

**YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş.
AND ITS SUBSIDIARY**

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Yapı Kredi Yatırım Menkul Değerler A.Ş.

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Yapı Kredi Yatırım Menkul Değerler A.Ş. (the “Company”) and its subsidiary (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and their financial performance and their cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for Opinion

Our audit was conducted in accordance with 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 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.



Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group recognized a total of TRY 10,206,537,286 of income under “revenue” and “revenue from financial service activities” items on its income statement for the period 1 January - 31 December 2022. Disclosures and notes related to the revenue are discussed in notes 2.4.(b), 24 and 25 of the accompanying financial statements prepared as of 31 December 2022.</p> <p>This area is regarded as a key audit matter due to the magnitude of revenue in the financial statements; revenue being generated through as a result of multiple transactions such as sales of marketable securities, intermediary commissions, portfolio management income and corporate finance income; and calculated by using different methods and parameters due to the nature of the Group’s operations.</p>	<p>Within the scope of our audit procedures related to revenue recognition, we evaluated the compliance of accounting policies determined by Group management regarding revenue recognition with TFRS and the relevant legislation. Furthermore, we evaluated and tested the design and operational effectiveness of the internal controls applied by the management to ensure revenue is recognised in accordance with relevant accounting standards. We tested the transaction details using a selected sample from revenue transactions by checking the completeness of the securities sales revenues and service income transactions such as brokerage and portfolio management, which constitute the revenue amount subject to audit by comparing these transaction details to the relevant supporting documentation to verify that the amounts were recognised properly on a transaction basis.</p> <p>In addition, we controlled the consistency of the transaction volumes with the third parties, which were used to calculate the intermediary commissions based on a selected sample.</p>

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 TFRS, 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 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 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.
- 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 Company'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 Company'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 into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

Talar Gül, SMMM
Partner

Istanbul, 30 January 2023

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

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YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

Assets	Notes	(Audited) 31 December 2022	(Audited) 31 December 2021
Current assets			
Cash and cash equivalents	6	6,121,639,305	3,962,911,052
Financial investments	7	1,600,835,004	139,202,487
- Fair value through profit or loss financial assets		1,485,673,534	76,878,536
- Financial assets measured at fair value through other comprehensive income		115,161,470	51,505,722
- Financial assets measured at amortised cost		-	10,818,229
Trade receivables	10	4,041,675,813	1,046,784,986
- Trade receivables due from related parties	29	39,726,137	78,086,817
- Trade receivables due from third parties		4,001,949,676	968,698,169
Receivables from financial activities	11	76,410,031	40,636,404
- Receivables from financial activities due from related parties	29	52,765,084	40,360,092
- Receivables from financial activities due from third parties		23,644,947	276,312
Other receivables	12	1,024,620,981	293,252,643
- Other receivables due from related parties		-	-
- Other receivables due from third parties		1,024,620,981	293,252,643
Derivative instruments	17	3,498,634	2,545,966
Prepaid expenses	20	22,589,811	8,842,485
- Prepaid expenses due to related parties	29	302,572	113,066
- Prepaid expenses due to third parties		22,287,239	8,729,419
Current tax assets	23	109,137	109,137
Other current assets		257,124	135,418
- Other current assets due from third parties		257,124	135,418
Total current assets		12,891,635,840	5,494,420,578
Non-current assets			
Financial investments	7	95,563,550	155,990,448
- Financial assets measured at fair value through other comprehensive income		76,264,534	142,451,233
- Financial assets measured at amortised cost		19,299,016	13,539,215
Property, plant and equipment	13	30,562,387	24,014,348
Right of use assets	14	4,440,040	3,705,907
Intangible assets	15	32,584,322	36,203,753
Deferred tax assets	23	8,541,829	91,778,497
Total non-current assets		171,692,128	311,692,953
Total assets		13,063,327,968	5,806,113,531

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

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2022 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

Liabilities	Notes	(Audited) 31 December 2022	(Audited) 31 December 2021
Short-term liabilities			
Short term liabilities	9	7,311,410,709	3,103,079,767
- Short term liabilities due to related parties	29	3,725,813	2,781,455
- Bank borrowings	29	3,725,813	2,781,455
- Short term liabilities due to third parties		7,307,684,896	3,100,298,312
- Bank borrowings	9	193,697,937	-
- Other short term borrowings		7,113,986,959	3,100,298,312
Trade payables	10	2,778,729,680	848,010,635
- Trade payables to related parties	29	287,146,783	34,563,941
- Trade payables to third parties		2,491,582,897	813,446,694
Payables related to employee benefits	19	11,130,541	9,079,367
Other payables	12	348,470,409	109,091,449
- Other payables due to related parties	29	-	-
- Other payables due to third parties		348,470,409	109,091,449
Derivative instruments	17	542,633	307,642,910
Current tax liabilities	23	92,137,419	111,242,392
Short term provisions		114,505,514	43,628,769
- Short term provisions for employee benefits	18	97,091,358	37,379,109
- Other short term provisions	16	17,414,156	6,249,660
Other short term liabilities	21	130,405,932	86,856,690
Total short term liabilities		10,787,332,837	4,618,631,979
Long-term liabilities			
Long term borrowings	9	1,098,608	1,094,430
- Long term liabilities due to related parties	29	1,098,608	1,094,430
- Long term liabilities due to third parties		-	-
Long term provisions	18	50,024,349	20,109,122
- Provisions for employee benefits		50,024,349	20,109,122
Total long term liabilities		51,122,957	21,203,552
Total liabilities		10,838,455,794	4,639,835,531
Shareholder's equity			
Paid in capital	22	98,918,083	98,918,083
Adjustments to share capital	22	63,078,001	63,078,001
Accumulated other comprehensive income			
that will be reclassified to profit or loss		3,417,668	1,754,524
- Revaluation and reclassification gains / (losses)		3,417,668	1,754,524
Accumulated other comprehensive income / (expenses)			
that will not be reclassified to profit or loss		1,200,323	15,752,745
- Profits from investments in equity instruments		22,180,709	22,180,709
- Defined benefit plans remeasurement gains / (losses)		(20,980,386)	(6,427,964)
Restricted reserves	22	197,694,140	186,831,858
Retained earnings		647,279,153	318,640,742
Net profit for the period		1,160,960,272	453,069,411
Equity attributable to owners of the parent		2,172,547,640	1,138,045,364
Non-controlling interests	22	52,324,534	28,232,636
Total shareholder's equity		2,224,872,174	1,166,278,000
Total liabilities and shareholder's equity		13,063,327,968	5,806,113,531

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

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

	Notes	(Audited) 1 January- 31 December 2022	(Audited) 1 January- 31 December 2021
PROFIT OR LOSS			
Revenue	24	9,696,232,692	5,632,310,932
Cost of sales (-)	24	(8,303,482,291)	(5,066,839,517)
Gross profit from business operations		1,392,750,401	565,471,415
Revenue from financial activities	25	510,304,594	249,307,789
Cost of financial activities (-)	25	(8,043,885)	(4,506,965)
Gross profit from financial activities		502,260,709	244,800,824
Gross profit		1,895,011,110	810,272,239
General administrative expenses (-)	26	(497,492,104)	(248,003,576)
Marketing, selling and distribution expenses (-)	26	(339,727,040)	(161,033,636)
Other income from operating activities	27	1,666,505,207	1,235,329,729
Other expense from operating activities (-)	28	(1,177,991,676)	(999,659,557)
Profit (Loss) From Operating Activities		1,546,305,497	636,905,199
Profit before tax from continuing operations		1,546,305,497	636,905,199
Tax expense from continuing operations (-)		(343,189,360)	(163,243,448)
- Tax expense for the period (-)	23	(255,652,909)	(272,253,752)
- Deferred tax expense (-)/income	23	(87,536,451)	109,010,304
Total profit from continuing operations		1,203,116,137	473,661,751
Total profit		1,203,116,137	473,661,751
Total profit attributable to:			
Profit, attributable to non-controlling interests	22	42,155,865	20,592,340
Profit, attributable to owners of parent		1,160,960,272	453,069,411
Earnings per share from continuing operations (Kr)	30	12,16	4,79

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

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022
ORIGINALLY ISSUED IN TURKISH**

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

	Notes	(Audited) 1 January- 31 December 2022	(Audited) 1 January- 31 December 2021
OTHER COMPREHENSIVE INCOME			
Total profit for the period		1,203,116,137	473,661,751
Components of other comprehensive income that will not be reclassified to profit or loss			
Defined benefits plans remeasurement gains / (losses)	16	(14,552,422) (19,403,230)	(2,930,776) (3,663,470)
Taxes related other comprehensive income that will not be reclassified to profit or loss		4,850,808	732,694
- <i>Defined benefit plans remeasurement gains / (losses), tax effect</i>		4,850,808	732,694
Components of other comprehensive income that will be reclassified to profit or loss			
Revaluation and reclassification gains / (losses) from financial assets at fair value through other comprehensive income		2,214,169	861,333
Taxes related other comprehensive income that will be reclassified to profit or loss		(551,025)	(212,815)
- <i>Revaluation and reclassification gains / (losses) from financial assets at fair value through other comprehensive income, tax effect</i>		(551,025)	(212,815)
Other comprehensive income		(12,889,278)	(2,282,258)
Total comprehensive income		1,190,226,859	471,379,493
Comprehensive income, attributable to non-controlling interests	22	42,155,865	20,592,340
Comprehensive income, attributable to owners of parent		1,148,070,994	450,787,153
Total comprehensive income per share from continuing operations (Kr)	30	12,03	4,76

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

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

	Notes	Paid capital	Adjustments to share capital	Accumulated other comprehensive income or expenses will be reclassified to profit or loss	Accumulated other comprehensive income or expenses will not be reclassified to profit or loss	Restricted reserves	Accumulated profits		Equity attributable to owners of the parent	Non controlling interests	Total equity	
				Revaluation and reclassification gains	Profits from investments in equity instruments		Defined benefit plans remeasurement losses	Retained earnings				Net profit for the period
1 January 2021		98,918,083	63,078,001	1,106,006	22,180,709	(3,497,188)	184,106,085	84,609,777	268,960,378	719,461,851	18,415,294	737,877,145
Transfers		-	-	-	-	-	-	-	(268,960,378)	-	-	-
Total comprehensive income		-	-	648,518	-	(2,930,776)	-	-	453,069,411	450,787,153	20,592,340	471,379,493
- Net profit for the period		-	-	-	-	-	-	-	453,069,411	453,069,411	20,592,340	473,661,751
- Other comprehensive income		-	-	648,518	-	(2,930,776)	-	-	-	(2,282,258)	-	(2,282,258)
Dividends	22	-	-	-	-	-	2,725,773	(34,929,413)	-	(32,203,640)	(10,774,998)	(42,978,638)
31 December 2021	22	98,918,083	63,078,001	1,754,524	22,180,709	(6,427,964)	186,831,858	318,640,742	453,069,411	1,138,045,364	28,232,636	1,166,278,000
1 January 2022		98,918,083	63,078,001	1,754,524	22,180,709	(6,427,964)	186,831,858	318,640,742	453,069,411	1,138,045,364	28,232,636	1,166,278,000
Transfers		-	-	-	-	-	-	453,069,411	(453,069,411)	-	-	-
Total comprehensive income		-	-	1,663,144	-	(14,552,422)	-	-	1,160,960,272	1,148,070,994	42,155,865	1,190,226,859
- Net profit for the period		-	-	-	-	-	-	-	1,160,960,272	1,160,960,272	42,155,865	1,203,116,137
- Other comprehensive income		-	-	1,663,144	-	(14,552,422)	-	-	-	(12,889,278)	-	(12,889,278)
Dividends	22	-	-	-	-	-	10,862,282	(124,431,000)	-	(113,568,718)	(18,063,967)	(131,632,685)
31 December 2022	22	98,918,083	63,078,001	3,417,668	22,180,709	(20,980,386)	197,694,140	647,279,153	1,160,960,272	2,172,547,640	52,324,534	2,224,872,174

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

YAPI KREDİ YATIRIM MENKUL DEĞERLER A.Ş. AND ITS SUBSIDIARY

CONVENIENCE TRANSLATION INTO ENGLISH OF REVIEWED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2022 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish lira (“TRY”) unless otherwise indicated.)

Notes	(Audited) 1 January- 31 December 2022	(Audited) 1 January- 31 December 2021
A. Cash flows from operating activities	(1,713,620,640)	1,048,846,962
Net profit for the period	1,203,116,137	473,661,751
Adjustments to reconcile net profit for the period	234,621,807	505,636,204
Adjustments for depreciation and amortization	18,992,145	14,750,649
Adjustments for provisions	124,317,786	55,824,126
- Adjustments for provision for employee benefits	104,179,899	45,381,400
- Adjustments for lawsuit provisions	11,164,496	98,353
- Adjustments for other provisions	8,973,391	10,344,373
Adjustments for interest income and expenses	(2,106,670)	278,518,286
- Adjustments for interest income	(853,315,386)	(233,600,339)
- Adjustments for interest expenses	851,208,716	512,118,625
Adjustments for unrealized foreign currency translation differences	(229,002,697)	(6,811,974)
Adjustments for fair value losses / (gains)	(1,663,144)	115,800
- Adjustments for financial assets fair value losses / (gains)	(1,663,144)	115,800
Adjustments for tax expense	324,084,387	163,239,317
Changes in working capital	(3,726,060,991)	21,153,237
(Increase) in financial investments	(1,401,205,619)	(65,725,938)
Adjustments for decrease / increase in trade receivables	(2,994,890,827)	(188,730,869)
- Decrease / (Increase) in trade receivables due from related parties	38,360,680	1,966,109
- Decrease / (Increase) in trade receivables due from third parties	(3,033,251,507)	(190,696,978)
Increase in receivables from financial activities	(35,773,627)	(17,471,232)
Adjustments for increase in other receivables	(731,368,338)	28,680,941
- Decrease / (Increase) in other receivables due from related parties	293,252,643	-
- Decrease / (Increase) in other receivables due from third parties	(1,024,620,981)	28,680,941
Decrease / (increase) in derivatives (-)	(952,668)	130,412,980
(Increase) in prepaid expenses	(13,747,326)	(1,730,701)
Adjustments for increase in trade payables	1,930,719,045	(184,295,931)
- Decrease / Increase in trade payables due to related parties	252,582,842	(117,599,806)
- Decrease / Increase in trade payables due to other parties	1,678,136,203	(66,696,125)
Increase in payables due to employee benefits	2,051,174	3,878,562
Adjustments for increase in other payables	282,928,202	12,888,162
- Decrease / Increase in other payables due to related parties	-	(1,368)
- Decrease / Increase in other payables due to other parties	282,928,202	12,889,530
Decrease / (increase) in derivative liabilities	(307,100,277)	307,642,910
Adjustments for other decrease / (increase) in working capital	(456,720,730)	(4,395,647)
- (Decrease) / increase in other operating activities	(456,720,730)	(4,395,647)
- (Decrease) / increase in other operating liabilities	-	-
Cash flows from operating activities	(2,288,323,047)	1,000,451,192
Dividends received	38,054,185	16,595,524
Interests received	853,315,386	212,106,759
Payments for provision for employee benefits	(34,698,127)	(27,907,169)
Taxes paid	(281,969,037)	(152,399,344)
B. Cash flows from investing activities	(16,745,143)	(23,974,898)
Cash inflows from sale of property, plant, equipment and intangible assets	-	15,535
- Cash inflows from sale of property, plant and equipment	13	15,535
- Cash inflows from sale of intangible assets	15	-
Cash outflows from purchase of property, equipment and intangible assets	(16,745,143)	(23,990,433)
- Cash outflows from purchase of property, plant and equipment	13	(11,316,035)
- Cash outflows from purchase of intangible assets	15	(12,674,398)
C. Cash flows from financing activities	3,030,618,367	(306,365,951)
Cash inflows from borrowings	7,101,910,215	3,752,124,443
- Cash inflows from loans	4,760,474,779	1,320,124,267
- Cash inflows from issued bonds	2,341,435,436	2,432,000,176
Cash outflows from debt payments	(3,082,231,508)	(3,499,926,333)
- Cash outflows from loan repayments	(2,520,562,552)	(1,514,077,500)
- Cash outflows from issued bonds repayments	(561,668,956)	(1,985,848,833)
Cash outflows from repayments of lease liabilities	(6,218,938)	(3,999,753)
Dividends paid	9	(42,978,638)
Interests paid	22	(851,208,717)
Net increase / (decrease) in cash and cash equivalents before exchange currency effect (A+B+C)	1,300,252,584	718,506,113
D. Exchange currency effect on cash and cash equivalents	229,002,697	6,811,974
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	1,529,255,281	725,318,087
E. Cash and cash equivalents at the beginning of the period	6	3,453,071,613
Cash and cash equivalents at the end of the period (A+B+C+D+E)	6	4,982,326,894

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

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(Amounts expressed in Turkish lira ("TRY") unless otherwise indicated.)

1. ORGANIZATION AND NATURE OF OPERATIONS

Yapı Kredi Yatırım Menkul Değerler A.Ş., (referred to as the "Company" or "Group" along with its subsidiary in these consolidated financial statements) was founded on 08 September 1989, under the name Finanscorp Finansman Yatırım Anonim Şirketi, in line with the provisions of Capital Market Law No. 2499 and relevant provisions of legislation, for the purpose of performing capital market operations related to all types of capital market instruments, carrying out all types of transactions and entering into contracts in connection with these operations, as well as performing intermediary operations. The founding was promulgated in Turkish Trade Registry Gazette No. 2358 dated 15 September 1989. In 1996, 99.6% of the shares of the Company were transferred to Yapı ve Kredi Bankası Anonim Şirketi ("Bank"). The name of the Company was changed to Yapı Kredi Yatırım Anonim Şirketi on 9 September 1996 and Yapı Kredi Yatırım Menkul Değerler Anonim Şirketi on 5 October 1998.

As of 28 September 2005, 57.4% of the shares of Yapı ve Kredi Bankası A.Ş., the main shareholder of the Company, were sold in accordance with the share purchase agreement between Çukurova Holding A.Ş., several Çukurova Group Companies, Mehmet Emin Karamahmet and Koç Finansal Hizmetler A.Ş. ("KFH"), Koçbank N.V. and Koçbank A.Ş. In the framework of the agreement, KFH became the ultimate parent company of Yapı ve Kredi Bankası A.Ş. with 57.4% shares.

At the Extraordinary General Assembly of the Company at 29 December 2006 the decision to legally merge with Koç Yatırım Menkul Değerler A.Ş. ("Koç Yatırım") in accordance with the related articles of Turkish Commercial Code, Corporate Tax Law, and Capital Market Law and permission of Capital Markets Board No. B.02.1.SP.K.0.16-1955 dated 15 December 2006 and to approve the merger agreement has been taken. Accordingly, all rights, receivables, liabilities and obligations were transferred to the Company due to consequential dissolution without liquidation of Koç Yatırım Menkul Değerler A.Ş.

Commercial Registration Office of Istanbul has registered the Extraordinary General Assembly decision dated 29 December 2006 and the merger agreement as of 12 January 2007 and announced the registration at Trade Registry Gazette No. 6724 and dated 16 January 2007.

With the share transfer agreement on 5 February 2020, KFH's capital share in the parent company bank was determined to be 40.95%, and UniCredit S.P.A.'s was determined to be 20%. The Company's parent company is Yapı ve Kredi Bankası A.Ş. ("YKB"), and the ultimate parent company is KFH.

In 2021, UCG sold 2.00% of its shares in the Bank on the stock exchange, and reached an agreement with Koç Group for the sale of the remaining 18% shares in accordance with the Bank's Share Purchase Agreement signed on 30 November 2019. Accordingly, the indirect shareholding rate of UCG, located abroad, in the capital of our Company decreased from 18% to 0%.

The main operations of the Company can be summarized as follows without lending money, except where legislation allows:

- a) Buying and selling of capital market instruments within the scope of Capital Market Legislation in the name and account of the customer, in their own name and account or in their own name and in the account of the customer,

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1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

- b) According to the Capital Market Law and Capital Market Board’s Regulations (“CMB” or “Board”) and “Intermediary Firm with Board Authority” the Company have the following activities:
- Intermediation Activities (Domestic and Foreign),
 - Shares,
 - Other Securities,
 - Derivatives Based on Shares,
 - Derivatives Based on Share Indices,
 - Other Derivatives,
 - Portfolio Management Activities (Domestic),
 - Shares,
 - Other Securities,
 - Leverage Trading
 - Derivatives Based on Shares,
 - Derivatives Based on Share Indices
 - Other Derivatives,
 - Investment Consulting Activities,
 - Intermediation for Public Offering,
 - Underwriting,
 - Best Effort Underwriting,
 - Limited Custodian Service.
- c) Performing transactions in exchange markets by being a member of exchanges,
- d) Buying and selling of securities with repurchase and sale commitment,
- e) Using the right to receive the bonus shares, the payment of capital, interest, dividends and similar incomes of the capital market instruments on its customers behalf and accounts in accordance with the authorization given by the customers,
- f) Margin trading, short selling and borrowing and lending the financial instruments.

The Company has 78 investment funds (31 December 2021: 46). As of 31 December 2022, the Group has 321 employees (31 December 2021: 295).

The head office of the Company is located at Levent Mah., Cömert Sok., No.: 1A A Blok, D.: 21-22-23-24-25-27 Levent - Beşiktaş / İstanbul.

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1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiary;

As of 31 December 2022 and 31 December 2021 details of the subsidiary of the Group are as follows:

Name of the shareholder	31 December 2022 Share in capital	31 December 2021 Share in capital	Main activity
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	%87.32	87.32%	Portfolio management

Yapı Kredi Portföy Yönetimi A.Ş. (“Yapı Kredi Portföy” or “subsidiary”) is subject to full scope consolidation as the Company is the main shareholder and has control rights over subsidiary.

The Company’s subsidiary Koç Portföy Yönetimi A.Ş. has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on December 29, 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of 87.32% (31 December 2021: 87.32%) of the voting rights.

Within the context of the Capital Markets Board regulations, the Subsidiary’s principal activities are managing mutual and private funds and performing discretionary portfolio management (“DPM”) for institutions, endowments and individuals.

Approval of consolidated financial statements:

Consolidated financial statements prepared as of 31 December 2022 have been approved by the Board of Directors of the Company at 30 January 2023. General Assembly and regulatory bodies have the right to amend the approved financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting standards and the compliance to TAS

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, “Principles of Financial Reporting in Capital Markets” (“the Communiqué”) published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority (“POAASA”).

The consolidated financial statements were based on the legal records of the Group and expressed in Turkish Lira; and they have been subject to certain adjustments and classifications in order to fairly present the financial position of the Group in accordance with the Turkish accounting standards issued by POA.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Preparation of the financial statements

The consolidated financial statements of the Group are prepared in accordance with 2022 TFRS Taxonomy published by POA.

2.1.2 Financial statement amendments in hyperinflation economies

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for listed companies in Turkey. The Group's consolidated financial statements have been prepared in accordance with this decision.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, 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. As of the preparation date of these financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 31 December 2022.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

2.1.4 Going concern

The Group prepared its consolidated financial statements based on going concern principle.

2.1.5 Comparative figures and the reclassification to the financial statements of the prior period

The Group complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the consolidated financial statements.

Financial statements of the Company are prepared in comparison with prior financial period in order to enable determination of the financial situation and performance trends. The Company has prepared its balance sheet as of 31 December 2022 in comparison with the balance sheet as of 31 December 2021, and its statement of comprehensive income, cash flow and changes in equity in 1 January - 31 December 2022 financial period in comparison with 1 January - 31 December 2021 financial period. If necessary, comparative information is rearranged to conform to the presentation of the current period consolidated financial statements.

2.1.6 New standards, amendments and interpretations

The Group adopted the standards, amendments and interpretations published by TAS and TFRS and which are mandatory for the accounting periods beginning on or after 31 December 2022.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Standards, amendments, and interpretations applicable as of 31 December 2022:

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial Instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2022:

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **IFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

2.2 Changes in Accounting Policies and Errors

Significant changes in accounting policies and significant accounting errors identified are to be applied retrospectively and the prior period financial statements are to be restated. There has been no change in accounting policies in 2022

2.3 Changes in Accounting Estimates

If the changes in the accounting estimates are related to only one period; changes are made only in the related period, if the changes in the accounting estimates related to future periods; changes are made both for the current and future periods, oriented to future periods. There has been no significant change in the Group’s accounting estimates in the current period.

2.4 Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiary. Control is exercised when a company has power over financial and operational policies of a business with the purpose of benefiting from the business’ operations.

As of 31 December 2022 and 31 December 2021, details of the subsidiary and associate of the Group are as follows:

Legal entity	31 December 2022 Ratio of shares in capital	31 December 2021 Ratio of shares in capital	Service Line
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	%87.32	87.32%	Portfolio Management

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Subsidiary

Yapı Kredi Portföy Yönetimi A.Ş. (“Yapı Kredi Portföy” or “subsidiary”) is subject to full consolidation as the Company is the main shareholder and has control rights over subsidiary.

The Company’s subsidiary Koç Portföy Yönetimi A.Ş. has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on 29 December 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of %87.32 (31 December 2021: 87.32%) of the voting rights.

Within the context of the Capital Markets Board regulations, the Subsidiary’s principal activities are managing mutual and private funds and performing discretionary portfolio management (“DPM”) for institutions, endowments and individuals.

The balance sheets and statements of income of the subsidiary are consolidated on a line-by-line basis and the carrying value of the investment held by the Company is eliminated against the related equity.

The minority shares in net assets and operating results are classified as “minority interest”. Intercompany transactions and balances between the Company and the subsidiary are eliminated during consolidation. Subsidiary is consolidated from the date on which control is transferred to the Company and will no longer be consolidated from the date that control ceases.

Where necessary, accounting policies of the subsidiary have been changed to ensure consistency with the policies adopted by the Company.

(b) Revenue recognition

(i) Fee and commission income and expenses

Fees and commissions are recognized in the income statement when they are collected or paid. However, fund management, investment consulting fees, intermediary commissions and portfolio management commissions are recognized on an accrual basis. Common stock transaction commissions are netted off with commission rebates.

(ii) Interest income, expenses, and dividend income

Interest income and expenses are recognized in the income statement in the period to which they relate on an accrual basis. Interest income consists of income derived from coupons of fixed-rate and variable-rate instruments, income arising from the valuation of discounted government securities on an internal rate of return basis, and interest rates arising from the Takasbank Money Market and reverse repurchase transactions.

Dividend income from common stock investments are recognized when the shareholders have the right to take the dividend.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(c) Trade receivables

Trading receivables that arise as a result of providing services to the receiver by the Group are disclosed by offsetting unearned financing income. After the unearned financing income, trading receivables are calculated with the discounted amounts of receivables that are recorded with their original invoice value and realized in next periods with the effective interest rate method. Short-term receivables that do not have any specified interest rate are disclosed with their cost values when there is no major effect of using original effective interest rate.

(d) Financial assets

The Group classifies and accounts its financial assets as “Fair value through profit or loss financial assets”, “Financial assets measured at fair value through other comprehensive income, “Financial assets measured at amortised cost” and “Loans and receivables”.

Sales and purchases of the financial assets mentioned above are recognized at the “settlement dates”.

The appropriate classification of financial assets of the Group is determined at the time of purchase and according to the “market risk policies” by the Group management, taking into consideration the purpose of holding the investment.

All financial assets initially are recognized at fair value with purchase expenses of investment, except fair value through profit or loss financial assets.

(i) Fair value through profit or loss financial assets

In the Group, financial assets which are classified as “Fair value through profit or loss financial assets” are financial assets 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.

Fair value through profit or loss financial assets are initially recognized at fair value and are subsequently re-measured at their fair value. It is accepted that the fair value is recognized as the best buy order as of the balance sheet date. However, if fair values cannot be obtained from the market transactions, it is accepted that the fair value cannot be measured reliably and that the financial assets are carried at “amortised cost” using the effective interest rate method. All gains and losses arising from these evaluations are recognized in the income statement.

All gains and losses arising from these evaluations, coupon and interest income are recognized in “Financial income” account in the income statement.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(ii) 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 FVTPL, 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 “amortised cost” using the effective interest rate method..

“Unrealized gains and losses” arising from changes in the fair value of financial assets classified as financial assets measured 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 sold, impaired or disposed. When these financial assets are sold, disposed or impaired, the related fair value differences accumulated in the shareholders’ equity are transferred to the income statement.

When these financial assets are disposed of or impaired, the related fair value differences accumulated in the equity are transferred to the statement of profit or loss. Interest and dividends received from financial assets measured at fair value through other comprehensive income are recorded in interest income and dividend income as appropriate.

When these financial assets are disposed of or impaired, the related fair value differences accumulated in the equity are transferred to the income statement.

(iii) Assets recognized at amortised cost

Financial assets recognized at amortised cost if the retention is in the context of a business model which aimed at collecting contractual cash flows and the contractual terms lead to cash flows contain only principal and interest payments on the principal balance and at specific dates. These assets are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at “amortised cost” by using the effective interest rate method.

(iv) Loans and other receivables

Loans and receivables of the Group which are given with the purpose of providing cash to the debtor are carried at amortised cost. All loans are recognized in financial statements after transferring the cash amounts to debtors.

The Group provides loans to its customers for stock purchases.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(v) Reverse repurchase agreements

Funds given against securities purchased under agreements (“Reverse Repo”) to resell are accounted under “Cash and cash equivalents” 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 rate method and is recorded as receivables from reverse repo transactions.

(e) Property, plant and equipment

Property and equipment are carried at cost less accumulated depreciation.

Depreciation on the tangible assets is provided on straight-line method according to their useful lives from the date of recognition or assembly of the related asset. The estimated useful lives of assets are as follows:

Buildings	50 years
Furnitures and fixtures	4-5 years
Leasehold improvements	4-5 years

Estimated useful life and depreciation method are reviewed at each balance sheet date in order to detect the effects of changes in the estimates and if appropriate, the changes in estimates are accounted.

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 the impairment in value is charged to the income statement.

Gains and losses on the disposal of assets are determined by deducting the net book value of the assets from its sales proceeds and charged to the income statement in the current period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

(f) Intangible assets

Intangible assets consist of acquired rights, information systems and software. These assets are recorded at original costs and amortised over their estimated useful lives, approximately 3-5 years, using the straight-line method. Estimated useful lives and amortization method are reviewed annually and the changes in estimates are recognized to determine the possible effects of the changes in estimates.

The book value of intangible assets are reduced to recoverable value, if impairment exists.

The Group makes project investments on the basis of information operations in order to improve its existing systems, within this scope, projects that are determined to provide economic benefits to the Group in the future are capitalized. The Group reviews its capitalized but not yet completed projects and expense the amount of assets that it concludes that it will not provide economic benefits to the Group in the future. No amortization is calculated on projects that are classified as intangible fixed assets but are not yet ready for use.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(g) Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the assets. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets. The amount of impairment for loans and receivables is the difference between present value of the estimated future cash flows discounted using the effective interest rate and its book value. The Group books a provision for the doubtful receivables when there is an objective evidence that trade receivables are not fully collectible. The correspondent provision amount is the difference between the book value and collectible receivable amount. The collectible amount is the discounted value of trade receivables by effective interest rate including the collectible guarantees and securities. In the event of the collections of the doubtful receivables whether the whole amount or some part of it, after booking the provision for the doubtful receivables, the collected amount is deducted from the doubtful receivables provision and recorded as income.

The carrying amount of the financial asset is reduced by impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced with an allowance account.

In all financial assets with the exception of trade receivables where the net book value is reduced through the use of an allowance account, the impairment is deducted directly from the carrying amount of the related financial asset. In the event that the case of the trade receivable cannot be collected, become certain, the related amount is deducted from the provision account. Changes in the provision account are recognized in the income statement.

If the impairment loss decreases in the subsequent period, and this decrease can be associated with an event occurring after recognition of the impairment loss-except for equity instruments whose fair value difference is recognised under comprehensive income-the previously recognised impairment loss is written off on the income statement in such a way that it does not exceed the amortised cost occurring when the impairment of the investment is not recognised on the date the impairment is written off.

Expected credit losses measurement

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

A group of important decisions is required to apply the accounting requirements for measuring expected credit losses. These are:

- Determination of criteria for significant increase in credit risk,
- Selection of appropriate models and assumptions for measuring expected credit losses,
- Identify the related expected credit loss and the number and likelihood of prospective scenarios for each type of product / market,
- Identification of a similar group of financial assets for the purposes of measuring expected credit losses.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(h) Financial liabilities

(i) *Repurchase agreements*

Securities subject to repurchase agreements (“Repo”) are classified as “Fair value through profit or loss financial assets”, “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 “Financial liabilities” in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the “effective interest rate method” and is added to the cost of the financial assets which are subject to repurchase agreements.

The Group has no securities lending transactions.

(ii) *Other financial liabilities*

Other financial liabilities are initially recognized at fair value and are subsequently measured at amortised cost using the effective interest rate method.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

(i) Foreign exchange transactions

Transactions denominated in foreign currencies are accounted for at the exchange rates prevailing at the date of the transactions; monetary assets and liabilities are accounted for at the period-end bid rate of Central Bank of the Republic of Turkey (“CBRT”). Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(j) Provisions and contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation because 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. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, 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 consolidated 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 consolidated 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 consolidated financial statements in the period in which the change occurs.

(k) Subsequent events

Subsequent events cover any events which arise between the date of approval of the financial statements and the balance sheet date, even if they occurred after declaration of the net profit for the period or specific financial information is publicly disclosed. The Group adjusts its financial statements if such subsequent events require an adjustment to the financial statements.

(l) Related parties

For the purpose of these consolidated financial statements, shareholders, subsidiaries of Yapı ve Kredi Bankası A.Ş. with direct and / or indirect capital relation, Koç Holding A.Ş. group companies, key management personnel and board members, their families and companies are considered as “related parties”.

(m) Taxes calculated over Group’s profit

Corporate tax

Corporate tax is calculated according to the Tax Procedural Law, and tax expenses except corporate tax are recognized in operating expenses.

Turkish tax regulations do not enable the parent company to give tax statement over the consolidated financial statements of its subsidiaries and affiliates. Due to this reason, tax provisions reflected to these consolidated financial statements are calculated for each company the full consolidation scope.

Corporate tax is subjected to offsetting when a legal right about netting off the current tax assets and liabilities or when they are related to the corporate tax collected by the same tax regulatory.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The deferred tax assets and the deferred tax liabilities can be netted off only if there is a legal right in this respect according to the tax legislation of the country they are dependent on.

Material temporary differences arise from miscellaneous expense provisions and valuation differences related to financial assets whose fair value differences are recognised under: other comprehensive income, premises owned by the Group, personnel premium, severance pay and leave, expected credit losses, and litigation provisions.

Deferred tax liabilities and assets are recognized when it is probable that the future economic benefit resulting from the reversal of temporary differences will flow to or from the Company. Deferred tax assets resulting from temporary differences in the recognition of expense for income tax and financial reporting purposes are recognized to the extent that it is probable that future taxable profit will be available, against which the deferred tax asset can be utilized.

Current tax except for the related items accounted under “Value increase fund” account in equity and deferred tax of the regarding period is accounted as income or expense in the statement of income.

(n) Employee benefits

Defined benefit plans:

The Group accounts for employee termination benefits, vacation rights and other benefits to employees in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”) and they are classified under “Provisions for employee benefits” 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 employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Company arising from this liability regarding the actuarial projections and reflected to consolidated financial statements.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Defined contribution plans:

The Group has to pay contribution to Social Security Institution (Institution) for its employees within the contribution margin decided by the law. The Group does not have other liabilities to its employees or to Institution other than the contribution for its employees. Those contributions are expensed on the date of accrual.

(o) Capital and dividends

Ordinary shares are classified in equity. Dividends over ordinary shares are classified as dividend payable by deducting from accumulated profits, when the decision of dividend distribution is taken.

(ö) Statement of cash flows

For the purposes of statement of cash flows, cash and cash equivalents include due from banks with maturity less than three months, receivables from reverse repo transactions and investment funds.

(p) Share certificates and issuance

At capital increases, the Group accounts the difference between the issued value and nominal value as share issue premium under equity, in the case where the issued value is higher than the nominal value. The Group has no decision for profit distribution after the balance sheet date.

(r) Assets held for sale and discontinued operations

Discontinued operation is defined as a part of the Group with distinguished operations and cash flows that is disposed of or classified as held for sale. Results of discontinued operations are disclosed separately in the income statement.

A tangible asset (or a disposal group) classified as “Asset held for sale” is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as “Asset held for sale” only when the sale is highly probable and the asset (disposal group) 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.

(s) Derivative instruments

The Group’s derivative transactions are composed of foreign currency / interest rates swaps, forward contracts and future transactions. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting periods.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Significant accounting judgements, estimates and assumptions

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities or amounts of contingent assets and liabilities, and income and expense reported in the related period. Even though these assumptions and estimates are based on the best estimates of the Group's management, the actual results might differ from them.

Judgements that have the most significant effect on the amounts recognized in the consolidated financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Financial assets measured at amortised cost

Classification of financial assets as measured at amortised cost is at management discretion within the scope of management's objective and capability. If the Group cannot manage to retain these assets until the maturity date, they will have to reclassify them as financial assets measured at fair value through other comprehensive income, except specific cases as for example, selling of immaterial amount close to maturity date. In this case, investments are measured at their fair value instead of amortised cost.

Establishment of fair value of stock investments classified as financial assets measured at fair value through other comprehensive income

The Group calculates the fair values of financial instruments that do not have an active market by making use of market-based similar transactions without reference, or by taking the fair values of similar instruments as a reference.

Deferred income tax asset recognition

Deferred income tax assets are recorded to the extent that realization of the related tax benefit is probable. The future taxable profits and the amount of tax benefits that are probable in the future are based on medium term business plan prepared by management and extrapolated results thereafter. The business plan is based on management expectations that are believed to be reasonable under the circumstances.

3. BUSINESS COMBINATIONS

None (31 December 2021: None).

4. JOINT VENTURES

The Group has no joint ventures (31 December 2021: None).

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5. SEGMENT REPORTING

Since the Group is not publicly held, there is no segment reporting in the consolidated financial statements as of 31 December 2022 and 31 December 2021.

6. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Banks		
- Time deposits	5,011,863,536	3,387,350,531
- Demand deposits	1,158,698,616	614,878,039
Allowances for expected credit losses (-)	(48,922,847)	(39,317,518)
	6,121,639,305	3,962,911,052

As of 31 December 2022, TRY 2,897,133,892 of bank deposits (31 December 2021: TRY 1,066,699,170) are held by related parties and institutions. The expected loan loss provision of the related banks and corporations is calculated to be TRY 340,260 (31 December 2021: TRY 8,714,225) (Note 29)

TRY 1,117,648,378 of demand deposits (31 December 2021: TRY 544,258,901) are held by the Group's bank accounts in the collateral status of the Group's customers (Note 16).

As of 31 December 2022, the average maturity for TRY, EUR and USD time deposits is 41,0 and 21 days (31 December 2021: 49, 36 and 33 for TRY, EUR and USD) respectively, while the average interest rates are 25.94%, 0% and 4.00% (31 December 2021: 23.36%, 0.40% and 1.10% for TRY and EUR) respectively.

For the purpose of statement of cash flows, details of cash and cash equivalents are as follows:

	31 December 2022	31 December 2021
Cash and cash equivalents	6,121,639,305	3,962,911,052
Cash and cash equivalents of customers	(1,117,648,378)	(544,258,901)
Provision for expected credit losses (-)	48,922,847	39,317,518
Interest accruals	(70,586,880)	(4,898,056)
	4,982,326,894	3,453,071,613

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7. FINANCIAL INVESTMENTS

Short term financial investments:

	31 December 2022		
	Cost	Fair value	Carrying value
Fair value through profit or loss financial assets	1,269,354,380	1,485,673,534	1,485,673,534
- <i>Shares certificate listed on the BİST</i>	1,269,354,380	1,485,673,534	1,485,673,534
Financial assets measured at fair value through other comprehensive income	112,784,685	115,161,470	115,161,470
- <i>Private sector bonds and bills</i>	54,405,866	56,641,021	56,641,021
- <i>Government bonds and treasury bills</i>	58,378,819	58,520,449	58,520,449
- <i>Provision for impairment (-)</i>	-	-	-
	1,382,139,065	1,600,835,004	1,600,835,004

	31 December 2021		
	Cost	Fair value	Carrying value
Fair value through profit or loss financial assets	82,614,359	76,878,536	76,878,536
- <i>Shares certificate listed on the BİST</i>	82,614,359	76,878,536	76,878,536
- <i>Investment Fund</i>	-	-	-
Financial assets measured at fair value through other comprehensive income	50,718,447	51,505,722	51,505,722
- <i>Private sector bonds and bills</i>	37,253,209	38,520,703	38,520,703
- <i>Government bonds and treasury bills</i>	13,465,238	13,551,192	13,551,192
- <i>Allowances for expected credit losses (-)</i>	-	(566,173)	(566,173)
Financial assets measured at fair value through other comprehensive income	10,491,786	10,818,660	10,818,229
- <i>Government bonds and treasury bills</i>	10,491,786	10,818,660	10,837,995
- <i>Allowances for expected credit losses (-)</i>	-	-	(19,766)
	143,824,592	139,202,918	139,202,487

Long term financial investments:

	31 December 2022		
	Cost	Fair value	Carrying value
Financial assets measured at fair value through other comprehensive income	47,481,725	76,264,534	76,264,534
- <i>Shares certificate</i>	32,192,533	60,647,555	60,647,555
- <i>Private sector bonds and bills</i>	-	-	-
- <i>Government bonds and treasury bills</i>	15,289,192	15,616,979	15,616,979
Financial assets measured at amortised cost	19,303,346	19,302,563	19,299,016
- <i>Government bonds and treasury bills</i>	19,303,346	19,305,169	19,301,622
- <i>Allowances for expected credit losses (-)</i>	-	(2,606)	(2,606)
	66,785,071	95,567,097	95,563,550

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7. FINANCIAL INVESTMENTS (Continued)

	31 December 2021		
	Cost	Fair value	Carrying value
Financial assets measured at fair value through other comprehensive income	112,511,047	142,451,233	142,451,233
- <i>Shares certificate</i>	32,192,533	60,647,555	60,647,555
- <i>Private sector bonds and bills</i>	39,800,866	41,815,570	41,815,570
- <i>Government bonds and treasury bills</i>	40,517,648	40,585,967	40,585,967
- <i>Provision for impairment (-)</i>	-	(597,859)	(597,859)
Financial assets measured at amortised cost	13,397,430	13,527,082	13,539,215
- <i>Government bonds and treasury bills</i>	13,397,430	13,551,820	13,563,953
- <i>Allowances for expected credit losses (-)</i>	-	(24,738)	(24,738)
	125,908,477	155,978,315	155,990,448

As of 31 December 2022, financial assets measured at amortised cost whose the total amount of net book value is TRY 19,299,016 (31 December 2021: TRY 24,357,444) are held as collaterals in CBRT, BIST and Istanbul Settlement and Custody Bank Inc. ('Takasbank') (Note: 16).

Breakdown of the financial assets measured at amortised cost are as follows:

	31 December 2022	31 December 2021
0 - 1 month	-	10,818,229
1 month - 3 months	-	-
3 months - 1 year	19,299,016	-
1 year – 5 year	-	13,539,215
	19,299,016	24,357,444

The movement table of financial assets measured at amortised cost is as follows:

	2022	2021
Beginning of the period, 1 January	24,357,444	37,630,962
Purchases during the period	-	46,349,202
Value decreases (-) (including interest re-discounts)	5,762,406	512,733
Disposals in the period (-)	(10,818,228)	(60,090,950)
Allowances for expected credit losses (-)	(2,606)	(44,503)
Ending of the period, 31 December	19,299,016	24,357,444

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7. FINANCIAL INVESTMENTS (Continued)

The details of long-term financial assets measured at fair value through other comprehensive income are as follows:

Type	31 December 2022		31 December 2021	
	Participation amount (TRY)	Share (%)	Participation Amount (TRY)	Share (%)
Share certificates not listed on the stock market				
İstanbul Takas ve Saklama Bankası A.Ş.	57,816,000	4.38	57,816,000	4.38
Borsa İstanbul A.Ş.	2,683,145	0.08	2,683,145	0.08
Yapı Kredi Azerbaijan Ltd.	110,279	0.10	110,279	0.10
Allianz Yaşam ve Emeklilik A.Ş.	26,432	0.04	26,432	0.04
Koç Kültür Sanat ve Tanıtım Hiz. Tic. A.Ş.	11,699	4.90	11,699	4.90
	60,647,555		60,647,555	

As of 31 December 2022, the Group valued its Takasbank shares 26,280,000 (Nominal) with bid price of TRY 2.20 announced by Takasbank notice with no 2019 / 5692. (31 December 2021: 26,280,000 units, TRY 2.20)

As of 31 December 2022, the Group valued its Borsa İstanbul A.Ş. shares 319,422 (Nominal) with bid price of TRY beheri 8.40 announced by Borsa İstanbul A.Ş. notice with no 2016 / 110. (31 December 2021: 319,422 units, TRY8.40)

8. ASSETS HELD FOR SALE

None (31 December 2021: None).

9. SHORT AND LONG TERM LIABILITIES

Short term liabilities

	31 December 2022	31 December 2021
Funds from Takasbank Money Market (*)	4,760,474,779	2,520,562,552
Issued bonds and bills	2,341,435,436	561,668,956
Bank loans (**)	193,697,937	-
Funds from repo transactions	11,515,423	17,384,702
Lease liabilities (***)	3,725,813	2,781,455
Payables from short selling	561,321	682,102
	7,311,410,709	3,103,079,767

(*) Payables to Takasbank Money Market have an average maturity of 9 days and the average interest rate is 13.06 % (31 December 2021: 8 days, 16.76%).

(**) The Group's bank loans have an average term of 7 days and average interest rate is 13.48% (31 December: None).

(***) The Group's debts from short-term lease transactions have an average term of 12 months, and the effective interest rate is 14-24% (31 December 2021: 12 months, 14-24%). TRY 3,725,813 of the debts from short-term lease transactions is due to related parties. (31 December 2021: TRY 2,781,455).

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9. SHORT AND LONG TERM LIABILITIES (Continued)

Details of bonds / bills issued as 31 December 2022 are as follows:

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Type
Bond	400,000,000	TRY	16 November 2022	18 January 2023	21.22%	23.50%	Fixed
Bond	396,200,000	TRY	23 November 2022	01 February 2023	21.26%	23.45%	Fixed
Bond	200,000,000	TRY	30 November 2022	08 February 2023	21.31%	23.45%	Fixed
Bond	100,000,000	TRY	06 December 2022	16 February 2023	21.15%	23.20%	Fixed
Bond	500,000,000	TRY	14 December 2022	22 February 2023	21.39%	23.45%	Fixed
Bond	321,400,000	TRY	21 December 2022	01 March 2023	21.14%	23.10%	Fixed
Bond	50,000,000	TRY	23 December 2022	16 February 2023	21.45%	23.56%	Fixed
Bond	440,000,000	TRY	28 December 2022	29 March 2023	21.99%	23.89%	Fixed

Details of bonds / bills issued as 31 December 2021 are as follows:

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Type
Bond	200,000,000	TRY	10 December 2021	11 May 2022	16.41%	17.29	Fixed
Bond	400,000,000	TRY	17 December 2021	18 May 2022	16.24%	17.07	Fixed

Long term liabilities:

	31 December 2022	31 December 2021
Lease liabilities (*)	1,098,608	1,094,430
	1,098,608	1,094,430

(*) The Group's debts from long-term lease transactions have a term of 1-5 years and the effective interest rate is 14-24% (31 December 2021: 1-5 years, 14-24%). Debts from long-term lease transactions is debt to related parties.

The movement table of borrowings from leasing transactions is as follows:

	2022	2021
Beginning of the period, 1 January	3,875,885	3,527,707
Additions during the period (Note 14)	5,923,406	3,863,047
Payments during the period	(6,218,939)	(3,992,396)
Interest expenses (Note 28)	1,268,760	532,925
Other	(24,691)	(55,398)
Beginning of the period, 31 December	4,824,421	3,875,885

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10. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	31 December 2022	31 December 2021
Receivables from loan customers	2,363,378,861	567,931,598
Receivables from customers	1,604,042,738	433,185,560
Commission receivables	74,254,214	45,658,192
Doubtful trade receivables	3,453,407	1,021,677
Provisions for doubtful trade receivables (-)	(3,453,407)	(1,021,677)
Receivables to be collected	-	9,636
	4,041,675,813	1,046,784,986

The Group allocates credit to its customers for use in stock trading. As of 31 December 2022, the amount of loans allocated to customers by the Group is TRY 2,363,378,861 (31 December 2021: TRY 567,931,598) and the Group holds the total market value of the share certificates which are listed on the stock market is TRY 2,407,600,000 as collateral. (31 December 2021: TRY 719,146,271) (Note 16).

Short term trade payables	31 December 2022	31 December 2021
Payables to customers	2,227,946,713	631,183,629
Payables to settlement and custody bank	455,143,209	181,580,118
Agency commission payable	71,343,390	24,094,175
Payables to vendors	14,422,319	6,505,380
Expense accruals	2,449,957	1,506,105
Customer short selling debts	5,400,565	1,983,410
Other trade payables	2,023,527	1,157,818
	2,778,729,680	848,010,635

11. RECEIVABLES FROM FINANCIAL ACTIVITIES

Receivables from financial activities	31 December 2022	31 December 2021
Investment fund management fee receivables (Note 29) (*)	47,032,374	29,305,160
Individual pension fund management fee receivables	3,798,510	2,632,101
Investment advisory receivables (Note 29)	1,934,200	763,500
Individual portfolio management fee	5,244,185	356,132
Individual pension fund management fee receivables (**)	17,882,514	7,576,620
Other	518,248	2,891
	76,410,031	40,636,404

(*) Investment fund management commission receivables are obtained management fee receivables from 78 (31 December 2021: 46) investment funds established in accordance with the Capital Markets Law and related legislations.

(**) Pension fund commission and performance fee receivables are derived from 18 (31 December 2021: 20) individual pension funds, 17 (31 December 2021: 19) of which are related institutions.

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12. OTHER RECEIVABLES AND PAYABLES

Other receivables

	31 December 2022	31 December 2021
Deposits and collaterals given	742,483,313	205,977,828
Collaterals given to markets	282,137,668	87,274,815
	1,024,620,981	293,252,643

Other payables

	31 December 2022	31 December 2021
Deposits and collaterals received	347,979,065	108,600,105
Payables to marketable securities disposal fund	491,344	491,344
	348,470,409	109,091,449

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2022	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January	3,904,671	19,833,537	276,140	24,014,348
Additions	-	12,814,179	111,930	12,926,109
Disposals, net	-	(13,665)	-	(13,665)
Depreciation expense (-)	(294,657)	(5,975,502)	(94,246)	(6,364,405)
Net book value, 31 December	3,610,014	26,658,549	293,824	30,562,387
Cost	11,026,598	55,806,089	5,318,416	72,151,103
Accumulated depreciation (-)	(7,416,584)	(29,147,540)	(5,024,592)	(41,588,716)
Net book value, 31 December	3,610,014	26,658,549	293,824	30,562,387
31 December 2021	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January	4,199,328	12,550,169	372,006	17,121,503
Additions	-	11,316,035	-	11,316,035
Disposals, net	-	(15,535)	-	(15,535)
Depreciation expense (-)	(294,657)	(4,017,132)	(95,866)	(4,407,655)
Net book value, 31 December	3,904,671	19,833,537	276,140	24,014,348
Cost	11,026,598	43,005,574	5,206,486	59,238,658
Accumulated depreciation (-)	(7,121,927)	(23,172,037)	(4,930,346)	(35,224,310)
Net book value, 31 December	3,904,671	19,833,537	276,140	24,014,348

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14. RIGHT OF USE ASSETS

31 December 2022	Office and branches	Vehicles	Other	Total
Net book value, 1 January	2,628,660	1,077,247	-	3,705,907
Additions	6,826,167	-	-	6,826,167
Disposals	(902,761)	-	-	(902,761)
Depreciation expense (-)	(4,558,178)	(631,095)	-	(5,189,273)
Net book value, 31 December	3,993,888	446,152	-	4,440,040
Cost	15,669,038	3,215,821	-	18,884,859
Accumulated depreciation (-)	(11,675,151)	(2,769,668)	-	(14,444,819)
Net book value, 31 December	3,993,887	446,153	-	4,440,040
31 December 2021	Office and branches	Vehicles	Other	Total
Net book value, 1 January	1,806,755	1,474,915	-	3,281,671
Additions	3,117,238	254,836	490,972	3,863,046
Disposals	(55,400)	-	-	(55,400)
Depreciation expense (-)	(2,239,933)	(652,505)	(490,972)	(3,383,410)
Net book value, 31 December	2,628,660	1,077,247	3,705,907	
Cost	7,928,576	3,215,821	2,128,541	13,272,938
Accumulated depreciation (-)	(5,299,916)	(2,138,574)	(2,128,541)	(9,567,031)
Net book value, 31 December	2,628,660	1,077,247	-	3,705,907

15. INTANGIBLE ASSETS

31 December 2022

Net book value, 1 January (*)	36,203,753
Additions (*)	3,819,034
Disposals	-
Amortization (-)	(7,438,465)
Net book value, 31 December	32,584,322
Cost	70,798,727
Accumulated amortization (-)	(38,214,405)
Net book value, 31 December	32,584,322

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15. INTANGIBLE ASSETS (Continued)

	31 December 2021
Net book value, 1 January (*)	30,488,937
Additions (*)	12,674,399
Disposals	-
Amortization (-)	(6,959,582)
Net book value, 31 December	36,203,753
Cost	66,979,692
Accumulated amortization (-)	(30,775,939)
Net book value, 31 December	36,203,753

(*) Projects that are classified as intangible assets, but not yet ready for use, amount to TRY 9,366,176 (31 December 2021: TRY 6,280,004).

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Short term provisions

	31 December 2022	31 December 2021
Lawsuit, penalty provisions (*)	3,414,156	2,249,660
Other(*)	14,000,000	4,000,000
	17,414,156	6,249,660

(*) Due to the ongoing regulator review, a provision has been made by the Group management.

As of 31 December 2022, the total amount of various lawsuits filed against the Group is TRY 17,414,156 (31 December 2021: TRY 6,249,660).

The movement of lawsuit provisions for the periods ending as of 31 December 2022 and 31 December 2021 is as below:

	2022	2021
Beginning of the period, 1 January	6,249,660	2,151,307
Provisions set aside within the period	11,209,516	4,147,453
Payments made within the period	(45,020)	(49,100)
Ending of the period, 31 December	17,414,156	6,249,660

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

ii) Collaterals given

	31 December 2022	31 December 2021
Collaterals given	5,091,884,852	2,585,867,024
	5,091,884,852	2,585,867,024

Letters of guarantee are given to BIST, CMB and to Takasbank for money market transactions. Foreign currency denominated letters of guarantee amount to TRY 199,349 (31 December 2021: TRY 146,823).

iii) Cash collaterals given on behalf of customers

	31 December 2022	31 December 2021
ViOP collaterals given on behalf of customers (*)	3,095,448,395	1,320,919,878
	3,095,448,395	1,320,919,878

(*) As of 31 December 2022 cash amounting to TRY 3,095,448,395 has been pledged by the Group as collateral for the Futures and Options Market on behalf of the customers (31 December 2021: TRY 1,320,919,878).

iv) Customer deposits

The nominal balances of treasury bills, government bonds, share certificates and other financial assets held in trust for hiding on behalf of customers as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Customer deposits		
Share certificates	8,929,144,078	5,880,399,635
Reverse repo agreements (Takasbank Money Market)	2,513,052,951	1,217,043,918
Investment funds	1,921,799,862	519,711,659
Government bonds	614,901,225	3,672,549,474
Private sector bonds	24,299,606	70,849,419
Other	83,082,624	36,368,655
	14,086,280,346	11,396,922,760

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

v) Other

- i. The company is under the scope of 'Professional Liability Insurance' amounting to USD 5,000,000 (31 December 2021: USD 5,000,000) which was made by Allianz Sigorta A.Ş. and "Employer Liability Insurance Policy" amounting to TRY 5,000,000 which was made by HDI Sigorta A.Ş. (31 December 2021: TRY 5,000,000).
- ii. Demand deposits amounting to TRY 1,117,648,378 (31 December 2021: TRY 544,258,901) belongs to the Group's customers as a partial collateral and are held in the Group's bank accounts (Note 6).
- iii. The Group allocates credit to its customers for use in stock trading. As of 31 December 2022, the Group has TRY 2,363,378,861 (31 December 2021: TRY 567,931,598) of loans granted to its customers and the total market value of the shares kept as collateral against those credits given is amounting to TRY 2,407,600,000 (31 December 2021: TRY 719,146,271) (Note 10).
- iv. The financial assets measured at their amortised costs and having a book value of TRY 19,299,016 as of 31 December 2022 (31 December 2021: TRY 24,357,444) are pledged as collateral at CBRT, BIST, and Takas ve Saklama Bankası A.Ş. ("Takasbank") (Note 7).

17. DERIVATIVES

Nominal details of derivative transactions as of 31 December 2022 and 2021 are as follows:

	31 December 2022		31 December 2021	
	TRY Equivalent		TRY Equivalent	
	USD	EUR	USD	EUR
Swap transactions (buy)	129,887,552	384,584,000	277,243,433	1,655,844,700
Swap transactions (sell)	126,550,094	378,763,100	337,851,160	1,851,438,030
Forward transactions (buy)	2,449,175	-	1,729,716	2,040,931
Forward transactions (sell)	2,359,501	-	2,144,649	2,360,591
	261,246,322	763,347,100	618,968,958	3,511,684,252

Receivables from derivative transactions

	31 December 2022	31 December 2021
Swap transactions	3,457,073	2,545,115
Forward transactions	41,561	851
	3,498,634	2,545,966

Payables from derivative transactions

Swap transactions	542,633	306,710,936
Forward transactions	-	931,974
	542,633	307,642,910

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18. PROVISION FOR EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Short-term provisions		
Provision for employee bonus	97,091,358	37,379,109
	97,091,358	37,379,109
Long-term provisions		
Provision for employee termination benefits	42,835,937	16,910,512
Provision for unused vacation	7,188,412	3,198,610
	50,024,349	20,109,122

Under the Turkish Labour Law, the Group required to pay the employment termination benefits to each employee who have completed one year of service at the Group when they retire (for women 58, for men 60) and when they are dismissed or called up for military services or die. Due to changes in the Law on September 8, 1999, some sections regarding the temporary period related with the working period before retirement have been removed.

The indemnity is one month's salary for each working year and is limited to TRY 19,982.83 as of 31 December 2022 (31 December 2021: TRY 10,848.59)

The liability is not funded, as there is no legal funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of employees.

TFRS requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability.

	31 December 2022	31 December 2021
Discount rate (%)	0.55	4.45
Turnover rate to estimate retirement probability (%)	94.23	95.48

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability is revised two times in a year and in the year-end calculation, the effective amount as of 1 January 2022 of TRY 19,982.83 (1 January 2021: TRY 10,848.59).

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18. PROVISION FOR EMPLOYEE BENEFITS (Continued)

Movement of provision for employee benefits during the period are as follows:

	2022	2021
Beginning of the period, 1 January	16,910,512	11,670,627
Interest cost	7,116,181	624,392
Service cost	1,043,365	2,164,764
Actuarial loss / (gain)	19,403,230	3,663,470
Payments during the period (-)	(1,637,351)	(1,212,741)
Ending of the period, 31 December	42,835,937	16,910,512

Movement of provision for unused vacations during the period are as follows:

	2022	2021
Beginning of the period, 1 January	3,198,610	2,100,587
Provisions set aside within the period / (canceled provision), net	4,032,152	1,218,392
Payments during the period (-)	(42,350)	(120,369)
Ending of the period, 31 December	7,188,412	3,198,610

Movement of provision for employee benefits during the period are as follows:

	2022	2021
Beginning of the period, 1 January	37,379,109	26,242,787
Provisions set aside within the period	92,730,677	37,710,381
Payments during the period (-)	(33,018,428)	(26,574,059)
Ending of the period, 31 December	97,091,358	37,379,109

19. LIABILITIES FOR EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Taxes and liabilities payable	9,437,113	7,849,293
Social security premiums payable	1,693,428	1,230,074
	11,130,541	9,079,367

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20. PREPAID EXPENSES

	31 December 2022	31 December 2021
Prepaid expenses	18,049,295	7,196,517
Commissions for guarantee letters	4,540,516	1,645,968
	22,589,811	8,842,485

21. OTHER ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
Other short-term liabilities		
Takasbank-BIST commission provision	51,645,237	14,502,418
Other payable taxes and funds	37,161,256	30,198,052
Other expense provisions	16,219,706	30,752,158
Blocked customer deposits	16,124,177	4,850,331
Provision for operating expenses	2,898,358	6,540,000
Other	6,357,198	13,731
	130,405,932	86,856,690

22. SHAREHOLDER'S EQUITY

Paid-in capital and adjustment differences

The paid-in capital of the Company is TRY 98,918,083 (31 December 2021: TRY 98,918,083) and consists of 9,891,808,346 (31 December 2021: 9,891,808,346) authorized shares with a nominal value of Kr 1 each.

The Group has no preferred share as of 31 December 2022 and 31 December 2021.

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22. SHAREHOLDER'S EQUITY (Continued)

The shareholders and their shares in capital with historic values as of 31 December 2022 and 31 December 2021 are as follows:

Name of the shareholder	31 December 2022		31 December 2021	
	TRY	Share (%)	TRY	Share (%)
Yapı ve Kredi Bankası A.Ş.	98,895,466	99.98	98,895,466	99.98
Temel Ticaret ve Yatırım A.Ş.	20,951	0.02	20,951	0.02
Other	1,666	0.00	1,666	0.00
	98,918,083	100.00	98,918,083	100.00
Adjustments to share capital	63,078,001		63,078,001	
	161,996,084		161,996,084	

Adjustment to share capital represents the difference between total restatement effect of cash and cash equivalent contributions to share capital due to the inflation adjustments and total amount before the inflation adjustment. There is no use of the adjustment to share capital other than to be added to the capital.

According to Turkish Commercial Code, legal reserves consist of primary and secondary reserves. Primary reserves are reserved at 5% rate of legal profit in the period until they reach a level of 20% of the group capital. Secondary reserves are reserved at a rate of 10% of all dividend distribution exceeding 5% of group capital. Primary and secondary reserves cannot be distributed until they exceed 50% of the total capital, however, they can be used to cover losses when voluntary reserves are exhausted.

As of 31 December 2022, restricted reserves are amounting to TRY 197.694.140 (31 December 2021: TRY 186,831,858).

Restricted reserves and retained earnings

	31 December 2022	31 December 2021
Real estate and affiliate sales gain fund (*)	107,765,514	107,765,514
Primary legal reserves	18,891,100	60,175,244
Secondary legal reserves	71,037,526	18,891,100
Total restricted reserves	197,694,140	186,831,858

(*) As of 31 December 2022, TRY 4,626,817 of the TRY 107,765,514 which is the gain on sale of property, equipment and subsidiary classified under equity, is undistributed portion (and classified under equity account) of 75% of the profit from the sale of buildings in the year 2010 and TRY 103,138,697 is the 75% of the profit from the sale of subsidiaries in the year 2013.

The Group performs dividend distribution in accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of 1 February 2014.

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22. SHAREHOLDER'S EQUITY (Continued)

In accordance with the Communiqué on Dividends II-19.1 of the Capital Market Board effective as of 1 February 2014, the dividend distribution rate for non-listed companies may not be less than twenty percent of the net distributable profit for the period including donations. In accordance with the same communiqué, non-listed companies are required to distribute the profit share in whole and in cash; and they cannot benefit from the practice of profit distribution by installments, which is granted to listed companies.

In accordance with the provisions of the said communiqué, non-listed companies may choose not to distribute dividends in the event that the calculated profit share is less than five percent of the capital stock in the most recent annual financial statements to be presented to the general assembly or in the event that the net distributable profit for the period is less than TRY100,000 according to these financial statements. In this case, the undistributed dividends are distributed in subsequent periods.

At the company's Ordinary General Assembly meeting dated 4 March 2022 it was unanimously decided to distribute, in cash, a dividend of TRY113,568,718 (2021: TRY32,203,640) to the company's shareholders, and this amount was paid to shareholders on 11 March 2022.

	2022	2021
Beginning of the period, 1 January	28,232,636	18,415,294
Minority interest decrease due to dividend payment (*)	(18,063,967)	(10,774,998)
Minority interest net income	42,155,865	20,592,340
Ending of the period, 31 December	52,324,534	28,232,636

(*) Decrease in non-controlling interests due to profit distribution represents profit share distribution of the subsidiary during the period, share of the subsidiaries of the subsidiary excluding the Company.

23. TAX ASSETS AND LIABILITIES

Corporate tax

	31 December 2022	31 December 2021
Corporate taxes payable (-)	(262,864,064)	(274,562,403)
Prepaid taxes	170,835,782	163,429,148
Current period tax assets, net	(92,028,282)	(111,133,255)

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23. TAX ASSETS AND LIABILITIES (Continued)

The Group's income tax expense for the periods ended 31 December 2022 and 31 December 2021 consists of the following items:

	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax expense	260,771,316	274,562,403
Prior year tax adjustment	(5,118,407)	(2,308,651)
Deferred tax income / (expense)	87,536,451	(109,010,304)
Total tax expense	343,189,360	163,243,448

Reconciliation of current year tax expense and calculated theoretical tax expense with statutory tax rate by the Group:

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	1,546,305,497	636,905,199
Theoretical tax expense arising at the legal tax rate (*)	(386,576,374)	(159,226,300)
Impact of the dividend income that is not subject to tax	9,513,546	4,148,881
Non-deductible expenses and impact of other adjustments	33,873,468	(8,166,029)
Current period tax expense	(343,189,360)	(163,243,448)

(*) In Turkey, the corporate tax rate is 25% for 2022. (2021: 25%).

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. The corporate tax rate is still applied as 20% in the first provisional tax declaration for the corporate income belonging to the taxation periods of 2021 but as of second provisional tax declaration the rate of 25% will be applied.

The corporate tax rate has been determined that it will be applied as 25% by rearranging for the corporate earnings of the 2022 taxation period in accordance with the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and with the article number 26 of the Law on Amendments to Certain Laws and Decree-Laws and also with the paragraph added to the temporary article 13 of the Corporate Tax Law No. 5520. With this amendment, 25% tax rate is valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2022.

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23. TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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 resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% in accordance with 94th article of Income Tax Law. Addition of profit to share is not considered as dividend payment.

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

In Turkey, there is no procedure for a final and definitive agreement with the tax authorities on tax assessments. Tax returns are required to be filled and delivered to the related tax office until the last evening of the fourth month following the balance sheet date and the accrued tax is paid same day.

Tax returns are open for five years from the beginning of the year following the date of filing during which 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.

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

There are numerous exemptions in Corporate Tax Law concerning corporations. Accordingly, earnings of the above-mentioned nature, which are in the commercial profit/loss figures, have been taken into account in the calculation of corporate tax.

In addition to exemptions explained above, tax deductions specified in Corporation Tax Law articles 8, 9, 10, and Income Tax Law article 40, are also considered in the assessment of the corporation tax base.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted with the number 7532 on 20 January 2022. It has been decided that the financial statements will not be subject to inflation adjustment, regardless of whether the financial statements have been made. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

Deferred tax assets and liabilities

	31 December 2022	31 December 2021
Deferred tax assets	81,484,845	106,062,827
Deferred tax liabilities	(72,943,016)	(14,284,330)
Deferred tax assets / (liabilities), net	8,541,829	91,778,497

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23. TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

Deferred tax assets and liabilities based upon temporary differences are as follows:

	31 December 2022		31 December 2021	
	Cumulative temporary differences	Deferred tax assets / liabilities	Cumulative temporary differences	Deferred tax assets / liabilities
Difference between the tax base and carrying amount of non-current assets	101,683,985	25,420,996	-	-
Allowances for expected credit losses	48,925,453	12,231,363	40,526,054	10,131,514
Financial assets valuation differences	-	-	5,696,988	1,310,307
Provision for unused vacation	7,188,412	1,797,103	3,198,610	799,653
Provision for employee termination benefits	42,835,937	10,708,984	16,910,512	3,382,102
Provision for employee bonus	71,412,840	17,853,210	28,029,806	7,007,452
Lawsuit provisions	3,399,155	849,789	2,249,660	513,972
Derivatives	542,633	135,658	307,642,910	76,910,727
TFRS 16 effect	460,070	115,018	219,963	50,592
Expense provision	25,678,518	6,419,630	915,793	228,948
Other	23,812,382	5,953,094	22,895,245	5,727,560
Deferred tax assets		81,484,845		106,062,827
Difference between the tax base and carrying amount of non-current assets	10,974,891	2,743,723	14,682,898	3,670,725
Investments in progress	206,892	51,723	206,892	51,723
Valuation differences of financial assets	251,704,376	62,926,094	28,436,807	6,540,466
Derivatives	3,498,634	874,658	2,545,966	636,492
Other	25,387,270	6,346,818	15,525,959	3,384,924
Deferred tax liabilities (-)		72,943,016		14,284,330
		8,541,829		91,778,497
			1 January - 31 December 2022	1 January - 31 December 2021
Beginning balance of deferred tax liabilities, net			91,778,497	(17,751,686)
Deferred tax expense (-) / income			(87,536,451)	109,010,304
Deferred tax accounted under equity			4,299,783	519,879
Period ending deferred tax assets / (liabilities), net			8,541,829	91,778,497

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24. REVENUE AND COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Revenue		
Share certificates sales	8,378,184,479	4,979,572,115
Commissions on intermediary activities on stock market	1,150,013,355	452,242,152
Futures exchange intermediary commissions	302,851,045	158,750,724
Treasury bills and government bonds sales	78,655,323	44,577,787
Corporate finance fees	81,269,505	44,070,364
Other intermediary commissions	43,087,036	30,302,929
Commissions from leveraged transactions	23,891,869	12,578,511
Intermediary commissions for repurchase transactions	2,383,344	7,819,382
Custody commissions	11,388,096	5,405,891
Consultancy services	2,266,095	1,869,931
Fund support / management fees	3,751,191	1,654,658
Intermediary commissions for definite buy-sale transactions	53,347	4,598
Other services income	77,947,753	82,022,938
Total revenue	10,155,742,438	5,820,871,980
Service income discounts and allowances		
Commissions paid to agencies (-)	(380,021,347)	(129,154,886)
Other paid commissions expenses(-)	(78,657,503)	(57,508,531)
Commission returns (-)	(830,896)	(1,897,631)
Total discounts and allowances (-)	(459,509,746)	(188,561,048)
Revenue	9,696,232,692	5,632,310,932
Cost of sales		
Costs of share certificate sales (-)	(8,226,261,369)	(5,022,283,989)
Costs of treasury bills and government bond sales (-)	(77,220,922)	(44,555,528)
Total cost of sales (-)	(8,303,482,291)	(5,066,839,517)
Gross operating profit	1,392,750,401	565,471,415

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25. REVENUE AND COST OF FINANCIAL ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Revenue from financial activities		
Investment funds management fee	407,375,936	204,500,957
Individual pension fund management fee	53,666,827	28,252,468
Fund management fee	461,042,763	232,753,425
Private portfolio management commission	1,394,973	1,561,772
Portfolio success premiums	39,284,927	9,940,811
Private portfolio management income	40,679,900	11,502,583
Investment advisory income	8,581,931	5,051,781
Other financial activities revenue	8,581,931	5,051,781
Total financial activities revenue (a)	510,304,594	249,307,789
Financial activities cost		
Commission expenses	(6,650,329)	(3,786,754)
Commission expenses for investment and private pension fund management	(1,393,556)	(720,211)
Total financial activities cost (b)	(8,043,885)	(4,506,965)
Gross profit / loss from financial sector activities (a-b)	502,260,709	244,800,824

26. OPERATING EXPENSES

General administrative expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Personnel expenses	318,712,035	147,548,118
Information services expenses	49,141,902	28,209,642
Data processing expenses	35,250,202	18,884,980
Depreciation and amortization expenses	18,992,143	14,750,647
Taxes, duties and charges	3,413,046	11,601,099
Communication expenses	1,844,215	2,077,188
Other	70,138,561	24,931,902
	497,492,104	248,003,576

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26. OPERATING EXPENSES (Continued)

Marketing expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Brokerage and other operational fees	302,851,938	142,511,985
Others	36,875,102	18,521,651
	339,727,040	161,033,636

Fees for Services Obtained from Independent Auditor/Independent Audit Firm:

	1 January - 31 December 2022	1 January - 31 December 2021
Independent audit fee for the reporting period (*)	492,125	228,718
Total	492,125	228,718

(*) Fees are shown excluding VAT.

27. OTHER INCOME FROM OPERATING ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Income due to derivative transactions	543,232,119	973,888,333
Interest income on deposit at banks	489,189,439	88,818,153
Interest income on loans	336,571,254	92,242,266
Dividend income	38,054,185	16,595,524
Interest income on treasury bills and government bonds	14,523,974	18,854,228
Other interest income	13,030,719	33,506,656
Repo transactions interest income	218,782,471	6,477,495
Other income	13,121,046	4,947,074
	1,666,505,207	1,235,329,729

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28. OTHER EXPENSE FROM OPERATING ACTIVITIES

	1 January - 31 December 2022	1 January - 31 December 2021
Interest paid to Takasbank Money Market	571,765,109	397,909,378
Losses due from derivative transactions	265,274,217	449,787,255
Interest expense from issued bonds and bills	268,493,226	101,814,748
Commissions paid for guarantee letters	21,262,691	11,545,642
Expected impairment provision	8,973,391	10,344,373
Commission expenses	8,026,750	8,965,317
Other interest expenses	9,681,621	11,861,544
Interest expense from leasings (Note 9)	1,268,760	532,925
Impairment of financial investments	278,570	115,800
Other expenses	22,967,341	6,782,575
	1,177,991,676	999,659,557

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Cash and cash equivalents from related parties

	31 December 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş.	2,897,118,749	1,066,699,170
Yapı ve Kredi Neverland N.V.- other related establishment	15,143	-
Allowances for expected credit losses (-)	(340,260)	(8,714,225)
	2,896,793,632	1,057,984,945

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(b) Short-term financial investments from related parties

	31 December 2022	31 December 2021
Financial assets measured at fair value through other comprehensive income		
- Tat Gıda Sanayi A.Ş.	1,003,341	-
- <i>Private sector bonds and bills</i>	1,018,724	-
- <i>Allowances for expected credit losses (-)</i>	(15,383)	-
- Yapı ve Kredi Bankası A.Ş..	-	14,902,222
- <i>Private sector bonds and bills</i>	-	15,096,555
- <i>Allowances for expected credit losses (-)</i>	-	(194,333)
- Koç Finansman A.Ş.	1,176,668	4,640,016
- <i>Private sector bonds and bills</i>	1,194,171	4,700,524
- <i>Allowances for expected credit losses (-)</i>	(17,503)	(60,508)
- Opet Petrolcülük A.Ş.	195,871	194,916
- <i>Private sector bonds and bills</i>	198,874	197,458
- <i>Allowances for expected credit losses (-)</i>	(3,003)	(2,542)
- Arçelik A.Ş.	11,269,889	-
- <i>Private sector bonds and bills</i>	11,442,673	-
- <i>Allowances for expected credit losses (-)</i>	(172,784)	-
- Türkiye Petrol Rafinerileri A.Ş.	-	9,067,480
- <i>Private sector bonds and bills</i>	-	9,185,725
- <i>Allowances for expected credit losses (-)</i>	-	(118,245)
	13,645,769	28,804,634

Receivables due from related parties

Trade receivables

	31 December 2022	31 December 2021
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	1,416,837	74,650,546
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds	37,952,381	670,871
Yapı ve Kredi Bankası A.Ş.	54,347	2,298,320
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	302,572	26,137
Other	-	440,943
	39,726,137	78,086,817

Receivables from financial activities

	31 December 2022	31 December 2021
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds (Note 11)	47,032,374	29,305,160
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	3,798,510	10,208,721
Yapı ve Kredi Bankası A.Ş. - Investment Advisory (Note 11)	1,934,200	763,500
Other	-	82,711
	52,765,084	40,360,092

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Prepaid expenses

	31 December 2022	31 December 2021
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	302,572	113,066
	302,572	113,066

(c) Payables due to related parties

	31 December 2022	31 December 2021
Short-term liabilities from leasing activities		
Yapı ve Kredi Bankası A.Ş.	3,451,864	2,079,346
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	273,949	702,109
	3,725,813	2,781,455

Long-term liabilities from leasing activities

Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	857,653	519,813
Yapı ve Kredi Bankası	240,955	574,617
	1,098,608	1,094,430

	31 December 2022	31 December 2021
Trade payables		
Allianz Yaşam ve Emeklilik A.Ş.	123,620,972	2,700,194
Yapı ve Kredi Bankası A.Ş.	91,539,874	2,477,011
Yapı Kredi Portföy Investment Funds	70,719,425	28,140,136
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	114,361	776,773
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	435,837	181,066
YKS Tesis Yönetimi Hizmetleri A.Ş.	155,048	151,892
Arçelik	145,640	-
Setur	76,022	-
Zer Merkezi Hizmetler ve Tic. A.Ş.	269,123	26,580
Other	70,481	110,289
	287,146,783	34,563,941

Derivative assets / (liabilities), net

Yapı ve Kredi Bankası A.Ş.	52,287	(232,302,504)
	52,287	(232,302,504)

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(d) Income from related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Yapı Kredi Portföy Investment Funds	406,892,176	204,389,707
Allianz Hayat ve Emeklilik A.Ş.	53,628,976	28,220,264
Opet Petrolcülük A.Ş.	1,880,000	460,000
Koç Finansman A.Ş.	2,870,000	2,290,000
Koç Fiat Kredi Finansman A.Ş.	700,000	242,500
Otokoç	2,450,000	-
Aygaz A.Ş.	1,525,955	582,294
Türk Traktör A.Ş.	1,025,955	22,294
Yapı ve Kredi Bankası A.Ş.	34,004,403	23,905,683
Arçelik A.Ş.	3,675,955	3,022,294
Tüpraş	25,955	-
Türkiye Petrol Rafinerileri A.Ş.	-	22,294
Other	5,084,876	1,562,353
	513,764,251	264,719,683

Interest income from related parties

Yapı ve Kredi Bankası A.Ş.	165,387,170	29,166,946
	165,387,170	29,166,946

Derivative income from related parties

Yapı ve Kredi Bankası A.Ş.	361,862,330	(128,340,493)
	361,862,330	(128,340,493)

(*) Derivative contracts totaling TRY 18,759,820 had been entered into with Yapı ve Kredi Bankası as of 31 December 2022. (31 December 2021: TRY1,272,821,142).

Dividend income from related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Allianz Yaşam ve Emeklilik A.Ş.	139,787	92,586
Borsa İstanbul A.Ş.	517,463	399,277
Takasbank Takas ve Saklama Bankası A.Ş.	19,491,000	9,460,800
	20,148,250	9,952,663

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(e) Expenses paid to related parties

Operating expenses paid to related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Yapı ve Kredi Bankası A.Ş.	27,230,218	2,210,719
YKS Tesis Yönetimi	4,225,064	1,443,493
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	6,529,500	7,193,477
Otokoç Otomotiv Tic. ve San. A.Ş.	1,925,977	1,169,326
Avis A.Ş.	1,590,179	1,104,605
Allianz Sigorta A.Ş.	647,483	483,943
Zer Merkezi Hizmetler ve Tic. A.Ş.	2,044,864	728,306
Setur Servis Turistik A.Ş.	338,867	33,174
Opet Petrolcülük A.Ş.	1,291,123	286,025
Vehbi Koç Vakfı	13,500,000	-
Diğer	17,166,391	3,385,179
	76,489,666	18,038,247

Commission expenses paid to related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Yapı ve Kredi Bankası A.Ş.	380,021,347	129,154,886
Others	1,393,556	720,180
	381,414,903	129,875,066

Financial expenses paid to related parties

	1 January - 31 December 2022	1 January - 31 December 2021
Yapı ve Kredi Bankası A.Ş.	94,440	3,555,728
Others	176,931	321,683
	271,371	3,877,411

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Benefits provided to key management

Top management consists of members and chairman of board of directors, general managers and vice general manager. As of 31 December 2022, the total amount of salary and other benefits provided to the top management by the Group is TRY 30,488,817 (1 January - 31 December 2021: TRY 13.110.404).

Dividends paid to related parties

The Group paid dividend amounting to TRY 131,632,685 in 31 December 2022 (31 December 2021: TRY 42,978,638) (Note 22).

30. EARNINGS PER SHARE

The calculation of earnings per share for the years ending 31 December 2022 and 31 December 2021 is as follows:

	31 December 2022	31 December 2021
Total profit from continuing operations	1,203,116,137	473,661,751
Weighted average number of shares	9,891,808,346	9,891,808,346
Earnings per share from continuing operations (Krs)	12.16	4.79

	31 December 2022	31 December 2021
Total comprehensive income	1,190,226,859	471,379,493
Weighted average number of shares	9,891,808,346	9,891,808,346
Comprehensive income per share from continuing operations (Krs)	12.03	4.77

The company does not have any diluted shares (31 December 2021: None).

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31. FINANCIAL RISK MANAGEMENT

The Group is subject to risks because of its commercial activities. The details and management of these risks are explained below. The Group management is fully responsible for the management of financial risk.

a. Information on credit risk

Credit risk is the risk that one party to a financial instrument will fail to meet the terms of their agreements as foreseen and cause the other party to incur a financial loss.

For the loans provided, a default risk that the counterparty will not be able to fulfill the liabilities associated with the loan is present. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Group also manages credit risk by keeping equity shares obtained from loan customers as collateral. Credit risk is fully concentrated in Turkey where the Group mainly operates.

Limits of new credits and additional credit limits are bound by the limits approved by Credit Committee and Board of Directors. Limits to be provided to customers are initially proposed by the Credit Committee and approved by the Board of Directors.

The Group makes a regular collateral / equity check for credit transactions where the current equity and benchmark equity is compared. If the collateral amount falls below the benchmark amount, additional collateral is requested from the customer.

The common stocks which the customers would like to buy using credit are bound to be in the “Marketable Securities Accepted for Credit Purchase” list. The items to be included in this list are determined by considering factors like transaction volume, changes in transaction volume, free float rate, liquidity and amount of shares in circulation. The common stocks in the customer’s portfolio are accepted, as collateral if the customer would like to buy common stocks other than the stocks listed in “Marketable Securities Accepted for Credit Purchase”.

The share of the receivables from the biggest 10 credit customers in the total receivables from credit customers of the Group is 42 % (31 December 2021: 65%).

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31. FINANCIAL RISK MANAGEMENT (Continued)

The table below shows credit risk exposure based on financial instruments as of 31 December 2022 and 31 December 2021. In the determination of the maximum amount of credit risk exposure, in addition to the collaterals received, factors that lead to credit enhancement are not taken into account.

	Receivables				Bank Deposits	Financial Investments	Derivatives
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
31 December 2022							
Total credit risk exposure (A+B+C)	39,726,137	4,001,949,676	-	1,024,620,981	6,121,639,305	1,696,398,554	3,498,634
- Amount of risk that is guaranteed with collateral -	-	2,363,378,861	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	39,726,137	4,001,949,676	-	1,024,620,981	6,170,562,152	1,697,253,724	-
B. Net book value of impaired assets	-	-	-	-	(48,922,847)	(855,170)	-
- Past due (gross book value)	-	3,453,407	-	-	-	-	-
- Impairment	-	(3,453,407)	-	-	(48,922,847)	(855,170)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	3,498,634
	Receivables				Bank Deposits	Financial Investments	Derivatives
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
31 December 2021							
Total credit risk exposure (A+B+C)	78,086,817	968,698,169	-	293,252,643	3,962,911,052	295,192,935	2,545,966
- Amount of risk that is guaranteed with collateral -	-	-	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	78,086,817	968,698,169	-	293,252,643	4,002,228,570	296,401,471	-
B. Net book value of impaired assets	-	-	-	-	(39,317,518)	(1,208,536)	-
- Past due (gross book value)	-	1,021,677	-	-	-	-	-
- Impairment	-	(1,021,677)	-	-	(39,317,518)	(1,208,536)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	2,545,966

(*) An expected credit loss provision of TRY48,922,847 was allocated for bank deposits (31 December 2021: TRY39,317,518) (Note 6).

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31. FINANCIAL RISK MANAGEMENT (Continued)

b. Information on market risk

Interest rate risk

The need of Group's dealing ways with interest risk rate arises from effects of interest rates changes on the financial instruments. The sensitivity of the Group to interest rate risk is related with maturity mismatch of assets and liabilities. This risk is managed through corresponding assets that are sensitive to interest rates with similar liabilities.

Financial assets classified in the Group's balance sheet either as financial assets measured at fair value through other comprehensive income or treasury bills and government treasuries measured at amortised cost with floating interest rate are exposed to price risk due to interest rate changes. Those with fixed interest rates from financial assets measured at amortised cost may be exposed to risk of re-investment if they are directed to re-invest the resulting cash.

The table below shows the interest rate position details and sensitivity analysis as of 31 December 2022 and 2021:

Interest rate position table

Fixed rate financial instruments	31 December 2022	31 December 2021
Financial assets		
Banks	5,011,863,536	3,387,350,531
Financial liabilities		
Funds generated from Takasbank Money Market	4,760,474,779	2,520,562,552
Issued bonds and bills	2,341,435,436	561,668,956
Bank loans	193,697,937	-
Funds generated from repo transactions	11,515,423	17,384,702
Leasing payables	4,824,421	3,875,885
Variable rate financial instruments	31 December 2022	31 December 2021
Financial assets		
Financial assets measured at amortised cost (*)	19,299,016	24,357,444
Financial assets measured at fair value through other comprehensive income	89,709,140	58,870,959

(*) Financial assets that bear an interest rate and are classified as financial investments measured at amortised cost.

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31. FINANCIAL RISK MANAGEMENT (Continued)

Due to the impact of interest rate changes on financial assets that have variable rate, if the interest in TRY currency increase/decrease 100 basis points as of December 31, 2021 and all other variables remained constant, the profit would increase by TRY 1,090,082 (31 December 2021: TRY 665,673) or TRY 1,090,082 (31 December 2021: TRY 665,673) would decrease.

Financial liabilities with fixed interest rates and financial assets measured at amortised cost with fixed interest rates are assumed insensitive to changes in market interest rates. If the financial assets measured in these circumstances are measured at amortised cost, the redemption rate may be exposed to risk if the resulting cash is redirected to cash.

As of 31 December 2022 and 31 December 2021, average interest rates of financial instruments:

	31 December 2022			31 December 2021		
	TRY (%)	EUR (%)	USD (%)	TRY (%)	EUR (%)	USD (%)
Assets						
Cash and cash equivalents	25.94	-	4.00	23.36	0.40	1.10
Financial assets measured at fair value through other comprehensive income	17.10	-	-	20.85	-	-
Financial assets measured at amortised cost	-	-	4.63	17.00	-	3,23
Liabilities						
Issued bonds and bills	23.45	-	-	17.18	-	-
Bank borrowings	13.48	-	-	-	-	-
Funds from Takasbank Money Market	13.06	-	-	16.38	-	-

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of 31 December 2022 and 31 December 2021:

	31 December 2022					Total
	Up to 1 months	Up to 3 months	3 months- to 1 year	1 year - to 5 year	Non-interest bearings	
Cash and cash equivalents	4,973,379,127	-	-	-	1,148,260,178	6,121,639,305
Financial investments	-	56,622,298	58,539,384	34,915,784	1,546,321,088	1,696,398,554
Trade receivables	2,363,378,861	-	-	-	1,678,296,952	4,041,675,813
Other assets	-	-	-	-	1,127,376,581	1,127,376,581
	7,336,757,988	56,622,298	58,539,384	34,915,784	5,500,254,799	12,987,090,253
Financial liabilities	5,356,531,476	1,951,080,692	3,798,541	1,098,608	-	7,312,509,317
Trade payables	-	-	-	-	2,778,729,680	2,778,729,680
Other liabilities	-	-	-	-	655,079,378	655,079,378
	5,356,531,476	1,951,080,692	3,798,541	1,098,608	3,433,809,058	10,746,318,375
		(1,894,458,394)				
	1,980,226,512		54,740,843	33,817,176	2,066,445,740	2,240,771,877

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31. FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021					Total
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Non- interest bearings	
Cash and cash equivalents	2,631,762,432	-	722,776,893	-	608,371,727	3,962,911,052
Financial investments	20,764,721	9,596,965	31,962,265	95,342,894	137,526,090	295,192,935
Trade receivables	567,931,598	-	-	-	478,853,388	1,046,784,986
Other assets	-	-	-	-	345,412,916	345,412,916
	3,220,458,751	9,596,965	754,739,158	95,342,894	1,570,164,121	5,650,301,889
Financial liabilities	2,529,408,695	13,822,174	559,848,898	1,094,430	-	3,104,174,197
Trade payables	-	-	-	-	848,010,635	848,010,635
Other liabilities	-	-	-	-	576,408,307	576,408,307
	2,529,408,695	13,822,174	559,848,898	1,094,430	1,424,418,942	4,528,593,139
	691,050,056	(4,225,209)	194,890,260	94,248,464	145,745,179	1,121,708,750

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31. FINANCIAL RISK MANAGEMENT (Continued)

c. Exchange rate risk

As of 31 December 2022 and 31 December 2021, the Group’s assets and liabilities denominated in foreign currencies are as follows:

	31 December 2022				31 December 2021			
	TRY Equivalent	USD	EUR	Other	TRY Equivalent	USD	EUR	Other
Cash and cash equivalents	162,703,259	8,431,944	40,434	299,997	2,102,906,795	25,019,275	121,099,973	13,146
Financial Investments	91,621,670	4,900,000	-	-	64,887,500	5,000,000	-	-
Other receivables	401,987,470	1,276,341	18,967,843	-	126,158,851	1,209,643	7,523,393	-
Current assets (a)	656,312,398	14,608,285	19,008,277	299,997	2,293,953,146	31,228,918	128,623,366	13,146
Off-balance sheet derivatives denominated in foreign currency	(619,868,030)	(12,894,484)	(19,000,000)	-	(2,193,794,430)	(26,198,868)	(126,260,778)	-
Net liability position of foreign currency denominated derivatives (c)	(619,868,030)	(12,894,484)	(19,000,000)	-	(2,193,794,430)	(26,198,868)	(126,260,778)	-
Total net foreign currency asset / (liability) position (a+b+c)	36,444,368	1,713,801	8,277	299,997	100,158,716	5,030,050	2,362,588	13,146

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31. FINANCIAL RISK MANAGEMENT (Continued)

Off-balance sheet liabilities in foreign currencies consist of guarantee letters and derivative transactions (Note 17).

The following table shows the sensitivity of the Group for the change of a 20% change in USD, EUR and other currencies. These amounts represent the equity effect apart from net profit for the period and effect of net profit for the period of USD, 20% increase of EUR and other foreign currencies against TRY. According to the analyses of the Group's sensitivity where, all other variables are kept as constant.

Exchange rate sensitivity analysis table

31 December 2022	Profit / (Loss)		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 20% change in USD exchange rates:</i>				
USD net asset / liability effect	(6,409,034)	6,409,034	(6,409,034)	6,409,034
<i>In case of a 20% change in EURO exchange rates:</i>				
EUR net asset / liability effect	(33,002)	33,002	(33,002)	33,002
<i>In case of a 20% change in other exchange rates:</i>				
Other foreign currency net effect	846,838	(846,838)	846,838	(846,838)
Total	(5,595,197)	5,595,197	(5,595,197)	5,595,197

31 December 2021	Profit / (Loss)		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 20% change in USD exchange rates:</i>				
USD net asset / liability effect	(13,055,489)	13,055,489	(13,055,489)	13,055,489
<i>In case of a 20% change in EURO exchange rates:</i>				
EUR net asset / liability effect	(6,937,644)	6,937,644	(6,937,644)	6,937,644
<i>In case of a 20% change in other exchange rates:</i>				
Other foreign currency net effect	38,206	(38,206)	38,206	(38,206)
Total	(19,954,927)	19,954,927	(19,954,927)	19,954,927

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31. FINANCIAL RISK MANAGEMENT (Continued)

d. Share certificate price risk

The majority of the stocks classified in the Group's balance sheet as fair value through profit or loss financial assets and financial assets measured at fair value through other comprehensive income are traded on the BIST. According to the Group's analysis, if the Group has a 10% increase / decrease in the prices of the shares in its portfolio, assuming that all other variables remain constant, effects occurring on the carrying value of the shares in the portfolio which are traded in BIST, on growth funds, on the net profit of the year and shareholders' equity are presented below.

31 December 2022

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Share certificates						
Financial assets measured						
at fair value through profit or loss		Increase	150,497,516	-	150,497,516	150,497,516
- Financial assets	10%	Decrease	(150,497,516)	-	(150,497,516)	(150,497,516)

31 December 2021

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Share certificates						
Financial assets measured						
at fair value through profit or loss		Increase	7,687,854	-	7,687,854	7,687,854
- Financial assets	10%	Decrease	(7,687,854)	-	(7,687,854)	(7,687,854)

e. Liquidity risk disclosures

Liquidity risk is the possibility that the Group is unable to meet its net funding commitments and is defined as the risk of loss because of not being able to close positions at all or at an appropriate price because of barriers in the market. Liquidity risk stems from deterioration in markets or occurrence of events resulting in diminution of fund resources such as fall of credit ratings. The management of the Group controls liquidity risk by allocating fund resources and keeping a sufficient level of cash and cash equivalents to meet its existing and possible obligations.

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31. FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2022				Total of contractual cash outflows
	Net book value	Up to 1 month	1 month to 1 year	1 year to 5 years	
Financial liabilities	7,312,509,317	5,414,509,874	2,019,271,853	1,098,608	7,434,880,335
Trade payables	2,778,729,680	2,778,729,680	-	-	2,778,729,680
Other liabilities	348,470,409	348,470,409	-	-	348,470,409
	10,439,709,406	8,541,709,963	2,019,271,853	1,098,608	10,562,080,424

	31 December 2021				Total of contractual cash outflows
	Net book value	Up to 1 month	1 month to 1 year	1 year to 5 years	
Financial liabilities	3,104,174,197	2,561,944,821	618,273,902	1,094,430	3,181,313,153
Trade payables	848,010,635	848,010,635	-	-	848,010,635
Other liabilities	109,091,449	109,091,449	-	-	109,091,449
	4,061,276,281	3,519,046,905	618,273,902	1,094,430	4,138,415,237

32. FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

i. Financial assets:

The fair values of financial assets carried at cost, including cash and cash equivalents and other financial assets, are considered to approximate their respective carrying values due to their short-term nature and their insignificant credit risk.

Market prices are used on the determination of the fair values of government bonds and common stocks.

Financial investments' costs, fair value and carrying values are disclosed in Note 7.

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32. FINANCIAL INSTRUMENTS (Continued)

ii. *Financial liabilities:*

The fair values of monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Financial assets and financial liabilities carried at fair value:

31 December 2022	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss	1,485,673,534	-	-
- <i>Share certificates trading on BIST</i>	<i>1,485,673,534</i>	-	-
Financial assets measured at fair value through other comprehensive income	-	191,426,004	-
- <i>Share certificates</i>	-	<i>60,647,554</i>	-
- <i>Corporate bonds and bills</i>	-	<i>130,778,450</i>	-
Financial receivables from derivatives held for trading	-	542,633	-
Financial liabilities from derivatives held for trading	-	3,498,634	-
31 December 2021	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss	76,878,536	-	-
- <i>Share certificates trading on BIST</i>	<i>76,878,536</i>	-	-
Financial assets measured at fair value through other comprehensive income	-	279,508,446	-
- <i>Share certificates</i>	-	<i>60,647,555</i>	-
- <i>Corporate bonds and bills</i>	-	<i>218,860,891</i>	-
Financial receivables from derivatives held for trading	-	2,545,966	-
Financial liabilities from derivatives held for trading	-	307,642,910	-

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33. DISCLOSURE OF OTHER MATTERS

a. Explanation on portfolio management operations:

As of 31 December 2022, the Group managed 78 mutual funds and 18 pension funds (31 December 2021: 46 mutual funds and 20 pension funds). In accordance with the Funds' statute, the Group purchases and sells securities and share certificates for the Funds, markets their participation certificates and provides other services and charges daily management fees. As of 31 December 2022, the Group earned a management fee of TRY 459,649,426 (31 December 2021: TRY 232,033,214).

b. Capital management and capital adequacy requirements

The Group aims to increase its profit by using liability and equity balance in the most efficient way. The Group's funding structure is mainly composed of equity items.

The Group defines and manages its capital in accordance with CMB's Communiqué Series: V No: 34 on capital and capital adequacy of intermediary institutions. According to the related communiqué, the equity of intermediary institutions is composed of the portion of total assets, which are valued according to the valuation principles discussed in Communiqué Serie: V No: 34 and are present in the balance sheet prepared as of the valuation date. According to the communiqué which is published on 11 July 2013 and named as Communiqué Series: V No: 34, capital adequacy base of intermediary institutions cannot be lower than any of the following; TRY 2,000,000 for narrow authority intermediaries, TRY10,000,000 for partial authorized intermediaries and 25,000,000 for broad authority intermediaries. The Company has broad authority intermediation license dated 15 January 2016 and numbered G-028 (286). Accordingly, the total equity required by the company as of 31 December 2022, including the annual revaluation, was calculated to be TRY 31,331,603 (31 December 2021: TRY 29,216,340).

34. SUBSEQUENT EVENTS

None.

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