2022 and an Individual Pension fund size of TL 69 billion, according to

consolidated data. The company aims to grow in real terms in both insurance and pension branches in 2023 and beyond. Leading the sector in areas such as customer experience, employee loyalty, agility, digitalization, sustainability and innovation, Allianz Turkey was the first institution to publish an integrated report in the insurance and pension sector and among non-public companies.

## YAPI KREDİ CULTURE AND ARTS AND PUBLISHING

Established in 1984 and wholly owned by Yapı Kredi, Yapı Kredi Culture and Arts and Publishing (YKKS) is one of the deep-rooted culture and arts institutions in Turkey. YKKS brings important publications and organizes cultural events and exhibitions, thus making valuable contributions to social development and cultural life.

You can find more information on Yapı Kredi Culture and Arts and Publishing's activities in 2022 in the [Contribution to the Society](#) section.



*We always remain prepared for the most difficult situations.*

**Our customers**

is at the heart of our unique service culture and business perception.

*Resilience*

*We focus on continuity and uninterrupted service.*

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# Customer Experience

## SEAMLESS CUSTOMER EXPERIENCE AT ALL CONTACT POINTS

Since its foundation, Yapı Kredi has always focused on the needs and expectations of its customers. In 2022, the Bank continued to support and stand by its customers to offer them the best products and services. In line with changing customer needs, the Bank aims to provide its customers with a seamless experience at all contact points. In the reporting period, the Bank, as always, created new products and solutions for the best customer experience, one of the Bank's most important focus areas, using its leading position and know-how in technology and digitalization infrastructure. The Bank measured customer experience through regular research and surveys while carrying out remedial projects to help customers feel the difference of being a "Yapı Kredi Customer".

## MORE RESEARCH, MORE CUSTOMER FEEDBACK

By diversifying its research methods, Yapı Kredi focuses on providing quality service not only during the sale of products and services, but throughout its entire relationship with the customer. To this end, in 2022, the Customer Experience Research Laboratory team gathered all research activities under a single roof, working with a proactive perspective to create solutions for customer demands, needs and problems.

In 2022, all employees at the Branch and Customer Communication Center continued to daily monitor customer feedback, respond to customer inquiries through solutions, and take actions to improve customer experience. The number of projects implemented to improve the customer experience tripled in the reporting period. Yapı Kredi gave priority to projects related to products and services (such as Credit Card, Merchant, ATM and Spending Objection experience) that affect customer experience the most.

**In 2022, the Customer Experience Research Laboratory team gathered all research activities under a single roof, working with a proactive perspective to create solutions for customer demands, needs and problems.**

In addition, this year, the Bank commissioned independent researches to define the position of Yapı Kredi in the sector relative to its competitors. With new generation research methods, studies were also carried out to better analyze the needs, expectations and emotional states of customers. Thanks to these studies, the number of researches has doubled, meeting with approximately 2 million customers and receiving approximately 200,000 open-ended comments from the customers.

The experience offered to customers is regularly measured with the Net Promoter Score, a global research metric, focusing on both post-transaction and relational experience. In 2022, Yapı Kredi moved up from the fourth place to the second in the Net Promoter Score survey. In the coming period, the Bank will carry out researches to better understand its customers and offer them a unique experience, while making improvements in line with the expectations and needs of the customers.

As a result of the audits in 2022, the Bank successfully renewed its ISO 10002 Customer Satisfaction Quality Management Certificate.

## CUSTOMER-FOCUSED CULTURE EMBRACED BY ALL EMPLOYEES

The "Our Focus Is Our Customer" value is one of the pillars of the Yapı Kredi culture. Centered on this value, the Customer Focus Program was launched in 2021, and continued with new initiatives and projects in 2022. To this end, communication and training materials were prepared for employees, sharing important tips with them throughout the year to provide a better experience to our customers while discussing areas of development in meetings with regional and branch representatives and employees.

Research findings and insights from complaints are regularly shared with teams in the Bank, and working groups are formed to implement projects to improve customer experience.

These activities are regularly reported by the Customer Experience Committee and monitored by the Senior Management.

## FAST SOLUTION AND 94% RESPONSE RATE

With proactive solutions, any problem experienced by customers is detected and resolved, and the customers are informed. Adopting the principle of First Contact Resolution (FCR), the Bank resolves the problem at the first contact with the customer. After determining the pain points customer experiences in existing products and services, Yapı Kredi develops projects on these issues to resolve any dissatisfaction. Mostly designed using big data, machine learning and artificial intelligence, these solutions improve customer satisfaction as well as operational efficiency. Although the number of active customers has increased by 39% in the last five years, the number of complaints per active customer has decreased by 51% and the number of complaints reported to the Banks Association of Turkey has decreased by 18%.

During the reporting period, 94% of customer complaints were answered. All of the complaints answered were resolved. No respond were provided for the complaints that fall under the scope of unanswerable contacts (unspecified reason for contact, irrelevant to banking, contact information not provided, etc.) as specified in "Minimum Principles and Procedures to be Followed by Banks in Assessing Individual Customer Applications" published by the Banks Association of Turkey (BAT).

In 2022, all complaints regarding the breach of customer privacy and data loss were answered and resolved. Yapı Kredi scores its complaint resolution staff with score cards that include parameters such as productivity, number of solutions, resolution times, customer acquisition and survey results, and makes measurements according to performance targets. In these scorecards, the greatest

Approximately **2 million** feedback from customers were received and areas to improve the customer experience were identified.

Although the number of active customers has increased by **39%** in the last five years, the number of complaints per active customer has decreased by **51%** and the number of complaints reported to the banks association of turkey has decreased by **18%**.

In 2022, **99%** of complaints regarding the breach of customer privacy and data loss were answered and resolved.

During the reporting period, **94%** of customer complaints were answered.

# Customer Experience

weight is given to efficiency, followed by the number of solutions, quality and solution time parameters. In this respect, the Bank pays due attention and care to an area that directly touches the lives of its customers, by following the complaint resolution employee within the framework of customer focus and efficiency.

## Spreading a Culture of Appreciation

The number of appreciations conveyed by customers to Yapı Kredi, which focuses on customer experience, increased by 22% in 2022 compared to 2021. The Bank shares the appreciated transactions with the employees who receive thanks from the customers for the service they provide.

## OUTLOOK

### 2023 TARGET: BECOMING THE BANK OFFERING THE BEST EXPERIENCE TO CUSTOMERS

#### Deepening the Customer-Focused Approach

- To adopt a perspective that designs all processes end-to-end in line with customer needs and expectations for a deep understanding of customer insight,
- To launch new projects by listening to the voice of customers more with new researches and carrying out root cause analyses for the comments received about complaints and surveys,
- To continue change management and training activities to ensure the internalization of the customer-focused corporate culture by all employees,
- To carry out studies that will strengthen the Bank's emotional bond with customers while meeting their financial needs,
- To design end-to-end solutions without reducing service quality by using artificial intelligence and robotic technologies in complaint management,
- To turn problems to positive experiences by conveying the right information to customers as quickly as possible and providing quality service.

# Customer Communication Center

Yapı Kredi Customer Communication Center meets all kinds of needs of its customers 24/7 in Turkish and English, embracing the philosophy "Limitless Service".

Through the Customer Communication Center, the Bank offers its customers uninterrupted service through Voice Assistant and various channels such as self-service transactions, incoming calls, external calls, Video Banking, WhatsApp, IVN.

Yapı Kredi teams have completed more than 83 million customer contacts in 2022.

The Bank continues to focus on improvements related to efficiency, providing customers with much faster and easier access to customer services, in line with the regulations introduced by the BRSA. The service level has been kept at 80.4%, and customers reached an agent in 32 seconds.

The Customer Communication Center continued to be a strong sales channel for Yapı Kredi. In 2022, the Center carried out the sale of more than 9 million products and services, enjoying an increase of %16 compared to the previous year.

The Center realizes 11% of Yapı Kredi's total consumer loan sales and 17% of credit card sales. The Customer Communication Center, as the Bank's main channel for customer retention and recovery, achieved a success rate of 66% in retention activities and 18% in customer recovery.

Customer acquisition and customer capitalization performance increased in the Video Banking channel, one of the many firsts offered by Yapı Kredi in Turkey. In 2022, in addition to new customer acquisition, the video banking channel was also active in the sale of value-added products. Through these services, 2.5 million video calls with customers were made.

The results of the Customer Satisfaction Survey show that the overall service quality of the Customer Communication Center was above the target with 87 points out of 100, while customer representative satisfaction was an all time high of 88.5.

In 2022, the Customer Communication Center, a pioneer and leader in the sector, was recognized with the "Best Use of Technology" and "Best Use of Technology in Sales" awards at the International Stevie Awards.

## EASY BANKING WITH VOICE ASSISTANT

The Voice Assistant welcomes customers to the Customer Communication Center. To establish natural dialogue, the Assistant is designed in line with cutting-edge technology and the needs of the users.

The natural dialogue technology of the Voice Assistant ensured 93% accuracy in responding to customers' voice commands. Thanks to the technology capable of more than 130 self-service transactions, a total of 37 million transactions were carried out in 2022 without the need for customer representatives, providing fast and secure access to extensive banking services.

In 2022, similar to the Video Banking, the Voice Assistant also started to serve as a sales channel, completing the year with the sale of 2 million products. Maximizing its smart sales capabilities, the Voice Assistant can direct customers with high sales potential to special agent groups by analyzing the customer commands.

The success of the Voice Assistant was awarded with a prize in the category 'Best Use of Technology in Sales' at the International Stevie Awards in 2022. In addition to presenting 17 products to customers, the Voice Assistant's smart features also provide proactive notifications and smart directions to customers, meeting customer needs.

# Customer Communication Center

In 2022 customers using the mobile banking application with the Voice Assistant were directed to the relevant transaction, based on their commands. By correctly and rapidly directing 1.5 million transactions in 2022, we made the lives of our customers easier.

## YOUR ASSET MANAGER AT THE CUSTOMER COMMUNICATION CENTER

Yapı Kredi's Central Asset Management Services continued to meet the asset management needs of customers in the most convenient manner in 2022. The Central Asset Management provides asset management services focusing on customer demands and expectations thanks to its experts licensed by the Capital Markets Board, PPS and SEGEM with their extensive knowledge and experience on market, investment products and deposits.

The Central Asset Management aims to increase the customers' wallet share in the Bank by diversifying investment products in their portfolios, boost the weight of currency protected deposit products in the total deposit share, and to expand relations with potential customers beyond loan sales, thus ensuring efficient customer acquisition.

Positioned to support branches, the service's 66 Asset Managers served 119 thousand customers in 2022. The Central Asset Management Service achieved 58% growth in net income per customer in 2022, reaching 73 thousand efficient customers. In addition to managing customer portfolios, the service improved customer productivity through cross-selling of 27 thousand products.

## TRADITIONAL AUDIO CHANNEL LEAVING THE STAGE TO VIDEO CALLING

The video banking channel focuses on assisting customers on their digital transformation journey through rapid solutions. The channel aimed to acquire new customers while capitalizing existing passive customers.

Breaking new ground in Turkey, the video banking function offers the opportunity to become a bank customer without visiting a branch, thus increasing the acquisition of new customers. In the report period, the channel completed 2.4 million calls, leading to the acquisition of 650 thousand customers. While the share of voice calls in the Customer Communication Center decreased, video calls increased by 50% compared to the last year.

The Video Banking is designed to eliminate the functional difference between the branch and the Customer Communication Center to enable customers to perform banking transactions easily wherever they are.

More than **83 million** customer contacts.

Annual sale of **9,3 million** products.

**2,5 million** calls via the Video Banking Channel.

Acquisition of **940 thousand** customers since the project launch, with **650 thousand** new customers in 2022 alone.

Service level kept at 80%/30, responding to customers in **32 seconds**.

**37 million** self-service transactions via the Voice Assistant while completing the sale of **2 milyon** products.

Responding to **2,4 million** WhatsApp and chat messages.

Realizing **12%** of Yapı Kredi's total consumer loan sales and **17%** of credit card sales via the Customer Communication Center.

**66%** success in the Bank's customer retention activities and **18%** success in recovery.

Transactions that require a signature and visit to a branch are performed through video calls. The Video Banking channel offers seven services, focusing on sales activities in addition to its current functions in 2022.

In 2022, the channel offered services to hearing-impaired customers with 21 Video Call Assistants proficient in sign language.

The Video Banking Channel was the proud recipient of the 'Best Use of Technology' award by the International Stevie Awards in 2022.

## WRITTEN COMMUNICATION CHANNELS ON THE RISE

Yapı Kredi continued to provide services in 2022 through the WhatsApp-approved corporate account, a first in Turkey, and expanded the response capacity of the AI-based bot. The Bank responded to 1.5 million messages via WhatsApp with the bot automatically realizing 77% of the interaction. In addition to WhatsApp, the chat service offered on the Bank's website responded to more than 840 thousand messages. Customer communication through written channels reached 2,4 million in 2022, growing by 38% compared to 2021.

## GROWING SALES PERFORMANCE

The Customer Communication Center, one of Yapı Kredi's main sales channels, achieved an outstanding success in 2022 with a total of 9,3 million sales. In addition to incoming and outgoing call channels, products and services are also offered for sale to customers through the outsourcing business model. In 2022, 2.2 million strategic products were purchased by customers. Yapı Kredi also extended 320 thousand General Purpose Loans, one of the most important products.

In Retirement Banking, sales increased by 169% compared to the previous year, reaching 142 thousand products, meeting an important target of the Bank with the share of this product in the Bank moving up to 10%.

Using data analytics in all business processes, the Customer Communication Center offers products by creating smart scenarios and ensuring pinpoint customer-product matching.

Yapı Kredi constantly reviews and updates Smart Sales scenarios to increase sales efficiency. The sales with the 2021 Smart Sales scenarios made a significant jump in 2022, increasing to 86% from 56% in 2021. This positively affected the sales performance both in volume and quantity.

## HUMAN RESOURCES MANAGEMENT

The Customer Communication Center offers services in three locations, Gebze, Samsun and Izmir, with a team of 1,376 people. With the new hires in 2022, the Center gained 470 new teammates through distance education, while 328 employees continued their career journey with promotion and internal department changes.

## OUTLOOK

In 2023 Yapı Kredi Customer Communication Center aims to:

- Increase contribution to bank sales by using analytical competencies at an expert level, thus strengthening smart sales scenarios,
- Enrich product and service diversity as the main channel of the Bank in customer recovery and retention activities,
- Expand the variety of transactions to facilitate the life of customers in the IVR self-service channel and reduce incoming calls by furthering proactive services in digital channels, thus providing a perfect experience to the customer,
- Offer new services in the video banking channel and grow the rate of successful transactions,
- Create new acquisition areas with the channel, making a leap in customer acquisition and revenue, and
- Deepen customer relations in the Central Asset Management, boosting the share of the income in the Bank.

# Personal Data Protection and Processing

Rights associated with personal data are among fundamental rights and freedoms recognized with a high degree of protection against encroachment with the Constitution (Article 20) of the Republic of Turkey. Yapı Kredi has been exercising utmost sensitivity to achieve full compliance with the Personal Data Protection Law no. 6698 (“the Law”), which has been adopted on 24 March 2016 and went into force upon its publication in the Official Gazette dated 7 April 2016, along with other regulatory framework associated with the implementation of the Law.

Yapı Kredi attaches great importance to the rights and freedoms of its customers and carries out its activities in customer experience and satisfaction in this direction. In this framework, utmost care is shown to ensure the confidentiality and security of all personal data relating to real persons associated with the Bank, including those who benefit from the financial products and services offered by the Bank, in accordance with the Law on the Protection of Personal Data.

The Bank has appointed the Executive Vice President of Compliance, Internal Control and Risk Management operating under the Audit Committee as the Personal Data Protection (PDP) Compliance Officer. To this end, the Personal Data Protection Law Compliance Department was established. The Bank’s compliance with the obligations set forth by the regulations on the protection of personal data is ensured through the “Yapı ve Kredi Bankası Anonim Şirketi Corporate Policy on Personal Data Protection and Processing” and the “Yapı ve Kredi Bankası Anonim Şirketi Corporate Policy on Employee Personal Data Protection and Processing”. The issues related to the processing of the information provided within the scope of the Bank’s activities and the protection of its confidentiality are evaluated with a risk-based approach, and within this scope, the Bank’s strategy, internal

controls and measures, operating rules and responsibilities are determined. In addition, the Bank carries out awareness-raising activities for personal data owners and its employees.

The Bank’s Personal Data Protection Policies ensure the protection and processing of personal data of:

- Existing and potential customers,
- Executives and shareholders of customers,
- Real person guarantors,
- Employee and intern candidates,
- Prospective business partners,
- Employees of business partners,
- Shareholders and executives of the Bank,
- Prospective contractors / suppliers / support service providers,
- Employees of contractors / suppliers / support service providers,
- Participants of campaigns / competitions,
- Visitors,
- Press members,
- Family members and relatives of data subjects, and
- Other third parties.

Personal data are disclosed to the following third parties for the purposes stipulated in the Law, applicable legislation and related policies: authorized agencies, partners, suppliers, shareholders, and subsidiaries. Articles regarding the fulfillment of the obligations imposed by the Law are added to the contracts with third parties. Moreover, the Bank complies with the legal obligations imposed by the Banking Regulation and Supervision Agency (BRSA) regarding data protection and processing in outsourced services.

For the Yapı ve Kredi Bankası A.Ş. Corporate Policy on Personal Data Protection and Processing, which sets forth the principles

and rules regarding the personal data processing activities carried out in accordance with the provisions of the Law and the applicable regulations as well as regarding the rights of the persons concerned, please visit

As required by the Law, Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management and Yapı Kredi Invest have a separate corporate policy on personal data protection and processing. These policies are available on the corporate websites of Yapı Kredi subsidiaries.

Personal data subjects can lodge applications regarding their rights associated with the following in written form or through their registered electronic mail (KEP) address, secure electronic signature, mobile signature or electronic mail address of the related subject that has been notified previously to Yapı Kredi and registered in the Bank’s system and/or any channel whereby the data subject’s identification can be verified:

To inquire about whether or not their personal data is being processed,

- To request information on personal data if the personal data has been processed,
- To receive information about the purpose of processing personal data and whether the personal data is used in line with the purpose,
- To learn the third party recipients to whom the data are disclosed within the country or abroad;
- To request rectification of the processed personal data which is incomplete or inaccurate and request such process to be notified to third persons to whom personal data is transferred;
- To request erasure or destruction of personal data in the

event that the data is no longer necessary in relation to the purpose for which they were collected, despite being processed in line with the law and other applicable laws, and request such process to be notified to third persons to whom personal data is transferred;

- To object to negative consequences about him/her that are concluded as a result of analysis of the personal data processed by solely automatic means;
- To claim compensation for the damages he/she has suffered as a result of an unlawful processing operation.

Obligations associated with data security have an important place among the Bank’s obligations in relation to the personal data it processes. In this context, the Bank takes the necessary technical and administrative measures to ensure the level of security appropriate for preventing unlawful processing of data, preventing unlawful access to personal data and safeguarding personal data. Along this line, the Bank takes the necessary and adequate actions for remedying any breach by creating an effective and fast solution mechanism against data breaches in its internal plans and procedures. In case of revisions and/or updates to the policies, current versions are made public on corporate websites.

Yapı ve Kredi Bankası A.Ş. and its subsidiaries registered with the Data Controllers’ Registry (VERBİS), which is a legal obligation under the Personal Data Protection Law in 2020.

## TRAININGS ON PERSONAL DATA PROTECTION LAW

Under the Personal Data Protection Law, the Bank, being the data controller, is obliged to provide training on protection of personal data to all of its employees. To achieve compliance with the Law and to heighten awareness of personal data, training is given to all employees, including the employees of Yapı Kredi’s subsidiaries, every year. Within the scope of the reporting period, a total of 4,677 hours of KVKK training was provided to all employees in 2022.

# Talented and Committed Employees

Yapı Kredi believes that delivering the best products and services to customers and thus driving its business forward every day is possible only with a talented and committed workforce. The Bank invests in its flexible, innovative and experienced human capital that bears the well-established sectoral know-how of 78 years, and responds to the evolving conditions of the world and the sector together with its competent employees. In this context, Yapı Kredi continues to create value through professional training programs, employee development programs, and working conditions based on work-life balance. Operating in line with the equality, diversity and inclusiveness principles, Yapı Kredi is among the Turkish banks with the highest ratio of women employees.

## TALENT ACQUISITION

Yapı Kredi's human resources vision is based on providing the quality human resources needed by the institution as soon as possible. In 2022, with this approach, it continued to implement a wide range of practices from employer branding to recruitment, from training development practices to career management, from performance and leadership development to practices that will keep employees' commitment and motivation high.

Continuing with its activities for strengthening and heightening its employer brand perception in the eyes of students, candidates and Yapı Kredi employees, the Bank pursues its human resources operations to select the right talents in line with its goals and values.

While developing approaches and practices that will attract young talents to Yapı Kredi, priority was given to HR implementations

## Yapı Kredi designs performance processes to manage and improve employee performance instead of evaluating the performance.

that will help Yapı Kredi employees draw their own career paths, make them feel valuable and fuel their sense of belonging.

In this framework, recruitment processes of Yapı Kredi were improved, and on-campus and social media communications in line with the needs of young talents. In this context, Yapı Kredi's recruitment processes have been improved and both campus and social media communication has been enriched for the needs of young talents. Researches are carried out to understand the expectations of young people, social media communication and activities for university students are shaped in this direction. According to the results of the Youth Awards Most Popular Companies of the Year Survey organized by Youthall, where many companies were evaluated throughout the year, Yapı Kredi ranked first among the most preferred banks. Moreover, in another study evaluating the perception of companies as employers and organized for students and young professionals, Yapı Kredi was ranked first among companies in the finance sector.

## TALENT MANAGEMENT AND DEVELOPMENT

Yapı Kredi designs and implements talent management practices in line with diverse needs and strategic targets. Moreover, the Bank gives priority to assist Yapı Kredi employees draw their own career paths. To this end, the competencies and job diversity of

the employees were enriched through internal rotations within the institution and the community. Trainings were designed in parallel with career development. Various training and development programs were shaped according to the needs and development expectations of different target groups.

In addition to BizTube, the internal video platform launched to help employees learn from one another to support the development process that starts with the individual, where rich and current contents are shared, the digital library BizRead launched in 2021 and the podcast platform BizCast continued to offer opportunities for Yapı Kredi employees to focus on their own development.

The Bank also provides its employees with the opportunity to access rich digital content that will contribute to their development through "My Digital Library". The online training platform E-Academy enables employees to access distance training contents that they may need in order to support their development in both professional and legally compulsory matters as well as personal development. The platform is structured to contribute to the different intellectual development needs of the employees, where they register in line with their preferences and wishes, and are entitled to a certificate by completing the training and exams. There are also online certificate programs within the same structure.

Yapı Kredi aims to identify and develop talents through various employer brands and internship programs before they are incorporated into the bank. By offering an end-to-end experience and career path to the talents gained, the Bank plans to offer opportunities to employees to develop themselves in the right areas.

## In 2022, an average of 49 hours of training was provided per employee per year.

For branch employees, Yapı Kredi offers technical trainings such as customer-focus, sales, products, risks, service model and credits, as well as personal development trainings focusing on the development of behavioral competencies under the main topics of effective communication, agility, endurance and innovation. For the Head Office employees, technical and personal development training programs are planned under topics that vary according to the needs of units. In 2022, all Yapı Kredi employees participated in synchronous and asynchronous training programs newly designed in parallel with Yapı Kredi's competencies.

Since 2008 Yapı Kredi Banking Academy has been offering professional and personal development training to all employees, including employees of domestic and foreign subsidiaries, and half-time and full-time employees. With the contribution of leading consultants and academicians in the sector, 400 internal trainers design development programs for employees, university students and customers.

In cooperation with prestigious universities around the world, which includes Turkey's leading universities to provide special opportunities are provided for all employees for graduate and professional development programs, and employee development is encouraged by designing special certificate programs for Yapı Kredi employees with academic support. In 2022, an average of 49 hours of training per employee was organized.

EMPLOYEE DEVELOPMENT PROGRAMS	
Yapı Kredi My Leadership Journey	<p>Designed for managers and prospective managers at any level, the program aims to create a sustainable leadership line and to train leaders that speak the same language across the Bank.</p> <p>In April 2020, the program was migrated to the virtual classroom environment and continued without any interruptions. My Leadership Journey program continues to train Yapı Kredi's leaders from within the organization and support on issues related to development areas. As of 2022, a total of 1,248 Yapı Kredi employees participated in the program.</p>
Development Coaching	<p>Following their evaluation at the evaluation center, managers at any level and potential managers participate in personalized leadership development programs which focus on their strengths and improvement areas and are designed in line with Yapı Kredi leadership principles and corporate principles.</p> <p>In 2022, 23 people participated the Executive Coaching program, and 119 managers participated in leadership programs organized under nine headings such as Agility in Leadership, Sustainable Leadership, Leadership with Common Values, Employee Experience, etc. Moreover, 26 managers were included Koç Holding training programs while 6 managers were included Koç University Executive MBA program.</p>
Koç Holding Training Programs	<p>The programs include various training programs designed to gain experience in the areas of networking and cooperation between Koç Group employees, personal brand creation, agile leadership, understanding different industrial dynamics, artificial intelligence, innovative perspective and global perception.</p> <p>In addition to the above, Koç Dialogues Training Program was offered in all Group companies in parallel with the new performance system at the Koç Group. The program covers the Emeritus online platform, Columbia Business School and Neuro Leadership Institute contents. By the end of the program, all participants acquire skills in learning agility, the manager's coaching role and dialogue building with effective questions, importance of feedback within teams, OKR management, steering career paths, and shaping development plans. In 2022,</p> <ul style="list-style-type: none"> <li>• 3,047 employees participated in Performance &amp; OKR trainings offered for Head Office and branch employees as part of the Koç Dialogues Training Program. 3,438 employees participated in the ReMood program on the Emeritus online platform, 23 employees in the Data Science Certificate program conducted in cooperation with Koç University and Koç Digital Data Analytics for Business program, and 251 employees participated in Agile trainings in addition to these programs.</li> </ul>
Overseas Programs	<p>Online programs are targeted at giving leadership skills, negotiation skills, strategic thinking, nurturing innovation, and adaptation to the digital world. In 2022, a total of 39 managers attended online development and overseas development programs under the collaborations with international business schools.</p>

EMPLOYEE DEVELOPMENT PROGRAMS	
Development Catalogue	<p>The Development Catalogue consists of training programs covering the competencies expected of Yapı Kredi employees and is enriched with new headings each year. In 2022, approximately 6,313 Yapı Kredi employees benefited from these trainings with 134 different training topics.</p>
Şubeme Doğru Branch Manager Designation Program	<p>Şubeme Doğru (Towards My Branch) Branch Manager Designation Program aims to make sure that candidates assessed at the branch manager evaluation center satisfy the Bank's required competencies and have the required technical and managerial competencies while serving in the branch manager position. The Program supports the technical and personal development and managerial skills of candidates.</p>
My Career Journey	<p>Under the program My Career Journey launched in 2019, branch employees can design their career paths from their first day at the Bank. They can also prepare themselves for their next position via distant learning and classroom training programs developed under the program. In 2022, 105 employees changed positions while 404 employees switched between segments. Under the Şubeme Doğru Branch Manager Designation program, 92 Yapı Kredi employees took part in the Evaluation Center Implementation.</p> <p>My Career Journey program introduced changes to the internal announcement process and promotion criteria for the Head Office employees. With the evaluation center designed for manager designation, participants attend a half-day program, and according to the result of the program, they either qualify as a prospective manager or participate in development programs. In 2022, under the Head Office Manager Evaluation Center Implementation, 57 Yapı Kredi employees were evaluated for manager positions.</p>
Department-Specific Development Programs	<p>Yapı Kredi offers development and certifications programs specifically designed to support the current development needs of Yapı Kredi employees in various departments and segments. In 2022, employees were offered development programs designed on the integration of climate risks into credit risks, digital transformation, marketing, data literacy and customer focus.</p>
Internal Trainer Development and Trainer Training Program	<p>Trainer Training is held for candidates who want to become internal trainers at the Bank. For the development of existing trainers, comprehensive training is offered under the Internal Trainer Development Program. In 2022, the development of case preparation skills was the main focus area, and development programs were designed and offered in this area.</p>

## YOUNG TALENT PROGRAMS

Yapı Kredi Young Branch Internship	The internship program invests in the development of Turkey's young talents by offering professional and personal development opportunity to junior and senior students at universities. In 2022, 1,000 students who participated in the program were offered a 24-hour development program.
Digital Talent Program	Yapı Kredi gives the best talents in Turkey a chance to discover themselves and to gain an insight into the business world before venturing into professional life.  The program covers training and seminars offered by the most eminent institutions in Turkey and in the world, part-time internship to let young talents to explore their choice of career area, and mentorship support from a Yapı Kredi employee. In 2022, 67 students participated in the internship program.
Digipro Head Office Internship Program	Under the Digipro Head Office Internship Program, students experience business life with contents designed according to the different dynamics of the units at the Head Office and Yapı Kredi's subsidiaries and find self-development opportunity with the comprehensive development program. In 2022, 100 students were accepted to the program, and attended a 26-hour development program.
Digipro Development Program	Students who apply for the Digipro Head Office Internship Program, who are positively assessed, but cannot be placed due to quota restrictions are offered the option to join a 4 week development program. In the program, students receive trainings, participate in seminars, generate ideas in project team works, and find the opportunity to receive mentoring from employees. Successful students are awarded at the end of the program.
MT and ST Programs	The Management Trainee (MT) program is a new-graduate hiring program for specific teams at the Head Office. In 2022, 61 new graduates attended the 65-day program covering technical and competence trainings. Under the program, new graduates start their careers with the development program. Moreover, Management Trainees have additional opportunities such as pursuing a Master of Business Administration (MBA) degree with an education grant with varying coverage depending on certain criteria at Koç University. Under the Sales Trainee (ST) program, 27 new graduates were supported with 54 days of technical, competence and on-the-job training in 2022. In this program, new graduates start their careers with a development program for branch sales teams.
Assistant Inspector and Assistant Auditor	Assistant Inspector program is a new-graduate recruitment program for the Internal Audit Department. Assistant Auditor program is a new-graduate recruitment program for the Internal Control Unit. In both programs, new graduates begin their careers with a development program.
CT Program	Credits Trainee (MT) program is a new-graduate recruitment program for Credits teams at the Head Office. Under the program, new graduates start their careers with the development program.

## DIGITAL COMPETENCE DEVELOPMENT PROGRAMS

Yapı Kredi carries out a large number of programs for developing digital competencies. In 2022, 37% of the employees attended the programs, which contributed to the development of the digital skills of the workforce.

Some of the programs organized to improve the digital competencies of employees were Blockchain, Metaverse, Koç University Data Science Certificate Program, Data Analytics for Business, Agile Trainings, Data Literacy Certificate Program, Digital Transformation and Technology Trends Transforming Banking, Digital Transformation in Banking and Fintech.

## PERFORMANCE MANAGEMENT

Yapı Kredi structures its performance processes with the perspective of managing and improving performance rather than evaluating the performance of employees. The purpose of the performance management system is to improve individual performance, which in turn increases corporate performance. There are two separate assessment periods at the Bank: interim and year-end performance assessment.

The technical performance of the employees at the Head Office and subsidiaries is started to be monitored with the OKR methodology, which is a new generation, agile, flexible and able to adapt quickly to the changing world. The OKR methodology defines 'Objectives' that denote the vision, are brief, recallable, inspiring and exciting, and 'Key Results' for achieving these objectives. For branch employees, on the other hand, technical performance continues to be monitored based on numeric targets. Under the performance management process, assessments are conducted in two dimensions: technical and development. Business outputs (what has been done) as well as actions (how it is done) are evaluated.

Another important phase of the performance management system is the dialogue process. Development is placed in focus with structured feedback meetings where the employee and their manager meet two times a year. In dialogue meetings, multifaceted dialogues are constructed covering the past, present and the future in addition to an evaluation of the past performance. The performance management process promotes the adoption of feedback culture within the organization. Performance results generate input for all human resources processes such as talent management, training, development, promotion and rotation.

Payments to the Bank's senior management totaled TL 225.532 as at 31 December 2022 (31 December 2021: TL 107,903).

## EMPLOYEE ENGAGEMENT AND SATISFACTION

The human capital of Yapı Kredi is the foundation of the Bank's success. Regular employee engagement and satisfaction surveys measure the needs and expectations of the employees. Yapı Kredi participates in these surveys conducted annually by Koç Holding. Outcomes of the survey are shared with the senior management while opinions regarding the perception of organization, training, performance management and rewarding are assessed for possible actions, and added to scorecards. According to the Employee Engagement Survey conducted in 2022, employee engagement score is 69% and employee satisfaction score is 71%. In 2022, actions related to employee satisfaction were taken so as to mainly cover the new working model to identify the elements to be considered while getting in contact with Yapı Kredi employees through different channels. Changing habits also changed the expectations of employees. Ensuring this harmony and taking the necessary actions on time has always been on the agenda of the Human Resources team as one of the material issues.

**The Bank embraces an approach that takes a firm stand against all kinds of discrimination, including but not limited to discrimination on the basis of language, religion, gender, ethnicity, faith, and sexual orientation.**



# Talented and Committed Employees

## LIFE AT YAPI KREDİ

Yapı Kredi develops approaches and practices that focus on employee experience with the insights received from employees. Employee experience is analyzed under the headings of social experience, work experience and physical experience, and relevant actions are followed throughout the year. Approaches, from the dining experience to the service shuttle experience, from the office environment to the in-house culture, are designed and implemented by taking into account the opinions and suggestions of employees. As part of the Special Day Experience, various special days of employees such as birthdays, wedding anniversaries, birthdays of their children, seniority, etc. are celebrated. These practices include activities such as supporting the charity organizations employees choose with a special message on the birthdays of employees, sending books on the children's report card days, and sending marriage and new birth packages.

In addition to these special days, as of 2021, the last week of September has been declared as Yapı Kredi Thanksgiving week. In this context, it is aimed to strengthen the culture of appreciation by celebrating a day in which all employees thank each other. Yapı Kredi works to support employees in their social lives while offering privileges. Employees are supported with activities that balance and integrate work and private life.

To this end, Yapı Kredi established a club named BizClub, which allows all Yapı Kredi employees to participate in social events, concerts, workshops under a single roof and at more favorable terms, with the privilege of being a member of the Yapı Kredi family. BizClub creates an advantageous socialization space that allows Yapı Kredi employees to learn and develop together, as well as make them feel that they are part of a whole. With the training catalog called "Development

Catalogue", which all bank employees can benefit from, virtual classrooms, video trainings prepared according to the curriculum and resources supporting the trainings are prepared, providing employees with an uninterrupted learning experience.

BizClub was launched in July 2019 to help Yapı Kredi employees balance and integrate their work and social lives. Employees joining BizClub can take part in various events and activities including sports clubs, workshops and major cultural and artistic events in Turkey, and enjoy quality time together outside of work. BizClub had 8,700 members as of the end of 2022. In the reporting period, 17,582 BizClub members and their relatives came together in 297 events in total.

Yapı Kredi cares about the health and safety of its employees. In order to provide its employees with an equal, safe work environment that does not tolerate any form of violence, the Bank implemented the Business against Domestic Violence Policy in 2019. Under the Policy, employees are provided with mechanisms that will offer consultancy, guidance, training and support services if needed.

Employees can direct their questions and requests on issues such as human resources practices and personal rights to career advisors and managers, and can also share them through the Human Resources (HR) Support Line (Alo HR) and Ask HR channels in the HR IT Self-Service system. The HR Support Line responded to 5,095 calls in 2022. Moreover, 3,367 messages were answered to via the Ask HR channel.

With the New Hires survey, newly hired employees share their experiences during orientation. Possible complaints about employee rights violations, negative working conditions,

intimidation, and faulty managerial attitudes that may occur in the working environment are forwarded to the Ethics Line under the Compliance, Internal Control and Risk Management.

In order for Yapı Kredi employees to embrace the Bank's values, which were redefined last year, and with the aim of spreading the culture of appreciation in the Bank, the We Are Yapı Kredi Value Awards program was launched in 2022. Under this program, employees share stories that keep the Bank's values alive. The stories shared are evaluated and rewarded by an independent jury and a voting system within the Bank.

## FRINGE BENEFITS AT YAPI KREDİ

Yapı Kredi offers various fringe benefits to its employees, such as health insurance, life insurance, employee support program, contributory private pension, distant working allowance and Koç Ailem (My Family) Card that provides advantages in a variety of services. Moreover, under the Yapı Kredi Employee Support Program launched in 2010, provides a free 24/7 consultancy service to Yapı Kredi employees and their families in many areas such as health, education, psychology, law, parenting and pet care. Thus, employees can get support or learn how they can help their families, relatives and colleagues in dealing with domestic violence. In addition, applications are developed to enable employees to access healthy life tips on different platforms. Advisory services are offered in areas such as diet, healthy eating, weight loss and weight gain, strengthening immunity.

In 2022, the MEDİHİS health platform, where employees can receive Online Physician Examination services free of charge in

many disciplines, was launched. In addition, as of December 2022, the Fitbrokoli application the Fitbrokoli application free of charge to Yapı Kredi employees, where they can receive dietician services via Whatsapp.

## RIGHT TO COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

Yapı Kredi respects its employees' right to collective bargaining and freedom of association. To inform all employees about their union rights, Yapı Kredi communicates the articles of collective labor agreements via the Bank's communication channels and during the orientation training.

As of the end of 2022, 60% of the Bank's employees are union members and collective labor agreements are signed biannually with the Banking, Finance and Insurance Workers Union (BASİSEN). The latest agreement signed covers the period from April 1, 2021 to March 31, 2023.

Moreover, the Employee Relations Advisory Board (ÇİDAK) established within Yapı Kredi aims to maintain labor peace between the Bank and union members, resolve any problems fastly, and thus increase efficiency.

## OCCUPATIONAL HEALTH AND SAFETY

Yapı Kredi considers one of its most important responsibilities providing its employees with a safe working environment and healthy working conditions. The Bank manages Occupational Health and Safety (OHS) with a comprehensive approach to prevent all kinds of accidents, casualties, and occupational diseases that may arise during work.

# Talented and Committed Employees

The standards in the OHS Policy constitute the fundamental element of this comprehensive approach. All employees are required to comply with the OHS Policy. Yapı Kredi prepares possible accident scenarios and takes measures before accidents happen. The Bank organizes informative training programs and events on OHS with the participation of workplace physicians and OHS experts. In 2022, employees received 30,679 hours of OHS training. At Yapı Kredi, OHS is managed with the involvement of senior management and employees. On the Committee, 44% of the employees are represented. The Human Resources Operations Manager is responsible for OHS, within only three reporting levels under the CEO. Matters related to OHS and potential risks are regularly reported to the senior management every year.

You can reach Yapı Kredi OHS Policy [here](#).

The OHS targets of the Bank include offering safe driving training to all employees who drive service shuttles, increasing security in these vehicles, following up the accident frequency rate and receiving ISO 45001 certification, and digitalizing the OHS processes. In addition, the Bank regularly monitors accident frequency rate, accident severity, number of occupational diseases, rate of occupational diseases, vehicle accident rate, sports accidents, total hours of OHS training, physical examinations and health screenings performed under OHS, near-misses and dangerous situation records. Accordingly, OHS priorities are defined. The Bank sets three- and five-year targets in line with the developments related to the indicators monitored. Under OHS, field visits and controls are carried out with the participation of occupational safety experts, workplace physicians, managers of related units, and employee representatives.

## DIVERSITY AND INCLUSION

Yapı Kredi believes that success is achieved only in a working environment where diversity is considered as richness. The Bank embraces an approach that takes a firm stand against all kinds of discrimination, including but not limited to discrimination on the basis of language, religion, gender, ethnicity, faith, and sexual orientation. No cases of discrimination were detected at the Bank during the reporting period.

An advocate of gender equality in every field, Yapı Kredi became one of the seven companies in Turkey to be included in the 2022 Bloomberg Gender Equality Index for the first time in 2021. The Bloomberg Gender Equality Index evaluates publicly-traded reporting companies across five dimensions: female leadership & talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, and pro-women brand; Companies that score above a certain score depending on their performance and transparency in these five areas are included in the index. In line with the work carried out on gender equality in 2022, the Bank reported to the 2023 Bloomberg Gender Equality Index, and with this reporting, the Bank outperformed sectoral, international and Turkey averages. According to the Bloomberg Gender Equality Index results, Yapı Kredi increased its score compared to 2021, and will continue to be included in the index next year.

Working toward a balanced representation of women employees in all positions, the Bank also supports women with support programs designed for work-life balance. The Bank signed the Declaration on Equality at Work, established under the leadership of the Republic of Turkey Ministry of Family and Social Policies in

collaboration with the World Economic Forum (WEF) to reduce gender inequality. The Bank is also a signatory of the Women's Empowerment Principles (WEPs) launched through a partnership between UN Women and UN Global Compact, to empower women in workplace, community and employment market. The Bank makes annual reporting in relation to WEPs.

Pioneering numerous initiatives on gender equality and women employment, Yapı Kredi earned the Equal Opportunities Certificate (FEM), a gender equality certification granted under the leadership of the Women Entrepreneurs Association of Turkey (KAGİDER) and developed under the technical assistance of the World Bank. With respect to the certification, the Bank successfully completed an independent assessment covering a number of aspects such as the management's approach to equal opportunities, egalitarian practices in hiring, performance and promotion processes, training opportunities, feedback and complaint mechanisms, and gender-sensitive communication. Moreover, Yapı Kredi has been the first organization that was digitally assessed and found successful for the certification.

In 2022, female labor force participation rate was 61.4% at Yapı Kredi.

Aware of its responsibility stemming from its role as the flagbearer of gender equality in the sector, the Bank supports women's participation in economic life and pays attention to gender equality in hiring. In 2022, 57.1% of new hires were women. Yapı Kredi attaches great importance to women's participation in decision-making positions and to support future women leaders. In 2022, the ratio of women in managerial positions at Yapı Kredi was 47.8%.

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**In 2022, female labor force participation rate was 61.4% at Yapı Kredi.**

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## EMPLOYEE VOLUNTEERING

Yapı Kredi believes that involvement of its employees in solving social problems is important for employee happiness and social benefit. That's why, the Bank encourages employee volunteering within the organization.

In order to promote volunteering among employees and to create a corporate culture in this regard, Yapı Kredi Volunteers digital platform was launched in 2019. The platform was improved and expanded in 2022 with new projects. The platform enables volunteers to be informed about the projects carried out with NGOs and communicate with one another. The platform also serves as a tool that allows employees to apply for participation in existing projects or create their own volunteering initiatives.

## STRATEGIC TARGETS

- To be Turkey's leading institution in human resources,
- To train the best bankers in Turkey's banking sector,
- To organize training activities and events for the development of employees in line with the Bank's digitalization strategy,
- To support employees to discover and realize their potential while achieving the targets of the Bank, and to implement strategic workforce planning.

# Awards

Category/Ranking		Organization	
<b>GENERAL BANKING</b>			
Yapı Kredi	Cash Management – Sector Leader	Euromoney	
	Foreign Trade Finance – Sector Leader		
	Best Banking Services – Sector Leader		
	Best Private Bank – Turkey	Global Banking & Finance Awards	
	Best Private Bank	International Finance Awards	
	Best Private Bank – Turkey		
	Best Corporate/Institutional Digital Bank for Online Treasury Services in Western Europe	Global Finance World’s Best Digital Bank Awards	
	Best Bill Payment & Presentment in Western Europe		
	Best Digital Bank in Turkey		
	Best Innovative Digital Bank in Western Europe		
	Financial Services - Bronze Stevie	Stevie International Awards	
	Financial Services/Banking - Best Financial Services - Bronze Stevie		
	“Card Tracking” - Best Consumer Services - Bronze Stevie		
	Best Use of Technology – Silver Stevie		
	Best Use of Technology in Sales – Silver Stevie		
	Best Digital Bank		
	Excellence in Customer Services	Pan Finance Awards	
	Science Migration to Anatolia – Social Impact Category	Sustainable Business Awards Turkey	
The Sustainability Yearbook 2022	S&P Global		
<b>LIMITLESS BANKING</b>			
yapikredi.com.tr	Best User Interface – Silver Stevie	Stevie International Awards	
	Banking - Silver Stevie		
	Best Home/Welcome Page – Gold Stevie		
	Banking/Bill Paying – Award of Distinction	The Communicator Awards	
	Best User Interface – Award of Distinction		
	Best User Experience – Award of Distinction		
	Best Mobile Banking Adaptive Site in Western Europe	Global Finance World’s Best Digital Bank Awards	
	Most Valuable Product – Silver Stevie	Yapı Kredi Mobil	
	Best User Experience – Gold Stevie		
	Best User Experience – Bronze Stevie		
	“IBAN Scanner” Experimental & Innovation - Gold Stevie		
	Business/Government – Gold Stevie		
	“Mobile Stories” Experimental & Innovation – Gold Stevie		
	“Mobile Approval”		Best Financial Services – Bronze Stevie
			Integrated Mobile Experience – Silver Stevie
	Experimental & Innovative – Award of Distinction		

Category/Ranking		Organization
<b>LIMITLESS BANKING</b>		
Yapı Kredi Mobile	Best Visual Design – Aesthetic – Award of Excellence	The Communicator Awards
	Best Visual Design – Function – Award of Distinction	
	Best User Interface – Award of Distinction	
	Best User Experience – Award of Distinction	
	Finance – Award of Distinction	
	Best Practices – Award of Distinction	
	Integrated Mobile Experience – Award of Distinction	
	User Interface	
	Communication Design	
	International Finance Awards	
World Mobile	Mobile Application-Shopping	Golden Spider Awards
	Mobile Application-Banking & Finance	
Yapı Kredi WhatsApp	Marketing – Silver Stevie	Stevie International Awards
	Innovation for Mobile – Award of Excellence	The Communicator Awards
Master Chatbot	Artificial Intelligence/Machine Learning Solutions – Bronze Stevie	Stevie International Awards
Video Banking	Integrated Mobile Experience – Gold Stevie	Stevie International Awards
	Identity and Access Security Solution – Bronze Stevie	
	Payment Solutions – Gold Stevie	
	Most Effective Digital Customer Experience – Silver Winner	
		European Contact Centre & Customer Service Awards

Category/Ranking		Organization
<b>COMMUNICATION AWARDS</b>		
Women's Day Film, Afife Jale	Film Category - Corporate Image - Award of Achievement	Felis Awards
	Film-TV and Cinema - Corporate Image - Crystal Award	Crystal Apple
Yapı Kredi	SME Loan - Pizza Restaurant-Radio - Finance - Bronze	Crystal Apple
Yapı Kredi Publications Screen Time	EMEA Use of Mobile Media - Gold	MMA/Smarties
	EMEA Marketing Promotion - Gold	
	Turkey Marketing Promotion - Silver	
	Figital Projects - Prida Award	Prida Awards
	Data Use - Certificate Award	Social Media Awards
Online - Offline Integration - Silver		
World Mobil	"Use of Yandex Smart Vadaa"	EMEA Use of Mobile Media - Bronze
	"Use of Yandex Smart Vadaa"	Digital Marketing - Best New Digital Idea - Silver
	"World Mobile Launch" Creative Communication - Best Integrated Campaign - Silver	
May 19th PUBG Procession	Innovative Media - Gold	İstanbul Marketing Awards
	Sports Communication - Gold	
	Best Use of Technology, Online - Winner	Martech Awards
	Best Use of Technology, Social Networks - Winner	
	Social Media - Gold	Mixx Awards
	Special Awards / Game-Changer Project Category - Prida Award	Prida Awards
	Strategic Communication / Occasion Communication - Prida Award	
	Occasion Campaign - Silver	Social Media Awards
Let's Remove the Obstacles Launch Yapı Kredi Volunteers	Banks and Financial Institutions - Silver	Effie
	Conventional Brand Communication - Gold	İstanbul Marketing Awards
	Best Communication	Best Business Awards

Category/Ranking		Organization
<b>COMMUNICATION AWARDS</b>		
Unlimited Thanks Film	Creative Communication - Best Reputation Management - Silver	
	Unlimited Thanks Film - Most Valuable Corporate Response - Bronze Stevie	
World Mobile	"Use of Yandex Smart Vadaa"	Digital - Use of Mobile Media - Silver
		Digital Marketing - Online Advertisement - 2nd Prize
Today's Retirees are Truly Something Else - Parade Film	Film-TV and Cinema - Banks, Insurance and Financial Services	Crystal Apple
yapikredi.com.tr	"Do Not Panic Button Radio 01" Radio Episode	Felis Awards
	Financial Services - Award of Achievement	
<b>SUBSIDIES</b>		
Yapı Kredi Faktoring	Best Factoring Company - Turkey	
	Best Employer - Turkey	
	Best Factoring Company in Turkey	
Yapı Kredi Leasing	Best Factoring Company in Turkey - Best Export Factoring Companies - Best Export Factoring Company	
	Best Employer - Turkey	
Yapı Kredi Asset Management	Best Portfolio Manager - Turkey	
	Leader in Pension Mutual Fund Returns - 2019 Award	
Yapı Kredi Invest	Best Portfolio Management Company in Turkey - Mutual Funds Portfolio Size Leader - Golden Bull	
	Brokerage Transactions - Borsa Istanbul Equity Market Transaction Volume Leader - Golden Bull	

*We make the fast  
and right decisions,  
respond at the same  
speed and flexibility.*

We manage change  
both outside and  
inside it in the  
**most effective**  
way.

*Agility*

*Without compromising on quality we  
manage change both outside and inside  
it in the most effective way.*

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# Support Service Providers

Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. provides printing services for 62 million credit cards and customer account statements per year.

Tepe Savunma ve Güvenlik Sistemleri San. A.Ş. is responsible for physical security services with a total of 863 security guards:

767 armed security guards in branches, 84 armed security guards at the Head Office and Regional premises, and 12 unarmed security guards at Darıca Archive, Yeniköy Korumaları and Samsun Communication Center.

Securitas Güvenlik A.Ş. is commissioned to provide control and maintenance services for all technical and electronic security systems, including monitoring of the theft alarm system, card entry system, CCTV and branch fire alarm systems. Control and maintenance of fire detection and extinguishing systems are rendered by Protek Mühendislik Ltd. Şti.

Card entry systems and card monitoring and controls are outsourced to Cesa Elektronik Güvenlik Sistemleri San. Tic. Ltd. Şti.

Cash-in-transit support services and first line maintenance services for ATMs inside and outside branches are provided by Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (Bantaş), Loomis Güvenlik Hizmetleri Ticaret A.Ş. (Loomis), and Desmer Güvenlik Hizmetleri Ticaret A.Ş. (Desmer).

These companies perform these services via:

Bantaş - 34 Cash Centers, 1344 Employees and 354 Armored Vehicles

Loomis - 14 Cash Centers, 531 Employees and 174 Armored Vehicles

Desmer - 2 Cash Centers, 16 Employees and 5 Armored Vehicles.

Diebold Nixdorf Teknoloji A.Ş. and NCR Bilişim Sistemleri Ltd. Şti. provide second line maintenance services for ATMs installed inside and outside the branches.

## 2022 OVERVIEW

In order to provide customers with uninterrupted access to cash, business plans were designed in coordination with the suppliers and these plans were successfully implemented, thus ensuring that the Bank's cash-related services were carried out without interruption.

## 2023 GOALS

In 2023, Yapı Kredi aims to

- Optimize the operational costs and risk arising from cash-in-transit services,
- Optimize the service level rates of cash-in-transit services,
- Ensure the optimum management of cash.

# Ordinary General Meeting Agenda

1. Opening and election of the Chairman of the Meeting,
2. Presentation of the Annual Activity Report of the Board of Directors, Financial Statements and Summary of Report of External Auditors related to 2022 and consideration and approval of Annual Activity Report and Financial Statements for 2022,
3. Clearing of members of the Board of Directors of liability related to activities of the Bank during 2022,
4. Approval of transactions regarding liquidation by sale of some Bank receivables that are being followed up on Non-Performing Loan accounts and to clear Board members regarding these transactions,
5. Determining the number and the term of office of Board members, electing members of the Board of Directors and independent member of the Board of Directors,
6. Submitting according to Corporate Governance Principles the Remuneration Policy for the Members of Board of Directors and Senior Managers, and the payments made within the scope of the Policy to the shareholders' knowledge and approval of the same,
7. Determining the gross attendance fees for the Members of the Board of Directors,
8. Approval, approval with amendments or rejection of the proposal of the Board of Directors regarding the profit distribution date and Profit Distribution for 2022 created as per the Bank's dividend distribution policy,
9. Approval of transferring from extraordinary reserves to the special fund account in return for the revaluation fund resulting from the revaluation application within the scope of the temporary article 32 and the duplicated article 298-ç of the Tax Procedure Law No. 213,
10. Submitting the share buyback decision taken by the Board of Directors and the transactions carried out within this scope to the information and approval of the shareholders,

11. Approval of the Independent Audit Institution selected by the Board of Directors with the requirement of the Regulation issued by the Banking Regulation and Supervision Agency and the Turkish Commercial Code,
12. The donations and charities made by the Bank within the scope of the Donation and Sponsorship Policy in 2022 with the aim of social relief to the shareholders' knowledge and determining a ceiling amount for the donations to be made in 2023 in line with the Banking legislation and the regulations of the Capital Markets Board,
13. Informing the shareholders about the Bank's transition plan to a low carbon economy,
14. Granting permission to the shareholders holding the management control, the members of the Board of Directors, the senior managers and their spouses and blood relatives and relatives by virtue of marriage up to second degree in accordance with Articles 395 and 396 of the Turkish Commercial Code and submitting the transactions carried out in this context during 2022 to the shareholders' knowledge in line with the Capital Markets Board Corporate Governance Communique,
15. Wishes and comments.

# Report of the Board of Directors

Dear Shareholders,

We are deeply sad by the most devastating natural disaster in Turkey's history, which struck on February 6 and directly affected 10 provinces. We wish God's mercy on our citizens who lost their lives in the earthquake, condolences to their families and our country, and a quick recovery to the injured.

As Yapı Kredi, we have been doing all in our power to heal the wounds of our people since the first day of the earthquake. We are on the field with more than 1,500 Yapı Kredi Volunteers and YAKUT Search and Rescue Volunteers to meet the needs in the disaster area. Moreover, considering the financial developments that may occur in the region affected by the earthquake, we support our customers in this region by offering them special financial facilities. We closely follow all developments in the region. In the coming period, we will continue to stand by our citizens to meet their needs with all our strength.

Yapı Kredi, one of the most well-established and strongest institutions of the banking sector, enjoyed a 2022 full of achievements thanks to its strong balance sheet structure, effectively managed asset-liability structure and prudent approach, despite all the global uncertainties, macroeconomic and geopolitical developments. Yapı Kredi achieved an increase of 52% in total assets amounting to TL 1.184 trillion, maintaining the third place among private banks in line with its customer-oriented, pioneering and innovative banking approach that brings responsible growth.

In 2022, Yapı Kredi displayed a strong performance in revenue generation, increasing its total revenues by 211%. Operating expenses increased by 117% annually due to macroeconomic impacts. Therefore, the Bank recorded a gross operating profit of TL 77.7 billion. The Bank achieved a net profit of TL 52,745 million in 2022 with the return on tangible equity increasing to 57%.

Yapı Kredi managed to maintain its fundamentals at a strong level, while maintaining its support to the economy. The Bank completed the year with a total liquidity coverage ratio of 152% and a foreign currency liquidity coverage ratio of 450%. Yapı Kredi has always been a pioneer of innovations in the Turkish Banking System. In this respect, Yapı Kredi is the first Turkish bank to implement the Internal Ratings-Based (IRB) Approach. Without taking into account the temporary regulatory forbearances of the BRSA in 2020, the Bank's consolidated capital adequacy ratio stood at 18.1% driven by the high internal capital generation, while the Tier-I capital ratio was realized as 16.2%. These ratios are 668 basis points and 615 basis points above the regulatory limits, respectively. On the asset quality side, thanks to its prudent approach, Yapı Kredi maintained its position as the bank with the most provisions set aside for loans. Thus, as of the end of 2022, Yapı Kredi maintained its position among the leading banks of the sector, keeping its strong liquidity level and its capital adequacy, which were well above the regulatory limits.

On the international funding side, the Bank provided two syndicated loans in 2022: USD 810 million and USD 458 million. These loans comply with our goal of creating long-term sustainable value for all of our stakeholders, based on sustainability criteria. The loan signed in May covers targets for increasing electricity supply from renewable energy sources, and decreasing ESG risk management rating and the Bank's Scope 1 and 2 greenhouse gas emissions. For the loan signed in November, sustainability criteria were determined for generating renewable energy with solar panels to be installed on the Yapı Kredi Banking Academy building and for reducing the paper consumption used in the approval processes in line with the Bank's digitalization strategy. Thus, more than 72% of around USD 1.8 billion of funding provided from abroad in 2022 consists of funding based on sustainability criteria. The total funding of the Bank, based on living sustainability criteria, has reached approximately 30% of the total international funding.

In 2022, sustainability was once again one of the important items on Yapı Kredi's agenda. Yapı Kredi continues to grow in a sustainable manner in the targeted areas thanks to its strong capital structure, human-centered, innovative and limitless service approach and qualified human resources.

Yapı Kredi believes that sustainable economy and business models can only be achieved by ensuring environmental and social sustainability, aiming to become a key driving force in low-carbon investments and projects in the sector through the integration of the sustainability approach into its entire business model and value chain. It shows great sensitivity in the fight against the climate crisis, one of the most important items on the global agenda recently, and commits to increasing its support for the transition to a low-carbon economy with its products and services. As one of the important players of the Turkish banking sector in the transition to a low carbon economy, Yapı Kredi continues its work to transform its lending and investment portfolio under the project launched in 2021 as part of the Koç Holding Carbon Transformation Program. In 2022 the Bank reduced to zero its Scope 1 and 2 emissions arising from operational activities, by carrying out projects on energy efficiency and ensuring 100% renewable energy supply. Thanks to its efforts to combat the climate crisis, Yapı Kredi earned recognition as one of the companies with leadership level performance in the 2022 Climate Change Program of the Carbon Disclosure Project (CDP), one of the largest environmental reporting organizations in the world.

Planning and designing its activities in line with the United Nations (UN) Global Compact and Sustainable Development Goals, the Bank continues to be ranked among the leading banks of the sector in the field of sustainability with a responsible financing approach. As one of the founding signatories of the United Nations Principles for Responsible Banking (UN PRB), Yapı Kredi continued its activities in the field of financial inclusion in 2022. In addition, with its strong stance on gender equality and its leading role in the sector in terms

of female employee ratio, Yapı Kredi was included in the Bloomberg Gender Equality Index (GEI) for the third time in a row.

Yapı Kredi always gives great importance to corporate governance, which was proved by the increase in Yapı Kredi's corporate governance rating from 9.69 out of 10 in 2021 to 9.70 in 2022 in line with the principles set by the Capital Markets Board.

Dear Shareholders,

While presenting our 2022 integrated annual report and financial statements for your opinion and approval, we, as the Board of Directors, would like to extend our thanks to you, our esteemed shareholders, for your belief in and support to Yapı Kredi.

On behalf of the Board of Directors

Chairman  
Ali Y. Koç

# Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

## INTERNAL AUDIT

The Internal Audit Department is responsible for performing Internal Audit activities of Yapı Kredi with a team of 117 people with 107 people serving in the Bank and the remaining 10 in the subsidiaries. The Department directly reports to the Board of Directors via the Audit Committee.

Yapı Kredi's internal audit function is realized with regular branch audits, process audits, investigations, and follow-up audits. Audit reports are prepared for the risks identified during the audits. The reports are then submitted to the Senior Management. Moreover, the effectiveness and adequacy of management procedures and business processes are evaluated in view of risks.

Furthermore, in 2022, the Department published a total of eight reports: two additional analysis reports on Credit Guarantee Fund loans, four Central Audit Reports, and two Consumer Loans Central Audit Reports. In addition, there were 45 bank investigations or inquiries.

At Yapı Kredi, an Annual Audit Plan is prepared for ordinary branch and process audits, and is submitted by the Audit Committee to the Board of Directors for their review. The Annual Audit Plan is based on the meetings with the senior management organized to evaluate the risk priorities of each unit and to follow up the measures related to the previously-identified risks. Moreover, the internal audit reports are submitted by the Audit Committee to the Board of Directors at least four times a year.

AUDITS BY HEAD OFFICE TEAMS	
Head Office Process Audits	31
Head Office Management Assertions	4
Head Office Support Services	2
Central Subsidiaries	21
Subsidiaries Management Assertions	1
<b>TOTAL</b>	<b>59</b>

ON-SITE SUBSIDIARY AUDITS BY AUDITORS (DOMESTIC AND ABROAD)	
Process	30
Branch	6
Investigation / Inquiry	3
<b>TOTAL</b>	<b>39</b>

BRANCH AUDITS	
Spot	71
Regular	218 (*)
<b>TOTAL</b>	<b>289</b>

(\*) Follow-up audit were conducted simultaneously with the regular audits at 9 branches.

In 2022, the Internal Audit Department continued the Management Assertion works requested by the Banking Regulation and Supervision Agency (BRSA). In this context, the Department audited the support services companies in addition to banking processes and general information technology controls within the scope of the Management Assertion. The relevant results are submitted to the Board of Directors.

In 2010, the Bank launched the Audit Certificate Program in order to develop the professional knowledge of senior auditors in cooperation with Boğaziçi University. The Program continued in 2022. Moreover, trainings via digital resources and field expertise trainings were offered to support the professional and personal development of the staff.

The 2023 Audit Plan prepared by the Internal Audit Department includes a total of 244 audits: 58 process and subsidiary audits to be conducted by Yapı Kredi Head Office teams, 182 branch audits and four central audits. In addition, audit teams will carry out 36 on-site audits at subsidiaries.

The 2023 Audit Plan, covers contingency audit needs and investigations to ensure continuous improvement of practices, vocational training, finding monitoring, reporting, methodology and administrative tasks.

## INTERNAL CONTROL

At Yapı Kredi, internal control activities are carried out by a team of 98 people, including subsidiaries, with 83 people working at the Bank. The internal control team reports to the Audit Committee. At Yapı Kredi branches, Head Office and financial subsidiaries, the team conducts regular control activities in line with the control

standards and practices set forth by the BRSA and international institutions as well as with the internal risk assessments. The findings obtained from the activities are reported to the relevant units to ensure the performance of necessary improvements. The entire process is followed up until its completion.

Periodic reports on the internal control activities and the related results are submitted to the Audit Committee and Senior Management.

The "Internal Control Certificate Program" for the professional development of the auditors continues as planned. In 2022, branch audits were conducted on-site or remotely. Throughout the year, the Branch On-Site Internal Control Team audited 230 branches. It is planned to audit 170 branches on-site in 2023.

As part of the internal control activities, six subsidiaries of the Bank were audited in 2022, and will be audited in 2023. In Internal Control management, processes and regulations are monitored with a risk-based approach methodology, and their effects on control activities are evaluated. The work of the digital transformation of internal control practices continues.

In 2023, investigations will continue on issues that generally cause customer complaints and legal risks and that are related to information security.



# Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems

## RISK MANAGEMENT

Risk management is essential to capitalize on opportunities by following up global trends, to stand out in the competitive environment, and to improve economic, social and governance performances. Aware of the role of risk management in long-term sustainable growth, Yapı Kredi takes steps to create an effective risk management structure and risk culture. Risk management is carried out by 98 employees under the management of the Audit Committee to, on an individual and consolidated basis, measure, monitor, report and control the risks that the Bank may encounter, taking into account international legal regulations, and using methods in accordance with national legislation. The highest-ranked manager responsible for risk management is the Executive Vice President for Compliance, Internal Control and Risk Management. Risk management consists of Credit Risk Strategy, Modeling and Reporting Group Directorate and Market Risk Directorates.

Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees. In this process, the Board of Directors establishes and monitors all necessary control mechanisms and processes in order to successfully implement targets and strategies.

### Credit Risk

Credit risk refers to possible loss that the Bank may be exposed to due to the borrower's failure to timely fulfill its contractual obligations in part or in whole.

Through credit risk management, Yapı Kredi aims to measure and mitigate credit risk and to take necessary actions with the

help of efficient and smooth rating/scoring models, strategies and processes. The credit risk management fundamentally seeks to effectively implement Lending Policies Guidelines to ensure the continuity of the existing common risk management understanding in place across the organization; steer the credit portfolio to less risky sectors; avoid excessive concentration in group risks; strictly comply with existing regulatory restrictions; focus on customers with better ratings; avoid transactions that would lead to high credit risk and reputational risk, and manage country risk in line with the strategies, policies and implementation procedures established.

The Bank assesses investments in terms of their potential environmental and social risks such as environmental, human rights, ethical, corruption, and similar risks in addition to the financial credit risks they entail. New investments and projects that will be financed are addressed within the scope of the Environmental and Social Risk Assessment System.

### Operational Risk and Reputational Risk

Operational risk is defined as the risk of loss arising from errors, violations, interruptions or damages caused by internal processes, employees and systems or external events.

Updated in 2021, Yapı Kredi's Operational Risk Management Policy covers group-wide principles and standards regarding operational risk management structure; strategies concerning operational risk control, measurement and management system practices as well as the frequency, content and addressees of operational risk reports.

Operational risks are quantified in accordance with Basel II's advanced measurement methods. To this end, the Bank's operational risk losses and key risk indicators are monitored, scenario analyses are performed, and risk-based insurance management activities are carried out. Operational risk limits are determined based on the risk appetite, approved by the Board of Directors, and monitored throughout the year. The Bank carries out the risk assessment of support services, outsourced services and new products and prepares a risk inventory of information technologies. Risk is mitigated by preparing action plans and business continuity plans for potential disasters such as the Istanbul earthquake, COVID-19 pandemic, etc. Risk culture and awareness are improved by means of the operational risk strategies and training programs developed by the Bank. Activities conducted in relation to operational risk and business continuity are periodically submitted to the Audit Committee, the Executive Board and the Board of Directors.

The Reputational Risk Management Policy published in 2013 to define the fundamental principles and procedures for controlling, measuring and mitigating reputational risks is updated annually in view of legal and internal standards. The Policy was last updated in 2022. The Policy focuses on reputational risk control system for establishing and maintaining effective reputational risk management; measuring, monitoring and reporting activities involved in defining and preventing reputational risks and restoring the Bank's reputation; sensitive sectors and sectoral norms complying with lending policies; and relevant international standards.

## Yapı Kredi ensures accurate and healthy strategic risk management through corporate functions and management committees.

Yapı Kredi also takes into account environmental, social and climate risks in addition to other risk factors under the reputational risk management. The Reputational risk management general principles cover sectors bearing environmental and social risks, sectoral norms, international standards, best practices, mining, coal mining, coal-fired thermal power plants, nuclear energy industry, hydroelectric power plants, dam industry and water infrastructure, agricultural industry, strategies for reducing carbon footprint and supporting renewable energy, and fundamental approaches to climate-related risks. Risks in these areas are defined, monitored and reported to senior management by means of risk / performance indicators.

### TRANSACTIONS CARRIED OUT WITH THE RISK GROUP

Transactions with the risk group are carried out at arms-length and under market conditions in compliance with the Banking Law. In 2021, all related party transactions were undertaken within regulatory limits.

Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section 5 Note 7 of the publicly announced Consolidated Financial Report as of 31 December 2022.

# 2022 Financial Review

Based on the consolidated financial results dated 31 December 2022 drawn up according to the regulations by the Banking Regulation and Supervision Agency (BRSA), Yapı Kredi achieved a net income of TL 52,745 million and a return on average tangible equity of 56.6% (highest among peers) in 2022. The Bank recorded an increase of 52% in total assets amounting to TL 1.184 trillion, maintaining the third place among private banks. Throughout 2022, Yapı Kredi continued to improve its contribution to the financing of the Turkish economy. The Bank increased its total cash and non-cash loans by 51% to TL 850.3 billion.

In 2022, total cash loans grew by 50%, reaching TL 584 billion<sup>(1)</sup>. As a result, Yapı Kredi achieved a market share of 16.1% in total cash loans among private banks. Moreover, TL loans rose by 84%, with the Bank gaining 17.0% market share among private banks. Thanks to converting its balance sheet to TL and risk-oriented strategy, the Bank reduced its foreign currency loans by 25%, resulting in a market share of 13.6% among private banks.

In 2022, customer deposits expanded by 68%, with the deposit base amounting to TL 695.0 billion. The Bank acquired 15.1% market share in customer deposits among private banks. Yapı Kredi focused on Turkish Lira conversion in deposits, as well, achieving a 169% increase in TL customer deposits. Thanks to its focus on small-ticket transactions and strong customer acquisition, the Bank's market share rose to 18.2%, with an annual growth of 144% in TL demand deposits. As a result, the share of demand deposits in total deposits realized as 41%.

Yapı Kredi continued to diversify its funding sources in international markets in 2022, and to raise funds from foreign markets through

## Yapı Kredi maintained the third place among private banks and throughout 2022, the Bank continued to improve its contribution to the financing of the Turkish economy.

products such as syndication, securitization, bond issuance and bilateral loans. Yapı Kredi secured approximately USD 1.8 billion, including syndications, from overseas markets thanks to its strong international relationships and reputable shareholding structure. In 2022, the Bank's FC liquidity coverage ratio was 450%, and loans to deposits ratio including TL bonds improved by 10 basis points to 85%.

In terms of revenue generation, despite the challenging operating environment, the Bank's core revenues increased by 267% to TL 93,542 million compared to 2021, thanks to solid and small-ticket loan growth, effective margin management, and positive performance in net interest income and fees and commissions. In 2022, Yapı Kredi improved its cumulative net interest margin by 593 basis points, reaching 9.10%, and recorded a 40% increase in fee income. On the other hand, costs went up by 117% due to the Bank's strategy of focusing on business growth and people, as well as the rise in inflation. This was driven by the personnel costs, which increased beyond inflation, and the business growth-related costs. In 2022, the Bank achieved a controlled increase in its running costs.

In 2022, the Bank continued to strengthen its provisions through maintaining its prudent approach to asset quality. The Bank's total coverage ratio was 5.9% being the highest among its peers. NPL

ratio decreased by 118 basis points to 3.4% while the cost of risk under the prudent provisioning strategy was realized as 147 basis points, adjusted for the exchange rate.

In 2022, Yapı Kredi's consolidated capital adequacy ratio was realized as 18.1%, excluding temporary regulatory forbearances, thanks to ongoing strong internal capital generation.

In the last year, the Bank paid TL 14.1 million in total administrative fines ruled by regulatory and supervisory authorities.

### Notes:

Sectoral and private bank market shares are calculated based on the BRSA monthly data as of December 2022 and BRSA weekly data as of 31 December 2022. Sectoral data consists of deposit and development and investment banks, while private banks data are compiled from deposit/domestic private and deposit/foreign bank data.

<sup>(1)</sup> Loans exclude loans provided to financial institutions.

GRI 201-1

# Five-Year Summary Financials

	2018	2019	2020	2021	2022
Total Assets	373.376	411.195	486.490	780.821	1.184.267
Cash + Non-Cash Loans	306.334	318.938	382.698	564.066	850.314
Loans	220.549	229.373	281.822	403.149	606.523
Deposits	210.291	231.072	264.410	419.928	705.495
Shareholder's Equity	39.007	41.192	47.568	63.489	126.262
Net Income / (Loss)	4.668	3.600	5.080	10.490	52.745
Capital Adequacy Ratio (Group) <sup>(1,2)</sup>	%14,8	%16,7	%16,7	%15,0	%18,1
Capital Adequacy Ratio (Bank) <sup>(1,2)</sup>	%16,1	%17,8	%17,6	%16,0	%19,5
Number of Branches (Group)	885	880	867	835	832
Number of Branches (Bank)	854	846	835	804	801
Number of Employees (Group)	18.448	17.466	16.938	16.426	16.516
Number of Employees (Bank)	17.577	16.631	16.037	15.452	15.431

(1) Including the temporary regulatory forbearances provided by the BRSA.

(2) 2020, 2021 and 2022 are given according to the Internal Ratings-Based (IRB) calculation method.

DIRECT ECONOMIC VALUE GENERATED (TL THOUSAND)	2019	2020	2021	2022
<b>Direct Economic Value Generated</b>				
Income	19,615,615	24,046,928	32,250,489	103,617,131
<b>Economic Value Distributed</b>				
Operating Expenses	4,095,034	4,848,220	5,853,634	13,319,808
Employee Salaries and Fringe Benefits	3,149,323	3,576,234	4,433,204	9,097,079
Payments to Capital Providers (Dividend) <sup>1</sup>	0	500,000	1,000,000	-
Payments to the Government (Current Tax Provision)	1,623,617	3,111,457	3,257,106	20,149,630
Community Investments	28,400	45,500	51,100	178,378

(1) Regarding profit distribution, the authorized body of the Bank is the General Assembly and the annual general assembly meeting has not been held as of the date of preparation of these financial statements. Since the dividend distribution proposal for 2022 has not yet been prepared by the Board of Directors, the relevant cell is left blank in the profit distribution table.

# Credit Ratings

FITCH RATINGS	RATING	OUTLOOK
Long Term Foreign Currency	B-	Negative
Long Term Local Currency	B	Negative
Short Term Foreign Currency	B	
Short Term Local Currency	B	
Viability Rating	b	
Government Support	ns	
National Long Term	A+(tur)	Negative
Senior Unsecured Debt	B-	

MOODY'S	RATING	OUTLOOK
Long Term Foreign Currency Deposit	B3	Stable
Long Term Local Currency Deposit	B3	Stable
Short Term Foreign Currency Deposit	Not Prime	
Short Term Local Currency Deposit	Not Prime	
National Scale Rating	Baa2.tr	
Senior Unsecured Debt	B3	Stable

Note: As of 21 February 2023.

# Declaration of Compliance with Corporate Governance Principles

Yapı Kredi strives to comply with the Corporate Governance Principles published by the Capital Markets Board (CMB) and focuses on continuous development in this area while carrying out its operations.

The mandatory principles within the scope of the Communiqué on Corporate Governance numbered II-17.1 which is currently in effect have been fully complied with and the non-mandatory principles have been mostly complied with. Despite full compliance with the non-mandatory Corporate Governance Principles is targeted, such full compliance has not been achieved yet due to reasons such as the practical challenges with some of the principles, the ongoing discussions both in our country and on the international platform in relation to compliance with some of the principles and the fact that some principles do not completely overlap with the existing structure of the market and the Bank. The principles that have not yet been implemented is worked on and it is planned that their practice will start after the completion of the administrative, legal and technical infrastructure work in a way to contribute to the efficient management of the Bank. Below in the relevant chapters are the explanations for Yapı Kredi's extensive efforts conducted within the framework of the Corporate Governance Principles and the principles that have not yet been complied with and the conflicts of interest, if any, arising from these.

Efforts for compliance with the Capital Markets Law which covered the regulations of the CMB on the Corporate Governance Principles and with the communiqués issued on the basis of this law were among the main efforts in the field of Corporate Governance in 2022. The Board of Directors and the Committees of the Board of Directors of the Bank were formed in line with the regulations in the Communiqué on Corporate Governance. The Committees of the Board of Directors that are formed, continue with their activities efficiently. A remuneration policy was set for the Board of Directors and the senior management and employees and was submitted to the information of the shareholders at the Annual Shareholders' Meeting. Annual Shareholders' Meeting Disclosure Document containing the Annual Shareholders' Meeting information such as the shareholding structure,

total number of shares and voting rights, the biographies of the candidates standing for membership to the Board of Directors and the Remuneration Policy was submitted to the information of the investors 3 weeks before the Annual Shareholders' Meeting. Furthermore, the Bank's corporate website and annual report were reviewed and the revisions required for full compliance with the principles were made. Work required for compliance with the principles will be carried out in the upcoming period by taking into consideration both the developments in the legislation and practice.

In clause 3 of article 6 of the Communiqué on Corporate Governance in relation to exemptions, it is stated that the number of independent Board members may be determined by the banks themselves on the condition that this number is not less than three and that the Board members who are appointed as an audit committee member within the bank's organization for the Board of Directors shall be considered as independent Board members within the framework of this communiqué. The communiqué also states that the qualifications set forth in the Corporate Governance principle numbered 4.3.6 shall not be sought in audit committee members of banks and that the principles numbered 4.3.7 and 4.3.8 in relation to the election of these members shall not be applied. The same communiqué also provides that the qualifications set forth in the principle numbered 4.3.6 shall be required in any case in respect of the independent board members who will not be appointed in the audit committee, and for only one member in cases where all of the independent members of the board of directors are appointed in the audit committee and that the principles numbered 4.3.7 and 4.3.8 shall apply with regard to the election of this independent member or these independent members. In this framework, in 2022, Virma Sökmen was elected as an independent Board Member by the General Assembly having the qualifications set forth in principles numbered 4.3.7 and 4.3.8. Ahmet Çimenoğlu, Nevin İmamoğlu İpek and Mehmet Tirnaklı members of the Bank's Audit Committee are deemed independent members within the framework of this communiqué. Among the Corporate Governance Principles, following main principles which have not been compiled

and not mandatory in accordance to communiqué have been specified below detailed information on this respect is provided in the relevant chapters below. There is no conflict of interest arising from non-compliance with the said principles.

In relation to principle numbered 1.3.10, a separate agenda item was included in the general assembly agenda for donations and the details of the high donations are explained in the general assembly information form. The remaining amount not detailed in the information form consists of various donations to various institutions and organizations, each less than 300 thousand TL, which are not considered important information for investors. Donations below this amount are not followed by our investors, and it is planned to continue making public disclosures with the significance limit to be determined according to the current conditions in the following years.

In relation to principle numbered 1.3.11, although general assembly meetings are open to the public under normal conditions, our shareholders were accepted as priority in the meeting room at the general assembly meeting held in 2022, in order to protect public health, considering the current pandemic conditions and the restrictions on group gatherings in the relevant regulations of public authorities.

In relation to principle numbered 1.5.2, minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the framework of the general regulations in the legislation and in line with general practices. No request has been received from the investors and no change is foreseen in the near future.

In relation to principle numbered 4.2.8, although Yapı Kredi Bank has Directors and Officers liability insurance, the amount is below the mentioned rate. Considering the high capital of the bank, the current insurance amount is considered sufficient in terms of foreseeable risks and insurance limits are regularly reviewed. In the following periods, the amount of umbrella insurance may be increased if needed.

In relation to principle numbered 4.4.7, no limits are introduced for the Members of the Board of Directors preventing them from assuming duties outside the company due to the fact that their sectoral and business experience makes a significant contribution to the Board of Directors. CV of our board members are included in our annual report.

Considering the effective work of the Board of Directors, no change is foreseen in the short term and current practice, which is considered not to create any negative situation in terms of corporate governance.

In relation to principle numbered 4.5.5, the appointment of the Members of the Board of Directors in committees is performed by taking into consideration their knowledge and experience and in line with the relevant legislation and some Members of the Board of Directors are appointed to more than one committee. However, those members who assume duties in more than one committee ensure communication and increase cooperation opportunities among committees that work in related matters. Considering the efficient work of the members of the Board of Directors with their knowledge and experience, the existing committees is evaluated effectively and there is no need for changes is foreseen in the near future.

In relation to principle numbered 4.6.5, remunerations made to the Members of the Board of Directors and to the executives with administrative responsibilities are collectively and publicly disclosed in the footnotes of the financial statements in line with the general practice. Market executions are closely monitored on an issue that is considered important for the privacy of personal information, it is foreseen to act in parallel with the common practice.

Yapı Kredi's corporate governance rating in the BIST Corporate Governance Index which the Bank joined back in 2008, started with 8.02 (over 10) was increased to 9.70 through the Corporate Governance Rating Report issued by SAHA Corporate Governance and Credit Rating Services Inc. and publicly disclosed by the Bank on December 28, 2022. The ratings in terms of main sections were set as 9.60 for Shareholders, 9.87 for Public Disclosure and Transparency, 9.95 for Stakeholders and 9.54 for the Board of Directors.

The 2022 Corporate Governance Compliance Report and Corporate Governance Information Form are included in the annual report (page 246 - 262) prepared in accordance with CMB's decision dated 10.01.2019 and numbered 2/49 and approved by the Board of Directors of our Bank and the relevant documents can also be accessed from our Bank's corporate management page on the Public Disclosure Platform.

<https://www.kap.org.tr/trcgif/4028e4a240f2ef4c01412ae6d6630538>

# Corporate Governance Compliance Report

## COMPANY COMPLIANCE STATUS

Yes Partial No Exempted Not  
Applicable Explanation

### 1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS

1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
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### 1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION

1.2.1- Management did not enter into any transaction that would complicate the conduct of special audit.	X					
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### 1.3. GENERAL ASSEMBLY

1.3.2 -The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
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1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	No notification was made regarding such a transaction.
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1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
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1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				A separate agenda item was included in the general assembly agenda for donations and the details of the high donations are explained in the general assembly information form. The remaining amount not detailed in the information form consists of various donations to various institutions and organizations, each less than 300 thousand TL, which are not considered important information for investors. Donations below this amount are not followed by our investors, and it is planned to continue making public disclosures with the significance limit to be determined according to the current conditions in the following years.
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1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				Although general assembly meetings are open to the public under normal conditions, our shareholders were accepted as priority in the meeting room at the general assembly meeting held in 2022, in order to protect public health, considering the current pandemic conditions and the restrictions on group gatherings in the relevant regulations of public authorities.
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## COMPANY COMPLIANCE STATUS

Yes Partial No Exempted Not  
Applicable Explanation

### 1.4. VOTING RIGHTS

1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
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1.4.2-The company does not have shares that carry privileged voting rights.	X					
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1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	There is no cross-ownership that provides a management control.
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### 1.5. MINORITY RIGHTS

1.5.1- The company pays maximum diligence to the exercise of minority rights.	X					
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1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the framework of the general regulations in the legislation and in line with general practices. No request has been received from the investors and no change is foreseen in the near future.
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### 1.6. DIVIDEND RIGHT

1.6.1 -The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
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1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
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1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	
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1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
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# Corporate Governance Compliance Report

## COMPANY COMPLIANCE STATUS

	Yes	Partial	No	Exempted	Not Applicable	Explanation
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1.-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 -The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. ANNUAL REPORT</b>						
2.2.1-The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					

## COMPANY COMPLIANCE STATUS

	Yes	Partial	No	Exempted	Not Applicable	Explanation
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1- The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2-Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					

# Corporate Governance Compliance Report

## COMPANY COMPLIANCE STATUS

Yes Partial No Exempted Not  
Applicable Explanation

### 3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS

3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					

### 3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY

3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

### 4.1. ROLE OF THE BOARD OF DIRECTORS

4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					

## COMPANY COMPLIANCE STATUS

Yes Partial No Exempted Not  
Applicable Explanation

### 4.2. ACTIVITIES OF THE BOARD OF DIRECTORS

4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4-Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				Although Yapı Kredi Bank has Directors and Officers liability insurance, the amount is below the mentioned rate. Considering the high capital of the bank, the current insurance amount is considered sufficient in terms of foreseeable risks and insurance limits are regularly reviewed. In the following periods, the amount of umbrella insurance may be increased if needed.

### 4.3. STRUCTURE OF THE BOARD OF DIRECTORS

4.3.9-The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					

# Corporate Governance Compliance Report

## COMPANY COMPLIANCE STATUS

	Yes	Partial	No	Exempted	Not Applicable	Explanation
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is a possibility to present an opinion, there has been no notification made by the board members who could not attend the meeting.
4.4.4-Each member of the board has one vote.	X					
4.4.5-The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				No limits are introduced for the Members of the Board of Directors preventing them from assuming duties outside the company due to the fact that their sectoral and business experience makes a significant contribution to the Board of Directors. CV of our board members are included in our annual report. Considering the effective work of the Board of Directors, no change is foreseen in the short term and current practice, which is considered not to create any negative situation in terms of corporate governance.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5-Board members serve in only one of the Board's committees.			X			The appointment of the Members of the Board of Directors in committees is performed by taking into consideration their knowledge and experience and in line with the relevant legislation and some Members of the Board of Directors are appointed to more than one committee. However, those members who assume duties in more than one committee ensure communication and increase cooperation opportunities among committees that work in related matters. Considering the efficient work of the members of the Board of Directors with their knowledge and experience, the existing committees is evaluated effectively and there is no need for changes is foreseen in the near future.

## COMPANY COMPLIANCE STATUS

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					X	In accordance with the working principles of the committees, the committees may make use of the opinions of the independent experts/professionals, if needed. During the past year, no such request was brought up by the committees.
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			Remunerations made to the Members of the Board of Directors and to the executives with administrative responsibilities are collectively and publicly disclosed in the footnotes of the financial statements and Ordinary General Assembly in line with the general practice. Market executions are closely monitored on an issue that is considered important for the privacy of personal information, it is foreseen to act in parallel with the common practice.



# Corporate Governance Information Form

## YAPI VE KREDİ BANKASI A.Ş. CORPORATE GOVERNANCE INFORMATION FORM

### 1. SHAREHOLDERS

#### 1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year	Conferences: 18 (attended), Roadshow: 3 (attended), Webcasts: 4 (organized) Analyst Days: 5 (organized), Investor Meetings via teleconferences: around 400
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#### 1.2. Right to Obtain and Examine Information

The number of special audit request(s)	0
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The number of special audit requests that were accepted at the General Shareholders' Meeting	-
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#### 1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/1005386">https://www.kap.org.tr/tr/Bildirim/1005386</a>
--	---

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	It is presented.
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The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction.
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The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
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The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	There is no such transaction.
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The name of the section on the corporate website that demonstrates the donation policy of the company	Investor Relations/Corporate Governance/ Code of Ethics and Policies
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The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/920592">https://www.kap.org.tr/tr/Bildirim/920592</a>
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The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 16
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Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Although general assembly meetings are open to the public under normal conditions, our shareholders were accepted as priority in the meeting room at the general assembly meetings held in 2022, in order to protect public health, considering the current pandemic conditions and the restrictions on group gatherings in the relevant regulations of public authorities. Some bank employees attended the General Assembly meeting too.
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## YAPI VE KREDİ BANKASI A.Ş. CORPORATE GOVERNANCE INFORMATION FORM

### 1. SHAREHOLDERS

#### 1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
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In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	None
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The percentage of ownership of the largest shareholder	40,95%
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#### 1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
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If yes, specify the relevant provision of the articles of association	None
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#### 1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Investor Relations / Corporate Governance / Shareholders' Meeting
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Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend	Dividend has been distributed.
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PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-
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# Corporate Governance Information Form

GENERAL ASSEMBLY MEETINGS									
General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
23.03.2022	0	74,31%	0.004%	74,31%	Investor Relations / Corporate Governance / Shareholders' Meeting	Investor Relations / Corporate Governance / Shareholders' Meeting	None	0	<a href="https://www.kap.org.tr/tr/Bildirim/1012510">https://www.kap.org.tr/tr/Bildirim/1012510</a>

2. DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations, About Yapı Kredi, Corporate Governance, Shareholders' Meeting, We Are Here For You.
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Shareholding Structure: Investor Relations/ About Yapı Kredi/ Shareholding Structure
List of languages for which the website is available	Turkish and English
2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors, Senior management, Independence Declarations
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Board of Directors and Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Board of Directors and Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Legal Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Legal Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Talented and committed employees, Social Contribution

3. STAKEHOLDERS	
3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Investor Relations/ Corporate Governance/Code of Ethics and Policies
The number of definitive convictions the company was subject to in relation to breach of employee rights	258
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics, Anti-Corruption and Conflict of Interest Manager
The contact detail of the company alert mechanism.	0 212 339 7353 / 0 212 339 7330 / 0 212 339 6039 Etik@yapikredi.com.tr, CikarCatismasi@yapikredi.com.tr, YolsuzluklaMucadele@yapikredi.com.tr
3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies.	Internal regulations are not publicly available or accessible.
Corporate bodies where employees are actually represented	There is an "Employee Relations Advisory Board" formed of representatives assigned by the Employer and the Union, which work to preserve labor peace and contribute to increasing productivity.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The backup plan in our Bank is made for all our top management, and appointments of General Manager and Assistant General Manager are carried out with the resolution of the Board of Directors.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	The Bank's Human Resources and Organization Management carries out its operations in line with the principle of non-discrimination on the basis of race, gender, nationality, age, religion, political affiliation and physical disability and being respectful of privacy and civil rights. Job descriptions, performance and rewarding criteria are announced to all employees. Also, the document regarding the code of conduct applied in the Bank is available on the corporate website.
Whether the company provides an employee stock ownership programme	(There isn't an employee stock ownership programme)
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	The Bank's Human Rights Statement on the corporate website guarantees employees in areas such as diversity, freedom of expression. Furthermore, all Bank employees are able to share any discomfort and complaints with regard to these matters, orally or in writing, to the code of conduct within the Compliance, Internal Control, Risk and to the Ethics, Fight Against Corruption and Conflict of Interest section.
The number of definitive convictions the company is subject to in relation to health and safety measures	0

# Corporate Governance Information Form

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	Investor Relations/ Corporate Governance/Code of Ethics and Policies
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	Investor Relations/ Corporate Governance, Sustainability
Any measures combating any kind of corruption including embezzlement and bribery	The Bank's "Anti-Bribery and Anti-Corruption Policy" is included in the Investor Relations/Corporate Governance/Code of Ethics and Policies section of our website.
4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	21.02.2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Yıldırım Ali Koç /Chairman, Levent Çakıroğlu / Vice Chairman, Gökhan Erün / Executive Director and CEO
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	15
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Audit Committee's Assessment on Internal Audit, Internal Control and Risk Management Systems
Name of the Chairman	Yıldırım Ali Koç
Name of the CEO	Gökhan Erün
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	Investor Relations/ Corporate Governance/Code of Ethics and Policies
The number and ratio of female directors within the Board of Directors	2 (17%)

COMPOSITION OF BOARD OF DIRECTORS							
Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/ Or Finance Or Not
YILDIRIM ALİ KOÇ	Non-executive	Not independent director	31.03.2016		Not Applicable	Not Applicable	Not Applicable
LEVENT ÇAKIROĞLU	Non-executive	Not independent director	25.03.2015		Not Applicable	Not Applicable	Not Applicable
GÖKHAN ERÜN	Executive	Not independent director	15.01.2018		Not Applicable	Not Applicable	Not Applicable
AHMET FADIL ASHABOĞLU	Non-executive	Not independent director	28.09.2005		Not Applicable	Not Applicable	Not Applicable
AYKUT ÜMİT TAFTALI	Non-executive	Not independent director	31.03.2016		Not Applicable	Not Applicable	Not Applicable
AHMET ÇİMENİOĞLU	Non-executive	Independent director	18.03.2019	Within the frame of article 6(3)a of the CMB's Corporate Governance Communiqué; As a member of the Audit Committee, he is considered an Independent Board Member.	Not Applicable	Not Applicable	Yes
NEVİN İMAMOĞLU İPEK	Non-executive	Independent director	05.02.2020	Within the frame of article 6(3)a of the CMB's Corporate Governance Communiqué; As a member of the Audit Committee, she is considered an Independent Board Member.	Not Applicable	Not Applicable	Yes
VİRMA SÖKMEN	Non-executive	Independent director	18.03.2019	<a href="https://www.kap.org.tr/tr/Bildirim/1005386">https://www.kap.org.tr/tr/Bildirim/1005386</a>	Considered	No	No
MELİH POYRAZ	Non-executive	Not independent director	25.03.2021		Not Applicable	Not Applicable	Not Applicable
MEHMET TIRNAKLI	Non-executive	Independent director	25.03.2021	Within the frame of article 6(3)a of the CMB's Corporate Governance Communiqué; As a member of the Audit Committee, he is considered an Independent Board Member.	Not Applicable	Not Applicable	Yes
POLAT ŞEN	Non-executive	Not independent director	23.03.2022		Not Applicable	Not Applicable	Not Applicable
KEMAL UZUN	Non-executive	Not independent director	23.03.2022		Not Applicable	Not Applicable	Not Applicable

# Corporate Governance Information Form

4. BOARD OF DIRECTORS-II	
4.4. Meeting Procedures of the Board of Directors	
Number of physical or electronic board meetings in the reporting period	11
Director average attendance rate at board meetings	98%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Principally a week ago.
The name of the section on the corporate website that demonstrates information about the board charter	Although there is an internal regulation on the subject (Yapı Kredi Board of Directors Working Principles), it is not a public document.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	No limits are introduced for the Members of the Board of Directors preventing them from assuming duties outside the company due to the fact that their sectoral and business experience makes a significant contribution to the Board of Directors.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented.	Board of Directors and Committees
Link(s) to the PDP announcement(s) with the board committee charters	Information on the working principles of the Board committees is available on the Bank's website.

COMPOSITION OF BOARD COMMITTEES-I				
Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Ahmet Çimenoğlu	Yes	Board member
Audit Committee		Nevin İmamoğlu İpek	No	Board member
Audit Committee		Mehmet Tırnaklı	No	Board member
Corporate Governance Committee		Virma Sökmen	Yes	Board member
Corporate Governance Committee		Nevin İmamoğlu İpek	No	Board member
Corporate Governance Committee		M. Erkan Özdemir	No	Not board member
Remuneration Committee		Y.Ali Koç	No	Board member
Remuneration Committee		Levent Çakıroğlu	No	Board member
Other	Credit Committee	Gökhan Erün	Yes	Board member
Other	Credit Committee	Ahmet Çimenoğlu	No	Board member
Other	Credit Committee	Virma Sökmen	No	Board member
Other	Credit Committee	Mehmet Tırnaklı	No	Board member
Other	Credit Monitoring Committee	Levent Çakıroğlu	Yes	Board member
Other	Credit Monitoring Committee	Ahmet F. Ashaboğlu	No	Board member
Other	Credit Monitoring Committee	Ahmet Çimenoğlu	No	Board member
Other	Credit Monitoring Committee	Virma Sökmen	No	Board member
Other	Credit Monitoring Committee	Mehmet Tırnaklı	No	Board member
Other	Credit Monitoring Committee	Melih Poyraz	No	Board member
Other	Credit Monitoring Committee	Polat Şen	No	Board member
Other	Risk Committee	Levent Çakıroğlu	Yes	Board member
Other	Risk Committee	Gökhan Erün	No	Board member
Other	Risk Committee	Ahmet Çimenoğlu	No	Board member
Other	Risk Committee	Melih Poyraz	No	Board member
Other	Risk Committee	Polat Şen	No	Board member
Other	Risk Committee	Kemal Uzun	No	Board member
Other	Executive Committee	Gökhan Erün	Yes	Board member
Other	Executive Committee	Demir Karaaslan	No	Not board member
Other	Executive Committee	M. Erkan Özdemir	No	Not board member
Other	Executive Committee	Serkan Ülgen	No	Not board member
Other	Executive Committee	Yakup Doğan	No	Not board member
Other	Executive Committee	A. Cahit Erdoğan	No	Not board member
Other	Executive Committee	Saruhan Yücel	No	Not board member
Other	Executive Committee	M. Erkan Akbulut	No	Not board member
Other	Executive Committee	Muharrem Kaan Şakul	No	Not board member
Other	Executive Committee	Uğur Gökhan Özdiç	No	Not board member
Other	Executive Committee	Özden Önalı	No	Not board member

# Corporate Governance Information Form

4. BOARD OF DIRECTORS-III	
4.5. Board Committees-II	
Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	There is no Nomination Committee. The tasks related to this committee are provided by the Corporate Governance Committee. Annual Report: Board of Directors; Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Risk Committee/Committee Members
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	Board of Directors; Remuneration Committee
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Message from the Chairman, Message from the CEO, Report of the Board of Directors
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Investor Relations/ Corporate Governance/Code of Ethics and Policies
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Talented and committed employees

COMPOSITION OF BOARD COMMITTEES-II					
Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	4	4
Corporate Governance Committee		67%	67%	2	1
Remuneration Committee		100%	0%	2	1
Other	Credit Committee	75%	75%	37	4
Other	Credit Monitoring Committee	100%	43%	1	-
Other	Risk Committee	17%	17%	7	-

# CMB Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
A. GENERAL PRINCIPLES							
A1. Strategies, Policies and Targets							
A1.1	Material environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the partnership's board of directors.	X				Yapı Kredi identified material ESG issues and related risks and opportunities through stakeholder analysis.	2022 Integrated Annual Report: Vision, Mission, Strategy, Values, page 26-27 Sustainability Management, page 70-73 Material Issues, page 93-95 Risk Management, page 99-115 Trends, Their Implication for the Sector and Yapı Kredi's Response, page 83-89
	ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Board of Directors of the corporation.	X				ESG policies approved by the board of directors have been shared with the public on the corporate website.	Yapı Kredi Code of Ethics and Business Conduct: <a href="https://www.yapikrediinvestorrelations.com/en/corporate-governance/detail/Code-of-Ethics-and-Policies/44/1916/0">https://www.yapikrediinvestorrelations.com/en/corporate-governance/detail/Code-of-Ethics-and-Policies/44/1916/0</a>
	Short- and long-term targets set within the scope of ESG policies were disclosed to the public.	X					2022 Integrated Annual Report: Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133 Contribution to the Society, page 134-141 United Nations Principles of Responsible Banking Reporting Index, page 618-629
A2. Implementation/Monitoring							
A2.1	The committees and/or units responsible for the implementation of ESG policies and the highest level officials in the partnership related to ESG issues and their duties have been identified and disclosed to the public.	X				The duties of the Yapı Kredi Sustainability Committee, Sustainability Unit and sustainability working groups responsible for the execution of ESG policies are disclosed to the public through the integrated annual report.	2022 Integrated Annual Report: Statement of Compliance with Sustainability Principles, page 54-67, 71-72 Sustainability Management, page 70-73
A2.2	Activities carried out within the scope of policies by the responsible committee and/or unit were reported to the board of directors at least once a year.	X				The Sustainability Committee, which meets four times a year to monitor and direct the developments in the field of sustainability, presents its activities to the Executive Committee and the Board of Directors on a regular basis every year.	2022 Integrated Annual Report: Statement of Compliance with Sustainability Principles, page 54-67, 71-72

# CMB Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>A. GENERAL PRINCIPLES</b>							
<b>A2. Implementation/Monitoring</b>							
A2.3	In line with the ESG targets, implementation and action plans were created and disclosed to the public.	X				Yapı Kredi aims to realize its short- and long-term goals in line with the action plans it has created, and shares these action plans with the public through its integrated annual report.	<b>2022 Integrated Annual Report:</b> Sustainability Management, page 70-73 Environmental Impact, page 126-133 Trends, Their Implication for the Sector and Yapı Kredi's Response, page 83-89 United Nations Principles of Responsible Banking Reporting Index, page 618-629
A2.4	Activities to improve the sustainability performance of business processes or products and services have been disclosed to the public.	X				Yapı Kredi carries out many activities that improve its sustainability performance, both with the sustainability approach it integrates into its own business processes and with the sustainable products and services it offers, and explains these through its integrated annual report.	<b>2022 Integrated Annual Report:</b> Sustainability Management, page 70-73 Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133
<b>A3. Reporting</b>							
A3.1	In the annual reports, information regarding the sustainability performance, targets and actions of the partnership is given in an understandable, accurate and sufficient manner.	X				Since 2019, Yapı Kredi has been publishing information on its sustainability performance, targets and actions in an understandable and transparent manner in its integrated annual reports	<b>2022 Integrated Annual Report:</b> Sustainability Management, page 70-73 Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133  <b>Yapı Kredi – Integrated Annual Reports:</b> <a href="https://www.yapikredi.com.tr/en/sustainability/reports-and-awards/integrated-reports">https://www.yapikredi.com.tr/en/sustainability/reports-and-awards/integrated-reports</a>
A3.2	Information on which of its activities are related to the United Nations (UN) 2030 Sustainable Development Goals has been disclosed to the public by the partnership.	X				Within the scope of its sustainability strategy, Yapı Kredi takes the Sustainable Development Goals (SDGs) as a guide and associates those goals with its material issues.	<b>2022 Integrated Annual Report:</b> Material Issues, page 93-95
A3.3	Lawsuits filed and/or concluded against ESG issues, which are important in terms of ESG policies and/or will significantly affect activities, have been disclosed to the public.	X				There are no lawsuits filed against Yapı Kredi regarding ESG issues.	<b>2022 Integrated Annual Report:</b> Legal Explanations, page 275

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>A. GENERAL PRINCIPLES</b>							
<b>A4. Verification</b>							
A4.1	The Partnership's ESG Key Performance metrics have been verified and publicly disclosed by an independent third party.	X					<b>2022 Integrated Annual Report:</b> Independent Assurance Statement, page 646-651
<b>B. Environmental Principles</b>							
B1	The partnership has made public its policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	X				In order to systematically manage its environmental impacts, Yapı Kredi established the Environmental Management System (EMS) by certifying its headquarters buildings with ISO 14001 certification and continues to implement this system by extending it to its subsidiaries and branches.	<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133
B2	The scope of the report, the reporting period, the reporting date, and the limitations regarding the reporting conditions were disclosed to the public regarding the environmental reports prepared in providing information on environmental management.	X					<b>2022 Integrated Annual Report:</b> About the Report, page 4 Reporting Guidance, page 634-645
B3	It is given in A2.1.	X					<b>2022 Integrated Report:</b> Statement of Compliance with Sustainability Principles, page 71-72 Sustainability Management, page 70-73
B4	Environmental targets included in the rewarding criteria within the scope of performance incentive systems on the basis of stakeholders (such as members of the Board of Directors, managers and employees) have been disclosed to the public.	X				Environmental sustainability targets are included in the performance targets of Yapı Kredi's General Manager, Executive Vice Presidents and relevant sustainability employees. These targets are publicly disclosed in the 2022 CDP Climate Change and Water Security reports.	<b>2022 CDP Climate Change Report:</b> <a href="https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf</a>  <b>2022 CDP Water Security Report:</b> <a href="https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Water-Security-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Water-Security-Programme-Response-2022.pdf</a>

# CMB Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>B. Environmental Principles</b>							
B7	X					It has been publicly disclosed how environmental issues are managed and integrated into business objectives and strategies throughout the partnership value chain, including the operational process, including suppliers and customers.	<p><b>2022 Integrated Annual Report:</b> Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133</p> <p><b>Yapı Kredi Responsible Code of Supply for Responsible Procurement:</b> <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf</a></p>
B8	X					Whether relevant organizations and non-governmental organizations on the environment are involved in the policy-making processes and the collaborations with these institutions and organizations were disclosed to the public.	<p>In its integrated annual report, Yapı Kredi announced its collaborations with relevant national and international organizations on the environment.</p> <p><b>2022 Integrated Annual Report:</b> Stakeholder Relations, 96-98</p>
B9	X					Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts) Information about the impacts of the company is disclosed to the public on a comparable basis periodically.	<p>Yapı Kredi disclosed its environmental performance indicators to the public in the performance tables section of its annual report, comparable to the previous three years.</p> <p><b>2022 Integrated Annual Report:</b> Performance Tables, page 612-613 Environmental Impact, page 126-133</p>
B10	X					Details of the standard, protocol, methodology, and base year used to collect and calculate data have been made public.	<p><b>2022 Integrated Annual Report:</b> Reporting Guidance, page 634-645</p>
B11	X					Compared to previous years, the increase or decrease of environmental indicators for the report year has been disclosed to the public.	<p><b>2022 Integrated Annual Report:</b> Performance Tables, page 612-613</p>
B12	X					Short and long-term targets have been determined to reduce their environmental impacts, and the progress of these targets and the targets determined in previous years has been disclosed to the public.	<p>Yapı Kredi shared its short and long-term targets and the progress of these targets with the public in its integrated annual report in order to reduce its environmental impacts within the scope of both operational and lending activities.</p> <p><b>2022 Integrated Annual Report:</b> Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133</p>

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>B. Environmental Principles</b>							
B13	X					A strategy to combat the climate crisis has been created and the planned actions have been publicly announced.	<p>With a responsible and sustainable finance approach, Yapı Kredi has established its strategy in combating the climate crisis and accordingly announced the actions plans to the public through the integrated annual report and the CDP Climate Change report.</p> <p><b>2022 Integrated Annual Report:</b> Trends, Their Implication for the Sector and Yapı Kredi's Response – Climate Change, page 83-89 Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133</p> <p><b>2022 CDP Climate Change Report:</b> <a href="https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf</a></p>
B14	X					Programs or procedures have been established and disclosed to the public in order to prevent or minimize the potential negative impact of products and/or services on the environment.	<p>In order to identify, prevent or minimize the environmental and social risks of projects and investments to be financed by Yapı Kredi, the ESRA (Environmental and Social Risk Assessment) System has been implemented based on national legislation and International Finance Corporation (IFC) Environmental and Social Performance Standards since 2017. Details regarding the ESRA System are disclosed to the public in the integrated annual report and Yapı Kredi Environmental and Social Policy.</p> <p><b>2022 Integrated Annual Report:</b> Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133 Innovative Banking, page 144-205 United Nations Principles of Responsible Banking Reporting Index, page 618-629</p> <p><b>Yapı Kredi Environmental And Social Policy:</b> <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_environmental_and_social_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_environmental_and_social_policy.pdf</a></p>
	X					Actions have been taken to reduce greenhouse gas emissions of third parties (e.g. suppliers, subcontractors, dealers, etc.) and these actions have been disclosed to the public.	<p>Yapı Kredi aims to act responsibly in purchasing processes and to spread the principle of creating sustainable value throughout the entire supply chain. In this context, it has been implementing the Code of Conduct for Responsible Procurement since 2016.</p> <p><b>Yapı Kredi Code of Supply for Responsible Procurement:</b> <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf</a></p>

# CMB Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>B. Environmental Principles</b>							
B15	The environmental benefits/benefits and cost savings of initiatives and projects aimed at reducing environmental impacts have been disclosed to the public.	X					<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133
B16	Energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) data are publicly disclosed as Scope-1 and Scope-2.	X					<b>2022 Integrated Annual Report:</b> Performance Tables, page 612-613
B17	Public disclosure was made about the electricity, heat, steam and cooling produced in the reporting year.	X					<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133 Performance Tables, page 612-613
B18	Studies on increasing the use of renewable energy and the transition to zero or low carbon electricity have been made and publicly announced.	X				Yapı Kredi achieved its target of using 100% renewable energy in 2022 and provided 100% of its electricity consumption from renewable energy sources.	<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133 Performance Tables, page 612-613
B19	Renewable energy production and usage data is publicly disclosed.	X					<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133 Performance Tables, page 612-613
B20	Energy efficiency projects have been carried out and the amount of energy consumption and emission reduction achieved through energy efficiency projects has been disclosed to the public.	X					<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133
B21	Water consumption, if any, amounts of water drawn, recycled and discharged from underground or above ground, its sources and procedures have been disclosed to the public.	X					<b>2022 Entegre Faaliyet Raporu:</b> Performans Tabloları, sayfa 612-613  <b>2022 CDP Su Güvenliği Raporu:</b> <a href="https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Water-Security-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Water-Security-Programme-Response-2022.pdf</a>
B22	It has been publicly disclosed whether its operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).	X				Although Yapı Kredi's operational activities are not included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax), the Bank switched to shadow carbon pricing in 2021.	<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>B. Environmental Principles</b>							
B23	Information on carbon credits accumulated or purchased during the reporting period has been disclosed to the public.	X					<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133
B24	If carbon pricing is applied within the partnership, the details are disclosed to the public.	X				Although Yapı Kredi's operational activities are not included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax), the Bank switched to shadow carbon pricing in 2021.	<b>2022 Integrated Annual Report:</b> Environmental Impact, page 126-133
B25	The platforms where the partnership discloses its environmental information are publicly disclosed.	X					<b>2022 Integrated Annual Report:</b> Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133 Performance Tables, page 612-613  <b>2022 CDP Climate Change Report:</b> <a href="https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf</a>  <b>2022 CDP Water Security Report:</b> <a href="https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Water-Security-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Water-Security-Programme-Response-2022.pdf</a>
<b>C. Social Principles</b>							
<b>C1. Human Rights and Employee Rights</b>							
C1.1	The Corporate Human Rights and Employee Rights Policy has been established in a way to cover the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation, those responsible for the implementation of the policy have been determined and the policy and those responsible have been disclosed to the public.	X				Yapı Kredi Human Rights Statement has been implemented since 2016 and is shared with the law on the corporate website.	<b>2022 Integrated Annual Report:</b> Risk Management, - Human Rights Risks, page 112-114 Independent Assurance Statement, page 646-651  <b>Yapı Kredi Human Rights Statement:</b> <a href="https://www.yapikredinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikredinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a>



# CMB Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>C. Social Principles</b>							
<b>C1. Human Rights and Employee Rights</b>							
C1.2	X						<p><b>2022 Integrated Annual Report:</b> Talented and Committed Employees , page 216-225</p> <p><b>Yapı Kredi Human Rights Statement:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a></p>
C1.3	X						<p><b>2022 Integrated Annual Report:</b> Risk Management, - Human Rights Risks, page 112-114</p> <p><b>Yapı Kredi Human Rights Statement:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a></p> <p><b>Yapı Kredi Code of Supply for Responsible Procurement:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf</a></p>
C1.4	X						<p><b>2022 Integrated Annual Report:</b> Risk Management, - Human Rights Risks, page 112-114</p> <p><b>Yapı Kredi Human Rights Statement:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a></p> <p><b>Yapı Kredi Code of Supply for Responsible Procurement:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf</a></p>

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>C. Social Principles</b>							
<b>C1. Human Rights and Employee Rights</b>							
C1.5	X						<p><b>2022 Integrated Annual Report:</b> Talented and Committed Employees , page 216-225</p> <p><b>Yapı Kredi Human Rights Statement:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a></p> <p><b>Yapı Kredi Code of Ethics and Business Conduct:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf</a></p> <p><b>Yapı Kredi Whistleblowing Policy:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/Yapi_Kredi_Whistleblowing_Policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/Yapi_Kredi_Whistleblowing_Policy.pdf</a></p>
C1.5	X						<p><b>2022 Integrated Annual Report:</b> Ethics and Compliance, page 90-92</p> <p><b>Yapı Kredi Human Rights Statement:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a></p> <p><b>Yapı Kredi Code of Ethics and Business Conduct:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf</a></p> <p><b>Yapı Kredi Whistleblowing Policy:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/Yapi_Kredi_Whistleblowing_Policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/Yapi_Kredi_Whistleblowing_Policy.pdf</a></p>
C1.5	X						<p><b>2022 Integrated Annual Report:</b> Talented and Committed Employees , page 216-225</p> <p>Performance Tables, page 614-617</p>
C1.6	X						<p><b>Yapı Kredi Occupational Health And Safety Policy:</b>  <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf</a></p>
C1.6	X						<p><b>2022 Integrated Annual Report:</b> Occupational Health And Safety, page 223-224</p> <p>Performance Tables, page 614-617</p>

# CMB Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>C. Social Principles</b>							
<b>C1. Human Rights and Employee Rights</b>							
C1.7	X					<p><b>Personal Data Protection and Processing:</b> Personal Data Protection and Processing   Governance   Yapı Kredi</p> <p><b>Yapı Kredi Corporate Policy On Protection And Processing of Personal Data:</b> <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/ethical-principles-and-policies/Personal_Data_Protection_and_Processing_Policy-Corporate.pdf?v2">https://www.yapikrediinvestorrelations.com/en/images/pdf/ethical-principles-and-policies/Personal_Data_Protection_and_Processing_Policy-Corporate.pdf?v2</a></p> <p><b>2022 Integrated Annual Report:</b> Protection And Processing of Personal Data, page 214-215</p>	
C1.8	X					<p><b>2022 Integrated Annual Report:</b> Ethics and Compliance, page 90-92</p> <p><b>Yapı Kredi Code of Ethics and Business Conduct:</b> <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf</a></p>	
C1.9	X					<p><b>2022 Integrated Annual Report:</b> Contribution to the Society, page 134-141</p>	
C1.10	X					<p><b>2022 Integrated Annual Report:</b> Sustainability Management, page 70-73 Ethics and Compliance, page 90-92 Risk Management, page 99-115 Responsible and Sustainable Finance, page 108-125 Environmental Impact, page 126-133 Performance Tables, page 612-617</p>	

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>C. Social Principles</b>							
<b>C2. Stakeholders, International Standards and Initiatives</b>							
C2.1	X					<p>The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed to the public.</p>	<p><b>Yapı Kredi Customer Satisfaction Policy at:</b> <a href="https://www.yapikredi.com.tr/en/we-arehere-for-you/customer-satisfactionapproach">https://www.yapikredi.com.tr/en/we-arehere-for-you/customer-satisfactionapproach</a></p> <p><b>2022 Integrated Annual Report:</b> Customer Experience, page 208-210</p>
C2.2	X					<p>Information about the communication with stakeholders (which stakeholder, subject and frequency) is publicly disclosed.</p>	<p><b>2022 Integrated Annual Report:</b> Stakeholders Management sayfa 96-98</p> <p><b>Stakeholders and Collaborations Statement at:</b> <a href="https://www.yapikredi.com.tr/en/sustainability/our-sustainability-approach/stakeholders-and-collaborations">https://www.yapikredi.com.tr/en/sustainability/our-sustainability-approach/stakeholders-and-collaborations</a></p>
C2.3	X					<p>Yapı Kredi is adopted international reporting standards such as, Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Climate-Related Financial Disclosures Task Force (TCFD).</p>	<p><b>2022 Integrated Annual Report:</b> About the Report, page 4 Sustainability Management, page 70-73 GRI Content Index, page 652-660</p>
C2.4	X					<p>Yapı Kredi has been a signatory and supporter of principles related to sustainability, such as United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), United Nations Responsible Banking Principles (UNPRB), International Capital Markets Association (ICMA) Green/Sustainable Bond Principles, Climate-Related Financial Statement Mission Power (TCFD).</p>	<p><b>2022 Integrated Annual Report:</b> Sustainability Management, page 70-73 Stakeholder Relations,96-98 Treasury Management, page 176-180 United Nations Principles of Responsible Banking Reporting Index, page 618-629 UN Global Compact ve WEPs Raporlama Endeksi, sayfa 632-633</p>

# CMB Sustainability Principles Compliance Framework

PRINCIPLES	COMPLIANCE STATUS					EXPLANATION	RELATED REPORT/LINKS
	Yes	Partial	No	Exempted	Not Applicable		
<b>C. Social Principles</b>							
<b>C2. Stakeholders, International Standards and Initiatives</b>							
C2.5	Improvements have been made and studies have been carried out in order to be included in the BIST Sustainability Indices and/or international index providers.	X				Yapı Kredi is included in the indices, such as Borsa İstanbul Sustainability Index, FTSE4Good, MSCI ESG Index, Bloomberg Gender Equality Index.	<b>2022 Integrated Annual Report:</b> Sustainability Management, page 70-73
<b>D. Corporate Governance Principles</b>							
D1	Opinions of stakeholders were sought in the determination of measures and strategies in the field of sustainability.	X					<b>2022 Integrated Annual Report:</b> Corporate Governance Compliance Report, page 246-253 Corporate Governance Information Form, page 254-262
D2	Social responsibility projects, awareness activities and trainings have been carried out to raise awareness about the issue of sustainability and its importance.	X					<b>2022 Integrated Annual Report:</b> Sustainability Management, page 70-73 Contribution to the Society, page 134-141

## Legal Disclosures

### AFFILIATED COMPANY REPORT:

According to Article 199 of the Turkish Commercial Code No.6102, which came into effect in July 2012, Yapı Kredi's Board of Directors are liable to prepare a report regarding relations with the controlling company and its affiliated companies and to indicate the conclusion part of mentioned report in its annual report. Necessary explanations regarding transactions made by Yapı Kredi with related parties can be found in Section five Note 7 of the publicly announced Consolidated Financial Report.

In the report prepared by Yapı Kredi's Board of Directors on 21 February 2023, it states; "It is concluded that in all transactions made by Yapı Kredi with the controlling company and the companies affiliated to the controlling company in 2022, according to situations and conditions known to us and prevailing at the time the related transaction was made or related measure were taken or refrained from being taken, an appropriate consideration for each transaction has been provided and there is no measure taken or refrained from being taken, which may cause the company to suffer losses and that in this context, there is no transaction or measure which may require balancing.

### The information on amendments in the legislation which may significantly affect the activities of the corporation

The Bank continues its activities within the framework of the Banking Law and the Banking Regulation and Supervision Agency regulations, and there were some changes in these regulations, but there were no legislative changes that significantly affected the activities.

### The information on significant lawsuits filed against the corporation and the possible results thereof:

There is no significant lawsuits filed against the Bank.

### The information on conflicts of interest with organizations with whom the Company obtains investment consultancy and rating services and measures taken by the Company to prevent such conflicts of interest:

There were no incidents that may cause any conflicts of interest with organizations with whom the Bank obtains investment consultancy and rating services.

### Information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5% if any:

There is no cross-ownership.

### Extraordinary General Assembly Meeting held during the year, if any:

An Extraordinary General Assembly meeting was not held during the year.

### Information on Indirect Shareholding within the scope of Article 198 of the Turkish Commercial Code:

As a result of the partial division transaction accepted at the Extraordinary General Assembly meeting held on September 29, 2022, Temel Ticaret ve Yatırım A.Ş., which has an indirect shareholder in our Bank has transferred all of Koç Holding A.Ş., shares which it owns %100, to Family Danışmanlık Gayrimenkul ve Ticaret A.Ş.

As a result of the partial division transaction, there has been no change in the shares indirectly owned by Temel Ticaret ve Yatırım A.Ş. in our Bank and the Share rate indirectly owned by Family Danışmanlık Gayrimenkul ve Ticaret A.Ş. has increased from %0 to 27.29%.

# Independence Declaration

I hereby declare that I am candidate to serve as an “independent member” at the Board of Directors of Yapı ve Kredi Bankası A.Ş. (Company) in accordance with the criteria set forth in the legislation, articles of association and Corporate Governance Communiqué of the Capital Markets Board, and in this framework;

a) There is no employment relationship with respect to any executive position that covers important duties and responsibilities, no more than 5% of the capital or voting rights or preferential shares are held jointly or individually, or no significant commercial relationship has been established in the last five years between the Company, or partnerships over which the Company has management control or exercises substantial influence, or shareholders who hold the management control of, or who exercise significant influence on, the Company and the legal entities which hold the management control of such shareholders, and me, my spouse, my relatives by blood and marriage up to the second degree;

b) I have not been a shareholder (5% and above), worked in an executive position that included important duties and responsibilities, or served as a member of the board of directors in any company from which the Company has purchased or to which the Company has sold services or products to a significant extent during such periods when such services or products were purchased or sold in the framework of agreements regarding company audit (including tax audit, legal audit, internal audit), rating and consulting, within the last five years;

c) I have the professional education, knowledge and experience to carry out properly the duties that I shall undertake as an independent member of the board of directors;

ç) I shall not work on a full-time basis in any public entity and institution except as a lecturer after I am elected a member in accordance with the legislation;

d) I am considered to be a resident of Turkey in accordance with the Income Tax Code (ITC) dated 31/12/1960 and number 193;

e) I possess strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to preserve my impartiality in any conflict of interest between the company and its shareholders, and to decide independently taking into account the interests of the beneficiaries;

f) I can spare time for the Company's affairs to such extent that I can follow up the operation of the Company activities and meet my obligations properly;

g) I have not served as a board member at the Company's board of directors for more than six years in the last ten years;

ğ) I have not been serving as an independent board member in more than three companies in which the Company or shareholders possessing the management control of the Company have the management control, and in total, in more than five companies that are traded on the stock exchange;

h) I have not been registered and announced in the name of a legal entity that has been elected as a member of the board of directors.



Virma Sökmen

# Statement of Responsibility

## STATEMENT OF RESPONSIBILITY SUBMITTED AS PER ARTICLE 9 OF COMMUNIQUE NO. II-14.1. ON PRINCIPLES REGARDING FINANCIAL REPORTING IN CAPITAL MARKETS BY CAPITAL MARKETS BOARD

The Integrated activity report with for 2022 issued by the our Bank in accordance with the Turkish Commercial Code and “Communique No. II-14.1 on Principles regarding Financial Reporting in Capital Markets” of the Capital Markets Board (“Communique”) and made subject to the independent audit by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., has been herein attached.

We hereby declare that, as per the CMB regulations, the Integrated activity report including Corporate Governance Compliance Report and Corporate Governance Information Form and explanations within the scope of the Sustainability Principles Compliance Framework of the CMB by our Bank has been:


- reviewed by us,
- based on our knowledge within the scope of our duties and responsibilities in the our Bank, does not contain any misleading statements with regards to important matters or does not contain any missing information that would be interpreted as misleading as of the date of statement,
- based on our knowledge within the scope of our duties and responsibilities in the our Bank, it fairly reflects the development and performance of the business and along with those within the scope of consolidation, the financial status as well as the significant risks and uncertainties faced with


and we assume liability for his statement. (February 21, 2023)

Yours sincerely,

  
Gökhan ERÜN  
Executive Director and CEO

  
Nevin İPEK  
Audit Committee Member

  
Demir KARAAŞLAN  
Assistant General Manager Responsible for Financial  
Planning and Administration (CFO)

  
Ahmet ÇİMENÖĞLU  
Chairperson of the Audit Committee

  
Mehmet TIRNAKLI  
Audit Committee Member

# Dividend Distribution Policy

The Dividend Distribution Policy of the Bank, approved at the Ordinary General Assembly meeting held on March 20, 2018, is as follows: "Principles regarding the Bank's dividend distribution are set out in detail in the Bank's Articles of Association. In this respect, taking into consideration the Bank's growth targets as well as its financing requirements and the opinion of the Banking Regulation and Supervision Agency, the General Assembly is authorized to pass resolutions on whether the dividend distribution shall be in cash or in the form of capital increase, whereupon bonus shares will be issued to shareholders or if part of the distribution shall be in cash and part in the form of capital increase. As per the Articles of Association, the General Assembly may decide to transfer a portion or all of the distributable profit to retained earnings or extraordinary reserves. It is expected to distribute dividend within a month following the General Assembly Meeting at the latest, and the General Assembly decides on the date of the dividend distribution.

In accordance with the Articles of Association of the Bank, the General Assembly may resolve to pay advances on profit share to shareholders as per the regulations of the Banking Regulation and Supervision Agency and the Capital Market Board and related laws and regulations. In case of interest and dividend payments are canceled for the debt securities which included in the calculation of equity issued in accordance with the Banking Regulation and Supervision Agency on the Equity of Banks, dividend payments may not be made to the shareholders in relation to the relevant year. It is envisaged that the Dividend Distribution Policy of the Bank will be set out in a way to ensure the realization of long-term growth plans. This Policy is subject to revision by the Board of Directors to be submitted for the approval of General Assembly whenever necessary, taking into consideration the domestic and international economic conditions and the projects and financial condition on the agenda."

# Note On 2022 Net Profit

The proposal of the Board of Directors on how to evaluate the net period profit of the parent company amounting to TL 52,744,689,396.80 in the unconsolidated financial statements of the Bank prepared in accordance with the BRSA Regulations, and the Dividend Distribution Table for 2022 will be decided by our Board of Directors following the evaluation to be made by the BRSA, and disclosures required by the Public Disclosure Platform will be made.

# Independent Auditor's Report

## CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH

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

### 1. Opinion

We have audited the annual report of Yapı ve Kredi Bankası A.Ş. (the "Bank") and its subsidiaries (collectively referred to as the "Group") for the 1 January 2022- 31 December 2022 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Group's and Bank's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set consolidated and unconsolidated financial statements and with the information obtained in the course of independent audit.

### 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and the scope of "Regulation on Independent Audit" published on the Official Gazette No.29314 dated 2 April 2015. Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Our Audit Opinion on the Full Set Consolidated and Unconsolidated Financial Statements

We expressed an unqualified opinion in the auditor's report dated 2 February 2023 on the full set consolidated and unconsolidated financial statements for the 1 January 2022- 31 December 2022 period.

### 4. Board of Director's Responsibility for the Annual Report

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No.26333 dated 1 November 2006 are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.
- c) to include the matters below in the annual report:
  - events of particular importance that occurred in the Bank after the operating year,
  - the Bank's research and development activities,
  - financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

### 5. Independent Auditor's Responsibility in the Audit of the Annual Report

Our aim is to express an opinion and issue a report comprising our opinion within the framework of article 397 of the TCC, Communiqué and "Regulation on Independent Audit of Banks" published on the Official Gazette No.29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements of the Group and Bank with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSA. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited consolidated and unconsolidated financial statements and with the information obtained in the course of audit.

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

Didem Demer Kaya, SMMM  
Partner

Istanbul, 21 February 2023

*We work with all our strength without losing our focus.*

We believe not in

**limitless work,**

*Efficiency*

but in working to overcome the boundaries.

*Goal Orientation*

## FINANCIAL INFORMATION

- 284* Publicly Announced Unconsolidated Financial Statements and Related Disclosures at December 31, 2022 Together with Auditor's Audit Report
- 448* Publicly Announced Consolidated Financial Statements and Related Disclosures at December 31, 2022 Together with Auditor's Audit Report

## Yapı ve Kredi Bankası A.Ş.

Publicly announced unconsolidated financial statements and related disclosures at December 31, 2022 together with independent auditor's report

(Convenience translation of publicly announced unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note 1. of Section three)

# Independent Auditor's Report

TO THE GENERAL ASSEMBLY OF YAPI VE KREDİ BANKASI A.Ş.

## A. AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

### 1. Opinion

We have audited the accompanying unconsolidated financial statements of Yapı ve Kredi Bankası A.Ş. (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2022, unconsolidated statements of profit and loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2022, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

### 2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.



# Independent Auditor's Report

## 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Expected credit losses for loans</b></p> <p>The Bank has total expected credit losses for loans amounting to TL 35.667.156 thousand in respect to total loans amounting to TL 606.114.327 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2022.</p> <p>Explanations and notes related to expected credit losses for loans and receivables are presented in Section Three Part 7.3 and 8, Section Four Part 2, Section Four Part 3.3, Section Five Part 1.7 in the accompanying unconsolidated financial statements as at 31 December 2022.</p> <p>The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations (including macroeconomic factors) with our financial risk experts. Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used.</li> </ul>

# Independent Auditor's Report

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Expected credit losses for loans (Continued)</b></p> <p>To determine expected credit losses as of 31 December 2022 the Bank determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments disclosed in Section Three Part 8 in the accompanying unconsolidated financial statements and identification of default events disclosed in Section Four Part 2 in the accompanying unconsolidated financial statements. The Bank uses complex models that requires data to be derived from multiple systems, for determining significant increase in credit risk and calculation of TFRS 9 expected credit losses.</p> <p>These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion.</p> <p>Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences, development and weighting of macro-economic scenarios; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<ul style="list-style-type: none"> <li>• We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</li> <li>• For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations.</li> <li>• We checked the calculation of the Loss Given Default (LGD) used by the Bank in the expected credit losses calculations, and tested collaterals, recovery and costs in addition to arithmetical calculations.</li> <li>• For a selected sample, we checked expected credit losses determined based on individual assessment per Bank's policy by means of supporting data, and evaluated appropriateness via communications with management.</li> <li>• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li>• We checked accuracy of resultant expected credit losses calculations.</li> <li>• To assess appropriateness of the Bank's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</li> <li>• We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.</li> </ul>

# Independent Auditor's Report

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Emekli Sandığı yükümlülüklerinin değerlendirilmesi</b></p> <p>The Bank has booked provision amounting to TL 2.945.243 for Pension Fund Liabilities in the accompanying unconsolidated financial statements as at 31 December 2022. Explanations on Valuation of Pension Obligations are presented in the section five part 2.6.3 in the accompanying unconsolidated financial statements.</p> <p>Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The calculation of the pension obligations requires significant judgement and technical expertise in choosing appropriate assumptions. Calculation of Pension Fund liabilities include estimates and uncertain assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions.</p> <p>The Bank's management uses external actuaries for the purpose of valuations of Pension Fund obligations.</p> <p>During our audit, above mentioned fundamental assumption and estimates used in calculations of Pension Fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets.</p> <p>We checked whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and whether significant changes in laws and regulations related to valuations exist.</p> <p>Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>We evaluated the adequacy of the disclosures made in the unconsolidated financial statements of the Bank regarding the Pension Fund.</p>

# Independent Auditor's Report

## 4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## 5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

# Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

### Additional Paragraph for Convenience Translation

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

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

Didem Demer Kaya, SMMM  
Partner

Istanbul, 2 February 2023

## THE UNCONSOLIDATED YEAR END FINANCIAL REPORT OF YAPI VE KREDİ BANKASI A.Ş. AS OF DECEMBER 31, 2022

**Address** : Yapı Kredi Plaza D-Blok Levent, 34330, İstanbul  
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The unconsolidated financial report for the year end 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 OF THE BANK
- EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

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

Y. Ali KOÇ  
Chairman of the  
Board of Directors

Gökhan ERÜN  
Executive Director and  
CEO

Demir KARAASLAN  
Chief Financial Officer

B. Seda İKİZLER  
Financial Reporting and  
Accounting Executive Vice  
President

Dr. Ahmet ÇİMENOĞLU  
Chairman of the Audit  
Committee

Mehmet TIRNAKLI  
Member of the Audit  
Committee

Nevin İPEK  
Member of the Audit  
Committee

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

**Name-Surname / Title** : Cengiz TİMURÖĞLU/Balance Sheet Management and Financial Analysis Manager  
**Telephone Number** : 0212 339 77 67  
**Fax Number** : 0212 339 61 05

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## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

## SECTION ONE

## General Information

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

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

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

Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of December 31, 2022, 32,03% of the shares of the Bank are publicly traded (December 31, 2021 - 32,03%). 40,95% of the shares out of the remaining 67,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 27,02% is owned by Koç 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 ("UCG") over KFS.

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

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

Accordingly all the shares of KFS, which is currently a joint venture, are transferred to Koç Group. Besides, after the shares are transferred, KFS will hold 40,95%, UCG will hold 31,93% directly and Koç Group will hold a total of 49,99% directly and indirectly of the Bank shares and become controlling shareholder.

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

In year 2021, UCG completed the sale of 2,00% shares in stock market and for the sale of remaining 18,00% shares UCG came to an agreement with Group as per the Share Sale and Purchase Agreement relating to the sale of the Bank publicly disclosed as of November 30, 2019. Accordingly, it has been announced that Koç Group used its right of first offer for the sale of the Bank shares which are planned to be sold by UCG. 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%.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

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

As of December 31, 2022, the Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows.

Board of Directors Members:	
Name	Responsibility
Y. Ali KOÇ	Chairman
Levent ÇAKIROĞLU	Vice Chairman
Gökhan ERÜN	Executive Director and CEO
A. Ümit TAFTALI	Member
Ahmet ÇİMENOĞLU	Independent Member
Ahmet Fadil ASHABOĞLU	Member
Kemal UZUN	Member
Mehmet TIRNAKLI	Independent Member
Melih POYRAZ	Member
Nevin İPEK	Independent Member
Polat ŞEN	Member
Virma SÖKMEN	Independent Member

Audit Committee Members:	
Name	Responsibility
Ahmet ÇİMENOĞLU	Chairman
Mehmet TIRNAKLI	Member
Nevin İPEK	Member

General Manager:	
Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

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

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

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

Name/Commercial title	Share amounts (nominal)	Share percentage	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.459.065.642,23	40,95	3.459.065.642,23	-
Koç Grubu	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 December 31, 2022, the Bank has 800 branches operating in Turkey and 1 branch in overseas (December 31, 2021 - 803 branches operating in Turkey, 1 branch in overseas).

As of December 31, 2022, the Bank has 15.431 employees (December 31, 2021 - 15.452 employees).

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

## 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.







## YAPI VE KREDİ BANKASI A.Ş.

## UNCONSOLIDATED FINANCIAL STATEMENTS

## AS OF DECEMBER 31, 2022 AND 2021

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

## 3. Statements of Profit or Loss

Income and expense items	Note (Section five)	Current Period (01/01/2022-31/12/2022)	Prior Period (01/01/2021-31/12/2021)
<b>I. INTEREST INCOME</b>	<b>4.1</b>	<b>128.151.971</b>	<b>51.629.057</b>
1.1 Interest on Loans	4.1.1	68.461.393	37.145.133
1.2 Interest Received from Reserve Deposits		255.955	815.720
1.3 Interest Received from Banks	4.1.2	984.094	399.053
1.4 Interest Received from Money Market Transactions		159.474	36.693
1.5 Interest Received from Marketable Securities Portfolio	4.1.3	58.036.950	13.150.995
1.5.1 Financial Assets Measured at Fair Value Through Profit or Loss		52.715	25.616
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive income		19.191.840	4.379.946
1.5.3 Financial Assets Measured at Amortised Cost		38.792.395	8.745.433
1.6 Financial Lease Income		-	-
1.7 Other Interest Income		254.105	81.463
<b>II. INTEREST EXPENSE (-)</b>	<b>4.2</b>	<b>51.203.595</b>	<b>28.931.575</b>
2.1 Interest on Deposits	4.2.6	32.743.900	15.431.223
2.2 Interest on Funds Borrowed	4.2.1	5.220.672	2.283.978
2.3 Interest expense on money market transactions	4.2.4	4.521.609	6.204.086
2.4 Interest on Securities Issued	4.2.3	6.620.391	4.814.454
2.5 Interest on Lease Payables		228.894	150.586
2.6 Other Interest Expense	4.2.5	1.868.129	47.248
<b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>		<b>76.948.376</b>	<b>22.697.482</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>14.133.922</b>	<b>7.314.676</b>
4.1 Fees and Commissions Received		19.401.475	9.983.197
4.1.1 Non-cash Loans		2.071.228	1.186.417
4.1.2 Other		17.330.247	8.796.780
4.2 Fees and Commissions Paid		5.267.553	2.668.521
4.2.1 Non-cash Loans		753	616
4.2.2 Other		5.266.800	2.667.905
<b>V. DIVIDEND INCOME</b>	<b>4.3</b>	<b>49.988</b>	<b>3.281</b>
<b>VI. TRADING PROFIT/LOSS (Net)</b>	<b>4.4</b>	<b>8.988.028</b>	<b>175.078</b>
6.1 Trading Gains/Losses on Securities		2.360.040	158.572
6.2 Derivative Financial Transactions Gains/Losses	4.6	18.379.064	21.647.083
6.3 Foreign Exchange Gains/Losses		(11.751.076)	(21.630.577)
<b>VII. OTHER OPERATING INCOME</b>	<b>4.7</b>	<b>3.496.817</b>	<b>2.059.972</b>
<b>VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)</b>		<b>103.617.131</b>	<b>32.250.489</b>
<b>IX. ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)</b>	<b>4.5</b>	<b>15.662.756</b>	<b>9.693.034</b>
<b>X. OTHER PROVISION EXPENSES (-)</b>	<b>4.5</b>	<b>326.898</b>	<b>77.989</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>9.097.079</b>	<b>4.433.204</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>4.8</b>	<b>13.319.808</b>	<b>5.853.634</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>65.210.590</b>	<b>12.192.628</b>
<b>XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		<b>-</b>	<b>-</b>
<b>XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>3.102.944</b>	<b>1.293.066</b>
<b>XVI. NET MONETARY POSITION GAIN/LOSS</b>		<b>-</b>	<b>-</b>
<b>XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+XIV+XV+XVI)</b>	<b>4.9</b>	<b>68.313.534</b>	<b>13.485.694</b>
<b>XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)</b>	<b>4.10</b>	<b>15.568.845</b>	<b>2.995.936</b>
18.1 Current Tax Provision		20.149.630	3.257.106
18.2 Expense effect of deferred tax (+)		-	-
18.3 Income effect of deferred tax (-)		4.580.785	261.170
<b>XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)</b>		<b>52.744.689</b>	<b>10.489.758</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>
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		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES FROM DISCONTINUED OPERATIONS (XX - XXI)</b>		<b>-</b>	<b>-</b>
<b>XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>
23.1 Current tax provision		-	-
23.2 Expense effect of deferred tax (+)		-	-
23.3 Income effect of deferred tax (-)		-	-
<b>XXIV. NET PROFIT/ LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	<b>4.11</b>	<b>52.744.689</b>	<b>10.489.758</b>
Earnings/(loss) per share (full TL)		0,0624	0,0124

The accompanying notes are an integral part of these financial statements.

## YAPI VE KREDİ BANKASI A.Ş.

## UNCONSOLIDATED FINANCIAL STATEMENTS

## AS OF DECEMBER 31, 2022 AND 2021

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

## 4. Statement of Profit or Loss and Other Comprehensive Income

	Current Period (01/01/2022-31/12/2022)	Prior Period (01/01/2021-31/12/2021)
<b>I. PROFIT/(LOSS)</b>	<b>52.744.689</b>	<b>10.489.758</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>12.005.653</b>	<b>5.929.949</b>
2.1 Other comprehensive income that will not be reclassified to profit or loss	976.284	(469.446)
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	(2.860.757)	(555.531)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	35.302	(27.209)
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	52.881	113.294
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	11.029.369	6.399.395
2.2.1 Exchange Differences on Translation	2.830.610	3.923.750
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair value through other comprehensive income	8.572.516	1.556.693
2.2.3 Income (loss) Related with Cash Flow Hedges	4.248.889	4.144.880
2.2.4 Income (loss) Related with Hedges of Net Investments in Foreign Operations	(1.651.384)	(2.772.550)
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	(2.971.262)	(453.378)
<b>III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>	<b>64.750.342</b>	<b>16.419.707</b>

The accompanying notes are an integral part of these financial statements.

## YAPIVE KREDİ BANKASI A.Ş. UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

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

### 5. Statement of changes in shareholders' equity

Current Period (31/12/2022)	Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Total shareholders' equity							
	That Will Not Be Reclassified In Profit or Loss	That Will Be Reclassified In Profit	or Loss	That Will Not Be Reclassified In Profit or Loss	That Will Be Reclassified In Profit	or Loss								
Changes In Shareholder's Equity	1	2	3	4	5	6	Current period net income/ (loss)							
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 (H+I)	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)	-	-	-	-	-	-	-	35,302	2,830,610	6,338,228	1,860,531	-	52,744,689	64,730,342
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	-	-	-	1,363	-	-	-	-	-	-	-	(979,493)	-	(978,130)
XI. Profit distribution	-	-	-	18,763	-	-	-	-	-	-	-	9,470,995	-	(10,489,758)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,000,000)
11.2. Transfers to legal reserves	-	-	-	18,763	-	-	-	-	-	-	-	9,470,995	-	(9,489,758)
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+V+.....+X+XI)	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

#### 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 notes are an integral part of these financial statements.

## YAPIVE KREDİ BANKASI A.Ş. UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022 AND 2021

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

### 5. Statement of changes in shareholders' equity

Prior Period (31/12/2021)	Other Accumulated Comprehensive Income			Other Accumulated Comprehensive Income			Total shareholders' equity							
	That Will Not Be Reclassified In Profit or Loss	That Will Be Reclassified In Profit	or Loss	That Will Not Be Reclassified In Profit or Loss	That Will Be Reclassified In Profit	or Loss								
Changes In Shareholder's Equity	1	2	3	4	5	6	Current period net income/ (loss)							
I. Balance at the beginning of the period	8,447,051	556,937	-	1,450,552	1,853,991	(377,130)	1,190,617	3,973,774	213,352	(3,032,508)	28,208,317	-	5,079,518	47,564,471
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New balance (H+I)	8,447,051	556,937	-	1,450,552	1,853,991	(377,130)	1,190,617	3,973,774	213,352	(3,032,508)	28,208,317	-	5,079,518	47,564,471
IV. Total comprehensive income (loss)	-	-	-	-	-	-	-	(27,209)	3,923,750	1,245,354	1,230,291	-	10,489,758	16,419,707
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	78	-	-	-	-	-	-	-	(78)	-	-
XI. Profit distribution	-	-	-	148,338	-	-	-	-	-	-	-	4,431,180	-	(5,079,518)
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	-	(500,000)
11.2. Transfers to legal reserves	-	-	-	148,338	-	-	-	-	-	-	-	4,431,180	-	(4,579,518)
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (III+V+.....+X+XI)	8,447,051	556,937	-	1,598,968	1,856,179	(821,555)	1,163,408	7,897,524	7,897,524	1,458,706	1,802,217	32,639,419	-	10,489,758

#### 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 notes are an integral part of these financial statements.

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6. Statement of cash flows

A.	CASH FLOWS FROM BANKING OPERATIONS	(Notes section five)	Current Period (31/12/2022)	Prior Period (31/12/2021)
1.1	Operating profit before changes in operating assets and liabilities		38.344.706	9.484.169
1.1.1	Interest received		80.819.467	39.445.619
1.1.2	Interest paid		(44.852.623)	(27.904.622)
1.1.3	Dividend received		238.670	46.229
1.1.4	Fees and commissions received		19.401.475	9.983.197
1.1.5	Other income		16.114.133	(3.833.294)
1.1.6	Collections from previously written-off loans and other receivables		4.562.390	2.542.927
1.1.7	Cash Payments to personnel and service suppliers		(17.444.405)	(8.935.897)
1.1.8	Taxes paid		(18.141.110)	(2.885.706)
1.1.9	Other	6.3	(2.353.291)	1.025.716
1.2	Changes in operating assets and liabilities subject to banking operations		1.572.100	25.195.487
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit or loss		(354.671)	(257.831)
1.2.2	Net (increase) decrease in due from banks		(35.065.404)	(52.796.052)
1.2.3	Net (increase) decrease in loans		(203.749.698)	(117.815.384)
1.2.4	Net (increase) decrease in other assets		(28.537.674)	(19.594.214)
1.2.5	Net increase (decrease) in bank deposits		2.280.492	2.444.291
1.2.6	Net increase (decrease) in other deposits		265.256.343	144.145.240
1.2.7	Net increase (decrease) in financial liabilities measured at fair value through profit or loss		12.796.995	13.520.935
1.2.8	Net increase (decrease) in funds borrowed		(5.219.368)	49.593.937
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	6.3	(5.834.915)	5.954.565
I.	Net cash provided from banking operations		39.916.806	34.679.656
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		(45.484.118)	(22.372.185)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		(25.016)	(26.660)
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		1.040.675	18.270
2.3	Cash paid for the purchase of tangible and intangible asset		(1.475.201)	(733.757)
2.4	Cash obtained from the sale of tangible and intangible asset		705.124	466.850
2.5	Cash paid for the purchase of financial assets measured at fair value through other comprehensive income		(33.223.418)	(7.057.477)
2.6	Cash obtained from the sale of financial assets measured at fair value through other comprehensive income		10.101.185	6.105.356
2.7	Cash paid for the purchase of financial assets at amortised cost		(30.470.261)	(22.521.429)
2.8	Cash obtained from sale of financial assets at amortised cost		7.862.794	1.376.662
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flows from financing activities		(338.094)	10.491.915
3.1	Cash obtained from funds borrowed and securities issued		24.462.696	30.715.342
3.2	Cash outflow from funds borrowed and securities issued		(23.328.761)	(19.289.183)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(1.000.000)	(500.000)
3.5	Payments for finance lease liabilities		(472.029)	(434.244)
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	6.3	23.988.491	27.218.430
V.	Net increase (decrease) in cash and cash equivalents		18.083.085	50.017.816
VI.	Cash and cash equivalents at beginning of the period	6.1	95.207.698	45.189.882
VII.	Cash and cash equivalents at end of the period	6.1	113.290.783	95.207.698

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7. Profit Distribution <sup>(1)</sup>

	Current Period (31/12/2022)	Prior Period (31/12/2021)
I.	Distribution of current year income	
1.1	Current year income	68.313.534
1.2	Taxes and duties payable (-)	15.568.845
1.2.1	Corporate tax (income tax)	20.149.630
1.2.2	Income withholding tax	-
1.2.3	Other taxes and duties	(4.580.785)
A.	Net income for the year (1.1-1.2)	52.744.689
1.3	Prior year losses (-)	-
1.4	First legal reserves (-)	-
1.5	Other statutory reserves (-)	-
B.	Net income available for distribution [(a)-(1.3+1.4+1.5)]	52.744.689
1.6	First dividend to shareholders (-)	-
1.6.1	To owners of ordinary shares	-
1.6.2	To owners of privileged shares	-
1.6.3	To owners of preferred shares	-
1.6.4	To profit sharing bonds	-
1.6.5	To holders of profit and loss sharing certificates	-
1.7	Dividends to personnel (-)	-
1.8	Dividends to board of directors (-)	-
1.9	Second dividend to shareholders (-)	577.647
1.9.1	To owners of ordinary shares	577.647
1.9.2	To owners of privileged shares	-
1.9.3	To owners of preferred shares	-
1.9.4	To profit sharing bonds	-
1.9.5	To holders of profit and loss sharing certificates	-
1.10	Second legal reserves (-)	57.765
1.11	Statutory reserves (-)	-
1.12	Extraordinary reserves	9.268.346
1.13	Other reserves	-
1.14	Special funds	18.763
II.	Distribution of reserves	
2.1	Appropriated reserves	-
2.2	Second legal reserves (-)	-
2.3	Dividends to shareholders (-)	-
2.3.1	To owners of ordinary shares	-
2.3.2	To owners of privileged shares	-
2.3.3	To owners of preferred shares	-
2.3.4	To profit sharing bonds	-
2.3.5	To holders of profit and loss sharing certificates	-
2.4	Dividends to personnel (-)	-
2.5	Dividends to board of directors (-)	-
III.	Earnings per share	
3.1	To owners of ordinary shares (full TL)	0,0624
3.2	To owners of ordinary shares (%)	-
3.3	To owners of privileged shares	-
3.4	To owners of privileged shares (%)	-
IV.	Dividend per share	
4.1	To owners of ordinary shares (full TL)	-
4.2	To owners of ordinary shares (%)	-
4.3	To owners of privileged shares	-
4.4	To owners of privileged shares (%)	-

<sup>(1)</sup> Regarding profit distribution, the authorized body of the Bank is the General Assembly and the annual general assembly meeting has not been held as of the date of preparation of these financial statements. Since the dividend distribution proposal for 2022 has not yet been prepared by the Board of Directors, only the distributable profit is stated in the profit distribution table.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL  
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## SECTION THREE

## Accounting policies

## 1. Explanations on basis of presentation:

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

The unconsolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish 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 social and economic measures have been taken to reduce negativity of COVID-19 epidemic, which was spread globally in the first half of 2020, in our country as in other countries where the epidemic is effective.

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

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

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## 1. Explanations on basis of presentation: (continued)

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

As of December 31, 2022, the Bank largely completed the necessary infrastructure development for USD Libor indexed derivatives, money market transactions, bonds, loan products and risk management systems in order to take the transition to alternative benchmark interest rates that are based on actual overnight transactions. Following the system developments, it is anticipated that for the new traded floating rate instruments alternative benchmark interest rates are going to be used. For the existing transactions, it is planned to take transition to alternative benchmark interest rates in case there is a request from counter banks or customers. In the light of analysis, related transition will have no material impact on financial statements.

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

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

The Phase 2 Amendments provide two key reliefs

- Modifications made as a direct result of the reform on an economically equivalent basis are reflected prospectively in the effective interest rate rather than as an immediate gain or loss.

- If qualifying criteria are met, hedging relationships that are directly impacted by the reform would be able to continue hedge accounting upon transition to alternative interest rates.

On January 20, 2022, POA made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of TFRS, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. In 2022, as of the reporting date, there has not been any further announcement by POA regarding this issue; therefore, inflation adjustments have not been applied on the financial statements dated December 31, 2022 in accordance with TAS 29.

## Additional paragraph for convenience translation into English:

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

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**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 adaption before the effective date of January 1, 2016 in accordance with the change of "TAS - 27 Turkish Accounting Standards for Individual Financial Statements" numbered 29321 on April 9, 2015 and confirmation by BRSA's letter numbered 10686 on July 14, 2015.

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**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 "IFRS 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.

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**4. Explanations on forward and option contracts and derivative instruments: (continued)**

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

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

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

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

As of December 31, 2022, the Bank's credit derivatives portfolio included total return swaps.

Credit linked notes are bonds that have repayments depending on a credit event or the credit risk evaluation of a reference asset or asset pool. Depending on whether the reference assets are included in the balance sheet of the issuer or the owner of the assets, these transactions can be accounted by the party assuming the credit risk as insurance or as an embedded derivative. As per the Bank's management evaluation, the embedded derivatives included in the credit linked notes are separated from the host contracts in accordance with "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.

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**4. Explanations on forward and option contracts and derivative instruments: (continued)**

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

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

**5. Explanations on interest income and expense:**

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

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

**6. Explanations on fee and commission income and expenses:**

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

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

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## 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 and reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months.

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## Assessment of the business model

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

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

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

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

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

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## Assessment of the business model (continued)

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

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

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

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

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

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

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

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

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## Assessment of the business model (continued)

- Other business models

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

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

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

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

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

When making such assessment, the Bank:

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

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



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## 7.1. Financial assets 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.

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.

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## 7.3. Loans: (continued)

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

As of December 31, 2022, the Bank has made its classifications in accordance with the IFRS 9 standard and reflected them in its financial statements. In this context; the Bank has evaluated many reasonable and supportable qualitative and quantitative data by taking into account the impact of COVID-19 in assessing whether there is a significant increase in credit risk in the classification of loans according to stages and determining the moment when the default situation occurs. It has classified the loans according to their stages according to its best judgment under the current conditions.

The Bank has taken into account the possible difficulties in the cash flows or payments of customers due to uncertainties regarding the COVID 19 epidemic process within the scope of IFRS 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".

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

At initial recognition, an irrevocable election can be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9. Such election is made on an instrument by instrument basis. Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years' profit / loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation

## 8. Explanations on impairment of financial assets:

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

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

The measurement of the expected credit loss allowance:

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

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

## Stage 1:

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

## Stage 2:

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

## Stage 3:

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

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## 8. Explanations on impairment of financial assets: (continued)

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.

The main adjustments aimed at:

- removal of prudence 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 prudence principle and to reflect the most updated trend of recovery rates discounted at effective interest rate or at its best approximation.

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

The Stage Allocation model is a key aspect of the 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

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**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.

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

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**Forward Looking Information**

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation. For the calculation of expected credit loss, Bank uses macroeconomic estimation method which is developed during creation of various scenarios. Macroeconomic variables prevailing during these estimates are gross domestic product (GDP), unemployment rate and foreign trade balance.

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, unemployment rate and foreign trade deficit, on the non performing loans under different scenarios and reflected the coefficient increase, which was considered to be the most accurate, to its provision calculations by projecting it on the loan parameters within the range of NPL ratio obtained throughout the calculations. The Bank reflected the possible effects of the COVID-19 and estimation of cash flows with reasonable and supportable information used in calculating the expected loan loss provision for the loans subject to individual assessment. This preferred approach will be revised in the coming reporting periods considering the impact of the outbreak, the credit portfolio and changes in future expectations.

**9. Explanations on offsetting financial assets:**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts and to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

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**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.

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

According to the "TFRS - 5 Non-current Assets Held for Sale and Discontinued Operations", a tangible asset (or a bank of assets to be disposed) classified as "Asset held for resale" is measured at lower of carrying value and fair value less costs to sell. An asset (or a bank of assets to be disposed) is regarded as "Asset held for resale" only when the sale is highly probable and the asset (or a bank of assets to be disposed) is available for immediate sale in its present condition.

For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

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

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**12. Explanations on goodwill and other intangible assets:****12.1. Goodwill:**

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

As explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. The goodwill arising from the merger has been tested for impairment in the framework of "TAS 36 - Impairment of Assets", calculated within the scope of "TFRS 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.

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**13. Explanations on property and equipment:**

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

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

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

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

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

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

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

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**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.

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**16.2. Pension rights (continued)**

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

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

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

**16.3. Short term benefits of employee:**

Within the scope of "TAS – 19 Employee 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, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. Standard corporate tax rate for financial sector is increased to 25% starting from the declarations as of July 1, 2022 and to be valid for the taxation periods of 2022 according to the Law numbered 7394 published in the Official Gazette No. 31810 dated April 15, 2022.

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

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

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**17.1. Current tax: (continued)**

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

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

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

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

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

**17.2. Deferred tax:**

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

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

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

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

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**17.3. Transfer pricing:**

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

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

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

**18. Explanations on borrowings:**

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

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

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

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

**19. Explanations on issuance of share certificates:**

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

**20. Explanations on avalized drafts and letter of acceptances:**

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

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## 21. Explanations on government grants:

None (December 31, 2021 - None).

## 22. Profit reserves and profit distribution:

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

No dividend payments were announced after the balance sheet date.

## 23. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	52.744.689	10.489.758
Weighted average number of issued ordinary shares(thousand)	844.705.128	844.705.128
Earnings per share (full TL)	0,0624	0,0124

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

No bonus shares were issued during 2022 (2021 – None).

## 24. Related parties:

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with "TAS – 24 Related Parties". The transactions with related parties are disclosed in detail in Note 7 of Section Five.

## 25. Explanations on operating segments:

Information about operating segments which are determined in line with "IFRS – 8 Operating Segments" together with organizational and internal reporting structure of the Bank, are disclosed in Note 12 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 21,34% (December 31, 2021 - 18,67%).

## 1.1. Information on equity:

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	42.723.270	34.213.005
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	29.994.706	14.708.689
Profit	52.744.689	10.489.758
Net profit of the period	52.744.689	10.489.758
Profit of the previous years	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	26.745	25.382
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>134.493.398</b>	<b>68.440.822</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
Prudential valuation adjustments	105.861	89.872
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	8.237.008	4.956.644
Improvement costs for operating leasing	202.143	131.078
Goodwill (net of related tax liability)	-	979.493
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.059.469	910.108
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	5.116.918	2.328.663
Shortfall of provisions to expected losses	-	-
Securitization gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own shares	-	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
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	-	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>14.721.399</b>	<b>9.395.858</b>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>119.771.999</b>	<b>59.044.964</b>



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	Current Period	Prior Period
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	12.153.895	8.435.375
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>12.153.895</b>	<b>8.435.375</b>
<b>Additional Tier 1 capital: regulatory adjustments</b>		
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	-	-
<b>Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period</b>		
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	-	-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 capital</b>	<b>12.153.895</b>	<b>8.435.375</b>
<b>Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)</b>	<b>131.925.894</b>	<b>67.480.339</b>
<b>TIER 2 CAPITAL</b>		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	10.149.150	9.507.903
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	4.706.545	3.000.710
<b>Tier 2 capital before regulatory adjustments</b>	<b>14.855.695</b>	<b>12.508.613</b>
<b>Tier 2 capital: regulatory adjustments</b>		
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	-	-
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier 2 capital</b>	<b>14.855.695</b>	<b>12.508.613</b>
<b>Total Capital (The sum of Tier 1 capital and Tier 2 capital)</b>	<b>146.718.108</b>	<b>79.912.127</b>
<b>The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	12.111	41.724
Portion of the sum of the banks' real estate net book values, which is in excess of fifty per cent of their own funds and net book values of those of merchandise and real estate which have to be acquired due to their receivables and disposed of pursuant to Article 57 of the Banking Law, which cannot be disposed of despite the lapse of a period of five years since the date of such acquisition <sup>(1)</sup>	-	-
National specific regulatory adjustments which shall be determined by the BRSA	51.370	35.101
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
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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	Current Period	Prior Period
<b>OWN FUNDS</b>		
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	146.225.920	79.407.743
Total Risk Weighted Assets <sup>(2)</sup>	685.344.296	425.334.230
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	17,48	13,88
Tier 1 Capital Adequacy Ratio (%)	19,25	15,87
Capital Adequacy Ratio (%)	21,34	18,67
<b>BUFFERS</b>		
Institution specific buffer requirement of the Bank (a+b+c)	2.518	2.523
a) Capital conservation buffer requirement (%)	2.500	2.500
b) Bank's specific countercyclical buffer requirement (%)	0,018	0,023
c) Systemically important Bank buffer (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	12,976	9,382
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Non-significant investments in the capital of other financials	422.947	317.593
Significant investments in the common stock of financials	2.871.962	2.050.744
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	9.320.787	5.514.747
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
General provisions for standard based receivables (before ten thousand twenty five limitation)	2.646.079	1.946.844
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	1.007.136	789.760
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	11.511.242	11.706.259
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	3.699.409	2.210.950

<sup>(1)</sup> 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.<sup>(2)</sup> In the calculation of credit risk amount, spot purchase rates announced as of December 31, 2021 by Central Bank are used in accordance with the in accordance with the legislation of BRSA numbered 10188 dated April 28, 2022.

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## 1.2. Details on Subordinated Liabilities:

	1	2	3	4	5	6
Lender (1,2), Issuer (3,4,5)	UNICREDIT SPA	UNICREDIT SPA	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.
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	BRSA / Austria Law	English Law /Turkish Law	English Law /Turkish Law	BRSA /CMB / Turkish Law	BRSA /CMB / Turkish Law
<b>Regulatory treatment</b>						
Transitional Basel III rules	No	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	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	-	-	9.349	12.154	500	300
Par value of instrument	10.939	5.049	9.349	12.154	500	300
Accounting classification	Liability - Subordinated Loans- amortised cost	Liability - Subordinated Loans- amortised cost	Liability - Subordinated Loans- amortised cost	Liability - Subordinated Loans- amortised cost	Liability - Subordinated Loans- amortised cost	Liability - Subordinated Loans- amortised cost
Original date of issuance	January 9, 2013	December 18, 2013	January 22, 2021	January 15, 2019	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Dated	Dated	Perpetual	Dated	Dated
Original maturity date	10 years	10 years	10 years	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	5 years	Every 5 years	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	-	-	After 5th year	After 5th year

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## 1.2. Details on Subordinated Liabilities: (continued)

	1	2	3	4	5	6
<b>Coupons / dividends</b>						
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Variable	Variable
Coupon rate and any related index	%5,7	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	No interest accrue after the date of value decrease for the decreased amount
Fully discretionary, partially discretionary or mandatory	-	-	Mecburi	İsteğe bağlı	Mecburi	Mecburi
Existence of step up or other incentive to redeem	-	-	-	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative	Noncumulative
<b>Convertible or non-convertible</b>						
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	-	-	-	-	-	-
<b>Write-down feature</b>						
If write-down, write-down trigger(s)	-	-	In case of default	In case of default/ Common Equity Tier 1 capital adequacy ratio of the bank falls below 5.125%	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF
If write-down, full or partial	-	-	Partial and complete	Partial and complete	Partial and complete	Partial and complete
If write-down, permanent or temporary	-	-	Permanent	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	-	-	In case of cancellation of default/ Common Equity Tier 1 capital adequacy ratio of the bank is higher than 5.125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, 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	No
Details of incompliances 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 and in the provisional fourth article of the "Regulation Regarding Banks' Shareholders' Equity".

## 1.4. Exposures subject to countercyclical capital buffer

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué "Regulation on Capital Conservation and Countercyclical Capital buffers of Banks" published in the Official Gazette no. 28812 dated November 5, 2013 is presented below:

## Private sector receivables:

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	559.475.678	-	559.475.678
Malta	2.091.711	-	2.091.711
Netherlands	1.509.512	-	1.509.512
England	1.170.862	-	1.170.862
Marshall Islands	685.585	-	685.585
Germany	275.336	-	275.336
Republic of Maldives	269.491	-	269.491
Italy	172.312	-	172.312
Jordan	144.796	-	144.796
France	120.715	-	120.715
Kazakhstan	94.418	-	94.418
Other	647.873	-	647.873
<b>Total</b>	<b>566.658.289</b>	<b>-</b>	<b>566.658.289</b>

## 2. Explanations on Credit Risk:

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. Credit risk is the loss or the risk of the Bank in case counterparty cannot fulfill its obligations stated in agreements where the Bank is at a side. The Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Bank's Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each dealer at Treasury department who is authorized for transactions in the market are performed by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. Collaterals and guarantees must be obtained during credit underwriting based on credit worthiness, customers' financial status, and credit type. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management.

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The Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations.

Rating system used for Medium Sized Entities (ME), Small and Medium Sized Entities (SME) and Corporate/Commercial customers is also used for defining the authorization level for loan granting. Thus, customers with a low rating are assigned to higher authority levels, whereas customers with a high rating are assigned to lower authority levels. By using this methodology it is aimed to establish risk based optimization in the loan processes.

Probability of default of a customer is calculated through this internally developed rating system. The rating concentration of Corporate, Commercial, ME and SME customers of the Bank is as follows:

	Current Period	Prior Period
Above average	%43,6	%36,6
Average	%40,7	%45,9
Below average	%15,7	%17,5

The Bank takes following criterias into consideration for the identification of default:

- The loan is overdue more than 90 days.
- The borrower is not able to pay at least one of the loans he received from the Bank (cross default)
- Having a negative intelligence and bad-record for the borrower in the market.
- Deterioration of the creditworthiness of the borrower

The Bank sets aside expected credit loss provisions in accordance with the Provisioning Regulation within the scope of "provisions" and "value adjustments".

Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:

Risk Classifications:	Current Period risk amount <sup>(1)</sup>	Average risk amount <sup>(1)</sup>
Exposures to central governments or central banks	342.399.986	291.710.151
Exposures to banks and financial institutions	95.655.351	81.648.401
Corporate exposures - Other	218.777.388	192.248.287
Specialised Lending	81.472.963	77.093.691
Corporate exposures - SME	88.192.701	72.967.321
Retail Exposures - Other	122.240.001	93.784.067
Retail exposures - Qualifying revolving	104.475.988	69.628.296
Retail exposures - SME	102.617.255	89.419.612
Investments in equities	17.847.741	15.476.994
Other Items	57.251.381	37.682.228
<b>Total</b>	<b>1.230.930.755</b>	<b>1.021.659.048</b>

<sup>(1)</sup> Includes credit risk amounts of total exposure before applying credit risk mitigations

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2.2. The Bank has control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with Counterparty Credit Risk management. Limits are also calculated and dynamically managed by taking these potential risks into considerations. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments within the Bank.

The Bank may use its rights, as stated in the derivative agreements based on which the Bank realizes derivative transactions, in order to eliminate the risks that may arise due to being exposed to severe risk levels arising from fluctuations in the market.

2.3. In line with the Provisioning Regulation, if the cash risk of a customer is classified as nonperforming, the non-cash risk is also classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured loans are also classified and followed up according to the regulation on provisions considering the Bank's credit risk policies. Accordingly, the financial position and commercial operations of related customers are monitored, their principal and interest payments are followed up with the restructured repayment schedule and the necessary precautions are taken.

2.4. Banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related country and the evaluation of the creditworthiness of the customers and financial institutions. No material credit risk have been observed in scope of these operations.

## 2.5. Regarding credit risk;

- The proportion of the Bank's top 100 and 200 cash loan balances in total cash loans is 24% and 28% (December 31, 2021 - 32% and 38%).

- The proportion of the Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 38% and 50% (December 31, 2021 - 45% and 57%).

- The proportion of the Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 28% and 34% of total cash loans and non-cash loans (December 31, 2021 - 36% and 44%).

2.6. The Bank provided a generic loan loss provision amounting to TL 22.758.216 (December 31, 2021 - TL 17.222.220).

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## 2.7. Risk profile according to the geographical concentration:

Current Period	Risk Classifications <sup>(1)(2)</sup>										Total
	1	2	3	4	5	6	7	8	9	10	
Domestic	341.393.138	39.102.952	212.176.987	79.856.457	87.566.760	122.088.416	104.264.047	102.613.680	104.858	57.251.381	1.146.418.676
EU countries	979.524	35.672.079	5.368.754	944.898	347.979	66.283	104.885	1.255	-	-	43.485.657
OECD countries <sup>(3)</sup>	-	1.442.268	84.472	-	21.380	5.545	9.733	1.039	-	-	1.564.437
Off-shore banking regions	-	-	642.324	-	29.656	853	922	17	-	-	673.772
USA, Canada	27.324	17.499.126	46.916	-	-	21.084	22.568	600	276.654	-	17.894.272
Other countries	-	1.938.926	457.935	671.608	226.926	57.820	73.833	664	-	-	3.427.712
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	17.466.229	-	17.466.229
Undistributed Assets / Liabilities <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>342.399.986</b>	<b>95.655.351</b>	<b>218.777.388</b>	<b>81.472.963</b>	<b>88.192.701</b>	<b>122.240.001</b>	<b>104.475.988</b>	<b>102.617.255</b>	<b>17.847.741</b>	<b>57.251.381</b>	<b>1.230.930.755</b>

<sup>(1)</sup> Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.

<sup>(2)</sup> Includes credit risk amounts of total exposure before applying credit risk mitigations.

<sup>(3)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(4)</sup> Assets and liabilities are not allocated on a consistent basis

1- Exposures to central governments or central banks

2- Exposures to banks and financial institutions

3- Corporate exposures - Other

4- Specialised Lending

5- Corporate exposures - SME

6- Retail Exposures - Other

7- Retail exposures - Qualifying revolving

8- Retail exposures - SME

9- Investments in equities

10- Other Items

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## 2.7. Risk profile according to the geographical concentration: (continued)

Prior Period	Risk Classifications <sup>(1)(2)</sup>										Total
	1	2	3	4	5	6	7	8	9	10	
Domestic	242.757.185	17.806.415	133.018.900	61.115.813	59.603.654	68.276.751	45.038.626	72.097.492	249.507	22.091.850	722.056.193
EU countries	666.709	32.587.844	2.786.588	828.579	521.729	44.126	44.629	5.708	-	-	37.485.912
OECD countries <sup>(3)</sup>	-	1.749.082	82.136	-	672	4.524	4.895	13	-	-	1.841.322
Off-shore banking regions	-	-	553.794	50.124	29.652	322	298	-	-	-	634.190
USA, Canada	16.849	16.730.978	1.571	-	-	11.303	10.814	238	183.367	-	16.955.120
Other countries	-	278.710	241.067	481.690	439.127	42.334	34.086	951	-	-	1.517.965
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	12.259.949	-	12.259.949
Undistributed Assets / Liabilities <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>243.440.743</b>	<b>69.153.029</b>	<b>136.684.056</b>	<b>62.476.206</b>	<b>60.594.834</b>	<b>68.379.360</b>	<b>45.133.348</b>	<b>72.104.402</b>	<b>12.692.823</b>	<b>22.091.850</b>	<b>792.750.651</b>

<sup>(1)</sup> Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.<sup>(2)</sup> Includes credit risk amounts of total exposure before applying credit risk mitigations.<sup>(3)</sup> OECD Countries other than EU countries, USA and Canada.<sup>(4)</sup> Assets and liabilities are not allocated on a consistent basis

1- Exposures to central governments or central banks

2- Exposures to banks and financial institutions

3- Corporate exposures - Other

4- Specialised Lending

5- Corporate exposures – SME

6- Retail Exposures - Other

7- Retail exposures - Qualifying revolving

8- Retail exposures – SME

9- Investments in equities

10- Other Items

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## 2.8 Risk profile according to sectors and counterparties:

	Risk Classifications <sup>(1)(2)</sup>										TL	FC	Total
	1	2	3	4	5	6	7	8	9	10			
<b>Agricultural</b>	<b>1.269</b>	-	<b>4.172.335</b>	-	<b>2.709.128</b>	-	-	<b>4.445.159</b>	-	-	<b>10.099.001</b>	<b>1.228.890</b>	<b>11.327.891</b>
Farming and raising livestock	1.269	-	3.164.021	-	2.486.117	-	-	3.841.556	-	-	8.819.453	673.510	9.492.963
Forestry	-	-	561.216	-	206.210	-	-	548.995	-	-	1.094.044	222.377	1.316.421
Fishing	-	-	447.098	-	16.801	-	-	54.608	-	-	185.504	333.003	518.507
<b>Manufacturing</b>	<b>37.259</b>	-	<b>147.708.122</b>	<b>47.004.855</b>	<b>39.435.536</b>	-	-	<b>50.883.671</b>	<b>1.870</b>	-	<b>186.953.346</b>	<b>98.117.967</b>	<b>285.071.313</b>
Mining	-	-	284.557	-	648.083	-	-	230.863	-	-	878.724	284.779	1.163.503
Production	32.223	-	133.840.368	2.069.918	35.210.296	-	-	49.932.541	1.870	-	162.973.858	58.113.358	221.087.216
Electric, gas and water	5.036	-	13.583.197	44.934.937	3.577.157	-	-	720.267	-	-	23.100.764	39.719.830	62.820.594
<b>Construction</b>	<b>28</b>	-	<b>10.137.684</b>	<b>12.469.941</b>	<b>16.179.142</b>	-	-	<b>12.403.738</b>	-	-	<b>29.285.757</b>	<b>21.904.776</b>	<b>51.190.533</b>
<b>Services</b>	<b>342.361.430</b>	<b>87.933.297</b>	<b>54.227.912</b>	<b>21.998.167</b>	<b>29.630.749</b>	-	-	<b>34.532.179</b>	<b>15.500.955</b>	<b>46.423.493</b>	<b>380.533.391</b>	<b>252.074.791</b>	<b>632.608.182</b>
Wholesale and retail trade	3	-	13.130.065	8.320.490	7.641.650	-	-	14.329.461	-	-	30.468.640	12.953.029	43.421.669
Hotel, food and beverage services	74	-	5.584.146	226.985	8.178.084	-	-	3.899.105	-	-	9.272.956	8.615.438	17.888.394
Transportation and telecommunication	-	-	7.597.189	6.006.179	3.935.207	-	-	5.025.045	5.000	-	11.781.775	10.786.845	22.568.620
Financial institutions	339.290.620	87.928.836	14.019.755	-	1.784.508	-	-	1.070.138	15.440.595	46.423.493	300.359.503	205.598.442	505.957.945
Real estate and renting services	-	-	2.797.623	6.783.650	2.361.884	-	-	1.807.528	51.676	-	7.283.287	6.519.074	13.802.361
Self-employment services	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	1.374	-	590.471	-	790.798	-	-	305.873	-	-	1.632.934	55.582	1.688.516
Health and social services	3.069.359	4.461	10.508.663	660.863	4.938.618	-	-	8.095.029	3.684	-	19.734.296	7.546.381	27.280.677
<b>Other</b>	<b>-</b>	<b>7.722.054</b>	<b>2.531.335</b>	<b>-</b>	<b>238.146</b>	<b>122.240.001</b>	<b>104.475.988</b>	<b>352.508</b>	<b>2.344.916</b>	<b>10.827.888</b>	<b>239.910.862</b>	<b>10.821.974</b>	<b>250.732.836</b>
<b>Total</b>	<b>342.399.986</b>	<b>95.655.351</b>	<b>218.777.388</b>	<b>81.472.963</b>	<b>88.192.701</b>	<b>122.240.001</b>	<b>104.475.988</b>	<b>102.617.255</b>	<b>17.847.741</b>	<b>57.251.381</b>	<b>846.782.357</b>	<b>384.148.398</b>	<b>1.230.930.755</b>

<sup>(1)</sup> Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.<sup>(2)</sup> Includes credit risk amounts of total exposure before applying credit risk mitigations.

1- Exposures to central governments or central banks

2- Exposures to banks and financial institutions

3- Corporate exposures – Other

4- Specialised Lending

5- Corporate exposures – SME

6- Retail Exposures – Other

7- Retail exposures - Qualifying revolving

8- Retail exposures – SME

9- Investments in equities

10-Other Items

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## 2.9 Risk profile according to remaining maturities:

Risk classifications <sup>(1)</sup>	1 month	1-3 months	3-6 months	6-12 months	1 year and over	Total
Exposures to central governments or central banks	118.390.866	1.133.929	6.640.304	8.831.366	202.245.070	337.241.535
Exposures to banks and financial institutions	33.202.053	17.666.896	11.694.852	5.654.008	12.542.069	80.759.878
Corporate exposures - Other	189.275.431	3.705.953	3.788.039	7.083.938	14.850.499	218.703.860
Specialised Lending	79.851.952	-	-	-	1.621.011	81.472.963
Corporate exposures - SME	79.146.943	26.185	93.728	175.491	8.590.511	88.032.858
Retail Exposures - Other	85.050.137	866.037	33.990	163.487	26.670.809	112.784.460
Retail exposures - Qualifying revolving	104.475.988	-	-	-	-	104.475.988
Retail exposures - SME	93.266.240	80.167	29.980	294.281	7.162.405	100.833.073
Investments in equities	-	-	-	-	-	-
Other Items	147.481	-	-	-	-	147.481
<b>Total</b>	<b>782.807.091</b>	<b>23.479.167</b>	<b>22.280.893</b>	<b>22.202.571</b>	<b>273.682.374</b>	<b>1.124.452.096</b>

<sup>(1)</sup> Includes credit risk amounts of total exposure before applying credit risk mitigations.

## 2.10. Risk balances according to risk weights:

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are presented below:

Risk Weights	0%-20%	20%-35%	35%-50%	50%-75%	75%-100%	100%-250%	250%	1250%	Total	Deductions from the shareholders' equity
1 Total exposure before credit risk mitigation	453.195.358	95.226.116	68.570.721	179.238.549	124.013.091	301.084.013	9.602.907	-	1.230.930.755	1.325.093
2 Total exposure after credit risk mitigation	439.393.794	93.239.706	68.647.202	176.641.467	122.110.361	297.363.248	9.602.907	-	1.206.998.685	1.325.093

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## 2.11 Information according to sectors and counterparties :

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of 31 December 2022.

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of 31 December 2022.

Sectors and Counterparties	Loans		Provisions
	Impaired (IFRS 9)		Expected Credit Losses
	Significant increase in credit risk (stage 2)	Credit Impaired (stage 3)	
<b>Agricultural</b>	<b>218.113</b>	<b>279.052</b>	<b>267.155</b>
Farming and raising livestock	205.298	216.931	233.727
Forestry	11.475	14.425	13.270
Fishing	1.340	47.696	20.158
<b>Manufacturing</b>	<b>44.294.343</b>	<b>9.921.730</b>	<b>16.310.458</b>
Mining	231.761	30.752	32.041
Production	6.769.835	4.789.738	4.203.036
Electric, gas and water	37.292.747	5.101.240	12.075.381
<b>Construction</b>	<b>7.200.702</b>	<b>2.493.553</b>	<b>3.197.094</b>
<b>Manufacturing</b>	<b>23.310.279</b>	<b>3.792.595</b>	<b>7.124.848</b>
Wholesale and retail trade	1.109.927	609.754	595.437
Hotel, food and beverage services	3.281.781	977.745	963.283
Transportation and telecommunication	4.006.265	511.616	1.158.164
Financial institutions	731.382	666.307	390.295
Real estate and renting services	6.864.056	808.234	2.798.101
Education services	27.246	11.127	12.238
Health and social services	7.289.622	207.812	1.207.330
<b>Other</b>	<b>12.249.877</b>	<b>5.677.647</b>	<b>5.918.983</b>
<b>Total</b>	<b>87.273.314</b>	<b>22.164.577</b>	<b>32.818.538</b>

## 2.12 Information about value adjustments and changes in the loan impairment:

	Opening balance	Provision amounts set aside during the period	Reversal of provisions	Other adjustments <sup>(1)</sup>	Closing balance
1 Specific provisions	14.567.648	10.177.612	(3.083.077)	(4.781.752)	16.880.431
2 General provisions (Value adjustments)	17.222.220	5.535.996	-	-	22.758.216

<sup>(1)</sup> The figure represents write-off's and also includes NPL sales amounts.

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## 3. Explanations on Risk Management:

## 3.1. General Information on Risk Management and Risk Weighted Amount

## 3.1.1. Risk Management Approach of The Bank

Risk management strategy of the Bank ensures using the capital at an optimum level and provide sustainable growth in this framework through measurement of risks in accordance with international standards and local regulations and taking risk-return balance into consideration in the framework of sustainable growth. Risk management approach of the Bank is based on strong risk management techniques of ISEDES (Evaluation Process of Internal Capital Adequacy) and prospective planning and capital evaluation depending upon risk profile.

A prospective capital planning approach is adopted for the Bank to carry out its operations if certain losses are incurred as a result of unexpected events or deteriorations in markets. The best international practices are utilized for the determination, measurement, analysis and control of risks. The process regarding identification of risks and determination of appropriate measurement method has a dynamic structure in which the risk management is improved through inspiring from advanced international practices and analyses updated in line with its business evolution. A risk appetite framework integrated to budget process, has been developed in order to carry out related activities at an optimum level while reaching predefined budget target of the Bank and therefore an appropriated risk positions are ensured to be taken.

Risk appetite, as an integral part of the main pillar and a crucial instrument of the Bank Management, is implemented in order to ensure the execution of Bank's activities in an ideal manner through taking appropriate risk positions at an acceptable level of risk. Risk appetite, is integrated to management and budget processes of the Bank with performance indicators which are sensitive to risk.

Risk appetite indicators, targets, limits and critical thresholds are determined by the Executive Committee with the joint recommendation of Compliance, Internal Control and Risk Management and Financial Planning and Administration Management. Possible changes which may occur in economic conditions are taken into consideration during the determination of aforementioned limits and thresholds.

Determined risk appetite indicators consists of capital adequacy, liquidity, assets quality, financial risk and operational risk ratios of the Bank and senior management ensures the Bank to carry out its activities in the range of such targets and critical thresholds. Senior management should be informed to take emergency precautions if the critical thresholds are exceeded. Monitoring and periodical reporting to senior management is performed by the related units in order to implement risk appetite framework.

The Bank implements internal policies and procedures that are audited and approved at least once a year by the Board of Directors in order to manage market risks arising from on-balance sheet and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Bank; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

The Credit Policy Directive, which reflects the general framework of Bank's credit allocation activities, is updated minimum annually and implemented with the approval of the Board of Directors. Credit Policy Directive is based on improving asset quality, supporting effective risk management and compliance with legal practices. In addition, it includes management of lending activities according to the Bank's common standards, limitations and principles.

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## 3.1.1. Risk Management Approach of The Bank (continued)

The main purpose of the credit risk management is to identify, measure and mitigate credit risk, react in a timely manner and take necessary actions with the help of efficient and well-functioning rating/scoring models, strategies and processes. The main strategies include topics like effective implementation of the Credit Policy Directive to reinforce the sustainability of common risk management approach, steering of the loan portfolio toward less risky sectors, avoidance of excessive concentration in Group exposures while strictly obeying statutory limits, focus on customers with better credit ratings, avoidance of transactions bearing high credit and reputational risk, managing country risk in line with established strategy, policy and rules, timely updates to senior management about all developments in credit risk area to ensure effective credit risk management, performing credit stress tests and participating in credit risk regulatory processes.

Risk Management reports to Board of Directors in organisation structure via Audit Committee. Risk Management organisation is divided into "Market Risk Management", "Credit Risk Strategy, Modelling and Reporting Management" and "Risk Validation" units.

In the process of market risk management, related business and risk units perform their activities within the scope of the principles determined by internal policies such as the Financial Markets Policy, Liquidity Policy, Liquidity Risk Limit Management Policy, Liquidity Emergency Policy, Interest Rate Risk Policy, Interest Rate Risk Limit Management Policy, Hedge Policy, Financial Investment Risk Policy, Immovables Risk Policy, Derivatives Policy, Independent Price Verification Policy, Policy due to inclusion on Financial assets where fair value change is reflected to income statement, Market Risk Stres Test Policy.

Value at Risk, Basis Point Value (interest rate sensitivity), and Credit Basis Point Value (credit spread sensitivity) are risk metrics calculated via internal models and used in measurement of market risks. Risk measures are monitored at product, portfolio and account (Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement) basis. Performance of internal models is measured by backtesting of the model's outputs. In addition, transaction limits are used at specific products.

Liquidity Risk measurement methods; consists of both short term risk metrics such as Liquidity Coverage Ratio, Short Term Liquidity, Intraday Liquidity, and Early Warning Indicators and long-term risk metrics such as the Net Stable Funding Ratio and the funding concentration structure. With various scenario analyzes aimed at stressing the liquidity, it is examined how the possible deterioration scenarios that can be observed in the parameters of the market or institution-specific or both cases affect the liquidity position of the Bank.

Measurements performed via internal models in the context of market risk management are reported to the Bank's Top Management, Treasury, Financial Reporting and Credit Monitoring Units (for the Counterparty Credit Risk process) on a daily basis and to the Board of Directors and Executive Committee on a monthly basis.

Stress tests, provide a prospective point of view during risk management , budget and capital planning processes through reviewing the impact of events or changes in markets, which have a low possibility to occur under normal conditions but may result in losses to Bank in case they occur. The Bank performs stress tests to measure impacts of temporary or continuous deteriorations in market risk factors on income statement and to make capital plans. Scenarios, having basis, medium and high stress levels, aim to measure impacts of adverse conditions across the country on the economic value of the Bank through risk factors. Other important risk elements such as Fixed Assets held by the Bank and financial investment risks faced through its subsidiaries, as well as price movements, are reviewed during stress test processes as well.

Stress test studies are made with the active participation of senior management and impact of the stress test to the general risk profile of the Bank is reported. Senior management participates in establishing of stress test's scenario, analyzing of its results, through determination of the scope and approach of the scenario, guidance of required directions and review of results and recommendation of action plans. Stress scenarios, up-to-date estimations and crisis scenarios are prepared by Research and Analytics Department.

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## 3.1.1. Risk Management Approach of The Bank (continued)

The Bank reduces market risk exposure within scope of its commercial activities through derivative instruments and makes an effort to control impacts of the risks on capital through hedge accounting implementation. It holds foreign exchange positions to manage residual positions as a result of banking activities through performing a conservative approach to exchange risk and manages its end of day positions at a minimum level.

For the detection and mitigation of risks, Operational and Reputational Risk Management defines policies and strategies and determines, reports and monitors actions to reduce potential operational and reputational risks via loss data, key risk indicators, scenario analysis and risk assessments. Operational Risk Management Policy and Reputational Risk Policy is updated every year and approved by the Board of Directors.

Business Continuity Management Policy aims at reducing the risks that may endanger the continuity of Banks operations to a minimum level and ensuring critical product and services in case of unexpected events in an acceptable period. Bank's resilience against unexpected events is increased through the Crisis Communication Plan, Emergency Response Plan, Business Recovery Plan and Crisis Communication Plan. Business Continuity Policy and Plans are regularly updated and approved by the Board of Directors.

Risk validation management is an independent team that reports directly to the Assistant General Manager of Compliance, Internal Control and Risk Management, and is responsible for the controls of all models, data and processes carried out within the framework of risk management. Validation studies include not only statistical practices, but also compliance with the legal regulations and in-bank policies. The risk validation team consists of three units. These units are regulatory risk validation, strategic risk validation and rating models validation teams. Within the scope of legal risk validation, mainly IRB models, IFRS 9 and credit risk validation in the second structural pillar are performed. In the frame of strategic risk validation, strategy validation, managerial models, market risk and other risk types as part of the second structural pillar are validated. Validation of rating models includes validation activities of marketing models, macroeconomic forecasting models, project financing models and operational risk models.

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## 3.1.2. Overview of Risk Weighted Assets

	Risk Weighted Assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR) <sup>(1)</sup>	610.626.631	369.831.219	48.850.130
2 Of which standardised approach (SA)	52.707.788	38.983.014	4.216.623
3 Of which internal rating-based (IRB) approach	557.918.843	307.443.458	44.633.507
4 Counterparty credit risk	13.234.018	11.310.348	1.058.721
5 Of which standardised approach for counterparty credit risk (SA-CCR)	13.234.018	11.310.348	1.058.721
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	14.748	3.117	1.180
9 Equity investments in funds – mandate-based approach	-	-	-
10 Equity investments in funds – fall-back approach	-	-	-
11 Settlement risk	-	8	-
12 Securitisation exposures in banking book	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	13.715.305	6.080.358	1.097.224
17 Of which standardised approach (SA)	13.715.305	6.080.358	1.097.224
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	42.578.789	34.598.266	3.406.303
20 Of which Basic Indicator Approach	42.578.789	34.598.266	3.406.303
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	5.174.805	3.510.914	413.984
24 Floor adjustment	-	-	-
<b>TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>685.344.296</b>	<b>425.334.230</b>	<b>54.827.542</b>

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



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## 3.2. Linkages between financial statements and risk amounts

## 3.2.1. Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation

Current Period	Carrying values of items in accordance with TAS					
	Carrying values in financial statements prepared as per TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>						
Financial Assets (Net)	269.783.597	251.307.678	26.422.662	-	9.206.416	-
Financial Assets Measured at Amortised Cost (Net)	733.352.728	768.887.154	30.158.530	-	-	63.481
Assets Held For Resale And Related To Discontinued Operations (Net)	1.035.873	1.035.873	-	-	-	-
Investment in Subsidiaries, Associates, Joint Ventures	20.848.457	20.848.457	-	-	-	-
Property And Equipment (Net)	9.846.677	9.644.534	-	-	-	202.143
Intangible Assets (Net)	1.206.951	147.482	-	-	-	1.059.469
Tax Asset	5.146.976	5.146.976	-	-	-	-
Other Assets	66.872.334	54.733.871	-	-	-	-
<b>TOTAL ASSETS</b>	<b>1.108.093.593</b>	<b>1.111.752.025</b>	<b>56.581.192</b>	-	<b>9.206.416</b>	<b>1.325.093</b>
<b>Liabilities</b>						
Deposits	672.765.318	-	-	-	-	672.765.318
Borrowings	70.048.420	-	-	-	-	70.048.420
Money Markets	35.514.486	-	25.648.224	-	-	9.866.262
Marketable Securities Issued (Net)	40.540.324	-	-	-	-	40.540.324
Financial Liabilities Measured at Fair Value Through Profit or Loss	37.239.659	-	-	-	-	37.239.659
Derivative Financial Liabilities	13.774.007	-	-	-	8.239.776	13.774.007
Lease Payables (Net)	1.855.391	-	-	-	-	1.855.391
Provisions	11.084.141	-	-	-	-	11.084.141
Tax Liability	5.598.484	-	-	-	-	5.598.484
Subordinated Debts	39.388.232	-	-	-	-	39.388.232
Other Liabilities	54.028.741	-	-	-	-	54.028.741
Shareholder's Equity	126.256.390	-	-	-	-	126.256.390
<b>TOTAL LIABILITIES</b>	<b>1.108.093.593</b>	<b>-</b>	<b>25.648.224</b>	<b>-</b>	<b>8.239.776</b>	<b>1.082.445.369</b>

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Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	
<b>Assets</b>						
Financial Assets (Net)	201.127.450	177.366.849	35.988.280	-	8.501.785	-
Financial Assets Measured at Amortised Cost (Net)	469.423.312	498.303.322	38.973.799	-	-	76.825
Assets Held For Resale And Related To Discontinued Operations (Net)	1.327.210	1.327.210	-	-	-	-
Investment in Subsidiaries, Associates, Joint Ventures	15.207.109	15.207.109	-	-	-	-
Property And Equipment (Net)	4.851.380	4.720.302	-	-	-	131.078
Intangible Assets (Net)	2.001.661	112.060	-	-	-	1.889.601
Tax Asset	3.484.572	3.484.572	-	-	-	-
Other Assets	39.347.072	39.671.914	-	-	-	-
<b>TOTAL ASSETS</b>	<b>736.769.766</b>	<b>740.193.338</b>	<b>74.962.079</b>	<b>-</b>	<b>8.501.785</b>	<b>2.097.504</b>
<b>Liabilities</b>						
Deposits	401.095.416	-	-	-	-	401.095.416
Borrowings	61.124.168	-	-	-	-	61.124.168
Money Markets	52.908.277	-	47.919.291	-	-	4.988.986
Marketable Securities Issued (Net)	34.253.742	-	-	-	-	34.253.742
Financial Liabilities Measured at Fair Value Through Profit or Loss	25.794.232	-	-	-	-	25.794.232
Derivative Financial Liabilities	18.032.048	-	6.058.125	-	7.294.512	11.973.923
Lease Payables (Net)	1.306.217	-	-	-	-	1.306.217
Provisions	5.826.499	-	-	-	-	5.826.499
Tax Liability	2.877.865	-	-	-	-	2.877.865
Subordinated Debts	39.441.999	-	-	-	-	39.441.999
Other Liabilities	30.625.125	-	-	-	-	30.625.125
Shareholder's Equity	63.484.178	-	-	-	-	63.484.178
<b>TOTAL LIABILITIES</b>	<b>736.769.766</b>	<b>-</b>	<b>53.977.416</b>	<b>-</b>	<b>7.294.512</b>	<b>682.792.350</b>

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## 3.2.2. Carrying values of items in accordance with TAS

Current Period	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To	
				Counterparty Credit Risk	Subject To Market Risk
1 Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	1.177.539.633	1.111.752.025	-	56.581.192	9.206.416
2 Liabilities carrying value amount under regulatory scope of consolidation	33.888.000	-	-	25.648.224	8.239.776
3 Total net amount under regulatory scope of consolidation	1.143.651.633	1.111.752.025	-	30.932.968	966.640
4 Off-Balance Sheet Amounts	551.922.907	204.754.583	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences Resulted from the BRSA's Applications	-	(134.154.013)	-	(6.139.265)	12.748.665
9 Differences due to risk reduction	-	(147.613)	-	-	-
Risk Amounts		1.182.204.982	-	24.793.703	13.715.305

Prior Period	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To	
				Counterparty Credit Risk	Subject To Market Risk
1 Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	823.657.202	740.193.338	-	74.962.079	8.501.785
2 Liabilities carrying value amount under regulatory scope of consolidation	61.271.928	-	-	53.977.416	7.294.512
3 Total net amount under regulatory scope of consolidation	762.385.274	740.193.338	-	20.984.663	1.207.273
4 Off-Balance Sheet Amounts	306.995.814	113.316.827	-	2.818.314	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences Resulted from the BRSA's Applications	-	(129.759.336)	-	(1.765.701)	4.873.085
9 Differences due to risk reduction	-	(78.023)	-	(1.770.322)	-
Risk Amounts		723.672.806	-	20.266.954	6.080.358

## 3.2.3. Explanations of differences between accounting and regulatory exposure amounts

There is no difference between amounts reported in the financial statements and valued in accordance with TAS and amounts valued in accordance with TAS in scope of legal consolidation.

Bank's financial instruments subject to fair value measurement are valued using Mark-to-Market or Mark-to- Model approach based on their product types. Implementation of valuation methodologies is carried out in accordance with the "Fair Value Measurement" policies in line with the prudent valuation principles set out in the annex of the Directive on Measurement and Assessment of Banks' Capital Adequacy. The Bank uses market prices for bonds and futures contracts traded in organized markets, while it often uses platforms generating Mark-to- Model value for derivative transactions traded in OTC markets. Mark-to-Market or Mark-to-Model valuations are made on a daily basis so that changes in the market can be reflected in the Bank's financials with the same frequency.

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## 3.2.3. Explanations of differences between accounting and regulatory exposure amounts (continued)

The Independent Price Control process (IPV) is designed to draw the errors or deviations that may occur in the valuations to the minimum level, to calculate the correct profit / loss and risk, through verification, comparison and approval of market prices and model inputs regularly with independent and different sources. The purpose of the IPV is to ensure that the data used for bank valuations are generated on a daily basis from a highly representative, adequately liquid and accurate instruments. All these processes have a clear, integrated and complementary approach that is in line with the objectives of the Bank.

Prices quoted in active markets for securities and derivative transactions are used to record the fair value of an instrument, but quoted prices are generally not available in active markets. Appropriate valuation techniques are used for financial instruments that are not traded in the market but the estimated fair value is adjusted through valuation techniques of the market participant's estimation of similar asset or liability price. Such adjustments are categorized close out cost, market liquidity, model risk and credit valuation adjustments.

Close out Cost adjustment reflects the amount which would be incurred to arrive at an appropriate ask/liquidation price (financial instruments which are assets at valuation date) or bid/unwind price (financial instruments which are liabilities at valuation date) for financial instruments valued at mid-market prices.

Market liquidity adjustment is calculated to reflect the amount which would be incurred to close out the position when liquidity is not sufficient. When there is not any tradeable price on liquid two way market, a liquidity discount is applied for pricing.

Model risk; reflects the risk stemming from deficiencies in model. Complexity of the model, being market standard and capability to incorporate all known risk factors determine the necessity/applicability of model risk adjustments.

Credit Value Adjustment (CVA), is defined as market value of counterparty credit risk (CCR), which arises from the possibility of a counterparty's default and considered in regulatory capital adequacy calculations for all CCR exposures.

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## 3.3. Explanations on Credit Risk

## 3.3.1. General information on credit risk

## 3.3.1.1. General qualitative information on credit risk

Credit Policy is prepared to be well-structured in line with the BRSA loan management guidebook.

Credit policy is revised at least once a year, approved by Board of Directors, announced within the bank and implemented in accordance with the appropriate procedures in banks. During the review of credit policies, economic conjuncture, the bank's capital adequacy ratio and amendments in related regulation are taken into consideration. Key elements such as target markets, portfolio structure and concentration, large exposures, credit limit applications, approval authorities are determined in the credit policies. In the policies, key messages are provided based on principles of prudence, continuity about the customer's credit worthiness, specific sectors, segments and products for growth in accordance with the defined credit strategies.

Credit Risk Management Section is established to manage the credit risk of the Bank by determining, measuring, monitoring, evaluating and reporting the risks. In order to improve the asset quality of the Bank, the main roles and responsibilities of the section are composed of performing periodical analyses on credit portfolio trend, calculating credit risk cost based on segments and executing compliance activities between risk management practices with Basel requirements.

Credit risk management consists of two sub-units: credit risk strategies and operational risk management and credit risk planning, modeling and reporting management.

Credit risk strategies and operational risk management is responsible for developing underwriting, monitoring, collection and workout strategies and following the actions taken in accordance with the Bank's risk appetite in terms of credit risk. The unit takes an active role in the development of these strategies by conducting risk analysis, determining the rules to be used in decision trees, putting them into practice through decision support systems, and running the flow smoothly. The unit is also responsible for definition of the operational and reputational risk policies, implementation of measurement, monitoring and reporting systems, identification of the key risk indicators, and performance of scenario analyses. The unit carries out the activities regarding Basel compliance, operational risk models setting and development, operational risk weighted asset calculation and risk based insurance activities. The unit is responsible for the studies on Information Systems risk inventory, coordination of the Support Services Risk Management Program and setting up the relevant monitoring systems and management, as well as development of the Business Continuity Management Policy and Plans and continuous updating of these policy and plans. The unit also ensures the actions taken under business continuity and the coordination and control of Business Continuity Management projects and budget.

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## 3.3.1.1. General qualitative information on credit risk (continued)

Credit Risk Planning, Modeling and Reporting Management is responsible for preparation of credit risk budgeting and credit risk reporting activities of the Bank, calculation of loan loss provisions; identification of the Credit Policy according to risk appetite of the Bank, implementation of the policy throughout the Banks and its subsidiaries, support to all units in the Bank for the related topics. The units establishes a common risk culture on group basis and performs process analyses of credit and risk management functions in subsidiaries to ensure standard risk management practices and establishes action plans for the standardization of all gaps within the group. The unit prepares reports for assessment of credit risk and for the preparation of various and comprehensive concentrations and forecasts on asset quality trends for the Bank, performs necessary calculations to measure the risk profile of the bank and ensures that the country risk is identified. The unit is also responsible for taking part in the model development processes of PD, EAD, LGD models which are in the scope of IRB communique (issued by BRSA – using internal rating based approach for credit risk calculations) and giving opinions as the ultimate authority, supervising the rating systems, monitoring the performance, analysing the results regularly, ensuring the proper functioning of the rating systems, leading the studies for the areas that need improvement and the deficiencies identified, informing the BRSA about the changes made in the rating systems and the relevant units within the Bank, evaluating model use test, ensuring dissemination of the models in the bank internal processes within the scope requested by the BRSA and monitoring the projects carried out in the Bank within the scope of Basel for commercial customers. This business unit is also responsible for taking part in the development processes of operational models used in underwriting, monitoring, collection, etc. processes and monitoring their performance.

ISEDES report is prepared in accordance with the related guide of BRSA and submitted to the approval of the Board of Directors. The report mainly includes the Bank's approach for the review of risks and capital in order to preserve capital adequacy of the Bank with respect to its current and future activities and information on management structure and applied approaches.

Regular supervision and controls are performed to ensure that credit process is carried out in compliance with the Bank credit policies and procedures, loans are extended in accordance with principles and procedures determined by the Board of Directors and loans are reported properly with the information of maturity, quantity and qualification to top management.

Activities carried out by units within scope of internal systems are employed as a tool to define weak points regarding the credit risk management process, policy and procedures and to determine the transactions that are not compliant with limits, policy and procedures.

Issues that are observed during the examinations is being regularly reported to top management and Audit Committee considering importance level.

Summary of the activities of units within the scope of internal systems are effectively utilized by the management and actions are taken in order to prevent repetition of weaknesses and conflicts regarding credit management.

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## 3.3.1.2. Credit quality of assets

Current Period	Gross carrying values of as per TAS			Net values
	Defaulted exposures	Non-defaulted exposures	Allowances/ impairment	
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
<b>Total</b>	<b>22.164.577</b>	<b>1.330.035.386</b>	<b>38.446.510</b>	<b>1.313.753.453</b>

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

## 3.3.1.3. Changes in stock of defaulted loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at the end of the previous reporting period	20.023.972	19.784.137
2 Loans and debt securities that have defaulted since the last reporting period	11.517.943	4.718.667
3 Returned to non-defaulted status (-)	106.767	95.924
4 Amounts written off (-)	4.781.752	1.035.078
5 Other changes	(4.488.819)	(3.347.830)
<b>6 Defaulted loans and debt securities at the end of the reporting period (1+2-3-4+5)</b>	<b>22.164.577</b>	<b>20.023.972</b>

## 3.3.1.4. Additional disclosure related to the credit quality of assets

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

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

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

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

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3.3.1.4.1. Exposures provisioned against by major regions<sup>(1)</sup>

	Current Period	Prior Period
Domestic	793.276.693	538.193.051
USA,Canada	483.313	145.214
European Union (EU) Countries	12.408.341	10.111.379
OECD Countries	1.520.692	1.552.753
Off-Shore Banking Regions	720	294
Other Countries	4.436.686	3.057.582
<b>Total</b>	<b>812.126.445</b>	<b>553.060.273</b>

<sup>(1)</sup> Breakdown of cash, non-cash and non-performing loans with respect to geographical regions are provided.

3.3.1.4.2. Exposures provisioned against by major sectors<sup>(1)</sup>

	Current Period	Prior Period
<b>Agricultural</b>	<b>13.118.301</b>	<b>7.109.491</b>
Farming and raising livestock	10.369.931	5.604.063
Forestry	2.143.008	1.011.842
Fishing	605.362	493.586
<b>Manufacturing</b>	<b>347.990.660</b>	<b>237.069.140</b>
Mining and Quarrying	1.909.269	1.519.479
Production	271.740.275	168.442.598
Electricity, Gas, Water	74.341.116	67.107.063
<b>Construction</b>	<b>81.032.270</b>	<b>57.441.909</b>
<b>Services</b>	<b>192.199.592</b>	<b>121.915.214</b>
Wholesale and retail trade	48.424.277	26.328.449
Hotel, food and beverage services	18.376.984	14.001.903
Transportation and telecommunication	30.123.807	23.119.568
Financial institutions	43.957.384	25.186.008
Real estate and leasing services	14.896.658	11.508.305
Education services	1.722.336	813.548
Health and social services	34.698.146	20.957.433
<b>Other</b>	<b>177.785.622</b>	<b>129.524.519</b>
<b>Total</b>	<b>812.126.445</b>	<b>553.060.273</b>

<sup>(1)</sup> Breakdown of cash loans, non-cash loans and non-performing loans by sectors

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**3.3.1.4.3 Receivables according to remaining maturities:**

Receivables according to remaining maturities are explained Note 7 of Section 4.

**3.3.1.4.4. Exposures provisioned against by major sectors:**

Information on the amount of receivables and provisions provided for on the sector basis are disclosed in Note 2 of Section 4.

**3.3.1.4.5. Exposures provisioned against by major regions :**

The distribution of the specific provisions is predominantly domestic and a provision amounting to TL 20.533.781 (December 31, 2021- TL 16.929.727) has been set aside for the risk at an amount of TL 15.668.894 (December 31, 2021- TL 13.554.453)

**3.3.1.4.6. Aging analysis for overdue receivables <sup>(1)</sup>**

Overdue days count	Current Period	Prior Period
1-30 days	2.215.532	2.132.810
31-60 days	1.650.121	2.024.367
61-90 days	843.339	698.168
91-180 days	-	138.443
<b>Total</b>	<b>4.708.992</b>	<b>4.993.788</b>

<sup>(1)</sup> Overdue receivables under close monitoring represent overdue of cash loans.

Loans under close monitoring amounting to TL 75.378.960 (December 31, 2021 - TL 61.152.843) are not overdue.

**3.3.1.4.7. Breakdown of restructured receivables based on whether or not provisions are allocated:**

Provisions are recognized for all non-performing loans in accordance with Provisioning Regulation.

Credit Class	Current Period	Prior Period
Loans restructured from Loans and other receivables under close monitoring	50.232.044	37.973.369
Loans restructured from Loans under legal follow-up	5.170.167	3.082.113
<b>Total</b>	<b>55.402.211</b>	<b>41.055.482</b>

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**3.3.1.4.8. Informations related to expected credit losses for loans:**

Current Period	Stage1	Stage2	Stage3	Total
<b>Beginning of the period</b>	<b>3.082.442</b>	<b>12.433.108</b>	<b>13.717.846</b>	<b>29.233.396</b>
Additions	2.065.190	4.423.280	9.897.668	16.386.138
Disposals	1.575.876	3.787.625	4.593.670	9.957.171
Sold (-)	-	-	1.672.492	1.672.492
Write offs	-	-	3.109.260	3.109.260
Transfer to stage 1	312.126	(312.032)	(94)	-
Transfer to stage 2	(18.152)	112.363	(94.211)	-
Transfer to stage 3	(5)	(1.636.524)	1.636.529	-
Foreign currency differences	664.589	4.121.956	-	4.786.545
<b>End of the period</b>	<b>4.530.314</b>	<b>15.354.526</b>	<b>15.782.316</b>	<b>35.667.156</b>

Prior Period	Stage1	Stage2	Stage3	Total
<b>Beginning of the period</b>	<b>2.618.000</b>	<b>8.128.374</b>	<b>13.051.949</b>	<b>23.798.323</b>
Additions	1.294.785	1.868.734	3.885.173	7.048.692
Disposals	1.221.284	1.848.988	2.391.956	5.462.228
Sold (-)	-	-	-	-
Write offs	-	-	1.035.078	1.035.078
Transfer to stage 1	604.487	(568.581)	(35.906)	-
Transfer to stage 2	(723.439)	911.611	(188.172)	-
Transfer to stage 3	(68.745)	(363.091)	431.836	-
Foreign currency differences	578.638	4.305.049	-	4.883.687
<b>End of the period</b>	<b>3.082.442</b>	<b>12.433.108</b>	<b>13.717.846</b>	<b>29.233.396</b>

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## 3.3.2. Credit risk mitigation

## 3.3.2.1. Qualitative disclosure on credit risk mitigation techniques

The Bank employs on-balance sheet netting and/or general netting agreements for specific capital market transactions for credit risk mitigation, with the condition of meeting the requirements of having implemented corresponding system supported methods and processes and clear documentation of the required documents.

The Bank may use assets and liabilities as an on balance sheet netting instrument considering them as cash collateral.

The capital requirements may be determined on the base of net exposure of assets and liabilities, if the following conditions are met:

- The agreement should provide the Bank the authorization to monitor the receivable of the payee over a single value after netting all payables and receivables even though there is no such indicator for the counterparty showing bankruptcy or financial difficulty in accordance with the regulations of governments.
- The Bank is provided the authority of netting and monitoring the risk over a single value even the counterparty is not in bankruptcy case of a bankruptcy of one counterparty, the other counterparty should have the authority to terminate all contracts under the agreement
- The agreement should provide the facility to monitor the receivable of the payee over a single value after netting all payables and receivables in case of the termination of all contracts

In the policies and procedures regarding the assessment and management of the collaterals as part of collateralized lending, Credit risk mitigation techniques aims at:

- Determination of general and specific requirements for the improvement and optimization of collateral systems, processes, strategies and procedures;
- Valuation of collateral taking into consideration the local regulations and procedures;
- Provision of the soundness, legal enforceability and maintenance of ratable collateral based on a legal framework;
- Determination of the level of the collateral haircut taking the local conditions and the process of risk management into consideration;
- Regular monitoring of the collateral value;
- Differentiation between counterparty (economic) and country (political) risk aspects,
- Mitigation of concentration risks, correlation risks and residual risks through recognition of collateral;
- Improvement in the quality of strategic business and overall Bank management
- Clear definition of Roles and Responsibilities
- Determination of acceptable collaterals and collateral related conditions (list of collateral) / (non-parametric condition list)

In the calculations regarding credit risk mitigation, the Bank performs risk mitigation within the regulations set out in the Credit Risk Mitigation Techniques Notification dated September 6, 2014 and numbered 29111 and uses a comprehensive financial guarantee method for its financial collaterals. With the comprehensive financial collateral method, the relevant volatility adjustments specified in the regulation made on the value of the financial collaterals that are used in calculating the capital requirements.

The credit policies establish an operational connection between Bank's activities and its risk capacity and covers the main business areas in accordance with target portfolio structure, risk targets regarding expected and unexpected loss in line with risk capacity and limits relating to risk concentration. Limits are ensured to be compliant with restrictions determined by related regulation and regulatory authorities. Bank uses an integrated approach in concentration risk management, in which all risk concentrations are identified, monitored and evaluated. Therefore, besides the loans to individuals and companies, also the concentrations of market, sector, country and segment are being taken into consideration. Bank pays utmost attention to any concentration of the credit and market risks on a specific counterparty or risk classification in accordance with policies and internal procedures.

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## 3.3.2.2. Credit risk mitigation techniques – overview

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

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

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## 3.3.3. Credit risk under standardised approach

## 3.3.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The international risk ratings are used for all the exposures to central governments/central banks, for Financial Institutions, Corporations, Regional Governments, Administrative Bodies and for Multinational Development Banks asset classes of which the counterparty resides in foreign countries.

Exposures to central governments and central banks which are not rated by Fitch Ratings are included in the calculation of capital adequacy as unrated. Receivables from residents in Turkey are classified as unrated.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings	Claims on sovereigns and Central Banks	Claims on banks and intermediary institutions		Claims on corporates
			Claims on administrative bodies and other non-commercial undertakings	Contractual maturity of claims under 3 months	
1	AAA				
	AA+	0%	20%	20%	20%
	AA				
	AA-				
2	A+				
	A	20%	50%	20%	50%
	A-				
3	BBB+				
	BBB	50%	100%	20%	50%
	BBB-				
4	BB+				
	BB	100%	100%	50%	100%
	BB-				
5	B+				
	B	100%	100%	50%	100%
	B-				
6	CCC+				
	CCC				
	CCC-	150%	150%	150%	150%
	CC				
	C				
D					

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

Current Period	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	325.235.895	2.422	328.983.371	173.891	-	-
2	208.510	20.512	208.510	10.256	109.383	%50,00
3	1.497.583	716.706	1.497.526	253.137	1.750.663	%100,00
4	878.649	168.348	878.649	128.199	-	-
5	62.112.083	33.722.366	62.112.083	5.025.225	20.050.719	%29,87
6	10.120.736	48.122.343	8.358.291	10.752.824	13.182.900	%68,98
7	2.879.918	1.116.763	1.199.411	58.221	1.060.269	%84,31
8	79.237	1.043	79.237	359	29.104	%36,56
9	15.297	1.383.382	15.297	691.681	363.028	%51,35
10	103.168	-	1.665	-	926	%55,62
11	445.944	4.243.498	242.091	13.226	382.976	%150,00
12	31.895	-	31.895	-	14.749	%46,24
13	17.847.741	-	17.847.741	-	20.952.624	%117,40
14	-	-	-	-	-	-
Total	421.456.656	89.497.383	421.455.767	17.107.019	57.897.341	%13,20

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	191.098.697	143	193.869.916	206.983	-	-
2	466	-	466	-	93	%19,96
3	20.625	126.271	20.111	53.965	74.076	%100,00
4	655.854	53.225	655.854	27.704	-	-
5	51.914.386	20.247.056	51.894.386	4.281.615	15.316.147	%27,26
6	8.510.578	20.145.956	7.468.011	3.999.108	7.683.174	%67,00
7	2.188.225	2.182.757	899.218	55.244	771.511	%80,83
8	12.175	664	12.175	316	4.372	%35,00
9	4.199.024	336.667	4.179.730	168.328	3.478.505	%80,00
10	148.631	1	1.036	-	667	%64,38
11	502.949	3.000.607	227.116	21.844	366.012	%147,02
12	4.469	-	4.469	-	3.117	%69,75
13	12.692.823	-	12.692.823	-	14.799.371	%116,60
14	-	-	-	-	-	-
Total	271.948.902	46.093.347	271.925.311	8.815.107	42.497.045	%15,14

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## 3.3.3.3. Standardised approach – exposures by asset classes and risk weights

Current Period													Total credit risk exposure amount (after CCF and CRM)
Asset classes/ Risk weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%		
1 Exposures to central governments or central banks	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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>330.496.592</b>	<b>-</b>	<b>46.124.641</b>	<b>76.481</b>	<b>32.505.021</b>	<b>797.834</b>	<b>26.236.978</b>	<b>255.317</b>	<b>-</b>	<b>2.069.922</b>	<b>-</b>	<b>-</b>	<b>438.562.786</b>

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

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## 3.3.3.4. Explanations on the use of IRB Models

In the development of internal models;

- As the owners of the probability of default (PD), loss given default (LGD) and exposure at default (EAD) models used in capital adequacy calculations, credit risk control and modeling units (individual and commercial) are responsible for the development and implementation processes of the models, also the regular monitoring and updating of the models.

- In case of need, advanced analytics unit is responsible for the development of the PD, LGD, EAD models,

- Validation unit is responsible for performing the initial and periodic validation of the models and providing the regular validation report.

When the development of the models is completed and following the approval of the validation unit, they are submitted to the approval of the credit committee and the Board of Directors. The models can be got into use after the necessary approvals are obtained from the relevant committees.

Performance monitoring of the model, which has been developed and put into use, is carried out by the credit risk control and modeling units and the validation unit. Performance monitoring of the models is carried out through the credit risk control unit report prepared quarterly by the credit risk control and modeling teams and annual periodic validation studies. In addition, every month before the models are run, certification checks are carried out and the accuracy of the data used in the model is confirmed.

Re-development, re-train or re-calibration of the models can be done according to the performance monitoring results of the models in use.

In accordance with the IRB communiqué (issued by BRSA – using internal rating based approach for credit risk calculations) as published in the Official Gazette dated 23 October 2015 numbered 29511, all IRB models and validation processes are audited annually by the Internal Audit Department. The scope of audits consists of three main areas: governance and validation, rating systems and quantification of risks and usage testing. Audit processes include reviewing IRB models for compliance with all minimum requirements, as well as validation of models. In this framework, initial, periodic, data and process validation activities are examined and validation findings are also taken into account within the scope of relevant model audits.

Reports on credit risk models are prepared in order to explain the structure, process and performance of the rating system, the areas that need improvement, the activities to complete the identified deficiencies, and to monitor the credit risk. Commercial credit risk control and modeling and retail credit risk control and modeling units are responsible for reporting. The related report includes the risk profile according to grades, migrations between grades, comparison of the estimations of risk parameters and observed values, and analysis of the effectiveness of the override process. If there is a rating override for project finance loans in the relevant reporting period, the reasons for the change are also included.

For the capital calculation, BRSA allowed the use of PD and EAD models in the corporate receivables class, the PD, LGD and EAD models in the retail receivables class, and the use of the slotting method in project finance loans.



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## 3.3.3.4. Explanations on the use of IRB Models (continued)

There are application and behavior PD Models for both corporate and retail receivables classes. Application models are the models that work at the moment when a customer applies for a loan to the Bank. Behavioral models are run at the end of each month for customers with limits or risks in the bank (for the behavior insert, it is required to be older than six months in the individual portfolio and older than four months in the SME portfolio).

- Individual portfolio PD application models consist of five models that work separately for each product in case the customer makes their own application. Behavior PD model is a model that consists of nine different segments.

- Individual portfolio EAD models are two models consisting of eight different segments that vary according to the limit usage rate and risk amount for the customer's credit card and overdraft products. LGD models are five models consisting of eleven different segments in terms of risk amount breakdown by product.

- SME portfolio PD application model consists of six different segments, which vary according to the customer's information such as turnover, memzuç and Credit Bureau (KKB) information, bank limit, and customer type. A customer can be rated through only one of the six segments. The SME behavior model consists of two different segments according to the customer's total bank limit amount (the customer can be rated through only one of the two segments).

- The same model is used for application and behavior in the corporate/commercial portfolio PD calculation. The model consists of four different segments that vary according to the customer's balance sheet type, bank portfolio assignment and bank total limit. The customer can be rated through only one of these segments.

- Corporate/commercial/SME portfolio EAD model consists of forty-seven different segments that vary according to the portfolio, limit, risk, limit usage rate and limit gap information for the customer's commercial overdraft, commercial credit card, non-cash (check, letter of guarantee, letter of credit) products. Fifteen of the forty-seven segments are for the corporate/commercial portfolio and thirty-two are for the SME portfolio.

Bank's PD models are developed using logistic regression. At least five years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the Communique, the PD of the best grade can be at least 0,03%.

Due to the use of minimum five-year data during model development and the higher default rates during the model development period compared to the current period, the calculated PD value especially for the individual portfolio differs relatively from the observed DR.

The PD model is used in underwriting strategies, provision calculations and economic capital calculations as well as capital calculations.

Specialized loans can be defined as portfolios with low default rates. PD calculation is not made for specialized loans, the classification method is used.

While developing the LGD model, the gross LGD approach was used. At least 5-7 years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the communique, it has been ensured that the LGD value of mortgage loans is at least 10%. The downturn period effect for the individual portfolio is added as a conservatism margin:

- A random sample is selected one thousand times, with the LGD values calculated for the performing and default groups equal to the number of observations for each product.

- In each sample, the average of LGD values for the performing and default groups is calculated.

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## 3.3.3.4. Explanations on the use of IRB Models (continued)

- LGD averages calculated in the previous step were ordered for all segments and groups, and the 75th percentile was determined as LGD with a conservatism margin added.

- In order to reflect the effect of the downturn period, the 90th percentile was chosen after the LGD averages were ranked for all segments and groups.

For Commercial LGD model, the total collection amount in the first year when the customers entered the liquidation process was calculated and this amount was deducted from the default amount of the following year. Thus, the default amounts remaining in the following years spent by the customer in the liquidation process are reflected. The annual collection has been made taking into account these default amounts. Thus, the year in which the collection rate was bad in the economic cycle was taken into account. The through-the-cycle (TtC) LGD of the annual calculated LGD values was found. The year with the largest percentage difference of the annual LGD values from the calculated TtC LGD was determined as the downturn year, and the related percentage difference was determined as the downturn period coefficient.

The saturation point values used for the time between the default event and the closing of the receivable are as follows.

Product / Portfolio	Saturation Point
Consumer loan	74
Auto loan	30
Overdraft	42
Mortgage	33
Credit card	50
Commercial portfolio	73
SME portfolio	68
Corporate portfolio	50

EAD model begins by associating defaulted loans with the 12-month risk and limit information before the default date. A random observation month is selected from the 12-month period from the date of default by the customer, and the EAD parameters are calculated accordingly. In product segmentation, arithmetic mean EAD ratios were calculated by considering business requirements and statistical significance. The last step is to add a conservatism margin as required in the Basel and IDD communiqué to create the final model.

As a result of the analysis made for individual loans, it was decided to use the 60th and 70th percentiles for the conservatism margin and downturn period effect ratios, respectively, in credit card products in risk conversion factor (RCF), limit conversion factor (LCF) and Non-limit conversion factor (NLCF). For individual overdraft products, it has been decided to use the 60th and 70th percentiles for the conservatism margin and downturn effect ratios, respectively, in RCF and LCF, and the 70th and 80th percentiles, respectively, for conservatism margin and downturn effect ratios in NLCF.

For Commercial loans, five quantile is added over the model output for the conservatism margin, and five quantile is added over the model output for the downturn period effect.



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

Current Period	RWA – PRE Credit	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
<b>Total</b>	<b>561.351.775</b>	<b>561.351.775</b>	
Prior Period	RWA – PRE Credit	Actual RWA	
1	Exposures to central governments or central banks -Foundation IRB	-	-
2	Exposures to central governments or central banks -Advanced IRB	-	-
3	Exposures to banks and financial institutions - Foundation IRB	-	-
4	Exposures to banks and financial institutions - Advanced IRB	-	-
5	Exposures to corporates -Foundation IRB	134.096.153	134.096.153
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	-	-
8	Specialised Lending - Advanced IRB	71.736.276	71.736.276
9	Retail exposures - Qualifying revolving	8.268.164	8.268.164
10	Retail exposures - secured by real estate	-	-
11	Retail exposures - SME	31.572.185	31.572.185
12	Retail Exposures - Other	53.042.730	53.042.730
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	11.947.579	11.947.579
<b>Total</b>	<b>310.663.087</b>	<b>310.663.087</b>	

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3.3.3.7. RWA Movement Table Under IRB Approach<sup>(1)</sup>

	Current Period	Prior Period
1	Previous Period Closing Amount <sup>(2)</sup>	307.443.458
2	Changes in Volume	150.413.143
3	Changes in Asset Quality	13.044.144
4	Model Updates	(198.188)
5	Policy and Regulatory Changes	87.216.286
6	Purchasing and Selling	-
7	FX Difference	-
8	Other	-
9	<b>Current Period Closing Amount</b>	<b>557.918.843</b>

<sup>(1)</sup> Counterparty credit risk is not included in the table.<sup>(2)</sup> The Bank has started to use IRB approach as of June 30, 2021.

## 3.3.3.8. IRB: Back-testing of probability of default in each asset class

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Current Period	Number of Borrowes Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Corporate exposures - 1	0% - 0,14	AAA ile A+	0,09%	0,10%	29.394	19.019	19.019	7	-	0,03%
Corporate exposures - 2	0,14% - 0,41%	A ile A-	0,31%	0,24%	83.896	47.748	47.748	38	3	0,06%
Corporate exposures - 3	0,41% - 1,17%	BBB+ ile BBB-	0,72%	0,77%	60.912	32.013	32.013	87	13	0,18%
Corporate exposures - 4	1,17% - 3,22%	BB+ ile BB-	2,04%	2,07%	32.308	18.703	18.703	187	21	0,55%
Corporate exposures - 5	3,22% - 15,08%	B+ ile B-	6,35%	6,62%	16.570	8.932	8.932	384	46	1,83%
Corporate exposures - 6	15,08% - 33,77%	CCC+ ile CCC-	26,75%	27,73%	4.755	1.230	1.230	523	46	9,77%
Corporate exposures - 7	33,77% - 99,99%	CC	41,06%	41,07%	47	72	72	13	4	21,62%
Corporate exposures - 8	100%	D	100,00%	100,00%	13.867	7.554	7.554	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>%5,66</b>	<b>%7,65</b>	<b>241.749</b>	<b>135.271</b>	<b>135.271</b>	<b>1.239</b>	<b>133</b>	<b>%0,42</b>
Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Current Period	Number of Borrowes Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail exposures - Qualifying revolving - 1	0% - 0,14	AAA ile A+	0,10%	0,10%	872.966	966.927	966.927	245	10	0,02%
Retail exposures - Qualifying revolving - 2	%0,14% - %0,41%	A ile A-	0,22%	0,22%	1.547.984	1.846.177	1.846.177	845	43	0,05%
Retail exposures - Qualifying revolving - 3	%0,41% - %1,17%	BBB+ ile BBB-	0,77%	0,77%	1.311.002	1.651.295	1.651.295	2.747	383	0,17%
Retail exposures - Qualifying revolving - 4	%1,17% - %3,22%	BB+ ile BB-	2,28%	2,30%	1.220.159	1.564.777	1.564.777	8.689	2.165	0,48%
Retail exposures - Qualifying revolving - 5	3,22% - 15,08%	B+ ile B-	6,96%	7,17%	790.203	1.020.850	1.020.850	23.686	5.892	2,07%
Retail exposures - Qualifying revolving - 6	15,08% - 33,77%	CCC+ ile CCC-	29,59%	28,30%	276.674	268.323	268.323	40.985	3.544	10,37%
Retail exposures - Qualifying revolving - 7	33,77% - 99,99%	CC	0,00%	0,00%	-	-	-	-	-	22,11%
Retail exposures - Qualifying revolving - 8	100%	D	100,00%	100,00%	9.353	5.786	5.786	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>%2,04</b>	<b>%2,59</b>	<b>6.028.341</b>	<b>7.324.135</b>	<b>7.324.135</b>	<b>77.197</b>	<b>12.037</b>	<b>%2,06</b>

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## 3.3.3.8. IRB: Back-testing of probability of default in each asset class (continued)

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowes Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail exposures - SME - 1	%0 - 0,14	AAA ile A+	%0,10	%0,10	51.674	64.019	20	-	%0,05
Retail exposures - SME - 2	%0,14 - %0,41	A ile A-	%0,23	%0,23	181.813	216.223	169	34	%0,17
Retail exposures - SME - 3	%0,41 - %1,17	BBB+ ile BBB-	%0,71	%0,73	213.267	256.206	606	150	%0,55
Retail exposures - SME - 4	%1,17 - %3,22	BB+ ile BB-	%1,97	%2,09	182.474	206.153	1.592	385	%1,38
Retail exposures - SME - 5	%3,22 - %15,08	B+ ile B-	%6,45	%6,58	129.561	142.315	3.878	762	%3,92
Retail exposures - SME - 6	%15,08 - %33,77	CCC+ ile CCC-	%23,23	%24,56	19.192	20.202	2.535	463	%13,25
Retail exposures - SME - 7	%33,77 - %99,99	CC	%43,51	%45,24	1.083	1.113	146	21	%20,09
Retail exposures - SME - 8	%100	D	%100,00	%100,00	72.159	55.092	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>%5,33</b>	<b>%10,22</b>	<b>851.223</b>	<b>961.323</b>	<b>8.946</b>	<b>1.815</b>	<b>%1,34</b>

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowes Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Diğer Perakende - 1	%0 - 0,14	AAA ile A+	%0,10	%0,10	966.641	1.093.603	222	40	%0,01
Diğer Perakende - 2	%0,14 - %0,41	A ile A-	%0,23	%0,23	1.514.953	1.867.693	1.118	327	%0,05
Diğer Perakende - 3	%0,41 - %1,17	BBB+ ile BBB-	%0,80	%0,80	1.330.222	1.679.385	3.645	2.085	%0,18
Diğer Perakende - 4	%1,17 - %3,22	BB+ ile BB-	%2,36	%2,38	1.160.407	1.375.367	10.318	5.735	%0,53
Diğer Perakende - 5	%3,22 - %15,08	B+ ile B-	%6,98	%7,07	811.750	902.758	26.166	10.789	%1,89
Diğer Perakende - 6	%15,08 - %33,77	CCC+ ile CCC-	%30,72	%30,92	304.738	225.037	50.472	11.452	%10,31
Diğer Perakende - 7	%33,77 - %99,99	CC	%0,00	%0,00	-	-	-	-	%19,00
Diğer Perakende - 8	%100	D	%100,00	%100,00	212.406	191.637	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>%9,30</b>	<b>%6,44</b>	<b>6.301.117</b>	<b>7.335.480</b>	<b>91.941</b>	<b>30.428</b>	<b>%1,90</b>

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowes Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Other Items - 1	-	-	-	-	2	2	-	-	-

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## 3.3.3.9. 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						
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	Expected Losses	
Strong	<2.5 yıl	-	-	163.673	%50	162.226	-	-	1.447	163.673	-	81.837	-	
	≥2.5 yıl	8.516.500	1.641.022	154.458	%70	8.934.533	-	-	67.521	9.002.054	6.193.317	108.121	36.008	
		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	
Good	<2.5 yıl	-	-	-	%70	-	-	-	-	-	-	-	-	
	≥2.5 yıl	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	
<b>Total</b>		<b>74.575.535</b>	<b>13.412.217</b>	<b>833.520</b>		<b>74.220.157</b>	<b>947.129</b>	<b>-</b>	<b>6.305.677</b>	<b>81.472.963</b>	<b>87.971.925</b>	<b>629.761</b>	<b>1.616.485</b>	

Prior Period	Specialised Lendings													
	Besides High-volatility Commercial Real Estates													
	Risk Amount							RWA Amount						
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	Expected Losses	
Strong	<2.5 yıl	-	-	67.332	%50	57.505	-	-	9.828	67.333	-	33.666	-	
	≥2.5 yıl	5.856.274	1.201.537	292.873	%70	6.171.959	-	-	219.613	6.391.572	4.269.089	205.011	25.586	
Good	<2.5 yıl	1.999.003	6.588	78.462	%70	1.545.182	-	-	533.613	2.078.795	1.400.233	54.923	8.315	
	≥2.5 yıl	10.922.217	3.568.399	270.561	%90	14.108.109	94.909	-	-	14.203.018	12.539.212	243.506	114.649	
Satisfactory		33.568.478	2.907.599	1.463	%115	32.926.008	448.825	-	955.497	34.330.330	39.478.197	1.682	961.249	
Weak		5.380.841	116.282	-	%250	5.354.179	50.124	-	-	5.404.303	13.510.757	-	432.344	
Default		-	4.243	-	-	856	-	-	-	856	-	-	428	
<b>Total</b>		<b>57.726.813</b>	<b>7.804.648</b>	<b>710.691</b>		<b>60.163.798</b>	<b>593.858</b>	<b>-</b>	<b>1.718.551</b>	<b>62.476.207</b>	<b>71.197.488</b>	<b>538.788</b>	<b>1.542.571</b>	

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## 3.4. Explanation on Counterparty credit risk

## 3.4.1. Qualitative evaluation for Counterparty Credit Risk

Counterparty Credit Risk (CCR) is organized under Market Risk Management and is functioning within the scope of "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks". These functions include counterparty credit risk calculations within general risk appetite and control process of risk management policies for CCR.

Credit limits under CCR are defined within the scope of internal model method, specified in "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks. -Appendix 2", considering various stress scenarios.

General policies for collaterals and provisions under credit risk management are also valid for CCR. Exposure and collateral values are calculated on a daily basis. In order to mitigate the counterparty credit risk, international framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms.

In case of a downgrade in credit note, the amount of additional collateral the Bank has to provide is calculated periodically under several stress scenarios.

## 3.4.2. Assessment of Counterparty Credit Risk according to the models of measurement

Current Period		Revaluation Cost	Potential credit risk exposure	EEPE <sup>(1)</sup>	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
Prior Period	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
<b>Total</b>							<b>9.103.913</b>

Prior Period		Revaluation Cost	Potential credit risk exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard Approach-CCR	16.242.431	2.003.381	-	1,4	17.738.479	5.825.602
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	2.058.542	889.618
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
<b>Total</b>							<b>6.715.220</b>

<sup>(1)</sup> Effective expected positive exposure

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## 3.4.3. 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	14.730.636	3.881.193	17.738.479	4.583.228
<b>Total amount of CVA capital adequacy</b>	<b>14.730.636</b>	<b>3.881.193</b>	<b>17.738.479</b>	<b>4.583.228</b>

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

Current Period		Risk Weights/Risk Classes										Total credit risk <sup>(1)</sup>
		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	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1.850.855</b>	<b>128.315</b>	<b>6.158.654</b>	<b>-</b>	<b>3.337.251</b>	<b>-</b>	<b>7.360.208</b>	<b>717.930</b>	<b>784.979</b>	<b>-</b>	<b>20.338.192</b>

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

<sup>(1)</sup> Counterparty credit risk is not included in the table.

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## 3.4.5. 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	125.759	0,12%	24	45,00%	1,00	27.684	22,01%
	0,15-0,25	17.104	0,17%	4	45,00%	1,00	3.903	22,82%
	0,25-0,5	556.721	0,33%	83	45,00%	1,54	274.284	49,27%
	0,5-0,75	1.508.874	0,64%	75	45,00%	1,66	1.076.068	71,32%
	0,75-2,5	1.290.668	1,51%	55	45,00%	1,65	1.276.796	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 (temerrüt)	-	0,00%	-	0,00%	-	-	0,00%
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
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 (temerrüt)	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Retail SME Exposures	0-0,15	7.584	%0,12	7	%50,70	0,00	1.153	%15,20
	0,15-0,25	10.882	%0,17	24	%52,65	0,00	2.201	%20,23
	0,25-0,5	11.340	%0,34	20	%48,16	0,00	3.304	%29,14
	0,5-0,75	6.853	%0,60	12	%48,21	0,00	2.782	%40,60
	0,75-2,5	7.963	%1,63	12	%51,20	0,00	5.216	%65,50
	2,5-10	1.538	%3,88	3	%50,48	0,00	1.180	%76,74
	10-100	-	-	-	-	0,00	-	-
	100 (temerrüt)	-	-	-	-	-	-	-
Sub Total		46.160	0,64%	78	50,24%	-	15.836	34,31%
Other Retail Exposures	0-0,15	-	-	-	-	-	-	-
	0,15-0,25	-	-	-	-	-	-	-
	0,25-0,5	-	-	-	-	-	-	-
	0,5-0,75	-	-	-	-	-	-	-
	0,75-2,5	-	-	-	-	-	-	-
	2,5-10	-	-	-	-	-	-	-
	10-100	-	-	-	-	-	-	-
	100 (temerrüt)	-	-	-	-	-	-	-
Sub Total		-	-	-	-	-	-	-
Total (All portfolios)		46.160	0,64%	78	50,24%	-	15.836	34,31%

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## 3.4.5. Counterparty Credit Risk Amounts by Portfolio and PD Ranges (continued)

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

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## 3.4.6. Composition of collateral for CCR exposure

Current Period	Collaterals for Derivatives Transactions				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
1 Cash-domestic currency	-	-	-	-	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	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>23.969.399</b>	<b>27.559.725</b>

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

## 3.4.7 Credit derivatives exposures

Nominal	Current Period		Prior Period	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	38.271.238	-	26.257.676
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
<b>Total Nominal</b>	-	<b>38.271.238</b>	-	<b>26.257.676</b>
Rediscount Amount	-	(2.448.578)	-	(1.264.379)
Positive Rediscount Amount	-	788.608	-	844.603
Negative Rediscount Amount	-	(3.237.186)	-	(2.108.982)

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## 3.4.8. 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)	-	14.162	-	6.062
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3 (i) OTC Derivatives	6.286.969	248.912	469.904	11.899
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	-	-	29	1
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	-	-	-	-
10 Unfunded default fund contributions	-	-	-	-
11 Exposures to non-QCCPs (total)	-	-	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which )	-	-	-	-
13 (i) OTC Derivatives	-	-	-	-
14 (ii) Exchange-traded Derivatives	-	-	-	-
15 (iii) Securities financing transactions	-	-	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
17 Segregated initial margin	-	-	-	-
18 Non-segregated initial margin	-	-	-	-
19 Pre-funded default fund contributions	-	-	-	-
20 Unfunded default fund contributions	-	-	-	-

## 3.5. Securitisations

None.

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## 3.6 Explanations on Market Risk

## 3.6.1. Qualitative disclosure on market risk

Market Risk Management department monitors the interest rate, exchange rate, stock, commodity and credit spread risks arising from the main financial activities of the Bank on a daily basis and measures the probability of loss that may arise from the related risks by using internal model. Risks measured are regularly reported to the business units, their compliance with the Bank's risk appetite is monitored and impacts on capital requirement are analyzed. By taking into account the distinction between banking and trading portfolios, analyses and measurements enable Market Risk Management to determine specific limits on sub-portfolio / product levels.

Market risks that the Bank is exposed to are assessed and managed by a triple structure consisting of Treasury, Financial Planning and Market Risk Management Units. The Board of Directors, the Executive Committee and the Audit Committee have primary responsibility for management of such risks. Both Top management and the sub-units are responsible for managing the risks taking into account constraints and targets such as Bank's interest rate sensitivity, liquidity constraints, funding sources, budget targets, medium and long-term capital planning and profitability of the products in operation.

Models, strategies and processes that are accurate and integrated in accordance with risks the Bank is or may be exposed to have been established. Automated reporting and validation activities are carried out for effective analysis, monitoring and control mechanisms. Risk management infrastructure integrated with day-to-day activities enabling monitor and measurement independently from executive activities; and supports business and decision-making processes has been established. Policies, processes, targets, roles / responsibilities, and regular trainings are the main elements of the Bank's dissemination of risk culture and awareness. Systems and structures compatible with international best practices and in line with the risk appetite are available for risk management.

The Bank implements internal policies and procedures that are reviewed and approved at least once a year by the Board of Directors in order to manage market risks arising from on and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Bank; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

Market Risk Management organization consists of 4 sub-units; Market Risk Analysis, Asset-Liability Management and Affiliates Coordination, Counterparty Risk and Collateral Management and Risk Methodologies and Market Data Analysis units.

Market Risk Analysis unit; carry out the activities such as measuring and setting limits for risks arising from Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement using advanced internal methods (Value at Risk, Base Point Value Sensitivity etc.), complying policies and procedures with new regulations and best practices, product-based risk analysis, developing risk measurement and valuation techniques and applying stress tests.

Asset Liability Management and Subsidiaries Coordination unit; enables the Bank to measure the liquidity risk, manage the structural interest rate exposure, manage the protection procedures and the protection accounting processes used to reduce the risk of re-pricing. Follows the concentration of the Bank's funding side. Also paves the way for implementation of Bank-side risk applications and risk culture in the Bank's subsidiaries, plays an active role in risk appetite determination and coordination processes.

Counterparty Risk and Collateral Management Unit calculates the exposures of over the counter (OTC) derivative transactions via internal model method and manages the inclusion of these exposures into the monitoring and the credit underwriting processes.

The Risk Methodologies and Market Data Analysis unit provides unbiased management of all market data related to treasury products under the risk management framework. The unit is responsible for the verification of fair values, and transfer of related data sources to the banking system.

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## 3.6.2. Market risk under standardised approach

	Current Period	Prior Period
	Risk Weighted Asset	Risk Weighted Asset
<b>Outright products</b>	<b>13.080.255</b>	<b>5.299.883</b>
1 Interest rate risk (general and specific)	2.852.682	1.636.497
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	10.170.048	3.576.136
4 Commodity risk	57.525	87.250
<b>Options</b>	<b>635.050</b>	<b>780.475</b>
5 Simplified approach	-	-
6 Delta-plus method	635.050	780.475
7 Scenario approach	-	-
8 Securitisation	-	-
<b>Total</b>	<b>13.715.305</b>	<b>6.080.358</b>

## 3.7. Explanations on Operational Risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2021, 2020 and 2019 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 29511 dated October 23, 2015, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2022, the total amount subject to operational risk is TL 42.578.789 (December 31, 2021 - TL 34.598.266) and the amount of the related capital requirement is TL 3.406.303 (December 31, 2021 - TL 2.767.861).

Current Period	2 Prior Period Value		Current Period value	Total / Total number of		Rate (%)	Total
		1 Prior Period Value		years for			
Gross Income	16.147.244	22.290.957	29.687.861	22.708.687	%15		3.406.303
Amount subject to operational risk (Total*12,5)							42.578.789

Prior Period	2 Prior Period Value		Current Period value	Total / Total number of		Rate (%)	Total
		1 Prior Period Value		years for			
Gross Income	16.919.024	16.147.244	22.290.957	18.452.408	%15		2.767.861
Amount subject to operational risk (Total*12,5)							34.598.266



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## 3.8. Banking book interest rate risk

Interest rate risk means possible losses on financial structure or equity of the Bank by movements in interest rates. Changes in interest rates affect the Bank's earnings by changing the level of net interest incomes, other interest sensitive incomes and operating expenses. The change in interest rates also affects the underlying values of the Bank's assets for active, passive and off-balance sheet items by changing the economic values of future cash flows (and in some cases, the cash flows themselves).

Interest rate risk has three main reasons:

- Repricing Risk: It is caused by the inconsistency in pricing of active and passive items.
- Yield Curve Risk: It results from the variation of the curve and shape of the yield curve.
- Basis Risk: It's due to the low correlation of the earned and paid interest yields of different financial instruments with peer revaluation structure.

The customer's prepayment risk (option risk) is indirectly taken into account in managing and following the interest rate risk by following a specific risk protection rate.

Within the scope of the interest rate risk arising from banking accounts, the core deposit analysis for demand deposits is carried out according to the maximum maturity structure of the same regulation. In core deposit analysis, it is possible to distribute demand deposits up to three times using behavioral models reviewed once a year. In addition, Consumer Price Index bonds model and early payment model in real estate and consumer loans are also considered in the calculation of interest rate risk.

Interest rate risk is monitored weekly through internal reports and reports made to the Executive Board on a monthly basis.

In accordance with the "Regulation on Measurement and Evaluation of the Interest Rate on Banking Accounts by Standard Shock Method", the economic value differences arising from fluctuations in interest rates are stated in the table below as of December 31, 2022, based on the significant currencies of the Bank.

Currency	Applied shock (+/- x basis points)	Current Period		Prior Period	
		Gains/Losses	Gains/SE-Losses/SE	Gains/Losses	Gains/SE-Losses/SE
TRY	(+)500 bp	(6.479.005)	(4,42)%	(3.565.705)	(4,42)%
TRY	(-)400 bp	6.097.199	4,16%	3.206.811	4,01%
EUR	(+)200 bp	764.516	0,52%	(310.186)	(0,39)%
EUR	(-)200 bp	(754.817)	0,51%	358.834	0,45%
USD	(+)200 bp	(3.930.975)	2,68)%	(1.871.143)	(2,34)%
USD	(-)200 bp	4.983.463	3,40)%	2.633.830	3,30)%
Total (For negative shocks)		10.325.845	7,04)%	6.199.475	7,76)%
Total (For positive shocks)		(9.645.464)	(6,57)%	(5.747.034)	(7,19)%

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## 4. 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 10.

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:	18,6983	19,9349
First day current bid rate	18,6966	19,8816
Second day current bid rate	18,6964	19,8946
Third day current bid rate	18,6813	19,9087
Fourth day current bid rate	18,6649	19,8324
Fifth day current bid rate	18,6592	19,8044
Arithmetic average of the last 31 days:	18,6370	19,7164
Balance sheet evaluation rate as of prior period:	12,9775	14,6823

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## Information related to financial position of the Bank

Current Period	EUR	USD	OTHER FC <sup>(4)</sup>	Total
<b>Assets</b>				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	35.504.139	55.728.838	16.927.119	108.160.096
Banks	5.049.387	16.689.375	363.832	22.102.594
Financial assets measured at fair value through profit or loss	38.583	1.494.979	-	1.533.562
Money market placements	-	-	-	-
Financial assets measured at fair value through other comprehensive income	1.868.067	15.119.621	205	16.987.893
Loans <sup>(1)</sup>	70.403.544	83.489.925	6.047.429	159.940.898
Investments in associates, subsidiaries and joint ventures	9.355.245	1.062.069	2.871.962	13.289.276
Financial assets measured at amortised cost	4.998.277	61.853.856	-	66.852.133
Hedging derivative financial assets	792.649	2.907.278	-	3.699.927
Tangible assets	-	-	-	-
Intangible assets	-	-	-	-
Other assets <sup>(2)</sup>	6.827.517	21.048.875	4.112.840	31.989.232
<b>Total assets</b>	<b>134.837.408</b>	<b>259.394.816</b>	<b>30.323.387</b>	<b>424.555.611</b>
<b>Liabilities</b>				
Bank deposits	673.103	786.133	329.653	1.788.889
Foreign currency deposits	90.768.993	153.052.031	39.734.580	283.555.604
Funds from money market	4.533.259	2.866.964	-	7.400.223
Funds borrowed from other financial institutions	28.466.318	39.804.804	2	68.271.124
Marketable securities issued	710.345	27.849.019	3.908.106	32.467.470
Miscellaneous payables	4.132.569	880.955	51.979	5.065.503
Hedging derivative financial liabilities	-	-	-	-
Other liabilities <sup>(3)</sup>	5.891.036	81.102.012	23.058	87.016.106
<b>Total liabilities</b>	<b>135.175.623</b>	<b>306.341.918</b>	<b>44.047.378</b>	<b>485.564.919</b>
Net on-balance sheet position	(338.215)	(46.947.102)	(13.723.991)	(61.009.308)
Net off-balance sheet position <sup>(5)</sup>	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
<b>Net Position</b>	<b>641.397</b>	<b>(9.656.637)</b>	<b>2.928.101</b>	<b>(6.087.139)</b>
Non-cash loans	68.264.361	65.819.518	9.487.407	143.571.286
<b>Prior Period</b>				
Total assets	127.107.231	217.103.318	16.676.138	360.886.687
Total liabilities	114.883.876	279.151.713	26.617.461	420.653.050
Net on-balance sheet position	12.223.355	(62.048.395)	(9.941.323)	(59.766.363)
Net off-balance sheet position	(10.660.274)	61.558.734	11.969.789	62.868.249
Financial derivative assets	14.368.163	86.627.947	17.176.405	118.172.515
Financial derivative liabilities	25.028.437	25.069.213	5.206.616	55.304.266
<b>Net Position</b>	<b>1.563.081</b>	<b>(489.661)</b>	<b>2.028.466</b>	<b>3.101.886</b>
Non-cash loans	55.144.392	57.797.998	6.581.082	119.523.472

<sup>(1)</sup> Includes FX indexed loans amounting to TL 166.285 (December 31, 2021 - TL 320.109) which have been disclosed as TL in the financial statements.<sup>(2)</sup> Does not include foreign currency prepaid expenses amounting to TL 1.036.303 (December 31, 2021 - TL 444.304).<sup>(3)</sup> Does not include foreign currency other comprehensive income and expense under equity.<sup>(4)</sup> Other FC column includes also gold balance.<sup>(5)</sup> Forward transactions classified as commitments are also included.

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## Currency risk sensitivity analysis:

The table below represents the sensitivity of the Bank to 15% change of currency exchange rates (USD and EUR). 15% change is the assumption of parity change that may be faced according to the Bank's stress test scenarios.

Change in currency exchange rates	Current Period	Prior Period
	Equity and Profit/loss effect <sup>(1)</sup>	Equity and Profit/loss effect <sup>(1)</sup>
(+) 15%	1.593.635	436.669
(-) 15%	(596.848)	(200.224)

## 5. 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.

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## 5.1. 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
<b>Assets</b>							
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 <sup>(1)</sup>	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
<b>Total assets</b>	<b>190.290.383</b>	<b>160.669.756</b>	<b>237.734.578</b>	<b>166.563.972</b>	<b>101.633.789</b>	<b>251.201.115</b>	<b>1.108.093.593</b>
<b>Liabilities</b>							
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 <sup>(2)</sup>	13.383.237	39.873.508	10.105.754	25.280.384	3.614.406	154.490.746	246.748.035
<b>Total liabilities</b>	<b>318.240.999</b>	<b>204.465.227</b>	<b>83.169.976</b>	<b>26.929.006</b>	<b>3.762.080</b>	<b>471.526.305</b>	<b>1.108.093.593</b>
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)
<b>Total position</b>	<b>(106.051.512)</b>	<b>(2.242.064)</b>	<b>135.761.644</b>	<b>105.942.899</b>	<b>87.487.158</b>	<b>(220.325.190)</b>	<b>572.935</b>

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Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	68.178.110	-	-	-	-	48.010.456	116.188.566
Banks	5.602.134	732.023	-	-	-	19.271.609	25.605.766
Financial assets measured at fair value through profit or loss	-	489.206	5.683	58.396	139.374	518.127	1.210.786
Receivables from money markets	1.809.366	-	-	-	-	-	1.809.366
Financial assets measured at fair value through other comprehensive income	4.910.379	8.509.892	13.328.397	3.636.480	4.101.999	22.553	34.509.700
Loans <sup>(1)</sup>	58.261.264	52.653.416	150.581.894	106.139.104	20.480.008	(10.347.595)	377.768.091
Financial assets measured at amortised cost	20.256.530	10.834.713	12.873.962	8.883.497	39.026.798	-	91.875.500
Other assets	5.369.048	7.907.524	2.714.168	5.708.196	329.298	65.773.757	87.801.991
<b>Total assets</b>	<b>164.386.831</b>	<b>81.126.774</b>	<b>179.504.104</b>	<b>124.425.673</b>	<b>64.077.477</b>	<b>123.248.907</b>	<b>736.769.766</b>
<b>Liabilities</b>							
Bank deposits	2.782.718	823.611	1.736.802	11.573	-	2.764.181	8.118.885
Other deposits	187.039.765	32.753.294	4.662.820	54.620	-	168.466.032	392.976.531
Funds from money market	48.560.168	3.315.191	1.032.918	-	-	-	52.908.277
Miscellaneous payables	-	-	-	-	-	25.172.406	25.172.406
Marketable securities issued	2.832.011	16.258.438	15.163.293	-	-	-	34.253.742
Funds borrowed from other financial institutions	3.977.880	41.982.748	11.617.423	2.585.498	960.619	-	61.124.168
Other liabilities <sup>(2)</sup>	4.883.941	30.506.219	13.935.249	31.847.398	3.401.689	77.641.261	162.215.757
<b>Total liabilities</b>	<b>250.076.483</b>	<b>125.639.501</b>	<b>48.148.505</b>	<b>34.499.089</b>	<b>4.362.308</b>	<b>274.043.880</b>	<b>736.769.766</b>
Balance sheet long position	-	-	131.355.599	89.926.584	59.715.169	-	280.997.352
Balance sheet short position	(85.689.652)	(44.512.727)	-	-	-	(150.794.973)	(280.997.352)
Off-balance sheet long position	18.785.986	43.077.879	-	-	-	-	61.863.865
Off-balance sheet short position	-	-	(6.512.770)	(44.264.388)	(8.012.207)	-	(58.789.365)
<b>Total position</b>	<b>(66.903.666)</b>	<b>(1.434.848)</b>	<b>124.842.829</b>	<b>45.662.196</b>	<b>51.702.962</b>	<b>(150.794.973)</b>	<b>3.074.500</b>

<sup>(1)</sup> Non-performing loans are shown in net Non-Interest Bearing loss column after being offset by expected loss provisions.<sup>(2)</sup> Shareholders' equity is presented under "Non interest bearing".

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## 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.

	EUR	USD	Yen	TL
Current Period	%	%	%	%
<b>Assets</b>				
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
<b>Liabilities</b>				
Bank deposits <sup>(1)</sup>	-	3,05	-	8,63
Other deposits <sup>(1)</sup>	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

	EUR	USD	Yen	TL
Prior Period	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	-	-	-	8,89
Banks	-	-	-	13,72
Financial assets measured at fair value through profit or loss	3,87	3,43	-	15,57
Receivables from money markets	-	-	-	12,31
Financial assets measured at fair value through other comprehensive income	3,32	6,31	-	28,85
Loans	4,63	5,76	-	19,26
Financial assets measured at amortised cost	4,33	6,28	-	30,36
<b>Liabilities</b>				
Bank deposits <sup>(1)</sup>	-	-	-	16,08
Other deposits <sup>(1)</sup>	0,08	0,34	-	10,30
Funds from money market	1,01	-	-	11,92
Miscellaneous payables	-	-	-	-
Marketable securities issued	5,00	6,46	-	17,39
Funds borrowed from other financial institutions	1,84	2,47	-	15,52

<sup>(1)</sup> Demand deposit balances are included in average interest rate calculation.

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## 6. Explanation on share certificates position risk from banking book:

None.

## 7. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio:

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

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

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

Both short-term liquidity and 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 solo 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 BRSB best practice documents on liquidity risk management. The abovementioned policies and the thresholds (limits etc.) covered within liquidity risk management framework are updated and approved at least annually.

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Funding sources of the Bank mainly consist of deposits which constitute 61% (December 31, 2021 - 54%) of total liabilities of the Bank and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated 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 the Bank LCR, the Net Stable Funding Rate (NSFR), which is considered another complementary element and provides another important medium/long-term liquidity risk measurement, has also measures internally. These two metrics are also included within the Risk Appetite Indicators and closely monitored at the Bank.

High quality liquid assets mentioned in LCR calculation consist of cash, effective money, Central Bank of the Republic of Turkey ("CBRT") accounts and reserves and 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.

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

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

Current Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets				
High Quality Liquid Assets			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
			Üst Sınır Uygulanmış Değerler	
Total High Quality Liquid Assets			266.153.547	124.356.546
Total Net Cash Outflows			175.395.332	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 current period are explained in the table below.

Current 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

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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			136.485.080	99.885.177
Cash Outflows			-	-
Retail and Small Business Customers Deposits	220.705.866	133.656.287	20.365.454	13.365.440
Stable deposits	34.102.642	3.765	1.705.132	188
Less stable deposits	186.603.224	133.652.522	18.660.322	13.365.252
Unsecured Funding other than Retail and Small Business Customers Deposits	153.105.835	88.096.833	79.489.818	41.963.108
Operational deposits	-	-	-	-
Non-Operational deposits	126.082.010	80.972.601	57.494.820	34.838.876
Other Unsecured funding	27.023.825	7.124.232	21.994.998	7.124.232
Secured funding	-	-	-	-
Other Cash Outflows	2.325.090	2.325.090	2.325.090	2.325.090
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.325.090	2.325.090	2.325.090	2.325.090
Debts related to the structured financial products	-	-	-	-
Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	145.973.206	105.434.274	7.298.660	5.271.714
Other irrevocable or conditionally revocable commitments	124.959.351	25.778.514	10.966.152	3.779.047
Total Cash Outflows			120.445.174	66.704.399
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	44.041.465	26.253.757	34.926.930	23.707.262
Other Contractual Cash Inflows	1.531.161	30.960.674	1.531.161	30.960.674
Total Cash Inflows	45.572.626	57.214.431	36.458.091	54.667.936
			Capped Amounts	
Total High Quality Liquid Assets			136.485.080	99.885.177
Total Net Cash Outflows			83.987.084	16.676.100
Liquidity Coverage Ratio (%)			162,51	598,97

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

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

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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
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	81.899.147	61.996.983	-	-	-	-	-	143.896.130
Banks	20.587.586	4.302.402	1.515.978	-	-	-	-	26.405.966
Financial assets measured at fair value through profit or loss	31.895	-	5.558	20.156	127.463	992.290	388.095	1.565.457
Receivables from money markets	-	2.461.599	-	-	-	-	-	2.461.599
Financial assets measured at fair value through other comprehensive income	-	71.082	58.791	9.571.529	36.678.346	30.857.630	106.375	77.343.753
Loans <sup>(1)</sup>	-	112.601.750	96.338.323	191.510.706	148.419.759	36.510.677	(14.934.044)	570.447.171
Financial assets measured at amortised cost	-	48.457	512.678	6.373.614	65.472.991	90.892.858	-	163.300.598
Other assets	46.077.408	621.494	1.604.599	3.325.242	8.968.480	4.037.376	58.038.320	122.672.919
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
<b>Liabilities</b>								
Bank deposits	1.236.609	2.616.798	2.582.968	3.914.800	47.571	-	-	10.398.746
Other deposits	273.321.940	253.255.745	115.690.393	20.076.279	22.215	-	-	662.366.572
Funds borrowed from other financial institutions	-	7.735.757	13.716.151	44.378.119	3.830.605	387.788	-	70.048.420
Funds from money market	-	30.029.851	5.484.635	-	-	-	-	35.514.486
Marketable securities issued	-	1.854.351	13.607.653	5.762.030	19.316.290	-	-	40.540.324
Miscellaneous payables	343.710	40.319.934	307.431	-	-	-	1.505.935	42.477.010
Other liabilities <sup>(2)</sup>	11.551.731	12.070.970	7.145.187	15.708.120	40.006.246	27.641.406	132.624.375	246.748.035
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)	-
<b>Net Off-Balance Sheet Position</b>								
Derivative Financial Assets	-	323.517	(461.678)	(2.326.522)	199.329	2.838.289	-	572.935
Derivative Financial Liabilities	-	107.816.647	96.510.990	54.588.952	101.477.240	71.544.105	-	431.937.934
Non-Cash Loans	-	8.854.872	25.285.755	110.013.625	31.860.733	12.551.216	54.982.270	243.548.471
<b>Prior Period</b>								
Total assets	92.243.728	121.576.905	51.493.462	136.487.443	186.167.987	102.689.977	46.110.264	736.769.766
Total liabilities	176.846.120	271.440.081	52.976.942	69.845.769	75.890.004	22.102.925	67.667.925	736.769.766
Liquidity gap	(84.602.392)	(149.863.176)	(1.483.480)	66.641.674	110.277.983	80.587.052	(21.557.661)	-
Net Off-Balance Sheet Position	-	817.417	1.622.181	215.922	(1.779.131)	2.198.111	-	3.074.500
Derivative Financial Assets	-	71.498.710	76.638.255	33.775.655	86.096.221	61.842.290	-	329.851.131
Derivative Financial Liabilities	-	70.681.293	75.016.074	33.559.733	87.875.352	59.644.179	-	326.776.631
Non-Cash Loans	-	6.575.353	20.152.112	65.509.217	22.666.058	9.226.391	36.490.608	160.619.739

<sup>(1)</sup> Non-performing loans are presented in the "Unclassified" column after being offset against expected loss provisions.<sup>(2)</sup> Shareholders' equity is presented under the "Other liabilities" item in the "Unclassified" column.

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**Breakdown of financial liabilities according to their remaining contractual maturities:**

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

Current Period <sup>(1)</sup>	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Liabilities</b>						
Deposits	533.996.220	122.511.971	26.042.491	72.797	-	682.623.479
Borrowings	7.883.100	14.347.407	46.646.325	5.018.971	450.651	74.346.454
Financial liabilities measured at fair value through profit or loss	735.241	1.498.167	5.498.769	31.525.794	17.827.441	57.085.412
Funds from money market	30.071.838	5.602.867	-	-	-	35.674.705
Subordinated debts	12.222.546	121.714	6.703.541	16.817.742	12.985.673	48.851.216
Marketable securities issued (Net)	1.871.478	13.764.553	6.235.755	19.718.039	-	41.589.825
<b>Total</b>	<b>586.780.423</b>	<b>157.846.679</b>	<b>91.126.881</b>	<b>73.153.343</b>	<b>31.263.765</b>	<b>940.171.091</b>
Prior Period <sup>(1)</sup>	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Liabilities</b>						
Deposits	362.137.154	34.160.461	6.575.666	68.335	-	402.941.616
Borrowings	4.023.221	3.569.472	42.444.460	13.004.330	732.655	63.774.138
Financial liabilities measured at fair value through profit or loss	-	388.705	2.467.767	21.511.330	15.299.094	39.666.896
Funds from money market	48.689.495	17.964	1.682.050	2.670.754	-	53.060.263
Subordinated debts	840.699	175.471	13.925.427	24.296.937	9.946.031	49.184.565
Marketable securities issued (Net)	1.337.350	9.185.836	4.087.491	20.410.401	147.793	35.168.871
<b>Total</b>	<b>417.027.919</b>	<b>47.497.909</b>	<b>71.182.861</b>	<b>81.962.087</b>	<b>26.125.573</b>	<b>643.796.349</b>

<sup>(1)</sup> Maturities of non-cash loans are described in Note 3 of Section 5.

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**8. Explanations on leverage ratio:**

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

	Current Period <sup>(1)</sup>	Prior Period <sup>(1)</sup>
<b>On-Balance sheet exposures</b>		
On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	1.082.697.707	671.365.097
(Asset amounts deducted in determining Tier 1 capital)	(8.560.613)	(6.219.615)
<b>Total on-Balance sheet exposures</b>	<b>1.074.137.094</b>	<b>665.145.482</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	11.847.994	14.111.211
Potential credit risk of derivative financial instruments and credit derivatives	4.486.744	2.628.177
<b>Total derivative financial instruments and credit derivatives exposure</b>	<b>16.334.738</b>	<b>16.739.388</b>
<b>Securities financing transaction exposure</b>		
Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	1.425.925	681.361
Agent transaction exposures	-	-
<b>Total securities financing transaction exposures</b>	<b>1.425.925</b>	<b>681.361</b>
<b>Off-balance sheet items</b>		
Off-balance sheet exposure at gross notional amount	543.644.296	296.934.657
(Adjustments for conversion to credit equivalent amounts)	(46.862.850)	(21.077.112)
<b>Total risk of off-balance sheet items</b>	<b>496.781.446</b>	<b>275.857.545</b>
<b>Capital and total exposure</b>		
Tier 1 capital	129.253.872	64.427.583
<b>Total exposures</b>	<b>1.588.679.203</b>	<b>958.423.776</b>
<b>Leverage ratio (%)</b>	<b>8,13</b>	<b>6,76</b>

<sup>(1)</sup> The arithmetic average of the last three months in the related periods.

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## 9. Explanations on the presentation of financial assets and liabilities at fair values:

The following table summarizes the carrying values and fair values of some financial assets and liabilities of the Bank. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Book Value		Fair value	
	Current Period	Prior Period	Current Period	Prior Period
<b>Financial Assets</b>	<b>875.626.243</b>	<b>560.801.820</b>	<b>895.910.485</b>	<b>554.840.752</b>
Due from money market	2.461.599	1.809.366	2.461.599	1.809.366
Banks	26.405.966	25.605.766	26.404.761	25.603.336
Financial assets at fair value through other comprehensive income	77.343.753	34.509.700	77.343.753	34.509.700
Financial assets measured at amortised cost	163.300.598	91.875.500	187.443.110	93.993.601
Loans	606.114.327	407.001.488	602.257.262	398.924.749
<b>Financial Liabilities</b>	<b>902.458.963</b>	<b>586.881.963</b>	<b>902.395.467</b>	<b>586.414.838</b>
Bank deposits	10.398.746	8.118.885	10.397.850	8.009.413
Other deposits	662.366.572	392.976.531	662.839.255	393.012.158
Borrowings	70.048.420	61.124.168	70.784.443	60.326.164
Financial liabilities measured at fair value through profit or loss	37.239.659	25.794.232	37.239.659	25.794.232
Subordinated debts	39.388.232	39.441.999	40.684.977	42.248.368
Marketable securities issued	40.540.324	34.253.742	37.972.273	31.852.097
Miscellaneous payables	42.477.010	25.172.406	42.477.010	25.172.406

The fair values of deposits, banks, securities issued and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

TFRS 13, "Fair Value Measurement", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

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According to these classification principles stated, the Bank's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	397.124	1.168.333	-	1.565.457
Financial assets measured at fair value through other comprehensive income	75.469.445	1.767.933	-	77.237.378
Derivative financial assets	-	18.557.191	-	18.557.191
<b>Total assets</b>	<b>75.866.569</b>	<b>21.493.457</b>	<b>-</b>	<b>97.360.026</b>
Financial liabilities measured at fair value through profit or loss	-	37.239.659	-	37.239.659
Derivative financial liabilities	-	13.774.007	-	13.774.007
<b>Total liabilities</b>	<b>-</b>	<b>51.013.666</b>	<b>-</b>	<b>51.013.666</b>
Prior Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	211.114	771.226	228.446	1.210.786
Financial assets measured at fair value through other comprehensive income	33.651.122	836.025	-	34.487.147
Derivative financial assets	-	22.028.234	-	22.028.234
<b>Total assets</b>	<b>33.862.236</b>	<b>23.635.485</b>	<b>228.446</b>	<b>57.726.167</b>
Financial liabilities measured at fair value through profit or loss	-	25.794.232	-	25.794.232
Derivative financial liabilities	-	18.032.048	-	18.032.048
<b>Total liabilities</b>	<b>-</b>	<b>43.826.280</b>	<b>-</b>	<b>43.826.280</b>

The Bank classify its buildings carried at their fair value within property and equipment under level 3.



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## 10. 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 as at December 31, 2022 of these hedging instruments are presented in the table below:

Hedging instrument	Current Period			Prior Period		
	Notional <sup>(1)</sup>	Asset	Liability	Notional <sup>(1)</sup>	Asset	Liability
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	58.891.229	7.357.997	32.350	55.477.585	3.532.488	683.193
Interest rate swap / Cross currency interest rate swap (FVH)	1.664.564	-	1.380.313	1.225.972	-	988.874
<b>Total</b>	<b>60.555.793</b>	<b>7.357.997</b>	<b>1.412.663</b>	<b>56.703.557</b>	<b>3.532.488</b>	<b>1.672.067</b>

<sup>(1)</sup> Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 59.161.370 (December 31, 2021 - TL 55.747.727) the total notional of derivative financial assets amounting to TL 119.717.163 (December 31, 2021 - TL 112.451.284) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

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## 10.1. 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 <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/ losses) <sup>(3)</sup>
				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	(10.461)	-	1.380.313	(23.015)
Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/ losses) <sup>(3)</sup>
				Asset	Liability	
Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	12.554	-	988.874	10.081

<sup>(1)</sup> 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.

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

<sup>(3)</sup> The ineffective portion of the mentioned hedging transaction is TL 9.054 loss (December 31, 2021 - TL 35.632 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 or loss accounts within the remaining maturity. In addition if the hedging instrument is sold or closed before its maturity, the amount of the fair value adjustments of the hedged items are amortized to profit or loss accounts with the straight line method within the remaining maturity.

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**10.2. 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 <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Active	Passive		
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	7.357.997	32.350	5.379.550	3.046.675

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 <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Active	Passive		
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	3.532.488	683.193	2.332.875	3.309.704

<sup>(1)</sup> Includes deferred tax impact.

<sup>(2)</sup> Includes tax and foreign exchange differences.

<sup>(3)</sup> The ineffective portion of the mentioned hedging transaction is TL 358.721 gain (December 31, 2021 - TL 228.112 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.

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**10.3. 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 December 31, 2022 is EUR 469 million (December 31, 2021 - EUR 495 million).

**11. 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.

**12. 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	20.936.911	6.562.696	18.276.595	57.790.941	103.567.143
Operating expenses	(15.442.780)	(4.982.023)	(7.397.186)	(10.584.552)	(38.406.541)
Net operating income / (expense)	5.494.131	1.580.673	10.879.409	47.206.389	65.160.602
Dividend income <sup>(1)</sup>	-	-	-	49.988	49.988
Income/(loss) from investments accounted based on equity method <sup>(1)</sup>	-	-	-	3.102.944	3.102.944
Profit before tax	5.494.131	1.580.673	10.879.409	50.359.321	68.313.534
Tax provision expense <sup>(1)</sup>	-	-	-	(15.568.845)	(15.568.845)
Net period income	5.494.131	1.580.673	10.879.409	34.790.476	52.744.689
Net profit	5.494.131	1.580.673	10.879.409	34.790.476	52.744.689
Segment asset	218.433.296	136.525.915	196.590.142	535.695.783	1.087.245.136
Investments in associates, subsidiaries and joint ventures	-	-	-	20.848.457	20.848.457
Total assets	218.433.296	136.525.915	196.590.142	556.544.240	1.108.093.593
Segment liabilities	406.396.874	91.213.313	164.104.986	320.122.030	981.837.203
Shareholders' equity	-	-	-	126.256.390	126.256.390
Total liabilities	406.396.874	91.213.313	164.104.986	446.378.420	1.108.093.593
Prior Period	Retail banking	Corporate, banking	Commercial and SME banking	Treasury, asset-liability management and other	Total operations of the Bank
Operating revenue	9.800.572	2.987.865	7.186.192	12.272.579	32.247.208
Operating expenses	(7.353.332)	(3.219.209)	(4.673.253)	(4.812.067)	(20.057.861)
Net operating income / (expense)	2.447.240	(231.344)	2.512.939	7.460.512	12.189.347
Dividend income <sup>(1)</sup>	-	-	-	3.281	3.281
Income/(loss) from investments accounted based on equity method <sup>(1)</sup>	-	-	-	1.293.066	1.293.066
Profit before tax	2.447.240	(231.344)	2.512.939	8.756.859	13.485.694
Tax provision expense <sup>(1)</sup>	-	-	-	(2.995.936)	(2.995.936)
Net period income	2.447.240	(231.344)	2.512.939	5.760.923	10.489.758
Net profit	2.447.240	(231.344)	2.512.939	5.760.923	10.489.758
Segment asset	124.175.913	117.006.139	141.408.200	338.972.405	721.562.657
Investments in associates, subsidiaries and joint ventures	-	-	-	15.207.109	15.207.109
Total assets	124.175.913	117.006.139	141.408.200	354.179.514	736.769.766
Segment liabilities	254.056.183	67.134.745	97.106.314	254.988.346	673.285.588
Shareholders' equity	-	-	-	63.484.178	63.484.178
Total liabilities	254.056.183	67.134.745	97.106.314	318.472.524	736.769.766

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

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13. Explanations on fees for services received from independent auditor <sup>(1)</sup>:

Pursuant to decision of POA dated March 26, 2021 and numbered 660, fees for services received from independent auditor are presented below:

	Current Period	Prior Period
Independent audit fee	18.405	7.350
Tax advisory services fee	549	-
Other assurance services fee	1.696	884
Total <sup>(2)</sup>	20.650	8.234

<sup>(1)</sup> Value added tax (VAT) excluded amounts are presented.<sup>(2)</sup> Relevant amounts are presented on a consolidated basis, including domestic and foreign subsidiaries of the Bank.

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## 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	2.606.269	10.318.674	1.906.025	10.851.295
The CBRT <sup>(1)</sup>	33.129.765	97.841.163	20.761.039	82.670.116
Other	-	259	-	91
<b>Total</b>	<b>35.736.034</b>	<b>108.160.096</b>	<b>22.667.064</b>	<b>93.521.502</b>

<sup>(1)</sup> The balance of gold amounting to TL 14.779.986 is accounted for under the Central Bank foreign currency account (December 31, 2021 - TL 8.606.660).

## 1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1)</sup>	33.129.765	35.844.180	18.760.345	31.597.785
Time unrestricted amount	-	-	2.000.694	-
Time restricted amount	-	2.990.650	-	2.936.460
Reserve requirement <sup>(2)</sup>	-	59.006.333	-	48.135.871
<b>Total</b>	<b>33.129.765</b>	<b>97.841.163</b>	<b>20.761.039</b>	<b>82.670.116</b>

<sup>(1)</sup> 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.<sup>(2)</sup> The Bank keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2013/15, "Decree on Reserve Deposits."

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

The Bank has financial assets measured at fair value through profit or loss subject to repo transactions and given as collateral/blocked amounts to TL 780.236 (December 31, 2021 - TL 486.010).

## 1.3. Information on derivative financial assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	1.034.624	3.889	1.233.837	4.633
Swap transactions	5.262.254	3.702.838	14.696.950	2.374.437
Futures transactions	23.185	-	22.123	-
Options	279.107	893.297	94.587	69.179
Other	-	-	-	-
<b>Total</b>	<b>6.599.170</b>	<b>4.600.024</b>	<b>16.047.497</b>	<b>2.448.249</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges <sup>(1)</sup>	-	-	-	-
Cash flow hedges <sup>(1)</sup>	3.658.070	3.699.927	3.486.396	46.092
Hedges for investments made in foreign countries	-	-	-	-
<b>Total</b>	<b>3.658.070</b>	<b>3.699.927</b>	<b>3.486.396</b>	<b>46.092</b>

<sup>(1)</sup> Explained in Note 10 of section 4.

## 1.4. Information on banks

## 1.4.1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	4.303.372	13.446	5.603.000	6.590
Foreign	-	22.089.148	-	19.996.176
Head quarters and branches abroad	-	-	-	-
<b>Total</b>	<b>4.303.372</b>	<b>22.102.594</b>	<b>5.603.000</b>	<b>20.002.766</b>

## 1.4.2. Information on foreign banks account

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	4.883.436	981.527	-	-
USA, Canada	15.355.178	18.197.385	1.515.978	732.093
OECD countries <sup>(1)</sup>	34.545	29.518	-	-
Off-shore banking regions	1.556	543	-	-
Other	298.455	55.110	-	-
<b>Total</b>	<b>20.573.170</b>	<b>19.264.083</b>	<b>1.515.978</b>	<b>732.093</b>

<sup>(1)</sup> OECD countries except EU countries, USA and Canada.

## 1.4.3. Information on money markets receivables

As of December 31, 2022 a total of TL 2.461.599 money markets transactions with domestic banks are included in the money market receivables (December 31, 2021 - TL 1.809.366).

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

As of December 31, 2022 financial assets measured at fair value through other comprehensive income given as repo transactions amounts to TL 827.520 (31 December 2021 - TL 11.993.150). The securities, subject to collateral/blocked are TL 28.421.698 (December 31, 2021 - TL 3.864.510) of which blocked at the CBRT is TL 12.534.283.

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

	Current Period	Prior Period
Debt securities	78.495.183	35.238.392
Quoted on stock exchange	76.718.482	35.238.392
Not quoted	1.776.701	-
Share certificates	70.343	67.871
Quoted on stock exchange	-	-
Not quoted	70.343	67.871
Impairment provision <sup>(1)</sup>	1.221.773	796.563
<b>Total</b>	<b>77.343.753</b>	<b>34.509.700</b>

<sup>(1)</sup> 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	107.694	903.139	296.623	1.070.846
Loans granted to employees	478.328	29	313.942	73
<b>Total</b>	<b>586.022</b>	<b>903.168</b>	<b>610.565</b>	<b>1.070.919</b>

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

	Loans under close monitoring			
	Loans under restructuring		Modifications on agreement	
	Standard Loans	Not under the scope of restructuring	conditions	Refinancing
Cash Loans				
Non-specialized loans	503.620.160	29.855.908	8.064.205	42.167.839
Loans given to enterprises	189.550.729	10.953.669	7.787.566	22.941.973
Export loans	33.737.896	2.082.299	186.519	12.822.569
Import loans	-	-	-	-
Loans given to financial sector	23.995.069	-	-	-
Consumer loans	103.533.623	6.051.459	-	2.214.536
Credit cards	103.295.497	5.637.248	-	982.092
Other	49.507.346	5.131.233	90.120	3.206.669
Specialized loans	-	-	-	-
Other receivables	1.673.103	-	-	-
<b>Total</b>	<b>505.293.263</b>	<b>29.855.908</b>	<b>8.064.205</b>	<b>42.167.839</b>

	Standard loans	Standard loans
12-month provisions for possible losses	4.530.314	-
Significant increase in credit risk	-	15.354.526
<b>Total</b>	<b>4.530.314</b>	<b>15.354.526</b>

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## 1.7.3. Loans according to their maturity structure:

	Loans under close monitoring		
	Standard loans	Not under the scope of restructuring	Agreement conditions modified
Short-term loans	260.231.266	9.638.294	2.126.038
Medium and long-term loans	245.061.997	20.217.614	48.106.006
<b>Total</b>	<b>505.293.263</b>	<b>29.855.908</b>	<b>50.232.044</b>

## 1.7.4. Information on loans by types and specific provisions

## 1.7.4.1. Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	298.464.143	103.533.623	103.295.497	505.293.263
Watch list	65.202.617	8.265.995	6.619.340	80.087.952
Loans under legal follow-up	14.894.720	4.464.832	1.373.560	20.733.112
Specific provisions (-)	10.379.291	4.146.363	1.256.662	15.782.316
<b>Total</b>	<b>368.182.189</b>	<b>112.118.087</b>	<b>110.031.735</b>	<b>590.332.011</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Standard loans	209.520.842	64.999.145	47.449.068	321.969.055
Watch list	56.872.498	5.822.656	3.451.477	66.146.631
Loans under legal follow-up	14.604.181	2.862.975	1.418.646	18.885.802
Specific provisions (-)	9.963.054	2.505.366	1.249.426	13.717.846
<b>Total</b>	<b>271.034.467</b>	<b>71.179.410</b>	<b>51.069.765</b>	<b>393.283.642</b>

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## 1.7.4.2. Specific provisions provided against loans:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Opening balance	9.963.054	2.505.366	1.249.426	13.717.846
Impairment	5.356.134	3.650.863	890.671	9.897.668
Collections (-)	1.622.025	1.013.083	416.338	3.051.446
Write-off (-)	3.317.872	996.783	467.097	4.781.752
<b>Total</b>	<b>10.379.291</b>	<b>4.146.363</b>	<b>1.256.662</b>	<b>15.782.316</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Opening balance	10.599.982	1.341.170	1.110.797	13.051.949
Impairment	2.010.925	1.487.193	387.055	3.885.173
Collections (-)	1.620.134	317.139	246.925	2.184.198
Write-off (-)	1.027.719	5.858	1.501	1.035.078
<b>Total</b>	<b>9.963.054</b>	<b>2.505.366</b>	<b>1.249.426</b>	<b>13.717.846</b>

## 1.7.4.3. Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch List	42.642.724	191.760	-	42.834.484
Loans under legal follow-up	4.439.865	52.027	-	4.491.892
<b>Total</b>	<b>47.082.589</b>	<b>243.787</b>	<b>-</b>	<b>47.326.376</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Total
Watch List	34.589.805	308.416	-	34.898.221
Loans under legal follow-up	5.340.466	56.318	-	5.396.784
<b>Total</b>	<b>39.930.271</b>	<b>364.734</b>	<b>-</b>	<b>40.295.005</b>

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

	Short-term	Medium and long-term	Total
Consumer loans-TL	15.091.052	86.831.064	101.922.116
Real estate loans	55.845	13.531.526	13.587.371
Automotive loans	393.353	7.852.464	8.245.817
Consumer loans	14.641.854	65.447.074	80.088.928
Consumer loans-FC indexed	-	24.758	24.758
Real estate loans	-	23.704	23.704
Automotive loans	-	-	-
Consumer loans	-	1.054	1.054
Individual credit cards-TL	78.120.791	397.582	78.518.373
With installments	43.340.300	20.735	43.361.035
Without installments	34.780.491	376.847	35.157.338
Individual credit cards-FC	248.562	-	248.562
With installments	-	-	-
Without installments	248.562	-	248.562
Personnel loans-TL	44.282	132.181	176.463
Real estate loans	-	2.499	2.499
Automotive loans	376	3.240	3.616
Consumer loans	43.906	126.442	170.348
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Personnel credit cards-TL	272.001	550	272.551
With installments	156.342	413	156.755
Without installments	115.659	137	115.796
Personnel credit cards-FC	1.416	-	1,416
With installments	-	-	-
Without installments	1,416	-	1,416
Credit deposit account-TL (real person) <sup>(1)</sup>	9.676.281	-	9.676.281
<b>Total</b>	<b>103.454.385</b>	<b>87.386.135</b>	<b>190.840.520</b>

<sup>(1)</sup> TL 27.898 of the credit deposit account belongs to the loans used by personnel.

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## 1.7.6. Information on commercial installment loans and corporate credit cards:

	Short-term	Medium and long-term	Total
Commercial installments loans-TL	6.205.753	28.084.292	34.290.045
Business loans	3.084	1.884.307	1.887.391
Automotive loans	1.136.038	14.562.304	15.698.342
Consumer loans	5.066.631	11.637.681	16.704.312
Commercial installments loans-FC indexed	-	984	984
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	984	984
Corporate credit cards-TL	30.543.647	324.026	30.867.673
With installment	22.118.096	319.034	22.437.130
Without installment	8.425.551	4.992	8.430.543
Corporate credit cards-FC	6.262	-	6.262
With installment	-	-	-
Without installment	6.262	-	6.262
Credit deposit account-TL (legal person)	1.805.210	-	1.805.210
<b>Total</b>	<b>38.560.872</b>	<b>28.409.302</b>	<b>66.970.174</b>

1.7.7. Distribution of loans by users<sup>(1)</sup>:

	Current Period	Prior Period
Public	17.038.689	7.734.359
Private	568.342.526	380.381.327
<b>Total</b>	<b>585.381.215</b>	<b>388.115.686</b>

1.7.8. Distribution of domestic and foreign loans<sup>(1)</sup>:

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

	Current Period	Prior Period
Domestic loans	577.086.640	381.609.663
Foreign loans	8.294.575	6.506.023
<b>Total</b>	<b>585.381.215</b>	<b>388.115.686</b>

<sup>(1)</sup> Non-performing loans are not included.

## 1.7.9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	1.528.739	655.614
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>1.528.739</b>	<b>655.614</b>

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## 1.7.10. Information on credit-impaired (Stage 3):

	Current Period	Prior Period
Loans with limited collectability	2.222.668	1.182.854
Loans with doubtful collectability	3.223.447	919.102
Uncollectable loans	10.336.201	11.615.890
<b>Total</b>	<b>15.782.316</b>	<b>13.717.846</b>

## 1.7.11. Information on non-performing loans (net):

## 1.7.11.1. Information on restructured loans from non-performing loans:

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectable loans
<b>Current Period</b>			
Gross amounts before specific reserves	670.884	370.519	4.128.764
Restructured loans	670.884	370.519	4.128.764
<b>Prior Period</b>			
Gross amounts before specific reserves	224.398	264.332	2.593.383
Restructured loans	224.398	264.332	2.593.383

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## 1.7.11.2. 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	1.730.133	1.367.787	15.787.882
Additions (+)	8.010.839	329.300	2.884.509
Transfers from other categories of non-performing loans (+)	-	5.941.237	3.148.964
Transfer to other categories of non-performing loans (-)	5.941.237	3.148.964	-
Collections (-)	488.708	606.170	3.500.708
Write-offs (-)	-	-	3.109.260
Sold (-)	-	-	1.672.492
Corporate and commercial loans	-	-	208.612
Consumer loans	-	-	996.783
Credit cards	-	-	467.097
Other	-	-	-
Current Period	3.311.027	3.883.190	13.538.895
Specific provision (-)	2.222.668	3.223.447	10.336.201
Net balance on balance sheet	1.088.359	659.743	3.202.694

As of December 31, 2022, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Bank has written off corporate loans amounting to TL 3.109.260 that are classified under Group 5, after collaterals deducted approximately 100% of the remaining receivables provisioned hence there is no reasonable expectation of recovery. After the loans had written off within the period in accordance with the changes on Provisioning Regulation, non performing loan ratio decreased from 3,91% to 3,42%.

TL 1.889.254 of non-performing loans, some of which were written off in previous periods, were sold to various asset management companies for TL 318.031.

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

	III. Group	IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period			
Period end balance	1.968.423	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
Prior Period			
Period end balance	597.711	171.965	6.611.508
Specific provision (-)	483.031	137.296	3.900.372
Net balance on-balance sheet	114.680	34.669	2.711.136

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## 1.7.11.4. 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)	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
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
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
Prior Period (net)	547.279	448.685	4.171.992
Loans granted to real persons and corporate entities (gross)	1.730.133	1.367.787	15.703.208
Specific provision amount (-)	1.182.854	919.102	11.531.216
Loans granted to real persons and corporate entities (Net)	547.279	448.685	4.171.992
Banks (gross)	-	-	774
Specific provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Specific provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

## 1.7.11.5. 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)	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
Prior Period (net)	44.797	48.357	473.687
Interest accruals and rediscounts and valuation differences	141.651	159.451	1.384.551
Provision amount (-)	96.854	111.094	910.864



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**1.7.12. 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.

**1.7.13. 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 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 five with a life time expected credit loss due to default of debtor, starting from the following reporting date that the loan is classified in group five. 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 December 31, 2022 financial assets measured at amortised cost given as repo transactions amounting to TL 29.017.189 (December 31, 2021 - TL 38.973.794 TL). The securities subject to collateral/blocked are TL 77.529.451 (December 31, 2021 - TL 37.175.723 TL) of which blocked at the CBRT is TL 14.502.644.

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

	Current Period	Prior Period
Government bond	162.969.794	91.544.696
Treasury bill	-	-
Other public sector debt securities	330.804	330.804
<b>Total</b>	<b>163.300.598</b>	<b>91.875.500</b>

**1.8.3 Information on financial assets measured at amortized cost:**

	Current Period	Prior Period
Debt securities	167.960.745	94.485.705
Quoted on stock exchange	167.960.745	94.485.705
Not quoted	-	-
Impairment provision (-) <sup>(1)</sup>	4.660.147	2.610.205
<b>Total</b>	<b>163.300.598</b>	<b>91.875.500</b>

<sup>(1)</sup> Includes amortisation of the premiums paid during the purchase of the securities throughout the maturity of the securities.

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

	Current Period	Prior Period
Beginning balance	91.875.500	50.741.912
Foreign currency differences on monetary assets <sup>(1)</sup>	50.867.573	21.284.748
Purchases during the year	30.470.261	22.521.429
Disposals through sales and redemptions(-)	7.862.794	1.376.662
Impairment provision (-) <sup>(2)</sup>	2.049.942	1.295.927
<b>Period end balance</b>	<b>163.300.598</b>	<b>91.875.500</b>

<sup>(1)</sup> Also includes the changes in the interest income accruals.<sup>(2)</sup> 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 <sup>(1)</sup>	Istanbul/Turkey	18,18	18,18
4	Bankalararası Kart Merkezi <sup>(1)</sup>	Istanbul/Turkey	4,89	4,89

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	92.633	19.343	43.098	5.167	-	(41.648)	(4.465)	-
2	70.708.263	12.236.665	43.092	1.732.652	239.300	716.296	220.850	-
3	766.973	155.774	320.818	25.990	-	29.975	47.719	-
4	679.563	579.361	114.819	53.202	-	207.417	93.651	-

<sup>(1)</sup> Financial statement information is September 30, 2022.**1.9.2 Movement of unconsolidated investments in associates:**

	Current Period	Prior Period
Balance at the beginning of the period	2.089.190	1.214.883
<b>Movements during the period</b>	<b>821.218</b>	<b>874.307</b>
Purchases	-	26.660
Free shares obtained profit from current year's share	-	-
Profit from current year's income	-	-
Sales(-)	-	-
Revaluation (decrease) / increase <sup>(1)</sup>	870.196	847.647
Impairment provision (-) <sup>(2)</sup>	48.978	-
<b>Balance at the end of the period</b>	<b>2.910.408</b>	<b>2.089.190</b>
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

<sup>(1)</sup> Includes the differences in the other comprehensive income related with the equity method accounting.<sup>(2)</sup> Includes dividend income received in the current period.

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## 1.9.3 Information on sectors and the carrying amounts of unconsolidated financial investments in associates:

	Current Period	Prior Period
Banks	2.871.962	2.050.744
Insurance companies	-	-
Factoring companies	-	-
Leasing companies	-	-
Finance companies	-	-
Other financial investments	-	-
<b>Total</b>	<b>2.871.962</b>	<b>2.050.744</b>

## 1.9.4 Information on investments in associates quoted on a stock exchange:

None (December 31, 2021 - None).

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

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

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

	Yapı Kredi Yatırım Menkul Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	Yapı Kredi Finansal Kiralama A.O.	Yapı Kredi Portföy Yönetimi A.Ş.	Yapı Kredi Nederland N.V.
<b>Paid in capital</b>					
Inflation adjustment to share capital	98.918	130.000	389.928	17.642	112.442
Share premium	-	-	-	-	-
Other capital reserves	-	-	-	-	-
Other accumulated comprehensive income that will not be classified in profit or loss	104.470	-	(217.104)	-	-
Other accumulated comprehensive income that will be classified in profit or loss	39.576	(15.929)	38.644	(4.255)	-
Legal reserves	76.081	26.000	79.305	62.454	-
Extraordinary reserves	600.750	483.838	659.399	-	1.332.429
Other profit Reserves	-	-	-	-	-
Income or Loss	928.037	390.435	3.288.085	331.233	616.341
Current Year Income/Loss	997.983	390.435	837.136	331.233	616.341
Prior Years' Income/Loss	(69.946)	-	2.450.949	-	-
Leasehold improvements (-)	-	547	-	297	26
Intangible assets (-)	31.053	8.799	21.781	1.517	7.097
<b>Total core capital</b>	<b>1.817.608</b>	<b>1.004.998</b>	<b>4.216.476</b>	<b>405.260</b>	<b>9.315.034</b>
Supplementary capital	25.160	65.826	247.868	-	66.284
Capital	1.842.768	1.070.824	4.464.344	405.260	9.381.318
Deductions from the capital	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>1.842.768</b>	<b>1.070.824</b>	<b>4.464.344</b>	<b>405.260</b>	<b>9.381.318</b>

The above information is based on the consolidated financial statements of the Bank as of December 31, 2022.

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

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

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

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

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1.10.2 Information on subsidiaries<sup>(1)</sup>:

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 BV.	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.	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. <sup>(2)</sup>	Istanbul/Turkey	100,00	100,00

<sup>(1)</sup> 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.

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

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

Financial statement information disclosed consolidated financial statements results.

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit /loss	Market value	Required equity
1	88.750	87.275	-	-	-	938	574	-	-
2	12.576.106	1.848.661	74.705	804.297	15.280	997.983	382.664	-	-
3	10.897.824	1.014.344	15.440	1.394.988	-	390.435	130.809	-	-
4	26.102.749	4.238.257	29.926	2.064.569	-	837.136	458.471	-	-
5	499.660	407.074	4.510	48.186	-	331.233	162.118	-	-
6	43.903.348	9.322.158	49.758	1.116.233	56.451	616.341	250.238	-	-
7	5.561.842	1.064.197	241.791	186.722	16.980	53.598	(15.409)	-	-
8	76.005	63.108	12.276	5.222	-	6.390	5.613	-	-
9	112.177	62.671	1.770	98	-	4.270	12.688	-	-
10	60.992	24.201	3.405	2.458	-	939	6.317	-	-
11	25.015	25.015	-	-	-	-	-	-	-

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## 1.10.4 Movement schedule of subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	13.110.619	8.811.658
Movements in period	4.795.114	4.298.961
Purchases	-	-
Free shares obtained profit from current years share	-	-
Dividends from current year income	3.102.944	1.293.019
Sales (-) <sup>(1)</sup>	163.842	-
Revaluation increase/decrease <sup>(1), (2)</sup>	1.995.716	3.048.890
Impairment provision (-) <sup>(3)</sup>	139.704	42.948
Balance at the end of the period	17.905.733	13.110.619
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

<sup>(1)</sup> 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.

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

<sup>(3)</sup> Includes dividend income received in the current period.

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

Financial subsidiaries	Current Period	Prior Period
Banks	7.330.588	4.961.699
Insurance companies	-	-
Factoring companies	1.015.337	635.757
Leasing companies	4.237.311	3.340.483
Finance companies	-	-
Other financial subsidiaries	5.322.497	4.172.680
<b>Total</b>	<b>17.905.733</b>	<b>13.110.619</b>

## 1.10.6 Subsidiaries quoted on stock exchange:

None (December 31, 2021 - None).

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## 1.11 Information on joint ventures (net):

None (December 31, 2021 - None).

## 1.12 Information on lease receivables (net):

None (December 31, 2021 - None).

## 1.13 Information on tangible assets:

	Immovable	Leased fixed assets	Vehicles	Right -of-use assets <sup>(1)</sup>	Other tangible fixed assets	Total
Prior Period						
Cost	3.434.880	164.152	2.964	1.663.687	2.185.450	7.451.133
Accumulated depreciation (-)	927.542	154.301	2.699	424.433	1.090.778	2.599.753
Net book value	2.507.338	9.851	265	1.239.254	1.094.672	4.851.380
Current Period						
Net book value at beginning of the period	2.507.338	9.851	265	1.239.254	1.094.672	4.851.380
Additions <sup>(2)</sup>	3.910.344	26.353	2.063	1.169.702	864.628	5.973.090
Disposals (-) net	183.514	4	18	247.091	1.723	432.350
Reversal of impairment	207.329	-	-	-	-	207.329
Impairment (-)	-	-	-	-	-	-
Depreciation (-)	42.846	1.659	97	408.649	299.521	752.772
Net book value at end of the period	6.398.651	34.541	2.213	1.753.216	1.658.056	9.846.677
Cost at the end of the period	7.331.646	166.897	5.005	2.447.780	2.959.765	12.911.093
Accumulated depreciation at the period end (-)	932.995	132.356	2.792	694.564	1.301.709	3.064.416
Net book value	6.398.651	34.541	2.213	1.753.216	1.658.056	9.846.677

<sup>(1)</sup> Includes branch and atm leases accounted within the scope of TFRS 16.<sup>(2)</sup> The Bank revalued its real estates included in tangible fixed assets on June 30, 2022, and the revaluation increase amounting to TL 3.748.858 is included in the additions.

As of December 31, 2022, the Bank had no provision for impairment (December 31, 2021 - TL 207.329) for the property and equipment.

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## 1.14 Information on intangible assets:

	Current Period	Prior Period
Balance at the beginning of the period	2.001.661	1.916.463
Additions during the period	420.671	291.351
Unused and disposed items (-)	246	2.629
Provision for goodwill impairment (-)	979.493	-
Amortization expenses (-)	235.642	203.524
Balance at the end of the period	1.206.951	2.001.661

## 1.15 Information on investment property:

None (December 31, 2021 - None).

## 1.16 Information on deferred tax :

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Expected credit loss	22.707.362	5.676.841	17.222.220	3.614.426
Provision for employee benefit	3.181.053	795.263	1.078.134	215.627
Provision for pension fund	2.945.243	736.311	1.813.098	362.620
Valuation difference of securities portfolio	1.926.685	481.672	2.873.192	795.327
Subsidiaries, investment in associates and share certificates	868.614	217.153	131.456	26.291
Other	4.134.014	1.031.922	2.541.998	509.537
<b>Total deferred tax asset</b>	<b>35.762.971</b>	<b>8.939.162</b>	<b>25.660.098</b>	<b>5.523.828</b>
Property, equipment and intangibles, net	8.043.467	1.496.348	3.698.735	540.216
Derivative financial assets	3.215.476	803.869	5.535.212	1.234.406
Other	5.967.873	1.491.969	1.151.302	264.634
<b>Total deferred tax liability</b>	<b>17.226.816</b>	<b>3.792.186</b>	<b>10.385.249</b>	<b>2.039.256</b>
<b>Deferred tax asset / (liability) net</b>	<b>18.536.155</b>	<b>5.146.976</b>	<b>15.274.849</b>	<b>3.484.572</b>

In accordance with TAS 12, deferred tax assets and deferred tax liabilities in the financial statements are clarified and deferred tax asset amounting to TL 5.146.976 is presented in the financial statements (December 31, 2021 - TL 3.484.572 deferred tax assets).

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## 1.17 Movement schedule of assets held for resale and related to discontinued operations:

	Current Period	Prior Period
Net book value at the beginning of the period	1.327.210	709.869
Additions <sup>(1)</sup>	228.266	1.045.265
Disposals (-), net	519.619	429.324
Impairment provision reversal	16	1.400
Impairment (-)	-	-
Depreciation (-)	-	-
Net book value at the end of the period	1.035.873	1.327.210
Cost at the end of the period	1.037.344	1.328.824
Accumulated depreciation at the end of the period (-)	1.471	1.614
Net book value at the end of the period	1.035.873	1.327.210

<sup>(1)</sup> In current period, the carrying value of asset held for resale with a right of repurchase is TL 33.196 (December 31, 2021 – TL 900.827). The total net carrying value of asset held for resale with a right of repurchase is TL 913.642 (December 31, 2021 – TL 1.196.027).

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

## 1.18 Information on other assets:

As of December 31, 2022, other assets do not exceed 10% of the total assets.

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## 2 Explanations and notes related to liabilities

## 2.1 Information on deposits:

## 2.1.1 Information on maturity structure of deposits/collected funds:

Current Period <sup>(1)</sup>	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

Prior Period	Demand	Up to 1 month	1-3 Months	3-6 Months	6 Months-1 Year	1 Year and over	Cumulative savings account	Total
Saving deposits	22.111.618	4.191.239	47.945.594	909.775	216.979	480.874	688	75.856.767
Foreign currency deposits	110.100.707	28.233.704	80.040.324	8.818.938	1.744.737	1.436.993	-	230.375.403
Residents in Turkey	108.499.354	27.828.517	77.421.578	8.685.909	1.602.143	912.347	-	224.949.848
Residents abroad	1.601.353	405.187	2.618.746	133.029	142.594	524.646	-	5.425.555
Public sector deposits	1.832.847	9.106	38.455	21.947	131	41	-	1.902.527
Commercial deposits	14.039.210	20.250.529	25.198.224	117.320	696.524	27.873	-	60.329.680
Other institutions deposits	201.166	237.363	1.728.377	24.270	67.643	255.287	-	2.514.106
Precious metals vault	20.180.484	-	416.447	-	1.332.472	68.645	-	21.998.048
Bank deposits	2.764.181	2.626.562	488.047	1.228.300	924.793	87.002	-	8.118.885
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	7.048	2.579.646	472.761	1.228.300	924.793	87.002	-	5.299.550
Foreign banks	1.765.738	46.916	15.286	-	-	-	-	1.827.940
Participation banks	991.395	-	-	-	-	-	-	991.395
Other	-	-	-	-	-	-	-	-
Total	171.230.213	55.548.503	155.855.468	11.120.550	4.983.279	2.356.715	688	401.095.416

<sup>(1)</sup> Within the scope of the "Decision on Supporting Deposit and Participation Accounts Against Exchange Rate Increases (Decision No: 5206)" published in the Official Gazette dated February 24, 2022 and numbered 31760, and the CBRT's communiqués numbered 2021/14, 2021/16, 2022/7 and 2022/11, the "Currency protected TL deposit" product which provide protection against foreign currency exchange rate changes for TL deposits was launched for customers. In this context as of the report date, the total amount of deposits opened is TL 121.858.904 (31 December 2021 – TL 3.193.103).

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## 2.1.2 Information on saving deposits insurance:

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

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
<b>Saving deposits</b>				
Deposits	81.917.941	38.474.256	131.543.625	37.382.499
Foreign currency saving deposits	33.461.579	26.996.762	105.018.961	99.859.979
Other deposits	13.580.277	8.382.987	16.621.798	11.481.306
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

	Under the guarantee of deposit insurance		Exceeding limit of the deposit insurance	
	Current Period	Prior Period	Current Period	Prior Period
<b>Legal entities' deposits<sup>(1)</sup></b>				
Deposits	13.503.981	-	125.981.694	-
Foreign currency saving deposits	3.477.805	-	107.062.919	-
Other deposits	453.968	-	2.980.166	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

<sup>(1)</sup> All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936.

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

	Current Period	Prior Period
Foreign branches' deposits and other accounts <sup>(1)</sup>	3.017.032	22.114
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	1.058.777	353.230
Saving deposits and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish criminal law no:5237 dated 26.09.2004	-	-
Saving deposits in deposit bank which is established in Turkey in order to engage in off-shore banking activities solely	-	-

<sup>(1)</sup> Deposits of legal entities which are not covered by Deposit Insurance Fund, are included for the current period

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## 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	212.753	3.747	1.609.823	3.431
Swap transactions	6.141.759	5.658.760	11.099.391	3.583.345
Futures transactions	13.354	-	3.346	-
Options	126.456	204.515	9.660	50.985
Other	-	-	-	-
<b>Total</b>	<b>6.494.322</b>	<b>5.867.022</b>	<b>12.722.220</b>	<b>3.637.761</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges <sup>(1)</sup>	1.380.313	-	988.874	-
Cash flow hedges <sup>(1)</sup>	32.350	-	-	683.193
Hedges for investments made in foreign countries	-	-	-	-
<b>Total</b>	<b>1.412.663</b>	<b>-</b>	<b>988.874</b>	<b>683.193</b>

<sup>(1)</sup> Explained in Note 10 of section 4.

## 2.3 Information about banks and other financial institutions:

## 2.3.1 Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The CBRT borrowings	-	-	-	-
From domestic banks and institutions	827.825	1.467.010	797.351	780.731
From foreign banks, institutions and funds	949.471	66.804.114	748.055	58.798.031
<b>Total</b>	<b>1.777.296</b>	<b>68.271.124</b>	<b>1.545.406</b>	<b>59.578.762</b>

## 2.3.2 Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	811.104	12.417.743	623.569	7.394.532
Medium and long-term	966.192	55.853.381	921.837	52.184.230
<b>Total</b>	<b>1.777.296</b>	<b>68.271.124</b>	<b>1.545.406</b>	<b>59.578.762</b>

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## 2.3.3 Information on securitization borrowings:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
From foreign banks	-	-	-	-
From foreign institutions	-	41.492.246	-	31.133.988
From foreign funds	-	-	-	-
<b>Total</b>	-	<b>41.492.246</b>	-	<b>31.133.988</b>

## 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 December 31, 2022, the total amount of financial liabilities classified as fair value through profit/loss is TL 37.239.659 (December 31, 2021 - TL 25.794.232) with an accrued interest income of TL 2.366.494 (December 31, 2021 - TL 1.512.319 income) and with a fair value difference of TL 1.107.970 recognized as an income (December 31, 2021 - TL 1.145.200 income). On the other hand, the nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of December 31, 2022 are TL 38.671.238 (December 31, 2021 - TL 26.657.676) for buy legs and sell legs with a fair value differences amounting to TL 2.554.954 liability (December 31, 2021 - TL 1.377.439 liability). The mentioned total return swaps have 8 year maturity in average.

## 2.3.4 Information on marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bonds	7.407.273	2.031.595	5.828.651	-
Bills <sup>(1)</sup>	665.581	30.435.875	1.411.897	27.013.194
<b>Total</b>	<b>8.072.854</b>	<b>32.467.470</b>	<b>7.240.548</b>	<b>27.013.194</b>

<sup>(1)</sup> Including mortgage backed securities amounting to TL 1.483.345 as of December 31, 2022 (December 31, 2021 - TL 2.037.105).

## 2.4 Information on other liabilities:

As of December 31, 2022, other liabilities do not exceed 10% of the total balance sheet commitments.

## 2.5 Information on lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	601.905	417.121	435.020	291.639
Between 1 - 4 years	1.227.178	851.753	879.335	589.544
More than 4 years	846.472	586.517	633.999	425.034
<b>Total</b>	<b>2.675.555</b>	<b>1.855.391</b>	<b>1.948.354</b>	<b>1.306.217</b>

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## 2.6 Information on provisions:

## 2.6.1 Information on reserve for employee benefit:

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

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

	Current Period	Prior Period
Discount rate (%)	0,55	4,45
Possibility of being eligible for retirement (%)	95,20	95,39

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 19.982.83 effective from January 1, 2023 (January 1, 2022 - full TL 10.848,59) has been taken into consideration in calculating the reserve for employment termination benefits.

Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	897.413	635.407
Changes during the period	187.943	90.323
Recognized in equity	1.776.093	244.984
Paid during the period	(104.640)	(73.301)
<b>Balance at the end of the period</b>	<b>2.756.809</b>	<b>897.413</b>

In addition, the Bank has accounted for unused vacation rights provision amounting to TL 424.244 as of December 31, 2022 (December 31, 2021 - TL 180.721).

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

None. (December 31, 2021 - None).

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## 2.6.3 Other provisions:

	Current Period	Prior Period
Pension fund provision	2.945.243	1.813.098
Provisions on non-funded non cash loans	1.078.763	843.108
Generic provisions on non cash loans	1.143.394	874.667
Provision on lawsuits	118.960	112.488
Provisions on credit cards and promotion campaigns related to banking services	108.764	65.061
Other	2.507.964	1.039.943
<b>Total</b>	<b>7.903.088</b>	<b>4.748.365</b>

## Pension fund provision:

The Bank provided provision amounting to TL 2.945.243 (December 31, 2021 - TL 1.813.098) for the technical deficit based on the report prepared by an independent actuary company in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table. The Bank accounted pension fund provision in accordance with the "TAS 19 - Employee Benefits" standard. Accordingly, as of December 31, 2022, in the calculation of pension fund provision the change arises,

- As a result of service cost and interest is accounted under income statement,
- As a result of change in actuarial valuations are accounted under shareholders' equity.

	Current Period	Prior Period
Prior period ending balance	1.813.098	1.461.542
Amount recorded under equity	1.084.664	310.547
Income statement (Other operations charge/benefit)	47.481	41.009
<b>Balance at the end of the period</b>	<b>2.945.243</b>	<b>1.813.098</b>

The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	8.219.529	5.227.518
- Pension benefits transferable to SSI	9.537.922	5.554.489
- Post employment medical benefits transferable to SSI	(1.318.393)	(326.971)
Fair value of plan assets	(5.274.286)	(3.414.420)
<b>Provision for the actuarial deficit of the pension fund</b>	<b>2.945.243</b>	<b>1.813.098</b>

The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	%9,80	%9,80
- Post employment medical benefits transferable to SSI	%9,80	%9,80

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Mortality rate: Average life expectation is defined according to CSO 1980 mortality table.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Bank placements	1.237.561	23	1.721.091	51
Government bonds and treasury bills	2.886.545	55	1.177.492	34
Premises and equipment	883.125	17	385.718	11
Other	267.055	5	130.119	4
<b>Total</b>	<b>5.274.286</b>	<b>100</b>	<b>3.414.420</b>	<b>100</b>

## 2.7 Information on taxes payable:

## 2.7.1 Information on taxes payable:

	Current Period	Prior Period
Corporate Tax Payable	4.148.627	2.006.608
Banking Insurance Transaction Tax ("BITT")	555.693	266.769
Taxation of Marketable Securities	277.629	221.126
Value Added Tax Payable	133.467	26.780
Foreign Exchange Transaction Tax	37.258	75.843
Property Tax	6.923	4.593
Other	262.624	160.196
<b>Total</b>	<b>5.422.221</b>	<b>2.761.915</b>

## 2.7.2 Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	-	-
Social security premiums - employer	-	-
Bank pension fund premiums - employee	67.648	44.576
Bank pension fund premiums - employer	94.097	61.826
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	4.829	3.182
Unemployment insurance - employer	9.689	6.366
Other	-	-
<b>Total</b>	<b>176.263</b>	<b>115.950</b>

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

None (December 31, 2021 - None).



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2.9 Information on subordinated debt<sup>(1)</sup>:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	12.929.445	-	8.973.642
Subordinated loans	-	-	-	-
Subordinated debt	-	12.929.445	-	8.973.642
Debt instruments to be included in contribution capital calculation	725.201	25.733.586	808.921	29.659.436
Subordinated loans	-	16.059.998	-	11.144.441
Subordinated debt	725.201	9.673.588	808.921	18.514.995
<b>Total</b>	<b>725.201</b>	<b>38.663.031</b>	<b>808.921</b>	<b>38.633.078</b>

<sup>(1)</sup> 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 (31 December 2021 - None).

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

None (December 31, 2021 - None).

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

None (December 31, 2021 - None).

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

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

## 2.10.7 Privileges on the corporate stock:

None (December 31, 2021 - None).

## 2.10.8 Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	760.044	11.166.800	725.343	8.335.589
Revaluation difference <sup>(1)</sup>	760.044	438.666	725.343	438.065
Foreign currency difference <sup>(1)</sup>	-	10.728.134	-	7.897.524
Financial assets at fair value through other comprehensive income	8.742.326	(945.392)	1.716.630	(257.924)
Revaluation difference <sup>(2)</sup>	8.742.326	(945.392)	1.716.630	(257.924)
Foreign currency differences	-	-	-	-
<b>Total</b>	<b>9.502.370</b>	<b>10.221.408</b>	<b>2.441.973</b>	<b>8.077.665</b>

<sup>(1)</sup> Includes differences between historical cost basis and equity method of associates, subsidiaries and joint ventures.<sup>(2)</sup> Includes tax effect related to foreign currency valuation differences in TL column.

## 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	136.756.258	58.777.036
Asset purchase and sale commitments	35.118.725	19.796.270
Loan granting commitments	53.491.909	26.827.510
Commitments for cheques	5.482.867	4.306.427
Other irrevocable commitments	29.421.817	12.933.577
<b>Total</b>	<b>260.271.576</b>	<b>122.640.820</b>

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

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Bank set aside general provision for its non-cash loans amounting to TL 1.143.394 (December 31, 2021 - TL 874.667) and specific provision amounting to TL 1.431.465 (December 31, 2021 - TL - 1.138.170) for non-cash loans which are not indemnified yet amounting to TL 1.078.763 (December 31, 2021 - TL 843.108).

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

	Current Period	Prior Period
Bank acceptance loans	864.879	545.822
Letter of credits	32.164.021	25.507.486
Other guarantees and collaterals	28.350.265	15.072.056
<b>Total</b>	<b>61.379.165</b>	<b>41.125.364</b>

## 3.1.2.2 Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	4.124.146	2.091.040
Definite letter of guarantees	90.240.341	62.846.729
Advance letter of guarantees	29.283.824	19.182.209
Letter of guarantees given to customs	5.894.112	3.690.473
Other letter of guarantees	52.626.883	31.683.924
<b>Total</b>	<b>182.169.306</b>	<b>119.494.375</b>

## 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	50.905.414	30.422.800
With original maturity of 1 year or less than 1 year	8.240.689	8.963.485
With original maturity of more than 1 year	42.664.725	21.459.315
Other non-cash loans	192.643.057	130.196.939
<b>Total</b>	<b>243.548.471</b>	<b>160.619.739</b>

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## 3.1.3.2 Information on sectoral concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>2.394.159</b>	<b>2,39</b>	<b>2.605.156</b>	<b>1,81</b>	<b>823.851</b>	<b>2,00</b>	<b>2.012.996</b>	<b>1,69</b>
Farming and raising livestock	1.786.275	1,79	1.643.448	1,14	617.580	1,50	1.301.752	1,09
Forestry	534.118	0,53	957.397	0,67	181.186	0,44	402.283	0,34
Fishing	73.766	0,07	4.311	0,00	25.085	0,06	308.961	0,26
<b>Manufacturing</b>	<b>58.429.473</b>	<b>58,44</b>	<b>86.451.451</b>	<b>60,22</b>	<b>20.340.199</b>	<b>49,49</b>	<b>72.425.805</b>	<b>60,60</b>
Mining	429.820	0,43	684.123	0,48	249.931	0,61	368.940	0,31
Production	51.079.831	51,09	73.470.076	51,17	16.517.087	40,19	63.194.132	52,87
Electric, gas and water	6.919.822	6,92	12.297.252	8,57	3.573.181	8,69	8.862.733	7,42
<b>Construction</b>	<b>14.125.654</b>	<b>14,13</b>	<b>26.797.716</b>	<b>18,67</b>	<b>8.089.096</b>	<b>19,68</b>	<b>20.451.957</b>	<b>17,11</b>
<b>Services</b>	<b>24.480.600</b>	<b>24,48</b>	<b>27.543.101</b>	<b>19,18</b>	<b>11.565.437</b>	<b>28,14</b>	<b>24.529.798</b>	<b>20,51</b>
Wholesale and retail trade	6.899.143	6,90	2.823.215	1,97	3.008.613	7,32	2.730.677	2,28
Hotel, food and beverage services	1.207.034	1,21	1.943.389	1,35	462.912	1,13	2.295.933	1,92
Transportation and telecommunication	2.721.373	2,72	6.749.277	4,70	1.430.803	3,48	5.909.237	4,94
Financial institutions	9.710.296	9,71	5.942.364	4,14	5.035.621	12,25	5.395.314	4,51
Real estate and leasing services	634.367	0,63	2.227.830	1,55	362.450	0,88	1.406.152	1,18
Education services	65.617	0,07	107.658	0,07	88.718	0,22	84.781	0,07
Health and social services	3.242.770	3,24	7.749.368	5,40	1.176.320	2,86	6.707.704	5,61
<b>Other</b>	<b>547.299</b>	<b>0,56</b>	<b>173.862</b>	<b>0,12</b>	<b>277.684</b>	<b>0,69</b>	<b>102.916</b>	<b>0,09</b>
<b>Total</b>	<b>99.977.185</b>	<b>100,00</b>	<b>143.571.286</b>	<b>100,00</b>	<b>41.096.267</b>	<b>100,00</b>	<b>119.523.472</b>	<b>100,00</b>

## 3.1.3.3 Information on sectoral concentration of non-cash loans:

Current Period	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	85.139.234	89.810.514	3.429.146	2.639.148
Bank acceptances	-	864.879	-	-
Letters of credit	327.114	31.719.391	-	117.516
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	-	-	-
Other commitments and contingencies	10.761.832	16.587.887	5.000	994.552
<b>Total</b>	<b>96.228.180</b>	<b>138.982.671</b>	<b>3.434.146</b>	<b>3.751.216</b>

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## 3.1.3.3 Information on sectoral concentration of non-cash loans: (continued)

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-cash loans				
Letters of guarantee	39.091.199	77.443.503	984.667	527.227
Bank acceptances	-	545.822	-	-
Letters of credit	71.417	26.074.693	-	173.846
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	9.651	-	-
Other commitments and contingencies	704.055	14.356.161	-	-
<b>Total</b>	<b>39.866.671</b>	<b>118.429.830</b>	<b>984.667</b>	<b>701.073</b>

## 3.1.3.4 Maturity distribution of non cash loans:

Current Period <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	22.200.880	9.809.757	153.384	32.164.021
Letter of guarantee	53.544.571	40.030.331	74.566.453	14.027.951	182.169.306
Bank acceptances	-	861.227	3.652	-	864.879
Other	1.437.699	10.928.574	3.299.513	12.684.479	28.350.265
<b>Total</b>	<b>54.982.270</b>	<b>74.021.012</b>	<b>87.679.375</b>	<b>26.865.814</b>	<b>243.548.471</b>

Prior Period <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	18.093.200	7.188.572	225.714	25.507.486
Letter of guarantee	34.626.114	27.635.813	44.780.613	12.451.835	119.494.375
Bank acceptances	-	515.441	30.381	-	545.822
Other	1.864.494	1.878.281	1.443.730	9.885.551	15.072.056
<b>Total</b>	<b>36.490.608</b>	<b>48.122.735</b>	<b>53.443.296</b>	<b>22.563.100</b>	<b>160.619.739</b>

<sup>(1)</sup>The distribution is based on the original maturities.

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## 3.2 Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	397.116.690	221.188.435
FC trading forward transactions	29.982.592	26.281.127
Trading swap transactions	257.816.902	184.719.336
Futures transactions	2.520.247	1.135.020
Trading option transactions	106.796.949	9.052.952
Interest related derivative transactions (II)	249.210.542	236.085.173
Forward interest rate agreements	-	-
Interest rate swaps	244.236.022	231.543.920
Interest rate options	4.974.520	4.541.253
Interest rate futures	-	-
Other trading derivative transactions (III)	97.258.538	86.902.870
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>743.585.770</b>	<b>544.176.478</b>
Types of hedging derivative transactions		
Transactions for fair value hedge	1.934.705	1.496.113
Cash flow hedges	117.782.458	110.955.171
Transactions for foreign net investment hedge	-	-
<b>B. Total hedging related derivatives</b>	<b>119.717.163</b>	<b>112.451.284</b>
<b>Total derivative transactions (A+B)</b>	<b>863.302.933</b>	<b>656.627.762</b>

## 3.3 Information on credit derivatives and risk exposures:

The Bank has no credit default swaps in derivative portfolio for the period ended 31 December 2022. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure (December 31, 2021 - None).

Derivative portfolio includes total return swaps for TL 76.542.476 (31 December 2021 - TL 52.515.352) for the period ended 31 December 2022.

## 3.4 Information on contingent liabilities and assets:

The Bank has recorded a provision of TL 118.960 (December 31, 2021 - TL 112.488) for litigation and has accounted for it in the accompanying financial statements under the "Other Provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

## 3.5 Information on services in the name and account of others:

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

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## 4. Explanations and notes related to income statement:

## 4.1 Information on interest income:

## 4.1.1 Information on interest income on loans:

	Current Period		Prior Period	
	TL	YP	TL	YP
Short-term loans <sup>(1)</sup>	22.469.651	2.355.312	9.683.937	1.026.253
Medium/long-term loans <sup>(1)</sup>	31.601.752	10.036.681	18.474.312	6.803.924
Interest on loans under follow-up	1.997.997	-	1.156.707	-
Premiums received from resource utilization support fund	-	-	-	-
<b>Total</b>	<b>56.069.400</b>	<b>12.391.993</b>	<b>29.314.956</b>	<b>7.830.177</b>

<sup>(1)</sup> Includes fees and commissions received for cash loans.

## 4.1.2 Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	2.292	7.866	1.663	-
From domestic banks	158.470	170	260.361	70
From foreign banks	-	815.296	1.367	135.592
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>160.762</b>	<b>823.332</b>	<b>263.391</b>	<b>135.662</b>

## 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	5.480	47.235	8.954	16.662
Financial assets measured at fair value through other comprehensive income	18.145.938	1.045.902	4.208.583	171.363
Financial assets measured at amortised cost	35.894.422	2.897.973	7.838.925	906.508
<b>Total</b>	<b>54.045.840</b>	<b>3.991.110</b>	<b>12.056.462</b>	<b>1.094.533</b>

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

	Current Period	Prior Period
Interest received from associates and subsidiaries	289.003	93.997
<b>Total</b>	<b>289.003</b>	<b>93.997</b>

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## 4.2 Information on interest expense:

## 4.2.1 Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	276.117	2.913.059	182.424	1.519.026
The CBRT	-	-	-	-
Domestic banks	155.904	59.229	96.184	15.529
Foreign banks	120.213	2.853.830	86.240	1.503.497
Headquarters and branches abroad	-	-	-	-
Other institutions	-	2.031.496	-	582.528
<b>Total<sup>(1)</sup></b>	<b>276.117</b>	<b>4.944.555</b>	<b>182.424</b>	<b>2.101.554</b>

<sup>(1)</sup> 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	257.882	73.101
<b>Total</b>	<b>257.882</b>	<b>73.101</b>

## 4.2.3 Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense to marketable securities issued	1.482.485	5.137.906	1.389.174	3.425.280
<b>Total</b>	<b>1.482.485</b>	<b>5.137.906</b>	<b>1.389.174</b>	<b>3.425.280</b>

## 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	4.308.818	212.791	6.155.265	48.82
<b>Total</b>	<b>4.308.818</b>	<b>212.791</b>	<b>6.155.265</b>	<b>48.82</b>

## 4.2.5 Information on other interest expenses:

Pursuant to the CBRT's regulation dated December 27, 2021 and numbered 2374 and regulation dated August 31, 2022 and numbered 1579, banks that fail to meet targets from foreign currency to Turkish Lira and the ratio of Turkish Lira deposits to total deposits are charged a commission over the required reserves for foreign currency deposits. In this regard, a commission expense of TL 1.858.951 has been accounted in other interest expenses as of December 31, 2022

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## 4.2.6 Maturity structure of the interest expense on deposits:

Account name	Demand Deposit	Time Deposit					Accumulating deposit	Total	Prior Period
		Up to 1 month	Up to 3 months	Up to 6 months	Up to 1 Year	More than 1 year			
TL									
Bank deposits	2.986	453.543	46.495	-	-	-	503.024	252.478	
Saving deposits	-	577.366	15.035.402	147.934	36.635	43.268	15.840.605	8.456.798	
Public sector deposits	-	11.615	12.913	594	5	1	25.128	8.886	
Commercial deposits	71	3.618.642	4.939.093	1.311.651	1.039.404	538.485	11.447.346	5.491.870	
Other deposits	-	289.613	1.732.357	699.444	155.881	316.786	3.194.081	453.005	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>3.057</b>	<b>4.950.779</b>	<b>21.766.260</b>	<b>2.159.623</b>	<b>1.231.925</b>	<b>898.540</b>	<b>31.010.184</b>	<b>14.663.037</b>	
FC									
Foreign currency deposits	1.343	161.001	1.380.802	71.222	15.993	9.622	1.639.983	735.453	
Bank deposits	54.204	33.924	1.087	-	-	-	89.215	28.732	
Deposits with 7 days notification	-	-	-	-	-	-	-	-	
Precious metal vault	-	314	2.602	-	1.375	227	4.518	4.001	
<b>Total</b>	<b>55.547</b>	<b>195.239</b>	<b>1.384.491</b>	<b>71.222</b>	<b>17.368</b>	<b>9.849</b>	<b>1.733.716</b>	<b>768.186</b>	
<b>Grand total</b>	<b>58.604</b>	<b>5.146.018</b>	<b>23.150.751</b>	<b>2.230.845</b>	<b>1.249.293</b>	<b>908.389</b>	<b>32.743.900</b>	<b>15.431.223</b>	

## 4.3 Information on dividend income:

	Current Period	Prior Period
Financial assets measured at fair value through profit or loss	3.415	1.666
Financial assets measured at fair value through other comprehensive income	2.866	1.615
Other	43.707	-
<b>Total</b>	<b>49.988</b>	<b>3.281</b>

## 4.4 Information on trading profit/loss (net):

	Current Period	Prior Period
<b>Profit</b>	<b>123.989.879</b>	<b>181.635.277</b>
Gain from capital market transactions	2.508.148	259.360
Derivative financial transaction gains	62.119.473	65.757.857
Foreign exchange gains	59.362.258	115.618.060
<b>Loss (-)</b>	<b>115.001.851</b>	<b>181.460.199</b>
Loss from capital market transactions	148.108	100.788
Derivative financial transaction losses	43.740.409	44.110.774
Foreign exchange loss	71.113.334	137.248.637
<b>Net trading profit/loss</b>	<b>8.988.028</b>	<b>175.078</b>

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## 4.5 Allowance for expected credit losses and other provision expenses:

	Current Period	Prior Period
Allowance for expected credit losses	15.662.756	9.693.034
12-month expected credit losses (Stage 1)	2.980.853	1.229.452
Significant increase in credit risk (Stage 2)	2.504.291	4.424.048
Credit-Impaired (Stage 3)	10.177.612	4.039.534
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	98.452	77.989
<b>Total</b>	<b>15.989.654</b>	<b>9.771.023</b>

## 4.6 Information on derivatives financial transaction gain/loss:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 20.099.247 ( December 31, 2021 - TL 28.235.231 gain).

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

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## 4.8 Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	88.009	17.022
Provision expense for pension fund	47.481	41.009
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	752.772	544.587
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortisation expenses of intangible assets	235.642	203.524
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	9.523.365	3.710.161
IFRS 16 exempt lease expenses	120.136	85.934
Repair and maintenance expenses	327.836	192.130
Advertising expenses	417.732	179.807
Other expense	8.657.661	3.252.290
Loss on sales of assets	-	1.479
Other	2.672.539	1.335.852
<b>Total</b>	<b>13.319.808</b>	<b>5.853.634</b>

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

The profit before tax includes TL 76.948.376 (December 31, 2021 – TL 22.697.482) of net interest income, TL 14.133.922 (December 31, 2021 – TL 7.314.676) of net fees and commissions expenses, TL 9.097.079 personnel expenses (December 31, 2021 – TL 4.433.204) and other operating expenses amounting to TL 13.319.808 (December 31, 2021 - TL 5.853.634).

As of December 31, 2022, the Bank has no (December 31, 2021 – None) profit before tax from discontinued operations.

## 4.10 Provision for taxes on income from continuing operations and discontinued operations:

As of December 31, 2022, the Bank has TL 20.149.630 (December 31, 2021 - TL 3.257.106 tax expense) tax expense from continued operations, from discontinued operations none and deferred tax income from continued operations amounting to TL 4.580.785 (December 31, 2021 - TL 261.170 deferred tax income).

	Current Period	Prior Period
Profit before tax	68.313.534	13.485.694
Tax calculated at statutory rate	17.078.384	3.371.424
Nondeductible expenses, discounts and other, net	(1.509.539)	(375.488)
<b>Total</b>	<b>15.568.845</b>	<b>2.995.936</b>

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL  
STATEMENTS AS OF DECEMBER 31, 2022

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

## 4.11 Information on net income/loss for the period:

**4.11.1.** 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.

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

## 4.12 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.

## 5 Explanations and notes related to statement of changes in shareholders' equity

## 5.1 Information on dividends:

Authorised body for profit appropriation of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

## 5.2 Information on increase/decrease amounts resulting from merger:

None.

## 5.3 Information on equity share premiums :

The details regarding property and equipment valuation differences are disclosed in section 3 note 19.

## 5.4 Explanations on property and equipment valuation differences:

The Bank adopted fair value accounting method for its buildings and art objects and paintings in tangible assets in accordance with TAS 16 "Property, Plant and Equipment". As of 31 December 2022, revaluation gain under shareholders' equity is amounting to TL 4.891.380 ( December 31, 2021 – TL 1.856.179).

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL  
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**5.5 Explanations related to accumulated remeasurement gains/losses of defined benefit plans:**

Accumulated remeasurement gains/losses of defined benefit plans are accounted under equity. As of December 31, 2022 actuarial loss related to provision for employee benefit accounted under equity is amounting to TL 1.869.365 (December 31, 2021 – TL 573.117), actuarial loss related to pension fund provision is amounting to TL 1.046.409 (December 31, 2021 – TL 248.438).

**5.6 Explanations on joint ventures accounted for using equity method:**

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 recognized in profit or loss and "Other accumulated comprehensive income that will not be reclassified in profit or loss" under the equity, respectively.

**5.7 Explanations on financial assets at fair value through other comprehensive income:**

"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 until the related assets are impaired or disposed.

**5.8 Hedging transactions :**

The Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted in equity hedge funds, taking into account tax effects. Such amount as of December 31, 2022 is TL 5.379.550 gain (December 31, 2021 – 2.332.875 gain).

The Bank's Euro denominated borrowing is designated as a hedge of the net investment in the Bank's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2022 is EUR 469 million (31 December 2021 is EUR 495 million). The foreign exchange loss of TL 5.321.236 net of tax, on translation of the borrowing to Turkish Lira at the statement of financial position date is recognized in "hedging reserves" in equity (31 December 2021- TL 4.135.092 loss).

**5.9 Information on share issue premium:**

Other capital and profit reserves, in general, consist of legal reserves and extraordinary reserves.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL  
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**6 Explanations and notes related to statement of cash flows:****6.1 Information on cash and cash equivalents:****6.1.1 Components of cash and cash equivalents and the accounting policy applied in their determination:**

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

**6.1.2 Effect of a change in the accounting policies:**

None.

**6.1.3 Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:****6.1.3.1 Cash and cash equivalents at the beginning of period:**

	Current Period	Prior Period
Cash	82.130.561	39.029.018
Cash and effectives	12.757.411	5.971.223
Demand deposits in banks	69.373.150	33.057.795
Cash equivalents	13.077.137	6.160.864
Interbank money market	1.808.653	1.700.000
Time deposits in banks	11.268.484	4.460.864
<b>Total cash and cash equivalents</b>	<b>95.207.698</b>	<b>45.189.882</b>

**6.1.3.2 Cash and cash equivalents at the end of the period:**

	Current Period	Prior Period
Cash	102.024.569	82.130.561
Cash and effectives	12.925.202	12.757.411
Demand deposits in banks	89.099.367	69.373.150
Cash equivalents	11.266.214	13.077.137
Interbank money market	2.460.000	1.808.653
Time deposits in banks	8.806.214	11.268.484
<b>Total cash and cash equivalents</b>	<b>113.290.783</b>	<b>95.207.698</b>

**6.2 Information on cash and cash equivalents those are not available for use due to legal limitations and other reasons:**

As of 31 December 2022 the cash and cash equivalents those are not available for use due to legal limitations and other reasons including reserve requirements is amounting to TL 129.483.346 (December 31, 2021 – TL 99.216.587).

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL  
STATEMENTS AS OF DECEMBER 31, 2022

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

**6.3 Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents:**

Decrease in "Other Account" amounting to TL 2.353.291 as of December 31, 2022 (December 31, 2021 - TL 1.025.716 increase), which is classified under "Operating profit before changes in operating assets and liabilities", includes mainly fee and commissions given, other operating expenses excluding personnel expenses, and foreign exchange gains/losses.

Decrease in "Net increase/decrease in other liabilities" amounting to TL 5.834.915 as of December 31, 2022 (December 31, 2021 - TL 5.954.565 increase), mainly consist of changes in other debts and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 23.988.491 as of December 31, 2022 (December 31, 2021 - TL 27.218.430 increase).

**7 Explanations and notes related to the Bank's risk group****7.1 The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit or loss of the period:****7.1.1 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 <sup>(1)(2)</sup>						
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	289.003	2.693	53.667	2.651	1.776.606	27.690

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 <sup>(1)(2)</sup>						
Loans and other receivables						
Balance at the beginning of the period	1.245.321	301.506	883.127	898.824	5.231.297	2.078.697
Balance at the end of the period	660.084	892.378	416.619	1.070.846	8.100.359	3.310.640
Interest and commission income received	93.997	2.863	39.171	8.799	762.204	14.229

<sup>(1)</sup> Defined in subsection 2 of the 49th article of the Banking Act No.5411.<sup>(2)</sup> The information in table above includes marketable securities and due from banks as well as loans.**7.1.2 Information on deposits of the Bank's risk group:**

Bank's risk group <sup>(1)(2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Bank		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	2.837.798	1.949.302	38.192.490	24.402.131	50.910.186	30.828.068
End of the period	4.268.084	2.837.798	27.722.742	38.192.490	70.370.899	50.910.186
Interest expense on deposits	257.882	73.101	1.989.739	1.638.677	1.482.137	1.781.238

<sup>(1)</sup> Defined in subsection 2 of the 49th article of the Banking Act No. 5411.<sup>(2)</sup> The information in table above includes borrowings and repo transactions as well as deposits.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO UNCONSOLIDATED FINANCIAL  
STATEMENTS AS OF DECEMBER 31, 2022

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

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

Bank's risk group <sup>(1)</sup>	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 <sup>(2)</sup>	4.298.899	1.181.891	2.828.070	1.573.859	379.300	1.585.212
End of the period <sup>(2)</sup>	1.404.594	4.298.899	1.886.536	2.828.070	1.273.964	379.300
Total profit / (loss) <sup>(3)</sup>	1.086.978	906.161	192.197	53.810	(349.753)	(568.127)
Transactions for hedging purposes						
Beginning of the period <sup>(2)</sup>	-	-	525.855	516.747	-	-
End of the period <sup>(2)</sup>	-	-	-	525.855	-	-
Total profit / (loss)	-	-	-	25.855	-	-

<sup>(1)</sup> Defined in subsection 2 of the 49th article of the Banking Act No. 5411.<sup>(2)</sup> The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.**7.2 Information regarding benefits provided to the Bank's top management**

Salaries and benefits paid to the Bank's top management amount to TL 225.532 as of December 31, 2022 (December 31, 2021 - TL 107.903).

**8 Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Bank:**

	Number	Number of Employees	Country of incorporation	
			Total asset	Statutory share capital
Domestic Branch	800	15.428		
Foreign Representative Office	-	-		
Foreign Branch	1	3	Bahreyn	27.703.648
Off-Shore Banking Region Branch	-	-		

**9 Explanations and notes related to subsequent events:**

None.



YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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

### SECTION SIX

#### Other explanations

##### 1. Other explanations on the Bank's operations

None.

YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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

### SECTION SEVEN

#### Independent auditor's report

##### 1. Explanations on independent auditor's report

The unconsolidated financial statements for the period ended December 31, 2022 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's report dated, February 2, 2023 is presented preceding the unconsolidated financial statements.

##### 2. Explanations and notes prepared by independent auditor

None.

# Independent Auditor's Report

CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)

## Yapı ve Kredi Bankası A.Ş.

Publicly announced consolidated financial statements and  
related disclosures at December 31, 2022 together with  
independent auditor's report

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

## A. AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Opinion

We have audited the accompanying consolidated financial statements of Yapı ve Kredi Bankası A.Ş. (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2022, consolidated statements of profit and loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

### 2. Basis for Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Expected credit losses for loans and receivables</b></p> <p>The Group has total expected credit losses for loans and receivables amounting to TL 37.028.518 thousand in respect to total loans and receivables amounting to TL 661.218.031 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2022.</p> <p>Explanations and notes related to expected credit losses for loans and receivables are presented in Section Three Part 7.3 and 8, Section Four Part 2, Section Four Part 3.3, Section Five Part 1.7 in the accompanying consolidated financial statements as at 31 December 2022.</p> <p>The Group recognizes provision for impairment in accordance with "IFRS 9 Financial Instruments" ("IFRS 9") requirements and the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>To determine expected credit losses as of 31 December 2022 the Group determines stage classification of loans by identifying significant increase in credit risk with quantitative and qualitative assessments disclosed in Section Three Part 8 in the accompanying consolidated financial statements and identification of default events disclosed in Section Four Part 2 in the accompanying consolidated financial statements.</p>	<p>With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Group with IFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group's management in its expected credit losses calculations, we held discussions with management, evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested model segmentation, lifetime probability of default model, exposure at default model, loss given default model and the approaches to reflecting reasonable and supportable forward looking expectations (including macroeconomic factors) with our financial risk experts. Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used.</li> </ul>

# Independent Auditor's Report

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Expected credit losses for loans and receivables (Continued)</b></p> <p>The Group uses complex models that requires data to be derived from multiple systems for determining significant increase in credit risk and calculation of IFRS 9 expected credit losses. These models contain judgement and estimations in regard to forward looking estimations, scenarios of macro-economic conditions and weighing of scenarios based on expert opinion.</p> <p>Information used in the individually or collectively assessment of expected credit loss such as historical loss experiences, current conditions and macroeconomic expectations should be supportable and appropriate.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences, development and weighting of macro-economic scenarios; the significance of the loans and receivables balances; the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<ul style="list-style-type: none"> <li>• We have checked selected models used in determination of provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.</li> <li>• For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations.</li> <li>• We checked the calculation of the Loss Given Default (LGD) used by the Group in the expected credit losses calculations, and tested collaterals, recovery and costs in addition to arithmetical calculations.</li> <li>• For a selected sample, we checked expected credit losses determined based on individual assessment per Group's policy by means of supporting data and evaluated appropriateness via communications with management.</li> <li>• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li>• We checked accuracy of resultant expected credit losses calculations.</li> <li>• To assess appropriateness of the Group's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</li> <li>• We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.</li> </ul>

# Independent Auditor's Report

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Valuation of Pension Fund obligations</b></p> <p>The Group has booked provision amounting to TL 2.945.243 for Pension Fund Liabilities in the accompanying consolidated financial statements as at 31 December 2022. Explanations on Valuation of Pension Obligations are presented in the section five part 2.6.3 in the accompanying consolidated financial statements.</p> <p>Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı (Pension Fund) is established in accordance with the Social Security Law numbered 506 article No 20 and is within the scope of Funds to be transferred to the Social Security Institution (SSI). The President is authorized to determine the transfer date. The total obligation of the fund is estimated using separate methods and assumption for benefits to be transferred and for non-transferrable benefits. The calculation of the pension obligations requires significant judgement and technical expertise in choosing appropriate assumptions. Calculation of Pension Fund liabilities include estimates and uncertain assumptions such as transferrable social benefits, discount rates, salary increases, economic and demographic assumptions.</p> <p>The Group's management uses external actuaries for the purpose of valuations of Pension Fund obligations.</p> <p>During our audit, above mentioned fundamental assumption and estimates used in calculations of Pension Fund obligations, uncertainty of the transfer date, technical interest rate determined by the law and significant impact from differentiation of these assumptions were taken into consideration, and this area is considered as key audit matter.</p>	<p>Within our audit we tested on a sample basis the accuracy of the employee data supplied by the Bank management to the external actuary firm for the purpose of evaluation pension obligation. In addition, we verified the existence and values of the Pension Fund assets.</p> <p>We checked whether significant changes in actuarial assumptions used in calculation, employee benefits in the period, plan assets and liabilities, and whether significant changes in laws and regulations related to valuations exist.</p> <p>Through use of our actuarial specialist, we assessed the reasonableness of assumptions and evaluation made by the external actuaries in the calculation of the liability.</p> <p>We evaluated the adequacy of the disclosures made in the consolidated financial statements of the Bank regarding the Pension Fund.</p>

# Independent Auditor's Report

## 4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## 5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

## Additional Paragraph for Convenience Translation

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

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

Didem Demer Kaya, SMMM  
Partner  
Istanbul, 2 February 2023

## YAPI VE KREDİ BANKASI A.Ş.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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E-Mail	: financialreports@yapikredi.com.tr

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

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

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

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

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

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

Y. Ali KOÇ Chairman of the Board of Directors	Gökhan ERÜN Executive Director and CEO	Demir KARAASLAN Chief Financial Officer	Barış SAVUR Financial Reporting and Accounting Executive Vice President
Dr. Ahmet ÇİMENÖĞLU Chairman of the Audit Committee	Mehmet TIRNAKLI Member of the Audit Committee		Nevin İPEK Member of the Audit Committee

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

<b>Name-Surname / Title</b>	: Tuğçe ÖZYAZGAN / Head of Financial Reporting
<b>Telephone Number</b>	: 0212 339 98 87
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## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

## SECTION ONE

## General Information

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

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

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

The Parent Bank's publicly traded shares are traded on the Borsa Istanbul ("BIST") since 1987. As of December 31, 2022, 32,03% of the shares of the Bank are publicly traded (December 31, 2021 - 32,03%). 40,95% of the shares out of the remaining 67,97% is owned by Koç Finansal Hizmetler A.Ş. ("KFS") which is owned by Koç Group, 27,02% is owned by Koç Holding A.Ş.

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

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

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

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

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

In year 2021, UCG completed the sale of 2,00% shares in stock market and for the sale of remaining 18,00% shares UCG came to an agreement with Koç Group as per the Share Sale and Purchase Agreement relating to the sale of the Parent Bank publicly disclosed on November 30, 2019.

Accordingly, it has been announced that Koç Group used its right of first offer for the sale of the Parent Bank shares which are planned to be sold by UCG on November 9, 2021. The sale of the relevant shares was completed on April 1, 2022, and Koç Holding A.Ş.'s share ratio increased from 9,02% to 27,02%.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

In 2006 and 2007, with the acquisition of Yapı Kredi and its subsidiaries, KFS Group launched structural reorganisation and the following subsidiaries is still under the control of group were legally merged:

Merging entities		Merger date	Merged entity
Yapı Kredi	Koçbank	October 2, 2006	Yapı Kredi
Yapı Kredi Finansal Kiralama A.O. ("Yapı Kredi Leasing")	Koç Leasing	December 25, 2006	Yapı Kredi Leasing
Yapı Kredi Faktoring A.Ş. ("Yapı Kredi Faktoring")	Koç Faktoring	December 29, 2006	Yapı Kredi Faktoring
Yapı Kredi Portföy Yönetimi A.Ş. ("Yapı Kredi Portföy")	Koç Portföy	December 29, 2006	Yapı Kredi Portföy
Yapı Kredi Yatırım Menkul Değerler A.Ş. ("Yapı Kredi Menkul")	Koç Yatırım	January 12, 2007	Yapı Kredi Menkul
Yapı Kredi Bank Nederland N.V. ("Yapı Kredi NV")	Koçbank Nederland N.V.	July 2, 2007	Yapı Kredi NV

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

As of December 31, 2022 the Parent Bank's Board of Directors, Members of the Audit Committee, General Manager and Assistant General Managers are as follows:

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

Audit Committee Members:	
Name	Responsibility
Ahmet ÇİMENÖĞLU	Chairman
Mehmet TIRNAKLI	Member
Nevin İPEK	Member

General Manager:	
Name	Responsibility
Gökhan ERÜN	Executive Director and CEO

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

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

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

Name/Commercial title	Share amounts (nominal)	Share Percentage (%)	Paid-in capital (nominal)	Unpaid portion
Koç Finansal Hizmetler A.Ş.	3.459.065.642,23	40,95	3.459.065.642,23	-
Koç Grubu	2.282.666.574,00	27,02	2.282.666.574,00	-

Koç Finansal Hizmetler A.Ş. is owned by Koç Group and Temel Ticaret ve Yatırım A.Ş..

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

The Parent Bank's activities summarized in the section 3 of the articles of association are as follows:

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

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

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

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 December 31, 2022, the Parent Bank has 800 branches operating in Turkey and 1 branch in overseas (December 31, 2021 - 803 branches operating in Turkey, 1 branch in overseas).

As of December 31, 2022, the Parent Bank has 15.431 employees (December 31, 2021 - 15.452 employees). The Parent Bank together with its consolidated subsidiaries is referred to as the "Group" in these consolidated financial statements. As of December 31, 2022 the Group has 16.339 employees (December 31, 2021 - 16.313 employees).

## 6. Differences between the communiqué on preparation of consolidated financial statements of Banks and Turkish Accounting Standards and short explanation about the entities subject to full consolidation or proportional consolidation and entities which are deducted from equity or entities which are not included in these three methods:

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

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

All other subsidiaries are fully consolidated.

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

None.







## YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## AS OF DECEMBER 31, 2022

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

## 3. Consolidated statement of profit or loss

Income and expense items	Note (Section Five)	Current Period (01/01/2022 - 31/12/2022)	Prior Period (01/01/2021 - 31/12/2021)
I. INTEREST INCOME	4.1	133.298.907	54.084.352
1.1 Interest on Loans	4.1.1	69.141.269	37.589.124
1.2 Interest Received from Reserve Deposits		255.955	815.720
1.3 Interest Received from Banks	4.1.2	1.586.633	560.608
1.4 Interest Received from Money Market Transactions		160.898	38.147
1.5 Interest Received from Marketable Securities Portfolio	4.1.3	58.125.296	13.207.832
1.5.1 Financial Assets Measured at Fair Value Through Profit or Loss		52.715	25.616
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		19.222.743	4.395.485
1.5.3 Financial Assets Measured at Amortised Cost		38.849.838	8.786.731
1.6 Financial Lease Income		2.049.814	1.122.644
1.7 Other Interest Income		1.979.042	750.277
II. INTEREST EXPENSE (-)	4.2	54.040.436	30.348.799
2.1 Interest on Deposits	4.2.6	32.831.617	15.475.065
2.2 Interest on Funds Borrowed	4.2.1	4.921.711	2.467.356
2.3 Interest expense on money market transactions	4.2.4	5.096.328	6.608.620
2.4 Interest on Securities Issued	4.2.3	9.079.306	5.587.578
2.5 Interest on Lease Payables		235.929	154.058
2.6 Other Interest Expense	4.2.5	1.875.545	56.122
III. NET INTEREST INCOME/EXPENSE (I - II)		79.258.471	23.735.553
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		15.740.654	8.045.770
4.1 Fees and Commissions Received		21.841.199	10.957.088
4.1.1 Non-cash Loans		2.112.838	1.200.675
4.1.2 Other		19.728.361	9.756.413
4.2 Fees and Commissions Paid		6.100.545	2.911.318
4.2.1 Non-cash Loans		35.806	18.993
4.2.2 Other		6.064.739	2.892.325
V. DIVIDEND INCOME	4.3	88.694	17.251
VI. TRADING PROFIT/LOSS (Net)	4.4	10.201.691	895.375
6.1 Trading Gains/Losses on Securities		2.603.204	194.515
6.2 Derivative Financial Transactions Gains/Losses	4.5	18.707.366	21.354.800
6.3 Foreign Exchange Gains/Losses		(11.108.879)	(20.653.940)
VII. OTHER OPERATING INCOME	4.7	3.741.079	2.316.538
VIII. GROSS PROFIT FROM OPERATING ACTIVITIES (III+IV+V+VI+VII)		109.030.589	35.010.487
IX. ALLOWANCE FOR EXPECTED CREDIT LOSSES (-)	4.6	16.003.154	10.198.148
X. OTHER PROVISION EXPENSES (-)	4.6	364.615	112.179
XI. PERSONNEL EXPENSES (-)		9.853.390	4.804.319
XII. OTHER OPERATING EXPENSES (-)	4.8	13.851.191	6.140.696
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		68.958.239	13.755.145
XIV. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-
XV. PROFIT/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		235.529	138.629
XVI. NET MONETARY POSITION GAIN/LOSS		-	-
XVII. PROFIT/LOSS BEFORE TAXES FROM CONTINUING OPERATIONS (XIII+...+XVI)	4.9	69.193.768	13.893.774
XVIII. PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	4.10	16.448.467	3.403.758
18.1 Current Tax Provision		20.934.300	3.882.761
18.2 Expense effect of deferred tax (+)		-	261.170
18.3 Income effect of deferred tax (-)		4.485.833	479.003
XIX. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XVII±XVIII)		52.745.301	10.490.016
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. Current tax provision		-	-
XXV. Expense effect of deferred tax (+)	4.11	52.745.301	10.490.016
25.1 Group's profit/loss		52.744.689	10.489.758
25.2 Minority shares	4.12	612	258
Earnings/(loss) per share (full TL)		0,0624	0,0124

The accompanying notes are an integral part of these financial statements.

## YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## AS OF DECEMBER 31, 2022

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

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

	Current Period (31/12/2022)	Prior Period (31/12/2021)
I. PROFIT (LOSS)	52.745.301	10.490.016
II. OTHER COMPREHENSIVE INCOME	12.005.655	5.930.871
2.1 Other comprehensive income that will not be reclassified to profit or loss	906.526	(469.083)
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	(2.908.791)	(563.432)
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit Or Loss	608	(20.525)
2.1.5 Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss	65.851	114.874
2.2 Other Comprehensive Income That Will Be Reclassified to Profit or Loss	11.099.129	6.399.954
2.2.1 Exchange Differences on Translation	2.830.610	3.923.750
2.2.2 Valuation and/or Reclassification Profit or Loss from Financial Assets Measured at Fair Value Through Other Comprehensive Income	8.571.529	1.557.520
2.2.3 Income (loss) Related with Cash Flow Hedges	4.248.889	4.144.880
2.2.4 Income (loss) Related with Hedges of Net Investments in Foreign Operations	(1.651.384)	(2.772.550)
2.2.5 Other Components of Other Comprehensive Income that will be Reclassified to Other Profit or Loss	70.500	-
2.2.6 Taxes Relating To Components Of Other Comprehensive Income That Will Be Reclassified To Profit Or Loss	(2.971.015)	(453.646)
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	64.750.956	16.419.707

The accompanying notes are an integral part of these financial statements.

## 5. Consolidated statement of changes in shareholders' equity

Current Period (31/12/2022)	Other Accumulated Comprehensive Income		Other Accumulated Comprehensive Income						Total equity except minority interest	Minority Interest	Total shareholders' equity									
	That Will Not Be Reclassified In Profit or Loss	That Will Be Reclassified In Profit or Loss	1	2	3	4	5	6												
Changes in shareholder's equity	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves																
I. Balance at the beginning of the period	8,447,051	556,937	-	1,588,628	1,877,188	(837,989)	20,546	7,867,243	1,433,581	(2,059,517)	32,464,808	1,639,954	10,489,758	63,488,188	1,018	63,489,206				
II. Adjustment in accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Total comprehensive income (loss)	8,447,051	556,937	-	1,588,628	1,877,188	(837,989)	20,546	7,867,243	1,433,581	(2,059,517)	32,464,808	1,639,954	10,489,758	63,488,188	1,018	63,489,206				
V. Capital increase in cash	-	-	-	3,035,201	(2,129,283)	608	2,830,610	6,337,488	1,931,031	-	-	-	52,744,689	64,750,344	612	64,750,956				
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit distribution	-	-	-	1,363	-	-	-	-	-	-	(979,493)	-	(10,489,758)	(1,000,000)	(93)	(778,130)				
XI. Profit distribution	-	-	-	18,763	-	-	-	-	-	-	9,470,995	-	(1,000,000)	(1,000,000)	(93)	(1,000,093)				
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(1,000,000)	(1,000,000)	(93)	(1,000,093)				
11.2. Transfers to legal reserves	-	-	-	18,763	-	-	-	-	-	-	9,470,995	-	(9,489,758)	-	-	-	-	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (IIIHV+.....+X+XI)	8,447,051	556,937	-	1,608,754	4,912,389	(2,967,272)	21,154	10,697,853	7,771,069	(128,486)	40,956,310	1,639,954	52,744,689	126,260,402	1,537	126,261,939				

The accompanying notes are an integral part of these financial statements.

1. Tangible assets revaluation reserve,
2. Accumulated gains / losses on remeasurements of defined benefit plans,
3. Other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss,
4. Exchange differences on translation reserve,
5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets measured at fair value through other comprehensive income,
6. Accumulated gains or losses on cash flow hedges, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and net investment hedges.

## YAPIVE KREDİ BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN

## SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2022

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

## 5. Consolidated statement of changes in shareholders' equity (continued)

Prior Period (31/12/2021)	Other Accumulated Comprehensive Income		Other Accumulated Comprehensive Income						Total equity except minority interest	Minority Interest	Total shareholders' equity									
	That Will Not Be Reclassified In Profit or Loss	That Will Be Reclassified In Profit or Loss	1	2	3	4	5	6												
Changes in shareholder's equity	Paid in capital	Share premium	Share certificate cancellation profits	Other capital reserves																
I. Balance at the beginning of the period	8,447,051	556,937	-	1,440,212	1,875,000	(387,243)	41,071	3,943,493	187,668	(3,289,808)	28,033,706	1,639,954	5,079,518	47,567,559	807	47,568,366				
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	-	1,440,212	1,875,000	(387,243)	41,071	3,943,493	187,668	(3,289,808)	28,033,706	1,639,954	5,079,518	47,567,559	807	47,568,366				
IV. Total comprehensive income (loss)	-	-	-	2,188	(450,746)	(20,525)	-	3,923,750	1,245,913	1,230,291	-	-	10,489,758	16,420,629	258	16,420,887				
V. Capital increase in cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital increase through internal reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Issued capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase (decrease) through other changes, equity	-	-	-	78	-	-	-	-	-	-	(78)	-	(5,079,518)	(500,000)	(47)	(500,047)				
XI. Profit distribution	-	-	-	148,338	-	-	-	-	-	-	4,431,180	-	(500,000)	(500,000)	(47)	(500,047)				
11.1. Dividends distributed	-	-	-	-	-	-	-	-	-	-	-	-	(500,000)	(500,000)	(47)	(500,047)				
11.2. Transfers to legal reserves	-	-	-	148,338	-	-	-	-	-	-	4,431,180	-	(4,579,518)	-	-	-	-	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end balance (IIIHV+.....+X+XI)	8,447,051	556,937	-	1,588,628	1,877,188	(837,989)	20,546	7,867,243	1,433,581	(2,059,517)	32,464,808	1,639,954	10,489,758	63,488,188	1,018	63,489,206				

The accompanying notes are an integral part of these financial statements.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

## 6. Consolidated statement of cash flows

A.	CASH FLOWS FROM BANKING OPERATIONS	Notes (Section Five)	Current Period (31/12/2022)	Prior Period (31/12/2021)
1.1	Operating profit before changes in operating assets and liabilities		38.665.176	13.228.725
1.1.1	Interest received		85.855.948	41.835.252
1.1.2	Interest paid		(47.477.789)	(29.294.713)
1.1.3	Dividend received		88.694	17.251
1.1.4	Fees and commissions received		21.841.199	10.957.088
1.1.5	Other income		16.931.804	(2.888.847)
1.1.6	Collections from previously written-off loans and other receivables		5.153.298	2.768.290
1.1.7	Cash Payments to personnel and service suppliers		(19.720.513)	(10.522.722)
1.1.8	Taxes paid		(18.860.696)	(3.192.554)
1.1.9	Other	6.3	(5.146.769)	3.549.680
1.2	Changes in operating assets and liabilities subject to banking operations		1.520.647	14.573.295
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit or loss		(1.647.423)	(150.952)
1.2.2	Net (increase) decrease in due from banks		(40.957.665)	(59.469.735)
1.2.3	Net (increase) decrease in loans		(225.181.766)	(133.371.573)
1.2.4	Net (increase ) decrease in other assets		(32.002.260)	(21.438.919)
1.2.5	Net increase (decrease) in bank deposits		3.350.257	2.053.622
1.2.6	Net increase (decrease) in other deposits		278.035.348	153.253.469
1.2.7	Net increase (decrease) in financial liabilities measured at fair value through profit or loss		12.502.769	13.366.967
1.2.8	Net increase (decrease) in funds borrowed		5.398.869	53.148.804
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities	6.3	2.022.518	7.181.612
I.	Net cash provided from banking operations		40.185.823	27.802.020
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		(46.349.985)	(22.777.703)
2.1	Cash paid for the purchase of associates, subsidiaries and joint ventures		(25.016)	(26.660)
2.2	Cash obtained from the sale of associates, subsidiaries and joint ventures		1.040.675	18.270
2.3	Cash paid for the purchase of tangible and intangible asset		(1.612.407)	(792.206)
2.4	Cash obtained from the sale of tangible and intangible asset		706.819	471.232
2.5	Cash paid for the purchase of financial assets measured at fair value through other comprehensive income		(36.339.903)	(8.737.759)
2.6	Cash obtained from the sale of financial assets measured at fair value through other comprehensive income		12.377.339	7.845.958
2.7	Cash paid for the purchase of financial assets at amortised cost		(31.057.183)	(23.581.751)
2.8	Cash obtained from sale of financial assets at amortised cost		8.559.691	2.025.213
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash flows from financing activities		4.435.208	15.382.724
3.1	Cash obtained from funds borrowed and securities issued		35.102.143	35.947.885
3.2	Cash outflow from funds borrowed and securities issued		(29.189.667)	(19.628.371)
3.3	Equity instruments issued		-	-
3.4	Dividends paid		(1.000.093)	(500.047)
3.5	Payments for lease liabilities		(477.175)	(436.743)
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents	6.3	27.521.017	31.328.014
V.	Net increase/decrease in cash and cash equivalents		25.792.063	51.735.055
VI.	Cash and cash equivalents at beginning of the period	6.1	103.318.275	51.583.220
VII.	Cash and cash equivalents at end of the period	6.1	129.110.338	103.318.275

The accompanying notes are an integral part of these financial statements.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

7. Profit distribution<sup>(1),(2)</sup>

	Current Period (31/12/2022)	Prior Period (31/12/2021)
I.	Distribution of current year income	
1.1	Current year income	68.313.534
1.2	Taxes and duties payable (-)	15.568.845
1.2.1	Corporate tax (income tax)	20.149.630
1.2.2	Income withholding tax	-
1.2.3	Other taxes and duties	(4.580.785)
A.	Net income for the year (1.1-1.2)	52.744.689
1.3	Prior year losses (-)	-
1.4	First legal reserves (-)	144.884
1.5	Other statutory reserves (-)	-
B.	Net income available for distribution [(A+(1.3+1.4+1.5))]	52.744.689
1.6	First dividend to shareholders (-)	422.353
1.6.1	To owners of ordinary shares	422.353
1.6.2	To owners of privileged shares	-
1.6.3	To owners of preferred shares	-
1.6.4	To profit sharing bonds	-
1.6.5	To holders of profit and loss sharing certificates	-
1.7	Dividends to personnel (-)	-
1.8	Dividends to board of directors (-)	-
1.9	Second dividend to shareholders (-)	577.647
1.9.1	To owners of ordinary shares	577.647
1.9.2	To owners of privileged shares	-
1.9.3	To owners of preferred shares	-
1.9.4	To profit sharing bonds	-
1.9.5	To holders of profit and loss sharing certificates	-
1.10	Second legal reserves (-)	57.765
1.11	Statutory reserves (-)	-
1.12	Extraordinary reserves	9.268.346
1.13	Other reserves	-
1.14	Special funds	18.763
II.	Distribution of reserves	
2.1	Appropriated reserves	-
2.2	Second legal reserves (-)	-
2.3	Dividends to shareholders (-)	-
2.3.1	To owners of ordinary shares	-
2.3.2	To owners of privileged shares	-
2.3.3	To owners of preferred shares	-
2.3.4	To profit sharing bonds	-
2.3.5	To holders of profit and loss sharing certificates	-
2.4	Dividends to personnel (-)	-
2.5	Dividends to board of directors (-)	-
III.	Earnings per share	
3.1	To owners of ordinary shares (Full TL)	0,0624
3.2	To owners of ordinary shares ( % )	-
3.3	To owners of privileged shares	-
3.4	To owners of privileged shares ( % )	-
IV.	Dividend per share	
4.1	To owners of ordinary shares (Full TL)	0,0012
4.2	To owners of ordinary shares ( % )	11,8385
4.3	To owners of privileged shares	-
4.4	To owners of privileged shares ( % )	-

<sup>(1)</sup> Profit Distribution Statement has been prepared according to unconsolidated financial statements of the Parent Bank.<sup>(2)</sup> Regarding profit distribution, the authorized body of the Bank is the General Assembly and the annual general assembly meeting has not been held as of the date of preparation of these financial statements. Since the dividend distribution proposal for 2022 has not yet been prepared by the Board of Directors, only the distributable profit is stated in the profit distribution table.

The accompanying notes are an integral part of these financial statements.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

## SECTION THREE

## Accounting policies

## 1. Explanations on basis of presentation:

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

The consolidated financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Applications and Safeguarding of Documents" published in the Official Gazette No. 26333 dated November 1, 2006 by the Banking Regulation and Supervision Agency ("BRSA") which refers to "Turkish Financial Reporting Standards ("TFRS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") and other decrees, notes and explanations related to the accounting and financial reporting principles published by the BRSA. The format and the details of the publicly announced financial statements and related disclosures to these statements have been prepared in accordance with the "Communiqué Related to Publicly Announced Financial Statements of Banks and Explanations and Notes Related to these Financial Statements" and changes and notes to this communiqué published in the Official Gazette No. 28337 dated June 28, 2012.

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

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

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

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

The preparation and fair presentation of the financial statement and used principles of valuation in accordance with "Accounting and Reporting Legislation" published in the regulation, communicate, interpretations and circular published by BRSA and If no specific regulation has been made by BRSA, it has been determined and applied according to the principles of TFRS.

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

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

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

## 1. Explanations on basis of presentation: (continued)

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

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

As of December 31, 2022, the Group largely completed the necessary infrastructure development for USD Libor indexed derivatives, money market transactions, bonds, loan products and risk management systems in order to take the transition to alternative benchmark interest rates that are based on actual overnight transactions. Following the system developments, it is anticipated that for the new traded floating rate instruments alternative benchmark interest rates are going to be used. For the existing transactions, it is planned to take transition to alternative benchmark interest rates in case there is a request from counter banks or customers. In the light of analysis, related transition will have no material impact on financial statements.

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

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

The Phase 2 Amendments provide two key reliefs:

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

On January 20, 2022, POA made a statement on the Implementation of Financial Reporting in High Inflation Economies within the scope of TFRS, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. In 2022, as of the reporting date, there has not been any further announcement regarding this issue; therefore, inflation adjustments have not been applied on the financial statements dated December 31, 2022 in accordance with TAS 29.

## Additional paragraph for convenience translation into English:

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

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
AS OF DECEMBER 31, 2022

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

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

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

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

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

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

## 3. Information on consolidation principles:

## 3.1. Consolidation principles applied:

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

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

## 3.1.1. Consolidation principles of subsidiaries:

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

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

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

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

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

Title	Incorporation (City/ Country)	Main activities	Effective rates (%)	Direct and indirect rates (%)
			December 31, 2022	December 31, 2022
Yapı Kredi Leasing	Istanbul/Turkey	Leasing	99,99	99,99
Yapı Kredi Faktoring	Istanbul/Turkey	Factoring	99,96	99,96
Yapı Kredi Menkul Değerler A.Ş.	Istanbul/Turkey	Investment Management	99,98	99,98
Yapı Kredi Portföy	Istanbul/Turkey	Portfolio Management	99,95	99,97
Yapı Kredi Holding B.V.	Amsterdam/Netherlands	Financial Holding	100,00	100,00
Yapı Kredi Bank Nederland N.V	Amsterdam/Netherlands	Banking	100,00	100,00
Yapı Kredi Azerbaijan	Baku /Azerbaijan	Banking	100,00	100,00
Stiching Custody Services YKB	Amsterdam/Netherlands	Custody services	100,00	100,00
Yapı Kredi Diversified Payment Rights Finance Company <sup>(1)</sup>	George Town/ Cayman Islands	Special Purpose Company	-	-

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

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

## 3.1.2. Consolidation principles of associates:

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

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

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

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

Title	(City/ Country)	Main activities	Effective rates %	
			December 31, 2022	Direct and indirect rates % December 31, 2022
Banque de Commerce et de Placements S.A.	Geneva/Switzerland	Banking	30,67	30,67
Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	Insurance	20,00	20,00

## 3.1.3. Transactions with minority shareholders:

The Group applies a policy of treating transactions with minority interests as transactions within the Group. The difference between the acquisition cost and net asset acquired is recognised under equity. Disposals from minority interests are also considered as equity transactions and result in changes in the equity of the Group.

## 3.1.4. Presentation of unconsolidated subsidiaries, associates and joint ventures in consolidated financial statements:

Turkish Lira denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at cost value, less any impairment, in accordance with "TAS 27 - Individual Financial Statements" in the consolidated financial statements.

Foreign currency denominated investments in unconsolidated associates, subsidiaries and joint ventures are accounted at their original foreign currency costs translated into Turkish Lira using the exchange rates prevailing at the transaction date less impairment, if any.

When the cost of associates, subsidiaries and joint ventures is higher than the net realizable value, the carrying amount is reduced to the net realizable or fair value considering whether the value decrease is temporary or permanent and the ratio of the value decrease.

## YAPI VE KREDİ BANKASI A.Ş.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 4. Explanations on forward and option contracts and derivative instruments:

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

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

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

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

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

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

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

Some of the trading purpose derivative transactions, even though they provide effective economic hedges under the Group's risk management policy, do not qualify for hedge accounting under the specific rules in "IFRS 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.



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## 4. Explanations on forward and option contracts and derivative instruments: (continued)

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

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

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

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

As of December 31, 2022, the Parent Bank's credit derivatives portfolio included total return swaps.

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

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

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

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

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

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## 4. Explanations on forward and option contracts and derivative instruments: (continued)

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

## 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 IFRS 15 "Revenue from Contract with Customers".

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## 7. Explanations on financial assets:

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

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

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

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

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

The Parent Bank owns Consumer Price Indexed (CPI) Government Bonds which are classified under "Fair value through other comprehensive income" and "measured at amortised cost" securities portfolio. The reference indices used in calculating the actual coupon payment amounts of these assets are based on the Consumer Price Index (CPI) of prior two months.

## Assessment of the business model

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

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

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

- How the performance of the portfolio is evaluated and reported to the Group's management;

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## Assessment of the business model (continued)

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets with duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- How managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

- The risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;

- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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

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**Assessment of the business model (continued)**

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

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

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

- Other business models

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

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

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

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

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

In making the assessment, the Group considers:

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

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

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

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

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

**7.2. Financial assets measured at amortised cost:**

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

**7.3. Loans:**

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

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

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

As of December 31, 2022, the Bank has classified loans in accordance with the TFRS 9 standard and reflected them in its financial statements. In this context; the Group has evaluated many reasonable and supportable qualitative and quantitative data by taking into account the negative impact of COVID-19 in assessing whether there is a significant increase in credit risk in the classification of loans according to stages and determining the moment when the default situation occurs. It has classified the loans according to their stages according to its best judgment under the current conditions.

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## 7.3. Loans: (continued)

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

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

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

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

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

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

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## 7.5. Equity instruments of fair value through other comprehensive income:

At initial recognition, Group can make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an equity instrument within the scope of TFRS 9. Such election is made on an instrument basis. Fair value differences recognized in other comprehensive income are not transferred to profit or loss in the following periods and transferred to prior years' profit/loss. The equity instruments measured at fair value through other comprehensive income, are not subject to impairment calculation.

## 8. Explanations on impairment of financial assets:

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

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

The measurement of the expected credit loss allowance:

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

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

## Stage 1:

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

## Stage 2:

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

## Stage 3:

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

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

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

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## 8. Explanations on impairment of financial assets: (continued)

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

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

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

The main adjustments aimed at:

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

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

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

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

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

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

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

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## Significant increase in credit risk

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

## Quantitative Assessment:

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

As of reporting date:

- Lifetime expected credit losses shall be recognized on a transaction base, when more than 30 days past due status is passed. The Parent Bank can abandon this estimation when it has reasonable and supportable information about customers contractual repayments.

- In case a loan has been restructured, it will be followed up under Stage 2 during the follow-up period mentioned in the related regulations. The loan can be transferred back to Stage 1 at end of the follow-up period if there is no significant deterioration.

- Provisions on non-funded non cash loans are evaluated as significant increase in credit risk.

## Qualitative Assessment:

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

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

Financial instruments defined as low risk for TFRS 9 are;

- Receivables from Central Bank of the Republic of Turkey;
- Loans with counterparty of Treasury of the Republic of Turkey
- The issued securities or guaranteed marketable securities from central banks of the countries where Group's subsidiaries, associates are resident;
- Bank placements;
- Other money market transactions;
- Transactions of Group's associates and subsidiaries

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### 8. Explanations on impairment of financial assets: (continued)

#### Forward Looking Information:

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

For the calculation of expected credit loss, Bank uses macroeconomic estimation method which is developed during creation of various scenarios. Macroeconomic variables prevailing during these estimates are gross domestic product (GDP), unemployment rate and foreign trade balance.

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

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

### 9. Explanations on offsetting financial assets:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Group has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis, or to realise the asset and settle the liability simultaneously.

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### 10. Explanations on sales and repurchase agreements and securities lending transactions:

Securities subject to repurchase agreements ("Repo") are classified as "Financial assets at fair value through profit or loss", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under "Money market funds" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "Effective interest method". Interest expense on repo transactions are recorded under "Interest expense on money market transactions" in the income statement.

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

The Group has no securities lending transactions.

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

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

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

### 12. Explanations on goodwill and other intangible assets:

#### 12.1 Goodwill:

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

As explained in Note 2, Section 1, in 2006, all rights, receivables, debts and liabilities of Koçbank were transferred to the Bank pursuant the merger of the two banks. Within the scope of TFRS 3 - Business Combinations standard, the goodwill arised from the merger was subject to annual impairment test in accordance with the requirement of TAS 36 - Impairment of Assets. As of 31 December 2022, the goodwill was fully impaired and directly recognized in profit reserves under the statement of shareholders' equity.

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**12.2. Other intangible assets:**

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

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

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

**13. Explanations on property and equipment:**

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

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

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

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

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

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

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

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**14. Explanations on leasing transactions:**

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

**14.1. Accounting of leasing operations according to lessor:**

The Group has adopted "TFRS 16 - Leases" in the accounting of leasing transactions.

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

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

**14.2. Accounting of leasing operations according to lessor:**

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

**14.2.1. Provision for doubtful lease receivables**

The lease receivables provision for the impairment of investments in direct finance leases is established based on a credit review of the receivables portfolio. The Group has set this provision in accordance with the TFRS 9 rules.

Finance lease receivables and accounts receivables that cannot be recovered are written off and charged against the allowance for the impairment of lease and accounts receivables. Such receivables are written off after all the necessary legal proceedings have been completed and the amount of loss is finally determined. Recoveries of amounts previously provided for are treated as a reduction from the provision for the impairment of the lease receivable and are recognized as income.

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**15. Explanations on provisions, contingent assets and liabilities:**

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

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

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

**16. Explanations on obligations related to employee benefits:****16.1. Employee termination benefits**

Obligations related to severance pay and vacation rights are accounted for in accordance with "TAS 19- Employee Benefits" and are classified under "Provisions for employee benefits" account in the balance sheet. Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for severance pay represents the present value of the estimated total liability for the future probable obligation of the Group determined by using certain actuarial assumptions. Actuarial gains and losses generated after January 1, 2013, are accounted for under equity in accordance with the revised "TAS 19- Employee Benefits" standard.

**16.2. Pension rights**

The Parent Bank's personnel are members of the Yapı ve Kredi Bankası Anonim Şirketi Mensupları Yardım ve Emekli Sandığı Vakfı ("the Fund") which was established in accordance with the 20th temporary article of the Social Security Law No. 506. The technical financial statements of the Fund are audited in accordance with the Article 38 of the Insurance Supervision Law and the "Regulation Regarding the Actuaries" by a registered independent actuary.

Temporary article 23th paragraph 1 of the Banking Act published in the Official Gazette No 25983 dated November 1, 2005 stated that foundations like the Fund are to be transferred to the Social Security Institution ("SSI") within three years beginning from the publication date of the article.

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**16.2. Pension rights (continued)**

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

The reasoning of the Constitutional Court regarding the abrogation of the corresponding article was published in the Official Gazette dated December 15, 2007, No 26731. With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on April 17, 2008. The New Law was published in the Official Gazette No. 26870 dated May 8, 2008. With the new law, the banks' pension funds will be transferred to SSI within three years from the date of publication of the decree and this period can be extended for a maximum of two years with the decision of the Council of Ministers. The transfer period was extended for another two years with the decision of the Council of Ministers No. 2011/1559 published in the Official Gazette dated April 9, 2011. According to the "Amendment of Social Insurance and General Health Insurance Law No. 6283" published in the Official Gazette dated March 8, 2012, Council of Ministers was authorized to increase the two-year extension period mentioned above to four years. According to the decision of The Council of Ministers dated February 24, 2014, the transfer date is set as May 2015. The Council of Ministers was authorized to determine the transfer date of pension funds in accordance with the last amendment in the first paragraph of the 20th provisional article of Law No.5510 implemented by the Law No. 6645 on Amendment of the Occupational Health and Safety Law and Other Laws and Decree Laws published in the Official Gazette dated April 23, 2015 and numbered 29335. The president was authorized to determine the transfer date of pension funds in accordance with the last amendment by the Law No. 30473 published in the Official Gazette dated July 9, 2018.

A commission (whose members are the representatives of the SSI, the Ministry of Finance, Turkish Treasury, State Planning Organization, BRSA, Saving Deposit Insurance Fund ("SDIF"), one member representing the Fund and one member representing the Fund members) is in charge of the calculation of the value of the payment that would need to be made to SSI to settle the obligation using a technical interest rate of 9,8% by law taking into consideration income and expenses by insurance branches of the funds and the excess of salaries and income paid by the funds over the salaries and income to be paid in accordance with the SSI arrangements which should not be less than SSI arrangements, related to the members of the Fund as of the date of the transfer including the members who have left the scheme.

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

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

**16.3. Short term benefits of employee:**

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



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## 17. Explanations on taxation:

## 17.1. Current tax:

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. Standard corporate tax rate for financial sector is increased to 25% starting from the declarations as of July 1, 2022 and to be valid for the taxation periods of 2022 according to the Law numbered 7394 published in the Official Gazette No. 31810 dated April 15, 2022. Corporate tax rate business income tax in accordance with the laws of the institutions to be added as unacceptable the reduction of costs in the tax laws, exemptions and reductions to the tax base found as a result of the reduction that will be applied. Additional tax is not payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

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

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

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

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

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

Tax rates that are used in tax calculations before the exemptions by foreign subsidiaries by taking current tax regulations in their countries into consideration as of December 31, 2022 are as follows:

Netherlands	25,00%
Azerbaijan	20,00%

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## 17.2. Deferred tax:

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

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

Deferred tax assets and liabilities of subsidiaries subject to consolidation have been netted of in their standalone financial statements in accordance with "TAS 12-Income Taxes". The calculated deferred tax asset and deferred tax liability are presented as net in these financial statements.

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

## 17.3. Transfer pricing:

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

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

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

## 18. Explanations on borrowings:

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

The Group classifies some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition. For the related liabilities until the maturity, the Bank presents interest expenses paid and the difference between amortized cost and acquisition cost in the interest expense, the difference between the fair value of the financial liabilities and amortized cost presents under the trading gain/(loss) in the income statement.

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

Also, Group obtains funds by issuing bonds and bills.

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## 19. Explanations on issuance of share certificates:

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

## 20. Explanations on bill of guarantees and acceptances:

Bill of guarantees and acceptances are included in the "off-balance sheet commitments".

## 21. Explanations on government grants:

None (December 31, 2021 - None).

## 22. Profit reserves and profit distribution:

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

No dividend payments of the Parent Bank were announced after the balance sheet date.

## 23. Earnings per share:

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

	Current Period	Prior Period
Net Income/(loss) to be appropriated to ordinary shareholders	52.744.689	10.489.758
Weighted average number of issued ordinary shares (thousand)	844.705.128	844.705.128
Earnings per share (full TL)	0,0624	0,0124

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 2021 (2021 - None).

## 24. Related parties:

For the purpose of these financial statements, shareholders having control shares of the Bank, key management personnel and board members together with their families and companies controlled by/affiliated with them, associated companies and joint ventures and the Fund providing post employment benefits are considered and referred to as related parties in accordance with "TAS 24-Related Parties". The transactions with related parties are disclosed in detail in Note 7 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 12 of Section Four.

## 26. Explanations on other matters:

None.

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## SECTION FOUR

## Information related to financial position of the Group

## 1. Explanations on consolidated equity:

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

The consolidated capital adequacy ratio of the Group is 19,95% (December 31, 2021 - 17,59%) and the Parent Bank is 21,34% (December 31, 2021-18,67%)

## 1.1. Information related to capital adequacy ratio:

	Current Period	Prior Period
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-up Capital	8.447.051	8.447.051
Share issue premiums	556.937	556.937
Retained earnings	42.548.922	34.038.657
Accumulated other comprehensive income and other disclosed reserves which defined in the Turkish Accounting Standards	28.852.512	13.531.428
Profit	54.384.643	12.129.712
Net profit of the period	52.744.689	10.489.758
Profit of the previous years	1.639.954	1.639.954
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognised within profit for the period	16.142	14.779
Minority interest	1.537	1.018
<b>Common Equity Tier 1 capital before regulatory adjustments</b>	<b>134.807.744</b>	<b>68.719.582</b>
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
Prudential valuation adjustments	106.062	90.038
The sum of the net loss for the current period and the previous years which could not be absorbed by the retained earnings and losses recognised in equity in accordance with TAS	8.545.805	5.230.376
Improvement costs for operating leasing	204.739	133.380
Goodwill (net of related tax liability)	-	979.493
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.208.874	1.029.561
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Cash-flow hedge reserve	5.116.918	2.328.663
Shortfall of provisions to expected losses	-	-
Securitisation gain on sale	-	-
Gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Investments in own shares	-	-
Credits extended contrary to the fourth paragraph of Articles 56 of the Banking Law	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank owns more than 10% of the issued share capital (amount above 10% threshold)	-	-
Mortgage servicing rights (amount above 10% threshold)	-	-
Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	34.725
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	-	-
<b>Total regulatory adjustments to Common equity Tier 1</b>	<b>15.182.398</b>	<b>9.826.236</b>
<b>Common Equity Tier 1 capital (CET1)</b>	<b>119.625.346</b>	<b>58.893.346</b>

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## 1.1. Information related to capital adequacy ratio: (continued)

	Current Period	Prior Period
<b>ADDITIONAL TIER 1 CAPITAL</b>		
Preferred shares that are not included in Common Equity Tier 1 capital and related shares issue premiums	-	-
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA	12.153.895	8.435.375
Eligible capital instruments and relevant share issue premiums that are approved by the BRSA (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Third parties' share in the Additional Tier 1 capital	-	-
Third parties' share in the Additional Tier 1 capital (Temporary Article 3)	-	-
<b>Additional Tier 1 capital before regulatory adjustments</b>	<b>12.153.895</b>	<b>8.435.375</b>
<b>Additional Tier 1 capital: regulatory adjustments</b>		
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	-	-
<b>Regulatory Adjustments which will be deducted from Tier 1 capital during the transition period</b>		
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	-	-
<b>Total regulatory adjustments to Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier 1 capital</b>	<b>12.153.895</b>	<b>8.435.375</b>
<b>Total Tier 1 capital (Tier 1 capital = Common Equity Tier 1 capital + Additional Tier 1 capital)</b>	<b>131.779.241</b>	<b>67.328.721</b>
<b>TIER 2 CAPITAL</b>		
Eligible capital instruments and relevant share issue premiums that are approved by the Agency	10.149.150	9.507.903
Eligible capital instruments and relevant share issue premiums that are approved by the Agency (For the purposes of the Provisional Article 4 of the Regulation on Banks' Own Funds)	-	-
Shares of Third Parties in Additional Tier 1 Capital	-	-
Shares of Third Parties in Additional Tier 1 Capital (Covered by Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	5.334.326	3.415.303

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Tier 2 capital before regulatory adjustments	15.483.476	12.923.206
<b>Tier 2 capital: regulatory adjustments</b>		
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	-	-
<b>Total regulatory adjustments to Tier 2 capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier 2 capital</b>	<b>15.483.476</b>	<b>12.923.206</b>
<b>Total Capital (The sum of Tier 1 capital and Tier 2 capital)</b>	<b>147.199.236</b>	<b>80.175.102</b>
<b>The Sum of Tier 1 Capital and Tier 2 Capital (Total Capital)</b>		
Credits extended contrary to the provisions of Articles 50 and 51 of the Banking Law	12.111	41.724
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years <sup>(1)</sup>	-	-
National specific regulatory adjustments which shall be determined by the BRSA	51.370	35.101
<b>Regulatory Adjustments which will be deducted from Total Capital during the transition period</b>		
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 (-)	-	-
	Current Period	Prior Period
<b>OWN FUNDS</b>		
Total Capital (The sum of Tier 1 capital and Tier 2 capital)	146.592.166	79.566.364
Total Risk Weighted Assets <sup>(2)</sup>	734.986.439	452.409.578
<b>CAPITAL ADEQUACY RATIOS</b>		
Common Equity Tier 1 Capital Adequacy Ratio (%)	16,28	13,02
Tier 1 Capital Adequacy Ratio (%)	17,93	14,88
Capital Adequacy Ratio (%)	19,95	17,59
<b>BUFFERS</b>		
Institution specific buffer requirement of the Bank (a+b+c)	3,542	3,548
a)Capital conservation buffer requirement (%)	2,500	2,500
b)Bank's specific countercyclical buffer requirement (%)	0,042	0,048
c)Systemically important Bank buffer	1,000	1,000
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	11,776	8,518
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Non-significant investments in the capital of other financials	422.947	317.593
Significant investments in the common stock of financials	3.526.931	2.476.401
Mortgage servicing rights (net of related tax liability)	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	9.782.385	5.927.430
<b>Applicable caps on the inclusion of provisions in Tier 2 capital</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	3.411.544	2.579.796
Up to 1,25% of total risk-weighted amount of general provisions for receivables where the standard approach used	1.644.844	1.211.815
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	11.526.584	11.718.943
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	3.689.482	2.203.488

<sup>(1)</sup> 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.<sup>(2)</sup> In the calculation of credit risk amount, spot purchase rates announced as of December 31, 2021 by Central Bank are used in accordance with the in accordance with the legislation of BRSA numbered 10188 dated April 28, 2022.

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

	1	2	3	4	5	6
Lender (1,2), Issuer (3,4,5)	UNICREDIT SPA	UNICREDIT SPA	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.	Yapı ve Kredi Bankası A.Ş.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	XS2286436451 / US984848AN12	XS1867595750 / US984848AL55	TRSYKKBK62914	TRSYKKBK92911
Governing law(s) of the instrument	BRSA / Austria Law	BRSA / Austria Law	English Law /Turkish Law	English Law /Turkish Law	BRSA /CMB / Turkish Law	BRSA /CMB / Turkish Law
<b>Regulatory treatment</b>						
Transitional Basel III rules	No	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	Stand-alone -Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Bond	Bond	Bond	Bond
Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	-	-	9.349	12.154	500	300
Par value of instrument	10.939	5.049	9.349	12.154	500	300
Accounting classification	Liability -Subordinated Loans-amortised cost	Liability -Subordinated Loans-amortised cost	Liability -Subordinated Loans-amortised cost	Liability -Subordinated Loans-amortised cost	Liability -Subordinated Loans-amortised cost	Liability -Subordinated Loans-amortised cost
Original date of issuance	January 9, 2013	December 18, 2013	January 22, 2021	January 15, 2019	July 3, 2019	October 3, 2019
Perpetual or dated	Dated	Dated	Dated	Perpetual	Dated	Dated
Original maturity date	10 years	10 years	10 years	-	10 years	10 years
Issuer call subject to prior supervisory approval	Yes	Yes	Yes	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	After 5th year	After 5th year	5 years	Every 5 years	After 5th year	After 5th year
Subsequent call dates, if applicable	After 5th year	After 5th year	-	-	After 5th year	After 5th year
<b>Coupons / dividends</b>						
Fixed or floating dividend/coupon	Fixed	Fixed	Fixed	Fixed	Variable Interest	Variable Interest
Coupon rate and any related index	5,7%	First 5 years 6,55% fixed, second 5 years 7,7156% fixed	First 5 years 7,875% fixed, second	İlk 5 yıl %13,875 sabit, ikinci 5 yıl MS+%11,245 sabit	TLREF Endeks değişim +%1,93	TLREF Endeks değişim +%1,30
Existence of a dividend stopper	5 years U.S. five year treasury bond rate +741,50 basis points	First 5 years 13,875% fixed, second 5 years mid swap +11,245% fixed	TLREF index change +1,93 %	TLREF index change + 1,30%	Değer azaltım tarihinden sonra azaltılan değer için faiz işlemeyecektir	Değer azaltım tarihinden sonra azaltılan değer için faiz işlemeyecektir
Fully discretionary, partially discretionary or mandatory	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	Optional	Mandatory	Mandatory
Existence of step up or other incentive to redeem	value decrease for the decreased	-	-	-	-	-
Noncumulative or cumulative	amount	No interest accrue after the date of	Noncumulative	Noncumulative	Noncumulative	Noncumulative
<b>Convertible or non-convertible</b>						
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	-	-	-	-	-	-
<b>Write-down feature</b>						
If write-down, write-down trigger(s)	-	-	In case of default	In case of default/ Common Equity Tier 1 capital adequacy ratio of the bank falls below 5.125%	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF	In case there is a possibility that the official authorization of the Bank is cancelled or the Bank shares are transferred to SDIF
If write-down, full or partial	-	-	Partial and complete	Partial and complete	Partial and complete	Partial and complete
If write-down, permanent or temporary	-	-	Permanent	Temporary	Permanent	Permanent
If temporary write-down, description of write-up mechanism	-	-	-	In case of cancellation of default/ Common Equity Tier 1 capital adequacy ratio of the bank is higher than 5.125%	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, before the TIER 1 subdebt, same with TIER 2	After the senior creditors, 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	No
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-	-	-	-	-	-

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

1.4. Exposures subject to countercyclical capital buffer:

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	587.354.519	-	587.354.519
Netherland	4.143.538	-	4.143.538
Malta	2.362.181	-	2.362.181
Italy	1.744.520	-	1.744.520
Azerbaijan	1.554.754	-	1.554.754
England	1.498.222	-	1.498.222
Switzerland	1.460.898	-	1.460.898
Marshall Islands	1.279.700	-	1.279.700
Luxembourg	983.250	-	983.250
France	777.859	-	777.859
Man Island	738.516	-	738.516
Spain	693.043	-	693.043
Bulgaria	667.474	-	667.474
Germany	603.843	-	603.843
Austria	530.644	-	530.644
Egypt	501.071	-	501.071
USA	495.071	-	495.071
Macedonia	464.863	-	464.863
Republic of Maldives	330.621	-	330.621
United Arab Emirates	310.544	-	310.544
Slovenia	203.979	-	203.979
Jordan	144.796	-	144.796
Other	578.811	-	578.811
<b>Total</b>	<b>609.422.717</b>	<b>-</b>	<b>609.422.717</b>

2. Explanations on Consolidated Credit Risk:

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".

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2.1. Credit risk is the loss or the risk of the Parent Bank in case a counterparty cannot fulfill its obligations stated in agreements where the Parent Bank is at a side. The Parent Bank identifies loan limits for each customer considering statutory regulations, the internal scoring system, financial analysis reports and geographical and industry concentration and considering credit policies determined by Board of the Directors each year. The limits defined by the Board of Directors for each correspondent bank are followed-up daily by Treasury Management for the transactions related with placements with domestic and correspondent banks or treasury operations such as forward buy and sell transactions. Moreover, daily positions and limit controls of each Treasury Management employee who is authorised for transactions in the market are controlled by the system. During the loan granting process, liquid collaterals are preferred to the greatest extent possible. Collaterals and guarantees must be obtained during credit underwriting based on credit worthiness, customers' financial status, and credit type. While granting of long term project finance loans, long term projections of the companies are analyzed both by financial analysis specialists and head office. Also the pricing of these commitments are decided by coordination with Treasury Management. The Parent Bank also monitors limitations on single borrower and group of borrowers in accordance with the regulations.

Rating system used for Medium Sized Entities (ME), Small and Medium Sized Entities (SME) and Corporate/Commercial customers is also used for defining the authorization level for loan granting. Thus, customers with a low rating are assigned to higher authority levels, whereas customers with a high rating are assigned to lower authority levels. By using this methodology it is aimed to establish risk based optimization in the loan processes.

Probability of default of a customer is calculated through this internally developed rating system. The rating concentration of Corporate/Commercial, ME and SME customers according to Parent Bank's rating system is as follows:

	Current Period	Prior Period
Above average	43,6%	36,6%
Average	40,7%	45,9%
Below average	15,7%	17,5%

The Parent Bank takes following criterias into consideration for the identification of default:

- The loan is overdue more than 90 days.
- The borrower is not able to pay at least one of the loans he received from the Bank (cross default)
- Having a negative intelligence and bad-record for the borrower in the market.
- Deterioration of the creditworthiness of the borrower.

The Group sets aside expected credit loss in accordance with the Provisioning Regulation within the scope of "provisions" and "value adjustments".

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**Total amount of exposures after offsetting transactions but before applying credit risk mitigations and the average exposure amounts that are classified in different risk groups and types, are disclosed below for the relevant period:**

Risk classifications:	Current Period Risk Amount <sup>(1)</sup>	Average Risk Amount <sup>(1)</sup>
Exposures to central governments or central banks	349.579.695	296.865.654
Exposures to banks and financial institutions	118.109.628	99.037.165
Corporate exposures - Other	254.846.326	220.860.160
Specialised Lending	81.222.994	76.864.661
Corporate exposures - SME	96.645.640	79.923.277
Retail Exposures - Other	122.939.216	94.367.201
Retail exposures - Qualifying revolving	104.475.988	69.628.296
Retail exposures - SME	105.495.526	92.321.952
Investments in equities	3.245.852	2.803.338
Other Items	57.283.882	37.430.753
<b>Total</b>	<b>1.293.844.747</b>	<b>1.070.102.457</b>

<sup>(1)</sup> Includes credit risk amounts of total exposure before applying credit risk mitigations.

2.2. The Parent Bank has control limits over the positions of forwards, options and similar agreements. These positions are measured and managed by following their market values and by taking potential risk into considerations throughout their maturities, in accordance with Counterparty Credit Risk management. Limits are also calculated and dynamically managed by taking these potential risks into considerations. Daily market value calculations, limit controls, collateral assessments are performed and reported to the relevant departments within the Bank.

The Group may use its rights, as stated in the derivative agreements based on which the Group realizes derivative transactions, in order to eliminate the risks that may arise due to being exposed to severe risk levels arising from fluctuations in the market.

2.3. In line with the Provisioning Regulation, if the cash risk of a customer is classified as nonperforming, the non- cash risk is also classified as nonperforming under the same group where the cash risks were already followed and specific provision is reserved.

Restructured loans are also classified and followed up according to the regulation on provisions considering the Bank's credit risk policies. Accordingly, the financial position and commercial operations of related customers are monitored, their principal and interest payments are followed up with the restructured repayment schedule and the necessary precautions are taken.

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2.4. The Group's banking activities in foreign countries and credit transactions are subject to periodical follow-up in terms of the economic conditions of the related country and the evaluation of the creditworthiness of the customers and financial institutions. No material credit risk have been observed in scope of these operations.

## 2.5. In terms of credit risk;

- The proportion of the Parent Bank's top 100 and 200 cash loan balances in total cash loans is 24% and 28%. (December 31, 2021- 32% and 38%).

- The proportion of the Parent Bank's top 100 and 200 non-cash loan balances in total non-cash loans is 38% and 50%. (December 31, 2021- 45% and 57%).

- The proportion of the Parent Bank's cash and non-cash loan balances with the first 100 and 200 customers comprises of 28% and 34% of total cash loans and non-cash loans. (December 31, 2021- 36% and 44%).

2.6. The Group provided a general loan loss provision amounting to TL 23.520.128 (December 31, 2021 - TL 17.852.926).

## 2.7. Risk profile according to the geographical concentration:

Current Period	Risk Classifications <sup>(1)(2)</sup>										Total
	1	2	3	4	5	6	7	8	9	10	
Domestic	341.795.420	53.461.476	234.826.332	79.606.488	96.019.699	122.291.286	104.264.047	105.491.951	741.289	57.283.882	1.195.781.870
EU countries	7.171.132	41.209.611	13.260.056	944.898	347.979	66.378	104.885	1.255	310	-	63.106.504
OECD countries <sup>(3)</sup>	-	1.446.238	1.490.119	-	21.380	5.545	9.733	1.039	-	-	2.974.054
Off-shore banking regions	-	-	824.653	-	29.656	853	922	17	-	-	856.101
USA, Canada	27.324	18.963.203	901.938	-	-	21.143	22.568	600	276.654	-	20.213.430
Other countries	585.819	3.029.100	3.543.228	671.608	226.926	554.011	73.833	664	1.872	-	8.687.061
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	2.225.727	-	2.225.727
Undistributed Assets / Liabilities <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>349.579.695</b>	<b>118.109.628</b>	<b>254.846.326</b>	<b>81.222.994</b>	<b>96.645.640</b>	<b>122.939.216</b>	<b>104.475.988</b>	<b>105.495.526</b>	<b>3.245.852</b>	<b>57.283.882</b>	<b>1.293.844.747</b>

<sup>(1)</sup> Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.

<sup>(2)</sup> Includes credit risk amounts of total exposure before credit risk mitigation.

<sup>(3)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(4)</sup> Assets and liabilities are not allocated on a consistent basis.

- 1- Exposures to central governments or central banks
- 2- Exposures to banks and financial institutions
- 3- Corporate exposures - Other
- 4- Specialised Lending
- 5- Corporate exposures – SME
- 6- Retail Exposures - Other
- 7- Retail exposures - Qualifying revolving
- 8- Retail exposures – SME
- 9- Investments in equities
- 10- Other Items

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## 2.7. Risk profile according to the geographical concentration: (continued)

Prior Period	Risk Classifications <sup>(1)(2)</sup>										Total
	1	2	3	4	5	6	7	8	9	10	
Domestic	243.083.050	24.109.624	145.622.472	60.925.979	64.829.116	68.403.264	45.038.626	74.956.966	313.277	22.089.642	749.372.016
EU countries	2.509.500	35.870.783	8.214.975	828.579	521.729	44.128	44.629	5.708	215	-	48.040.246
OECD countries <sup>(3)</sup>	-	1.760.013	1.023.899	-	672	4.524	4.895	13	-	-	2.794.016
Off-shore banking regions	-	-	736.431	50.124	29.652	322	298	-	-	-	816.827
USA, Canada	16.849	17.171.180	739.392	-	-	11.411	10.814	238	194.893	-	18.144.777
Other countries	761.633	677.085	2.226.745	481.690	81.258	328.186	34.086	951	1.248	-	4.592.882
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	1.878.560	-	1.878.560
Undistributed Assets / Liabilities <sup>(4)</sup>	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>246.371.032</b>	<b>79.588.685</b>	<b>158.563.914</b>	<b>62.286.372</b>	<b>65.462.427</b>	<b>68.791.835</b>	<b>45.133.348</b>	<b>74.963.876</b>	<b>2.388.193</b>	<b>22.089.642</b>	<b>825.639.324</b>

<sup>(1)</sup> Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" is used.

<sup>(2)</sup> Includes credit risk amounts of total exposure before credit risk mitigation.

<sup>(3)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(4)</sup> Assets and liabilities are not allocated on a consistent basis.

- 1- Exposures to central governments or central banks
- 2- Exposures to banks and financial institutions
- 3- Corporate exposures - Other
- 4- Specialised Lending
- 5- Corporate exposures – SME
- 6- Retail Exposures - Other
- 7- Retail exposures - Qualifying revolving
- 8- Retail exposures – SME
- 9- Investments in equities
- 10- Other Items

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**2.8. Risk profile according to sectors and counterparties:**

	Risk Classifications <sup>(1)(2)</sup>										TP	YP	Toplam
	1	2	3	4	5	6	7	8	9	10			
<b>Agricultural</b>	<b>1.269</b>	-	<b>4.259.895</b>	-	<b>2.799.881</b>	-	-	<b>4.522.124</b>	-	-	<b>10.271.421</b>	<b>1.311.748</b>	<b>11.583.169</b>
Farming and raising livestock	1.269	-	3.193.176	-	2.576.533	-	-	3.897.216	-	-	8.968.704	699.490	9.668.194
Forestry	-	-	618.094	-	206.547	-	-	569.710	-	-	1.115.096	279.255	1.394.351
Fishing	-	-	448.625	-	16.801	-	-	55.198	-	-	187.621	333.003	520.624
<b>Manufacturing</b>	<b>37.259</b>	-	<b>156.194.306</b>	<b>46.754.887</b>	<b>44.978.640</b>	-	-	<b>52.371.795</b>	<b>1.870</b>	-	<b>195.315.573</b>	<b>105.023.184</b>	<b>300.338.757</b>
Mining	-	-	294.130	-	778.086	-	-	294.452	-	-	989.179	377.489	1.366.668
Production	32.223	-	141.863.596	2.069.921	38.054.505	-	-	51.331.765	1.870	-	171.045.743	62.308.137	233.353.880
Electric, gas and water	5.036	-	14.036.580	44.684.966	6.146.049	-	-	745.578	-	-	23.280.651	42.337.558	65.618.209
<b>Construction</b>	<b>28</b>	<b>1.112.758</b>	<b>10.954.293</b>	<b>12.469.941</b>	<b>17.155.142</b>	-	-	<b>13.105.658</b>	-	-	<b>32.262.666</b>	<b>22.535.154</b>	<b>54.797.820</b>
<b>Services</b>	<b>342.454.392</b>	<b>96.488.409</b>	<b>56.646.868</b>	<b>21.998.166</b>	<b>31.419.325</b>	-	-	<b>35.113.357</b>	<b>3.232.912</b>	<b>46.455.844</b>	<b>384.831.607</b>	<b>248.977.666</b>	<b>633.809.273</b>
Wholesale and retail trade	3	-	13.449.618	8.320.490	7.884.383	-	-	14.545.222	-	-	31.058.103	13.141.613	44.199.716
Hotel, food and beverage services	74	-	5.172.922	226.985	8.456.580	-	-	3.927.199	-	-	9.427.883	8.355.877	17.783.760
Transportation and telecommunication	-	-	8.647.625	6.006.179	4.187.435	-	-	5.177.512	5.000	-	12.198.473	11.825.278	24.023.751
Financial institutions	339.383.582	96.483.948	12.971.673	-	1.838.740	-	-	1.073.876	3.169.858	46.455.844	300.769.305	200.608.216	501.377.521
Real estate and renting services	-	-	3.980.843	6.783.649	2.436.804	-	-	1.850.047	51.676	-	8.570.685	6.532.334	15.103.019
Professional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Education services	1.374	-	660.680	-	790.799	-	-	307.507	-	-	1.697.403	62.957	1.760.360
Health and social services	3.069.359	4.461	11.763.507	660.863	5.824.584	-	-	8.231.994	6.378	-	21.109.755	8.451.391	29.561.146
<b>Other</b>	<b>7.086.747</b>	<b>20.508.461</b>	<b>26.790.964</b>	-	<b>292.652</b>	<b>122.939.216</b>	<b>104.475.988</b>	<b>382.592</b>	<b>11.070</b>	<b>10.828.038</b>	<b>246.175.514</b>	<b>47.140.214</b>	<b>293.315.728</b>
<b>Total</b>	<b>349.579.695</b>	<b>118.109.628</b>	<b>254.846.326</b>	<b>81.222.994</b>	<b>96.645.640</b>	<b>122.939.216</b>	<b>104.475.988</b>	<b>105.495.526</b>	<b>3.245.852</b>	<b>57.283.882</b>	<b>868.856.781</b>	<b>424.987.966</b>	<b>1.293.844.747</b>

<sup>(1)</sup> Risk classifications in the "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" will be used.

<sup>(2)</sup> Includes credit risk amounts of total exposure before credit risk mitigation.

- 1- Exposures to central governments or central banks
- 2- Exposures to banks and financial institutions
- 3- Corporate exposures - Other
- 4- Specialised Lending
- 5- Corporate exposures - SME
- 6- Retail Exposures - Other
- 7- Retail exposures - Qualifying revolving
- 8- Retail exposures - SME
- 9- Investments in equities
- 10- Other Items

**YAPI VE KREDİ BANKASI A.Ş.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**2.9. Risk profile according to remaining maturities:**

Risk classifications <sup>(1)</sup>	1 month	1-3 months	3-6 months	6-12 months	1 year and over	Total
Exposures to central governments or central banks	124.859.246	1.531.780	6.640.304	8.851.953	202.538.437	344.421.720
Exposures to banks and financial institutions	44.100.597	19.749.295	14.801.118	7.659.692	16.906.148	103.216.850
Corporate exposures - Other	192.053.512	15.699.878	6.067.641	9.769.711	31.182.057	254.772.799
Specialised Lending	79.601.983	-	-	-	1.621.011	81.222.994
Corporate exposures - SME	79.204.451	728.438	290.945	448.397	15.813.565	96.485.796
Retail Exposures - Other	85.069.056	885.596	52.624	226.744	27.249.656	113.483.676
Retail exposures - Qualifying revolving	104.475.988	-	-	-	-	104.475.988
Retail exposures - SME	93.488.431	615.083	360.049	526.642	8.721.140	103.711.345
Investments in equities	-	-	-	-	-	-
Other Items	179.982	-	-	-	-	179.982
<b>Total</b>	<b>803.033.246</b>	<b>39.210.070</b>	<b>28.212.681</b>	<b>27.483.139</b>	<b>304.032.013</b>	<b>1.201.971.150</b>

<sup>(1)</sup> Includes credit risk amounts of total exposure before applying credit risk mitigations.

**2.10. Risk balances according to risk weights:**

Total exposure amount before and after applying risk mitigation techniques and total amounts deducted from the capital which are calculated in accordance with the Appendix-1 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" are presented below.

Risk Weights	0%-20%	20%-35%	35%-50%	50%-75%	75%-100%	100%-250%	250%	1250%	Total	Deductions from the shareholders' equity
1 Total exposure before credit risk mitigation	462.329.309	107.185.791	68.570.721	186.910.630	127.432.510	331.157.857	10.257.929	-	1.293.844.747	1.477.094
2 Total exposure after credit risk mitigation	448.528.692	105.199.382	68.647.202	184.313.547	125.527.430	327.327.217	10.257.929	-	1.269.801.399	1.477.094

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## 2.11. Information according to sectors and counterparties:

For loans which are classified as impaired loans due to delay of collection of principal or interest by 90 days and above and/or negative risk assessments of creditworthiness of the debtor; "Specific Provision" is set aside in the accompanying financial statements as of December 31, 2022.

For loans which are classified as past due but not impaired loans due to delay of collection of principal or interest up to 90 days; "General Provision" is set aside in the accompanying financial statements as of December 31, 2022.

Sectors / Counterparties	Loans		Provisions
	Impaired Loans (TFRS9)		Expected Credit Losses
	Significant increase in credit risk	Credit - Impaired (Stage 3)	
<b>Agricultural</b>	385.925	384.678	388.044
Farming and raising livestock	207.170	299.714	307.068
Forestry	173.377	20.781	42.960
Fishing	5.378	64.183	38.016
<b>Manufacturing</b>	45.116.481	10.427.680	16.631.849
Mining	238.870	50.402	52.503
Production	7.268.371	4.896.619	4.336.699
Electric, gas and water	37.609.240	5.480.659	12.242.647
<b>Construction</b>	7.321.413	2.764.032	3.413.964
<b>Services</b>	23.483.528	4.232.536	7.410.780
Wholesale and retail trade	1.200.348	832.864	757.547
Hotel, food and beverage services	3.360.287	1.020.469	1.017.813
Transportation and telecommunication	4.008.664	529.727	1.175.755
Financial institutions	731.382	666.307	390.295
Real estate and renting services	6.864.960	961.931	2.847.588
Education services	27.246	11.127	12.238
Health and social services	7.290.641	210.111	1.209.544
<b>Other</b>	12.337.301	5.888.837	6.104.374
<b>Total</b>	<b>88.644.648</b>	<b>23.697.763</b>	<b>33.949.011</b>

## 2.12. Information about value adjustments and changes in the loan impairment:

	Provision amounts set aside				
	Opening balance	during the period	Reversal of provisions	Other adjustments <sup>(1)</sup>	Closing balance
1 Specific provisions	15.329.058	10.265.494	(3.059.744)	(4.843.613)	17.691.195
2 General provisions (value adjustments)	17.852.926	5.788.512	(155.049)	33.739	23.520.128

<sup>(1)</sup> The figure represents the written off loans, foreign exchange differences and also includes non performing loan sales

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## 3. Explanations on Consolidated Risk Management:

## 3.1. General Information on Risk Management and Risk Weighted Amount

## 3.1.1. Risk management approach of the Bank

Risk management strategy of the Group ensures using the capital at an optimum level and provide sustainable growth in this framework through measurement of risks in accordance with international standards and local regulations and taking risk-return balance into consideration in the framework of sustainable growth. Risk management approach of the Group is based on strong risk management techniques of İSEDES (Evaluation Process of Internal Capital Adequacy) and prospective planning and capital evaluation depending upon risk profile.

A prospective capital planning approach is adopted for the Bank to carry out its operations if certain losses are incurred as a result of unexpected events or deteriorations in markets. The best international practices are utilized for the determination, measurement, analysis and control of risks. The process regarding identification of risks and determination of appropriate measurement method has a dynamic structure in which the risk management is improved through inspiring from advanced international practices and analyses updated in line with its business evolution. A risk appetite framework integrated to budget process, has been developed in order to carry out related activities at an optimum level while reaching predefined budget target of the Bank and therefore an appropriated risk positions are ensured to be taken.

Risk appetite, as an integral part of the main pillar and a crucial instrument of the Bank Management, is implemented in order to ensure the execution of Bank's activities in an ideal manner through taking appropriate risk positions at an acceptable level of risk. Risk appetite, is integrated to management and budget processes of the Bank with performance indicators which are sensitive to risk.

Risk appetite indicators, targets, limits and critical thresholds are determined by the Executive Committee with the joint recommendation of Compliance, Internal Control and Risk Management, Financial Planning and Financial Affairs Management. Possible changes which may occur in economic conditions are taken into consideration during the determination of aforementioned limits and thresholds.

Determined risk appetite indicators consists of capital adequacy, liquidity, assets quality, financial risk and operational risk ratios of the Bank and senior management ensures the Bank to carry out its activities in the range of such targets and critical thresholds. Senior management should be informed to take emergency precautions if the critical thresholds are exceeded. Monitoring and periodical reporting to senior management is performed by the related units in order to implement risk appetite framework.

The Bank implements internal policies and procedures that are audited and approved at least once a year by the Board of Directors in order to manage market risks arising from on-balance sheet and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Bank; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

The Credit Policy Directive, which reflects the general framework of the Parent Bank's credit allocation activities, is updated at least annually and implemented with the approval of the Board of Directors. Credit Policy Directive is based on improving asset quality, supporting effective risk management and compliance with legal practices. In addition, it includes management of lending activities according to the Bank's common standards, limitations and principles.

The main purpose of the credit risk management is to identify, measure and mitigate credit risk, react in a timely manner and take necessary actions with the help of efficient and well-functioning rating/scoring models, strategies and processes. The main strategies include topics like effective implementation of the Credit Policy Directive to reinforce the sustainability of common risk management approach, steering of the loan portfolio toward less risky sectors, avoidance of excessive concentration in Group exposures while strictly obeying statutory limits, focus on customers with better credit ratings, avoidance of transactions bearing high credit and reputational risk, managing country risk in line with established strategy, policy and rules, timely updates to senior management about all developments in credit risk area to ensure effective credit risk management, performing credit stress tests and participating in credit risk regulatory processes.



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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### 3.1.1. Risk management approach of the Bank (continued)

Risk Management reports to Board of Directors in organisation structure via Audit Committee. Risk Management organisation is divided into "Market Risk Management", "Credit Risk Strategy, Modelling and Reporting Management" and "Risk Validation" units.

In the process of market risk management, related business and risk units perform their activities within the scope of the principles determined by internal policies such as the Financial Markets Policy, Liquidity Policy, Liquidity Risk Limit Management Policy, Liquidity Emergency Policy, Interest Rate Risk Policy, Interest Rate Risk Limit Management Policy, Hedge Policy, Financial Investment Risk Policy, Immovables Risk Policy, Derivatives Policy, Independent Price Verification Policy, Policy due to inclusion on Financial assets where fair value change is reflected to income statement, Market Risk Stress Test Policy.

Value at Risk, Basis Point Value (interest rate sensitivity), and Credit Basis Point Value (credit spread sensitivity) are risk metrics calculated via internal models and used in measurement of market risks. Risk measures are monitored at product, portfolio and account (Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement) basis. Performance of internal models is measured by backtesting of the model's outputs. In addition, transaction limits are used at specific products.

Liquidity Risk measurement methods; consists of both short term risk metrics such as Liquidity Coverage Ratio, Short Term Liquidity, Intraday Liquidity, and Early Warning Indicators and long-term risk metrics such as the Net Stable Funding Ratio and the funding concentration structure. With various scenario analyzes aimed at stressing the liquidity, it is examined how the possible deterioration scenarios that can be observed in the parameters of the market or institution-specific or both cases affect the liquidity position of the Bank.

Measurements performed via internal models in the context of market risk management are reported to the Bank's Top Management, Treasury, Financial Reporting and Credit Monitoring Units (for the Counterparty Credit Risk process) on a daily basis and to the Board of Directors and Executive Committee on a monthly basis.

Stress tests, provide a prospective point of view during risk management, budget and capital planning processes through reviewing the impact of events or changes in markets, which have a low possibility to occur under normal conditions but may result in losses to Bank in case they occur. The Bank performs stress tests to measure impacts of temporary or continuous deteriorations in market risk factors on income statement and to make capital plans. Scenarios, having basis, medium and high stress levels, aim to measure impacts of adverse conditions across the country on the economic value of the Bank through risk factors. Other important risk elements such as Fixed Assets held by the Bank and financial investment risks faced through its subsidiaries, as well as price movements, are reviewed during stress test processes as well.

Stress test studies are made with the active participation of senior management and impact of the stress test to the general risk profile of the Bank is reported. Senior management participates in establishing of stress test's scenario, analyzing of its results, through determination of the scope and approach of the scenario, guidance of required directions and review of results and recommendation of action plans. Stress scenarios, up-to-date estimations and crisis scenarios are prepared by Research and Analytics Department.

The Parent Bank reduces market risk exposure within scope of its commercial activities through derivative instruments and makes an effort to control impacts of the risks on capital through hedge accounting implementation. It holds foreign exchange positions to manage residual positions as a result of banking activities through performing a conservative approach to exchange risk and manages its end of day positions at a minimum level.

For the detection and mitigation of risks, Operational and Reputational Risk Management defines policies and strategies and determines, reports and monitors actions to reduce potential operational and reputational risks via loss data, key risk indicators, scenario analysis and risk assessments. Operational Risk Management Policy and Reputational Risk Policy is updated every year and approved by the Board of Directors.

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### 3.1.1. Risk management approach of the Bank (continued)

Business Continuity Management Policy aims at reducing the risks that may endanger the continuity of Banks operations to a minimum level and ensuring critical product and services in case of unexpected events in an acceptable period. Bank's resilience against unexpected events is increased through the Crisis Communication Plan, Emergency Response Plan, Business Recovery Plan and Crisis Communication Plan. Business Continuity Policy and Plans are regularly updated and approved by the Board of Directors.

Risk validation management is an independent team that reports directly to the Assistant General Manager of Compliance, Internal Control and Risk Management and responsible for the controls of all models, data and processes carried out within the scope of risk management. In addition to statistical practices, validation unit is also responsible for the compliance with the regulations, legal practices and internal policies. The risk validation unit is divided into three sub-units; regulatory risk validation unit, strategic risk validation unit and rating models validation unit. Legal risk validation unit is responsible for IRB models, TFRS 9 and credit risk validation in the second structural pillar. Strategic risk validation unit is responsible for strategy validation, managerial models, market risk validation and validation of other risk types as part of the second structural pillar. Rating models validation unit is responsible of validation activities of marketing models, macroeconomic forecasting models, project financing models and operational risk models.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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## 3.1.2. Overview of Risk Weighted Assets

	Risk Weighted Assets		Minimum Capital Requirements
	Current Period	Prior Period	Current Period
1 Credit risk (excluding counterparty credit risk) (CCR)	649.272.334	393.404.199	51.941.787
2 Of which standardised approach (SA)	92.580.266	63.201.884	7.406.421
3 Of which internal rating-based (IRB) approach	556.692.068	306.567.715	44.535.365
4 Counterparty credit risk	13.345.144	11.266.874	1.067.612
5 Of which standardised approach for counterparty credit risk (SA-CCR)	13.345.144	11.266.874	1.067.612
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	14.748	3.117	1.180
9 Equity investments in funds - mandate-based approach	-	-	-
10 Equity investments in funds - fall-back approach	-	-	-
11 Settlement risk	-	8	-
12 Securitisation exposures in banking book	-	-	-
13 Of which IRB ratings-based approach (RBA)	-	-	-
14 Of which IRB Supervisory Formula Approach (SFA)	-	-	-
15 Of which SA/simplified supervisory formula approach (SSFA)	-	-	-
16 Market risk	19.194.892	5.642.006	1.535.591
17 Of which standardised approach (SA)	19.194.892	5.642.006	1.535.591
18 Of which internal model approaches (IMM)	-	-	-
19 Operational risk	46.346.961	37.518.185	3.707.757
20 Of which Basic Indicator Approach	46.346.961	37.518.185	3.707.757
21 Of which Standardised Approach	-	-	-
22 Of which Advanced Measurement Approach	-	-	-
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	6.812.360	4.575.189	544.989
24 Floor adjustment	-	-	-
25 TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	734.986.439	452.409.578	58.798.916

<sup>(1)</sup> For the prior period, in the context of transition to IRB regulation, there is a value adjustment amounting to TL 23.634.600.

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## 3.2. Linkages between financial statements and risk amounts:

## 3.2.1 Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts in capital adequacy calculation:

	Carrying values in consolidated financial statements prepared as per TAS but in compliance with the communiqué	Carrying values of items in accordance with TAS						
		Carrying values in financial statements prepared as per TAS	"Preparation of Consolidated Financial	Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Current Period								
<b>Assets</b>								
Financial Assets (Net)	294.047.285	294.102.783	275.567.834	26.987.165	-	9.432.655	-	
Loans(Net)	794.596.759	792.614.426	828.707.936	30.158.530	-	-	63.481	
Assets Held For Resale And Related To Discontinued Operations (Net)	1.085.705	1.085.705	1.085.705	-	-	-	-	
Investment in Subsidiaries, Associates, Joint ventures (net)	3.553.739	3.597.693	3.597.693	-	-	-	-	
Property And Equipment (Net)	4.555.541	10.109.770	9.905.031	-	-	-	204.739	
Intangible Assets (Net)	1.360.465	1.359.987	147.631	-	-	-	1.208.874	
Tax Asset	6.278.161	5.451.543	5.451.543	-	-	-	-	
Other Assets	73.641.016	75.945.107	65.058.380	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>1.179.118.671</b>	<b>1.184.267.014</b>	<b>1.189.521.753</b>	<b>57.145.695</b>	<b>-</b>	<b>9.432.655</b>	<b>1.477.094</b>	
<b>Liabilities</b>								
Deposits	736.018.701	705.495.439	-	-	-	-	705.495.439	
Borrowings	92.140.484	94.116.398	-	-	-	-	94.116.398	
Money Markets	9.772.685	40.295.030	-	25.648.225	-	-	14.646.805	
Marketable Securities Issued	49.350.808	49.350.808	-	-	-	-	49.350.808	
Financial liabilities measured at fair value through profit or loss	36.459.423	36.459.423	-	-	-	-	36.459.423	
Derivative Financial Liabilities	13.969.063	13.969.063	-	-	-	8.434.832	13.969.063	
Lease Payables	1.975.913	1.975.913	-	-	-	-	1.975.913	
Provisions	9.024.619	11.582.456	-	-	-	-	11.582.456	
Tax Liability	4.451.264	5.964.757	-	-	-	-	5.964.757	
Subordinated Loans	39.388.232	39.388.232	-	-	-	-	39.388.232	
Other Liabilities	64.994.167	59.407.556	-	-	-	-	59.407.556	
Shareholder's Equity	121.573.312	126.261.939	-	-	-	-	126.261.939	
<b>TOTAL LIABILITIES</b>	<b>1.179.118.671</b>	<b>1.184.267.014</b>	<b>-</b>	<b>25.648.225</b>	<b>-</b>	<b>8.434.832</b>	<b>1.158.618.789</b>	

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Prior Period	Carrying values in financial statements prepared as per TAS	Carrying values in consolidated Financial statements prepared as per TAS but in compliance with the communiqué "Preparation of Consolidated Financial	Carrying values of items in accordance with TAS				
			Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitisation framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>							
Financial Assets (Net)	213.017.574	213.056.244	189.603.795	35.899.951	-	8.309.269	-
Loans(Net)	510.234.667	509.945.105	539.315.736	38.973.799	-	-	76.825
Assets Held For Resale And Related To Discontinued Operations (Net)	1.354.937	1.354.937	1.354.937	-	-	-	-
Investment in Subsidiaries, Associates, Joint ventures (net)	2.476.549	2.522.147	2.522.147	-	-	-	-
Property And Equipment (Net)	3.087.366	4.974.156	4.840.776	-	-	-	133.380
Intangible Assets (Net)	2.165.645	2.121.208	112.154	-	-	-	2.009.054
Tax Asset	4.010.702	3.821.756	3.787.031	-	-	-	34.725
Other Assets	42.463.616	43.025.353	43.485.053	-	-	-	-
<b>TOTAL ASSETS</b>	<b>778.811.056</b>	<b>780.820.906</b>	<b>785.021.629</b>	<b>74.873.750</b>	<b>-</b>	<b>8.309.269</b>	<b>2.253.984</b>
<b>Liabilities</b>							
Deposits	473.291.063	419.928.058	-	-	-	-	419.928.058
Borrowings	71.574.832	72.921.964	-	-	-	-	72.921.964
Money Markets	2.523.478	55.886.473	-	47.919.292	-	-	7.967.181
Marketable Securities Issued	41.577.011	41.577.011	-	-	-	-	41.577.011
Financial liabilities measured at fair value through profit or loss	25.308.222	25.308.222	-	-	-	-	25.308.222
Derivative Financial Liabilities	18.335.783	18.335.783	-	6.059.200	-	7.598.247	12.276.583
Lease Payables	1.347.130	1.347.130	-	-	-	-	1.347.130
Provisions	5.385.782	6.073.243	-	-	-	-	6.073.243
Tax Liability	2.294.761	3.222.991	-	-	-	-	3.222.991
Subordinated Loans	39.441.999	39.441.999	-	-	-	-	39.441.999
Other Liabilities	35.972.843	33.288.826	-	-	-	-	33.288.826
Shareholder's Equity	61.758.152	63.489.206	-	-	-	-	63.489.206
<b>TOTAL LIABILITIES</b>	<b>778.811.056</b>	<b>780.820.906</b>	<b>-</b>	<b>53.978.492</b>	<b>-</b>	<b>7.598.247</b>	<b>726.842.414</b>

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## 3.2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

Current Period	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To	
				Counterparty Credit Risk	Market Risk
1 Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	1.256.100.103	1.189.521.753	-	57.145.695	9.432.655
2 Liabilities carrying value amount under regulatory scope of consolidation (As note 3.2.1 of Section 4)	34.083.057	-	-	25.648.225	8.434.832
3 Total net amount under regulatory scope of consolidation	1.222.017.046	1.189.521.753	-	31.497.470	997.823
4 Off-Balance Sheet Amounts	553.336.490	203.639.456	-	-	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences resulted from the BRSA's applications	-	(148.316.857)	-	(6.280.582)	18.197.069
9 Differences due to risk reduction	-	(259.841)	-	-	-
<b>Risk Amounts</b>	<b>-</b>	<b>1.244.584.511</b>	<b>-</b>	<b>25.216.888</b>	<b>19.194.892</b>
<b>Prior Period</b>					
Prior Period	Total	Subject To Credit Risk	Subject to the Securitisation	Subject To Counterparty Credit Risk	Subject To Market Risk
1 Asset carrying value amount under scope of regulatory Consolidation (As note 3.2.1 of Section 4)	868.204.648	785.021.629	-	74.873.750	8.309.269
2 Liabilities carrying value amount under regulatory scope of consolidation (As note 3.2.1 of Section 4)	61.576.739	-	-	53.978.492	7.598.247
3 Total net amount under regulatory scope of consolidation	806.627.909	785.021.629	-	20.895.258	711.022
4 Off-Balance Sheet Amounts	307.923.056	112.357.214	-	2.888.546	-
5 Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules, other than those already included in row 2	-	-	-	-	-
7 Differences due to consideration of provisions	-	-	-	-	-
8 Differences resulted from the BRSA's applications	-	(140.686.798)	-	(1.799.075)	4.930.984
9 Differences due to risk reduction	-	(404.054)	-	(1.770.319)	-
<b>Risk Amounts</b>	<b>-</b>	<b>756.287.991</b>	<b>-</b>	<b>20.214.410</b>	<b>5.642.006</b>

## 3.2.3 Disclosures regarding differences between exposures valued in accordance with TAS and risk exposures:

Main difference between amounts reported in financial statements and valuated in accordance with TAS and amounts valuated in accordance with TAS in scope of TAS in the framework of legal consolidation is that non-financial subsidiaries are not included in consolidation in scope of legal consolidation.

Group's financial instruments subject to fair value measurement are valued using Mark-to-Market or Mark-to-Model approach based on their product types. Implementation of valuation methodologies is carried out in accordance with the "Fair Value Measurement" policies in line with the prudent valuation principles set out in the annex of the Directive on Measurement and Assessment of Banks' Capital Adequacy. The Group uses market prices for bonds and futures contracts traded in organized markets, while it often uses platforms generating Mark-to-Model value for derivative transactions traded in OTC markets. Mark-to-Market or Mark-to-Model valuations are made on a daily basis so that changes in the market can be reflected in the Group's financials with the same frequency.

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## 3.2.2. Main sources of differences between regulatory exposure amounts and carrying values in financial statements: (continued)

The Independent Price Control process (IPV) is designed to draw the errors or deviations that may occur in the valuations to the minimum level, to calculate the correct profit / loss and risk, through verification, comparison and approval of market prices and model inputs regularly with independent and different sources. The purpose of the IPV is to ensure that the data used for bank valuations are generated on a daily basis from a highly representative, adequately liquid and accurate instruments. All these processes have a clear, integrated and complementary approach that is in line with the objectives of the Bank.

Prices quoted in active markets for securities and derivative transactions are used to record the fair value of an instrument, but quoted prices are generally not available in active markets. Appropriate valuation techniques are used for financial instruments that are not traded in the market but the estimated fair value is adjusted through valuation techniques of the market participant's estimation of similar asset or liability price. Such adjustments are categorized close out cost, market liquidity, model risk and credit valuation adjustments.

Close out Cost adjustment reflects the amount which would be incurred to arrive at an appropriate ask/liquidation price (financial instruments which are assets at valuation date) or bid/unwind price (financial instruments which are liabilities at valuation date) for financial instruments valued at mid-market prices.

Market liquidity adjustment is calculated to reflect the amount which would be incurred to close out the position when liquidity is not sufficient. When there is not any tradeable price on liquid two way market, a liquidity discount is applied for pricing.

Model risk; reflects the risk stemming from deficiencies in model. Complexity of the model, being market standard and capability to incorporate all known risk factors determine the necessity/applicability of model risk adjustments.

Credit Value Adjustment (CVA), is defined as market value of counterparty credit risk (CCR), which arises from the possibility of a counterparty's default and considered in regulatory capital adequacy calculations for all CCR exposures.

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## 3.3. Explanations on credit risk

## 3.3.1. General information regarding credit risk

## 3.3.1.1. General qualitative information regarding credit risk

Credit Policy is prepared to be well-structured in line with the BRSA loan management guidebook.

Credit Policy is revised at least once a year, approved by Board of Directors, announced within the bank and implemented in accordance with the appropriate procedures in banks. During the review of credit policies, economic conjuncture, the bank's capital adequacy ratio and amendments in related regulation are taken into consideration. Key elements such as target markets, portfolio structure and concentration, large exposures, credit limit applications, approval authorities are determined in the credit policies. In the policies, key messages are provided based on principles of prudence, continuity about the customers' worthiness, specific sectors, segments and products for growth in accordance with the defined credit strategies.

Credit Risk Management Section is established to manage the credit risk of the Bank by determining, measuring, monitoring, evaluating and reporting the risks. In order to improve the asset quality of the Bank, the main roles and responsibilities of the section are composed of performing periodical analyses on credit portfolio trend, calculating credit risk cost based on segments and executing compliance activities between risk management practices with Basel II requirements.

Credit Risk Management consists of two sub-units: Credit Risk Strategies & Operational Risk Management and Credit Risk Planning, Modeling and Reporting Management.

Credit Risk Strategies and Operational Risk Management is responsible for developing underwriting, monitoring, collection and workout strategies and following the actions taken in accordance with the Bank's risk appetite in terms of credit risk. The unit takes an active role in the development of these strategies by conducting risk analysis, determining the rules to be used in decision trees, putting them into practice through decision support systems, and running the flow smoothly. The unit is also responsible for definition of the operational and reputational risk policies, implementation of measurement, monitoring and reporting systems, identification of the key risk indicators, and performance of scenario analyses. The unit carries out the activities regarding Basel II compliance, operational risk models setting and development, operational risk weighted asset calculation and risk based insurance activities. The unit is responsible for the studies on Information Systems risk inventory, coordination of the Support Services Risk Management Program and setting up the relevant monitoring systems and management, as well as development of the Business Continuity Management Policy&Plans and continuous updating of these policy and plans. The unit also ensures the actions taken under business continuity and the coordination and control of Business Continuity Management projects and budget.

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## 3.3.1.1. General qualitative information regarding credit risk (continued)

Credit Risk Planning, Modeling and Reporting Management is responsible for preparation of credit risk budgeting and credit risk reporting activities of the Bank, calculation of loan loss provisions; identification of the Credit Policy according to risk appetite of the Bank, implementation of the policy throughout the Banks and its subsidiaries, support to all units in the Bank for the related topics. The units establishes a common risk culture on group basis and performs process analyses of credit and risk management functions in subsidiaries to ensure standard risk management practices and establishes action plans for the standardization of all gaps within the group. The unit prepares reports for assessment of credit risk and for the preparation of various and comprehensive concentrations and forecasts on asset quality trends for the Bank, performs necessary calculations to measure the risk profile of the bank and ensures that the country risk is identified. The unit is also responsible for taking part in the model development processes of PD, EAD, LGD models which are in the scope of IRB communique (issued by BRSA – using internal rating based approach for credit risk calculations) and giving opinions as the ultimate authority, supervising the rating systems, monitoring the performance, analysing the results regularly, ensuring the proper functioning of the rating systems, leading the studies for the areas that need improvement and the deficiencies identified, informing the BRSA about the changes made in the rating systems and the relevant units within the Bank, evaluating model use test, ensuring dissemination of the models in the bank internal processes within the scope requested by the BRSA and monitoring the projects carried out in the Bank within the scope of Basel II for commercial customers. This business unit is also responsible for taking part in the development processes of operational models used in underwriting, monitoring, collection, etc. processes and monitoring their performance.

ISEDES report is prepared in accordance with the related guide of BRSA and submitted to the approval of the Board of Directors. The report mainly includes the Bank's approach for the review of risks and capital in order to preserve capital adequacy of the Bank with respect to its current and future activities and information on management structure and applied approaches.

Regular supervision and controls are performed to ensure that credit process is carried out in compliance with the Bank credit policies and procedures, loans are extended in accordance with principles and procedures determined by the Board of Directors and loans are reported properly with the information of maturity, quantity and qualification to top management.

Activities carried out by units within scope of internal systems are employed as a tool to define weak points regarding the credit risk management process, policy and procedures and to determine the transactions that are not compliant with limits, policy and procedures.

Issues that are observed during the examinations is being regularly reported to top management and Audit Committee considering importance level.

Summary of the activities of units within the scope of internal systems are effectively utilized by the management and actions are taken in order to prevent repetition of weaknesses and conflicts regarding credit management.

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## 3.3.1.2. Credit quality of assets

Current Period	Gross carrying values of as per TAS		Allowances/ impairment	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	22.266.298	638.951.733	37.028.518	624.189.513
2 Debt Securities	-	248.072.180	566.377	247.505.803
3 Off-balance sheet exposures	1.431.465	502.631.650	2.224.326	501.838.789
Total	23.697.763	1.389.655.563	39.819.221	1.373.534.105

Prior Period	Gross carrying values of as per TAS		Allowances/ impairment	Net values
	Defaulted exposures	Non-defaulted exposures		
1 Loans	20.232.348	424.130.171	30.476.354	413.886.165
2 Debt Securities	-	131.564.170	302.465	131.261.705
3 Off-balance sheet exposures	1.138.170	282.419.757	1.720.325	281.837.602
Total	21.370.518	838.114.098	32.499.144	826.985.472

## 3.3.1.3 Changes in stock of defaulted loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	21.370.518	20.590.262
2 Loans and debt securities that have defaulted since the last reporting period	12.176.056	5.374.670
3 Returned to non-defaulted status (-)	106.767	95.924
4 Amounts written off (-)	4.843.613	1.127.912
5 Other changes	(4.898.431)	(3.370.578)
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	23.697.763	21.370.518

## 3.3.1.4 Additional disclosure related to the credit quality of assets

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

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

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

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

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3.3.1.4.1. Exposures provisioned against by major regions <sup>(1)</sup>:

	Current Period	Prior Period
Domestic	823.577.257	559.149.812
USA, Canada	1.396.247	1.082.027
European Union (EU) Countries	24.415.665	17.893.807
OECD Countries	3.648.164	2.904.244
Off-Shore Banking Regions	720	294
Other Countries	13.073.802	8.927.193
<b>Total</b>	<b>866.111.855</b>	<b>589.957.377</b>

<sup>(1)</sup> Breakdown of cash, non-cash and non-performing loans with respect to geographical regions are provided.3.3.1.4.2. Exposures provisioned against by major sectors <sup>(1)</sup>:

	Current Period	Prior Period
<b>Agricultural</b>	<b>14.167.454</b>	<b>7.896.580</b>
Farming and raising livestock	10.486.145	5.710.195
Forestry	2.665.356	1.406.985
Fishing	1.015.953	779.400
<b>Manufacturing</b>	<b>376.353.296</b>	<b>255.096.776</b>
Mining and Quarrying	4.788.759	3.091.777
Production	293.210.643	181.042.955
Electricity, Gas, Water	78.353.894	70.962.044
<b>Construction</b>	<b>85.006.390</b>	<b>61.245.101</b>
<b>Services</b>	<b>206.917.321</b>	<b>131.606.872</b>
Wholesale and retail trade	54.537.792	30.416.632
Hotel, food and beverage services	18.719.251	14.093.916
Transportation and telecommunication	31.951.203	24.409.627
Financial institutions	47.833.882	27.443.732
Real estate and leasing services	16.952.494	12.929.793
Education services	1.736.312	816.957
Health and social services	35.186.387	21.496.215
<b>Other</b>	<b>183.667.394</b>	<b>134.112.048</b>
<b>Total</b>	<b>866.111.855</b>	<b>589.957.377</b>

<sup>(1)</sup> Breakdown of cash loans, non cash loans and non performing loans by sector is as in the above table.

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## 3.3.1.4.3. Receivables according to remaining maturities:

Receivables according to remaining maturities are explained Note 7 of Section 4.

## 3.3.1.4.4. Exposures provisioned against by major sectors:

Information on the amount of receivables and provisions provided for on the sector basis are disclosed in Note 2 of Section 4.

## 3.3.1.4.5. Exposures provisioned against by major regions:

The distribution of the specific provisions is predominantly domestic and a provision amounting to TL 21.132.394 (December 31, 2021- TL 17.505.467) has been set aside for the risk at an amount of TL 16.106.553 (December 31, 2021- TL 14.011.253).

3.3.1.4.6. Aging analysis for overdue receivables <sup>(1)</sup>:

	Current Period	Prior Period
1-30 days	2.285.342	2.158.685
31-60 days	1.863.501	2.184.789
61-90 days	870.807	786.720
91-80 days	-	138.443
<b>Total</b>	<b>5.019.650</b>	<b>5.268.637</b>

(1) Overdue receivables under close monitoring represent over due of cash loans.

Loans under close monitoring amounting to TL 76.439.636 (December 31, 2021- 62.618.755) are not overdue.

## 3.3.1.4.7. Breakdown of restructured receivables based on whether or not provisions are allocated:

Provisions are recognized for all non-performing loans in accordance with Provisioning Regulation.

Credit Class	Current Period	Prior Period
Loans restructured from loans and other receivables under close monitoring	50.237.972	38.019.818
Loans restructured from loans under legal follow-up	5.170.167	3.082.113
<b>Total</b>	<b>55.408.139</b>	<b>41.101.931</b>

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## 3.3.1.4.8. Informations related to expected credit losses for loans:

Current Period	Stage 1	Stage 2	Stage 3	Total
Beginning of the period	3.260.936	12.736.277	14.479.141	30.476.354
Additions	2.166.711	4.534.753	10.541.184	17.242.648
Disposals	(1.683.870)	(3.893.527)	(5.266.689)	(10.844.086)
NPL sales	-	-	(1.672.492)	(1.672.492)
Write offs	-	-	(3.171.121)	(3.171.121)
Transfer to stage 1	315.113	(315.019)	(94)	-
Transfer to stage 2	(19.921)	114.132	(94.211)	-
Transfer to stage 3	(185)	(1.646.371)	1.646.556	-
Exchange differences	722.419	4.144.265	130.531	4.997.215
End of the period	4.761.203	15.674.510	16.592.805	37.028.518
Prior Period	Stage 1	Stage 2	Stage 3	Total
Beginning of the period	2.731.789	8.351.902	13.657.077	24.740.768
Additions	1.383.388	2.019.020	4.159.834	7.562.242
Disposals	(1.308.547)	(1.913.668)	(2.620.517)	(5.842.732)
NPL sales	-	-	-	-
Write offs	-	-	(1.127.912)	(1.127.912)
Transfer to stage 1	604.668	(568.762)	(35.906)	-
Transfer to stage 2	(739.074)	927.246	(188.172)	-
Transfer to stage 3	(68.894)	(450.925)	519.819	-
Exchange differences	657.606	4.371.464	114.918	5.143.988
End of the period	3.260.936	12.736.277	14.479.141	30.476.354

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## 3.3.2. Credit risk mitigation

## 3.3.2.1. Qualitative disclosure on credit risk mitigation techniques

The Parent Bank employs on-balance sheet netting and/or general netting agreements for specific capital market transactions for credit risk mitigation, with the condition of meeting the requirements of having implemented corresponding system supported methods and processes and clear documentation of the required documents.

The Parent Bank may use assets and liabilities as an on balance sheet netting instrument considering them as cash collateral.

The capital requirements may be determined on the base of net exposure of assets and liabilities, if the following conditions are met:

- The agreement should provide the Bank the authorization to monitor the receivable of the payee over a single value after netting all payables and receivables even though there is no such indicator for the counterparty showing bankruptcy or financial difficulty in accordance with the regulations of governments.

- The Bank is provided the authority of netting and monitoring the risk over a single value even the counterparty is not in bankruptcy case of a bankruptcy of one counterparty, the other counterparty should have the authority to terminate all contracts under the agreement

- The agreement should provide the facility to monitor the receivable of the payee over a single value after netting all payables and receivables in case of the termination of all contracts

In the policies and procedures regarding the assessment and management of the collaterals as part of collateralized lending, credit risk mitigation techniques aims at:

- Determination of general and specific requirements for the improvement and optimization of collateral systems, processes, strategies and procedures;

- Valuation of collateral taking into consideration the local regulations and procedures;

- Provision of the soundness, legal enforceability and maintenance of ratable collateral based on a legal framework;

- Determination of the level of the collateral haircut taking the local conditions and the process of risk management into consideration;

- Regular monitoring of the collateral value;

- Differentiation between counterparty (economic) and country (political) risk aspects,

- Mitigation of concentration risks, correlation risks and residual risks through recognition of collateral;

- Improvement in the quality of strategic business and overall Bank management

- Clear definition of Roles and Responsibilities

- Determination of acceptable collaterals and collateral related conditions (list of collateral) / (non-parametric condition list)

In the calculations regarding credit risk mitigation, the Bank performs risk mitigation within the regulations set out in the Credit Risk Mitigation Techniques Notification dated September 6, 2014 and numbered 29111 and uses a comprehensive financial guarantee method for its financial collaterals. With the comprehensive financial collateral method, the relevant volatility adjustments specified in the regulation made on the value of the financial collaterals that are used in calculating the capital requirements.

The credit policies establish an operational connection between Bank's activities and its risk capacity and covers the main business areas in accordance with target portfolio structure, risk targets regarding expected and unexpected loss in line with risk capacity and limits relating to risk concentration. Limits are ensured to be compliant with restrictions determined by related regulation and regulatory authorities. Bank uses an integrated approach in concentration risk management, in which all risk concentrations are identified, monitored and evaluated. Therefore, besides the loans to individuals and companies, also the concentrations of market, sector, country and segment are being taken into consideration. Bank pays utmost attention to any concentration of the credit and market risks on a specific counterparty or risk classification in accordance with policies and internal procedures.

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## 3.3.2.2. Credit risk mitigation techniques – overview

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Loans	565.955.069	58.234.444	42.737.061	4.073.740	3.442.226	-	-
Debt securities	247.505.803	-	-	-	-	-	-
<b>TOTAL</b>	<b>813.460.872</b>	<b>58.234.444</b>	<b>42.737.061</b>	<b>4.073.740</b>	<b>3.442.226</b>	<b>-</b>	<b>-</b>
Of which defaulted	4.173.687	1.499.806	663.375	435.944	305.249	-	-

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	360.570.214	53.315.951	35.410.912	2.895.274	2.348.548	-	-
Debt securities	131.261.705	-	-	-	-	-	-
<b>TOTAL</b>	<b>491.831.919</b>	<b>53.315.951</b>	<b>35.410.912</b>	<b>2.895.274</b>	<b>2.348.548</b>	<b>-</b>	<b>-</b>
Of which defaulted	4.644.219	1.108.988	435.279	913.700	422.671	-	-

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## 3.3.3. Credit risk under standardised approach

## 3.3.3.1. Qualitative disclosures on banks' use of external credit ratings under the standardised approach for credit risk

An international rating firm, Fitch Ratings' external risk ratings are used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". The international risk ratings are used for all the exposures to central governments/central banks, for Financial Institutions, Corporations, Regional Governments, Administrative Bodies and for Multinational Development Banks asset classes of which the counterparty resides in foreign countries.

Exposures to central governments and central banks which are not rated by Fitch Ratings are included in the calculation of capital adequacy as unrated. Receivables from residents in Turkey are classified as unrated.

Fitch Ratings' risk ratings as per the credit quality grades and the risk weights according to exposure categories are presented below:

Credit Quality Grade	Fitch Ratings	Claims on sovereigns and Central Banks	Claims on banks and intermediary institutions		Claims on corporates
			Claims on administrative bodies and other non- commercial undertakings	Contractual maturity of claims under 3 months	
1	AAA				
	AA+	0%	20%	20%	20%
	AA-				
2	A+				
	A	20%	50%	20%	50%
	A-				
3	BBB+				
	BBB	50%	100%	20%	50%
	BBB-				
4	BB+				
	BB	100%	100%	50%	100%
	BB-				
5	B+				
	B	100%	100%	50%	100%
	B-				
6	CCC+				
	CCC				
	CCC-	150%	150%	150%	150%
	CC				
	C				
D					



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

Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	326.297.373	2.422	330.044.849	173.891	92.454	%0,03
2	208.510	20.512	208.510	10.256	109.383	%50,00
3	1.497.583	716.706	1.497.526	253.137	1.750.663	%100,00
4	1.046.689	168.348	1.046.689	128.199	-	%0,00
5	83.660.206	33.602.582	83.660.206	4.948.684	27.514.405	%31,05
6	49.166.246	49.744.841	47.298.846	11.178.033	53.146.823	%90,89
7	6.379.178	1.334.390	4.696.322	101.747	3.715.596	%77,44
8	79.237	1.043	79.237	359	29.104	%36,57
9	15.297	1.383.382	15.297	691.681	363.026	%51,35
10	370.528	-	269.023	-	211.132	%78,48
11	742.361	4.243.498	538.508	13.226	827.601	%150,00
12	31.895	-	31.895	-	14.749	%46,24
13	3.245.852	-	3.245.852	-	7.333.268	%225,93
14	12.087.832	-	12.087.832	-	4.299.170	%35,57
<b>TOTAL</b>	<b>484.828.787</b>	<b>91.217.724</b>	<b>484.720.592</b>	<b>17.499.213</b>	<b>99.407.374</b>	<b>%19,79</b>

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	193.911.863	143	196.683.082	206.983	836.193	%0,42
2	466	-	466	-	93	%19,96
3	20.625	126.271	20.111	53.965	74.076	%100,00
4	772.975	53.225	772.975	27.704	-	%0,00
5	62.235.512	20.218.786	62.215.512	4.197.331	19.869.626	%29,92
6	32.057.291	20.826.349	30.693.830	4.169.887	31.345.224	%89,91
7	5.378.253	2.297.287	4.085.919	78.150	3.178.716	%76,34
8	12.175	664	12.175	316	4.372	%35,00
9	4.199.024	336.667	4.179.730	168.328	3.478.505	%80,00
10	352.118	1	204.523	-	144.720	%70,76
11	1.124.497	3.000.607	848.664	21.844	1.298.333	%149,15
12	4.469	-	4.469	-	3.117	%69,75
13	2.388.193	-	2.388.193	-	5.133.306	%214,95
14	3.155.476	-	3.155.476	-	2.413.909	%76,50
<b>TOTAL</b>	<b>305.612.937</b>	<b>46.860.000</b>	<b>305.265.125</b>	<b>8.924.508</b>	<b>67.780.190</b>	<b>%21,57</b>

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## 3.3.3.3. Standard Approach: Receivables by risk classes and risk weights

Current Period	Asset classes/ Risk weight	Risk weights										Total credit risk exposure amount (after CCF and CRM)		
		0%	10%	20%	35%	50%	75%	100%	150%	200%	250%		1250%	
1	Exposures to central governments or central banks	330.087.459	-	-	-	77.653	-	53.628	-	-	-	-	-	330.218.740
2	Exposures to regional governments or local authorities	-	-	-	-	218.766	-	-	-	-	-	-	-	218.766
3	Exposures to public sector entities	-	-	-	-	-	-	1.750.663	-	-	-	-	-	1.750.663
4	Exposures to multilateral development banks	1.174.888	-	-	-	-	-	-	-	-	-	-	-	1.174.888
5	Conditional and unconditional receivables from banks and brokerage houses	-	-	57.528.150	-	30.143.931	-	936.809	-	-	-	-	-	88.608.890
6	Exposures to institutions	330.804	-	440.198	-	9.294.188	-	48.411.689	-	-	-	-	-	58.476.879
7	Exposures to corporates	-	-	-	-	-	4.329.889	468.180	-	-	-	-	-	4.798.069
8	Retail exposures	-	-	-	76.481	-	3.115	-	-	-	-	-	-	79.596
9	Exposures secured by residential property	-	-	-	-	685.271	5.267	16.440	-	-	-	-	-	706.978
10	Exposures secured by commercial real estate	-	-	-	-	115.782	-	153.241	-	-	-	-	-	269.023
11	Past-due loans	-	-	-	-	-	-	-	551.734	-	-	-	-	551.734
12	Higher-risk categories by the Agency Board	1.678	-	14.924	-	7.059	-	8.234	-	-	-	-	-	31.895
13	Investments in equities	-	-	-	-	-	-	520.908	-	-	2.724.944	-	-	3.245.852
14	Other assets	7.788.663	-	-	-	-	-	4.299.169	-	-	-	-	-	12.087.832
<b>Total</b>		<b>339.383.492</b>	<b>-</b>	<b>57.983.272</b>	<b>76.481</b>	<b>40.542.650</b>	<b>4.338.271</b>	<b>56.618.961</b>	<b>551.734</b>	<b>-</b>	<b>2.724.944</b>	<b>-</b>	<b>-</b>	<b>502.219.805</b>

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## 3.3.3.3. Standard Approach: Receivables by risk classes and risk weights (continued)

Asset classes/ Risk weight	Prior Period											Total credit risk exposure amount (after CCF and CRM)
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	1250%	
1 Exposures to central governments or central banks	196.053.872	-	-	-	-	-	836.193	-	-	-	-	196.890.065
2 Exposures to regional governments or local authorities	-	-	466	-	-	-	-	-	-	-	-	466
3 Exposures to public sector entities	-	-	-	-	-	-	74.076	-	-	-	-	74.076
4 Exposures to multilateral development banks	800.679	-	-	-	-	-	-	-	-	-	-	800.679
5 Conditional and unconditional receivables from banks and brokerage houses	-	-	46.990.226	-	17.902.073	-	1.520.544	-	-	-	-	66.412.843
6 Exposures to institutions	330.807	-	571.567	-	5.460.870	-	28.500.473	-	-	-	-	34.863.717
7 Exposures to corporates	-	-	-	-	-	3.941.412	222.657	-	-	-	-	4.164.069
8 Retail exposures	-	-	-	12.491	-	-	-	-	-	-	-	12.491
9 Exposures secured by residential property	-	-	-	-	1.735.003	8.207	2.604.848	-	-	-	-	4.348.058
10 Exposures secured by commercial real estate	-	-	-	-	119.607	-	84.916	-	-	-	-	204.523
11 Past-due loans	-	-	-	-	1.503	-	11.851	857.154	-	-	-	870.508
12 Higher-risk categories by the Agency Board	325	-	664	-	990	-	2.490	-	-	-	-	4.469
13 Investments in equities	-	-	-	-	-	-	558.117	-	-	1.830.076	-	2.388.193
14 Other assets	741.566	-	-	-	-	-	2.413.910	-	-	-	-	3.155.476
<b>Total</b>	<b>197.927.249</b>	<b>-</b>	<b>47.562.923</b>	<b>12.491</b>	<b>25.220.046</b>	<b>3.949.619</b>	<b>36.830.075</b>	<b>857.154</b>	<b>-</b>	<b>1.830.076</b>	<b>-</b>	<b>314.189.633</b>

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## 3.3.3.4. Explanations on the use of IRB Models

In the development of internal models;

- As the owners of the probability of default (PD), loss given default (LGD) and exposure at default (EAD) models used in capital adequacy calculations, credit risk control and modeling units (individual & commercial) are responsible for the development and implementation processes of the models, also the regular monitoring and updating of the models.

- In case of need, advanced analytics unit is responsible for the development of the PD, LGD, EAD models,

- Validation unit is responsible for performing the initial and periodic validation of the models and providing the regular validation report.

When the development of the models is completed and following the approval of the validation unit, they are submitted to the approval of the credit committee and the Board of Directors. The models can be got into use after the necessary approvals are obtained from the relevant committees.

Performance monitoring of the model, which has been developed and put into use, is carried out by the credit risk control and modeling units and the validation unit. Performance monitoring of the models is carried out through the credit risk control unit report prepared quarterly by the credit risk control and modeling teams and annual periodic validation studies. In addition, every month before the models are run, certification checks are carried out and the accuracy of the data used in the model is confirmed.

Re-development, re-train or re-calibration of the models can be done according to the performance monitoring results of the models in use.

In accordance with the IRB communiqué (issued by BRSA – using internal rating based approach for credit risk calculations) as published in the Official Gazette dated October 22, 2015 numbered 29511, all IRB models and validation processes are audited annually by the Internal Audit Department. The scope of audits consists of three main areas: governance and validation, rating systems and quantification of risks and usage testing. Audit processes include reviewing IRB models for compliance with all minimum requirements, as well as validation of models. In this framework, initial, periodic, data and process validation activities are examined and validation findings are also taken into account within the scope of relevant model audits.

Reports on credit risk models are prepared in order to explain the structure, process and performance of the rating system, the areas that need improvement, the activities to complete the identified deficiencies, and to monitor the credit risk. Commercial credit risk control and modeling & retail credit risk control and modeling units are responsible for reporting. The related report includes the risk profile according to grades, migrations between grades, comparison of the estimations of risk parameters and observed values, and analysis of the effectiveness of the override process. If there is a rating override for project finance loans in the relevant reporting period, the reasons for the change are also included.

For the capital calculation, BRSA allowed the use of PD and EAD models in the corporate receivables class, the PD, LGD and EAD models in the retail receivables class, and the use of the slotting method in project finance loans.

90% of the bank's total risk weighted assets amount is calculated with the IRB approach. 7% of the total risk weighted assets amount is in portfolios such as receivables from central governments or financial institutions that do not have an IRB approach permit. The corporate and commercial portfolio is under the Foundation IRB approach, 94% of which is calculated with the IRB approach. The retail portfolio is under the Advanced IRB approach and 99% of it is calculated with the IRB approach. The slotting approach is used for all project finance risks.

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## 3.3.3.4. Explanations on the use of IRB Models (continued)

There are application and behavior PD Models for both corporate and retail receivables classes. Application models are the models that work at the moment when a customer applies for a loan to the Bank. Behavioral models are run at the end of each month for customers with limits or risks in the bank (for the behavior insert, it is required to be older than six months in the individual portfolio and older than four months in the SME portfolio).

- Individual portfolio PD application models consist of five models that work separately for each product in case the customer makes their own application. Behavior PD model is a model that consists of nine different segments.

- Individual portfolio EAD models are two models consisting of eight different segments that vary according to the limit usage rate and risk amount for the customer's credit card and overdraft products. LGD models are five models consisting of eleven different segments in terms of risk amount breakdown by product.

- SME portfolio PD application model consists of six different segments, which vary according to the customer's information such as turnover, bad-record and Credit Bureau (KKB) information, bank limit, and customer type. A customer can be rated through only one of the six segments. The SME behavior model consists of two different segments according to the customer's total bank limit amount (the customer can be rated through only one of the two segments).

- The same model is used for application and behavior in the corporate/commercial portfolio PD calculation. The model consists of four different segments that vary according to the customer's balance sheet type, bank portfolio assignment and bank total limit. The customer can be rated through only one of these segments.

- Corporate/commercial/SME portfolio EAD model consists of forty-seven different segments that vary according to the portfolio, limit, risk, limit usage rate and limit gap information for the customer's commercial overdraft, commercial credit card, non-cash (check, letter of guarantee, letter of credit) products. Fifteen of the forty-seven segments are for the corporate/commercial portfolio and thirty-two are for the SME portfolio.

Bank's PD models are developed using logistic regression. At least five years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the Communique, the PD of the best grade can be at least 0.03%.

Due to the use of minimum five-year data during model development and the higher default rates during the model development period compared to the current period, the calculated PD value especially for the individual portfolio differs relatively from the observed DR.

The PD model is used in underwriting strategies, provision calculations and economic capital calculations as well as capital calculations.

Specialized loans can be defined as portfolios with low default rates. PD calculation is not made for specialized loans, the classification method is used.

While developing the LGD model, the gross LGD approach was used. At least 5-7 years of data are used while developing the model in accordance with the articles specified in the communique. For the initial validation activities, out-of-sample (OOS) and out-of-time (OOT) data is separated. As stated in the communique, it has been ensured that the LGD value of mortgage loans is at least 10%. The downturn period effect for the individual portfolio is added as a conservatism margin:

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## 3.3.3.4. Explanations on the use of IRB Models (continued)

- A random sample is selected one thousand times, with the LGD values calculated for the performing and default groups equal to the number of observations for each product.

- In each sample, the average of LGD values for the performing and default groups is calculated.

- LGD averages calculated in the previous step were ordered for all segments and groups, and the 75th percentile was determined as LGD with a conservatism margin added.

- In order to reflect the effect of the downturn period, the 90th percentile was chosen after the LGD averages were ranked for all segments and groups.

For Commercial LGD model, the total collection amount in the first year when the customers entered the liquidation process was calculated and this amount was deducted from the default amount of the following year. Thus, the default amounts remaining in the following years spent by the customer in the liquidation process are reflected. The annual collection has been made taking into account these default amounts. Thus, the year in which the collection rate was bad in the economic cycle was taken into account. The through-the-cycle (TtC) LGD of the annual calculated LGD values was found. The year with the largest percentage difference of the annual LGD values from the calculated TtC LGD was determined as the downturn year, and the related percentage difference was determined as the downturn period coefficient.

The saturation point values used for the time between the default event and the closing of the receivable are as follows.

Product / Portfolio	Saturation Point
Consumer loan	74
Auto loan	30
Overdraft	42
Mortgage	33
Credit card	50
Commercial portfolio	73
SME portfolio	68
Corporate portfolio	50

EAD model begins by associating defaulted loans with the 12-month risk and limit information before the default date. A random observation month is selected from the 12-month period from the date of default by the customer, and the EAD parameters are calculated accordingly. In product segmentation, arithmetic mean EAD ratios were calculated by considering business requirements and statistical significance. The last step is to add a conservatism margin as required in the Basel and IDD communiqué to create the final model.

As a result of the analysis made for individual loans, it was decided to use the 60th and 70th percentiles for the conservatism margin and downturn period effect ratios, respectively, in credit card products in risk conversion factor (RCF), limit conversion factor (LCF) and Non-limit conversion factor (NLCF). For individual overdraft products, it has been decided to use the 60th and 70th percentiles for the conservatism margin and downturn effect ratios, respectively, in RCF and LCF, and the 70th and 80th percentiles, respectively, for conservatism margin and downturn effect ratios in NLCF.

For Commercial loans, five quantile is added over the model output for the conservatism margin, and five quantile is added over the model output for the downturn period effect.



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

Current Period		RWA – PRE Credit	Actual RWA
1	Exposures to central governments or central banks -Foundation IRB	-	-
2	Exposures to central governments or central banks -Advanced IRB	-	-
3	Exposures to banks and financial institutions - Foundation IRB	-	-
4	Exposures to banks and financial institutions - Advanced IRB	-	-
5	Exposures to corporates -Foundation IRB	231.362.156	231.362.156
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	-	-
8	Specialised Lending - Advanced IRB	88.314.214	88.314.214
9	Retail exposures - Qualifying revolving	22.502.601	22.502.601
10	Retail exposures - secured by real estate	-	-
11	Retail exposures - SME	49.482.874	49.482.874
12	Retail Exposures - Other	123.778.607	123.778.607
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	44.684.546	44.684.546
<b>Total</b>		<b>560.124.998</b>	<b>560.124.998</b>
Prior Period		RWA – PRE Credit	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	133.438.626	133.438.626
6	Exposures to corporates - Advanced IRB	-	-
7	Specialised Lending - Foundation IRB	-	-
8	Specialised Lending - Advanced IRB	71.517.966	71.517.966
9	Retail exposures - Qualifying revolving	8.268.164	8.268.164
10	Retail exposures - secured by real estate	-	-
11	Retail exposures - SME	31.572.185	31.572.185
12	Retail Exposures - Other	53.042.730	53.042.730
13	Investments in equities - Foundation IRB	-	-
14	Investments in equities - Advanced IRB	-	-
15	Purchased Receivables - Foundation IRB	-	-
16	Purchased Receivables - Advanced IRB	-	-
17	Other Items - Advanced IRB	11.947.672	11.947.672
<b>Total</b>		<b>309.787.343</b>	<b>309.787.343</b>

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3.3.3.7. RWA Movement Table Under IRB Approach<sup>(1)</sup>

	Current Period	Prior Period
1	Previous Period Closing Amount <sup>(2)</sup>	306.567.715
2	Changes in Volume	150.427.302
3	Changes in Asset Quality	13.104.722
4	Model Updates	(198.188)
5	Policy and Regulatory Changes	86.790.516
6	Purchasing and Selling	-
7	FX Difference	-
8	Other	-
9	<b>Current Period Closing Amount</b>	<b>556.692.067</b>
		<b>306.567.715</b>

<sup>(1)</sup> Counterparty credit risk is not included in the table.<sup>(2)</sup> The Bank has started to use IRB approach as of June 30, 2021.

## 3.3.3.8. IRB: Back-testing of probability of default in each asset class

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Corporate exposures - 1	0% - 0,14%	AAA to A+	0,09%	0,10%	29.394	19.019	7	-	0,03%
Corporate exposures - 2	0,14% - 0,41%	A to A-	0,31%	0,24%	83.896	47.748	38	3	0,06%
Corporate exposures - 3	0,41% - 1,17%	BBB+ to BBB-	0,72%	0,77%	60.912	32.013	87	13	0,18%
Corporate exposures - 4	1,17% - 3,22%	BB+ to BB-	2,04%	2,07%	32.308	18.703	187	21	0,55%
Corporate exposures - 5	3,22% - 15,08%	B+ to B-	6,35%	6,62%	16.570	8.932	384	46	1,83%
Corporate exposures - 6	15,08% - 33,77%	CCC+ to CCC-	26,75%	27,73%	4.755	1.230	523	46	9,77%
Corporate exposures - 7	33,77% -99,999%	CC	41,06%	41,07%	47	72	13	4	21,62%
Corporate exposures - 8	100%	D	100,00%	100,00%	13.867	7.554	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>5,66 %</b>	<b>7,65 %</b>	<b>241.749</b>	<b>135.271</b>	<b>1.239</b>	<b>133</b>	<b>%0,42</b>
Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail exposures - Qualifying revolving - 1	0% - 0.14%	AAA to A+	0,10%	0,10%	872.966	966.927	245	10	0,02%
Retail exposures - Qualifying revolving - 2	0.14% - 0.41%	A to A-	0,22%	0,22%	1.547.984	1.846.177	845	43	0,05%
Retail exposures - Qualifying revolving - 3	0.41% - 1.17%	BBB+ to BBB-	0,77%	0,77%	1.311.002	1.651.295	2.747	383	0,17%
Retail exposures - Qualifying revolving - 4	1.17% - 3.22%	BB+ to BB-	2,28%	2,30%	1.220.159	1.564.777	8.689	2.165	0,48%
Retail exposures - Qualifying revolving - 5	3.22% - 15.08%	B+ to B-	6,96%	7,17%	790.203	1.020.850	23.686	5.892	2,07%
Retail exposures - Qualifying revolving - 6	15.08% - 33.77%	CCC+ to CCC-	29,59%	28,30%	276.674	268.323	40.985	3.544	10,37%
Retail exposures - Qualifying revolving - 7	33.77% - 99.999%	CC	-	-	-	-	-	-	22,11%
Retail exposures - Qualifying revolving - 8	100%	D	100,00%	100,00%	9.353	5.786	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>2,04%</b>	<b>2,59%</b>	<b>6.028.341</b>	<b>7.324.135</b>	<b>77.197</b>	<b>12.037</b>	<b>%2,06</b>

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## 3.3.3.8. IRB: Back-testing of probability of default in each asset class (continued)

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail exposures - SME - 1	0% - 0.14%	AAA to A+	0,10%	0,10%	51.674	64.019	20	-	0,05%
Retail exposures - SME - 2	0.14% - 0.41%	A to A-	0,23%	0,23%	181.813	216.223	169	34	0,17%
Retail exposures - SME - 3	0.41% - 1.17%	BBB+ to BBB-	0,71%	0,73%	213.267	256.206	606	150	0,55%
Retail exposures - SME - 4	1.17% - 3.22%	BB+ to BB-	1,97%	2,09%	182.474	206.153	1.592	385	1,38%
Retail exposures - SME - 5	3.22% - 15.08%	B+ to B-	6,45%	6,58%	129.561	142.315	3.878	762	3,92%
Retail exposures - SME - 6	15.08% - 33.77%	CCC+ to CCC-	23,23%	24,56%	19.192	20.202	2.535	463	13,25%
Retail exposures - SME - 7	33.77% - 99.999%	CC	43,51%	45,24%	1.083	1.113	146	21	20,09%
Retail exposures - SME - 8	100%	D	100,00%	100,00%	72.159	55.092	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>5,33%</b>	<b>10,22%</b>	<b>851.223</b>	<b>961.323</b>	<b>8.946</b>	<b>1.815</b>	<b>1,34%</b>

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Retail Exposures - Other - 1	0% - 0.14%	AAA to A+	0,10%	0,10%	966.641	1.093.603	222	40	0,01%
Retail Exposures - Other - 2	0.14% - 0.41%	A to A-	0,23%	0,23%	1.514.953	1.867.693	1.118	327	0,05%
Retail Exposures - Other - 3	0.41% - 1.17%	BBB+ to BBB-	0,80%	0,80%	1.330.222	1.679.385	3.645	2.085	0,1 %
Retail Exposures - Other - 4	1.17% - 3.22%	BB+ to BB-	2,36%	2,38%	1.160.407	1.375.367	10.318	5.735	0,53%
Retail Exposures - Other - 5	3.22% - 15.08%	B+ to B-	6,98%	7,07%	811.750	902.758	26.166	10.789	1,89%
Retail Exposures - Other - 6	15.08% - 33.77%	CCC+ to CCC-	30,72%	30,92%	304.738	225.037	50.472	11.452	10,31%
Retail Exposures - Other - 7	33.77% -99.999%	CC	-	-	-	-	-	-	19,00%
Retail Exposures - Other - 8	100%	D	100,00%	100,00%	212.406	191.637	-	-	-
<b>Sub Total</b>		<b>Sub Total</b>	<b>9,30%</b>	<b>6,44%</b>	<b>6.301.117</b>	<b>7.335.480</b>	<b>91.941</b>	<b>30.428</b>	<b>1,90%</b>

Asset classes	PD Range	Equivalent External Rating	Weighted Average PD	Mean PD By Borrower	Prior Period	Number of Borrowers Current Period	Borrowers in default within the year	Borrowers in default for the first time within the year	Average historical annual default rate
Other Items - 1	-	-	-	-	2	2	-	-	-

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## 3.3.3.9. 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							
	Remaining	On-balance	Off-balance	Counterparty	Risk		Income	Counter		Expected				
Category	Maturity	sheet amount	sheet amount	credit risk	Weight	Project Finance	Object Finance	Commodities	Producing	Real Estate	Total	Credit Risk	Party	Expected
Strong	<2.5 yıl	-	-	163.673	%50	162.226	-	-	1.447	163.673	-	-	81.837	-
	≥2.5 yıl	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 yıl	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 yıl	24.154.360	8.095.026	216.571	%90	29.027.733	120.788	-	-	29.148.521	26.038.755	194.914	233.188	
Satisfactory		28.529.920	1.572.142	79.367	%115	23.404.903	100.667	-	5.434.894	28.940.464	33.190.261	91.268	810.333	
Weak		6.605.757	832.649	-	%250	6.489.341	-	-	284.412	6.773.753	17.384.485	-	497.697	
Default		-	34.798	-	-	7.021	-	-	-	7.021	-	-	3.510	
<b>Total</b>		<b>74.575.535</b>	<b>13.162.245</b>	<b>833.520</b>		<b>73.970.188</b>	<b>947.129</b>	<b>-</b>	<b>6.305.677</b>	<b>81.222.994</b>	<b>87.684.458</b>	<b>629.756</b>	<b>1.609.486</b>	

Prior Period	Specialised Lendings													
	Besides High-volatility Commercial Real Estates													
	Risk Amount						RWA Amount							
	Remaining	On-balance	Off-balance	Counterparty	Risk		Income	Counter		Expected				
Category	Maturity	sheet amount	sheet amount	credit risk	Weight	Project Finance	Object Finance	Commodities	Producing	Real Estate	Total	Credit Risk	Party	Expected
Strong	<2.5 yıl	-	-	67.332	%50	57.505	-	-	9.828	67.333	-	-	33.666	-
	≥2.5 yıl	5.856.274	1.201.537	292.873	%70	6.171.959	-	-	219.613	6.391.572	4.269.089	205.011	25.586	
Good	<2.5 yıl	1.999.003	6.588	78.462	%70	1.545.182	-	-	533.613	2.078.795	1.400.233	54.923	8.315	
	≥2.5 yıl	10.922.217	3.568.399	270.561	%90	14.108.109	94.909	-	-	14.203.018	12.539.212	243.505	114.649	
Satisfactory		33.568.478	2.717.765	1.463	%115	32.736.174	448.825	-	955.497	34.140.496	39.259.888	1.682	955.934	
Weak		5.380.841	116.282	-	%250	5.354.179	50.124	-	-	5.404.303	13.510.757	-	432.344	
Default		-	4.243	-	-	856	-	-	-	856	-	-	428	
<b>Total</b>		<b>57.726.813</b>	<b>7.614.814</b>	<b>710.691</b>	<b>-</b>	<b>59.973.964</b>	<b>593.858</b>	<b>-</b>	<b>1.718.551</b>	<b>62.286.373</b>	<b>70.979.179</b>	<b>538.787</b>	<b>1.537.256</b>	

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## 3.4. Explanation on counterparty credit risk

## 3.4.1. Qualitative evaluation for Counterparty Credit Risk

Counterparty Credit Risk (CCR) is organized under Market Risk Management and is functioning within the scope of "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks". These functions include counterparty credit risk calculations within general risk appetite and control process of risk management policies for CCR.

Credit limits under CCR are defined within the scope of internal model method, specified in "Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks. -Appendix 2", considering various stress scenarios.

General policies for collaterals and provisions under credit risk management are also valid for CCR. Exposure and collateral values are calculated on a daily basis. In order to mitigate the counterparty credit risk, international framework agreements (ISDA, CSA, GMRA, etc.) are being used through collateral and margin call mechanisms.

In case of a downgrade in credit note, the amount of additional collateral the Bank has to provide is calculated periodically under several stress scenarios.

## 3.4.2. Assessment of Counterparty Credit Risk according to the models of measurement

Current Period		Revaluation Cost	Potential credit risk exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	14.906.299	-	-	1,40	14.906.299	7.601.575
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	3.776.098	1.562.017
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
Total							9.163.592

Prior Period		Revaluation Cost	Potential credit risk exposure	EEPE <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standart Approach-CCR	16.080.884	2.055.840	-	1,40	17.629.390	5.794.413
2	Internal Model Approach	-	-	-	-	-	-
3	Simplified Standardised Approach for Credit Risk Mitigation	-	-	-	-	-	-
4	Comprehensive Method for Credit Risk Mitigation	-	-	-	-	2.058.542	889.618
5	Value at Risk for Repo Transactions, Securities or Commodity lending or borrowing transactions	-	-	-	-	-	-
Total							6.684.031

<sup>(1)</sup> Effective expected positive exposure.

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## 3.4.3. Credit valuation adjustment (CVA) capital charge

	Current Period		Prior period	
	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts	Exposure (After credit risk mitigation methods)	Risk Weighted Amounts
Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1 (i) Value at risk component (3* multiplier included)	-	-	-	-
2 (ii) Stressed Value at Risk (3* multiplier included)	-	-	-	-
3 Total portfolio value with simplified approach CVA capital adequacy	14.906.299	3.922.738	17.629.390	4.568.681
Total amount of CVA capital adequacy	14.906.299	3.922.738	17.629.390	4.568.681

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

Current Period												Total credit risk <sup>(1)</sup>
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	6.406.176	-	3.438.244	-	7.429.755	-	207.665	-	17.610.155	
6 Corporate receivables	-	-	-	-	52	-	744	-	576.648	-	577.444	
7 Retail receivables	-	-	-	-	-	-	-	717.930	-	-	717.930	
8 Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-	
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	
11 Investments in equities	-	-	-	-	-	-	-	-	-	-	-	
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-	
Total	1.850.855	128.315	6.406.176	-	3.438.296	-	7.430.499	717.930	789.306	-	20.761.377	

Prior Period												Total credit risk <sup>(1)</sup>
Risk Weights/Risk Classes	0%	2%	4%	10%	20%	35%	50%	75%	100%	150%		
1 Central governments and central banks receivables	7.701.693	-	-	-	-	-	-	-	-	-	7.701.693	
2 Local governments and municipalities receivables	-	-	-	-	-	-	-	-	-	-	-	
3 Administrative and non commercial receivables	-	-	-	-	-	-	-	-	-	-	-	
4 Banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-	-	-	
5 Bankalar ve aracı kurumlardan alacaklar	-	344.884	181.594	-	2.242.168	-	5.398.580	-	-	-	8.167.226	
6 Corporate receivables	-	-	-	-	-	-	-	-	308.394	-	308.394	
7 Retail receivables	-	-	-	-	-	-	-	11.047	-	-	11.047	
8 Mortgage receivables	-	-	-	-	-	-	-	-	-	-	-	
9 Non performing receivables	-	-	-	-	-	-	-	-	-	-	-	
10 High risk defined receivables	-	-	-	-	-	-	-	-	-	-	-	
11 Investments in equities	-	-	-	-	-	-	-	-	-	-	-	
12 Other receivables	-	-	-	-	-	-	-	-	-	-	-	
Total	7.701.693	344.884	181.594	-	2.242.168	-	5.398.580	11.047	308.394	-	16.188.360	

<sup>(1)</sup> Total credit risk: Value of Capital Adequacy Calculations after Counterparty Credit Risk methods are applied.





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## 3.4.6. Composition of collateral for CCR exposure

Current Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
1 Cash-Local Currency	-	-	-	-	18.496.136	-
2 Cash - Foreign Currency	-	-	-	-	5.473.381	-
3 Domestic sovereign debts	-	-	-	-	-	18.844.825
4 Other sovereign debts	-	-	-	-	-	8.714.900
5 Other collateral	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	<b>23.969.517</b>	<b>27.559.725</b>

Prior Period	Türev finansal araç teminatları				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
1 Cash-Local Currency	-	9.912	-	-	45.359.285	1.750.689
2 Cash - Foreign Currency	-	19.884	-	-	3.095.195	-
3 Domestic sovereign debts	-	-	-	-	1.782.917	44.822.415
4 Other sovereign debts	-	-	-	-	-	4.198.676
5 Other collateral	-	477.537	-	-	-	-
<b>Total</b>	-	<b>507.333</b>	-	-	<b>50.237.397</b>	<b>50.771.780</b>

## 3.4.7. Credit derivatives exposures

Nominal	Current Period		Prior Period	
	Protection Bought	Protection Sold	Protection Bought	Protection Sold
Single-name credit default swaps	-	-	-	-
Index credit default swaps	-	-	-	-
Total return swaps	-	38.271.238	-	26.257.676
Credit Options	-	-	-	-
Other Credit Derivatives	-	-	-	-
<b>Total Nominal</b>	-	<b>38.271.238</b>	-	<b>26.257.676</b>
Rediscount Amount	-	(2.448.578)	-	(1.264.379)
Positive Rediscount Amount	-	788.608	-	844.603
Negative Rediscount Amount	-	(3.237.186)	-	(2.108.982)

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## 3.4.8. Exposures to central counterparties

	Current Period		Prior Period	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
<b>1 Exposure to Qualified Central Counterparties (QCCPs) (Total)</b>		<b>14.162</b>		<b>6.062</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3 (i) OTC Derivatives	6.534.491	258.814	526.449	14.161
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	-	-	29	1
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	-	-	-	-
10 Unfunded default fund contributions	-	-	-	-
<b>11 Exposures to non-QCCPs (Total)</b>				
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	-	-	-	-

## 3.5. Securitisations

None.

## 3.6. Explanations on consolidated market risk

## 3.6.1. Qualitative disclosure on market risk

Market Risk Management department monitors the interest rate, exchange rate, stock, commodity and credit spread risks arising from the main financial activities of the Group on a daily basis and measures the probability of loss that may arise from the related risks by using internal model. Risks measured are regularly reported to the business units, their compliance with Bank's risk appetite is monitored and impacts on capital requirement are analyzed. By taking into account the distinction between banking and trading portfolios, analyses and measurements enable Market Risk Management to determine specific limits on sub-portfolio / product levels.

Market risks that the Group is exposed to are assessed and managed by a triple structure consisting of Treasury, Financial Planning and Market Risk Management Units. The Board of Directors, the Executive Committee and the Audit Committee have primary responsibility for management of such risks. Both Top management and the sub-units are responsible for managing the risks taking into account constraints and targets such as Bank's interest rate sensitivity, liquidity constraints, funding sources, budget targets, medium and long-term capital planning and profitability of the products in operation.

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## 3.6.1. Qualitative disclosure on market risk (continued)

Models, strategies and processes that are accurate and integrated in accordance with risks the Group is or may be exposed to have been established. Automated reporting and validation activities are carried out for effective analysis, monitoring and control mechanisms. Risk management infrastructure integrated with day-to-day activities enabling monitor and measurement independently from executive activities; and supports business and decision-making processes has been established. Policies, processes, targets, roles / responsibilities, and regular trainings are the main elements of the Bank's dissemination of risk culture and awareness. Systems and structures compatible with international best practices and in line with the risk appetite are available for risk management.

The Group implements internal policies and procedures that are reviewed and approved at least once a year by the Board of Directors in order to manage market risks arising from on and off-balance sheet liabilities. Based on the principles mentioned in Regulatory Authority's directives and best practice guidelines, internal policies determine responsibilities and practitioners for identification, measurement, monitoring and reporting of the risks in line with the risk appetite and needs of the Group; lay the groundwork for granting limits in the Bank; and guide the actions to be taken in case of risk appetite is exceeded.

Market Risk Management organization consists of 4 sub-units; Market Risk Analysis, Asset-Liability Management and Affiliates Coordination, Counterparty Risk and Collateral Management and Risk Methodologies and Market Data Analysis units.

Market Risk Analysis unit; carry out the activities such as measuring and setting limits for risks arising from Financial assets where fair value change is reflected to income statement and Financial assets where fair value change is reflected to other comprehensive income statement using advanced internal methods (Value at Risk, Base Point Value Sensitivity etc.), complying policies and procedures with new regulations and best practices, product-based risk analysis, developing risk measurement and valuation techniques and applying stress tests.

Asset Liability Management and Subsidiaries Coordination unit; enables the Bank to measure the liquidity risk, manage the structural interest rate exposure, manage the protection procedures and the protection accounting processes used to reduce the risk of re-pricing. Follows the concentration of the bank's funding side. Also paves the way for implementation of Bank-side risk applications and risk culture in the Bank's subsidiaries, plays an active role in risk appetite determination and coordination processes.

Counterparty Risk and Collateral Management Unit calculates the exposures of over the counter (OTC) derivative transactions via internal model method and manages the inclusion of these exposures into the monitoring and the credit underwriting processes.

The Risk Methodologies and Market Data Analysis unit provides unbiased management of all market data related to treasury products under the risk management framework. The unit is responsible for the verification of fair values, and transfer of related data sources to the banking system.

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## 3.6.2. Market risk under standardised approach:

	Current Period	Prior Period
	Risk Weighted Asset	Risk Weighted Asset
<b>Outright products</b>	<b>18.559.842</b>	<b>4.861.529</b>
1 Interest rate risk (general and specific)	2.853.292	1.636.586
2 Equity risk (general and specific)	2.970.325	153.550
3 Foreign exchange risk	12.678.700	2.984.145
4 Commodity risk	57.525	87.250
<b>Options</b>	<b>635.050</b>	<b>780.475</b>
5 Simplified approach	-	-
6 Delta-plus method	635.050	780.475
7 Scenario approach	-	-
8 Securitisation	-	-
<b>Total</b>	<b>19.194.892</b>	<b>5.642.006</b>

## 3.7. Explanations on Operational Risk:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2020, 2019 and 2018 year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 29511 dated October 23, 2015, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2021, the total amount subject to operational risk is TL 46.346.961 (December 31, 2021 - TL 37.518.185) and the amount of the related capital requirement is TL 3.707.757 (December 31, 2021 - TL 3.001.455).

Current Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	17.663.901	24.056.398	32.434.838	24.718.379	15,00%	3.707.757
Amount subject to operational risk						
(Total*12,5)						46.346.961

Prior Period	2 Prior Period Value	1 Prior Period Value	Current Period value	Total / Total number of years for which gross income is positive	Rate (%)	Total
Gross Income	18.308.797	17.663.901	24.056.398	20.009.699	15,00%	3.001.455
Amount subject to operational risk						
(Total*12,5)						37.518.185

## 3.8. Interest rate risk arising from banking accounts:

Interest rate risk means possible losses on financial structure or equity of the Bank by movements in interest rates. Changes in interest rates affect the Bank's earnings by changing the level of net interest incomes, other interest sensitive incomes and operating expenses. The change in interest rates also affects the underlying values of the Bank's assets for active, passive and off-balance sheet items by changing the economic values of future cash flows (and in some cases, the cash flows themselves).

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**3.8. Interest rate risk arising from banking accounts: (continued)**

Interest rate risk has three main reasons:

- Repricing Risk: It is caused by the inconsistency in pricing of active and passive items.
- Yield Curve Risk: It results from the variation of the curve and shape of the yield curve.
- Basis Risk: It's due to the low correlation of the earned and paid interest yields of different financial instruments with peer revaluation structure.

The customer's prepayment risk (option risk) is indirectly taken into account in managing and following the interest rate risk by following a specific risk protection rate.

Within the scope of the interest rate risk arising from banking accounts, the core deposit analysis for demand deposits is carried out according to the maximum maturity structure of the same regulation. In core deposit analysis, it is possible to distribute demand deposits up to 3 times using behavioral models reviewed once a year. In addition, Consumer Price Index bonds model and early payment model in real estate and consumer loans are also considered in the calculation of interest rate risk.

Interest rate risk is monitored weekly through internal reports and reports made to the Executive Board on a monthly basis.

In accordance with the "Regulation on Measurement and Evaluation of the Interest Rate on Banking Accounts by Standard Shock Method", the economic value differences arising from fluctuations in interest rates are stated in the table below as of December 31, 2022, based on the significant currencies of the Parent Bank.

Currency	Applied shock (+/- x basis points)	Current Period		Prior Period	
		Gains/Losses	Gains/SE-Losses/SE	Gains/Losses	Gains/SE-Losses/SE
TRY	(+)500 bp	(6.479.005)	(4,42)%	(3.565.705)	(4,46) %
TRY	(-)400 bp	6.097.199	%4,16	3.206.811	4,01%
EUR	(+)200 bp	764.516	%0,52	(310.186)	0,39)%
EUR	(-)200 bp	(754.817)	%(0,51)	358.834	0,45%
USD	(+)200 bp	(3.930.975)	%(2,68)	(1.871.143)	2,34)%
USD	(-)200 bp	4.983.463	%3,40	2.633.830	3,30%
Total (For negative shocks)		10.325.845	%7,04	6.199.475	7,76%
Total (For positive shocks)		(9.645.464)	%(6,57)	(5.747.034)	(7,19)%

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**4. Explanations on consolidated currency risk:**

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

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

The details of hedging of the foreign currency debt instruments and net foreign currency investment risk with derivative instruments are disclosed in section four Note 10.

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

(Exchange rates presented as full TL)	USD	EUR
Balance sheet evaluation rate	18,6983	19,9349
First day current bid rate	18,6966	19,8816
Second day current bid rate	18,6964	19,8946
Third day current bid rate	18,6813	19,9087
Fourth day current bid rate	18,6649	19,8324
Fifth day current bid rate	18,6592	19,8044
Arithmetic average of the last 31 days:	18,6370	19,7164
Evaluation rate as of prior period:	12,9775	14,6823

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## Information on currency risk of the Group:

Current Period	EUR	USD	Other FC <sup>(4)</sup>	Total
<b>Assets</b>				
Cash (Cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	43.388.959	55.869.152	17.836.219	117.094.330
Banks	11.081.542	20.795.571	433.062	32.310.175
Financial assets measured at fair value through profit or loss	38.583	714.743	-	753.326
Money market placements	-	-	53.158	53.158
Financial assets measured at fair value through other comprehensive income	1.868.486	15.193.758	930.357	17.992.601
Loans <sup>(1)</sup>	96.274.085	95.032.005	7.839.744	199.145.834
Investments in associates, subsidiaries and joint ventures	-	-	2.871.962	2.871.962
Financial assets measured at amortised cost	9.824.178	62.553.614	-	72.377.792
Hedging derivative financial assets	990.403	2.907.278	-	3.897.681
Tangible assets	42.660	-	159.002	201.662
Other assets <sup>(2)</sup>	8.256.149	22.210.555	4.208.250	34.674.954
<b>Total assets</b>	<b>171.765.045</b>	<b>275.276.676</b>	<b>34.331.754</b>	<b>481.373.475</b>
<b>Liabilities</b>				
Bank deposits	788.850	777.811	323.138	1.889.799
Foreign currency deposits	105.401.444	170.512.529	42.069.570	317.983.543
Funds from money market	4.533.259	2.866.964	-	7.400.223
Funds borrowed from other financial institutions	36.643.410	46.106.673	347.217	83.097.300
Marketable securities issued	5.285.934	28.211.101	3.908.106	37.405.141
Miscellaneous payables	4.132.569	880.955	51.979	5.065.503
Hedging derivative financial liabilities	-	-	-	-
Other liabilities <sup>(3)</sup>	7.759.501	81.394.552	224.370	89.378.423
<b>Net on balance sheet position</b>	<b>164.544.967</b>	<b>330.750.585</b>	<b>46.924.380</b>	<b>542.219.932</b>
<b>Net off balance sheet position<sup>(5)</sup></b>	<b>7.220.078</b>	<b>(55.473.909)</b>	<b>(12.592.626)</b>	<b>(60.846.457)</b>
Financial derivative assets	(6.373.179)	44.908.990	16.447.620	54.983.431
Financial derivative liabilities	24.199.658	124.124.582	18.612.685	166.936.925
Net position	30.572.837	79.215.592	2.165.065	111.953.494
Non-cash loans	846.899	(10.564.919)	3.854.994	(5.863.026)
Gayrinakdi krediler	67.393.694	66.369.841	10.050.819	143.814.354
<b>Prior Period</b>				
Total assets	150.477.835	229.655.185	19.131.844	399.264.864
Total liabilities	134.337.150	292.863.402	28.296.923	455.497.475
<b>Net on balance sheet position</b>	<b>16.140.685</b>	<b>(63.208.217)</b>	<b>(9.165.079)</b>	<b>(56.232.611)</b>
<b>Net off balance sheet position<sup>(5)</sup></b>	<b>(14.512.454)</b>	<b>62.087.451</b>	<b>11.830.058</b>	<b>59.405.055</b>
Financial derivative assets	16.417.457	90.301.009	17.198.355	123.916.821
Financial derivative liabilities	30.929.911	28.213.558	5.368.297	64.511.766
<b>Net position</b>	<b>1.628.231</b>	<b>(1.120.766)</b>	<b>2.664.979</b>	<b>3.172.444</b>
Non-cash loans	54.741.701	58.461.909	6.617.892	119.821.502

<sup>(1)</sup> Includes FX indexed loans amounting to TL 166.285 (December 31, 2021 - TL 320.109) which have been disclosed as TL in the financial statements.<sup>(2)</sup> Does not include foreign currency prepaid expenses amounting to TL 1.061.744 (December 31, 2021 - TL 461.663) and intangible assets amounting to TL 89.886 (December 31, 2021 - TL 64.485).<sup>(3)</sup> Does not include foreign currency other comprehensive income and expense under equity.<sup>(4)</sup> Other FC column also includes gold balance.<sup>(5)</sup> Forward transactions classified as commitments are also included.

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## Currency risk sensitivity analysis:

The table below represents the sensitivity of the Parent Bank to 15% change of currency exchange rates (USD and EUR).

15% change is the assumption of parity change that may be faced in a possible fluctuation used in the Bank's stress test scenarios.

Change in currency exchange rates <sup>(1)</sup>	Current Period	Prior Period
	Profit/loss effect <sup>(2)</sup>	Profit/loss effect <sup>(2)</sup>
(+) 15%	1.593.635	436.669
(-) 15%	(596.848)	(200.224)

<sup>(1)</sup> Represents the balances of the Parent Bank.<sup>(2)</sup> Excluding tax effect.

## 5. Explanations on consolidated interest rate risk:

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

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

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

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## 5.1. 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
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	3.265.724	-	-	-	-	149.565.179	152.830.903
Banks	6.922.595	3.499.070	6.116.267	-	-	23.307.085	39.845.017
Financial assets measured at fair value through profit or loss	-	5.558	20.156	127.463	212.054	1.905.664	2.270.895
Receivables from money markets	2.514.757	-	-	-	-	-	2.514.757
Financial assets measured at fair value through other comprehensive income	10.492.500	18.750.666	20.417.815	13.157.038	15.477.650	175.822	78.471.491
Loans <sup>(1)</sup>	127.298.709	124.350.642	214.577.219	139.524.656	33.200.507	(14.762.220)	624.189.513
Financial assets measured at amortised cost	47.543.781	21.551.302	13.817.909	29.743.940	56.169.325	-	168.826.257
Other assets	1.520.613	4.716.818	4.082.287	8.477.949	4.050.277	92.470.237	115.318.181
<b>Total assets</b>	<b>199.558.679</b>	<b>172.874.056</b>	<b>259.031.653</b>	<b>191.031.046</b>	<b>109.109.813</b>	<b>252.661.767</b>	<b>1.184.267.014</b>
<b>Liabilities</b>							
Bank deposits	2.616.742	2.582.968	3.914.800	47.571	-	1.325.315	10.487.396
Other deposits	262.675.306	116.779.884	25.435.248	4.850.599	338.428	284.928.578	695.008.043
Funds from money market	34.804.618	5.490.412	-	-	-	-	40.295.030
Miscellaneous payables	-	-	-	-	-	44.512.534	44.512.534
Marketable securities issued	2.984.364	21.691.053	24.675.391	-	-	-	49.350.808
Funds borrowed from other financial institutions	25.875.731	25.283.522	29.910.175	12.116.997	929.973	-	94.116.398
Other liabilities <sup>(2)</sup>	13.392.296	39.117.426	10.264.520	25.282.464	3.614.406	158.825.693	250.496.805
<b>Total liabilities</b>	<b>342.349.057</b>	<b>210.945.265</b>	<b>94.200.134</b>	<b>42.297.631</b>	<b>4.882.807</b>	<b>489.592.120</b>	<b>1.184.267.014</b>
Balance sheet long position	-	-	164.831.519	148.733.415	104.227.006	-	417.791.940
Balance sheet short position	(142.790.378)	(38.071.209)	-	-	-	(236.930.353)	(417.791.940)
Off-balance sheet long position	21.885.861	41.542.366	-	-	-	-	63.428.227
Off-balance sheet short position	-	-	(18.909.027)	(33.696.216)	(10.384.551)	-	(62.989.794)
<b>Total position</b>	<b>(120.904.517)</b>	<b>3.471.157</b>	<b>145.922.492</b>	<b>115.037.199</b>	<b>93.842.455</b>	<b>(236.930.353)</b>	<b>438.433</b>

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## 5.1. Interest rate sensitivity of assets, liabilities and off-balance sheet items based on repricing dates: (continued)

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-interest bearing	Total
<b>Assets</b>							
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey	68.178.110	-	-	-	-	51.570.131	119.748.241
Banks	8.309.675	1.226.728	4.062.073	-	-	20.805.882	34.404.358
Financial assets measured at fair value through profit or loss	-	3.196	5.683	58.396	139.374	595.005	801.654
Receivables from money markets	1.809.366	-	-	-	-	-	1.809.366
Financial assets measured at fair value through other comprehensive income	5.011.649	8.514.144	13.360.359	3.718.284	4.101.999	91.075	34.797.510
Loans <sup>(1)</sup>	61.116.734	57.767.824	158.844.116	120.411.758	25.989.739	(10.244.006)	413.886.165
Financial assets measured at amortised cost	20.420.050	11.074.959	13.410.483	11.672.177	39.709.143	-	96.286.812
Other assets	5.266.352	9.049.186	3.703.985	5.739.253	353.077	54.974.947	79.086.800
<b>Total assets</b>	<b>170.111.936</b>	<b>87.636.037</b>	<b>193.386.699</b>	<b>141.599.868</b>	<b>70.293.332</b>	<b>117.793.034</b>	<b>780.820.906</b>
<b>Liabilities</b>							
Bank deposits	2.782.299	823.611	1.736.802	11.573	-	1.783.052	7.137.337
Other deposits	189.198.407	34.961.966	8.447.559	2.886.264	276.996	177.019.529	412.790.721
Funds from money market	51.087.194	3.766.361	1.032.918	-	-	-	55.886.473
Miscellaneous payables	-	-	-	-	-	26.732.718	26.732.718
Marketable securities issued	3.359.088	22.492.961	15.724.962	-	-	-	41.577.011
Funds borrowed from other financial institutions	8.000.905	38.075.477	14.220.629	10.249.753	2.375.200	-	72.921.964
Other liabilities <sup>(2)</sup>	5.132.873	30.050.685	13.956.009	31.854.517	3.401.689	79.378.909	163.774.682
<b>Total liabilities</b>	<b>259.560.766</b>	<b>130.171.061</b>	<b>55.118.879</b>	<b>45.002.107</b>	<b>6.053.885</b>	<b>284.914.208</b>	<b>780.820.906</b>
Balance sheet long position	-	-	138.267.820	96.597.761	64.239.447	-	299.105.028
Balance sheet short position	(89.448.830)	(42.535.024)	-	-	-	(167.121.174)	(299.105.028)
Off-balance sheet long position	18.455.630	43.104.916	-	-	-	-	61.560.546
Off-balance sheet short position	-	-	(6.524.939)	(44.274.928)	(8.012.207)	-	(58.812.074)
<b>Total position</b>	<b>(70.993.200)</b>	<b>569.892</b>	<b>131.742.881</b>	<b>52.322.833</b>	<b>56.227.240</b>	<b>(167.121.174)</b>	<b>2.748.472</b>

<sup>(1)</sup> Non-performing loans are presented in the "Non-Interest Bearing" column after being offset against expected loss provisions.<sup>(2)</sup> Shareholders' equity is presented under "Non interest bearing"

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## 5.2. Average interest rates for monetary financial instruments:

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

Current Period	EUR	USD	Yen	TL
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey				
Banks	2,50	-	-	-
Financial assets measured at fair value through profit or loss	0,08	0,97	-	13,54
Receivables from money markets	4,80	5,38	-	-
Financial assets measured at fair value through other comprehensive income	-	-	-	11,86
Loans	3,32	7,56	-	48,68
Financial assets measured at amortised cost	6,09	8,18	-	22,83
	2,62	6,39	-	53,69
<b>Liabilities</b>				
Bank deposits <sup>(1)</sup>	-	3,05	-	8,63
Other deposits <sup>(1)</sup>	0,25	1,09	-	8,16
Funds from money market	3,37	4,43	-	9,14
Miscellaneous payables	-	-	-	-
Marketable securities issued	4,69	7,15	-	20,33
Funds borrowed from other financial institutions	3,98	7,99	-	16,15

Prior Period	EUR	USD	Yen	TL
	%	%	%	%
<b>Assets</b>				
Cash (cash in vault, effectives, cash in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey				
Banks	-	-	-	8,89
Financial assets measured at fair value through profit or loss	0,78	0,45	-	14,07
Receivables from money markets	3,87	3,43	-	15,57
Financial assets measured at fair value through other comprehensive income	-	-	-	12,31
Loans	3,32	6,27	-	28,75
Financial assets measured at amortised cost	4,48	5,64	-	19,26
	2,71	6,25	-	30,36
<b>Liabilities</b>				
Bank deposits <sup>(1)</sup>	-	-	-	16,08
Other deposits <sup>(1)</sup>	0,17	0,38	-	10,30
Funds from money market	0,92	-	-	12,16
Miscellaneous payables	-	-	-	-
Marketable securities issued	3,78	4,87	-	17,55
Funds borrowed from other financial institutions	2,06	2,64	-	17,24

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## 6. Explanations on share certificates position risk from banking book:

None.

## 7. Explanations on consolidated liquidity risk management and liquidity coverage ratio:

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

The Parent Bank does not function as a central funding institution in its relations with its subsidiaries. Intra-group liquidity management and funding strategies are limited with related legal boundaries and monitored regularly via various reports. Intraday liquidity is also monitored closely by the bank in its best effort.

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

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

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

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

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

Funding sources of the Group mainly consist of deposits which constitute 60% of total liabilities of the Bank (December 31, 2021 – 54%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated loans and borrowings.

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## 7. Explanations on consolidated liquidity risk management and liquidity coverage ratio: (continued)

The Parent Bank calculates and reports the LCR on a both solo and consolidated level in full compliance with the regulations. LCR is a metric measuring the adequacy of unencumbered free liquid assets owned by banks (called high quality liquid assets) to meet expected net cash outflows over the next 30 days. The metric is an important Basel regulation that measures short-term liquidity and is closely monitored in the Bank. In addition to the Parent Bank LCR, the Net Stable Funding Rate (NSFR), which is considered another complementary element and provides another important medium / long-term liquidity risk measurement, has also measures internally. These two metrics are also included within the Risk Appetite Indicators and closely monitored at the Bank.

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

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

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

The Parent Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

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

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

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

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

Current 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

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

Prior Period	Unweighted Amounts		Weighted Amounts	
	TL+FC	FC	TL+FC	FC
High Quality Liquid Assets			135.289.945	99.238.215
Cash Outflows				
Retail and Small Business Customers Deposits	222.091.449	135.072.946	20.502.830	13.507.117
Stable deposits	34.126.292	3.543	1.706.314	177
Less stable deposits	187.965.157	135.069.403	18.796.516	13.506.940
Unsecured Funding other than Retail and Small Business Customers Deposits	160.275.133	91.509.499	85.004.807	43.732.987
Operational deposits	-	-	-	-
Non-Operational deposits	127.816.630	82.744.975	57.566.721	34.968.463
Other Unsecured funding	32.458.503	8.764.524	27.438.086	8.764.524
Secured funding			37.287	-
Other Cash Outflows	2.272.511	2.272.511	2.272.511	2.272.511
Liquidity needs related to derivatives and market valuation changes on derivatives transactions	2.272.511	2.272.511	2.272.511	2.272.511
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	144.854.244	104.453.220	7.242.712	5.222.661
Other irrevocable or conditionally revocable commitments	130.053.964	27.211.271	11.552.724	4.003.631
Total Cash Outflows			126.612.871	68.738.907
Cash Inflows				
Secured Lending Transactions	-	-	-	-
Unsecured Lending Transactions	53.820.044	33.788.164	43.575.725	30.494.403
Other contractual cash inflows	1.489.259	29.970.732	1.489.259	29.970.732
Total Cash Inflows	55.309.303	63.758.896	45.064.984	60.465.135
<b>Üst Sınır Uygulanmış Değerler</b>				
Total High Quality Liquid Assets			135.289.945	99.238.215
Total Net Cash Outflows			81.547.887	17.184.727
Liquidity Coverage Ratio (%)			165,90	577,48

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

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

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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 <sup>(1)(2)</sup>	Total
<b>Assets</b>								
Cash (cash in vault, effectives, cash in transit, cheques purchased) and Balances with the Central Bank of the Republic of Turkey	90.558.846	62.272.057	-	-	-	-	-	152.830.903
Banks	23.307.085	6.922.595	3.499.070	6.116.267	-	-	-	39.845.017
Financial assets measured at fair value through profit or loss	31.895	-	5.558	20.156	127.463	212.054	1.873.769	2.270.895
Receivables from money markets	-	2.514.757	-	-	-	-	-	2.514.757
Financial assets measured at fair value through other comprehensive income	-	221.174	435.165	10.007.510	36.774.190	30.857.630	175.822	78.471.491
Loans(1)	-	118.732.969	104.639.722	203.001.194	168.756.509	43.821.339	(14.762.220)	624.189.513
Financial assets measured at amortised cost	-	188.660	746.156	7.598.035	69.400.548	90.892.858	-	168.826.257
Other assets	51.188.979	745.664	3.599.346	5.361.981	9.077.493	4.202.738	41.141.980	115.318.181
Total assets	165.086.805	191.597.876	112.925.017	232.105.143	284.136.203	169.986.619	28.429.351	1.184.267.014
<b>Liabilities</b>								
Bank deposits	1.325.315	2.616.742	2.582.968	3.914.800	47.571	-	-	10.487.396
Other deposits	284.928.578	262.675.306	116.779.884	25.435.248	4.850.599	338.428	-	695.008.043
Funds borrowed from other financial institutions	-	16.510.471	12.176.532	49.890.542	14.368.766	1.170.087	-	94.116.398
Funds from money market	-	34.804.618	5.490.412	-	-	-	-	40.295.030
Marketable securities issued	-	2.987.057	21.288.124	5.762.030	19.313.597	-	-	49.350.808
Miscellaneous payables	343.710	40.319.934	1.325.193	1.017.762	-	-	1.505.935	44.512.534
Other liabilities(2)	11.672.926	12.199.617	7.187.489	15.893.613	40.060.428	26.906.246	136.576.486	250.496.805
Total liabilities	298.270.529	372.113.745	166.830.602	101.913.995	78.640.961	28.414.761	138.082.421	1.184.267.014
Net liquidity gap	(133.183.724)	(180.515.869)	(53.905.585)	130.191.148	205.495.242	141.571.858	(109.653.070)	-
Net Off-Balance Sheet Position	-	310.948	(464.320)	(2.441.667)	195.183	2.838.289	-	438.433
Derivative Financial Assets	-	115.903.014	98.470.965	55.647.990	101.652.927	72.725.965	-	444.400.861
Derivative Financial Liabilities	-	115.592.066	98.935.285	58.089.657	101.457.744	69.887.676	-	443.962.428
Non-Cash Loans	-	9.000.062	26.001.548	109.920.445	31.154.551	12.732.663	54.982.270	243.791.539
<b>Prior Period</b>								
Total assets	98.691.915	127.226.600	58.375.841	150.294.759	203.603.931	108.501.898	34.125.962	780.820.906
Total liabilities	184.464.868	280.995.554	58.781.036	77.215.196	86.799.754	23.319.077	69.245.421	780.820.906
Net liquidity gap	(85.772.953)	(153.768.954)	(405.195)	73.079.563	116.804.177	85.182.821	(35.119.459)	-
Net Off-Balance Sheet Position	-	612.218	1.615.842	111.974	(1.789.673)	2.198.111	-	2.748.472
Derivative Financial Assets	-	75.753.002	78.508.763	33.778.541	86.225.645	62.561.723	-	336.827.674
Derivative Financial Liabilities	-	75.140.784	76.892.921	33.666.567	88.015.318	60.363.612	-	334.079.202
Non-Cash Loans	-	7.276.512	20.429.352	65.452.594	22.042.113	9.225.928	36.490.608	160.917.107

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

<sup>(2)</sup> Shareholders' equity is presented in the "Unclassified" column.



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## Breakdown of financial liabilities according to their remaining contractual maturities:

The maturity distribution of values at contracted maturity date of non-derivative financial liabilities is presented below. Maturity segments also include the interests of related assets and liabilities.

Current Period <sup>(1)</sup>	Demand and up to 1 month	1-3 months	3-12 months	1-5 years	Above 5 years	Total
<b>Liabilities</b>						
Deposits	554.940.662	123.601.727	31.403.736	4.912.009	338.727	715.196.861
Borrowings	16.657.999	12.807.788	52.159.023	15.557.561	1.381.667	98.564.038
Financial liabilities measured at fair value through profit or loss	735.241	1.498.167	5.498.769	31.525.794	17.047.205	56.305.176
Funds from money market	34.879.888	5.608.915	-	-	-	40.488.803
Subordinated loans	12.222.546	121.714	6.703.541	16.817.742	12.985.673	48.851.216
Marketable securities issued	3.008.046	21.507.327	6.235.755	19.715.346	-	50.466.474
<b>Total</b>	<b>622.444.382</b>	<b>165.145.638</b>	<b>102.000.824</b>	<b>88.528.452</b>	<b>31.753.272</b>	<b>1.009.872.568</b>
<b>Prior Period <sup>(1)</sup></b>						
<b>Liabilities</b>						
Deposits	370.725.229	36.369.142	10.361.932	2.935.781	393.885	420.785.969
Borrowings	8.046.249	5.106.058	42.704.256	17.814.946	1.979.667	75.651.176
Financial liabilities measured at fair value through profit or loss	-	388.705	2.467.767	21.511.330	14.813.084	39.180.886
Funds from money market	51.234.055	469.646	1.682.050	2.670.754	-	56.056.505
Subordinated loans	840.699	175.471	13.925.427	24.296.937	9.946.031	49.184.565
Marketable securities issued	1.874.373	9.981.830	6.639.390	24.257.024	393.128	43.145.745
<b>Total</b>	<b>432.720.605</b>	<b>52.490.852</b>	<b>77.780.822</b>	<b>93.486.772</b>	<b>27.525.795</b>	<b>684.004.846</b>

<sup>(1)</sup> Maturities of non-cash loans are described in Note 3 of Section 5.

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## 8. Explanations on consolidated leverage ratio:

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

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

	Current Period <sup>(2)</sup>	Prior Period <sup>(2)</sup>
1 Total assets in the consolidated financial statements prepared in accordance with TAS <sup>(1)</sup>	1.147.430.043	714.154.420
2 Differences between the total assets in the consolidated financial statements prepared in accordance with TAS and the total assets in the consolidated financial statements prepared in accordance with Communiqué on Preparation of Consolidated Financial Statements of the Banks	5.130.104	1.973.316
3 Differences between the balances of derivative financial instruments and the credit derivatives in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	5.202.695	2.728.941
4 Differences between the balances of securities financing transactions in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(31.916.083)	(48.041.718)
5 Differences between off-balance sheet items in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	(47.918.699)	(21.579.970)
6 Other differences in the consolidated financial statements prepared in accordance with the Communiqué on Preparation of Consolidated Financial Statements of the Banks and their risk exposures	38.286.704	52.788.654
7 Total Risks	1.662.188.119	1.000.514.763

<sup>(1)</sup> The consolidated financial statements prepared in accordance with the sixth paragraph of the Article 5 in the Communiqué on Preparation of Consolidated Financial Statements of the Banks.<sup>(2)</sup> The arithmetic average of the last 3 months in the related periods.

	Current Period <sup>(2)</sup>	Prior Period <sup>(2)</sup>
<b>On-Balance sheet exposures</b>		
1 On-Balance sheet assets (Excluding derivative financial instruments and credit derivatives, including collaterals)	1.155.479.635	713.710.807
2 (Asset amounts deducted in determining Tier 1 capital)	(8.994.462)	(6.704.089)
3 Total on-Balance sheet exposures	1.146.485.173	707.006.718
<b>Derivative financial instruments and credit derivatives</b>		
4 Replacement cost of derivative financial instruments and credit derivatives	12.074.956	2.686.719
5 Potential credit risk of derivative financial instruments and credit derivatives	5.202.695	14.021.321
6 Total derivative financial instruments and credit derivatives exposure	17.277.651	16.708.040
<b>Securities financing transaction exposure</b>		
7 Total risk of gross securities financing transactions (excluding on-balance sheet exposure)	1.425.925	681.361
8 Agent transaction exposures	-	-
9 Total securities financing transaction exposures	1.425.925	681.361
<b>Off-balance sheet items</b>		
10 Off-balance sheet exposure at gross notional amount	544.918.069	297.698.614
11 (Adjustments for conversion to credit equivalent amounts)	(47.918.699)	(21.579.970)
12 Total risk of off-balance sheet items	496.999.370	276.118.644
<b>Capital and total exposure</b>		
13 Tier 1 capital	129.117.257	64.211.039
14 Total exposures	1.662.188.119	1.000.514.763
15 Leverage ratio (%)	7,77	6,45

<sup>(1)</sup> The arithmetic average of the last 3 months in the related periods.

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## 9. Explanations on the presentation of financial assets and liabilities at fair values:

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Group. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Book value		Fair value	
	Current period	Prior period	Current period	Prior period
<b>Financial assets</b>	<b>950.875.553</b>	<b>611.660.565</b>	<b>971.968.516</b>	<b>605.876.551</b>
Due from money market	2.514.757	1.809.366	2.514.757	1.809.366
Banks	39.845.017	34.404.358	39.922.535	34.429.736
Financial assets at fair value through other comprehensive income	78.471.491	34.797.510	78.471.491	34.797.510
Financial assets measured at amortised cost	168.826.257	96.286.812	192.651.507	98.392.565
Loans	661.218.031	444.362.519	658.408.226	436.447.374
<b>Financial liabilities</b>	<b>969.322.834</b>	<b>625.909.972</b>	<b>969.259.338</b>	<b>625.442.847</b>
Bank deposits	10.487.396	7.137.337	10.486.500	7.027.865
Other deposits	695.008.043	412.790.721	695.480.726	412.826.348
Funds borrowed from other financial institutions	94.116.398	72.921.964	94.852.421	72.123.960
Financial liabilities measured at fair value through profit or loss	36.459.423	25.308.222	36.459.423	25.308.222
Subordinated loans	39.388.232	39.441.999	40.684.977	42.248.368
Marketable securities issued	49.350.808	41.577.011	46.782.757	39.175.366
Miscellaneous payables	44.512.534	26.732.718	44.512.534	26.732.718

The fair values of deposits, banks, securities issued and funds borrowed from other financial institutions are determined by calculating the discounted cash flows using the current market interest rates.

The fair value of held-to-maturity assets is determined based on market prices or when this price is not available, based on market prices quoted for other securities subject to the same redemption qualifications in terms of interest, maturity and other similar conditions.

The expected fair value of loans and receivables is determined by calculating the discounted cash flows using the current market interest rates for the loans with fixed interest rates. For the loans with floating interest rates (such as overdrafts and credit card receivables), it is assumed that the carrying value approaches to the fair value.

TFRS 13, "Fair Value Measurement", requires classification of line items at fair value presented at the financial statements according to the defined levels. These levels depend on the observability of data used for fair value calculations. Classification for fair value is generated as followed below:

**Level 1:** Assets or liabilities with prices recorded (unadjusted) in active markets.

**Level 2:** Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities.

**Level 3:** Assets and liabilities where no observable market data can be used for valuation.

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According to these classification principles stated, the Group's classification of financial assets and liabilities carried at their fair value are as follows:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	1.882.798	388.097	-	2.270.895
Financial assets measured at fair value through other comprehensive income	76.396.958	1.968.158	-	78.365.116
Derivative financial assets	-	18.783.430	-	18.783.430
<b>Total assets</b>	<b>78.279.756</b>	<b>21.139.685</b>	<b>-</b>	<b>99.419.441</b>
Derivative financial liabilities	-	13.969.063	-	13.969.063
Financial liabilities measured at fair value through profit or loss	-	36.459.423	-	36.459.423
<b>Total liabilities</b>	<b>-</b>	<b>50.428.486</b>	<b>-</b>	<b>50.428.486</b>
Prior Period	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss	287.992	285.216	228.446	801.654
Financial assets measured at fair value through other comprehensive income	33.752.392	1.022.565	-	34.774.957
Derivative financial assets	-	21.835.718	-	21.835.718
<b>Total assets</b>	<b>34.040.384</b>	<b>23.143.499</b>	<b>228.446</b>	<b>57.412.329</b>
Derivative financial liabilities	-	18.335.783	-	18.335.783
Financial liabilities at fair value through profit or loss	-	25.308.222	-	25.308.222
<b>Total liabilities</b>	<b>-</b>	<b>43.644.005</b>	<b>-</b>	<b>43.644.005</b>

The Group classify its buildings carried at their fair value within property and equipment under level 3.

## 10. Explanations on hedge accounting:

The Group applies the following hedge accounting models as of December 31, 2022:

- Fair value Hedge ("FVH")
- Cash Flow Hedge ("CFH")

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

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

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

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Contractual amounts and the fair values as at December 31, 2022 of these hedging instruments are presented in the table below:

Hedging instrument	Current Period			Prior Period		
	Notional <sup>(1)</sup>	Asset	Liability	Notional <sup>(1)</sup>	Asset	Liability
Interest rate swap / Currency swap / Cross currency interest rate swap (CFH)	58.891.229	7.357.997	32.350	55.477.585	3.532.488	683.193
Interest rate swap / Cross currency interest rate swap (FVH)	3.213.127	197.754	1.380.313	2.234.117	19.572	988.874
<b>Total</b>	<b>62.104.356</b>	<b>7.555.751</b>	<b>1.412.663</b>	<b>57.711.702</b>	<b>3.552.060</b>	<b>1.672.067</b>

<sup>(1)</sup> Only the "sell" legs of the related derivatives are presented with the addition of the "buy" legs of these derivatives amounting to TL 60.695.779 (December 31, 2021 - TL 56.747.269) the total notional of derivative financial assets amounting to TL 122.800.135 (December 31, 2021 - TL 114.458.971) is accounted for in off-balance sheet under "Hedging Derivative Financial Instruments" line item.

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

## 10.1. Fair value hedge accounting:

Starting from March 1, 2009, the Parent Bank has hedged the possible fair value effects of changes in market interest rates on some of its fixed interest loan portfolios and fair value effects of changes in foreign exchange rates on part of its foreign currency funds by using cross-currency interest rate swaps.

Starting from July 28, 2015, the Parent Bank has hedged the possible fair value effects of changes in market interest rates and foreign exchange rates on marketable securities by using interest rates swaps and cross-currency interest rate swaps.

The Bank selected to apply macro FVH accounting for such relationship in accordance with "TAS 39 - Financial Instruments: Recognition and Measurement".

The impact of application of FVH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				Asset	Liability	
Interest rate swaps/ Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	(10.461)	-	1.380.313	(23.015)
Prior Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Fair value difference / adjustment of the hedged item <sup>(1)</sup>	Net fair value of the hedging instrument <sup>(2)</sup>		Net gain/(loss) recognised in the income statement (Derivative financial transactions gains/losses) <sup>(3)</sup>
				Asset	Liability	
Cross currency interest rate swaps	Some of fixed interest loan portfolios, foreign currency funds and marketable securities	Fixed interest and changes in foreign exchange rate risk	12.554	-	988.874	10.081

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

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

<sup>(3)</sup> The ineffective portion of the mentioned hedging transaction is TL 9.054 loss (December 31 2021- TL 35.632 loss).

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

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

## 10.2. Cash flow hedge accounting:

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

The impact of application of CFH accounting is summarized below:

Current Period						
Type of hedging instrument	Hedged item (asset and liability)	Nature of hedged risks	Net fair value of the hedging instrument		Net gain/(loss) recognized in hedging funds <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps/ currency swaps/ Cross currency interest rate swaps	Customer deposits, repos and borrowings	Cash flow risk due to the changes in the interest rates	7.357.997	32.350	5.379.550	3.046.675
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 <sup>(1)</sup>	Net gain/(loss) reclassified to equity <sup>(2)(3)</sup>
			Asset	Liability		
Interest rate swaps/ Cross currency interest rate swap	Customer deposits, repos and borrowings	Cash flow risk due to the changes in the interest rates	3.532.488	683.193	2.332.875	3.309.704

(1) Includes deferred tax impact.

(2) Includes tax and foreign exchange differences.

(3) The ineffective portion of the mentioned hedging transaction is TL 358.721 gain (December 31, 2021 - TL 228.112 gain).

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

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

10.3. Hedge From Foreign Net Investment Risk:

The Group hedges part of the currency translation risk of net investments in foreign operations through foreign currency borrowings. The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2022 is EUR 469 million (December 31, 2021 - EUR 495 million).

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

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

12. Explanations on consolidated operating segments:

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

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

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

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

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

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

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

Current Period	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments <sup>(1)</sup>	Total operations of the Group
Operating revenue continuing	20.936.911	6.562.696	18.276.595	1.450.116	3.963.319	57.790.941	(38.683)	108.941.895
Operating expenses continuing	(15.442.780)	(4.982.023)	(7.397.186)	(542.401)	(1.162.091)	(10.584.552)	38.683	(40.072.350)
Net operating income continuing	5.494.131	1.580.673	10.879.409	907.715	2.801.228	47.206.389	-	68.869.545
Dividend income <sup>(2)</sup>	-	-	-	-	-	88.694	-	88.694
Income/Loss from Investments accounted based on equity method <sup>(2)</sup>	-	-	-	-	-	235.529	-	235.529
Profit before tax	5.494.131	1.580.673	10.879.409	907.715	2.801.228	47.530.612	-	69.193.768
Tax expense <sup>(2)</sup>	-	-	-	-	-	(16.448.467)	-	(16.448.467)
Net period income from continuing operations	5.494.131	1.580.673	10.879.409	907.715	2.801.228	31.082.145	-	52.745.301
Minority interest (-)	-	-	-	-	-	(612)	-	(612)
Group income/loss	5.494.131	1.580.673	10.879.409	907.715	2.801.228	31.081.533	-	52.744.689
Segment assets	218.433.296	136.525.915	196.590.142	49.506.595	49.406.881	535.695.783	(5.489.291)	1.180.669.321
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	3.597.693	-	3.597.693
Total assets	218.433.296	136.525.915	196.590.142	49.506.595	49.406.881	539.293.476	(5.489.291)	1.184.267.014
Segment liabilities	406.396.874	91.213.313	164.104.986	39.080.311	42.576.852	320.122.030	(5.489.291)	1.058.005.075
Shareholders' equity	-	-	-	-	-	126.261.939	-	126.261.939
Total liabilities	406.396.874	91.213.313	164.104.986	39.080.311	42.576.852	446.383.969	(5.489.291)	1.184.267.014
Prior Period	Retail banking	Corporate banking	Commercial and SME banking	Other foreign operations	Other domestic operations	Treasury, Asset-Liability Management and Other	Consolidation adjustments <sup>(1)</sup>	Total operations of the Group
Operating revenue continuing	9.800.572	2.987.865	7.186.192	623.469	2.131.275	12.272.579	(8.716)	34.993.236
Operating expenses continuing	(7.353.332)	(3.219.209)	(4.673.253)	(308.045)	(898.152)	(4.812.067)	8.716	(21.255.342)
Net operating income continuing	2.447.240	(231.344)	2.512.939	315.424	1.233.123	7.460.512	-	13.737.894
Dividend income <sup>(2)</sup>	-	-	-	-	-	17.251	-	17.251
Income/Loss from Investments accounted based on equity method <sup>(2)</sup>	-	-	-	-	-	138.629	-	138.629
Profit before tax	2.447.240	(231.344)	2.512.939	315.424	1.233.123	7.616.392	-	13.893.774
Tax expense <sup>(2)</sup>	-	-	-	-	-	(3.403.758)	-	(3.403.758)
Net period income from continuing operations	2.447.240	(231.344)	2.512.939	315.424	1.233.123	4.212.634	-	10.490.016
Minority interest (-)	-	-	-	-	-	(258)	-	(258)
Group income/loss	2.447.240	(231.344)	2.512.939	315.424	1.233.123	4.212.376	-	10.489.758
Segment assets	124.175.913	117.006.139	141.408.200	31.438.291	28.725.334	338.972.405	(3.427.523)	778.298.759
Investments in associates, subsidiaries and joint ventures	-	-	-	-	-	2.522.147	-	2.522.147
Total assets	124.175.913	117.006.139	141.408.200	31.438.291	28.725.334	341.494.552	(3.427.523)	780.820.906
Segment liabilities	254.056.183	67.134.745	97.106.314	23.479.759	23.993.876	254.988.346	(3.427.523)	717.331.700
Shareholders' equity	-	-	-	-	-	63.489.206	-	63.489.206
Total liabilities	254.056.183	67.134.745	97.106.314	23.479.759	23.993.876	318.477.552	(3.427.523)	780.820.906

<sup>(1)</sup> Consolidation adjustments include transactions with subsidiaries and investments consolidated in these financial statements.

<sup>(2)</sup> Related items expenses have not been distributed based on operating segments and have been presented under "Treasury, Asset-Liability Management and Other".

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13. Explanations on fees for services received from independent auditor <sup>(1)</sup>:

Pursuant to decision of POA dated March 26, 2021 and numbered 660, fees for services received from independent auditor are presented below:

	Current Period	Prior Period
Independent audit fee	18.405	7.350
Tax advisory services fee	549	-
Other assurance services fee	1.696	884
<b>Total <sup>(2)</sup></b>	<b>20.650</b>	<b>8.234</b>

<sup>(1)</sup> Value added tax (VAT) excluded amounts are presented.<sup>(2)</sup> Relevant amounts are presented on a consolidated basis, including domestic and foreign subsidiaries of the Bank.

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## SECTION FIVE

## Explanations and notes related to consolidated financial statements

## 1. Explanations and notes related to consolidated assets:

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	2.606.808	10.570.726	1.906.147	10.978.077
The CBRT <sup>(1)</sup>	33.129.765	97.841.163	20.761.039	82.670.116
Other	-	8.682.441	-	3.432.862
<b>Total</b>	<b>35.736.573</b>	<b>117.094.330</b>	<b>22.667.186</b>	<b>97.081.055</b>

<sup>(1)</sup> The balance of gold amounting to TL 14.779.986 is accounted for under the Central Bank foreign currency account (December 31, 2021 - TL 8.606.660).

## 1.1.2. Information on the account of the CBRT:

	Current Period		Prior Period	
	TL	FC	TL	FC
Demand unrestricted amount <sup>(1)</sup>	33.129.765	35.844.180	18.760.345	31.597.785
Time unrestricted amount	-	-	2.000.694	-
Time restricted amount	-	2.990.650	-	2.936.460
Reserve requirement <sup>(2)</sup>	-	59.006.333	-	48.135.871
<b>Total</b>	<b>33.129.765</b>	<b>97.841.163</b>	<b>20.761.039</b>	<b>82.670.116</b>

<sup>(1)</sup> 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.<sup>(2)</sup> The Group keeps TL, USD, EUR and Gold reserve deposits for its TL and FX liabilities at Central Bank accounts in accordance with the legislation of the Central Bank numbered 2013/15, "Decree on Reserve Deposits".

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

The Group does not have financial assets measured at fair value through profit or loss subject to repo transactions and there is no financial assets at fair value through profit or loss given as collateral/blocked (December 31, 2021 - None).

## 1.3. Information on derivative financial assets:

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	1.033.868	6.421	1.233.040	4.883
Swap transactions	5.256.728	3.735.073	14.415.522	2.444.324
Futures transactions	23.185	-	22.123	-
Options	279.107	893.297	94.587	69.179
Other	-	-	-	-
<b>Total</b>	<b>6.592.888</b>	<b>4.634.791</b>	<b>15.765.272</b>	<b>2.518.386</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges <sup>(1)</sup>	-	197.754	-	19.572
Cash flow hedges <sup>(1)</sup>	3.658.070	3.699.927	3.486.396	46.092
Hedges for investments made in foreign countries	-	-	-	-
<b>Total</b>	<b>3.658.070</b>	<b>3.897.681</b>	<b>3.486.396</b>	<b>65.664</b>

<sup>(1)</sup> Explained in Note 10 of section 4.

## 1.4. Information on banks:

## 1.4.1. Information on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
<b>Banks</b>				
Domestic	7.534.841	8.087.731	6.546.138	6.514.182
Foreign	1	24.222.444	-	21.344.038
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>7.534.842</b>	<b>32.310.175</b>	<b>6.546.138</b>	<b>27.858.220</b>

## 1.4.2. Information on foreign banks account:

	Unrestricted amount		Restricted amount	
	Current Period	Prior Period	Current Period	Prior Period
EU countries	5.602.272	1.329.360	67.831	46.910
USA, Canada	16.649.137	18.840.694	1.515.978	732.093
OECD countries <sup>(1)</sup>	40.007	45.536	-	-
Off-shore banking regions	1.556	543	-	-
Other	345.664	237.013	-	111.889
<b>Total</b>	<b>22.638.636</b>	<b>20.453.146</b>	<b>1.583.809</b>	<b>890.892</b>

<sup>(1)</sup> OECD countries except EU countries, USA and Canada.

## 1.4.3. Information on money markets receivables:

As of December 31, 2022 the total amount of TL 2.461.599 money markets transactions with domestic banks and reverse repo transaction amounting to TL 53.158 included in money market receivables.

## 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 December 31, 2022 financial assets measured at fair value through other comprehensive income given as repo transactions amounting to TL 827.520 (December 31, 2021 - TL 11.993.150). The securities subject to collateral/blocked are TL 28.421.698 (December 31, 2021 - TL 3.864.510) of which blocked at the CBRT is TL 12.534.283.

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

	Cari Dönem	Önceki Dönem
Debt securities	79.553.354	35.457.562
Quoted on stock exchange	77.776.653	35.457.562
Not quoted	1.776.701	-
Share certificates	139.910	136.511
Quoted on stock exchange	2.667	1.851
Not quoted	137.243	134.660
Impairment provision (-) <sup>(1)</sup>	1.221.773	796.563
<b>Total</b>	<b>78.471.491</b>	<b>34.797.510</b>

<sup>(1)</sup> Includes the negative differences between the acquisition cost and the market price, related to the securities portfolio.

## 1.7. Explanations on loans:

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

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
<b>Direct loans granted to shareholders</b>	-	-	-	-
Corporate shareholders	-	-	-	-
Real person shareholders	-	-	-	-
<b>Indirect loans granted to shareholders</b>	<b>107.694</b>	<b>903.139</b>	<b>296.623</b>	<b>1.070.846</b>
Loans granted to employees	502.075	1.338	317.270	844
<b>Total</b>	<b>609.769</b>	<b>904.477</b>	<b>613.893</b>	<b>1.071.690</b>

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

	Loans under close monitoring			
	Standard Loans		Loans under restructuring	
	Standard Loans	Not under the scope of restructuring	Modifications on agreement conditions	Refinancing
<b>Cash Loans</b>				
<b>Non-specialized loans</b>	<b>526.404.669</b>	<b>29.880.272</b>	<b>8.070.133</b>	<b>42.167.839</b>
Loans given to enterprises	189.550.729	10.953.669	7.787.566	22.941.973
Export loans	56.000.275	2.082.299	186.519	12.822.569
Import loans	-	-	-	-
Loans given to financial sector	22.484.868	-	-	-
Consumer loans	104.081.716	6.062.480	3.828	2.214.536
Credit cards	103.407.456	5.646.586	-	982.092
Other <sup>(1)</sup>	50.879.625	5.135.238	92.220	3.206.669
Specialized loans	-	-	-	-
Other receivables	31.087.778	1.341.042	-	-
<b>Total</b>	<b>557.492.447</b>	<b>31.221.314</b>	<b>8.070.133</b>	<b>42.167.839</b>

	Standard loans	Loans under close monitoring
12-month provisions for possible losses	4.761.203	-
Significant increase in credit risk	-	15.674.510
<b>Total</b>	<b>4.761.203</b>	<b>15.674.510</b>

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## 1.7.3. Loans according to their maturity structure:

	Loans under close monitoring		
	Standard loans	Not under the scope of restructuring	Agreement conditions modified
Short-term loans	285.521.541	10.222.709	2.126.313
Medium and long-term loans	271.970.906	20.998.605	48.111.659
<b>Total</b>	<b>557.492.447</b>	<b>31.221.314</b>	<b>50.237.972</b>

## 1.7.4. Information on loans by types and specific provisions

## 1.7.4.1. Information on loans by types and specific provisions:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial Leasing	Factoring	Total
Standard loans	318.915.497	104.081.716	103.407.456	19.281.878	11.805.900	557.492.447
Watch list	65.208.722	8.280.844	6.628.678	765.372	575.670	81.459.286
Loans under legal follow-up	15.598.722	4.661.054	1.405.721	500.903	99.898	22.266.298
Specific provisions (-)	10.587.775	4.284.070	1.281.113	367.751	72.096	16.592.805
<b>Total</b>	<b>389.135.166</b>	<b>112.739.544</b>	<b>110.160.742</b>	<b>20.180.402</b>	<b>12.409.372</b>	<b>644.625.226</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial Leasing	Factoring	Total
Standard loans	224.138.811	65.257.787	47.538.407	14.112.911	5.194.863	356.242.779
Watch list	56.923.062	5.831.282	3.460.004	887.476	785.568	67.887.392
Loans under legal follow-up	15.187.325	3.025.919	1.443.364	437.941	137.799	20.232.348
Specific provisions (-)	10.127.194	2.622.507	1.272.640	343.226	113.574	14.479.141
<b>Total</b>	<b>286.122.004</b>	<b>71.492.481</b>	<b>51.169.135</b>	<b>15.095.102</b>	<b>6.004.656</b>	<b>429.883.378</b>

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## 1.7.4.2. Specific provisions on loans:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing receivables	Factoring receivables	Total
Opening balance	10.127.194	2.622.507	1.272.640	343.226	113.574	14.479.141
Allowance for impairment	5.831.894	3.735.621	892.585	54.168	26.916	10.541.184
Amount recovered during the period(-)	2.110.007	1.124.096	427.194	40.394	12.747	3.714.438
Loans written off during the period as uncollectible (-)	3.319.213	1.001.601	467.152	-	55.647	4.843.613
Exchange difference	57.907	51.639	10.234	10.751	-	130.531
<b>December 31</b>	<b>10.587.775</b>	<b>4.284.070</b>	<b>1.281.113</b>	<b>367.751</b>	<b>72.096</b>	<b>16.592.805</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing receivables	Factoring receivables	Total
Opening balance	10.683.359	1.413.622	1.124.999	330.542	104.555	13.657.077
Allowance for impairment	2.078.237	1.520.499	387.276	152.221	21.601	4.159.834
Amount recovered during the period(-)	1.655.059	337.330	249.024	70.910	12.453	2.324.776
Loans written off during the period as uncollectible (-)	1.027.720	29.920	1.516	68.627	129	1.127.912
Exchange difference	48.377	55.636	10.905	-	-	114.918
<b>December 31</b>	<b>10.127.194</b>	<b>2.622.507</b>	<b>1.272.640</b>	<b>343.226</b>	<b>113.574</b>	<b>14.479.141</b>

## 1.7.4.3. Fair value of collaterals:

Current Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing receivables	Factoring receivables	Total
Watch List	42.650.060	199.734	11	765.372	-	43.615.177
Loans under legal follow-up	4.847.433	177.922	-	500.903	-	5.526.258
<b>Total</b>	<b>47.497.493</b>	<b>377.656</b>	<b>11</b>	<b>1.266.275</b>	<b>-</b>	<b>49.141.435</b>

Prior Period	Corporate, commercial and other loans	Consumer loans	Credit cards	Financial leasing receivables	Factoring receivables	Total
Watch List	34.645.654	313.989	-	887.476	-	35.847.119
Loans under legal follow-up	5.717.111	197.269	23	437.941	-	6.352.344
<b>Total</b>	<b>40.362.765</b>	<b>511.258</b>	<b>23</b>	<b>1.325.417</b>	<b>-</b>	<b>42.199.463</b>

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

	Medium		Total
	Short-term	and long-term	
Consumer loans-TL	15.091.052	86.831.064	101.922.116
Real estate loans	55.845	13.531.526	13.587.371
Automotive loans	393.353	7.852.464	8.245.817
Consumer loans	14.641.854	65.447.074	80.088.928
Other	-	-	-
Consumer loans-FC indexed	-	24.758	24.758
Real estate loans	-	23.704	23.704
Automotive loans	-	-	-
Consumer loans	-	1.054	1.054
Other	-	-	-
Consumer loans-FC	46.031	494.374	540.405
Real estate loans	1.518	232.442	233.960
Automotive loans	-	1.067	1.067
Consumer loans	22.020	244.508	266.528
Other	22.493	16.357	38.850
Individual credit cards-TL	78.120.791	397.582	78.518.373
With installments	43.340.300	20.735	43.361.035
Without installments	34.780.491	376.847	35.157.338
Individual credit cards-FC	285.684	82.965	368.649
With installments	37.122	82.965	120.087
Without installments	248.562	-	248.562
Personnel loans-TL	44.282	132.181	176.463
Real estate loans	-	2.499	2.499
Automotive loans	376	3.240	3.616
Consumer loans	43.906	126.442	170.348
Other	-	-	-
Personnel loans-FC indexed	-	-	-
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel loans-FC	506	22.031	22.537
Real estate loans	-	-	-
Automotive loans	-	-	-
Consumer loans	506	22.031	22.537
Other	-	-	-
Personnel credit cards-TL	272.001	550	272.551
With installments	156.342	413	156.755
Without installments	115.659	137	115.796
Personnel credit cards-FC	1.471	1.155	2.626
With installments	55	1.155	1.210
Without installments	1.416	-	1.416
Credit deposit account-TL (Real Person) <sup>(1)</sup>	9.676.281	-	9.676.281
Credit deposit account-FC (Real Person)	-	-	-
<b>Total</b>	<b>103.538.099</b>	<b>87.986.660</b>	<b>191.524.759</b>

<sup>(1)</sup> TL 27.898 of the credit deposit account belongs to the loans used by personnel.

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## 1.7.6. Information on commercial installment loans and corporate credit cards:

	Current Period		Total
	Short-term	Medium and long-term	
Commercial installments loans-TL	6.205.753	28.084.292	34.290.045
Business loans	3.084	1.884.307	1.887.391
Automotive loans	1.136.038	14.562.304	15.698.342
Consumer loans	5.066.631	11.637.681	16.704.312
Commercial installments loans-FC indexed	-	984	984
Business loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	984	984
Corporate credit cards-TL	30.543.647	324.026	30.867.673
With installment	22.118.096	319.034	22.437.130
Without installment	8.425.551	4.992	8.430.543
Corporate credit cards-FC	6.262	-	6.262
With installment	-	-	-
Without installment	6.262	-	6.262
Credit deposit account-TL (legal person)	1.805.210	-	1.805.210
<b>Total</b>	<b>38.560.872</b>	<b>28.409.302</b>	<b>66.970.174</b>

1.7.7. Distribution of domestic and foreign loans<sup>(1)</sup>:

	Current Period	Prior Period
Public	17.038.689	7.734.359
Private	621.913.044	416.395.812
<b>Total</b>	<b>638.951.733</b>	<b>424.130.171</b>

<sup>(1)</sup> Non-performing loans are not included.1.7.8. Distribution of domestic and foreign loans<sup>(1)</sup>:

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

	Current Period	Prior Period
Domestic loans	609.629.917	403.339.415
Foreign loans	29.321.816	20.790.756
<b>Total</b>	<b>638.951.733</b>	<b>424.130.171</b>

<sup>(1)</sup> Non-performing loans are not included.

## 1.7.9. Loans granted to associates and subsidiaries:

	Current Period	Prior Period
Direct loans granted to associates and subsidiaries	14.605	18.011
Indirect loans granted to associates and subsidiaries	-	-
<b>Total</b>	<b>14.605</b>	<b>18.011</b>



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## 1.7.10. Information on credit-impaired (Stage 3):

	Current Period	Prior Period
Loans and other receivables with limited collectability	2.263.398	1.237.594
Loans and other receivables with doubtful collectability	3.235.026	1.048.700
Uncollectible loans and other receivables	11.094.381	12.192.847
<b>Total</b>	<b>16.592.805</b>	<b>14.479.141</b>

## 1.7.11. Information on non-performing loans (net):

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

	III. Group		IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans	
<b>Current Period</b>				
(Gross amounts before specific reserves)	670.884	370.519	4.128.764	
Restructured loans	670.884	370.519	4.128.764	
<b>Prior Period</b>				
(Gross amounts before specific reserves)	224.398	264.332	2.593.383	
Restructured loans	224.398	264.332	2.593.383	

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## 1.7.11.2. 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	
<b>Prior Period</b>				
1.836.501	1.521.216	16.874.631		
Additions (+)	8.162.931	343.178	3.376.652	
Transfers from other categories of non-performing loans (+)	-	6.040.205	3.400.075	
Transfer to other categories of non-performing loans (-)	6.040.205	3.400.075	-	
Collections (-)	517.628	623.708	4.045.158	
FX valuation differences	19.736	18.938	142.622	
Write-offs (-)	-	-	3.171.121	
Sold (-)	-	-	1.672.492	
Corporate and commercial loans	-	-	208.612	
Consumer loans	-	-	996.783	
Credit cards	-	-	467.097	
Other	-	-	-	
<b>Current Period</b>	<b>3.461.335</b>	<b>3.899.754</b>	<b>14.905.209</b>	
Provision (-)	2.263.398	3.235.026	11.094.381	
<b>Net balance on balance sheet</b>	<b>1.197.937</b>	<b>664.728</b>	<b>3.810.828</b>	

As of December 31, 2022, in accordance with the changes on "Provisioning Regulation" published in the Official Gazette No. 30961 dated November 27, 2019 by BRSA, the Group has written off corporate loans amounting to TL 3.171.121 that are classified under Group 5, after collaterals deducted approximately 100% of the remaining receivables provisioned hence there is no reasonable expectation of recovery. After the loans had written off within the period in accordance with the changes on Provisioning Regulation, non performing loan ratio decreased from 3,83% to 3,37%.

TL 1.889.254 of non-performing loans, some of which were written off in previous periods, were sold to various asset management companies for TL 318.031.

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

	III. Group		IV. Group	V. Group
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans	
<b>Current Period</b>				
Period end balance	1.981.534	1.819.298	6.821.279	
Provision amount(-)	1.390.844	1.803.510	3.757.333	
<b>Net balance on-balance sheet</b>	<b>590.690</b>	<b>15.788</b>	<b>3.063.946</b>	
<b>Prior Period</b>				
Period end balance	155.677	181.274	5.029.074	
Provision amount(-)	16.313	141.757	2.727.382	
<b>Net balance on-balance sheet</b>	<b>139.364</b>	<b>39.517</b>	<b>2.301.692</b>	

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

	III. Group		V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
<b>Current Period (net)</b>	<b>1.197.937</b>	<b>664.728</b>	<b>3.810.828</b>
Loans granted to real persons and corporate entities (gross)	3.461.335	3.899.754	14.820.535
Provision amount (-)	2.263.398	3.235.026	11.009.707
Loans granted to real persons and corporate entities (net)	1.197.937	664.728	3.810.828
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans (Net)	-	-	-
<b>Prior Period (net)</b>	<b>598.907</b>	<b>472.516</b>	<b>4.681.784</b>
Loans granted to real persons and corporate entities (gross)	1.836.501	1.521.216	16.789.957
Provision amount (-)	1.237.594	1.048.700	12.108.173
Loans granted to real persons and corporate entities (Net)	598.907	472.516	4.681.784
Banks (gross)	-	-	774
Provision amount (-)	-	-	774
Banks (net)	-	-	-
Other loans and receivables (gross)	-	-	83.900
Provision amount (-)	-	-	83.900
Other loans and receivables (Net)	-	-	-

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

	III. Group		V. Group
	Loans with limited collectibility	Loans with doubtful collectibility	Uncollectible loans
<b>Current Period (net)</b>	<b>147.012</b>	<b>140.162</b>	<b>314.154</b>
Interest accruals and rediscounts and valuation differences	422.447	475.126	1.227.208
Provision amount (-)	275.435	334.964	913.054
<b>Prior Period (net)</b>	<b>44.797</b>	<b>48.357</b>	<b>473.687</b>
Interest accruals and rediscounts and valuation differences	141.651	159.451	1.384.551
Provision amount (-)	96.854	111.094	910.864

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## 1.7.12. 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.

## 1.7.13. Explanation on "Write-off" policies:

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

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

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

## 1.8. Information on financial assets at amortized cost:

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

As of December 31, 2022 financial assets measured at amortised cost given as repo transactions amounting to TL 29.017.189 (December 31, 2021: TL 39.455.696). The securities subject to collateral/blocked are TL 77.548.753 (December 31, 2021: TL 37.200.125) of which blocked securities at the CBRT is TL 14.502.644.

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

	Current Period	Prior Period
Government bond	163.629.166	91.916.790
Treasury bill	-	-
Other debt securities	5.197.091	4.370.022
<b>Total</b>	<b>168.826.257</b>	<b>96.286.812</b>

## 1.8.3. Information on financial assets measured at amortized cost:

	Current Period	Prior Period
Debt securities	173.486.404	98.897.017
Quoted on stock exchange	173.486.404	98.897.017
Not quoted	-	-
Impairment provision (-) <sup>(1)</sup>	4.660.147	2.610.205
<b>Total</b>	<b>168.826.257</b>	<b>96.286.812</b>

<sup>(1)</sup> Includes amortization of the premiums paid during the purchase of the securities throughout the maturity of the securities.

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

	Current Period	Prior Period
Beginning balance	96.286.812	53.028.224
Foreign currency differences on monetary assets <sup>(1)</sup>	52.091.895	22.997.977
Purchases during year	31.057.183	23.581.751
Disposals through sales and redemptions	8.559.691	2.025.213
Impairment provision (-) <sup>(2)</sup>	2.049.942	1.295.927
Period end balance	168.826.257	96.286.812

## 1.9. Information on investments in associates (net):

## 1.9.1. Information on unconsolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Bank's risk group shareholding percentage (%)
1	Tanı Pazarlama ve İletişim Hizmetleri A.Ş.	Istanbul/Turkey	38,05	38,05
2	Kredi Kayıt Bürosu <sup>(1)</sup>	Istanbul/Turkey	18,18	18,18
3	Bankalararası Kart Merkezi A.Ş. <sup>(1)</sup>	Istanbul/Turkey	4,89	4,89

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

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	92.633	19.343	43.098	5.167	-	(41.648)	(4.539)	-
2	766.973	155.774	320.818	25.990	-	29.975	47.719	-
3	679.563	579.361	114.819	53.202	-	207.417	93.651	-

<sup>(1)</sup> Financial statement information is September 30, 2022

## 1.9.3. Consolidated investments in associates:

## 1.9.4. Information on consolidated investments in associates:

No	Description	Address (City/ Country)	The Parent Bank's shareholding percentage - if different voting percentage (%)	Other Shareholders' shareholding percentage (%) <sup>(1)</sup>
1	Banque de Commerce et de Placements S.A.	Geneva/ Switzerland	30,67	-
2	Allianz Yaşam ve Emeklilik A.Ş.	Istanbul/Turkey	-	20,00

<sup>(1)</sup> The other shareholders represent the consolidated Group companies.

## 1.9.5. Main financial figures of the consolidated investments in associates in order of the above table:

No	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	70.708.263	12.236.665	43.092	1.732.652	239.300	716.296	220.850	-
2	7.495.022	2.513.461	152.630	1.015.301	-	1.164.952	681.472	-

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## 1.9.6. Movement of consolidated investments in associates:

	Current Period	Prior Period
Balance at the beginning of the period	2.476.401	1.562.641
Movements during the period	1.050.530	913.760
Purchases	-	26.660
Bonus shares obtained	-	-
Share of current year income	235.529	138.582
Sales	-	-
Foreign exchange gain/(loss) stems from the foreign subsidiaries <sup>(1)</sup>	940.691	825.992
Impairment provision (-) <sup>(2)</sup>	125.690	50.814
Balance at the end of the period	3.526.931	2.476.401
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

<sup>(1)</sup> Includes the differences in the other comprehensive income related with the equity method accounting.<sup>(2)</sup> Includes dividend income received in the current period.

## 1.9.7. Information on sectors and the carrying amounts of consolidated investments in associates:

	Current Period	Prior Period
Banks	2.871.962	2.050.744
Insurance companies	654.969	425.657
Total financial investments	3.526.931	2.476.401

## 1.9.8. Investments in associates quoted on stock exchange:

None (December 31, 2021-None).

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## 1.10. Information on subsidiaries (net):

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

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

	Yapı Kredi Yatırım Menkul		Yapı Kredi Finansal Kiralama	Yapı Kredi Portföy	Yapı Kredi Bank Nederland
	Değerler A.Ş.	Yapı Kredi Faktoring A.Ş.	A.O.	Yönetimi A.Ş.	N.V.
<b>Core capital</b>					
Paid in Capital	98.918	130.000	389.928	17.642	112.442
Inflation adjustment to share capital	-	-	-	-	-
Share premium	-	-	-	-	-
Other Capital Reserves	104.470	-	(217.104)	-	-
Other comprehensive income that will not be classified under profit or loss	39.576	(15.929)	38.644	(4.255)	-
Other comprehensive income that will be classified under profit or loss	829	-	-	-	7.260.945
Legal Reserves	76.081	26.000	79.305	62.454	-
Extraordinary Reserves	600.750	483.838	659.399	-	1.332.429
Other Profit Reserves	-	-	-	-	-
Income or Loss	928.037	390.435	3.288.085	331.233	616.341
Current Year Income/Loss	997.983	390.435	837.136	331.233	616.341
Prior Years' Income/Loss	(69.946)	-	2.450.949	-	-
Leasehold improvements (-)	-	547	-	297	26
Intangible assets (-)	31.053	8.799	21.781	1.517	7.097
<b>Total core capital</b>	<b>1.817.608</b>	<b>1.004.998</b>	<b>4.216.476</b>	<b>405.260</b>	<b>9.315.034</b>
Supplementary capital	25.160	65.826	247.868	-	66.284
Capital	1.842.768	1.070.824	4.464.344	405.260	9.381.318
Deductions from the capital	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>1.842.768</b>	<b>1.070.824</b>	<b>4.464.344</b>	<b>405.260</b>	<b>9.381.318</b>

The above information is based on the information extracted from the individual financial statements of subsidiaries, used for consolidated financial statements of the Bank as of December 31, 2022.

The internal capital adequacy for the subsidiaries is calculated with the model and approaches used in the Parent Bank within the scope of the consolidated ICAAP report.

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

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

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

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

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## 1.10.2. Unconsolidated subsidiaries:

## 1.10.2.1. Information on unconsolidated subsidiaries

Since the subsidiaries below are not financial subsidiaries, the related subsidiaries are unconsolidated and are carried at restated cost.

	Description	Address (City/ Country)	The Parent Bank's shareholding	Bank's risk group
			percentage - if different voting percentage (%)	shareholding percentage (%)
1	Yapı Kredi-Kültür Sanat Yayıncılık Tic. ve San. A.Ş.	Istanbul/Turkey	100,00	100,00
2	Enternasyonal Turizm Yatırım A.Ş.	Istanbul/Turkey	99,99	99,99
3	Yapı Kredi Teknoloji A.Ş.	Istanbul/Turkey	100,00	100,00
4	Yapı Kredi Finansal Teknolojiler A.Ş. (1)	Istanbul/Turkey	100,00	100,00

<sup>(1)</sup> In order to carry out the new business areas to be created through digital channels, the Parent Bank established Yapı Kredi Financial Technologies A.Ş. and registered it on February 7, 2022.

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

	Total assets	Shareholders' equity	Total fixed assets	Interest Income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market Value
1	112.177	62.671	1.770	98	-	4.270	12.688	-
2	76.005	63.108	12.276	5.222	-	6.390	5.613	-
3	60.992	24.201	3.405	2.458	-	939	6.317	-
4	25.015	25.015	-	-	-	-	-	-

## 1.10.3. Consolidated subsidiaries:

1.10.3.1. Information on consolidated subsidiaries <sup>(1)</sup>:

	Description	Address (City/ Country)	The Parent Bank's shareholding	Bank's risk group
			percentage - if different voting percentage (%)	shareholding percentage (%)
1	Yapı Kredi Holding B.V.	Amsterdam/Netherlands	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. <sup>(2)</sup>	Amsterdam/Netherlands	67,24	100,00
7	Yapı Kredi Azerbaijan	Bakü/Azerbaijan	99,80	100,00

<sup>(1)</sup> 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.

<sup>(2)</sup> Includes the balances for Sticking Custody Services YKB.

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

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## 1.10.3.2. Main financial figures of the consolidated subsidiaries in the order of the below table:

	Total assets	Shareholders' equity	Total fixed assets	Interest income	Income from marketable securities portfolio	Current period profit / loss	Prior period profit / loss	Market value	Required equity
1	88.750	87.275	-	-	-	938	574	-	-
2	12.576.106	1.848.661	74.705	804.297	15.280	997.983	382.664	-	-
3	10.897.824	1.014.344	15.440	1.394.988	-	390.435	130.809	-	-
4	26.102.749	4.238.257	29.926	2.064.569	-	837.136	458.471	-	-
5	499.660	407.074	4.510	48.186	-	331.233	162.118	-	-
6	43.903.348	9.322.158	49.758	1.116.233	56.451	616.341	250.238	-	-
7	5.561.842	1.064.197	241.791	186.722	16.980	53.598	(15.409)	-	-

## 1.10.4. Movement schedule of consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	13.110.619	8.811.658
Movements during the period	4.795.114	4.298.961
Purchases	-	-
Free shares obtained profit from current years share	-	-
Share of current year income	3.102.944	1.293.019
Sales (-) <sup>(1)</sup>	163.842	-
Revaluation increase/decrease <sup>(1),(2)</sup>	1.995.716	3.048.890
Impairment provision (-) <sup>(3)</sup>	139.704	42.948
Balance at the end of the period	17.905.733	13.110.619
Capital commitments	-	-
Shareholding percentage at the end of the period (%)	-	-

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

<sup>(2)</sup> Includes the differences in the other comprehensive income related with the equity method accounting.

<sup>(3)</sup> Includes dividend income received in the corresponded period.

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

Financial Subsidiaries	Current Period	Prior Period
Banks	7.330.588	4.961.699
Insurance companies	-	-
Factoring companies	1.015.337	635.757
Leasing companies	4.237.311	3.340.483
Finance companies	-	-
Other financial subsidiaries	5.322.497	4.172.680
Total financial subsidiaries	17.905.733	13.110.619

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## 1.10.6. Subsidiaries quoted on stock exchange:

None (December 31, 2021-None).

## 1.11. Information on joint ventures (net):

## 1.11.1. Unconsolidated joint ventures:

None (December 31, 2021-None).

## 1.12. Information on lease receivables (net):

## 1.12.1. Breakdown according to maturities:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	9.908.435	7.743.367	7.125.214	5.905.064
Between 1- 4 years	13.306.000	11.328.153	9.117.589	7.890.775
More than 4 years	1.652.678	1.476.633	1.775.435	1.642.489
Total	24.867.113	20.548.153	18.018.238	15.438.328

## 1.12.2. Information for net investments in finance leases:

	Current Period		Prior Period	
	TL	FC	TL	FC
Gross lease receivables	10.175.602	14.691.511	5.832.473	12.185.765
Unearned financial income from leases (-)	2.805.182	1.513.778	1.207.223	1.372.687
Amount of cancelled leases (-)	-	-	-	-
Total	7.370.420	13.177.733	4.625.250	10.813.078

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## 1.13. Information on tangible assets:

	Leased fixed assets				Other tangible fixed assets	Total
	Immovable	assets	Vehicles	Right-of-use assets <sup>(1)</sup>		
<b>Prior Period</b>						
Cost	3.456.159	235.234	4.246	1.755.375	2.401.480	7.852.494
Accumulated depreciation (-)	932.777	222.645	3.004	471.906	1.248.006	2.878.338
<b>Net book value</b>	<b>2.523.382</b>	<b>12.589</b>	<b>1.242</b>	<b>1.283.469</b>	<b>1.153.474</b>	<b>4.974.156</b>
<b>Current Period</b>						
Net book value at beginning of the period	2.523.382	12.589	1.242	1.283.469	1.153.474	4.974.156
Additions <sup>(2)</sup>	3.910.344	26.958	2.151	1.198.642	943.379	6.081.474
Disposals (-), net	183.514	4	18	247.834	1.748	433.118
Reversal of impairment, net	207.329	-	-	-	-	207.329
Impairment (-)	-	-	-	-	-	-
Depreciation (-)	43.564	4.090	526	448.041	331.830	828.051
Foreign exchange differences, net	-	1.131	431	91.278	15.140	107.980
<b>Net book value at end of the period</b>	<b>6.413.977</b>	<b>36.584</b>	<b>3.280</b>	<b>1.877.514</b>	<b>1.778.415</b>	<b>10.109.770</b>
Cost at the end of the period	7.352.925	182.804	6.941	2.681.739	3.307.982	13.532.391
Accumulated depreciation at the period end (-)	938.948	146.220	3.661	804.225	1.529.567	3.422.621
<b>Net book value</b>	<b>6.413.977</b>	<b>36.584</b>	<b>3.280</b>	<b>1.877.514</b>	<b>1.778.415</b>	<b>10.109.770</b>

<sup>(1)</sup> Includes branch and atm leases accounted within the scope of TFRS 16.<sup>(2)</sup> As of June 30, 2022 the Parent Bank is revalued its land and buildings and the revaluation increase amounting to TL 3.748.858 is presented in additions.

As of December 31, 2022, the Parent Bank had no total provision for impairment (December 31, 2021 – TL 207.329) for the property and equipment.

## 1.14. Information on intangible assets:

	Current Period	Previous Period
Balance at the beginning of the period	2.121.208	2.003.526
Additions during the period	478.433	332.266
Unused and disposed items (-)	1.397	2.629
Provision for goodwill impairment (-)	979.493	-
Amortization expenses (-)	286.579	241.931
Translation differences	27.815	29.976
<b>Balance at the end of the period</b>	<b>1.359.987</b>	<b>2.121.208</b>

## 1.15. Information on investment property:

None. (December 31, 2021 - None).

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## 1.16. Information on deferred tax:

	Current Period		Prior Period	
	Tax base	Deferred tax	Tax base	Deferred tax
Expected credit losses	23.469.274	5.867.319	17.852.926	3.756.236
Provision for employee benefit	3.290.363	822.223	1.120.683	224.497
Provision for pension fund	2.945.243	736.311	1.813.098	362.620
Valuation difference of securities portfolio	1.683.713	420.929	3.086.132	837.913
Subsidiaries, investment in associates and share certificates	868.614	217.153	137.184	27.723
Other	5.043.940	1.238.828	2.672.054	526.238
<b>Total deferred tax asset</b>	<b>37.301.147</b>	<b>9.302.763</b>	<b>26.682.077</b>	<b>5.735.227</b>
Property, equipment and intangibles, net	8.066.597	1.501.716	3.717.614	544.206
Derivative financial assets	3.246.659	769.870	5.038.961	1.111.844
Other	6.695.613	1.644.891	1.214.376	273.819
<b>Total deferred tax liability</b>	<b>18.008.869</b>	<b>3.916.477</b>	<b>9.970.951</b>	<b>1.929.869</b>
<b>Deferred tax asset / (liability), net</b>	<b>19.292.278</b>	<b>5.386.286</b>	<b>16.711.126</b>	<b>3.805.358</b>

There is a deferred tax asset amounting to TL 5.409.021 and deferred tax liability amounting to TL 22.735 as of December 31, 2022 reflected in the consolidated financial statements after the deferred tax assets and liabilities of each entity in consolidation has been netted off in their standalone financial statements as per TAS 12 (December 31, 2021 - TL 3.820.176 deferred tax asset and TL 14.818 deferred tax liability).

## 1.17. 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	1.354.937	724.207
Additions <sup>(1)</sup>	244.072	1.052.570
Disposals (-), net	523.843	431.912
Impairment provision reversal	16	1.400
Impairment provision (-)	292	703
Translation differences	10.815	9.375
<b>Net book value at the end of the period</b>	<b>1.085.705</b>	<b>1.354.937</b>
Cost at the end of the period	1.089.321	1.357.811
Accumulated depreciation at the end of the period (-)	3.616	2.874
<b>Net book value at the end of the period</b>	<b>1.085.705</b>	<b>1.354.937</b>

<sup>(1)</sup> In current period, the carrying value of asset held for resale with a right of repurchase is TL 33.196 (December 31, 2021 – TL 900.827). The total net carrying value of asset held for resale with a right of repurchase is TL 913.642 (December 31, 2021 – TL 1.196.027).

As of December 31, 2022, the Group booked impairment provision on assets held for resale with an amount of TL 2.120 (December 31, 2021 – TL 1.844).

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## 1.18. Information on other assets:

As of December 31, 2022, other assets do not exceed 10% of the total assets.

## 2. Explanations and notes related to consolidated liabilities:

## 2.1. Information on deposits:

## 2.1.1. Information on maturity structure of deposits/collected funds:

Current Period	Cumulative savings						account	Total
	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over		
Saving deposits <sup>(1)</sup>	48.659.040	5.628.551	147.023.414	7.064.785	735.023	4.350.934	472	213.462.219
Foreign currency deposits	160.693.649	41.185.234	64.999.846	5.990.576	4.360.361	7.116.769	-	284.346.435
Residents in Turkey	146.810.112	33.935.416	62.220.315	4.783.271	1.932.781	1.135.962	-	250.817.857
Residents abroad	13.883.537	7.249.818	2.779.531	1.207.305	2.427.580	5.980.807	-	33.528.578
Public sector deposits	1.073.991	1.812.672	106.067	3.730	-	-	-	2.996.460
Commercial deposits	42.934.974	28.267.542	63.925.448	13.448.552	109.747	7.225.835	-	155.912.098
Other institutions deposits	340.198	606.623	3.278.473	414.220	722	13.487	-	4.653.723
Precious metals vault	31.226.726	-	1.125.635	-	1.152.310	132.437	-	33.637.108
Bank deposits	1.325.315	2.286.606	1.710.701	3.042.361	1.955.815	166.598	-	10.487.396
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	4.348	2.154.596	887.874	3.042.361	1.955.815	166.598	-	8.211.592
Foreign banks	561.811	132.010	822.827	-	-	-	-	1.516.648
Participation banks	759.156	-	-	-	-	-	-	759.156
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>286.253.893</b>	<b>79.787.228</b>	<b>282.169.584</b>	<b>29.964.224</b>	<b>8.313.978</b>	<b>19.006.060</b>	<b>472</b>	<b>705.495.439</b>

Önceki Dönem	Cumulative savings						account	Total
	Demand	Up to 1 month	1-3 Month	3-6 Month	6 Month-1 Year	1 Year and over		
Saving deposits	22.116.407	4.200.415	47.951.379	912.374	217.581	481.799	688	75.880.643
Foreign currency deposits	118.653.305	30.876.917	82.217.111	9.630.737	4.662.277	4.634.886	-	250.675.233
Residents in Turkey	108.343.972	28.245.189	77.745.954	8.826.800	1.853.900	1.097.109	-	226.112.924
Residents abroad	10.309.333	2.631.728	4.471.157	803.937	2.808.377	3.537.777	-	24.562.309
Public sector deposits	1.832.847	9.106	38.455	21.947	131	41	-	1.902.527
Commercial deposits	14.035.320	19.744.903	25.198.224	117.320	696.524	27.873	-	59.820.164
Other institutions deposits	201.166	237.363	1.728.377	24.270	67.643	255.287	-	2.514.106
Precious metals vault	20.180.484	-	416.447	-	1.332.472	68.645	-	21.998.048
Bank deposits	1.783.052	2.626.143	488.047	1.228.300	924.793	87.002	-	7.137.337
The CBRT	-	-	-	-	-	-	-	-
Domestic banks	7.055	2.579.646	472.761	1.228.300	924.793	87.002	-	5.299.557
Foreign banks	784.602	46.497	15.286	-	-	-	-	846.385
Participation banks	991.395	-	-	-	-	-	-	991.395
Other	-	-	-	-	-	-	-	-
<b>Total</b>	<b>178.802.581</b>	<b>57.694.847</b>	<b>158.038.040</b>	<b>11.934.948</b>	<b>7.901.421</b>	<b>5.555.533</b>	<b>688</b>	<b>419.928.058</b>

<sup>(1)</sup> Within the scope of the "Decision on Supporting Deposit and Participation Accounts Against Exchange Rate Increases (Decision No: 5206)" published in the Official Gazette dated February 24, 2022 and numbered 31760, and the CBRT's communiqués numbered 2021/14, 2021/16, 2022/7 and 2022/11, the "Currency protected TL deposit" product which provide protection against foreign currency exchange rate changes for TL deposits was launched for customers. In this context as of the report date, the total amount of deposits opened is TL 121.858.904 (31 December 2021 - TL 3.193.103).

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## 2.1.2. Information on deposits insurance:

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

Saving deposits <sup>(1)</sup>	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
	Current Period <sup>(1)</sup>	Prior Period	Current Period <sup>(1)</sup>	Prior Period
Deposits	81.939.051	38.494.969	131.547.356	37.385.662
Foreign currency deposits	43.253.864	34.456.509	111.893.910	111.402.352
Other deposits	13.580.277	8.382.987	16.621.798	11.481.306
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

Legal entities' deposits <sup>(2)</sup>	Under the guarantee of deposit insurance		Exceeding the limit of the insurance deposit	
	Current Period <sup>(1)</sup>	Prior Period	Current Period <sup>(1)</sup>	Prior Period
Deposits	13.506.632	-	125.985.183	-
Foreign currency deposits	4.030.620	-	113.937.868	-
Other deposits	453.968	-	2.980.166	-
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-

<sup>(1)</sup> The balances from foreign subsidiaries, calculated in accordance with their own regulation, are included.

<sup>(2)</sup> All deposit and participation funds have been covered by insurance except official institutions, credit institutions and financial institutions in accordance with the "Amendment of Regulation on the Insurable Deposit and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" published in the Official Gazette dated August 27, 2022 and numbered 31936.

## 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	3.017.032	22.114
Saving deposits and other accounts of controlling shareholders and deposits of their mother, father, spouse, children in care	-	-
Saving deposits and other accounts of president and members of board of directors, CEO and vice presidents and deposits of their mother, father, spouse, children in care	1.076.232	363.589
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	-	-

<sup>(1)</sup> Deposits of legal entities which are not covered by Deposit Insurance Fund, are included for the current.

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## 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	212.753	8.790	1.609.956	8.951
Swap transactions	6.271.967	5.718.565	11.351.752	3.629.066
Futures transactions	13.354	-	3.346	-
Options	126.456	204.515	9.660	50.985
Other	-	-	-	-
<b>Total</b>	<b>6.624.530</b>	<b>5.931.870</b>	<b>12.974.714</b>	<b>3.689.002</b>

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedges <sup>(1)</sup>	1.380.313	-	988.874	-
Cash flow hedges <sup>(1)</sup>	32.350	-	-	683.193
Hedges for investments made in foreign countries	-	-	-	-
<b>Total</b>	<b>1.412.663</b>	<b>-</b>	<b>988.874</b>	<b>683.193</b>

<sup>(1)</sup> Explained in Note 10 of section 4.

## 2.3. Information on banks and other financial institutions:

## 2.3.1. Information on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Turkey borrowings	-	-	-	-
From domestic banks and institutions	10.069.627	7.015.365	4.860.180	6.250.190
From foreign banks, institutions and funds	949.471	76.081.935	748.055	61.063.539
<b>Total</b>	<b>11.019.098</b>	<b>83.097.300</b>	<b>5.608.235</b>	<b>67.313.729</b>

## 2.3.2. Information on maturity structure of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	9.608.706	21.306.245	4.037.994	12.305.909
Medium and long-term	1.410.392	61.791.055	1.570.241	55.007.820
<b>Total</b>	<b>11.019.098</b>	<b>83.097.300</b>	<b>5.608.235</b>	<b>67.313.729</b>

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## 2.3.3. Information on marketable securities issued

	Current Period		Prior Period	
	TL	FC	TL	FC
Bills	11.280.086	2.031.595	7.168.860	-
Asset backed securities <sup>(1)</sup>	-	4.940.364	-	5.998.334
Bonds <sup>(2)</sup>	665.581	30.433.182	1.396.623	27.013.194
<b>Total</b>	<b>11.945.667</b>	<b>37.405.141</b>	<b>8.565.483</b>	<b>33.011.528</b>

<sup>(1)</sup> The Group obtains borrowings via its structured entity, Diversified Payment Rights Finance Company, with securitization transactions which is founded on its future money transfers within its funding program.<sup>(2)</sup> Including mortgage backed securities amounting to TL 1.483.345 as of December 31, 2022 (December 31, 2021 - TL 2.037.105).

## 2.3.4. Information on financial liabilities fair value through profit or loss:

The Group classified some of its financial liabilities as the financial liabilities classified at fair value through profit/loss in order to eliminate the accounting mismatch at the initial recognition in accordance with TFRS 9. As of December 31, 2022, the total amount of financial liabilities classified as fair value through profit/loss is TL 36.459.423 (December 31, 2021 - TL 25.308.222) with an accrued interest income of TL 2.211.815 (December 31, 2021- TL 1.349.454 income) and with a fair value difference of TL 1.116.156 recognized in the income statement as an income (December 31, 2021 - TL 1.017.318 income). On the other hand, the buy and sell nominal amounts of the total return swaps and bond forwards which are closely related with these financial liabilities as of December 31, 2022 are TL 38.671.238 (December 31, 2021: TL 26.657.676) with a fair value differences amounting to TL 2.554.954 liability (December 31, 2021 - TL 1.377.439 liability). The mentioned total return swaps have 8 year maturity in average.

## 2.4. Information on other liabilities:

As of December 31, 2022, other liabilities do not exceed 10% of the total balance sheet commitments.

## 2.5. Information on lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	637.964	451.894	451.979	307.281
Between 1-4 Years	1.266.656	890.701	894.534	604.502
More than 4 Years	893.273	633.318	644.312	435.347
<b>Total</b>	<b>2.797.893</b>	<b>1.975.913</b>	<b>1.990.825</b>	<b>1.347.130</b>



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## 2.6. Information on provisions:

## 2.6.1. Information on reserve for employee benefit:

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

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

	Current Period	Prior Period
Discount rate (%)	0,55	4,45
Possibility of being eligible for retirement (%)	95,20	95,39

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the annual ceiling is revised semi-annually, the ceiling of full TL 19.982,83 effective from January 1, 2023 has been taken into consideration in calculating the reserve for employment termination benefits (January 1, 2022 - TL 10.848,59).

## Movement of employment termination benefits liability in the balance sheet:

	Current Period	Prior Period
Prior period ending balance	928.857	657.105
Changes during the period	196.835	93.294
Recognized in equity	1.824.127	252.885
Paid during the period	(104.794)	(74.427)
Balance at the end of the period	2.845.025	928.857

In addition, the Group has accounted for unused vacation rights provision amounting to TL 445.338 as of December 31, 2022 (December 31, 2021- TL 191.826).

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

None (December 31, 2021 – None).

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## 2.6.3. Information on other provisions:

	Current Period	Prior Period
Pension fund provision	2.945.243	1.813.098
Provisions on non-funded non cash loans	1.078.763	843.108
Generic provisions on non cash loans	1.145.563	877.217
Provision on lawsuits	236.223	198.119
Provisions on credit cards and promotion campaigns related to banking services	109.996	65.863
Other	2.776.305	1.155.155
<b>Total</b>	<b>8.292.093</b>	<b>4.952.560</b>

## Pension fund provision:

The Parent Bank provided provision amounting to TL 2.945.243 (December 31, 2021 - TL 1.813.098) for the technical deficit based on the report prepared by a registered actuary in accordance with the technical interest rate of 9,8% determined by the New Law and CSO 1980 mortality table. The Group accounted pension fund provision in accordance with "TAS 19 - Employee Benefits" standard. Accordingly, as of December 31, 2022, in the calculation of pension fund provision the change arises,

- As a result of service cost and interest is accounted under income statement,
- As a result of change in actuarial valuations are accounted under shareholders' equity.

	Current Period	Prior Period
Opening balance	1.813.098	1.461.542
Amount recorded under equity	1.084.664	310.547
Income statement (charge)/benefit	47.481	41.009
<b>Closing balance</b>	<b>2.945.243</b>	<b>1.813.098</b>

## The amounts recognized in the balance sheet are determined as follows:

	Current Period	Prior Period
Present value of funded obligations	8.219.529	5.227.518
- Pension benefits transferable to SSI	9.537.922	5.554.489
- Post employment medical benefits transferable to SSI	(1.318.393)	(326.971)
Fair value of plan assets	(5.274.286)	(3.414.420)
<b>Provision for the actuarial deficit of the pension fund</b>	<b>2.945.243</b>	<b>1.813.098</b>

## The principal actuarial assumptions used were as follows:

	Current Period	Prior Period
Discount rate		
- Pension benefits transferable to SSI	9,80%	9,80%
- Post employment medical benefits transferable to SSI	9,80%	9,80%

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Mortality rate: Average life expectation is defined according to CSO 1980 mortality table.

Plan assets are comprised as follows:

	Current Period		Prior Period	
	Amount	%	Amount	%
Bank placements	1.237.561	23	1.721.091	51
Government bonds and treasury bills	2.886.545	55	1.177.492	34
Premises and equipment	883.125	17	385.718	11
Other	267.055	5	130.119	4
<b>Total</b>	<b>5.274.286</b>	<b>100</b>	<b>3.414.420</b>	<b>100</b>

## 2.7. Explanations on tax liability:

## 2.7.1. Information on taxes payable:

	Current Period	Prior Period
Banking Insurance Transaction Tax ("BITT")	4.428.529	2.280.501
Taxation of Marketable Securities	562.420	298.564
Corporate Tax Payable	277.629	221.126
Value Added Tax Payable	144.180	40.908
Foreign Exchange Transaction Tax	37.258	75.843
Property Tax	6.923	4.593
Other	307.949	168.836
<b>Total</b>	<b>5.764.888</b>	<b>3.090.371</b>

## 2.7.2. Information on premium payables:

	Current Period	Prior Period
Social security premiums - employee	403	875
Social security premiums - employer	468	977
Bank pension fund premiums - employee	67.648	44.576
Bank pension fund premiums - employer	94.097	61.826
Pension fund deposit and provisions - employee	-	-
Pension fund deposit and provisions - employer	-	-
Unemployment insurance - employee	4.829	3.182
Unemployment insurance - employer	9.689	6.366
Other	-	-
<b>Total</b>	<b>177.134</b>	<b>117.802</b>

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

None (December 31, 2021 - None).

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2.9. Information on subordinated debt <sup>(1)</sup>:

	Current Period		Prior Period	
	TL	FC	TL	FC
Debt instruments to be included in additional capital calculation	-	12.929.445	-	8.973.642
Subordinated loans	-	-	-	-
Subordinated debt	-	12.929.445	-	8.973.642
Debt instruments to be included in contribution capital calculation	725.201	25.733.586	808.921	29.659.436
Subordinated loans	-	16.059.998	-	11.144.441
Subordinated debt	725.201	9.673.588	808.921	18.514.995
<b>Total</b>	<b>725.201</b>	<b>38.663.031</b>	<b>808.921</b>	<b>38.633.078</b>

<sup>(1)</sup> Subordinated loans are explained in detail in the Note "Information on debt instruments included in the calculation of equity" in section four.

## 2.10. Information on shareholders' equity:

## 2.10.1. Presentation of paid-in capital:

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

## 2.10.2. Amount of paid-in capital, disclosure of whether the Bank's registered capital system is applied and if applied registered capital ceiling:

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

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

None (December 31, 2021 - None).

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

None (December 31, 2021 - None).

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

None (December 31, 2021 - None).

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

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

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## 2.10.7. Privileges on the corporate stock tors:

None (December 31, 2021 - None).

## 2.10.8. Information on value increase fund of marketable securities:

	Current Period		Prior Period	
	TL	FC	TL	FC
From investments in associates, subsidiaries, and joint ventures	-	-	-	-
Revaluation difference	-	-	-	-
Foreign currency difference	-	-	-	-
Financial assets at fair value through other comprehensive income <sup>(1)</sup>	8.764.973	(972.750)	1.739.409	(285.282)
Revaluation difference	8.764.973	(972.750)	1.739.409	(285.282)
Foreign currency differences	-	-	-	-
<b>Total</b>	<b>8.764.973</b>	<b>(972.750)</b>	<b>1.739.409</b>	<b>(285.282)</b>

<sup>(1)</sup>Yabancı para değerlendirme farklarına ilişkin vergi etkisi de TP kolonunda yer almaktadır.

## 2.10.9. Information on minority interest:

	Current Period	Prior Period
Period opening balance	1.018	807
Current period income/(loss)	612	258
Dividends paid	(93)	(47)
<b>Period ending balance</b>	<b>1.537</b>	<b>1.018</b>

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

## 3.1. Information on off balance sheet commitments:

## 3.1.1. The amount and type of irrevocable commitments:

	Current Period	Prior Period
Commitments on credit card limits	136.756.258	58.777.036
Asset purchase and sale commitments	35.118.725	19.796.270
Loan granting commitments	53.491.909	26.827.510
Commitments for cheques	5.482.867	4.306.427
Other irrevocable commitments	29.421.817	12.933.577
<b>Total</b>	<b>260.271.576</b>	<b>122.640.820</b>

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

Obligations arising from off-balance sheet are disclosed in "Off-balance sheet commitments". The Group set aside general provision for its noncashloans amounting to TL 1.145.563 (December 31, 2021 - TL 877.217) and provision amounting to TL 1.431.465 (December 31, 2021 - TL 1.138.170) for non-cash loans which are not indemnified yet amounting to TL 1.078.763 (December 31, 2021 - TL 843.108).

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

	Current Period	Prior Period
Bank acceptance loans	864.879	545.822
Letter of credits	33.199.803	26.319.956
Other guarantees and collaterals	28.354.153	15.081.707
<b>Total</b>	<b>62.418.835</b>	<b>41.947.485</b>

## 3.1.2.2. Guarantees, suretyships and other similar transactions:

	Current Period	Prior Period
Temporary letter of guarantees	4.124.146	2.091.040
Definite letter of guarantees	90.745.471	62.919.039
Advance letter of guarantees	29.283.824	19.182.209
Letter of guarantees given to customs	5.894.112	3.690.473
Other letter of guarantees	51.325.151	31.086.861
<b>Total</b>	<b>181.372.704</b>	<b>118.969.622</b>

## 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	50.905.414	30.422.800
With original maturity of 1 year or less than 1 year	8.240.689	8.963.485
With original maturity of more than 1 year	42.664.725	21.459.315
Other non-cash loans	192.886.125	130.494.307
<b>Total</b>	<b>243.791.539</b>	<b>160.917.107</b>

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## 3.1.3.2. Information on sectoral concentration of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
<b>Agricultural</b>	<b>2.394.159</b>	<b>2,39</b>	<b>2.607.664</b>	<b>1,81</b>	<b>823.851</b>	<b>2,00</b>	<b>2.012.996</b>	<b>1,68</b>
Farming and raising livestock	1.786.275	1,79	1.645.956	1,14	617.580	1,50	1.301.752	1,09
Forestry	534.118	0,53	957.397	0,67	181.186	0,44	402.283	0,34
Fishing	73.766	0,07	4.311	0,00	25.085	0,06	308.961	0,26
<b>Manufacturing</b>	<b>58.429.473</b>	<b>58,44</b>	<b>86.906.201</b>	<b>60,43</b>	<b>20.340.199</b>	<b>49,49</b>	<b>72.847.258</b>	<b>60,80</b>
Mining	429.820	0,43	684.123	0,48	249.931	0,61	368.940	0,31
Production	51.079.831	51,09	73.924.826	51,40	16.517.087	40,19	63.615.585	53,09
Electric, gas and water	6.919.822	6,92	12.297.252	8,55	3.573.181	8,69	8.862.733	7,40
<b>Construction</b>	<b>14.125.654</b>	<b>14,13</b>	<b>26.834.695</b>	<b>18,66</b>	<b>8.089.096</b>	<b>19,68</b>	<b>20.463.667</b>	<b>17,08</b>
<b>Services</b>	<b>24.480.600</b>	<b>24,49</b>	<b>26.792.839</b>	<b>18,63</b>	<b>11.564.775</b>	<b>28,14</b>	<b>24.375.711</b>	<b>20,34</b>
Wholesale and retail trade	6.899.143	6,90	3.436.733	2,39	3.008.613	7,32	3.144.804	2,62
Hotel, food and beverage services	1.207.034	1,21	1.943.389	1,35	462.912	1,13	2.295.933	1,92
Transportation and telecommunication	2.721.373	2,72	6.751.356	4,69	1.430.803	3,48	5.909.237	4,93
Financial institutions	9.710.296	9,71	4.576.505	3,18	5.034.959	12,25	4.827.077	4,03
Real estate and renting services	634.367	0,63	2.227.830	1,55	362.450	0,88	1.406.175	1,17
Education services	65.617	0,07	107.658	0,07	88.718	0,22	84.781	0,07
Health and social services	3.242.770	3,24	7.749.368	5,39	1.176.320	2,86	6.707.704	5,60
<b>Other</b>	<b>547.299</b>	<b>0,55</b>	<b>672.955</b>	<b>0,47</b>	<b>277.684</b>	<b>0,68</b>	<b>121.870</b>	<b>0,10</b>
<b>Total</b>	<b>99.977.185</b>	<b>100,00</b>	<b>143.814.354</b>	<b>100,00</b>	<b>41.095.605</b>	<b>100,00</b>	<b>119.821.502</b>	<b>100,00</b>

## 3.1.3.3. Information non-cash loans classified in Group I and Group II:

Current Period	I. Grup		II. Grup	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	85.139.234	89.013.912	3.429.146	2.639.148
Bank acceptances	-	864.879	-	-
Letters of credit	327.114	32.755.173	-	117.516
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	3.888	-	-
Other commitments and contingencies	10.761.832	16.587.887	5.000	994.552
<b>Total</b>	<b>96.228.180</b>	<b>139.225.739</b>	<b>3.434.146</b>	<b>3.751.216</b>

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## 3.1.3.3. Information non-cash loans classified in Group I and Group II: (continued)

Prior Period	Group I		Group II	
	TL	FC	TL	FC
<b>Non-cash loans</b>				
Letters of guarantee	39.091.199	77.443.503	984.667	527.227
Bank acceptances	-	545.822	-	-
Letters of credit	71.417	26.074.693	-	173.846
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring guarantees	-	9.651	-	-
Other commitments and contingencies	704.055	14.356.161	-	-
<b>Total</b>	<b>39.866.671</b>	<b>118.429.830</b>	<b>984.667</b>	<b>701.073</b>

## 3.1.3.4. Maturity distribution of non cash loans:

Cari Dönem <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	23.236.662	9.809.757	153.384	33.199.803
Letter of guarantee	53.544.571	40.030.674	74.027.791	13.769.668	181.372.704
Bank acceptances	-	861.227	3.652	-	864.879
Other	1.437.699	10.932.462	3.299.513	12.684.479	28.354.153
<b>Total</b>	<b>54.982.270</b>	<b>75.061.025</b>	<b>87.140.713</b>	<b>26.607.531</b>	<b>243.791.539</b>

Önceki Dönem <sup>(1)</sup>	Indefinite	Up to 1 year	1-5 years	Above 5 years	Total
Letter of credit	-	18.839.646	7.254.596	225.714	26.319.956
Letter of guarantee	34.626.114	27.932.165	44.237.482	12.173.861	118.969.622
Bank acceptances	-	515.441	30.381	-	545.822
Other	1.864.494	1.887.932	1.443.730	9.885.551	15.081.707
<b>Total</b>	<b>36.490.608</b>	<b>49.175.184</b>	<b>52.966.189</b>	<b>22.285.126</b>	<b>160.917.107</b>

<sup>(1)</sup> The distribution is based on the original maturities

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## 3.2. Information on derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign currency related derivative transactions (I)	419.094.074	233.459.862
FC trading forward transactions	30.739.505	26.393.227
Trading swap transactions	279.037.373	196.878.663
Futures transactions	2.520.247	1.135.020
Trading option transactions	106.796.949	9.052.952
Interest related derivative transactions (II)	249.210.542	236.085.173
Forward interest rate agreements	-	-
Interest rate swaps	244.236.022	231.543.920
Interest rate options	4.974.520	4.541.253
Interest rate futures	-	-
Other trading derivative transactions (III)	97.258.538	86.902.870
<b>A. Total trading derivative transactions (I+II+III)</b>	<b>765.563.154</b>	<b>556.447.905</b>
Transactions for fair value hedge	5.017.677	3.503.800
Cash flow hedges	117.782.458	110.955.171
Transactions for foreign net investment hedge	-	-
<b>B. Total hedging related derivatives</b>	<b>122.800.135</b>	<b>114.458.971</b>
<b>Total derivative transactions (A+B)</b>	<b>888.363.289</b>	<b>670.906.876</b>

## 3.3. Information on credit derivatives and risk exposures:

The Group has no credit default swaps in derivative portfolio for the period ended 31 December 2022. Credit default swaps linked to credit link notes are for the purposes protection seller and included in this figure (December 31, 2021 – None).

Derivative portfolio includes total return swap that has a nominal amount of TL 76.542.476 (total of buy and sell leg) as of 31 December 2022 (December 31, 2020 – TL 52.515.352).

## 3.4. Information on contingent liabilities and assets:

The Group has recorded a provision of TL 236.223 (December 31, 2021 – TL 198.119) for litigations against the Group and has accounted for it in accompanying consolidated the financial statements under the "Other provisions" account. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee any cash outflows for such claim.

## 3.5. Information on services on behalf of others:

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

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## 4. Explanations and notes related to consolidated income statement:

## 4.1. Information on interest income:

## 4.1.1. Information on interest income on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term loans <sup>(1)</sup>	22.188.399	2.500.632	9.618.598	1.172.232
Medium/long-term loans <sup>(1)</sup>	31.638.436	10.815.805	18.477.517	7.164.070
Interest on loans under follow-up	1.997.997	-	1.156.707	-
Premiums received from resource utilisation support fund	-	-	-	-
<b>Total</b>	<b>55.824.832</b>	<b>13.316.437</b>	<b>29.252.822</b>	<b>8.336.302</b>

<sup>(1)</sup> Includes fees and commissions received for cash loans.

## 4.1.2. Information on interest income on banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
From the CBRT	2.292	7.866	1.663	-
From domestic banks	505.311	204.319	370.096	38.938
From foreign banks	-	866.845	1.367	148.544
Headquarters and branches abroad	-	-	-	-
<b>Total</b>	<b>507.603</b>	<b>1.079.030</b>	<b>373.126</b>	<b>187.482</b>

## 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	5.480	47.235	8.954	16.662
Financial assets measured at fair value through other comprehensive income	18.159.861	1.062.882	4.218.241	177.244
Financial assets measured at amortised cost	35.895.485	2.954.353	7.844.943	941.788
<b>Total</b>	<b>54.060.826</b>	<b>4.064.470</b>	<b>12.072.138</b>	<b>1.135.694</b>

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

	Current Period	Prior Period
Interests received from associates and subsidiaries	1.743	741
<b>Total</b>	<b>1.743</b>	<b>741</b>

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## 4.2. Information on interest expense:

## 4.2.1. Information on interest expense on borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	1.394.304	1.490.011	626.181	1.256.667
The CBRT	-	-	-	-
Domestic banks	1.270.469	298.728	539.741	174.449
Foreign banks	123.835	1.191.283	86.440	1.082.218
Headquarters and branches abroad	-	-	-	-
Other institutions	-	2.037.396	-	584.508
<b>Total <sup>(1)</sup></b>	<b>1.394.304</b>	<b>3.527.407</b>	<b>626.181</b>	<b>1.841.175</b>

<sup>(1)</sup> Includes fees and commissions related to borrowings.

## 4.2.2. Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interests paid to associates and subsidiaries	9.601	7.445
<b>Total</b>	<b>9.601</b>	<b>7.445</b>

## 4.2.3. Information on interest expense to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expense on money market transactions	1.932.932	7.146.374	1.596.164	3.991.414
<b>Total</b>	<b>1.932.932</b>	<b>7.146.374</b>	<b>1.596.164</b>	<b>3.991.414</b>

## 4.2.4. Information on interest expense on money market transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Para piyasası işlemlerine verilen faizler	4.883.537	212.791	6.559.799	48.821
<b>Total</b>	<b>4.883.537</b>	<b>212.791</b>	<b>6.559.799</b>	<b>48.821</b>

## 4.2.5. Information on other interest expense:

Pursuant to the CBRT's regulation dated December 27, 2021 and numbered 2374 and regulation dated August 31, 2022 and numbered 1579, banks that fail to meet conversion targets from foreign currency to Turkish Lira and banks whose Turkish Lira deposits are below 50% in total deposits, are charged a commission over the required reserves for foreign currency deposits. In this regard, a commission expense of TL 1.858.951 has been accounted in other interest expenses as of December 31, 2022.

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## 4.2.6 Maturity structure of the interest expense on deposits:

Account name	Time Deposit						Cumulative 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			
<b>TL</b>									
Bank deposit	2.986	453.543	46.495	-	-	-	-	503.024	252.478
Saving deposit	-	577.505	15.035.419	147.969	36.652	43.285	-	15.840.830	8.456.934
Public sector deposit	-	11.615	12.913	594	5	1	-	25.128	8.886
Commercial deposit	71	3.438.653	4.939.093	1.311.651	1.039.404	538.485	-	11.267.357	5.446.282
Other deposit	-	289.613	1.732.357	699.444	155.881	316.786	-	3.194.081	453.005
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.057</b>	<b>4.770.929</b>	<b>21.766.277</b>	<b>2.159.658</b>	<b>1.231.942</b>	<b>898.557</b>	<b>-</b>	<b>30.830.420</b>	<b>14.617.585</b>
<b>FC</b>									
Foreign currency deposit	8.080	288.686	1.396.219	96.403	47.383	70.693	-	1.907.464	824.747
Bank deposit	54.204	33.924	1.087	-	-	-	-	89.215	28.732
Deposit with 7 days notification	-	-	-	-	-	-	-	-	-
Precious metal vault	-	314	2.602	-	1.375	227	-	4.518	4.001
<b>Total</b>	<b>62.284</b>	<b>322.924</b>	<b>1.399.908</b>	<b>96.403</b>	<b>48.758</b>	<b>70.920</b>	<b>-</b>	<b>2.001.197</b>	<b>857.480</b>
<b>Grand total</b>	<b>65.341</b>	<b>5.093.853</b>	<b>23.166.185</b>	<b>2.256.061</b>	<b>1.280.700</b>	<b>969.477</b>	<b>-</b>	<b>32.831.617</b>	<b>15.475.065</b>

## 4.3. Information on dividend income:

	Current Period	Prior Period
Financial assets measured at fair value through profit or loss	23.563	5.513
Financial assets measured at fair value through other comprehensive income	21.422	11.737
Other	43.709	1
<b>Total</b>	<b>88.694</b>	<b>17.251</b>

## 4.4. Information on trading profit/loss (net):

	Current Period	Prior Period
<b>Profit</b>	<b>127.365.501</b>	<b>184.119.901</b>
Gain from capital market transactions	2.751.312	295.303
Derivative financial transaction gains	62.969.337	65.879.237
Foreign exchange gains	61.644.852	117.945.361
<b>Loss (-)</b>	<b>117.163.810</b>	<b>183.224.526</b>
Loss from capital market transactions	148.108	100.788
Derivative financial transaction losses	44.261.971	44.524.437
Foreign exchange loss	72.753.731	138.599.301
<b>Net trading profit/loss</b>	<b>10.201.691</b>	<b>895.375</b>

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## 4.5. Information on gain/loss from derivative financial transactions:

The net gain resulting from the foreign exchange differences related to derivative financial transactions is TL 19.598.272 (December 31, 2021 – TL 27.604.217 gain).

## 4.6. Allowance for expected credit losses and other provisions:

	Current Period	Prior Period
Allowance for expected credit losses	16.003.154	10.198.148
12-month expected credit losses (Stage 1)	3.123.931	1.334.240
Significant increase in credit risk (Stage 2)	2.613.729	4.628.206
Credit-impaired (Stage 3)	10.265.494	4.235.702
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	136.169	112.179
Total	16.367.769	10.310.327

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

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## 4.8. Information related to other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits	116.825	23.291
Provision expense for pension fund	47.481	41.009
Impairment expenses of property and equipment	-	-
Depreciation expenses of property and equipment	828.051	595.735
Impairment expenses of intangible assets	-	-
Goodwill impairment expenses	-	-
Amortization expenses of intangible assets	286.579	241.931
Impairment expenses of equity participations for which equity method is applied	-	-
Impairment expenses of assets held for resale	292	703
Depreciation expenses of assets held for resale	-	-
Impairment expenses of fixed assets held for sale and assets related to discontinued operations	-	-
Other operating expenses	9.832.234	3.872.996
lease expenses in the context of TFRS 16 exception	120.553	86.905
Repair and maintenance expenses	360.777	212.435
Advertising expenses	427.765	183.911
Other expense	8.923.139	3.389.745
Loss on sales of assets	-	1.479
Other	2.739.729	1.363.552
Total	13.851.191	6.140.696

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

Income before tax includes net interest income amounting to TL 79.258.471 (December 31, 2021 – TL 23.735.553) net fee and commission income amounting to TL 15.740.654 (December 31, 2021 – TL 8.045.770), personnel expenses amounting to TL 9.853.390 (December 31, 2021 – TL 4.804.319) and total other operating expense amounting to TL 13.851.191 (December 31, 2021 – TL 6.140.696).

As of December 31, 2022, the Group has no profit before taxes from discontinued operations (December 31, 2021 – None).

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

As of December 31, 2022, the Group has current tax expense amounting to TL 20.934.300 (December 31, 2021 – TL 3.882.761 loss) and deferred tax income amounting to TL 4.485.833 (December 31, 2021 – TL 479.003 gain).

	Current Period	Prior Period
Profit before tax	69.193.768	13.893.774
Tax calculated at legal tax rate	17.298.442	3.473.444
Nondeductible expenses discounts and other, net	(849.975)	(69.686)
Total	16.448.467	3.403.758

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## 4.11. Information on net income/loss for the period:

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

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

## 4.12. Income/loss of minority interest:

	Current Period	Prior Period
Income/(loss) of minority interest	612	258

## 4.13. Other items in income statement:

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

## 5. Explanations and notes related to consolidated statement of changes in shareholders' equity

## 5.1. Information on dividends:

Authorised body for profit distribution of the current period is General Assembly. As of the preparation date of these financial statements, annual ordinary meeting of the General Assembly has not been held yet.

## 5.2. Information on increase/decrease amounts resulting from merger:

None.

## 5.3. Information on equity share premiums:

The details regarding property and equipment valuation differences are disclosed in section 3 note 19.

## 5.4. Explanations on property and equipment valuation differences:

Group, adopted fair value accounting method for its buildings and art objects and paintings in tangible assets in accordance with TAS 16 "Property, Plant and Equipment". As of 31 December 2021, revaluation gain under shareholders' equity is amounting to TL 4.912.389 (December 31, 2021 - TL 1.877.188).

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## 5.5. Explanations related to accumulated remeasurement gains/losses of defined benefit plans:

Accumulated remeasurement gains/losses of defined benefit plans are accounted under equity. As of December 31, 2022 actuarial loss under shareholders' equity regarding to employee benefits are amounting to TL 1.920.863 (December 31, 2021 - TL 589.551), actuarial loss related to pension fund provision is amounting to TL 1.046.409 (December 31, 2021 - TL 248.438).

## 5.6. Explanations on financial assets at fair value through other comprehensive income:

"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 until the related assets are impaired or disposed.

## 5.7. Hedging transactions:

The Parent Bank has begun to apply cash flow hedge accounting in order to hedge the risk of cash flow of its liabilities from January 1, 2010. In the scope of this application, the derivative financial instruments are specified as floating rate and fixed rate interest payment USD, EUR and TL interest rate swaps, hedging liabilities as the USD, EUR and TL customer deposits, repos, cash outflows due to re-pricing of loans because of the expected interest rate financing. In this context, fair value change of the effective portion of derivative financial instruments accounted under "Other accumulated comprehensive income that will be reclassified in profit or loss", taking into account tax effects. Such amount as of December 31, 2022 is TL 5.379.550 gain (December 31, 2020 - 2.332.875 gain).

The Group's Euro denominated borrowing is designated as a hedge of the net investment in the Group's certain EUR denominated subsidiaries. The total amount of the borrowing designated as a hedge of the net investment at December 31, 2022 is EUR 469 million (December 31, 2021 - EUR 495 million). The foreign exchange loss of TL 5.578.536 (December 31, 2021 - TL 4.392.392 loss), net of tax, on translation of the borrowing to Turkish Lira at the statement of financial position date is recognized in "hedging reserves" in equity.

## 5.8. Information on other capital and profit reserves:

Other capital and profit reserves in general comprise of legal reserves and extraordinary reserves.



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## 6. Explanations and notes related to consolidated statement of cash flows:

## 6.1. Information on cash and cash equivalent:

## 6.1.1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and foreign currency balances together with demand deposits at banks including the unrestricted amounts of CBRT are defined as "Cash"; money market placements and time deposits in banks with original maturities of less than three months are defined as "Cash Equivalents".

## 6.1.2. Effect of a change in the accounting policies:

None.

## 6.1.3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:

## 6.1.3.1. Cash and cash equivalents at the beginning of period:

	Current Period	Prior Period
Cash	87.319.462	42.713.660
Cash and effectives	12.884.224	6.056.966
Demand deposits in banks	74.435.238	36.656.694
Cash equivalents	15.998.813	8.869.560
Interbank money market	1.808.653	1.700.000
Deposits in bank	14.190.160	7.169.560
Total cash and cash equivalents	103.318.275	51.583.220

## 6.1.3.2. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	113.279.228	87.319.462
Cash and effectives	13.177.534	12.884.224
Demand deposits in banks	100.101.694	74.435.238
Cash equivalents	15.831.110	15.998.813
Interbank money market	2.513.158	1.808.653
Deposits in bank	13.317.952	14.190.160
Total cash and cash equivalents	129.110.338	103.318.275

## 6.2. Information on cash and cash equivalents those are not in use due to legal limitations and other reasons:

As of December 31, 2022, the Group's cash and cash equivalents those are not in use due to legal limitations and other reasons, including those at foreign banks and the TL reserve requirements, amount to TL 129.950.790 (December 31, 2021- TL 99.537.022).

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## 6.3. Explanations on other items in the statement of cash flows and the effects of the change in foreign exchange rates on cash and cash equivalents :

Decrease in "Other account" amounting to TL 5.146.769 decrease (December 31, 2021 - TL 3.549.680 increase) which is classified under "Operating profit before changes in operating assets and liabilities" includes fee and commissions given, other operating expenses excluding personnel expenses and foreign exchange gains/losses.

Increase in "Net increase/decrease in other liabilities" amounting to TL 2.022.518 increase (December 31, 2021 - TL 7.181.612 increase) which is classified under "Changes in operating assets and liabilities" mainly arises from changes in miscellaneous payables, subordinated loans and other liabilities.

The effects of the change in foreign exchange rates on cash and cash equivalents are calculated as an increase approximately of TL 27.521.017 as of December 31, 2022 (December 31, 2021 - TL 31.328.014 increase).

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

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

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

Current Period	Associates, subsidiaries and joint ventur		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group <sup>(1) (2)</sup>						
Loans						
Balance at the beginning of the period	22.481	2.838	416.619	1.070.846	8.119.787	3.310.640
Balance at the end of the period	46.501	1.784	176.501	903.139	12.012.206	5.772.850
Interest and commission income received	1.743	11	59.479	2.651	1.795.490	27.690

Prior Period	Associates, subsidiaries and joint ventur		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Group's risk group <sup>(1) (2)</sup>						
Loans						
Balance at the beginning of the period	40.512	3.498	969.369	898.824	5.231.297	2.078.697
Balance at the end of the period	22.481	2.838	416.619	1.070.846	8.119.787	3.310.640
Interest and commission income received	741	41	42.269	8.799	769.085	14.229

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

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

## 7.1.2. Information on deposits of the Group's risk group:

Group's risk group <sup>(1) (2)</sup>	Associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Group		Other real and legal persons that have been included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Beginning of the period	406.888	228.452	38.214.095	24.513.619	50.919.449	30.833.207
End of the period	570.543	406.888	27.832.583	38.214.095	70.401.031	50.919.449
Interest expense on deposits	9.601	7.445	1.990.833	1.642.023	1.482.225	1.781.259

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

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

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## 7.1.3. Information on forward and option agreements and other derivative instruments with the Group's risk group:

Group's risk group <sup>(1)</sup>	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 <sup>(2)</sup>	-	-	2.828.070	1.573.859	379.300	1.585.212
End of the period <sup>(2)</sup>	-	-	1.886.536	2.828.070	1.273.964	379.300
Total profit / loss	-	-	192.197	53.810	(349.753)	(568.127)
Transactions for hedging purposes						
Beginning of the period <sup>(2)</sup>	-	-	525.855	516.747	-	-
End of the period <sup>(2)</sup>	-	-	-	525.855	-	-
Total profit / loss	-	-	-	25.855	-	-

<sup>(1)</sup> Defined in subsection 2 of the 49th article of the Banking Act No. 5411.<sup>(2)</sup> The balances at the beginning and end of the periods are disclosed as the total of buy and sell amounts of derivative financial instruments.

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

Salaries and benefits paid to the Group's top management amount to TL 263.289 as of December 31, 2022 (December 31, 2021 – TL 131.849).

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## 8. Explanations and notes related to the domestic, foreign, off-shore branches or associates and foreign representatives of the Parent Bank:

	Number of Employees		Country of incorporation	Total assets	Statutory share capital
	Number	Number of Employees			
Domestic Branch	800	15.428			
Foreign Representation Office	-	-	-		
Foreign Branch	1	3	Bahreyn	27.703.648	-
Off-Shore Banking Region Branch	-	-	-	-	-

## 9. Explanations and notes related to subsequent events :

None.

## SECTION SIX

YAPI VE KREDİ BANKASI A.Ş.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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### OTHER EXPLANATIONS

#### 1. OTHER EXPLANATIONS ON THE PARENT BANK'S OPERATIONS

None.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

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### SECTION SEVEN

#### INDEPENDENT AUDITOR'S REPORT

##### 1. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

The consolidated financial statements for the period ended December 31, 2022 have been audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The independent auditor's audit report dated February 2, 2023 is presented preceding the consolidated financial statements.

##### 2. Explanations and notes prepared by independent auditor

None.

# Performance Tables

ENVIRONMENTAL PERFORMANCE TABLES				
GHG Emissions (ton CO <sub>2</sub> e) <sup>1</sup>	2019	2020	2021	2022
Scope 1	17,249	13,731	15,844	14,555 ✓
Scope 2 (Location base)	46,049	42,137	38,870	35,862 ✓
Scope 2 (Market base)	41,338	35,146	23,703	0
Total (Scope 1 and Scope 2)	58,587	48,877	39,547	14,555 ✓
Scope 3 (Category 1, 5, 6, 7) <sup>2</sup>	13,562	6,512	3,855	4,651 ✓
Scope 3 (Category 15) <sup>3</sup>	-	-	42,857,485	-
Emission Intensity of Scope 1 and 2 (ton CO <sub>2</sub> e /total number of employees)	3.39	2.95	2.49	0.87 ✓
Emission Intensity of Scope 3 Category 15 (ton CO <sub>2</sub> e /million USD)	-	-	1,181	-

<sup>1</sup>As of 2021, the coverage of environmental performance indicators has been expanded with the inclusion of other subsidiaries, namely Yapı Kredi Culture Arts and Publishing (YKKS), Yapı Kredi Technology, Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaijan, in addition to the Bank's Head Office and facility buildings, branches, and subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest).

<sup>2</sup>As of 2021, Scope 3 covers greenhouse gas emissions, paper consumption across the Bank and its subsidiaries (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest), fuel consumption for employee commuting at selected locations (Head Office and facility buildings, regional offices and branch buildings) of the Bank and its subsidiaries, (Yapı Kredi Faktoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest) and air travel across the Bank. In addition, as of 2021, the scope 3 greenhouse gas emissions include hazardous wastes, non-hazardous wastes, medical wastes and household wastes generated by Banking Base, Plaza Building D/A, Black Sea Commercial Regional Office Building, Ankara Regional Office Building, Kadıköy Branch Building, YKKS Building and Darica Archive facilities.

<sup>3</sup>Scope 3 Category 15 emissions of the Bank and its selected subsidiaries (Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Bank Nederland N.V. ve Yapı Kredi Bank Azerbaijan) arising from investments and loans started to be calculated as of 2021 and 2021 was chosen as the base year. In addition, 2022 Scope 3 Category 15 emissions will be calculated after the companies in the Yapı Kredi's portfolio disclose their year-end data and will be publicly disclosed in the Yapı Kredi CDP Climate Change report.

Energy Consumption (GJ)	2019	2020	2021	2022
Electricity <sup>4</sup>	356,890	325,455	323,710	286,178 ✓
Grid electricity <sup>5</sup>	356,890	325,455	323,710	286,040 ✓
Renewable electricity (produced) <sup>6</sup>	0	0	0.0324	138 ✓
Renewable electricity (purchased) <sup>7</sup>	36,511	54,000	126,079	286,040 ✓
Natural Gas	122,871	116,384	125,187	108,422 ✓
Fueloil	99,728	77,436	73,924	84,871 ✓
Total Energy Consumption	579,489	519,275	522,821	479,471 ✓
Energy Intensity (GJ/ total number of employees)	33.5	31.4	31.6	29.03 ✓

<sup>4</sup>Electricity amount refers to the total of grid electricity and produced renewable electricity.

<sup>5</sup>It is the amount of electricity purchased from electricity distribution companies.

<sup>6</sup>The amount of renewable energy produced in the solar energy systems of Bodrum Branch and Banking Base (SPP) is included in the scope of the renewable electricity produced. Bodrum SPP started production in 2021, and Banking Base SPP started in 2022.

<sup>7</sup>The Bank has supplied 100% of its electricity consumption in 2022 from renewable energy sources with IREC certification.

Energy Savings	2019	2020	2021	2022
Total annual energy saving (GJ)	278.8	19.2	6,708	2,703 ✓
Total annual GHG saving via energy saving (ton CO <sub>2</sub> e)	36	2.5	873	185 ✓
Total annual financial savings (TL)	52,662	8,080	1,819,825	2,153,287

Water Consumption (m <sup>3</sup> )	2019	2020	2021	2022
Municipal water	273.569	208.558	226.685	215.375 ✓
Ground water	6.220	8.240	5.454	5.839 ✓
Rain water	133	0	683	4.113 ✓
Other <sup>8</sup>	702	177	0	0 ✓
Total	280.624	216.975	232.822	225.327 ✓
Amount of wastewater (m <sup>3</sup> )	280.624	216.975	232.822	225.327 ✓
Water intensity (m <sup>3</sup> /total number of employee)	16.2	13.1	14.1	13.6 ✓

<sup>8</sup> It refers to drinking and utility water supplied by tanker.

Waste Generation (ton) <sup>9</sup>	2019	2020	2021	2022
<b>Hazardous waste</b>				
Recycled	390.2	291.5	242.2	100.1 ✓
Electronic waste	380.2	246.8	228.0	87.8 ✓
Other	10	44.8	14.2	12.3 ✓
Incinerated with energy recovery	3.24	0.0	0.0	0.0 ✓
Disposed	0.27	0.11	0.12	0.33 ✓
Total	393.7	291.6	242.3	100.4 ✓
<b>Non - Hazardous waste</b>				
Recycled	1,446.7	939.1	905.5	1,211.8 ✓
Paper	1,103.0	838.6	828.6	874.9 ✓
Plastic	12.4	8.47	15.8	5.66 ✓
Metal	35.5	37.4	45.9	128.3 ✓
Other <sup>10</sup>	284.9	0.0	15.2	202.9 ✓
Incinerated with energy recovery	10.9	2.25	0.00	0.00 ✓
Municipal waste	0.0	396.0	45.96	60.3 ✓
Total	1,446.7	1,337.3	951.5	1,272.1

<sup>9</sup> In 2022 reporting period, hazardous waste, non-hazardous waste, medical waste generated by Banking Base, Plaza Building D/A, Black Sea Commercial Regional Office Building, Ankara Regional Office Building, Kadıköy Branch Building, YKKS Building and Darica Archives facilities and household waste (including municipal waste) generated by Banking Base, Plaza Building D and Darica Archives are included in recovery/recycling and disposal processes. Municipal waste started to be calculated from 2020.

<sup>10</sup> Other breakdown includes glass packaging, wooden packaging, mixed packaging, end-of-life tires and non-hazardous electronic waste.

Environmental Investments and Expenditures (million TL)	2019	2020	2021	2022
CAPEX	0.8	2.5	3.5	32.4
OPEX	0.5	0.7	0.7	4.7
Total	1.3	3.2	4.2	37.1

# Performance Tables

SOCIAL PERFORMANCE TABLES								
Consolidated Number of Employees <sup>1</sup>	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Yapı Kredi Bank	10,655	6,463	10,243	6,320	9,950	6,165	9,607	5,824
Türkiye	10,655	6,460	10,243	6,317	9,950	6,162	9,607	5,821
Bahreyn Branch	0	3	0	3	0	3	0	3
Domestic Subsidiaries	241	290	253	340	293	370	335	435
Foreign Subsidiaries	98	199	100	205	109	199	103	212
Total	17,649		17,464		17,086		16,516	

<sup>1</sup> The table covers Yapı Kredi Bank, domestic subsidiaries (Yapı Kredi Invest, Yapı Kredi Asset Management, Yapı Kredi Technology, Yapı Kredi Leasing ve Yapı Kredi Faktoring) and foreign subsidiaries (Yapı Kredi Bank Nederland N.V. and Yapı Kredi Bank Azerbaycan).

Number of Employees and Subcontractors by Employment Type <sup>2</sup>	2019		2020		2021		2022	
	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time	Full Time	Part Time
Employee number	16,478	153	15,886	151	15,208	244	15,256	175
Subcontractor number	2,559	148	2,508	147	2,348	101	2,445	136

<sup>2</sup> Number of Employees and Subcontractors by Employment Type table covers only Yapı Kredi Bank.

Number of Employees by Age <sup>3</sup>	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	105	311	125	335	186	415	1,960	1,080
30-50 years old (including 30 and 50 years old)	7,705	5,118	7,818	5,047	7,783	4,816	7,752	4,673
Over 50 years old	2,845	1,034	2,300	938	2,002	934	230	506

<sup>3</sup> Unless otherwise stated, Number of Employees by Age and the following tables cover Yapı Kredi Bank and its domestic subsidiaries (Yapı Kredi Invest, Yapı Kredi Portföy, Yapı Kredi Technology, Yapı Kredi Leasing ve Yapı Kredi Faktoring).

Number of Employees with Disabilities	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees with disabilities by gender	114	418	115	407	131	398	134	383

Number of Employees by Term of Employment	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
0-5 years	3,097	2,011	2,375	1,677	2,127	1,517	2,209	1,633
5-10 years (including 5 <sup>th</sup> and 10 <sup>th</sup> years)	3,075	1,884	3,449	2,065	3,357	2,004	3,243	1,949
10 years and above	4,502	2,593	4,419	2,578	4,466	2,644	4,490	2,677

Number of Internal Promotions	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	794	218	468	185	239	163	524	336
30-50 years old (including 30 and 50 years old)	1,398	766	785	663	741	549	951	909
Over 50 years old	0	6	1	5	0	4	0	0

New Employee Hires by Gender and Age	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	595	384	378	196	776	493	1,032	693
30-50 years old (including 30 and 50 years old)	69	102	491	262	59	122	116	168
Over 50 years old	0	0	65	129	0	0	0	1

Number of Employees Leaving Work	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	706	282	378	196	504	315	650	368
30-50 years old (including 30 and 50 years old)	655	371	491	262	576	385	477	325
Over 50 years old	27	70	65	129	63	114	37	66

Employee Turnover	2019	2020	2021	2022
Employee Turnover Rate <sup>4</sup> (%)	11.9	9.02	11.9	11.9
Voluntary Employee Turnover Rate <sup>5</sup> (%)	4.2	3.41	5.91	5.8

<sup>4</sup> Employee turnover rate is calculated over the total number of people who left voluntarily (with resignation) and non-resignation ways.

<sup>5</sup> Voluntary employee turnover rate is calculated only for people who left by resignation.

Maternity Leave <sup>6</sup>	2019	2020	2021	2022
Number of employees taking maternity leave	683	551	546	471
Number of employees returning to work after maternity leave	700	641	532	475
Number of employees that returned to work after maternity leave and worked at least 12 more months afterwards	686	640	515	457
Return-to-work rate after maternity leave (%)	94.5	93.3	95.9	94.5
Retention rate after maternity leave (at least 12 months) (%)	98.0	95.1	96.9	96.2

<sup>6</sup> The table covers only employees at Yapı Kredi Bank Turkey locations.

Number of Employees Benefiting from Parental Leave <sup>7</sup>	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees benefiting from parental leave	683	408	551	264	546	276	471	256

<sup>7</sup> The table covers only employees at Yapı Kredi Bank Turkey locations.

# Performance Tables

Gender Diversity	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees in all positions (%)	62.2	37.8	61.7	38.3	61.7	38.3	61.4 ✓	38.6 ✓
Board members (%)	14.3	85.7	20.0	80.0	16.7	83.3	16.7	83.3
Employees in senior management positions (%)	22.2	77.8	30.0	70.0	22.9	77.1	22.2 ✓	77.8 ✓
Employees in first-level management positions <sup>8</sup> (%)	46.9	53.1	49.2	50.8	48.6	51.4	48.5	51.5
Employees in entry level positions (%)	69.9	30.1	70.3	29.7	69.3	30.7	68.4	31.6
Employees in income generating positions (%)	67.7	32.3	67.7	32.3	67.9	32.1	68.2	31.8
Employees in STEM <sup>9</sup> -related positions (%)	37.9	62.1	36.2	63.8	36.6	63.4	38.2	61.8
Employees in technology/IT teams (%)	37.7	62.3	38.1	61.9	38.1	61.9	39.3	60.7
Employees in engineering positions (%)	20.2	79.8	22.6	77.4	23.3	76.7	23.0	77.0

<sup>8</sup> For senior executive positions, maximum two levels away from CEO or similar positions, and for first-level executive positions three or more levels away from CEO or similar positions are taken as a basis.

<sup>9</sup> STEM refers to science, technology, engineering and mathematics.

Pay Gap Analysis	2019		2020		2021		2022	
	Average	Median	Average	Median	Average	Median	Average	Median
Gender Pay Gap Ratio (%)	25.7	25.5	27.1	25.9	27.5	26.4	27.1	24.9

Unionization <sup>10</sup>	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of unionized employees	6,320	3,030	6,025	2,879	5,792	2,743	6,595	2,840

<sup>10</sup> The table covers only employees at Yapı Kredi Bank Turkey locations.

Training	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Average hours of training per FTE	35	33	20	24	43	47	49 ✓	50 ✓
Total training hours	366,298	202,107	202,844	141,751	419,491	274,456	488,316 ✓	310,781 ✓
Average amount spent per FTE on training (TL)	1,800	1,800	1,626	1,626	2,392	2,392	5,349 ✓	5,349 ✓
Total amount spent on training (million TL)	18.7	11.1	16.2	9.7	23.1	13.8	53.1 ✓	33.4 ✓

Total Training Hours	2019	2020	2021	2022
Ethics	9,501	4,491	2,943	20,162 ✓
Personal Data Protection Law	1,245	3,502	7,311	4,677 ✓
OHS	11,169	7,837	84,763	30,679 ✓
Environment	707	646	1,129	2,011
Climate Risk	-	-	-	539
Leadership	11,221	15,564	125,506	130,006
Professional/Technical	375,688	230,130	320,703	379,936
Other	82,426	82,426	151,592	231,087

Occupational Health and Safety Employees	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Total working hours (in a year)	19,273,945	12,443,047	16,686,690	10,978,856	17,262,118	11,358,470	17,807,777 ✓	11,774,866 ✓
The total lost working days	297	145	100	65	27	91	71 ✓	90 ✓
The number of work-related injuries	42	10	14	6	11	7	22 ✓	11 ✓
The number of work-related fatalities	0	0	1	0	0	0	0 ✓	0 ✓
The number of occupational diseases	3	1	0	0	1	0	0 ✓	0 ✓
Lost Day Rate (LDR) <sup>11</sup>	3.36	2.59	1.20	1.20	0.31	1.60	0.80 ✓	1.50 ✓
Injury Rate (IR) <sup>12</sup>	0.48	0.18	0.17	0.11	0.13	0.12	0.25 ✓	0.19 ✓
Occupational Disease Rate (ODR) <sup>13</sup>	0.17	0.08	0.00	0.00	0.06	0.00	0.00 ✓	0.00 ✓

Occupational Health and Safety Subcontractors	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Total working hours (in a year)	2,752,901	3,289,034	2,580,412	3,071,301	2,644,169	3,145,234	2,489,417	2,710,827
The total lost working days	1	0	7	3	1	0	4	0
The number of work-related injuries	4	4	4	3	6	6	8	6
The number of work-related fatalities	0	0	0	0	0	0	0	0
The number of occupational diseases	0	0	0	0	0	0	0	0
Lost DayRate (LDR) <sup>11</sup>	0.07	0.00	0.54	0.20	0.08	0.00	0.32	0.00
Injury Rate (IR) <sup>12</sup>	0.29	0.24	0.31	0.20	0.45	0.38	0.64	0.44
Occupational Disease Rate (ODR) <sup>13</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<sup>11</sup> Lost Days Rate (LDR): Calculated based on the number of lost working days due to workplace accidents and total working time.

Formula: (Total Number of Lost Working Days x 200,000) / Total Working Hours

<sup>12</sup> Injury Rate (IR): Calculated based on work-related injuries and total time worked during the year.

Formula: Total Number of Work-Related Injuries / (Total Working Hours - Lost Working Hours) x 200,000

<sup>13</sup> Occupational Disease Rate (ODR): Calculated based on temporary or permanent diseases due to the nature or conditions of the work and total working hours

Formula: (Total Number of Occupational Diseases x 200,000)/Total Working Hours

Employee Satisfaction and Engagement	2022		
	Female	Male	Total
Employee engagement (%)	69	72	69
Employee satisfaction (%)	71	75	71

Supplier Management <sup>14</sup>	2022	
	Number of total supplier	564
Number of local supplier	509	
Rate of payments to local suppliers (%)	97.9	

<sup>14</sup> Supplier Management table covers only Yapı Kredi Bank.

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## Principle 1: Alignment

We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
<p><b>1.1</b> Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Yapı Kredi operates in Turkey as the third largest private bank in the country.</p> <p>Yapı Kredi is active in retail banking (including card payment systems, individual banking, business banking, private banking and wealth management) as well as corporate, commercial and SME banking.</p> <p>Prioritizing digitalization since 2015, the Bank aims to reduce concentration in loans and deposits and achieve fragmented and broad-based growth while focusing on transaction banking for fee generation.</p>	<p>You can find more information in the "About Yapı Kredi" section on page 24-25 of the Report.</p>
<p><b>1.2</b> Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>Yapı Kredi embraces the Sustainability Development Goals (SDGs) and the Paris Climate Agreement as guidelines for its sustainability strategy.</p> <p>Yapı Kredi's sustainability strategy is also guided by Turkey's development plans and Turkey's Intended Nationally Determined Contribution Statement within the scope of Turkey's sustainability priorities.</p> <p>Yapı Kredi addresses its sustainability strategy under four main pillars in line with national and international sustainability trends, as well as internal and external stakeholder expectations.</p> <p>Yapı Kredi's Sustainability Strategy includes the following focus areas:</p> <p>Climate Crisis and Environment Management Risk Management and Corporate Governance Sustainable Finance Human and Society</p>	<p>You can find more information in the "Business Model and Strategy-Sustainability" section on page 74-77 of the Report.</p>

## Principle 2: Impact and Target Setting

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
<p><b>2.1 Impact Analysis:</b> Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a) Scope: The bank's core business areas, products/ services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies c) Context and Relevance: The Bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) Scale and Intensity/Salience of Impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/ salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.  (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d).  Show that building on this analysis, the bank has  Identified and disclosed its areas of most significant (potential) positive and negative impact  Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts.</p>	<p>In its impact analysis, Yapı Kredi used the second version of the Portfolio Impact Analysis Tool (Impact Analysis Tool) co-developed by the Positive Impact Initiative, Principles for Responsible Banking signatories and United Nations Environment Programme Finance Initiative (UNEP FI). The Portfolio Impact Analysis Tool is designed to enable banks to analyze the environmental and social impacts associated with their retail, business, corporate and investment banking portfolios.</p> <p>Being active in retail (card payment systems, individual banking, business banking, private banking and wealth management), corporate, commercial and SME banking segments, Yapı Kredi assessed the potential impacts of its retail, corporate, commercial and SME banking activities. The segmentation employed by Yapı Kredi and the segmentation used in the Impact Analysis Tool are different. The Bank adopted the segment definitions of the Impact Analysis Tool under the UN Principles for Responsible Banking reporting. These segments correspond to the following at Yapı Kredi:</p> <p><b>Consumer Banking Segment in the Impact Analysis Tool:</b> Yapı Kredi Individual Banking <b>Business Banking Segment in the Impact Analysis Tool:</b> Yapı Kredi Business and SME Banking <b>Corporate Banking Segment in the Impact Analysis Tool:</b> Yapı Kredi Corporate and Commercial Banking To this end, Yapı Kredi analyzed the environmental and social impact created by all of its business segments by means of the Impact Analysis Tool.</p> <p>While using the Impact Analysis Tool, Yapı Kredi took into account the focus areas of its financial services offered to its individual customers and the number of active customers under the Consumer Banking segment. The impact of the services offered on all segments of the society is assessed in an integrated manner. Within the scope of Business and Corporate Banking, the Bank has used the sectoral breakdown of loan volumes as a basis. In this context, the top ten sectors to which the Bank provides loans in both segments are included in the analysis. Energy, construction, retail trade, food and beverage industries are the main sectors in the Bank's portfolio.</p> <p>Carrying out almost all of its operations in Turkey, Yapı Kredi has taken into account the needs of Turkey in the field of sustainable development, with the Impact Analysis Tool, while defining its material environmental and social impacts. The Bank is a member of the Impact Analysis Working Group of the United Nations Principles for Responsible Banking.</p> <p>The Bank's potential impact areas have been defined in line with the data utilized in the Impact Analysis Tool within the scope of Consumer, Business and Corporate Banking as well as Turkey's sustainable development needs.</p>	

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Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
	<p>In terms of consumer Banking, the Bank's potential impact areas are determined as employment and inclusive, healthy economies. In terms of business Banking, the Bank's potential impact areas are determined as economic convergence and climate.</p> <p>In terms of corporate Banking, the Bank's potential impact areas are determined as economic convergence and climate.</p> <p>According to the results of the Impact Analysis Tool, Yapı Kredi identified the impact areas for which it plans to set targets as follows, taking into consideration the portfolio, product density and the order of the country's needs within the scope of the joint impact areas of business units and the Bank's material issues in terms of sustainability:</p> <p><b>Inclusive and Healthy Economy:</b> Financial Health and Inclusion ✓</p> <p><b>Climate:</b> Climate Change ✓</p> <p><b>Economic Convergence:</b> Gender Equality. ✓</p> <p>Considering the breakdown of the relevant impact areas in the Impact Analysis Tool, the priorities of the Bank and the main impact areas of the sector include financial inclusion and R&amp;D investments, which are positioned under the inclusive and healthy economy area. Within the scope of inclusive and healthy economy impact area, the Bank aims to support Turkey's social development. To this end, Yapı Kredi has become one of the founding signatories of the Financial Health and Inclusion Initiative, established in 2021 by the United Nations Principles for Responsible Banking.</p> <p>Climate risks and greenhouse gas emissions, which are handled within the scope of climate change impact area, are also among the priorities of the Bank. During the transition to a low-carbon economy, the Bank has committed to set emission reduction targets within the scope of the Science Based Targets Initiative's platform on Business Ambition for 1.5°C. ✓ In line with this commitment, the Bank works to reduce its emissions arising from its own operations and the emissions linked to its lending activities to achieve its net zero target by 2050. In addition, the Bank has also launched projects to integrate climate risks into credit risk assessment processes. The issue of gender equality, which is handled under economic convergence, is also among the priorities of the Bank. Under this priority, the Bank works on projects to support and improve gender equality within the scope of human resources processes, products and services, and social responsibility projects.</p>	

Yapı Kredi carried out for the impact analysis study for the first time in 2020 within the scope of Consumer, Business and Corporate Banking segments, in line with the requirements of the United Nations Principles for Responsible Banking. Yapı Kredi performed the impact analysis study again with the second version of the Portfolio Impact Analysis Tool, updated in 2021. As a result of the repeated analysis, the Bank determined the focus areas to set targets as Inclusive and Healthy Economy (Financial Health and Inclusion), Climate (Climate Change) and Economic Convergence (Gender Equality).

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
<p><b>2.2 Target Setting:</b> Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified "areas of most significant impact", resulting from the bank's activities and provision of products and services.</p> <p>Show that the targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. Your bank should identify a baseline (assessed against a particular year) and set targets against this baseline.</p> <p>Show that your bank has analyzed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change / society's goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>Yapı Kredi determined its potential impact areas for the first time in 2020 using the Portfolio Impact Analysis Tool developed by the UN Environment Programme Finance Initiative (UNEP FI). After the Portfolio Impact Analysis Tool was updated with its second version, Yapı Kredi repeated its impact analysis in 2021. ✓ Yapı Kredi works to set short-, medium- and long-term targets to minimize its potential negative impacts while increasing its positive impacts on the identified impact areas on the basis of the updated analysis. Yapı Kredi's existing activities and targets under the prioritized impact areas are as follows:</p> <p><b>Climate Change:</b> Yapı Kredi believes in the importance of standing by its customers in the combat against the climate crisis and in Turkey's transition to low carbon, and organizes capacity building activities for its customers in line with national and international regulations and trends. Since 2016, the Bank has published a total of 7 CDP Climate Change Program reports. ✓ With the 2022 CDP Climate Change report, the Bank increased its performance in this field to the A- (Leadership) level. In addition, the market proactively evaluates climate-related opportunities that arise within the scope of legal regulations and stakeholder expectations. The Bank aims to reduce its Scope 1 and Scope 2 absolute emissions arising from its operational activities by 76% by 2030 and by 100% by 2035 compared to the base year 2019. Furthermore, Yapı Kredi applies shadow carbon pricing in the evaluation of renewable energy investments and electricity purchase. The Bank joined the Business Ambition for 1.5°C platform of the Science Based Targets Initiative and pledged to set emissions reduction targets that will limit global warming to 1.5°C. ✓ The Bank works to calculate the emissions arising from its own portfolio and to set a reduction target for these emissions under the project commenced within the framework of the Carbon Transition Program of Koç Holding, the Bank's main shareholder. To this end, the Bank determined 2021 as the base year and completed the emission calculations on the basis of loan segments according to the PCAF (Partnership for Carbon Accounting Financials) methodology. Accordingly, the Bank continues its efforts to disclose its medium- and long-term emissions reduction targets in alignment with its carbon neutrality target by 2050 embraced across the Koç Group. As part of its SBTi commitment, the Bank will complete its applications by July 2023 to confirm its targets. The Bank aims to disclose its strategy for transforming its loan portfolio in line with these targets. The Bank will also revise its loan policies in line with this strategy.</p>	<p>You can reach the Combating Climate Crisis page on Yapı Kredi's corporate website at <a href="https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/environmental-impact/environmental-management-system">https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/environmental-impact/environmental-management-system</a></p> <p>You can reach the CDP Climate Change Programme Response 2022 - C4 at <a href="https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/_assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf</a></p>



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Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
	<p><b>Inclusive and Healthy Economy</b> An advanced financial system and widespread availability of financial services are important factors for improving social welfare and reducing inequalities. The UN Sustainable Development Goals (SDGs) emphasize under a number of its goals the importance of financial accessibility for society, especially for women, farmers, SMEs, startups and youth, for sustainable growth and development. With its financial solutions, Yapı Kredi aims to improve access to finance of all segments of the society and to offer products in line with their needs. Yapı Kredi participated as a founding signatory to the Financial Health and Inclusion Initiative, established by the United Nations Responsible Banking Principles in 2021, and has committed to set its goals in this area within 18 months of joining this initiative. To this end, Yapı Kredi actively participated and contributed to the Financial Health and Inclusion working group established by the United Nations Environment Program Finance Initiative (UNEP FI) throughout the year. Moreover, Yapı Kredi formed a project group with participants from different teams within the Bank to determine its targets in the most accurate way and to develop the right strategies to reach the targets. Together with the project group, the Bank determined the priority groups to be included in the scope of the target under Turkey's policies and the Bank's strategy. As the next step, a current state analysis will be carried out and the Bank's financial inclusion targets will be clarified.</p> <p><b>Gender Equality</b> In order to achieve long-term sustainable growth, it is among the main objectives of Yapı Kredi to create, encourage and maintain a common corporate culture that embodies the criteria of diversity and inclusion. The Bank's focus areas include ensuring gender equality, combating the prejudices caused by sexism, and empowering women in business life. The Bank works on projects to support and improve gender equality within the scope of human resources processes, products and services, and social responsibility projects. Yapı Kredi became one of the signatories of the UN Women's Action Coalition platform in March 2022. To this end, the Bank presented its commitments to create concrete changes for women and girls in the field of technology and innovation.</p>	<p>You can reach the Gender Equality page on Yapı Kredi corporate website at <a href="https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/social-impact/gender-equality">https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/social-impact/gender-equality</a></p> <p>You can reach the Responsible Consumption page on Yapı Kredi corporate website at <a href="https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/environmental-impact/responsible-consumption">https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/environmental-impact/responsible-consumption</a></p> <p>You can reach the Gender Equality page on Yapı Kredi corporate website at <a href="https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/social-impact/gender-equality">https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/social-impact/gender-equality</a></p>
<p>2022 reporting period is Yapı Kredi's third year for the United Nations Principles for Responsible Banking reporting. Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021. According to the results of the updated impact analysis, the Bank revised the impact areas for which it will set its targets in line with the United Nations Principles for Responsible Banking. Inclusive and healthy economy, climate and economic convergence areas, emphasized in the results of Yapı Kredi's impact analysis, were the focus areas selected to set targets. In this context, the Bank started to work on setting targets.</p>		

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
<p><b>2.3 Plans for Target Implementation and Monitoring:</b> Show that your bank has defined actions and milestones to meet the set targets.</p> <p>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</p>	<p>Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021. According to the results of the updated impact analysis, the Bank updated the impact areas for which it will set its targets in line with the United Nations Principles for Responsible Banking.</p> <p>The Sustainability Unit, which coordinates all sustainability efforts within the organization, convened with the related business units in selected impact areas and started to develop draft targets.</p> <p>The draft targets will be presented to the approval of Yapı Kredi Sustainability Committee, which is chaired by a Board Member. Progress on approved targets will be presented to the Sustainability Committee at the determined periods and will be transparently disclosed to all stakeholders under the annual United Nations Principles for Responsible Banking Report.</p>	
<p>2022 reporting period is Yapı Kredi's third year for the United Nations Principles for Responsible Banking reporting. Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021. According to the results of the updated impact analysis, the Bank revised the impact areas for which it will set its targets in line with the United Nations Principles for Responsible Banking. In this context, the Bank started to work on setting targets. To this end, the methods to be adopted to measure and monitor the targets to be determined have been determined and the basic performance indicators to be measured and monitored for each target will be shaped after the targets are determined.</p>		
<p><b>2.4 Progress on Implementing Targets:</b> For each target separately, Show that your bank has implemented the actions it had previously defined to meet the set target or</p> <p>Explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</p> <p>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where feasible and appropriate, banks should include quantitative disclosures.)</p>	<p>2022 reporting period is Yapı Kredi's third year for the United Nations Principles for Responsible Banking reporting. Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021. According to the results of the updated impact analysis, the Bank revised the impact areas for which it will set its targets in line with the United Nations Principles for Responsible Banking. In this context, target setting processes have started but have not been finalized, yet. The target setting process is intended to be completed within 18 months after becoming a signatory.</p>	

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Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
<p>2022 reporting period is Yapı Kredi's third year for the United Nations Principles for Responsible Banking reporting. Yapı Kredi repeated its impact analysis study using the second version of the Portfolio Impact Analysis Tool updated in 2021. According to the results of the updated impact analysis, the Bank revised the impact areas for which it will set its targets in line with the United Nations Principles for Responsible Banking. In this context, target setting processes have started but have not been finalized, yet. The target setting process is aimed to be completed by May 2023. To this end, the methods to be adopted to measure and monitor the targets to be determined have been determined and the basic performance indicators to be measured and monitored for each target will be determined. Based on the key performance indicators determined, the progress toward each target will be transparently disclosed to all stakeholders of the Bank under the annual United Nations Principles for Responsible Banking Report.</p>		
<p><b>Principle 3: Clients and Customers</b></p> <p>We will work responsibly with our clients and customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>		
<p><b>3.1</b> Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programs and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>Yapı Kredi puts its customers at the center of its activities. When offering its customers financial products and services that will meet to their needs and enhance their welfare, the Bank acts with the principle of providing them with accurate information, embracing a transparent and fair service understanding, and improving their financial literacy. Responsible Lending Statement forms the basis of the Bank's responsible relationship with its customers and serves as a guide for the Bank's employees.</p> <p>Aiming to implement responsible and sustainable business practices across the entire value chain, Yapı Kredi adopts the responsible finance approach. Under corporate and commercial banking, the Bank assesses all new investment, project finance and financial advisory projects with an investment amount of USD 10 million and above financed and served in corporate and commercial business lines within the scope of the Environmental and Social Risk Assessment (ESRA) system.</p>	<p>You can reach Yapı Kredi Responsible Lending Statement at <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_lending_statement.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_lending_statement.pdf</a></p> <p>You can find more information in the Human Focus section on pages 208-226 and Responsible and Sustainable Finance section on pages 108-126 of the Report.</p>
<p><b>3.2</b> Describe how your bank has worked with and / or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities. This should include information on actions planned / implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>Yapı Kredi launched financial literacy projects to help its customers make informed financial choices. Accordingly, the Bank collaborates with non-governmental organizations (NGO) and the academia. Yapı Kredi Banking Academy has developed a financial and digital literacy training available for all its customers.</p> <p>Under corporate and commercial banking, Yapı Kredi encourages its customers to embrace sustainable business practices in environmental and social impact management according to ESRA results and monitors high- and medium-risk projects and investments by making on-site visits. In 2020, the Bank started to work on the alignment of its existing ESRA system with the Equator Principles (EP4, 2020). To this end, system improvements were carried out in 2021 to align the ESRA System with the Equator Principles based on the scope of the ESRA System, national legislation and International Finance Corporation's Performance Standards (IFC PSs) as well as the Equator Principles practices.</p>	<p>You can reach the Environmental and Social Risk Management in Loans page on Yapı Kredi corporate website at <a href="https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/environmental-impact/environmental-and-social-risk">https://www.yapikredi.com.tr/en/sustainability/sustainability-activities/environmental-impact/environmental-and-social-risk</a></p>

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
	<p>In addition, Yapı Kredi interacts with its customers through various communication channels such as webinars, podcast series, interviews featured in the media, news articles and reports published in the public domain to raise awareness and consciousness of its customers on sustainability, to inform its customers about the emerging national and international regulatory framework in this field, and to support its customers in their sustainability journeys.</p> <p>Yapı Kredi adopts an approach that integrates sustainability into all its work processes and capitalizes on sustainability opportunities. Within the scope of its sustainable finance activities, a pillar of its sustainability strategy, Yapı Kredi offers financial solutions to sustainable development issues through numerous products and services such as sustainability-linked loans, renewable energy and energy efficiency loans, Nature-Friendly Mortgage, and Nature-Friendly Auto Loans. After realized its first green bond issuance in 2020, the Bank continued to support its customers in 2021 with its Nature-Friendly Mortgage and Nature-Friendly Auto Loan products. On the other hand, encouraging its customers to take action in sustainability, Yapı Kredi sets certain targets linked with the customers' sustainability performances independent of where the loan is planned to be used in sustainability-linked loans extended to corporate and commercial customers. Advantages are provided in loan conditions if these targets are achieved during the loan's term.</p> <p><b>Yapı Kredi Asset Management Clean Energy Variable Fund</b> Launching Yapı Kredi Asset Management Clean Energy Variable Fund, Yapı Kredi firmly maintains its support to energy efficiency, renewable energy and other low-carbon energy resources with its products and services. Yapı Kredi Asset Management Clean Energy Variable Fund invests in the domestic or overseas capital market instruments of companies engaged in sustainable and alternative energy technologies as manufacturer, developer, distributor and founder. The Fund plans to gain returns by investing in companies with the potential to contribute to the transition process in the global energy industry.</p> <p><b>Yapı Kredi Asset Management BIST Sustainability Index Stock Fund</b> With the Yapı Kredi Asset Management BIST Sustainability Index Stock Fund launched in 2022, Yapı Kredi Asset Management invests on partnership shares selected by sampling among the partnership shares under the BIST Sustainability Index, which is an index where at least 80% of the total fund value is continuously taken as basis and also invests on the stock exchange mutual fund participation shares which constantly invest on only the assets under the BIST Sustainability Index.</p> <p><b>Electric Vehicles Variable Fund</b> Yapı Kredi Asset Management Electric Vehicles Variable Fund was launched in 2022. With this fund, Yapı Kredi invests in capital market instruments issued domestically and abroad to companies active in electric vehicle production and / or in fields supporting electric vehicle production (such as spare parts production, vehicle technology production, battery production, mining, etc.).</p> <p><b>Climate Change Solutions Variable Fund</b> The aim of the Yapı Kredi Asset Management Climate Change Solutions Variable Fund is to invest in the capital market instruments issued domestically and abroad of companies that offer solutions to climate change with technology and production alternatives in various sectors. With this fund, Yapı Kredi Asset Management invests in companies active in fields that can participate in the transformation process that may take place in the global energy sector in the upcoming period (companies that provide solutions with technology and production alternatives in sectors such as agriculture, electricity, heating, transportation, recycling, reuse and construction, and companies that provide services to these companies). Thus, the Bank aims to provide a reasonable level of return to the holders of participation shares through the investments made within the scope of the fund.</p>	

# United Nations Principles For Responsible Banking Reporting Index

## Principle 4: Stakeholders

We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
<p><b>4.1</b> Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed / results achieved.</p>	<p>Sustainable Development Goals can be achieved only through multistakeholder collaborations including governments, business, civil society and the academia. Aware of this fact, while setting its strategic priorities, Yapı Kredi regularly conducts stakeholder analyses to understand the expectations of its internal and external stakeholders and reflects the outcomes of these studies in its materiality analysis.</p> <p>The Bank works, carries out projects and collaborates with numerous organizations and initiatives, including the UNEP FI, United Nations Principles for Responsible Banking, Turkish Industry and Business Association (TÜSİAD), Global Compact Network Turkey, Women's Empowerment Principles (WEPs), Women Entrepreneurs Association of Turkey (KAGİDER), and World Wide Fund for Nature (WWF-Türkiye).</p>	<p>You can find more information in the Material Issues and Stakeholder Relations sections on page 93-98 of the Report.</p>

## Principle 5: Governance and Culture

We will implement our commitment to these Principles through effective governance and a culture of responsible banking.

<p><b>5.1</b> Describe the relevant governance structures, policies and procedures your bank has in place / is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.</p>	<p>Yapı Kredi conducts its sustainability activities within the scope of its Sustainability Management System (SMS). The Sustainability Committee, the highest authority within the SMS, is responsible for integrating sustainability in business processes and monitoring sustainability performance. The Committee annually reports its activities to the Executive Committee and the Board of Directors.</p> <p>Reporting to the Corporate Communications Department, the Sustainability Unit is responsible for monitoring the Bank's sustainability goals and performances, coordinating the working groups under the Sustainability Committee, making suggestions to the Committee and working groups on sustainability trends and agenda, ensuring data consolidation in sustainability at the Bank, and managing sustainability communication.</p> <p>Yapı Kredi continues to determine the targets related to the designated impact areas within the framework of the United Nations Principles for Responsible Banking with the contribution of related teams within the scope of the activities conducted in the working groups under the leadership and coordination of the Sustainability Unit.</p>	<p>You can find more information in the Sustainability Management section on page 70-73 of the Report.</p> <p>You can reach Corporate Policies at <a href="https://www.yapikrediinvestorrelations.com/en/corporate-governance/detail/Code-of-Ethics-andPolicies/44/1916/0">https://www.yapikrediinvestorrelations.com/en/corporate-governance/detail/Code-of-Ethics-andPolicies/44/1916/0</a></p>
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Reporting and Self-Assessment Requirements	High-level summary of bank's response	Reference(s) / Link(s) to bank's full response / relevant information
<p><b>5.2</b> Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, remuneration structure and performance management and leadership communication, amongst others.</p>	<p>In order to embrace a responsible and sustainable banking approach across the organization, Yapı Kredi organizes, every year, a training program for its employees covering all environmental, social and governance factors, including sustainability, environmental management system, environmental and social risk assessment, code of ethics and business conduct, anti-bribery and anti-corruption, and protection of personal data. Yapı Kredi complements its trainings with interactive workshops and activities.</p> <p>Moreover, the Bank carries out comprehensive internal communication activities on sustainability issues to enable its employees to embrace and understand sustainability. The communication media used for these activities include internal electronic mailing, internal Bizler+ platform (intranet) and KoçHub, the in-Group platform of the Koç Group companies.</p> <p>In addition, five working groups, which represent all environmental, social and corporate governance factors, were established under the Sustainability Committee, sponsored by committee members. In these working groups, various units of the Bank came together and started to develop projects on sustainable banking activities. While sustainability criteria are included in the performance evaluations of some of the relevant business units, the senior management has also included sustainability issues in their targets.</p>	<p>You can reach CDP Climate Change Report 2022 - C1.3 at <a href="https://assets.yapikredi.com.tr/WebSite/assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf">https://assets.yapikredi.com.tr/WebSite/assets/pdf/en/corporate-social-responsibility/CDP-Climate-Change-Programme-Response-2022.pdf</a></p>
<p><b>5.3 Governance Structure for Implementation of the Principles:</b> Show that your bank has a governance structure in place for the implementation of the Principles for Responsible Banking, including:</p> <p>a) Target-setting and actions to achieve targets set</p> <p>b) Remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.</p>	<p>Yapı Kredi reports all its sustainability activities, including alignment with the United Nations Principles for Responsible Banking, to the Sustainability Committee chaired by a Board Member. ✔</p> <p>In 2022, the Sustainability Committee held four meetings. The outcomes of the impact analysis study conducted within the framework of the United Nations Principles for Responsible Banking were presented at the Sustainability Committee meeting held in January 2022. Three impact areas selected according to analysis outcomes were presented for the opinion of the Sustainability Committee, and put into implementation upon the Committee's approval. ✔</p> <p>During the determination and implementation of the targets for the selected impact areas, the Sustainability Unit will regularly report to the Sustainability Committee.</p>	<p>You can find more information in the Sustainability Management section on page 70-73 of the Report.</p>
<p>Yapı Kredi has a strong corporate governance system in terms of sustainability. Moreover, the Bank possesses the internal mechanisms required for the fulfillment of all sustainability commitments, including the United Nations Principles for Responsible Banking. Sustainability management at the Bank is supervised by the Sustainability Committee, which reports regularly to the Executive Committee and the Board of Directors every year.</p>		

# United Nations Principles For Responsible Banking Reporting Index

## Principle 6: Transparency & Accountability

We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### Reporting and Self-Assessment Requirements

### High-level summary of bank's response

### Reference(s) / Link(s) to bank's full response / relevant information

#### 6.1 Progress on Implementing the Principles for Responsible Banking:

Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).

Show that your bank has considered existing and emerging international / regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.

Show that your bank has implemented / is working on implementing changes in existing practices to reflect and be in line with existing and emerging international / regional good practices and has made progress on its implementation of these Principles.

Yapı Kredi prepared its third report within the scope of the United Nations Principles for Responsible Banking signed by the Bank in 2019. The Bank performed its first impact analysis in 2020 using the Portfolio Impact Analysis tool developed collaboratively by UNEP FI members. The Portfolio Impact Analysis Tool was updated, and its second version was released in 2021. ✓

In order to accurately select its impact areas for which the Bank will set its targets, Yapı Kredi repeated its impact analysis with the current Portfolio Impact Analysis Tool.

According to the results of the second impact analysis, the Bank revised the impact areas for which it will set its targets in line with the United Nations Principles for Responsible Banking. Target setting processes have started but have not been finalized, yet. The target setting process is aimed to be completed by May 2023. To this end, the methods to be adopted to measure and monitor the targets to be determined have been determined and the basic performance indicators to be measured and monitored for each target will be determined. Based on the key performance indicators determined, the progress toward each target will be transparently disclosed to all stakeholders of the Bank under the annual United Nations Principles for Responsible Banking Report.

The Bank monitors national and international initiatives and best practices supporting its sustainability strategy that comprises four main components and achieves alignment therewith. Like the past years, the Bank reported to the Bloomberg Gender Equality Index in 2022 and qualified to be included in the index as a result of the evaluation made across five pillars, which are female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies and pro-women brand. With the score received in the evaluation performed for the index, the Bank outperformed the global, sectoral and national averages.

In January 2021, the Bank joined among the supporters of the Task Force on Climate-related Financial Disclosures (TCFD) in a restatement of its commitment to the combat against global climate crisis and effective management / disclosure of climate-related risks and opportunities. ✓

Yapı Kredi finalized the study initiated for alignment with the Equator Principles (EP4) providing a voluntary credit risk management framework and guidelines for environmental and social risk assessment. ✓

### Reporting and Self-Assessment Requirements

### High-level summary of bank's response

### Reference(s) / Link(s) to bank's full response / relevant information

Yapı Kredi performed the first climate change risk assessment of its credit portfolio to evaluate the physical and transition risks of its portfolio. Through this analysis, Yapı Kredi financially measured its exposure to carbon-related assets, and developed the heat map of its portfolio using the five different risk categories determined as a result of the assessment. Moreover, the Bank joined the Business Ambition for 1.5°C platform of the Science Based Targets Initiative and pledged to set emissions reduction targets that will limit global warming to 1.5°C. ✓

The Bank works to calculate the emissions arising from its own portfolio and to set a reduction target for these emissions under the project commenced within the framework of the Carbon Transition Program of Koç Holding, the Bank's main shareholder. To this end, the Bank determined 2021 as the base year and completed the emission calculations on the basis of loan segments according to the PCAF (Partnership for Carbon Accounting Financials) methodology. Accordingly, the Bank continues its efforts to disclose its medium- and long-term emissions reduction targets in alignment with its carbon neutrality target by 2050 embraced across the Koç Group. As part of its SBTi commitment, the Bank will complete its applications by July 2023 to confirm its targets. The Bank aims to disclose its strategy for transforming its loan portfolio in line with these targets. The Bank will also revise its loan policies in line with this strategy.

Based on its new policies updated in 2021, Yapı Kredi declared that the Bank will not finance greenfield coal-fired thermal power plants and new projects engaged in coal mining. ✓ While authoring numerous pioneering initiatives in sustainability, Yapı Kredi continues its support to the green transition by offering financial assistance to green projects and investments.

From the date of its signing of the United Nations Principles for Responsible Banking, Yapı Kredi carried out major initiatives to implement the principles. After successfully completing its portfolio impact analysis, the Bank carried out activities in the areas of climate change, risk management, diversity and inclusion, and product development. The Bank aims to achieve net zero carbon footprint by 2050. To this end, the Bank completed the studies on the calculation of emissions arising from its loan portfolio. With the completion of these studies, the Bank calculated the carbon intensity of the loan portfolio on sector and segment basis and started to determine the transformation strategy for the loan portfolio. In addition, Yapı Kredi started to work on integrating climate risks in its existing credit risk assessment processes.

# TCFD Disclosure Table

Governance	Describe the board's oversight of climate-related risks and opportunities	Sustainability Management, page 70-73 Business Model and Strategy, page 74-77 CDP Climate Change Programme Report 2022, page 2-3 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
	Describe management's role assessing and managing climate-related risks and opportunities	Sustainability Management, page 70-73 Business Model and Strategy, page 74-77 CDP Climate Change Programme Report 2022, page 3-5 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Trends, Their Implication for the Sector and Yapı Kredi's Response, page 83-89 Yapı Kredi Environmental and Social Policy <a href="#">yk_environmental_and_social_policy.pdf (yapikrediinvestorrelations.com)</a> CDP Climate Change Programme Report 2022, page 6-8 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
	Describe the impact of climate related risks and opportunities on the organization's business, strategy and financial planning	Yapı Kredi Environmental and Social Policy <a href="#">yk_environmental_and_social_policy.pdf (yapikrediinvestorrelations.com)</a> CDP Climate Change Programme Report 2022, page 8-9, page 11-15 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
	Describe the resilience of the organization's strategy, taking into consideration different scenarios, including a 2°C or lower scenario	CDP Climate Change Programme Report 2022, page 9-11, page 16 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>

Risk Management	Describe the organization's processes for identifying and assessing climate-related risks Describe the organization's processes for managing climate-related risks	CDP Climate Change Programme Report 2022, page 6-11 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>  CDP Climate Change Programme Report 2022, page 6-8, page 10-11 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
	Describe how processes for identifying, assessing, and managing these risks are integrated into the organization's overall risk management	CDP Climate Change Programme Report 2022, page 6-8, page 10-11 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
Metrics And Targets	Disclose the metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process	CDP Climate Change Programme Report 2022, page 8-9, page 25-26, page 40 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
	Disclose Scope 1, Scope 2, and if appropriate Scope 3 greenhouse gas (GHG) emissions	Environmental Performance Tables, sayfa 612-613 CDP Climate Change Programme Report 2022, page 60-62 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance	Environmental Impact, Environmental Targets, page 132-133 United Nations Principles for Responsible Banking Reporting Index, page 621 CDP Climate Change Programme Report, page 6-11, page 20-30 <a href="#">CDP-Climate-Change-Programme-Response-2022.pdf (yapikredi.com.tr)</a>

# UN Global Compact and WEPs Reporting Index

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# Reporting Guidance

This reporting guidance (the “Reporting Guidance”) provides information on the methodologies for the preparation, calculation and reporting of data for the limited assurance indicators of Yapı ve Kredi Bankası A.Ş. (“Bank” or “Yapı Kredi”) in the Yapı Kredi 2022 Integrated Annual Report (“2022 Integrated Report”).

These indicators include social, environmental and economic indicators. It is the responsibility of the Company’s management to ensure that appropriate procedures are in place to prepare these indicators, in all material respects, in accordance with the Guidance.

The information contained in this Guidance covers the fiscal year ending December 31, 2022 and the Head Office, Branches and ATMs under the responsibility of Yapı ve Kredi Bankası A.Ş. (“Yapı Kredi Bank”) as detailed in the “Key Definitions and Reporting Scope” section. In addition, Yapı Kredi Factoring, Yapı Kredi Leasing, Yapı Kredi Asset Management, Yapı Kredi Invest, Yapı Kredi Cultural Activities, Arts and Publishing, Yapı Kredi Technology (“Domestic Subsidiaries”) and Yapı Kredi Bank Nederland N.V., Yapı Kredi Bank Azerbaijan (“Foreign Subsidiaries”) are also included in the “Basic Definitions and Scope of Reporting” section.

## General Reporting Principles

In preparing this guidance document, consideration has been given to following principles:

- Information Preparation – to highlight to users of the information the primary principles of relevance and reliability of information; and
- Information Reporting – to highlight the primary principles of comparability / consistency with other data including prior year and understandability / transparency providing clarity to users.

## Key Definitions and Reporting Scope

For the purpose of this report, the Bank defines:

Environmental Indicators	
Indicator	Scope
<b>Energy Consumption by Fuel Type (GJ)</b>	
Electricity (GJ)	In the reporting period, it refers to the sum of the Bank's Grid Electricity consumption and Renewable Electricity (Produced) amounts. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Grid Electricity (GJ)	In the reporting period, it refers to the electricity consumption of the Bank supplied from the grid and tracked by the invoices of the service providers. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Renewable Electricity (Produced)	In the reporting period, it refers to the amount of renewable energy obtained from the Banking Base Solar Energy System, which is monitored through the Bank's Enerji Piyasaları İşletme A.Ş. (EPIAŞ) system and monitored through online monitoring platforms within the Bank.
Renewable Electricity (Purchased)	In the reporting period, it refers to the amount of renewable energy purchased by Yapı Kredi Bank and Yapı Kredi Bank Nederland N.V. with the International Renewable Energy Certificate (IREC).
Natural Gas (GJ)	In the reporting period, it refers to the amount of natural gas consumption of the Bank, which is monitored based on the invoices of the service provider companies and the average unit price of the branches whose consumption data are obtained. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Fuel Oil (GJ)	In the reporting period, it refers to the sum of the fuel consumption amount of the Bank's branches and other locations, the diesel consumption amount used for generators calculated on the basis of the average unit price of the fuel purchased for the Head Offices, the diesel consumption amount of the company vehicles monitored from the invoices of the service provider company and the gasoline consumption amount. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Energy Intensity (GJ/total number of employees)	In the reporting period, it refers to the ratio of the Bank's Energy Consumption by Fuel Type to the Total Number of Employees.
<b>Energy Savings</b>	
Total Annual Energy Saving (GJ)	Raporlama döneminde, Banka'nın enerji tasarrufu sağlanan, bankacılık üssü Güneş Enerjisi Santrali projesi, Bodrum Şube Güneş Enerjisi Santrali projesi, kazan değişimi projesi ve led değişimi projesi ile elde edilen, öncesi / sonrası kullanım miktarları arasında fark (faturalar ile takip edilen tüketimden yola çıkılarak) ile takip edilen, düzenli aralıklar ile üst yönetime raporlanan enerji tasarrufu miktarını ifade eder.
Total Annual GHG Saving via Energy Saving (tCO <sub>2</sub> e)	Raporlama döneminde, Banka'nın Toplam Yıllık Enerji Tasarrufu miktarının, elektrik azaltım etkisi için 0.0004331 ton CO <sub>2</sub> e katsayısı ile çarpılarak, doğalgaz azaltım etkisi için 0.0019393 ton CO <sub>2</sub> e katsayısı ile çarpılarak hesaplanan sera gazı emisyon azaltım etkisini ifade eder.
Total GHG Emissions Prevented by Financed Renewable Energy Projects in the Reporting Year (tCO <sub>2</sub> e)	In the reporting period, it refers to the amount of greenhouse gas emissions avoided, calculated by multiplying the amount of energy obtained from renewable energy projects monitored through the Bank's Enerji Piyasaları İşletme A.Ş. (EPIAŞ) system and monitored by third party declarations by the International Energy Agency (IAE) coefficient 0.4331.

# Reporting Guidance

Environmental Indicators	
Indicator	Scope
<b>Greenhouse Gas Emissions (tons CO<sub>2</sub>e)</b>	
Scope 1 (tons CO <sub>2</sub> e)	In the reporting period, it refers to the amount of greenhouse gas emissions caused by the Bank's natural gas consumption tracked from invoices, diesel and gasoline consumption of company vehicles whose consumption amount is tracked from third party companies, generator diesel consumption tracked from invoices, and cooling gases tracked from the service forms of the maintenance company. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Scope 2 (Location base) (tons CO <sub>2</sub> e)	In the reporting period, it refers to the amount of greenhouse gas emissions arising from the Bank's electricity consumption tracked from the invoices of service provider companies. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Total (Scope 1 and Scope 2) (tons CO <sub>2</sub> e)	In the reporting period, it refers to the total amount of Scope 1 and Scope 2 greenhouse gas emissions.
Scope 3 (Category 1,5,6,7) (tons CO <sub>2</sub> e)	In the reporting period, it refers to the amount of greenhouse gas emissions arising from the Bank's paper consumption, service kilometers whose consumption amount is monitored by a third party company and monitored by GPS system, flight kilometers monitored by agencies and hazardous & non-hazardous waste amounts. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Emission Intensity of Scope 1 and 2 (tons CO <sub>2</sub> e/TL total number of employees)	In the reporting period, it refers to the ratio of the Bank's Total (Scope 1 and Scope 2) emission amount to the Total Number of Employees.
<b>Water Management</b>	
Municipal Water (m <sup>3</sup> )	In the reporting period, it refers to the amount of water consumption from the network, which is monitored by the invoices of the Bank's service providers. Yapı Kredi Bank Domestic Subsidiaries and Foreign Subsidiaries are included.
Ground Water (m <sup>3</sup> )	In the reporting period, it refers to the amount of ground water consumption monitored by the invoices of the Bank's service providers. Yapı Kredi Bank Domestic Subsidiaries and Foreign Subsidiaries are included.
Rain Water (m <sup>3</sup> )	In the reporting period, it refers to the amount of rain water consumption of the Bank, which is monitored by meters and monthly meter images are taken. Head Office is included.
Other (m <sup>3</sup> )	In the reporting period, it refers to the amount of drinking and domestic water purchased by the Bank from the supplier company by tanker truck. Head Office is included.
Total (m <sup>3</sup> )	In the reporting period, it refers to the total amount of the Bank's consumption of municipal water, ground water and rain water.
Amount of Wastewater (m <sup>3</sup> )	In the reporting period, it refers to the amount of wastewater consumption of the Bank, which is monitored with the assumption that all of the Bank's municipal water, groundwater and rainwater consumption is wastewater.
Water Intensity (m <sup>3</sup> /total number of employees)	In the reporting period, it refers to the ratio of the Bank's total water consumption, which is the sum of municipal water, groundwater and rainwater consumption, to the total number of employees.

Environmental Indicators	
Indicator	Scope
<b>Waste Amount (tons)</b>	
<b>Hazardous Waste (tons)</b>	In the reporting period, it refers to the amount of hazardous waste monitored by the Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System. Yapı Kredi Bank is included.
Recycled (tons)	In the reporting period, it refers to the amount of waste recycled by the Bank's licensed waste processing facility with the "R" code, which is monitored by the Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System.
<i>Electronic Waste (tons)</i>	In the reporting period, it refers to the amount of electronic waste monitored by the Bank's Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System and evaluated by the licensed waste processing facility with the waste code "electronic waste".
<i>Other (tons)</i>	In the reporting period, it refers to the Bank's hazardous waste types, except electronic waste, which are classified as hazardous waste and declared to the Integrated Environmental Information System and monitored by the Ministry's Mobile Waste Tracking System (MOTAT).
Incinerated with Energy Recovery (tons)	In the reporting period, it refers to the amount of waste subjected to incineration by the Bank's licensed waste treatment facility, which is monitored by the Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System.
Disposed (tons)	In the reporting period, it refers to the amount of waste disposed with the "D" code of the licensed waste treatment facility, which is monitored by the Bank's Ministry's Mobile Waste Tracking System (MOTAT) and declared to the Integrated Environmental Information System.
<b>Non-hazardous Waste (tons)</b>	In the reporting period, it refers to the amount of non-hazardous waste received from the Bank's authorized waste processing licensed companies, for which reconciliation, delivery notes and weighbridge receipts are tracked. Yapı Kredi Bank is included.
Recycled (tons)	In the reporting period, it refers to the amount of waste recycled, which is tracked with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
<i>Paper (tons)</i>	In the reporting period, it refers to the amount of waste tracked under the code "paper waste" with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
<i>Plastic (tons)</i>	In the reporting period, it refers to the amount of waste tracked with the code "plastic waste" with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
<i>Metal (tons)</i>	In the reporting period, it refers to the amount of waste tracked with the code "metal waste" with the weighbridge receipt & delivery note documents received from the Bank's licensed waste processing company.
<i>Other (tons)</i>	In the reporting period, it refers to the amount of waste in glass packaging, wooden packaging, mixed packaging, end-of-life tires and non-hazardous electronic wastes, which are tracked with weighbridge receipts & delivery notes received from the Bank's licensed waste processing company.
Incinerated with Energy Recovery (tons)	Raporlama döneminde, Banka'nın lisanslı atık işleme firmasından alınan kantar fişi & irsaliye dokümanları ve mutabakat belgesi ile takip edilen yakma işlemine tabi tutulan atık miktarını ifade eder.
Municipal Waste (tons)	In the reporting period, it refers to the amount of waste subjected to disposal, which is tracked by the scale receipt & delivery note documents and reconciliation document received from the Bank's licensed waste processing company.



# Reporting Guidance

Social Indicators	
Indicator	Scope
<b>Number of Employees (tons CO<sub>2</sub>e)</b>	
Consolidated Number of Employees by Gender and Age (#)	In the reporting period, it refers to the total number of employees who are monitored through the Bank's Human Resources data platform and whose employment notifications are made to the Social Security Institution. Intern employees are not included in the total number of employees. Yapı Kredi Bank, Domestic Subsidiaries and Foreign Subsidiaries are included.
Number of Employees with Disabilities (#)	In the reporting period, the number of employees of the Bank who are defined as disabled in the Law No. 5378 on Disabled Persons and who were hired by the Company during the reporting period and declared to the Social Security Institution with the Employment Declaration during the reporting year. Yapı Kredi Bank and Domestic Subsidiaries are included.
New Employee Hires by Gender and Age (#)	In the reporting period, it refers to the number of people recruited by the Bank and declared to the Social Security Institution with the Employment Declaration within the reporting year. Yapı Kredi Bank and Domestic Subsidiaries are included.
Voluntary Employee Turnover Rate (%)	In the reporting period, it refers to the ratio of the total number of people who left the Bank only through resignation and who are followed up with their resignation petitions to the total number of employees at the end of the reporting period and the total number of employees at the end of the previous year.
<b>Maternity Leave</b>	
Number of Employees Taking Maternity Leave (#)	In the reporting period, it refers to the number of employees who went on maternity leave within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, within the periods specified in the regulation. Head Offices and Branches are included.
Number of Employees Returning to Work After Maternity Leave (#)	In the reporting period, it refers to the number of female employees who returned to work after the end of the Bank's maternity leave within the periods specified in the regulation within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave. Head Offices and Branches are included.
Number of Employees Returned to Work After Maternity Leave and Worked at Least 12 More Months Afterwards	In the reporting period, within the scope of the Regulation on Part-Time Work to be Performed After Maternity Leave or Unpaid Leave, it refers to the number of employees who return to work after maternity leave of the Bank within the periods determined in the regulation. Head Offices and Branches are included.
Return to Work Rate After Maternity Leave (%)	In the reporting period, it refers to the ratio of the number of employees who went on maternity leave to the number of employees who did not return to work after going on maternity leave. Head Offices and Branches are included.
Retention Rate After Maternity Leave (at least 12 months) (%)	In the reporting period, it refers to the ratio of the number of employees who went on maternity leave to the number of employees who left their jobs within 12 months after going on maternity leave. Head Offices and Branches are included.
Number of Employees Benefiting from Parental Leave (#)	In the reporting period, it refers to the number of employees benefiting from maternity leave and the number of employees benefiting from parental leave Head Offices and Branches are included.

Social Indicators	
Indicator	Scope
<b>Gender Distribution by Management and Position (%)</b>	
Employees in All Positions (%)	In the reporting period, it refers to the ratio of the number of employees in the gender breakdown of the Bank to the total number of employees. Yapı Kredi Bank and Domestic Subsidiaries are included.
Employees in Senior Management Positions by Gender (%)	In the reporting period, it refers to the ratio of the number of employees by gender in the positions of Executive Vice President and Director, which the Bank defines as senior executives, defined as a maximum of two levels higher than CEO or similar positions, to the total number of employees. Head Offices and Branches are included.
<b>Training and Development</b>	
Average Hours of Training per FTE (hours)	In the reporting period, it refers to the ratio of total training hours tracked through the Bank's training platform to the total number of employees. Yapı Kredi Bank and Domestic Subsidiaries are included.
Total Training Hours (hours)	In the reporting period, it refers to the total number of training hours followed through the Bank's training platform. Yapı Kredi Bank and Domestic Subsidiaries are included.
Average Amount Spent per FTE on Training (TL)	In the reporting period, it refers to the ratio of expenditures tracked by invoices as training expenditures in the Bank's accounting system to the total number of employees. Yapı Kredi Bank and Domestic Subsidiaries are included.
Total Amount Spent on Training (TL)	In the reporting period, it refers to the expenditures tracked with invoices as training expenditures in the Bank's accounting system. Yapı Kredi Bank and Domestic Subsidiaries are included.
<b>Types of Training</b>	
OHS (hours)	In the reporting period, it refers to the total number of compulsory or non-compulsory Occupational Health and Safety training hours provided by the Bank's training platform according to hazard class within the scope of Occupational Health and Safety Law No. 6331. Yapı Kredi Bank and Domestic Subsidiaries are included.
Ethics (hours)	In the reporting period, it refers to the hours of ethics training provided through the Bank's training platform. Yapı Kredi Bank and Domestic Subsidiaries are included.
Personal Data Protection Law (hours)	In the reporting period, it refers to the number of hours of training hours that were followed through the Bank's training platform and in which the training contents specified in the Law on the Protection of Personal Data were provided. Yapı Kredi Bank and Domestic Subsidiaries are included.

# Reporting Guidance

Social Indicators	
Indicator	Scope
<b>Occupational Health and Safety</b>	
Total Working Hours (in a year)	In the reporting period, it refers to the total working hours calculated by taking into account the actual working hours of the employees monitored on the Bank's Human Resources platform.
The Total Lost Working Days	In the reporting period, it refers to total lost working days due to the total number of incidents involving the death, lost time injury, limited incapacity for work and medical treatment of the Bank's employees, which occurred during a work-related activity of the employee and prevented the employee from coming to the workplace on the next shift or the next working day, and which are monitored through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
The Number of Work-Related Injuries (#)	In the reporting period, it refers to the number of injuries sustained by a Bank employee in a work-related activity that resulted in the employee being directed to do his/her own job for a lesser period of time or to a simpler job, which is monitored through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
The Number of Work-Related Fatalities (#)	In the reporting period, it refers to the number of the Bank's employees who fall within the definition of "fatal occupational accident" within the scope of Occupational Health and Safety Law No. 6331 and are followed up through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
The Number of Occupational Diseases (#)	In the reporting period, it refers to the number of occupational diseases of the Company's employees that fall under the definition of "occupational disease" within the scope of the Occupational Health and Safety Law No. 6331 and are followed up through notifications made to the Social Security Institution. Yapı Kredi Bank and Domestic Subsidiaries are included.
Lost Day Rate (LDR)	In the reporting period, it refers to the ratio of the number lost working days due to occupational accidents to total working hours at the Bank. Yapı Kredi Bank and Domestic Subsidiaries are included.
Injury Rate (IR)	In the reporting period, it refers to the ratio of the number of work-related injuries of the Bank's employees to total working hours. Yapı Kredi Bank and Domestic Subsidiaries are included.
Occupational Disease Rate (ODR)	In the reporting period, it refers to the ratio of the number of occupational diseases experienced at the Bank to total working hours. Yapı Kredi Bank and Domestic Subsidiaries are included.

## PREPARATION OF THE DATA

### 1. Environmental Indicators

#### Energy Consumption by Fuel Type (GJ):

##### Natural Gas - Stationary Combustion Formula:

$[Consumption\ Data\ (sm^3) * 10.64\ kwh/sm^3 * 0,0036\ GJ/kwh = Activity\ Data\ (GJ)]$

##### Diesel (Generator) - Stationary Combustion Formula:

$[Consumption\ Data\ (lt) * 0.83\ (kg/lt) * 10200\ (kcal/kg) * 4186\ joule/kcal * 1/1000000\ (GJ/J) = Activity\ Data\ (GJ)]$

##### Gasoline - Active Combustion Formula:

$[Consumption\ Data\ (lt) * 0.735\ (kg/lt) * 10400\ (kcal/kg) * 4186\ joule/kcal * 1/1000000\ (GJ/J) = Activity\ Data\ (GJ)]$

##### Diesel - Active Combustion Formula:

$[Consumption\ Data\ (lt) * 0.83\ (kg/lt) * 10900\ (kcal/kg) * 4186\ joule/kcal * 1/1000000\ (GJ/J) = Activity\ Data\ (GJ)]$

##### Purchased Electricity Formula:

$[Consumption\ Data\ (kWh) * 0.0036\ GJ/kwh = Activity\ Data\ (GJ)]$

##### Energy Intensity (GJ/total number of employees)

###### Formula:

$Energy\ intensity\ (GJ/total\ number\ of\ employees) = Energy\ Intensity\ (GJ) * Total\ Number\ of\ Employees$

##### Greenhouse Gas Emissions

The coefficients used in Scope 1, Scope 2 and Scope 3 GHG calculations are taken from the following national and international guidelines.

$[Fuel\ Sourced\ Emission\ (FSE) = Activity\ Data\ (FV) * Emission\ Factor\ (EF)$

$* Oxidation\ Factor\ (RF)]$

##### Emission Factor:

*Emission Factors from Combustion (diesel, fuel-oil, natural gas, LPG): "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 2: Stationary Combustion- Volume 2: Energy"*

*Intergovernmental Panel on Climate Change 2006*

*Table 2.2. Default Emission Factors for Stationary Combustion in the Energy Industries*

*Table 2.3. Default Emission Factors for Stationary Combustion in Manufacturing Industries and Construction"*

*Electricity Emission Factor: Electricity emission factors are based on the "International Energy Agency" 2021 electricity emission factor for Turkey (0.4331 kg/kWh)*

*Vehicle Emission Factors (gasoline, diesel, LPG): "IPCC Guidelines for National Greenhouse Gas Inventories Chapter 3: Mobile Combustion - Volume 2: Energy Intergovernmental Panel on Climate Change 2006"*

*Equation 3.2.1. CO2 from Road Transport*

*Table 3.2.1. Road Transport Default CO2 Emissions Factors and Uncertainty Ranges*

*Equation 3.2.3 Emissions of CH4 and N2O*

*Table 3.2.2 Road Transport N2O and CH4 Default Emissions Factors and Uncertainty Ranges*

# Reporting Guidance

Table 3.3.1.Default Emission Factors For Off-Road Mobile Sources And Machinery (Diesel and Diesel 4 stroke (For lawn mower and Bobcat))”

## Refrigerant Gases:

Global Warming Potentials - [Table] Direct (Except For CH4) Global Warming Potentials (GWP) Relative To Co2 IPCC Fifth Assessment Report, 2014 (Ar5)-CHAPTER (8 and 2)” report section, for the mixture gases, the mixture gas ratios specified in <https://www.ashrae.org/standards-research--technology/standards-guidelines/standards-activities/ashrae-refrigerant-designations> are taken as reference.

R-32: “ISO 14064:2012- 1 Annex C, Table C.1 - GHG global warming potentials” value was used.

## Emission Intensity (Scope 1 & 2 tons CO<sub>2</sub>e/total number of employees)

### Formula:

Emission intensity (tons CO<sub>2</sub>e/TL total number of employees)= (Scope 1 (tons CO<sub>2</sub>e) + Scope 2 (tons CO<sub>2</sub>e))/ Total number of employees

## Water Consumption-Total (m<sup>3</sup>)

### Formula:

Total water consumption (m<sup>3</sup>) = Mains water (m<sup>3</sup>) + Groundwater (m<sup>3</sup>) + Rainwater (m<sup>3</sup>)

## Amount of waste water (m<sup>3</sup>)

### Formula:

Amount of wastewater (m<sup>3</sup>) = Mains water (m<sup>3</sup>) + Groundwater (m<sup>3</sup>) + Rainwater (m<sup>3</sup>)

## Water Intensity (m<sup>3</sup>/total number of employees)

### Formula:

Water intensity (m<sup>3</sup>/total number of employees) = Total water consumption (m<sup>3</sup>) / Total number of employees

## Waste Management (tons)-Total

### Formula:

Total amount of waste (tons) = Hazardous Waste (tons) + Non-hazardous Waste (tons)

## 2. Social Indicators

### Voluntary Employee Turnover Rate (%)

#### Formula:

Number of Employees Resigning / (Total Number of Employees in 2022 + Total Number of Employees in 2021) / 2

### Rate of Return to Work after Maternity Leave (%)

#### Formula:

(Total number of employees on maternity leave / Number of employees who did not return to work after maternity leave)\*100 -100

### Retention rate after maternity leave (at least 12 months) (%)

#### Formula:

(Total number of employees who returned to work after maternity leave and stayed for 12 months / Number of employees who did not return to work after maternity leave)\*100 -100

### Employees in All Positions (%)

#### Formula:

Female: Number of Female Employees / Total Number of Employees

Male: Number of Male Employees / Total Number of Employees

### Lost Day Rate (LDR)

#### Formula:

(Total Number of Lost Working Days \* 200,000) / Total working hours

### Injury Rate (IR)

#### Formula:

Total Number of Work-Related Injuries / (Total Working Hours – Lost Working Hours) x 200,000

### Occupational Disease Rate (ODR)

#### Formula:

(Total Number of Occupational Disease \* 200,000) / Total working hours

## United Nations Principles for Responsible Banking Reporting Index - Basis of Preparation

### 2.1 Impact Analysis:

Demonstrate that the Bank has identified the positive and negative areas where it has the most impact through an impact analysis that meets the following elements

- a) **Scope:** The main business areas, products/services in the geographies where the Bank operates, as described in 1.1, are covered within the scope of the analysis.
- b) **Exposure Scale:** The Bank has considered the industries, technologies and geographies that are relevant to its core business / core activities in determining the areas of greatest impact.
- c) **Context and Relevance:** The Bank has considered the challenges and priorities most relevant to sustainable development in the countries/regions where it operates.
- d) **Scale and Intensity/Significance of Impact:** In identifying the most significant areas of impact, the Bank has considered the scale and intensity/significance of (potential) social, economic and environmental impacts arising from the Bank's operations and provision of products and services.

(The Bank should have engaged with relevant stakeholders to help inform its analysis under elements c) and d)).

- Based on this analysis, the Bank's
- Identified and described the areas with the most significant (potential) positive and negative impacts
  - Demonstrate identification of strategic business opportunities related to increasing positive impacts / reducing negative impacts.

The Bank used version 2 of the Portfolio Impact Analysis Tool (Impact Analysis Tool) developed by the Positive Impact Initiative, signatories of the Principles for Responsible Banking and the United Nations Environment Program Finance Initiative (UNEP FI).

Yapı Kredi's segment breakdowns differ from the segment breakdowns of the Impact Analysis Tool. United Nations Principles for Responsible Banking reporting segment names are based on the segments of the Impact Analysis Tool. The equivalents of these segments in Yapı Kredi are as follows:

**Impact Analysis Tool Retail Banking Segment:** Yapı Kredi retail banking activities  
**Impact Analysis Tool Business Banking Segment:** Yapı Kredi business and SME-ME banking  
**Impact Analysis Tool Corporate Banking Segment:** Yapı Kredi corporate and commercial banking activities

The Bank's activities in three categories in Turkey, namely Retail (Yapı Kredi retail banking), SME (Yapı Kredi business and SME-ME banking segments) and Corporate (Yapı Kredi corporate and commercial banking segment) Banking, were included in the Impact Analysis Tool assessment.

According to the results of the Impact Analysis Tool, taking into account the ranking of portfolio and product intensity and country needs, and within the scope of the common impact areas of the business units and the Bank's sustainability priorities, Yapı Kredi has determined the impact areas it intends to target as follows:

# Reporting Guidance

## United Nations Principles for Responsible Banking Reporting Index - Basis of Preparation

### 2.1 Impact Analysis cont.

While using the Impact Analysis Tool, the areas where financial services offered to retail customers are concentrated within the scope of **Retail Banking** (Vehicle Loans, Mortgage Loans, Education Loans, Other Consumer Loans, Time/Demand Deposit Accounts, Credit Cards and Checks) are included. In these areas, the number of the Bank's active customers in the relevant categories is taken into account according to the definitions specified for Retail Banking in the UN International Standard Industrial Classification of All Economic Activities (ISIC) sector classification list. The number of active retail banking customers and the number of customers who have used retail banking products are determined by IT infrastructure.

Within the scope of **SME Banking and Corporate Banking**, the sectoral breakdown of loan volumes is taken as a basis. Enterprise Banking includes SME and SME-ME loans, while Corporate Banking includes corporate and commercial loans. These loan volumes are determined by IT infrastructure based on cash loans and related risks. Sectoral breakdowns are determined according to the ISIC sector classification list. In this context, the top ten sectors to which the Bank provides loans within the framework of SME Banking and Corporate Banking are included in the analysis.

The Impact Assessment Tool includes "Country Needs Scores" published by UNEP-FI. With this scoring, Turkey's environmental, social and economic accessibility and quality in specific impact areas (*Water, Food, Housing, Health and Sanitation, Education, Employment, Energy, Mobility, Communication (& Information), Culture and Heritage, Personal Integrity and Security, Justice, Strong Institutions, Peace and Stability; Quality (based on physical and chemical properties) and efficient use of Water, Air, Soil, Biodiversity and Ecosystem, Resource Efficiency and Security, Climate, Waste; Inclusive and Healthy Economy, Economic Convergence and economic value creation for society*) needs have been quantified by UNEP-FI and this analysis has been directly used by the Bank when taking into account Turkey's sustainable development needs.

In line with the data entered into the Impact Analysis Tool for Retail, SME and Corporate Banking and Turkey's sustainable development needs, three potential impact areas of the Bank were identified.

### 2.2 Setting Goals:

Demonstrate that the Bank has set and published at least two specific, measurable (can be qualitative or quantitative), feasible, relevant and time-bound (SMART) targets that address at least two of the "areas where it has the most significant impact" due to its activities, products and services.

Demonstrate that these targets are linked to and contribute to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks. The Bank should have established a baseline (assessed over a given year) and set targets against it.

Demonstrate that the Bank has analyzed and is aware of the significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society goals and has put in place relevant actions to mitigate them as much as possible to maximize the net positive impact of the targets.

Yapı Kredi first identified potential impact areas in 2020 with the Portfolio Impact Analysis Tool developed by the United Nations Environment Program Finance Initiative (UNEP FI). After the Portfolio Impact Analysis Tool was updated and version 2 was published, Yapı Kredi repeated the impact analysis in 2021.

Since 2016, the Bank has published a total of 7 CDP Climate Change Program reports. The Bank's CDP Reports are available at CDP Reports | Reports and Awards | Yapı Kredi.

## United Nations Principles for Responsible Banking Reporting Index - Basis of Preparation

### 5.3 Governance Structure for the Implementation of the Principles

Demonstrate that the Bank has a governance structure in place for the implementation of the Principles for Responsible Banking:

These activities should include the following:

- a) Setting objectives and carrying out activities to achieve those objectives
- b) Taking corrective actions in the event that the objectives or milestones are not achieved or an unexpected negative impact is detected

Within the scope of compliance with the Responsible Banking Principles, the Bank reports to the Sustainability Committee chaired by the relevant Board Member. In 2022, the Sustainability Committee convened 4 times in total. The results of the impact analysis study conducted within the scope of the United Nations Principles for Responsible Banking were presented at the Sustainability Committee meeting held in January 2022. The three impact areas selected according to the results of the analysis were presented to the Sustainability Committee for its opinion and put into effect upon the Committee's approval.

### 6.1 Progress in implementing the Principles of Responsible Banking

In addition to setting and implementing targets in at least two areas, demonstrate how the Bank has made progress in implementing the six Principles over the last 12 months (up to 18 months at first reporting after becoming a signatory) (see 2.1-2.4).

Demonstrate that the Bank has taken into account existing and emerging international/regional good practice relevant to the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and objectives to align with good practice.

Demonstrate that the Bank has made changes/worked on changes to its existing practices to reflect and align with existing and emerging international/regional good practice and has made progress in implementing these Principles.

Yapı Kredi prepared its second report within the scope of the United Nations Principles for Responsible Banking, which it signed in 2019. The Bank conducted its first impact analysis in 2020 using the Portfolio Impact Analysis tool developed in cooperation with UNEP FI. The Portfolio Impact Analysis Tool was updated in 2021 and the second version was published. Yapı Kredi repeated the impact analysis study with the updated Portfolio Impact Analysis Tool in order to select the impact areas where it will set its targets in the most accurate way. Based on the results of the impact analysis conducted for the second time, the Bank revised the impact areas in which it will set its targets in line with the United Nations Principles for Responsible Banking. Therefore, the target setting process has not yet been completed. It is aimed to complete the target setting process by the next reporting period. The methods to be adopted to measure and monitor the targets to be set within this framework have been determined, and key performance indicators to be measured and monitored within the scope of each target will be determined. Based on the determined key performance indicators, progress on each target will be transparently shared with all stakeholders of the Bank through the United Nations Principles for Responsible Banking Report.

The Bank follows and complies with national and international initiatives and best practices that support its sustainability strategy consisting of four main areas.

The Bank's activities during the reporting period related to national and international initiatives and best practices within the scope of sustainability are as follows:

- The Bank is one of the supporters of the Task Force on Climate-related Financial Disclosures (TCFD). The list of TCFD supporters is available at <https://www.fsb-tcfid.org/supporters/>.
- Yapı Kredi completed its efforts to comply with the Equator Principles (EP4), a voluntary credit risk management framework and guidelines for environmental and social risk assessment.
- The Bank joined the Science Based Targets Initiative's Business Ambition for 1.5°C platform and made a commitment to set emission reduction targets to limit global warming to 1.5°C.
- With the credit policies updated in 2021, Yapı Kredi declared that the Bank will not finance new coal-fired power plants and new coal mining projects.

## RESTATEMENTS

The measuring and reporting of sustainability-related data inevitably involves a degree of estimation. Restatements are considered where there is a change in the data of greater than 5% at the Company level.

# Limited Assurance Report

## TO THE BOARD OF DIRECTORS OF YAPI VE KREDİ BANKASI A.Ş.

We have been engaged by the Board of Directors of Yapı ve Kredi Bankası A.Ş. (the “Bank” or “Yapı Kredi”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Yapı Kredi 2022 Integrated Annual Report (the “2022 Integrated Annual Report”) for the year ended 31 December 2022 and listed below.

### Selected Information

#### Selected Information in the scope of United Nations Principles for Responsible Banking Reporting Index - Comprehensive Summary of Bank's Response

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 619, 620, 621, 622, 623, 627, 628 ve 629 of the 2022 Integrated Annual Report with the sign is summarised below:

- 2.1 Impact Analysis
- 2.2 Goal Setting
- 2.3 Plans for the Implementation and Monitoring of Goals
- 2.4 Progress in the Implementation of Goals
- 5.3 Governance Structure for the Implementation of the Principles
- 6.1 Progress in the Application of Responsible Banking Principles

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with in the 2022 Integrated Annual Report and, any other elements included in the 2022 Integrated Annual Report and, therefore, do not express any conclusion thereon.

### Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section Appendix-1: YKB 2022 Integrated Annual Report – Reporting Guidance (the “Reporting Guidance”) on pages 643, 644 and 645 of the 2022 Integrated Annual Report.

### The Bank's Responsibility

The Bank is responsible for the content of the 2022 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Guidance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

### Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

### Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000- “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000” Revised).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised). Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and;
- undertook analytical procedures over the reported data.

### Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank's Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

### Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Yapı ve Kredi Bankası A.Ş.'s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2022 Integrated Annual Report for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Yapı ve Kredi Bankası A.Ş. as a body and Yapı ve Kredi Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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

Didem Demer Kaya, SMMM Partner  
Istanbul, 21 February 2023

# Limited Assurance Report

## TO THE BOARD OF DIRECTORS OF YAPI VE KREDİ BANKASI A.Ş.

We have been engaged by the Board of Directors of Yapı ve Kredi Bankası A.Ş. (the “Bank” or “Yapı Kredi”) to perform a limited assurance engagement in respect of the Selected Sustainability Information (the “Selected Information”) stated in the Yapı Kredi 2022 Integrated Annual Report (the “2022 Integrated Annual Report”) for the year ended 31 December 2022 and listed below.

### Selected Information

The scope of the Selected Information for the year ended 31 December 2022, which is subject to our limited assurance work, set out in the pages 169, 612, 613, 614, 615, 616 and 617 of the 2022 Integrated Annual Report with the sign is summarised below:

### Environmental Indicators

- Energy Consumption by Fuel Type (GJ)
  - Electricity (GJ)
  - Grid Electricity (GJ)
  - Renewable Electricity (Produced)
  - Renewable Electricity (Purchased)
  - Natural Gas (GJ)
  - Fuel Oil (GJ)
  - Energy Intensity (GJ/total number of employees)
- Energy Savings
  - Total Annual Energy Saving (GJ)
  - Total Annual Greenhouse Gas Saving Achieved via Energy Saving (tCO<sub>2</sub>e)
  - Total Greenhouse Gas Emissions Prevented by Financed Renewable Energy Projects in the Reporting Year (tCO<sub>2</sub>e)
- Greenhouse Gas Emissions (tons CO<sub>2</sub>e)
  - Scope 1 (tons CO<sub>2</sub>e)
  - Scope 2 (tons CO<sub>2</sub>e)
  - Total (Scope 1 and Scope 2) (tons CO<sub>2</sub>e)
  - Scope 3 (Category 1,5,6,7) (tons CO<sub>2</sub>e)
  - Emission Intensity of Scope 1 and 2 (tons CO<sub>2</sub>e/TL total number of employees)
- Water Management
  - Municipal Water (m<sup>3</sup>)
  - Ground Water (m<sup>3</sup>)
  - Rain Water (m<sup>3</sup>)
  - Other (m<sup>3</sup>)
  - Total Water Consumption (m<sup>3</sup>)
  - Amount of Wastewater(m<sup>3</sup>)
  - Water Intensity (m<sup>3</sup>/total number of employees)
- Hazardous Waste (tons)
  - Recycled (tons)
    - Electronic Waste (tons)
    - Other (tons)

- Incinerated with Energy Recovery (tons)
- Disposed (tons)
- Non-hazardous Waste (tons)
  - Recycled (tons)
    - Paper (tons)
    - Plastic (tons)
    - Metal (tons)
    - Other (tons)
- Incinerated with Energy Recovery (tons)
- Municipal Waste (tons)

### Social Indicators

- Consolidated Number of Employees by Gender and Age (#)
- Number of Employees with Disabilities (#)
- Number of New Hires by Gender and Age (#)
- Voluntary Employee Turnover Rate (%)
- Maternity Leave
  - Number of Employees Taking Maternity Leave (#)
  - Number of Employees Returning to Work After the End of Maternity Leave (#)
  - Number of Employees Returned to Work After Maternity Leave and Worked at Least 12 More Months Afterwards
  - Return to Work Rate After Maternity Leave (%)
  - Retention Rate After Maternity Leave (at least 12 months) (%)
  - Number of Employees Benefiting from Parental Leave (#)
- Gender Distribution by Management and Position (%)
  - Employees in All Positions (%)
  - Ratio of Employees in Senior Management Positions by Gender (%)
- Training and Development
  - Average Hours of Training per FTE (hours)
  - Total Training Hours (hours)
  - Average Amount Spent per FTE on Training (TL)
  - Total Amount Spent on Training (TL)
- Types of Training
  - OHS (hours)
  - Ethics (hours)
  - Personal Data Protection Law (hours)
- Occupational Health and Safety
  - Total Working Hours (in a year)
  - The Total Lost Working Days
  - The Number of Work-Related Injuries (#)
  - The Number of Work-Related Fatalities (#)
  - The Number of Occupational Diseases (#)
  - Lost Day Rate (LDR)
  - Injury Rate (IR)
  - Occupational Disease Rate (ODR)

# Limited Assurance Report

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any information other than Selected Information marked with in the 2022 Integrated Annual Report and, any other elements included in the 2022 Integrated Annual Report and, therefore, do not express any conclusion thereon.

## Criteria

The criteria used by the Bank to prepare the Selected Information is set out in section Appendix-1: YKB 2022 Integrated Annual Report – Reporting Guidance (the “Reporting Guidance”) on pages 634-645 of the 2022 Integrated Annual Report.

## The Bank’s Responsibility

The Bank is responsible for the content of the 2022 Integrated Annual Report and the preparation of the Selected Information in accordance with the Reporting Guidance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

## Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information.

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

In particular, the conversion of different energy measures to Gigajoule (GJ) and energy used to carbon emissions is based upon, inter alia, information and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third-party information.

## Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000- “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (“ISAE 3000” Revised) and International Standard on Assurance Engagements 3410- “Assurance Engagements on Greenhouse Gas Statements” (“ISAE 3410”).

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) and ISAE 3410. Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement.

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- made inquiries of the persons responsible for the Selected Information;
- understood the process for collecting and reporting the Selected Information. This included analysing the key processes and controls for managing and reporting the Selected Information;
- evaluated the source data used to prepare the Selected Information and re-performed selected examples of calculation;
- performed limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by the Bank and
- undertook analytical procedures over the reported data.

## Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Bank’s Selected Information for the year ended 31 December 2022, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

## Restriction of use

This report, including the conclusion, has been prepared for the Board of Directors of the Bank as a body, to assist the Board of Directors in reporting Yapı ve Kredi Bankası A.Ş.’s performance and activities related to the Selected Information. We permit the disclosure of this report within the 2022 Integrated Annual Report for the year ended 31 December 2022, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors of Yapı ve Kredi Bankası A.Ş. as a body and Yapı ve Kredi Bankası A.Ş. for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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

Didem Demer Kaya, SMMM  
Partner

Istanbul, 21 February 2023

# GRI Content Index



2023

Content Index - As part of its Core Service, GRI Services acknowledges that the GRI content index is presented in a clear and consistent manner with the Standards, and is consistent with the 2-1 to 2-5, 3-1, and 3-2 descriptions. It reviewed that the relevant references were included in the body of the report in the appropriate sections.

Statement of use	Yapı ve Kredi Bankası A.Ş., has reported in accordance with the GRI Standards for the period 1 January to 31 December 2022
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Since the industry standard in the field of financial services has not been prepared yet, no industry standard has been used.

GRI STANDARD	DISCLOSURE	LOCATION	OMMISSION
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organizational Details	About the Report, page 4 About Yapı Kredi, page 24 Shareholding Structure, page 28-29 Yapı Kredi's Subsidiaries, pages 34-35
	2-2	Entities Included in the Organization's Sustainability Reporting	About the Report, page 4
	2-3	Reporting Period, Frequency and Contact Point	About the Report, page 4
	2-4	Restatements of Information	There is no restated statement regarding the information provided in previous reports.
	2-5	External Assurance	About the Report, page 4 Limited Assurance Report, page 646-651
	2-6	Activities, Value Chain and Other Business Relationships	About Yapı Kredi, page 24 Shareholding Structure, 28-29 Service Model, page 32-33 Subsidiaries of Yapı Kredi, page 34-35 2022 Positioning, page 36
	2-7	Employees	About Yapı Kredi, page 24 Performance Tables, page 614
	2-8	Workers Who are not Employees	Performance Tables, page 614
	2-9	Governance Structure and Composition	Board of Directors, page 38-43 Management, page 44-53 Board of Directors and Committees, page 54-67
	2-10	Nomination and Selection of the Highest Governance Body	Board of Directors and Committees, 54-67 Declaration of Compliance With Corporate Governance Principles, 244-245
	2-11	Chair of the Highest Governance Body	Board of Directors, page 38 Management, page 44-53 Board of Directors and Committees, page 54
	2-12	Role of the Highest Governance Body in Overseeing the Management of IMP	Board of Directors and Committees, page 54-67 Sustainability Management, page 70-73
	2-13	Delegation of Responsibility for Managing Impacts	Sustainability Management, page 70-73
	2-14	Role of the Highest Governance Body in Sustainability Reporting	Sustainability Management, page 70-73 Material Issues, page 93-95
	2-15	Conflicts of Interest	Ethics and Compliance, page 90-92
	2-16	Communication of Critical Concerns	Ethics and Compliance, page 90-92
	2-17	Collective Knowledge of the Highest Governance Body	Ethics and Compliance, page 90-92
	2-18	Evaluation of the Performance of the Highest Governance Body	Board of Directors, page 38-43 Declaration of Compliance With Corporate Governance Principles, page 244-245

GRI STANDARD	DISCLOSURE	LOCATION	OMMISSION
General Disclosures			
GRI 2: General Disclosures 2021	2-19	Remuneration Policies	Board of Directors and Committees, page 55 Declaration of Compliance With Corporate Governance Principles, page 244-245 Remuneration Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2023/Remuneration-Policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2023/Remuneration-Policy.pdf</a>
	2-20	Process to Determine Remuneration	Declaration of Compliance With Corporate Governance Principles, page 244-245 Remuneration Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2023/Remuneration-Policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2023/Remuneration-Policy.pdf</a>
	2-21	Annual Total Compensation Ratio	Declaration of Compliance With Corporate Governance Principles, page 244-245 Performance Tables, page 616 Remuneration Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2023/Remuneration-Policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2023/Remuneration-Policy.pdf</a>
	2-22	Statement on Sustainable Development Strategy	Board of Directors Başkan'ının Mesajı, page 16-17 CEO's Message, 18-21 Ethics and Compliance, page 90-92
	2-23	Policy Commitments	Risk Management, page 114-115 Yapı Kredi Human Rights Statement, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a> Yapı Kredi Responsible Procurement Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf</a>
	2-24	Embedding Policy Commitments	Ethics and Compliance, page 90-92 Risk Management, page 114-115 Yapı Kredi Human Rights Statement, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a> Yapı Kredi Responsible Procurement Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_responsible_procurement_policy.pdf</a>
	2-25	Processes to Remediate Negative Impacts	Ethics and Compliance, page 90-92 Yapı Kredi Human Rights Statement, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a> Talented and Committed Employees, page 222-224
	2-26	Mechanisms for Seeking Advice and Raising Concerns	Ethics and Compliance, page 90-92 Yapı Kredi Human Rights Statement, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a> Talented and Committed Employees, page 222-224
	2-27	Compliance with Laws and Regulations	In 2022, there are no environmental penalties for non-compliance with environmental laws and regulations.
	2-28	Membership Associations	Stakeholder Relations, page 98
	2-29	Approach to Stakeholder Engagement	Material Issues, page 93-94 Stakeholder Relations, page 96-98
	2-30	Collective Bargaining Agreements	Talented and Committed Employees, page 223



# GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION	OMMISSION
General Disclosures			
GRI 3: Material Topics 2021	3-1	Process to Determine Material Topics	Material Issues, page 94-95
	3-2	List of Material Topics	Material Issues, page 94-95
Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Board of Directors Başkanı Mesajı, page 16-17 CEO's Message, page 18-21
	201-1	Direct Economic Value Generated and Distributed	Direct Economic Value Generated and Distributed page 242
GRI 201: Economic Performance 2016	201-2	Financial Implications and other Risks and Opportunities Due to Climate Change	Risk Management, page 99-101 TCFD Disclosure Table, page 302-303
	201-3	Defined Benefit Plan Obligations and other Retirement Plans	Financial Information, page 328-329, page 427-428
	201-4	Financial Assistance Received from Government	Financial Information, page 332
Market presence			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Talented and Committed Employees, page 221; page 224-225
GRI 202: Market Presence 2016	202-1	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	Performance Tables, page 616
Indirect Economic Impact			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Board of Directors Başkanı Mesajı, page 16-17 CEO's Message, page 18-21
	203-1	Infrastructure Investments and Services Supported	Responsible and Sustainable Finance, page 118-125
GRI 203: Indirect Economic Impact 2016	203-2	Significant Indirect Economic Impacts	Commercial and SME Banking, page 160-161 Corporate Banking, page 166-167

GRI STANDARD	DISCLOSURE	LOCATION	OMMISSION
General Disclosures			
Ethics and Compliance			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Yapı Kredi Anti Bribery and Corruption Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2022/Anti-Bribery_and_Corruption_Policy.pdf?v2">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2022/Anti-Bribery_and_Corruption_Policy.pdf?v2</a> Ethics and Compliance, page 90-92
	205-1	Operations Assessed for Risks Related to Corruption	Risk Management, page 112-113
GRI 205: Anti-corruption 2016	205-2	Communication and Training About Anti-Corruption Policies and Procedures	Ethics and Compliance, page 90-92 Risk Management, page 112-113
	205-3	Confirmed Incidents of Corruption and Actions Taken	Ethics and Compliance, page 90-92 Risk Management, page 112-113
GRI 206: Anti-competitive Behavior 2016	206-1	Legal Actions for Anti-Competitive Behavior, Anti-Trust, and Monopoly Practices	In 2022, there are no lawsuits filed regarding anti-competitive behavior, trust and monopoly activities.
Tax			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Board of Directors Başkanı Mesajı, page 16-17 CEO's Message, page 18-21
	207-1	Approach to Tax	Financial Information, page 494-495
GRI 207: Tax 2019	207-2	Tax Governance, Control, and Risk Management	Financial Information, page 494-495
	207-3	Stakeholder Engagement and Management of Concerns Related to Tax	Financial Information, page 494-495
		Country-by-Country Reporting	Financial Information, page 494-495
Energy			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Environmental Impact, page 126-127
	302-1	Energy Consumption within the Organization	Performance Tables, page 612
GRI 302: Energy 2016	302-2	Energy Consumption Outside of the Organization	Performance Tables, page 612
	302-3	Energy Intensity	Performance Tables, page 612
	302-4	Reduction of Energy Consumption	Environmental Impact, page 126-127

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GRI STANDARD	DISCLOSURE	LOCATION	OMMISION
General Disclosures			
Water and effluents			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Environmental Impact, page 129
GRI 303: Water and effluents 2018	303-1	Interactions with Water as a Shared Resource	Environmental Impact, page 129
	303-2	Management of Water Discharge-Related Impacts	Environmental Impact, page 129
	303-3	Water Withdrawal	Performance Tables, page 613
	303-4	Water Discharge	Performance Tables, page 613
		Water Consumption	Performance Tables, page 613
Climate Change			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Environmental Impact, page 126-127
GRI 305: Climate Change 2016	305-1	Direct (Scope 1) GHG Emissions	Performance Tables, page 612
	305-2	Energy Indirect (Scope 2) GHG Emissions	Performance Tables, page 612
	305-3	Other Indirect (Scope 3) GHG Emissions	Performance Tables, page 612
	305-4	GHG Emissions Intensity	Performance Tables, page 612
	305-5	Reduction of GHG Emissions	Environmental Impact, page 126-128
Waste			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Environmental Impact, page 130
GRI 306: Waste 2020	306-1	Waste Generation and Significant Waste-Related Impacts	Environmental Impact, page 130
	306-2	Management of Significant Waste-Related Impacts	Environmental Impact, page 130
	306-3	Waste Generated	Performance Tables, page 613

GRI STANDARD	DISCLOSURE	LOCATION	OMMISION
General Disclosures			
Supplier Environmental Assessment			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Environmental Impact, page 130-131
GRI 308: Supplier Environmental Assessment 2016	308-1	New Suppliers that were Screened Using Environmental Criteria	Risk Yönetimi, sayfa 113-114
	308-2	Negative Environmental Impacts in the Supply Chain and Actions Taken	Etik ve Uyum, sayfa 90-92 Risk Yönetimi, sayfa 113-114
We encourage our suppliers to manage their environmental impacts and work with suppliers that comply with our responsible purchasing policy. However, as we are in the financial services sector, our suppliers do not have high environmental impact, and we do not have an audit study for the environmental impacts of the suppliers.			
Employment / Business Continuity			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Talented and Committed Employees, page 216-225
GRI 401: Employment / Business Continuity 2016	401-1	New Employee Hires and Employee Turnover	Performance Tables, page 615
	401-2	Benefits Provided to Full-Time Employees that are not Provided to Temporary or Part-Time Employees	Talented and Committed Employees, page 223
	401-3	Parental Leave	Performance Tables, page 615
Labor/Management relations			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Talented and Committed Employees, page 216-225
GRI 402: Labor/Management relations 2016	402-1	Minimum Notice Periods Regarding	Talented and Committed Employees, page 221-223
Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of Material Topics	Material Issues, page 93-95 Talented and Committed Employees, page 216-225
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	Talented and Committed Employees, page 223-224 Yapı Kredi Occupational Health and Safety Policy, <a href="https://www.yapikrediinvestorrelations.com/tr/images/pdf/etikilkelere/2021/yk_is_sagligi_ve_guvenligi_politikasi.pdf">https://www.yapikrediinvestorrelations.com/tr/images/pdf/etikilkelere/2021/yk_is_sagligi_ve_guvenligi_politikasi.pdf</a>

# GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION	OMMISSION
General Disclosures			
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-2	Hazard Identification, Risk Assessment, and Incident Investigation Yapı Kredi Occupational Health and Safety Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf</a>	
	403-3	Occupational Health Services Yapı Kredi Occupational Health and Safety Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf</a>	
	403-4	Worker Participation, Consultation, and Communication on Occupational Health and Safety Talented and Committed Employees, page 223-224 Yapı Kredi Occupational Health and Safety Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf</a>	
	403-5	Worker Training on Occupational Health and Safety Talented and Committed Employees, page 223-224	
	403-6	Promotion of Worker Health Talented and Committed Employees, page 223-224	
	403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly linked by Business Relationships Yapı Kredi Occupational Health and Safety Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf</a>	
	403-8	Workers Covered by an Occupational Health and Safety Management System Yapı Kredi Occupational Health and Safety Policy, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_occupational_health_and_safety_policy.pdf</a>	
	403-9	Work-Related Injuries Performance Tables, page 617	
	403-10	Work-Related Ill Health Performance Tables, page 617	
	Training and Education / Employee Satisfaction and Engagement		
GRI 3: Material Topics 2021	3-3	Management of Material Topics Material Issues, page 93-95 Talented and Committed Employees, page 216-225 Performance Tables, page 616	
GRI 404: Training and Education / Employee Satisfaction and Engagement 2016	404-1	Average Hours of Training per Year per Employee Talented and Committed Employees, page 217	
	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs Talented and Committed Employees, page 218-221	
	404-3	Percentage of Employees Receiving Regular Performance and Career Development Reviews Talented and Committed Employees, page 221	
Diversity and Equal Opportunity			
GRI 3: Material Topics 2021	3-3	Management of Material Topics Material Issues, page 93-95 Talented and Committed Employees, page 216-225	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of Governance Bodies and Employees Talented and Committed Employees, page 225 Performance Tables, page 616	
	405-2	Ratio of Basic Salary and Remuneration of Women to Men Performance Tables, page 616	

GRI STANDARD	DISCLOSURE	LOCATION	OMMISSION
General Disclosures			
Human Rights			
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GRI 406: Human Rights 2016	406-1	Incidents of Discrimination and Corrective Actions Taken Talented and Committed Employees, page 225 Code of Ethics and Business Conduct, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2021/YKB_Code_of_Ethics_and_Business_Conduct.pdf</a>  Yapı Kredi Human Rights Statement, <a href="https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf">https://www.yapikrediinvestorrelations.com/en/images/pdf/codeofethicsandpolicies/2020/yk_human_rights_statement_and_appendices.pdf</a>	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and Suppliers in Which the Right to Freedom of Association and Collective Bargaining may be at Risk Risk Management, page 115 Talented and Committed Employees, page 223	
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GRI 413: Local Communities 2016	413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs Contribution to Society, page 134-139	

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GRI 414: Supplier Social Assessment 2016	414-1	New Suppliers that were Screened Using Social Criteria	We encourage our suppliers to manage their social impact and work with suppliers that comply with our responsible purchasing policy. However, as we are in the financial services sector, our suppliers do not have high social impact, and we do not have an audit study for the social impacts of the suppliers.
	414-2	Negative Social Impacts in the Supply Chain and Actions Taken	
Public Policy			
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GRI 415: Public Policy 2016	415-1	Political Contributions	Yapı Kredi does not allow the use of company assets for political activities and does not make donations to politicians or political parties.
Cyber Infrastructure and Data Security			
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GRI 418: Cyber Infrastructure and Data Security 2016	418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	Technological Risks and Cyber Security, page 198-201 Personal Data Protection and Processing, page 214-215

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Website:	<a href="http://www.yapikredi.com.tr">http://www.yapikredi.com.tr</a>
Branch Information:	All information can accessed via Yapı Kredi website
Social Media Information:	"Yapı Kredi has an active presence in Facebook, Twitter, Instagram, LinkedIn, TikTok, Google+ and Youtube, In all channels the bank is under the name Yapı Kredi"

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**2022 INTEGRATED  
ANNUAL REPORT**

