

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 30 JUNE 2023
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH**



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

**REPORT ON REVIEW OF INTERIM CONSOLIDATED
FINANCIAL INFORMATION**

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

Introduction

We have reviewed the accompanying consolidated statement of financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. and its subsidiary (collectively referred to as the “Group”) as at 30 June 2023 and the consolidated statement of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and summary of significant accounting policies and other explanatory notes. The management of the Group is responsible for the preparation and fair presentation of this consolidated interim financial information in accordance with Turkish Accounting Standard 34(“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying consolidated interim financial information donot give a true and fair view of the financial position of Yapı Kredi Yatırım Menkul Değerler A.Ş. and its subsidiary as of 30 June 2023, and of their financial performance and their cash flows for the six-month period then ended in accordance with TAS 34.



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 including the application of IAS 29 Financial Reporting in Hyperinflationary Economies as of 30 June 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Talar Gül, SMMM
Partner

Istanbul, 20 July 2023

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 JUNE 2023
ORIGINALLY ISSUED IN TURKISH**

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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 30 JUNE 2023 ORIGINALLY ISSUED IN TURKISH

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

| Assets | Notes | (Reviewed) 30 June 2023 | (Audited) 31 December 2022 |
|--|--------------|------------------------------------|---------------------------------------|
| Current assets | | | |
| Cash and cash equivalents | 6 | 9,244,999,902 | 6,121,639,305 |
| Financial investments | 7 | 96,515,588 | 1,600,835,004 |
| - Fair value through profit or loss financial assets | | 39,608,241 | 1,485,673,534 |
| - Financial assets measured at fair value through other comprehensive income | | 30,431,141 | 115,161,470 |
| - Financial assets measured at amortised cost | | 26,476,206 | - |
| Trade receivables | 10 | 3,849,909,051 | 4,041,675,813 |
| - Trade receivables due from related parties | 29 | 102,351,220 | 39,726,137 |
| - Trade receivables due from third parties | | 3,747,557,831 | 4,001,949,676 |
| Receivables from financial activities | 11 | 79,133,386 | 76,410,031 |
| - Receivables from financial activities due from related parties | 29 | 62,154,396 | 52,765,084 |
| - Receivables from financial activities due from third parties | | 16,978,990 | 23,644,947 |
| Other receivables | 12 | 937,085,201 | 1,024,620,981 |
| - Other receivables due from related parties | | - | - |
| - Other receivables due from third parties | | 937,085,201 | 1,024,620,981 |
| Derivative instruments | 17 | - | 3,498,634 |
| Prepaid expenses | 20 | 31,931,036 | 22,589,811 |
| - Prepaid expenses due to related parties | 29 | 995,895 | 302,572 |
| - Prepaid expenses due to third parties | | 30,935,141 | 22,287,239 |
| Current tax assets | 23 | 109,137 | 109,137 |
| Other current assets | | 404,095 | 257,124 |
| - Other current assets due from third parties | | 404,095 | 257,124 |
| Total current assets | | 14,240,087,396 | 12,891,635,840 |
| Non-current assets | | | |
| Financial investments | 7 | 106,239,330 | 95,563,550 |
| - Financial assets measured at fair value through other comprehensive income | | 106,239,330 | 76,264,534 |
| - Financial assets measured at amortised cost | | - | 19,299,016 |
| Property, plant and equipment | 13 | 30,486,710 | 30,562,387 |
| Right of use assets | 14 | 5,088,633 | 4,440,040 |
| Intangible assets | 15 | 56,681,194 | 32,584,322 |
| Deferred tax assets | 23 | 81,916,495 | 8,541,829 |
| Total non-current assets | | 280,412,362 | 171,692,128 |
| Total assets | | 14,520,499,758 | 13,063,327,968 |

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 30 JUNE 2023 ORIGINALLY ISSUED IN TURKISH

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

| Liabilities | Notes | (Reviewed) 30 June 2023 | (Audited) 31 December 2022 |
|--|--------------|------------------------------------|---------------------------------------|
| Short-term liabilities | | | |
| Short term liabilities | 9 | 7,633,332,810 | 7,311,410,709 |
| - Short term liabilities due to related parties | | 4,771,078 | 3,725,813 |
| - Lease liabilities | | 4,771,078 | 3,725,813 |
| - Short term liabilities due to third parties | 9 | 7,628,561,732 | 7,307,684,896 |
| - Bank borrowings | | 200,374,444 | 193,697,937 |
| - Other short-term borrowings | | 7,428,187,288 | 7,113,986,959 |
| Trade payables | 10 | 2,812,024,253 | 2,778,729,680 |
| - Trade payables to related parties | 29 | 207,155,434 | 287,146,783 |
| - Trade payables to third parties | | 2,604,868,819 | 2,491,582,897 |
| Payables related to employee benefits | 19 | 22,405,415 | 11,130,541 |
| Other payables | 12 | 289,408,781 | 348,470,409 |
| - Other payables due to related parties | 29 | - | - |
| - Other payables due to third parties | | 289,408,781 | 348,470,409 |
| Derivative instruments | 17 | 26,040,096 | 542,633 |
| Current tax liabilities | 23 | 207,152,909 | 92,137,419 |
| Short term provisions | | 80,442,677 | 114,505,514 |
| - Short term provisions for employee benefits | 18 | 68,466,207 | 97,091,358 |
| - Other short term provisions | 16 | 11,976,470 | 17,414,156 |
| Other short term liabilities | 21 | 173,084,638 | 130,405,932 |
| Total short-term liabilities | | 11,243,891,579 | 10,787,332,837 |
| Long-term liabilities | | | |
| Long term borrowings | 9 | 1,109,888 | 1,098,608 |
| - Long term liabilities due to related parties | 29 | 1,109,888 | 1,098,608 |
| - Long term liabilities due to third parties | | - | - |
| Long term provisions | | 66,820,218 | 50,024,349 |
| - Provisions for employee benefits | 18 | 66,820,218 | 50,024,349 |
| Total long-term liabilities | | 67,930,106 | 51,122,957 |
| Total liabilities | | 11,311,821,685 | 10,838,455,794 |
| 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 | | 5,272,856 | 3,417,668 |
| - Revaluation and reclassification gains / (losses) | | 5,272,856 | 3,417,668 |
| Accumulated other comprehensive income / (expenses) that will not be reclassified to profit or loss | | (3,884,489) | 1,200,323 |
| - Profits from investments in equity instruments | | 22,180,709 | 22,180,709 |
| - Defined benefit plans remeasurement gains / (losses) | | (26,065,198) | (20,980,386) |
| Restricted reserves | 22 | 220,503,385 | 197,694,140 |
| Retained earnings | | 1,552,391,823 | 647,279,153 |
| Net profit for the period | | 1,226,364,246 | 1,160,960,272 |
| Equity attributable to owners of the parent | | 3,162,643,905 | 2,172,547,640 |
| Non-controlling interests | 22 | 46,034,168 | 52,324,534 |
| Total shareholder's equity | | 3,208,678,073 | 2,224,872,174 |
| Total liabilities and shareholder's equity | | 14,520,499,758 | 13,063,327,968 |

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 - 30 JUNE 2023 ORIGINALLY ISSUED IN TURKISH

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

| | Notes | (Reviewed) 1 January – 30 June 2023 | (Not Reviewed) 1 April - 30 June 2023 | (Reviewed) 1 January – 30 June 2022 | (Not Reviewed) 1 April - 30 June 2022 |
|---|-------|--|--|--|--|
| PROFIT OR LOSS | | | | | |
| Revenue | 24 | 5,746,352,980 | 2,978,867,322 | 3,907,489,688 | 2,346,300,790 |
| Cost of sales (-) | 24 | (4,650,588,695) | (2,435,016,814) | (3,459,149,731) | (2,102,361,496) |
| Gross profit from business operations | | 1,095,764,285 | 543,850,508 | 448,339,957 | 243,939,294 |
| Revenue from financial activities | 25 | 347,637,570 | 183,970,501 | 205,215,256 | 110,603,543 |
| Cost of financial activities (-) | 25 | (9,892,162) | (5,063,768) | (3,624,367) | (1,800,079) |
| Gross profit from financial activities | | 337,745,408 | 178,906,733 | 201,590,889 | 108,803,464 |
| Gross profit | | 1,433,509,693 | 722,757,241 | 649,930,846 | 352,742,758 |
| General administrative expenses (-) | 26 | (334,274,299) | (184,605,985) | (173,164,266) | (95,372,338) |
| Marketing, selling and distribution expenses (-) | 26 | (249,913,789) | (110,443,464) | (122,401,976) | (64,424,156) |
| Other income from operating activities | 27 | 1,819,389,094 | 1,075,487,706 | 849,185,584 | 253,983,180 |
| Other expense from operating activities (-) | 28 | (1,003,975,598) | (595,987,907) | (629,234,584) | (125,187,726) |
| Real operating profit | | 1,664,735,101 | 907,207,591 | 574,315,604 | 321,741,718 |
| Profit before tax from continuing operations | | 1,664,735,101 | 907,207,591 | 574,315,604 | 321,741,718 |
| Tax expense from continuing operations (-) | | (407,519,170) | (228,574,031) | (129,694,682) | (70,958,614) |
| - Tax expense for the period (-) | 23 | (479,813,939) | (248,174,301) | (82,739,523) | (43,674,962) |
| - Deferred tax expense (-) | 23 | 72,294,769 | 19,600,270 | (46,955,159) | (27,283,652) |
| Total profit from continuing operations | | 1,257,215,931 | 678,633,560 | 444,620,922 | 250,783,104 |
| Total Profit | | 1,257,215,931 | 678,633,560 | 444,620,922 | 250,783,104 |
| Total profit attributable to: | | 1,257,215,931 | 678,633,560 | 444,620,922 | 250,783,104 |
| Profit, attributable to non-controlling interests | 22 | 30,851,685 | 16,141,062 | 17,536,868 | 8,828,192 |
| Profit, attributable to owners of parent | | 1,226,364,246 | 662,492,498 | 427,084,054 | 241,954,912 |
| Earnings per share from continuing operations (Kr) | 30 | 12.71 | 8.21 | 4.49 | 2.54 |

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 COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 30 JUNE 2023 ORIGINALLY ISSUED IN TURKISH

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

| | | (Reviewed) 1 January – 30 June 2023 | (Not Reviewed) 1 April - 30 June 2023 | Reviewed) 1 January – 30 June 2022 | (Not Reviewed) 1 April - 30 June 2022 |
|---|----|--|---|---|---|
| OTHER COMPREHENSIVE INCOME | | | | | |
| Total profit for the period | | 1,257,215,931 | 678,633,560 | 444,620,922 | 250,783,104 |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| Defined benefits plans remeasurement gains/(losses) | 18 | (5,084,812) | (5,356,538) | (5,391,985) | (5,223,065) |
| Taxes related other comprehensive income that will not be reclassified to profit or loss | | (6,779,749) | (7,142,050) | (7,189,313) | (6,978,163) |
| | | 1,694,937 | 1,785,512 | 1,797,328 | 1,755,098 |
| 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 | | 1,855,188 | (570,497) | 1,363,566 | (150,131) |
| Taxes related other comprehensive income that will be reclassified to profit or loss | | 2,470,228 | (760,662) | 1,814,735 | (200,171) |
| - Revaluation and reclassification gains /(losses) from financial assets at fair value through other comprehensive income, tax effect | | (615,040) | 190,165 | (451,169) | 50,040 |
| | | (615,040) | 190,165 | (451,169) | 50,040 |
| Other comprehensive income | | (3,229,624) | (5,927,035) | (4,028,419) | (5,373,196) |
| Total comprehensive income | | 1,253,986,307 | 672,706,525 | 440,592,503 | 245,409,908 |
| Total comprehensive income attributable to: | | | | | |
| Comprehensive income, attributable to non-controlling interests | 22 | 30,851,685 | 16,141,061 | 17,536,868 | 8,828,192 |
| Comprehensive income, attributable to owners of parent | | 1,223,134,622 | 656,565,464 | 423,055,635 | 236,581,716 |
| Total comprehensive income per share from continuing operations (Kı) | 30 | 12.68 | 6.80 | 4.45 | 2.48 |

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 CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 30 JUNE 2023 ORIGINALLY ISSUED IN TURKISH

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

| | Note | 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 | Accumulated profits | | | Equity to attributable owners of the parent | Non controlling interests | Total equity | |
|--|-----------|-------------------|------------------------------|---|---|--|---------------------|----------------------|---|---------------------------|-------------------|-------------------------|
| | | | | Revaluation and reclassification gains/losses | Profits from investments in equity instruments gains/losses | Defined benefit plans remeasurement gains/(losses) | Restricted reserves | Retained earnings | | | | Net profit for the year |
| 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 | | - | - | 1,363,566 | - | (5,391,985) | - | - | 427,084,054 | 423,055,635 | 17,536,868 | 440,592,503 |
| - Net profit for the period | | - | - | - | - | - | - | - | 427,084,054 | 427,084,054 | 17,536,868 | 444,620,922 |
| - Other comprehensive income/(expense) | | - | - | 1,363,566 | - | (5,391,985) | - | - | - | (4,028,419) | - | (4,028,419) |
| Dividends | 22 | - | - | - | - | - | 10,862,282 | (124,431,000) | - | (113,568,718) | (18,063,967) | (131,632,685) |
| 30 June 2022 | 22 | 98,918,083 | 63,078,001 | 3,118,090 | 22,180,709 | (11,819,949) | 197,694,140 | 647,279,153 | 427,084,054 | 1,447,532,281 | 27,705,537 | 1,475,237,818 |
| 1 January 2023 | | 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 |
| Transfers | | - | - | - | - | - | - | 1,160,960,272 | (1,160,960,272) | - | - | - |
| Total comprehensive income | | - | - | 1,855,188 | - | (5,084,812) | - | - | 1,226,364,246 | 1,223,134,622 | 30,851,685 | 1,253,986,307 |
| - Net profit for the period | | - | - | - | - | - | - | - | 1,226,364,246 | 1,226,364,246 | 30,851,685 | 1,257,215,931 |
| - Other comprehensive income/(expense) | | - | - | 1,855,188 | - | (5,084,812) | - | - | - | (3,229,624) | - | (3,229,624) |
| Dividends | | - | - | - | - | - | 22,809,245 | (255,847,600) | - | (233,038,355) | (37,142,051) | (270,180,406) |
| 30 June 2023 | | 98,918,083 | 63,078,001 | 5,272,856 | 22,180,709 | (26,065,198) | 220,503,385 | 1,552,391,825 | 1,226,364,246 | 3,162,643,905 | 46,034,168 | 3,208,678,073 |

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 - 30 JUNE 2023 ORIGINALLY ISSUED IN TURKISH

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

| | Notes | (Reviewed) 1 January - 30 June 2023 | (Reviewed) 1 January - 30 June 2022 |
|---|-------|---|---|
| A. Cash flows from operating activities | | 3,921,928,991 | (1,452,588,680) |
| Net income for the period | | 1,257,215,931 | 444,620,922 |
| Adjustments to reconcile net income/loss to net cash provided by operating activities | | 915,950,314 | (112,978,869) |
| Adjustments for depreciation and amortization | 26 | 11,140,751 | 8,852,815 |
| Adjustments for provisions | | 2,147,062 | 14,700,112 |
| - Adjustments for provision for employee benefits | | (6,744,472) | 7,451,898 |
| - Adjustments for lawsuit provisions | | (5,437,687) | 266,469 |
| - Adjustments for other provisions | | 14,329,221 | 6,981,745 |
| Adjustments for interest income and expenses | | 206,812,931 | 101,497,919 |
| - Adjustments for interest income | | (649,753,250) | (240,298,657) |
| - Adjustments for interest expenses | | 856,566,181 | 341,796,576 |
| Adjustments for unrealized foreign currency translation differences | | 175,170,098 | (294,573,747) |
| Adjustments for fair value losses/(gains) | | (1,855,188) | (1,363,566) |
| - Adjustments for financial assets | | (1,855,188) | (1,363,566) |
| - fair value losses | | | |
| Adjustments for tax expense | 23 | 522,534,660 | 57,907,598 |
| Changes in operating profit | | 1,538,942,236 | (1,876,769,309) |
| Increase in financial investments | | 1,493,643,636 | (107,006,052) |
| Adjustments for decrease in trade receivables | | 191,766,762 | (1,589,251,457) |
| - Decrease/(increase) in trade receivables due from related parties | | (62,625,083) | (171,218,792) |
| - Decrease in trade receivables due from third parties | | 254,391,845 | (1,418,032,665) |
| Decrease/(increase) in receivables from financial activities | | (2,723,355) | (2,089,786) |
| Adjustments for decrease in other receivables | | 87,535,780 | (205,826,247) |
| -Decrease in other receivables due related party | | - | 293,252,643 |
| - Decrease in other receivables due from third parties | | 87,535,780 | (499,078,890) |
| Increase in derivatives (-) | | 3,498,634 | (25,079,539) |
| Decrease in prepaid expenses | | (9,341,225) | (6,986,566) |
| Adjustments for increase in trade payables | | 33,294,573 | 232,159,193 |
| - (Decrease)/increase in trade payables due to related parties | | (79,991,349) | 67,383,245 |
| - Increase in trade payables due to other parties | | 113,285,922 | 164,775,948 |
| Increase/(decrease) in payables due to employee benefits | | 11,274,874 | (1,462,204) |
| Adjustments for increase in other payables | | (16,382,922) | 81,673,704 |
| - Increase in other payables due to related parties | | - | - |
| - Increase in other payables due to other parties | | (16,382,922) | 81,673,704 |
| Decrease in derivative liabilities | | 25,497,463 | (193,002,224) |
| Adjustments for decrease in other operating capital | | (279,121,984) | (59,898,131) |
| - Decrease in other operating activities | | (279,121,984) | (59,898,131) |
| Cash flows from operating activities | 28 | 3,712,108,481 | (1,545,127,256) |
| Dividends received | | 3,545,562 | 37,341,312 |
| Interests received | | 649,753,250 | 240,298,657 |
| Payments for provision for employee benefits | | (78,851,613) | (26,950,982) |
| Taxes paid | | (364,626,689) | (158,150,411) |
| B. Cash flows from investing activities | | (31,784,985) | (7,512,310) |
| Cash inflows from selling of property, equipment and intangible assets | | - | (1,080,123) |
| - Cash inflows from selling of tangible assets | 13 | - | - |
| - Cash inflows from selling of intangible assets | 15 | - | (1,080,123) |
| Cash outflows from purchase of property, equipment and intangible assets | | (31,784,985) | (6,432,187) |
| - Cash outflows from purchase of tangible assets | 13 | (3,861,301) | (6,337,244) |
| - Cash outflows from purchase of intangible assets | 15 | (27,923,684) | (94,943) |
| C. Cash flows from financing activities | | (604,584,894) | 1,059,967,856 |
| Cash inflows from borrowings | | 7,627,733,882 | 4,618,196,055 |
| - Cash inflows from loans | | 7,075,381,128 | 3,285,695,482 |
| - Cash inflows from issued bonds | | 552,352,754 | 1,332,500,573 |
| Cash outflows from debt payments | | (7,101,910,215) | (3,082,231,507) |
| - Cash outflows from loan repayments | | (4,760,474,779) | (2,520,562,552) |
| - Cash outflows from issued bonds repayments | | (2,341,435,436) | (561,668,955) |
| Cash outflows from repayments of lease liabilities | 9 | (3,661,975) | (2,567,430) |
| Dividends paid | 22 | (270,180,406) | (131,632,685) |
| Interests paid | | (856,566,180) | (341,796,577) |
| Net increase / (decrease) in cash and cash equivalents before exchange currency effect (A+B+C) | | 3,285,559,112 | (400,133,134) |
| D. Exchange currency effect on cash and cash equivalents | | (175,170,095) | 294,573,747 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C+D) | | 3,110,389,017 | (105,559,387) |
| E. Cash and cash equivalents at the beginning of the period | 6 | 4,982,326,894 | 3,453,071,613 |
| Cash and cash equivalents at the end of the period (A+B+C+D+E) | 6 | 8,092,715,911 | 3,347,512,226 |

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

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CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 ORIGINALLY ISSUED IN TURKISH

(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 8 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 Karamehmet 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 on 29 December 2006, the decision to legally merge with Koç Yatırım Menkul Değerler A.Ş. ("Koç Yatırım") in accordance with the article number 136 of Turkish Commercial Code, and number 19 and 20 of 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:

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1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

- 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,
- 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 83 investment funds (31 December 2022: 78). As of 30 June 2023, the Group has 335 employees (31 December 2022: 321).

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 30 June 2023 and 31 December 2022 details of the subsidiary of the Group are as follows:

| Name of the shareholder | 30 June 2023 Share in capital | 31 December 2022 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 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 2022: 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 30 June 2023 have been approved by the Board of Directors of the Company on 20 July 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

Attached financial statements as of 30 June 2022 had been prepared in accordance with clauses of “Principles Statement Related to Financial Reporting in Capital Market” Serie II-14.1, which had been published in Official Gazette dated 13 June 2013 and numbered 28676 by CMB. Turkish Accounting Standards/Turkish Financial Reporting Standards (“TAS/TFRS”) and additions and comments related to these standards (“TAS/TFRS”) which had been constituted by Public Oversight Accounting and Auditing Standards Board (“POA”) had been grounded on relying on the fifth article of this communiqué.

Interim financial statements have been based on legal records and prepared in Turkish Lira’s. The required corrections and classifications are done in preparing interim financial statements in order to be truly presented in accordance with TAS which are prepared by POA.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.1 Preparation of the financial statements

The Group has prepared its consolidated interim financial statements for the interim period ending on 30 June 2023 within the framework of the CMB's Communique Serial: XII, No. 14.1 and announcements introducing explanations of this communique, and in line with the TAS 34 Interim Financial Reporting standard and the formats announced by the CMB on 7 June 2013. Consolidated interim financial statements and notes have been presented in accordance with the formats recommended by the CMB and include the mandatory information.

The companies are free to prepare their interim period statements in full set or condensed versions in accordance with TAS 34. The Group preferred to prepare full set consolidated financial statement for the interim period in this context.

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 30 June 2023, no new announcement 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 30 June 2023.

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 recognised 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

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.

In order to determine the financial status and performance trends, the consolidated financial statements of the Group have been prepared in comparison with the consolidated financial statements of previous periods. The Group prepared its consolidated statement of financial position as of 30 June 2023 in comparison with the consolidated statement of financial position prepared as of 31 December 2022; prepared consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows between 1 January - 30 June 2023 in comparison with 1 January - 30 June 2023. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2.1.6 Changes in accounting policies and explanations

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 30 June 2023.

Standards, amendments, and interpretations applicable as of 30 June 2023:

- **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.
- **IFRS 17, ‘Insurance Contracts’;** 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.6 Basis of Presentation (Continued)

However, in the letter of the Public Oversight Agency (KGK) to the Association of Insurance, Reinsurance and Pension Companies of Turkey dated 06.04.2023, the insurance, reinsurance company and pension companies, banks that have partnerships/investments in these companies and those that have partnerships/investments in these companies. It has been reported that it has been concluded that it would be appropriate to apply TFRS 17 as of 1/1/2024 in the consolidated and individual financial statements of other companies.

- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

- **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.
- **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.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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 interim 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 30 June 2023 and 31 December 2022 details of the subsidiary and associate of the Group are as follows:

| <u>Legal entity</u> | <u>30 June 2023 Ratio of shares in capital</u> | <u>31 December 2022 Ratio of shares in capital</u> | <u>Service Line</u> |
|---|--|--|----------------------|
| Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary) | 87.32% | 87.32% | Portfolio Management |

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 2022:87.32%) 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 “non-controlling 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(b) Revenue recognition

(i) Fee and commission income and expenses

Fees and commissions are recognised in the income statement when they are collected or paid. However, fund management fee commissions, portfolio management commissions and agency commissions are accounted for on an accrual basis. Stock transaction commissions are accounted for by netting off with commission returns.

(ii) Interest income, expenses and dividend income

Interest income and expenses are recognised 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 recognised when the shareholders have the right to take the dividend.

(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 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 “Financial assets measured at fair value through profit or loss”, “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 recognised 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 recognised at fair value with purchase expenses of investment, except financial assets at fair value through profit or loss.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(i) Financial assets at fair value through profit and loss

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

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. It is accepted that the fair value is recognised 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 method. All gains and losses arising from these evaluations are recognised in the income statement.

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

(ii) Financial assets at fair value through other comprehensive income:

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets’ cash flows represent solely payments of principal and interest, and that are not designated at 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(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.

(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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(f) Intangible assets

Intangible assets consist of acquired rights, information systems and softwares. 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 recognised 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 processes in order to improve its existing systems, in this context, projects determined to provide economic benefits to the Group in the future are capitalized. The Group reviews the projects that have been capitalized but not yet completed and recognised the amount of assets as an expense that it concluded will not provide future economic benefits to the Group. Amortization is not calculated on projects that are classified as intangible assets but not yet ready for use.

(g) Impairment of financial assets

Financial assets, other than those 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 impairment gains and loss of loans and advances is the difference between the original contracted cash flows and the modified cash flows discounted at the original effective interest rate.

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.

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 recognised 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

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.

(h) Financial liabilities

(i) Repurchase agreements

Securities subject to repurchase agreements (“Repo”) are classified as “Financial assets at fair value through profit or loss”, “Financial assets at fair value through other comprehensive income” and “Financial assets measured at amortised cost” according to the investment purposes of the 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 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 recognised at fair value and are subsequently measured at amortised cost using the effective interest 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 recognised in the profit or loss in the period in which they are incurred.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(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 recognised in the income statement.

(j) Provisions and contingent assets and liabilities

Provisions are recognised 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 recognised 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 recognised 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”.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(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 recognised 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 subject 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.

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 recognised 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 recognised 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 “Revaluation and reclassification gains/(losses)” account in equity and deferred tax of the regarding period is accounted as income or expense in the statement of income.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(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.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(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) Derivatives

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.

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 recognised 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 financial assets 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 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.

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

The Group calculates the fair value of financial instruments which have no active market, using market information and through arm’s length transactions or by reference to the fair value of similar instruments.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Significant Accounting Judgements, Estimates and Assumptions (Continued)

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 2022: None).

4. JOINT VENTURES

The Group has no joint ventures (31 December 2022: None).

5. SEGMENT REPORTING

Since the Group is not publicly held, there is no segment reporting in the consolidated financial statements as of 30 June 2023 and 31 December 2022.

6. CASH AND CASH EQUIVALENTS

| | 30 June 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| Banks | | |
| - Time deposits | 7,807,141,689 | 5,011,863,536 |
| - Demand deposits | 1,162,268,353 | 1,158,698,616 |
| Liquid fund | 339,060,826 | - |
| Allowances for expected credit losses (-) | (63,470,966) | (48,922,847) |
| | 9,244,999,902 | 6,121,639,305 |

As of 30 June 2023, TRY 2,226,748,954 of bank deposits (31 December 2022: TRY 2,897,133,892) are held by related parties and institutions. The expected loan loss provision of the related banks and corporations is calculated to be TRY 227,047 (31 December 2022: TRY 340,260) (Note 29).

TRY 1,114,834,280 of demand deposits (31 December 2022: TRY 1,117,648,378) are held by the Group's bank accounts in the collateral status of the Group's customers (Note 16).

As of 30 June 2023, the average maturity for TRY time deposits are 19 days (31 December 2022: for TRY EUR and US Dollars 41, 0 and 21 days) respectively, while the average interest rates are 43.69% (31 December 2022: 25.94%, 0% and 4.00%) respectively.

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6. CASH AND CASH EQUIVALENTS (Continued)

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

| | 30 June 2023 | 31 December 2022 |
|--|----------------------|-------------------------|
| Cash and cash equivalents | 9,244,999,902 | 6,121,639,305 |
| Cash and cash equivalents of customers | (1,114,834,280) | (1,117,648,378) |
| Provision for expected credit losses (-) | 63,470,966 | 48,922,847 |
| Interest accruals | (100,920,677) | (70,586,880) |
| | 8,092,715,911 | 4,982,326,894 |

7. FINANCIAL INVESTMENTS

Short-term financial investments:

| | 30 June 2023 | | |
|--|-------------------------|----------------------|-----------------------|
| | Cost | Fair Value | Carrying value |
| Financial assets measured at fair value through profit or loss | 32,366,564 | 39,608,241 | 39,608,241 |
| - <i>Shares certificate listed on the BİST</i> | 32,366,564 | 39,608,241 | 39,608,241 |
| Financial assets measured at fair value through other comprehensive income | 25,588,126 | 30,431,140 | 30,431,141 |
| - <i>Private sector bonds and bills</i> | 3,200,000 | 3,387,964 | 3,387,964 |
| - <i>Government bonds and treasury bills</i> | 22,388,126 | 27,043,176 | 27,043,176 |
| Financial assets measured at amortized cost | | | |
| - <i>Government bonds and treasury bills</i> | 20,967,611 | 26,492,155 | 26,479,781 |
| Provision for impairment (-) | - | (3,575) | (3,575) |
| | 78,922,301 | 96,527,962 | 96,515,588 |
| | 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 |
| Provision for impairment (-) | - | - | - |
| | 1,382,139,065 | 1,600,835,004 | 1,600,835,004 |

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7. FINANCIAL INVESTMENTS(Continued)

Long term financial investments

| | 30 June 2023 | | Carrying value |
|---|-------------------|--------------------|--------------------|
| | Cost | Fair Value | |
| Financial assets measured at fair value through other comprehensive income | 67,125,949 | 106,239,330 | 106,239,330 |
| - <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> | 34,933,416 | 45,591,775 | 45,591,775 |
| Financial assets measured at fair value | - | - | - |
| - <i>Government bonds and treasury bills</i> | - | - | - |
| <i>Provision for impairment (-)</i> | | | |
| | 67,125,949 | 106,239,330 | 106,239,330 |
| | 31 December 2022 | | Carrying value |
| | Cost | Fair 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>Provision for impairment (-)</i> | - | (2,606) | (2,606) |
| | 66,785,071 | 95,567,097 | 95,563,550 |

As of 30 June 2023, financial assets measured at amortised cost whose the total amount of carrying value is TRY 26,476,206 (31 December 2022: TRY 19,299,016) are held as collaterals in CBRT, BİST and Istanbul Settlement and Custody Bank Inc. ("Takasbank") (Note 16).

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

| | 30 June 2023 | 31 December 2022 |
|--------------------|-------------------|-------------------|
| 0-1 month | - | - |
| 1 month - 3 months | - | - |
| 3 months - 1 year | 26,476,206 | - |
| 1 year – 5 years | - | 19,299,016 |
| | 26,476,206 | 19,299,016 |

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7. FINANCIAL INVESTMENTS(Continued)

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

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Beginning of the period,1 January | 19,299,016 | 24,357,444 |
| Purchases during the period | - | - |
| Value decreases (including interest re-discounts) | 7,180,765 | 3,774,208 |
| Disposals in the period (-) | - | (10,818,228) |
| Allowances for expected credit losses (-) | (3,575) | (2,337) |
| End of the period, 30 June | 26,476,206 | 17,311,087 |

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

| Type | 30 June 2023 | | 31 December 2022 | |
|--|-------------------|--------------|-------------------|--------------|
| | Amount (TRY) | Share (%) | 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 Azerbaycan Ltd. | 110,279 | 0,1 | 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 | 4,9 | 11,699 | 4.90 |
| | 60,647,555 | | 60,647,555 | |

As of 30 June 2023, the Group valued its Takasbank shares 26,280,000 with bid price of TRY 2.20 (31 December 2022: 2.20) announced by Takasbank notice with no. 2019/5692.

As of 30 June 2023, the Group valued its Borsa İstanbul A.Ş. shares 319,422 - with bid price of TRY 8.40 (31 December 2022: 319,422 shares TRY 8.40) announced by Borsa İstanbul A.Ş. notice with no. 2016/110.

8. ASSETS HELD FOR SALE

None. (31 December 2022: None).

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9. SHORT- AND LONG-TERM LIABILITIES

Short term liabilities

| | 30 June 2023 | 31 December 2022 |
|---------------------------------------|----------------------|----------------------|
| Funds from Takasbank Money Market (*) | 6,875,006,684 | 4,760,474,779 |
| Issued bonds and bills | 552,352,754 | 2,341,435,436 |
| Bank loans (**) | 200,374,444 | 193,697,937 |
| Funds from repo transactions | 827,850 | 11,515,423 |
| Lease liabilities (***) | 4,771,078 | 3,725,813 |
| Payables from short selling | - | 561,321 |
| | 7,633,332,810 | 7,311,410,709 |

(*) Payables to Takasbank Money Market have an average maturity of 17 days and the average interest rate is 28.81% (31 December 2022: 9 days, 13.06%).

(**) The Group's bank loans have an average term of 5 days and average interest rate is 14% (31 December 2022: average term of 7 days and average interest rate is 13.48%).

(***) 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 2022: 12 months, 14-24%). TRY 3,904,999 of the debts from short-term lease transactions is due to related parties. (31 December 2022: TRY 3,725,813).

Details of bonds / bills issued as 31 June 2023 are as follows:

| Marketable Security | Nominal Amount | Currency | Issue Date | Maturity Date | Simple Interest (%) | Compound Interest (%) | Type |
|---------------------|----------------|----------|---------------|----------------|---------------------|-----------------------|-------|
| Bond | 180,000,000 | TRY | 19 April 2023 | 02 August 2023 | 24.88 | 27.90 | Fixed |
| Bond | 293,200,000 | TRY | 26 April 2023 | 03 July 2023 | 27.32 | 31.38 | Fixed |
| Bond | 83,460,000 | TRY | 04 May 2023 | 03 July 2023 | 29.32 | 34.02 | Fixed |

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 |

Short term liabilities:

| | 30 June 2023 | 31 December 2022 |
|-----------------------|------------------|------------------|
| Lease liabilities (*) | 4,771,078 | 3,725,813 |
| | 4,771,078 | 3,725,813 |

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9. SHORT AND LONG TERM LIABILITIES (Continued)

Long term liabilities:

| | 30 June 2023 | 31 December 2022 |
|-----------------------|------------------|------------------|
| Lease liabilities (*) | 1,109,888 | 1,098,608 |
| | 1,109,888 | 1,098,608 |

(*) 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 2022: 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:

| | 2023 | 2022 |
|---------------------------------------|------------------|------------------|
| Beginning of the period, 1 January | 4,824,421 | 3,875,885 |
| Additions during the period (Note 14) | 4,025,553 | 1,555,983 |
| Payments during the period | (3,661,975) | (2,615,470) |
| Interest expenses (Note 28) | 850,684 | 484,859 |
| Other | (157,717) | (95,454) |
| End of the period, 30 June | 5,880,966 | 3,205,803 |

10. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

| | 30 June 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| Receivables from loan customers | 2,143,044,160 | 2,363,378,861 |
| Receivables from customers | 1,623,608,482 | 1,604,042,738 |
| Commission receivables | 83,256,408 | 74,254,214 |
| Doubtful trade receivables | 3,453,407 | 3,453,407 |
| Provisions for doubtful trade receivables (-) | (3,453,407) | (3,453,407) |
| Receivables to be collected | - | - |
| | 3,849,909,050 | 4,041,675,813 |

The Group allocates credit to its customers for use in stock trading. As of 30 June 2023, the amount of loans allocated to customers by the Group is TRY 2,143,044,160 (31 December 2022: TRY 2,363,378,861) and the Group holds the total market value of the share certificates which are listed on the stock market is TRY 2,443,982,872 as collateral. (31 December 2022: TRY 2,407,600,000) (Note 16).

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10. TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables

| | 30 June 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| Payables to customers | 2,680,000,386 | 2,227,946,713 |
| Payables to settlement and custody bank | 6,848,273 | 455,143,209 |
| Agency commission payable | 101,861,654 | 71,343,390 |
| Payables to vendors | 14,506,526 | 14,422,319 |
| Expense accruals | 6,994,438 | 2,449,957 |
| Customer short selling debts | - | 5,400,565 |
| Other trade payables | 1,812,975 | 2,023,527 |
| | 2,812,024,252 | 2,778,729,680 |

11. RECEIVABLES FROM FINANCIAL ACTIVITIES

Receivables from financial activities

| | 30 June 2023 | 31 December 2022 |
|---|-------------------|-------------------|
| Investment fund management fee receivables (Notes 29) (*) | 55,073,617 | 47,032,374 |
| Individual pension fund management receivables | 4,980,779 | 3,798,510 |
| Investment advisory fee | 2,100,000 | 1,934,200 |
| Individual portfolio management fee | 16,921,991 | 5,244,185 |
| Individual pension fund management fee receivables (**) | - | 17,882,514 |
| Other | 56,999 | 518,248 |
| | 79,133,386 | 76,410,031 |

(*) Investment fund management commission receivables are obtained management fee receivables from 83 (31 December 2022:78) investment funds established in accordance with the Capital Markets Law and related legislations.

(**) Private pension fund commission and performance fee receivables are obtained from 18 individual pension funds (31 December 2022:18), 17 of which are related parties. (31 December 2022 17)

12. OTHER RECEIVABLES AND PAYABLES

Other receivables

| | 30 June 2023 | 31 December 2022 |
|---|--------------------|----------------------|
| Deposits and collaterals given | 53,849,206 | 282,137,668 |
| Payables to marketable securities disposal fund | 883,235,995 | 742,483,313 |
| | 937,085,201 | 1,024,620,981 |

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12. OTHER RECEIVABLES AND PAYABLES (Continued)

Other payables

| | 30 June 2023 | 31 December 2022 |
|---|---------------------|-------------------------|
| Deposits and collaterals received | 288,917,441 | 347,979,065 |
| Payables to marketable securities disposal fund | 491,344 | 491,344 |
| | 289,408,785 | 348,470,409 |

13. PROPERTY, PLANT AND EQUIPMENT

| 30 June 2023 | Buildings | Furniture and fixtures | Leasehold improvements | Total |
|------------------------------------|------------------|-----------------------------------|-----------------------------------|-------------------|
| Net book value, 1 January | 3,610,014 | 26,658,549 | 293,824 | 30,562,387 |
| Additions | - | 3,861,301 | - | 3,861,301 |
| Disposals | | | | |
| Depreciation expense (-) | (147,328) | (3,741,583) | (48,068) | (3,936,980) |
| Net book value, 30 June | 3,462,686 | 26,778,267 | 245,756 | 30,486,709 |
| Cost | 11,026,598 | 59,197,785 | 4,357,702 | 74,582,085 |
| Accumulated depreciation (-) | (7,563,912) | (32,419,518) | (4,111,946) | (44,095,376) |
| Net book value, 30 June | 3,462,686 | 26,778,267 | 245,756 | 30,486,709 |
| | | | | |
| 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 |

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14. RIGHT OF USE ASSETS

| 30 June 2023 | Office and branches | Vehicles | Others | Total |
|------------------------------------|----------------------------|------------------|---------------|------------------|
| Net book value, 1 January | 3,993,887 | 446,153 | - | 4,440,040 |
| Additions | 4,183,300 | - | - | 4,183,300 |
| Disposals | (157,747) | - | - | (157,747) |
| Depreciation expense (-) | (3,249,306) | (127,654) | - | (3,376,960) |
| Net book value, 30 June | 4,770,134 | 318,499 | - | 5,088,632 |
| Cost | 19,694,592 | 3,215,821 | - | 22,910,413 |
| Accumulated depreciation (-) | (14,924,458) | (2,897,323) | - | (17,821,781) |
| Net book value, 30 June | 4,770,134 | 318,498 | - | 5,088,632 |
| 31 December 2021 | Office and branches | Vehicles | Others | 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 |

15. INTANGIBLE ASSETS

| | 30 June 2023 |
|----------------------------------|---------------------|
| Net book value, 1 January | 32,584,322 |
| Additions | 27,923,684 |
| Disposals | - |
| Amortization (-) | (3,826,811) |
| Net book value, 30 June | 56,681,195 |
| Cost | 98,722,409 |
| Accumulated amortization (-) | (42,041,215) |
| Net book value, 30 June | 56,681,194 |

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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 |

(*) Projects classified as intangible assets but not ready for use yet amount to TRY9,750,619 (31.12.2022: TRY9,366,176).

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Short term provisions

| | 30 June 2023 | 31 December 2022 |
|-----------------------------|-------------------|-------------------|
| Lawsuit, penalty provisions | 2,976,470 | 3,414,156 |
| Other | 9,000,000 | 14,000,000 |
| | 11,976,470 | 17,414,156 |

Total amount of several outstanding legal cases against the Group is TRY11,976,470 (31 December 2022: TRY 17,414,156).

The movement of litigation provisions for the years ending 30 June 2023 and 31 December 2022 is as follows:

| | 2023 | 2022 |
|---|-------------------|------------------|
| Beginning of the period, 1 January | 17,414,156 | 2,249,660 |
| Provisions set aside within the period | 14,258 | 1,852,944 |
| Payments during the year | (451,943) | (1,586,475) |
| Provision cancellation during the period | (5,000,000) | - |
| End of the period, 30 June | 11,976,471 | 2,516,129 |

ii) Collaterals given

| | 30 June 2023 | 31 December 2022 |
|-------------------|----------------------|----------------------|
| Collaterals given | 7,539,679,848 | 5,091,884,852 |
| | 7,539,679,848 | 5,091,884,852 |

Letters of guarantee are given to BIST, CMB and to Takasbank for money market transactions. Foreign currency denominated letters of guarantee amount to TRY281,540 (31 December 2022: TRY 199,349).

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES(Continued)

iii) Cash collaterals given on behalf of customers

| | 30 June 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| VIOP collaterals given on behalf of customers (*) | 2,714,762,945 | 3,095,448,395 |
| | 2,714,762,945 | 3,095,448,395 |

(*) As of 30 June 2023, cash amounting to TRY 2,714,762,945 has been pledged by the Group as collateral for the Futures and Options Market on behalf of the customers (31 December 2022: TRY 3,095,448,395)

iv) Customer deposits

Treasury bills, government bonds, share certificates and other financial assets held in trust for hiding on behalf of customers as of 30 June 2023 and 31 December 2022 are as follows:

| Customer deposits | 30 June 2023 | 31 December 2022 |
|--|-----------------------|-----------------------|
| Share certificates | 9,444,858,974 | 8,929,144,078 |
| Reverse repo agreements (Takasbank Money Market) | 517,498,618 | 2,513,052,951 |
| Investment funds | 900,272,228 | 1,921,799,862 |
| Government bonds | 486,338,345 | 614,901,225 |
| Private sector bonds | 2,253,824 | 24,299,606 |
| Other | 66,768,655 | 83,082,624 |
| | 11,417,990,644 | 14,086,280,346 |

v) Other

- i. The company is under the scope of "Professional Liability" amounting to USD5,000,000 (31 December 2021: USD5,000,000) which was made by HDI Sigorta A.Ş. and "Employer Liability Insurance Policy" amounting to TRY5,000,000 (31 December 2021: TRY5,000,000).
- ii. Demand deposits amounting to TRY1,114,834,280 (31 December 2022: TRY1,117,648,378) 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 30 June 2023, the Group has TRY2,143,044,160 (31 December 2022: TRY2,363,378,861) of loans granted to its customers and the total market value of the shares kept as collateral against those credits given is amounting to TRY2,443,982,872 (31 December 2022: TRY2,407,600,000) (Note 10).
- iv. The financial assets measured at their amortised costs and having a carrying value of TRY26,476,206 as of 30 June 2023 (31 December 2021: TRY19,299,016) are pledged as collateral at CBRT, BIST, and Takas ve Saklama Bankası A.Ş. ("Takasbank") (Note 7).

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17. DERIVATIVE INSTRUMENTS

Nominal details of derivative transactions as of 30 June 2023 and 31 December 2022 are as follows:

| | 30 June 2023 | | 31 December 2022 | |
|-----------------------------|--------------------|----------------------|--------------------|--------------------|
| | TRY Equivalent | | TRY Equivalent | |
| | USD | EUR | USD | EUR |
| Forward transactions (buy) | 290,631,475 | 2,785,604,875 | 129,887,552 | 384,584,000 |
| Forward transactions (sell) | 299,208,550 | 2,795,970,203 | 126,550,094 | 378,763,100 |
| Swap transactions (buy) | 3,011,726 | 13,202,492 | 2,449,175 | - |
| Swap transactions (sell) | 2,967,332 | 13,139,717 | 2,359,501 | - |
| | 595,819,083 | 5,607,917,287 | 261,246,322 | 763,347,100 |

Receivables from derivative transactions

| | 30 June 2023 | 31 December 2022 |
|----------------------|--------------|------------------|
| Swap transactions | - | 3,457,073 |
| Forward transactions | - | 41,561 |
| | - | 3,498,634 |

Payables from derivative transactions

| | 30 June 2023 | 31 December 2022 |
|----------------------|-------------------|------------------|
| Swap transactions | 26,040,096 | 542,633 |
| Forward transactions | - | - |
| | 26,040,096 | 542,633 |

18. PROVISION FOR EMPLOYEE BENEFITS

| Short-term provisions | 30 June 2023 | 31 December 2022 |
|---|-------------------|-------------------|
| Employee premium provision | 68,466,207 | 97,091,358 |
| | 68,466,207 | 97,091,358 |
| Long-term provisions | 30 June 2023 | 31 December 2022 |
| Provision for employee termination benefits | 50,925,659 | 42,835,937 |
| Provision for unused vacation | 15,894,559 | 7,188,412 |
| | 66,820,218 | 50,024,349 |

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18. PROVISION FOR EMPLOYEE BENEFITS

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 8 September 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 TRY23,489.83 as of 30 June 2023 (31 December 2022: TRY19,982.83).

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.

| | 30 June 2023 | 31 December 2022 |
|--|--------------|------------------|
| Discount rate (%) | 0.55 | 0.55 |
| Turnover rate to estimate retirement probability (%) (*) | 94.23 | 94.23 |

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 July 2022 of TRY 23,489.83 (1 January 2022: TRY19,982.83).

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

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Beginning of the period, 1 January | 42,835,937 | 16,910,512 |
| Interest cost | 2,328,140 | 1,572,123 |
| Current service cost | 560,413 | 529,718 |
| Actuarial gain/(loss) | 6,779,749 | 7,189,313 |
| Payments during the period (-) | (1,578,581) | (1,637,349) |
| End of the period, 30 June | 50,925,658 | 24,564,317 |

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

| | 2023 | 2022 |
|--|-------------------|------------------|
| Beginning of the period, 1 January | 7,188,412 | 3,198,610 |
| Provisions set aside (cancelled) within the period | 8,921,225 | 4,896,317 |
| Payments during the period (-) | (215,077) | (40,076) |
| End of the period, 30 June | 15,894,560 | 8,054,851 |

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18. PROVISION FOR EMPLOYEE BENEFITS (Continued)

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

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Beginning of the period, 1 January | 97,091,358 | 37,379,109 |
| Provisions set aside within the period | 48,432,804 | 14,823,423 |
| Payments during the period (-) | (77,057,955) | (26,723,554) |
| End of the period, 30 June | 68,466,207 | 25,478,978 |

19. PAYABLES FOR EMPLOYEE BENEFITS

| | 30 June 2023 | 31 December 2022 |
|----------------------------------|-------------------|-------------------|
| Taxes and liabilities payable | 17,058,480 | 9,437,113 |
| Social security premiums payable | 5,346,935 | 1,693,428 |
| | 22,405,415 | 11,130,541 |

20. PREPAID EXPENSES

| | 30 June 2023 | 31 December 2022 |
|-----------------------------------|-------------------|-------------------|
| Prepaid expenses | 23,433,688 | 18,049,295 |
| Commissions for guarantee letters | 8,497,349 | 4,540,516 |
| | 31,931,037 | 22,589,811 |

21. OTHER ASSETS AND LIABILITIES

| | 30 June 2023 | 31 December 2022 |
|-------------------------------------|--------------------|--------------------|
| Other expense provisions | 49,147,739 | - |
| Takasbank-BIST commission provision | 38,370,488 | 51,645,237 |
| Other payable taxes and funds | 35,736,695 | 37,161,256 |
| Blocked customer deposits | 20,270,568 | 16,124,177 |
| Other provisions for expenses | 18,952,251 | 16,219,706 |
| Provision for operating expenses | 2,850,000 | 2,898,358 |
| Other | 7,756,897 | 6,357,198 |
| | 173,084,638 | 130,405,932 |

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22. SHAREHOLDER'S EQUITY

Paid-in capital and adjustment differences

The paid-in capital of the Company is TRY98,918,083 (31 December 2021: TRY98,918,083) and consists of 9,891,808,346 (31 December 2022: 9,891,808,346) authorized shares with a nominal value of Kr1 each.

The Group has no preferred share as of 30 June 2023 (31 December 2022: None).

The shareholders and their shares in capital with historic values as of 30 June 2023 and 31 December 2022 are as follows:

| Name of the shareholders | 30 June 2023 | | 31 December 2022 | |
|-------------------------------|--------------------|---------------|--------------------|---------------|
| | 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 | |
| Total paid-in capital | 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 30 June 2023, restricted reserves are amounting to TRY220,503,385 (31 December 2022: TRY197,694,140).

Restricted reserves

| | 30 June 2023 | 31 December 2022 |
|---|--------------------|--------------------|
| Real estate and affiliate sales gain fund (*) | 107,765,514 | 107,765,514 |
| Primary legal reserves | 18,891,100 | 18,891,100 |
| Secondary legal reserves | 93,846,769 | 71,037,526 |
| Total restricted reserves | 220,503,385 | 197,694,140 |

(*) As of 30 June 2023, TRY107,765,514 of the TRY4,626,817 which is the gain on sale of property, equipment and subsidiary classified under equity, is 75% of the profit from the sale of buildings in the year 2010 and TRY103,138,697 is the 75% of the profit from the sale of subsidiaries in the year 2013.

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22. SHAREHOLDER'S EQUITY (Continued)

The Group performs dividend distribution in accordance with the Communiqué on Dividends II-119.1 of the Capital Market Board effective as of 1 February 2014.

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 3 March 2023 it was unanimously decided to distribute, in cash, a dividend of TRY233,038,354 (2022: TRY113,568,718) to the company's shareholders, and this amount was paid to shareholders on 10 March 2023.

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Beginning of the period, 1 January | 52,324,534 | 28,232,636 |
| Minority interest decrease due to dividend payment (*) | (37,142,051) | (18,063,967) |
| Minority interest net income | 30,851,685 | 17,536,868 |
| End of the period, 30 June | 46,034,168 | 27,705,537 |

(*) 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

| | 30 June 2023 | 31 December 2022 |
|--|----------------------|---------------------|
| Corporate taxes payable (-) | (479,642,177) | (262,864,064) |
| Prepaid taxes | 272,598,405 | 170,835,782 |
| (Current period tax liabilities) / current period tax assets, net | (207,043,772) | (92,028,282) |

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23. TAX ASSETS AND LIABILITIES (Continued)

The Group's income tax expense for the periods ended 30 June 2023 and 31 June 2023 consists of the following items:

| | 1 January- 30 June 2023 | 1 January- 31 December 2022 |
|-------------------------------|-------------------------------|-----------------------------------|
| Current period tax expense | 488,543,444 | 260,771,316 |
| Prior year tax adjustment | (8,729,505) | (5,118,407) |
| Deferred tax (income)/expense | (72,294,769) | 87,536,451 |
| Total tax expense | 407,519,170 | 343,189,360 |

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

| | 1 January - 30 June 2023 | 1 January - 31 December 2022 |
|--|--------------------------------|------------------------------------|
| Profit before tax | 1,664,735,101 | 1,546,305,497 |
| Theoretical tax expense arising at the legal tax rate(*) | (416,183,775) | (386,576,374) |
| Impact of the dividend income that is not subject to tax | 4,247,556 | 9,513,546 |
| Non-deductible expenses and impact of other adjustments | 4,417,049 | 33,873,468 |
| Current period tax expense | (407,519,170) | (343,189,360) |

(*) As of 30 June 2023, the theoretical tax rate is 25% (30 June 2022: 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. With the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, the general corporate tax rate for finance and insurance companies, including banks, was increased from 25% to 30%. Corporate tax rates have entered into force to start with the declarations that must be submitted as of October 1, 2023, and to be applied to the earnings to be obtained in the taxation periods as of January 1, 2023.

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, 30% tax rate is valid for the taxation of corporate earnings for the periods starting from 1 October 2023, starting with the declarations that must be submitted as of 1 January 2023

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23. TAX ASSETS AND LIABILITIES (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.

In accordance with the Corporate Tax Law, the first nine-month period within the current taxation period and the quarterly periods have been accepted as temporary tax periods, and a total of three temporary tax returns are submitted throughout the year. Institutions calculate provisional tax on these quarterly financial profits and on the 17th day of the second month following that period. They declare and pay until. 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

| | 30 June 2023 | 31 December 2022 |
|---|-------------------|------------------|
| Deferred tax assets | 93,038,766 | 81,484,845 |
| Deferred tax liabilities | (11,122,271) | (72,943,016) |
| Deferred tax assets / (liabilities), net | 81,916,495 | 8,541,829 |

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23. TAX ASSETS AND LIABILITIES (Continued)

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

| Cumulative | 30 June 2023 | | 31 December 2022 | |
|---|----------------------------------|---------------------------------|-------------------------------------|---------------------------------|
| | Cumulative temporary differences | Deferred tax assets/liabilities | Cumulative temporary differences | Deferred tax assets/liabilities |
| Difference between book value of fixed assets and tax base | 92,733,976 | 23,183,494 | 101,683,985 | 25,420,996 |
| Allowances for expected credit losses | 63,534,956 | 15,883,739 | 48,925,453 | 12,231,363 |
| Provision for unused vacation | 15,894,562 | 3,973,640 | 7,188,412 | 1,797,103 |
| Provision for employee termination benefits | 50,925,659 | 12,731,415 | 42,835,937 | 10,708,984 |
| Provision for employee bonus | 68,466,207 | 17,116,552 | 71,412,840 | 17,853,210 |
| Lawsuit provisions | 2,961,472 | 740,368 | 3,399,155 | 849,789 |
| Derivatives | 26,040,096 | 6,510,024 | 542,633 | 135,658 |
| TFRS 16 effect | 760,771 | 190,193 | 460,070 | 115,018 |
| Expense provision | 2,873,126 | 718,282 | 25,678,518 | 6,419,630 |
| Other | 47,964,243 | 11,991,059 | 23,812,382 | 5,953,094 |
| Deferred tax assets | | 93,038,766 | | 81,484,845 |
| Difference between the tax base and carrying amount of non-current assets | 752,576 | 188,144 | 10,974,891 | 2,743,723 |
| Investments in progress | 206,892 | 51,723 | 206,892 | 51,723 |
| Valuation differences of financial assets | 42,308,604 | 10,577,151 | 251,704,376 | 62,926,094 |
| Derivatives | - | - | 3,498,634 | 874,658 |
| Other (22% subject to corporate tax effect) | 1,221,012 | 305,253 | 25,387,270 | 6,346,818 |
| Deferred tax liabilities (-) | | 11,122,271 | | 72,943,016 |
| Deferred tax assets / (liabilities), net | | 81,916,495 | | 8,541,829 |
| | | 1 January - 30 June 2023 | 1 January - 31 December 2022 | |
| Beginning balance of deferred tax assets/(liabilities), net | | 8,541,829 | 91,778,497 | |
| Deferred tax income/(expense) | | 72,294,769 | (87,536,451) | |
| Deferred tax accounted under equity | | 1,079,897 | 4,299,783 | |
| Period end deferred tax assets/(liabilities), net | | 81,916,495 | 8,541,829 | |

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24. REVENUE AND COST OF SALES

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|--|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Revenue | | | | |
| Share certificates sales | 4,761,702,965 | 2,534,058,699 | 3,474,118,751 | 2,107,561,070 |
| Commissions on intermediary activities on stock market | 850,530,398 | 383,470,324 | 328,419,628 | 185,909,582 |
| Futures exchange intermediary commissions | 204,534,150 | 87,412,252 | 123,292,791 | 61,988,261 |
| Corporate finance fees | 108,292,094 | 54,767,201 | 31,666,268 | 22,964,342 |
| Other intermediary commissions | 38,175,782 | 16,124,960 | 17,158,385 | 8,760,417 |
| Custody commissions | 20,596,266 | 10,099,631 | 4,297,995 | 3,241,437 |
| Commissions from leveraged transactions | 14,621,552 | 6,768,557 | 14,270,557 | 9,484,176 |
| Treasury bills and government bonds sales | 6,246,164 | 6,246,164 | 11,457,366 | - |
| Custody commissions | 262,883 | 75,248 | 1,495,891 | 474,978 |
| Consultancy services | 7,483,302 | 2,280,079 | 883,415 | 517,924 |
| Fund support / management fees | 3,074,133 | 1,242,103 | 1,259,687 | 756,401 |
| Intermediary commission income from definite buy-sale transactions | - | - | 35,531 | 1,389 |
| Other services income | 73,489,956 | 33,486,705 | 39,131,804 | 22,271,268 |
| Total revenue | 6,089,009,645 | 3,136,031,923 | 4,047,488,069 | 2,423,931,245 |
| Service income discounts and allowances | | | | |
| Commissions paid to agencies (-) | (284,616,758) | (131,222,243) | (139,749,904) | (77,503,195) |
| Other paid commission expenses (-) | (57,302,346) | (25,384,765) | - | - |
| Commission returns (-) | (737,562) | (557,594) | (248,477) | (127,260) |
| Total discounts and allowances (-) | (342,656,666) | (157,164,602) | (139,998,381) | (77,630,455) |
| Revenue | 5,746,352,980 | 2,978,867,322 | 3,907,489,688 | 2,346,300,790 |
| Cost of sales | | | | |
| Costs of share certificate sales (-) | (4,644,438,420) | (2,428,866,539) | (3,447,982,389) | (2,102,361,496) |
| Costs of treasury bills and government bond sales (-) | (6,150,275) | (6,150,275) | (11,167,342) | - |
| Total cost of sales (-) | (4,650,588,695) | (2,435,016,814) | (3,459,149,731) | (2,102,361,496) |
| Gross operating profit from trading operations | 1,095,764,284 | 543,850,507 | 448,339,957 | 243,939,294 |

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25. REVENUE AND COST OF FINANCIAL ACTIVITIES

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Revenue from financial activities | | | | |
| Investment funds management fee | 281,549,253 | 145,923,812 | 177,516,539 | 95,775,095 |
| Individual pension funds management fee | 24,126,062 | 12,804,114 | 17,425,709 | 8,260,848 |
| Total fund management fee | 305,675,315 | 158,727,926 | 194,942,248 | 104,035,943 |
| Discretionary portfolio management commission | 387,394 | 149,337 | 611,849 | 305,334 |
| Portfolio success premiums | 36,797,198 | 22,796,421 | 5,202,940 | 2,830,139 |
| Discretionary portfolio management income | 37,184,592 | 22,945,758 | 5,814,789 | 3,135,473 |
| Portfolio success premiums | 4,777,663 | 2,296,817 | 4,458,219 | 3,432,127 |
| Discretionary portfolio management income | 4,777,663 | 2,296,817 | 4,458,219 | 3,432,127 |
| Total financial activities revenue (a) | 347,637,570 | 183,970,501 | 205,215,256 | 110,603,543 |
| Financial activities cost | | | | |
| Commission expenses | (8,119,581) | (4,248,610) | (2,823,735) | (1,536,446) |
| Commission expenses for investment and private pension fund management | (1,772,581) | (815,158) | (800,632) | (263,633) |
| Total financial activities cost (b) | (9,892,162) | (5,063,768) | (3,624,367) | (1,800,079) |
| Gross profit from financial sector activities (a-b) | 337,745,408 | 178,906,733 | 201,590,889 | 108,803,464 |

26. OPERATING EXPENSES

General administrative expenses

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|--|--------------------------------|------------------------------|--------------------------------|------------------------------|
| Personnel expenses | 226,150,908 | 126,814,094 | 107,900,207 | 62,183,661 |
| Information services expenses | 37,903,854 | 20,690,507 | 20,634,530 | 10,607,229 |
| Data processing expenses | 21,307,970 | 11,617,859 | 14,186,571 | 8,013,432 |
| Depreciation and amortization expenses | 11,140,751 | 5,770,886 | 8,852,815 | 4,779,738 |
| Taxes, duties and charges | 4,828,846 | 2,735,457 | 1,856,551 | (3,229,983) |
| Communication expenses | 1,016,648 | 579,310 | 1,165,140 | 940,592 |
| Other | 31,925,322 | 16,397,872 | 18,568,452 | 12,077,669 |
| | 334,274,299 | 184,605,985 | 173,164,266 | 95,372,338 |

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26. OPERATING EXPENSES (Continued)

Marketing expenses

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|--------------------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Brokerage and other operational fees | 218,084,653 | 94,802,567 | 108,566,483 | 56,860,301 |
| Other | 31,829,136 | 15,640,897 | 13,835,494 | 7,563,855 |
| | 249,913,789 | 110,443,464 | 122,401,976 | 64,424,156 |

27. OTHER INCOME FROM OPERATING ACTIVITIES

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Income due to derivative operations | 223,153,083 | 139,657,236 | 553,522,779 | 123,914,213 |
| Interest income on deposit at banks | 1,100,607,797 | 629,465,508 | 116,810,978 | 27,842,030 |
| Interest income on loans | 396,425,508 | 224,984,460 | 110,924,882 | 70,736,704 |
| Other interest income | 14,113,737 | 10,755,370 | 5,454,646 | 3,450,236 |
| Dividend income | 16,990,224 | 13,444,662 | 37,341,312 | 24,895,567 |
| Interest income on treasury bills and government bonds | 4,533,345 | 1,600,787 | 7,108,151 | 3,144,430 |
| Expected allowances for credit losses | - | - | - | - |
| Repo transactions interest income | 1,301,890 | 1,301,890 | - | - |
| Currency difference income | 45,504,824 | 43,797,110 | - | - |
| Other income | 16,758,685 | 10,480,682 | 18,022,836 | - |
| | 1,819,389,093 | 1,075,487,705 | 849,185,584 | 253,983,180 |

28. OTHER EXPENSE FROM OPERATING ACTIVITIES

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Interest paid to Takasbank Money Market | 612,918,475 | 391,554,518 | 231,573,715 | 128,775,307 |
| Interest expense from issued bonds and bills | 219,356,047 | 97,813,950 | 107,952,350 | 66,964,704 |
| Losses due from derivative transactions | 46,137,590 | 35,787,050 | 263,088,176 | (90,208,351) |
| Commissions paid for guarantee letters | 24,828,146 | 13,830,832 | 7,436,445 | 4,224,101 |
| Other interest expenses | 23,440,974 | 11,832,318 | 1,785,650 | 901,269 |
| Expected allowances for credit losses | 14,329,221 | 14,329,213 | 6,981,745 | 6,981,745 |
| Commission expenses | 6,960,555 | 4,712,681 | 3,051,609 | 2,118,035 |
| Interest expense from leasing liabilities (Note 9) | 850,684 | 440,045 | 484,859 | 272,170 |
| Exchange rate loss | 320,943 | 320,943 | - | - |
| Other expenses | 54,832,962 | 25,366,355 | 6,880,035 | 5,158,746 |
| | 1,003,975,597 | 595,987,906 | 629,234,584 | 125,187,726 |

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Cash and cash equivalents from related parties

| | 30 June 2023 | 31 December 2022 |
|---|----------------------|----------------------|
| Yapı ve Kredi Bankası A.Ş. | 1,887,688,128 | 2,897,118,749 |
| Yapı Kredi Netherland NV- other related party | 339,060,826 | 15,143 |
| Allowances for expected credit losses (-) | (227,047) | (340,260) |
| | 2,226,521,907 | 2,896,793,632 |

(b) Short-term financial investments from related parties

| | 30 June 2023 | 31 December 2022 |
|--|----------------|-------------------|
| Financial assets measured at fair value through other comprehensive income | | |
| -Tat Gıda Sanayi A.Ş. | - | 1,003,341 |
| - Private sector bonds and bills | - | 1,018,724 |
| - Allowances for expected credit losses (-) | - | (15,383) |
| - Yapı ve Kredi Bankası A.Ş. | - | - |
| - Private sector bonds and bills | - | - |
| - Koç Finansman A.Ş. | - | 1,176,668 |
| - Private sector bonds and bills | - | 1,194,171 |
| - Allowances for expected credit losses (-) | - | (17,503) |
| - Opet Petrolcülük A.Ş. | 202,061 | 195,871 |
| - Private sector bonds and bills | 202,221 | 198,874 |
| - Allowances for expected credit losses (-) | (160) | (3,003) |
| - Arçelik A.Ş. | - | 11,269,889 |
| - Private sector bonds and bills | - | 11,442,673 |
| - Allowances for expected credit losses (-) | - | (172,784) |
| - Türkiye Petrol Rafinerileri A.Ş. | - | - |
| - Private sector bonds and bills | - | - |
| | 202,061 | 13,645,769 |

Receivables due from related parties

Trade receivables

| | 30 June 2023 | 31 December 2022 |
|---|--------------------|-------------------|
| Allianz Yaşam ve Emeklilik A.Ş. Pension Funds | 77,645,401 | 1,416,837 |
| Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds | 19,453,242 | 37,952,381 |
| Yapı ve Kredi Bankası A.Ş. | 5,148,743 | 54,347 |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. | - | 302,572 |
| Arçelik | 60,254 | - |
| Other | 699,317 | - |
| | 103,006,958 | 39,726,137 |

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Receivables from financial activities

| | 30 June 2023 | 31 December 2022 |
|--|-------------------|-------------------|
| Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds (Note 11) | 55,073,617 | 47,032,374 |
| Allianz Yaşam ve Emeklilik A.Ş. Pension Funds | 4,980,779 | 3,798,510 |
| Yapı ve Kredi Bankası A.Ş. - Investment Consultancy (Note 11) | 2,100,000 | 1,934,200 |
| Other | - | - |
| | 62,154,396 | 52,765,084 |

Prepaid expenses

| | 30 June 2023 | 31 December 2022 |
|--|----------------|------------------|
| Allianz Sigorta A.Ş. | 651,020 | - |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. | 344,875 | 302,572 |
| | 995,895 | 302,572 |

| | 30 June 2023 | 31 December 2022 |
|--|------------------|------------------|
| Short and long-term liabilities | | |
| Yapı ve Kredi Bankası A.Ş. | 4,530,467 | 3,451,864 |
| Otokoç Otomotiv Ticaret ve Sanayi A.Ş. | 240,611 | 273,949 |
| | 4,771,078 | 3,725,813 |

| | 30 June 2023 | 31 December 2022 |
|--|------------------|------------------|
| Long-term liabilities from leasing activities | | |
| Otokoç Otomotiv Ticaret ve Sanayi A.Ş. | 140,585 | 857,653 |
| Yapı ve Kredi Bankası | 969,303 | 240,955 |
| | 1,109,888 | 1,098,608 |

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

| | 30 June 2023 | 31 December 2022 |
|--|--------------------|--------------------|
| Trade payables | | |
| Yapı ve Kredi Bankası A.Ş. | 155,409,159 | 91,539,874 |
| Yapı Kredi Portföy Investment Funds | 47,952,545 | 70,719,425 |
| Koç Holding | 878,639 | - |
| Otokoç Otomotiv Ticaret ve Sanayi A.Ş. | 763,112 | 435,837 |
| Allianz Yaşam ve Emeklilik A.Ş. | 701,326 | 123,620,972 |
| Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş. | 645,461 | 114,361 |
| Zer Merkezi Hizmetler ve Tic. A.Ş. | 141,428 | 269,123 |
| Opet Petrolcülük A.Ş. | 141,054 | - |
| Arçelik | 129,245 | 145,640 |
| YKS Tesis Yönetimi Hizmetleri A.Ş. | 115,132 | 155,048 |
| Setur | 16,870 | 76,022 |
| Other | 261,553 | 70,481 |
| | 207,155,434 | 287,146,783 |

Derivative assets/(liabilities), net

| | | |
|----------------------------|--|---------------|
| Yapı ve Kredi Bankası A.Ş. | | 52,287 |
| | | 52,287 |

(c) Income from related parties

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|-------------------------------------|--------------------------------|------------------------------|--------------------------------|------------------------------|
| Yapı Kredi Portföy Investment funds | 281,159,080 | 145,804,363 | 177,416,595 | 95,885,908 |
| Allianz Hayat ve Emeklilik A.Ş. | 24,102,925 | 12,792,611 | 17,407,504 | 8,251,805 |
| Opet Petrolcülük A.Ş. | - | - | 540,000 | - |
| Koç Finansman A.Ş. | - | - | 900,000 | 550,000 |
| Koç Fıat Kredi Finansman A.Ş. | - | - | 480,000 | 480,000 |
| Otokoç | - | - | 1,500,000 | 500,000 |
| Aygaz A.Ş. | 541,504 | 541,504 | 325,955 | - |
| Türk Traktör A.Ş. | 41,504 | 41,504 | 25,955 | - |
| Yapı ve Kredi Bankası A.Ş. | 19,645,332 | 9,741,051 | 13,803,648 | 8,714,098 |
| Yapı Kredi Finansal Kiralama A.O. | - | - | - | - |
| Tat Gıda | 974,204 | 974,204 | - | - |
| Arçelik A.Ş. | 41,504 | 41,504 | 2,125,955 | 2,100,000 |
| Tüpraş | 41,504 | 41,504 | 25,955 | - |
| Other | 15,412,838 | 15,410,124 | 821,218 | 593,609 |
| | 341,960,396 | 185,388,369 | 215,372,785 | 117,075,420 |

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Interest income from related parties

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|----------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Yapı ve Kredi Bankası A.Ş. | 254,353,742 | 107,038,301 | 41,046,601 | 8,084,318 |
| | 254,353,742 | 107,038,301 | 41,046,601 | 8,084,318 |

Derivative income from related parties

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|----------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Yapı ve Kredi Bankası A.Ş. | (11,489) | (129,466,742) | 277,471,953 | 368,146,375 |
| | (11,489) | (129,466,742) | 277,471,953 | 368,146,375 |

Dividend income from related parties

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|---------------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Allianz Yaşam ve Emeklilik A.Ş. | 199,696 | 199,696 | 139,787 | - |
| Borsa İstanbul | - | - | 517,463 | 517,463 |
| Takas ve Saklama Bankası A.Ş. | - | - | 19,491,000 | 19,491,000 |
| | 199,696 | 199,696 | 20,148,250 | 20,008,463 |

Expenses paid to related parties

Operating expenses paid to related parties

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Yapı ve Kredi Bankası A.Ş. | 53,867,920 | 27,586,347 | 1,667,053 | 1,098,769 |
| YKS Tesis Yönetimi | 2,108,916 | 606,364 | 1,641,827 | 864,244 |
| Koç Sistem Bilgi ve İletişim Hizm. A.Ş. | 6,486,742 | 5,440,234 | 2,783,279 | 2,301,164 |
| Otokoç Otomotiv Tic. ve San. A.Ş. | 1,446,686 | 729,761 | 886,904 | 466,330 |
| Avis | 889,084 | 468,386 | 729,435 | 380,499 |
| Allianz Sigorta A.Ş. | 676,615 | 418,001 | 264,735 | 164,073 |
| Zer Merkezi Hizmetler ve Tic. A.Ş. | 839,064 | 471,673 | 661,215 | 391,438 |
| Setur Servis Turistik A.Ş. | 416,215 | 286,849 | 120,898 | 61,346 |
| Opet Petrolcülük A.Ş. | 701,359 | 422,827 | 455,630 | 315,289 |
| Koç Holding A.Ş.-diğer ilişkili kuruluş | 878,639 | 439,320 | - | - |
| Vehbi Koç Vakfı | 212,400 | 212,400 | - | - |
| Akpa | 2,163 | 1,699 | - | - |
| Divan Tur. | 214,702 | 206,562 | - | - |
| Arçelik | 20,744 | 10,372 | - | - |
| YKB Bina Yön Gider Belgesi | 640,331 | 233,367 | - | - |
| Other | 1,158,305 | 686,313 | 868,682 | 424,933 |
| | 70,559,885 | 38,220,476 | 10,079,658 | 6,468,085 |

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Commission expenses paid to related parties

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|----------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Yapı ve Kredi Bankası A.Ş. | 290,022,274 | 133,994,044 | 111,373,151 | 61,254,291 |
| Yapı Kredi Portföy Fonları | 817,781 | 817,781 | 579,757 | 184,197 |
| Allianz Emeklilik A.Ş. | 694,800 | 396,592 | 220,875 | 79,436 |
| | 291,534,855 | 135,208,417 | 112,173,783 | 61,517,924 |

Financial expenses paid to related parties

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Yapı ve Kredi Bankası A.Ş. | 158,171 | - | 265,136 | 243,209 |
| Otokoç Otomotiv Tic. ve San. A.Ş. | 41,178 | 19,226 | 110,278 | 49,822 |
| Koç Sistem Bilgi ve İletişim Hizm. A.Ş. | - | - | - | - |
| | 199,349 | 19,226 | 375,414 | 293,031 |

Benefits provided to key management

Top management consists of members and chairman of board of directors, general managers and vice general manager. As of 30 June 2023, the total amount of salary and other benefits provided to the top management by the Group is TRY11,996,978 (1 January - 30 June 2022: TRY6,691,549).

Dividends paid to related parties

The Group paid dividend amounting to TRY256,057,644 in 30 June 2023 (2022: TRY131,632,686) (Note 22).

30. EARNINGS PER SHARE

The calculation of earnings per share for the years ending 30 June 2023 and 30 June 2022 is as follows:

| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
|---|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Total profit from continuing operations | 1,257,215,931 | 812,595,009 | 444,620,922 | 250,783,104 |
| Weighted average number of shares | 9,891,808,346 | 9,891,808,346 | 9,891,808,346 | 9,891,808,346 |
| Earnings per share from continuing operations (Kr) | 12.71 | 8.21 | 4.49 | 2.54 |
| | 1 January - 30 June 2023 | 1 April - 30 June 2023 | 1 January - 30 June 2022 | 1 April - 30 June 2022 |
| Total comprehensive income | 1,253,986,307 | 813,393,804 | 440,592,503 | 245,409,908 |
| Weighted average number of shares | 9,891,808,346 | 9,891,808,346 | 9,891,808,346 | 9,891,808,346 |
| Comprehensive income per share from continuing operations (Kr) | 12.68 | 8.22 | 4.45 | 2.48 |

The company does not have any diluted shares (31 December 2022: 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 fulfil 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 46% (31 December 2022: 42%).

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31. FINANCIAL RISK MANAGEMENT (Continued)

The table below shows credit risk exposure based on financial instruments as of 30 June 2023 and 31 December 2022. 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 | | | |
| 30 June 2023 | | | | | | | |
| Total credit risk exposure (A+B+C) | 102,351,220 | 3,747,557,831 | - | 937,085,201 | 9,244,999,902 | 202,754,918 | - |
| - Amount of risk that is guaranteed with collateral | - | 2,143,044,160 | - | - | - | - | - |
| A. Net book value of financial assets that are not past due or impaired | 102,351,220 | 3,747,557,831 | - | 937,085,201 | 9,308,470,868 | 202,818,696 | - |
| B. Net book value of impaired assets | - | - | - | - | (63,470,966) | (63,778) | - |
| - Past due (gross book value) | - | 3,453,407 | - | - | - | - | - |
| - Impairment | - | (3,453,407) | - | - | (63,470,966) | (63,778) | - |
| - Part of net amount that is guaranteed by collateral | - | - | - | - | - | - | - |
| C. Off balance sheet items with credit risk | - | - | - | - | - | - | - |
| | | | | | | | |
| | Receivables | | | | Related party | Other | Related party |
| | 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 |

(*) An expected credit loss provision of TRY63,470,966 was allocated for bank deposits (31 December 2022: TRY48,922,847) (Note 6). (Dipnot 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 30 June 2023 and 31 December 2022:

Interest rate position table

Fixed rate financial instruments

30 June 2023 31 December 2022

Financial assets

| | | |
|-------|---------------|---------------|
| Banks | 7,807,141,689 | 5,011,863,536 |
|-------|---------------|---------------|

Financial liabilities

| | | |
|---|---------------|---------------|
| Funds generated from Takasbank Money Market | 6,875,006,684 | 4,760,474,779 |
| Issued bonds and bills | 552,352,754 | 2,341,435,436 |
| Bank loans | 200,374,444 | 193,697,937 |
| Funds generated from repo transactions | 827,850 | 11,515,423 |
| Leasing payables | 5,880,966 | 4,824,421 |

Floating rate financial instruments

30 June 2023 31 December 2022

Financial assets

| | | |
|--|------------|------------|
| Financial assets measured at amortised cost (*) | 26,476,207 | 19,299,016 |
| Financial assets measured at fair value through other comprehensive income | 75,962,711 | 89,709,140 |

(*) Interest bearing financial instruments are classified as financial assets measured at amortized cost.

Due to the effect of interest rate changes on floating rate financial assets, if the interest in TRY currency was 100 basis points higher/lower as of 30 June 2023 and all other variables remained constant, the profit would increase by TRY1,024,389 (31 December 2022: TRY1,090,082) or TRY1,024,389 (31 December 2022: TRY1,090,082) 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.

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31. FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2023 and 31 December 2022, average interest rates of financial instruments

| | 30 June 2023 | | | 31 December 2022 | | |
|---|--------------|---------|---------|------------------|---------|---------|
| | TRY (%) | EUR (%) | USD (%) | TRY (%) | EUR (%) | USD (%) |
| Assets | | | | | | |
| Cash and cash equivalents | 45.00 | - | 6.21 | 25.94 | - | 4.00 |
| Financial assets measured at fair value through | 13.65 | - | - | 17.10 | - | - |
| Financial assets measured at amortised cost | - | - | - | - | - | 4.63 |
| Liabilities | | | | | | |
| Issued bonds and bills | 27.49 | - | - | 23.45 | - | - |
| Bank borrowings | - | - | - | 13.48 | - | - |
| Funds from Takasbank Money Market | 26.73 | - | - | 13.06 | - | - |

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of 30 June 2023 and 31 December 2022:

| | 30 June 2023 | | | | | |
|---------------------------|-----------------------|------------------------|--------------------|--------------------|----------------------|-----------------------|
| | Up to 1 month | Up to 3 months | 3 months to 1 year | 1 year- to 5 years | Non-interest bearing | Total |
| Cash and cash equivalents | 8,083,290,682 | - | - | - | 1,161,709,220 | 9,244,999,902 |
| Financial investments | 3,185,586 | - | 53,721,763 | 45,591,774 | 100,255,795 | 202,754,918 |
| Trade receivables | 2,143,044,160 | - | - | - | 1,706,864,890 | 3,849,909,051 |
| Other assets | - | - | - | - | 1,048,553,718 | 1,048,553,718 |
| | 10,229,520,428 | - | 53,721,763 | 45,591,774 | 4,017,383,624 | 14,346,217,589 |
| Financial liabilities | 7,452,310,669 | 176,251,063 | 4,771,078 | 1,109,888 | - | 7,634,442,698 |
| Trade payables | - | - | - | - | 2,812,024,251 | 2,812,024,251 |
| Other payables | - | - | - | - | 658,201,825 | 658,201,825 |
| | 7,452,310,669 | 176,251,063 | 4,771,078 | 1,109,888 | 3,470,226,076 | 11,104,668,774 |
| | 31 December 2022 | | | | | |
| | Up to 1 month | Up to 3 months | 3 months to 1 year | 1 year- to 5 years | Non-interest bearing | Total |
| 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 |
| | 1,980,226,512 | (1,894,458,394) | 54,740,843 | 33,817,176 | 2,066,445,740 | 2,240,771,877 |

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31. FINANCIAL RISK MANAGEMENT (Continued)

Exchange rate risk

As of 30 June 2023 and 31 December 2022, the Group’s assets and liabilities denominated in foreign currencies are as follows:

| | 30 June 2023 | | | | 31 December 2022 | | | |
|---|----------------------|------------------|--------------------|--------------|----------------------|---------------------|---------------------|----------------|
| | TRY | Equivalent | USD | EUR | TRY Other | Equivalent | USD | EUR |
| Cash and cash equivalents | 16,809,006 | 588,815 | 49,522 | 7,190 | 162,703,259 | 8,431,944 | 40,434 | 299,997 |
| Financial Investments | 100,710,090 | 3,900,000 | - | - | 91,621,670 | 4,900,000 | - | - |
| Other receivables | 137,973,836 | 887,382 | 4,086,768 | - | 401,987,470 | 1,276,341 | 18,967,843 | - |
| Current assets (a) | 255,492,933 | 5,376,197 | 4,136,290 | 7,190 | 656,312,398 | 14,608,285 | 19,008,277 | 299,997 |
| Off-balance sheet derivatives denominated in foreign currency | (134,565,635) | (850,000) | (4,000,000) | - | (619,868,030) | (12,894,484) | (19,000,000) | - |
| Net liability position of foreign currency denominated derivatives (c) | (134,565,635) | (850,000) | (4,000,000) | - | (619,868,030) | (12,894,484) | (19,000,000) | - |
| Total net foreign currency asset / (liability) position (a+b+c) | 120,927,298 | 4,526,197 | 136,290 | 7,190 | 36,444,368 | 1,713,801 | 8,277 | 299,997 |

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31. FINANCIAL RISK MANAGEMENT (Continued)

Off-balance sheet liabilities in foreign currencies consist of letter of guarantees 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 US Dollars, 20% increase of Euro 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

| | Profit/(Loss) | | Equity | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Depreciation of foreign currency | Appreciation of Foreign currency | Depreciation of foreign currency | Appreciation of foreign currency |
| 30 June 2023 | | | | |
| <i>In case of a 20% change in USD exchange rates:</i> | | | | |
| USD net asset/liability effect | (23,376,089) | 23,376,089 | (23,376,089) | 23,376,089 |
| <i>In case of a 20% change in EUR exchange rates</i> | | | | |
| EUR net asset/liability effect | (767,424) | 767,424 | (767,424) | 767,424 |
| <i>In case of a 20% change in other exchange rates:</i> | | | | |
| Other foreign currency net effect | 41,947 | (41,947) | 41,947 | (41,947) |
| Total | (24,101,565) | 24,101,565 | (24,101,565) | 24,101,565 |

| | Profit/(Loss) | | Equity | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | Depreciation of foreign currency | Appreciation of Foreign currency | Depreciation of foreign currency | Appreciation of foreign currency |
| 31 December 2022 | | | | |
| <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 EUR 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 |

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31. FINANCIAL RISK MANAGEMENT (Continued)

Share certificate price risk

The majority of the stocks classified in the Group's balance sheet as financial assets measured at fair value through profit or loss 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:

30 June 2023

| Balance sheet item | Rate of change | Change direction | Effect on carrying value | Effect on revaluation fund | Effect on net income | Effect on equity |
|--|----------------|------------------|--------------------------|----------------------------|----------------------|------------------|
| Financial assets measured at fair value through profit or loss | | Increase | 3,960,824 | - | 3,960,824 | 3,960,824 |
| - Financial assets | 10% | Decrease | (3,960,824) | - | (3,960,824) | (3,960,824) |

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 |
|--|----------------|------------------|--------------------------|----------------------------|----------------------|------------------|
| 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) |

e. Liquidity risk

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.

| | 30 June 2023 | | | | |
|-----------------------|-----------------------|-----------------------|--------------------|-------------------|------------------------------------|
| | Net book value | Up to 1 month | 1 month to 1 year | 1 year to 5 years | Total of contractual cash outflows |
| Financial liabilities | 7,634,442,698 | 7,502,710,170 | 185,637,657 | 1,109,888 | 7,689,457,715 |
| Trade payables | 2,812,024,253 | 2,812,024,253 | - | - | 2,812,024,253 |
| Other payables | 289,408,781 | 289,408,781 | - | - | 289,408,781 |
| | 10,735,875,732 | 10,604,143,204 | 185,637,657 | 1,109,888 | 10,790,890,749 |

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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 payables | 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 |

32. FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the value for which an asset could be exchanged or a liability settled in transactions between knowledgeable and willing parties in accordance with market conditions

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.

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.

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32. FINANCIAL INSTRUMENTS (Continued)

Financial assets and financial liabilities carried at fair value:

| 30 June 2023 | Level 1 | Level 2 | Level 3 |
|--|---------------|-------------|---------|
| Financial assets measured at fair value through profit or loss | 39,608,241 | - | - |
| - <i>Share certificates trading on BIST</i> | 39,608,241 | - | - |
| Financial assets measured at fair value through other comprehensive income | - | 136,670,471 | - |
| - <i>Share certificates</i> | - | 60,647,554 | - |
| - <i>Corporate bonds and bills</i> | - | 76,022,917 | - |
| Financial receivables from derivatives held for trading | - | - | - |
| Financial liabilities from derivatives held for trading | - | 26,040,096 | - |
| 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> | 1,485,673,534 | - | - |
| Financial assets measured at fair value through other comprehensive income | - | 191,426,004 | - |
| - <i>Share certificates</i> | - | 60,647,554 | - |
| - <i>Corporate bonds and bills</i> | - | 130,778,450 | - |
| Financial receivables from derivatives held for trading | - | 542,633 | - |
| Financial liabilities from derivatives held for trading | - | 3,498,634 | - |

33. DISCLOSURE OF OTHER MATTERS

a. Explanation on portfolio management operations:

As of 30 June 2023, the Group managed 83 mutual funds and 18 pension funds (30 June 2022: 78 mutual funds and 18 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 30 June 2022, the Group earned a management fee of TRY303,902,734 (30 June 2022: TRY194,141,616).

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: TRY2,000,000 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 30 June 2023, including the annual revaluation, was calculated to be TRY80,000,000 (31 December 2022: TRY31.331,603).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022 ORIGINALLY ISSUED IN TURKISH

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

34. SUBSEQUENT EVENTS

With the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, the general corporate tax rate for finance and insurance companies, including banks, was increased from 25% to 30%. Corporate tax rates have entered into force, starting with the declarations that must be submitted as of October 1, 2023, and to be applied to the earnings to be obtained in the taxation periods as of January 1, 2023. It has no effect on the financial statements as of the balance sheet date.

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