

**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 2022
TOGETHER WITH INDEPENDENT AUDITOR'S REVIEW REPORT
ORIGINALLY ISSUED IN TURKISH**



**CONVENIENCE TRANSLATION INTO ENGLISH OF
REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION
ORIGINALLY ISSUED IN TURKISH**

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 2022 and the related consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of this interim consolidated financial information in accordance with Turkish Accounting Standard 34, “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this interim consolidated 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 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 financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an 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 does not 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 2022, 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 with respect to the application of IAS 29 Financial Reporting in Hyperinflationary Economies by 30 June 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

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

A handwritten signature in blue ink, appearing to read 'Talar Gül', is written over a circular blue stamp or seal.

Talar Gül, SMMM
Partner

Istanbul, 22 July 2022

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 2022 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 2022 ORIGINALLY ISSUED IN TURKISH

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

Assets	Notes	(Reviewed) 30 June 2022	(Audited) 31 December 2021
Current assets			
Cash and cash equivalents	6	4,076,659,130	3,962,911,052
Financial investments	7	302,830,985	139,202,487
- Fair value through profit or loss financial assets		195,381,592	76,878,536
- Financial assets measured at fair value through other comprehensive income		107,449,393	51,505,722
- Financial assets measured at amortised cost		-	10,818,229
Trade receivables	10	2,636,036,443	1,046,784,986
- Trade receivables due from related parties	29	249,305,609	78,086,817
- Trade receivables due from third parties		2,386,730,834	968,698,169
Receivables from financial activities	11	42,726,190	40,636,404
- Receivables from financial activities due from related parties	29	39,009,711	40,360,092
- Receivables from financial activities due from third parties		3,716,479	276,312
Other receivables	12	499,078,890	293,252,643
- Other receivables due from related parties		-	-
- Other receivables due from third parties		499,078,890	293,252,643
Derivative intruments	17	27,625,505	2,545,966
Prepaid expenses	20	15,829,051	8,842,485
- Prepaid expenses due to related parties	29	185,857	113,066
- Prepaid expenses due to third parties		15,643,194	8,729,419
Current tax assets	23	109,137	109,137
Other current assets		82,340	135,418
- Other current assets due from third parties		82,340	135,418
Total current assets		7,600,977,671	5,494,420,578
Non-current assets			
Financial investments	7	99,368,002	155,990,448
- Financial assets measured at fair value through other comprehensive income		82,056,915	142,451,233
- Financial assets measured at amortised cost		17,311,087	13,539,215
Tangible assets	13	27,429,122	24,014,348
Right of use assets	14	2,940,141	3,705,907
Intangible assets	15	31,485,035	36,203,753
Deferred tax assets	23	46,169,500	91,778,497
Total non-current assets		207,391,800	311,692,953
Total assets		7,808,369,471	5,806,113,531

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022 ORIGINALLY ISSUED IN TURKISH

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

Liabilities	Notes	(Reviewed) 30 June 2022	(Audited) 31 December 2021
Short-term liabilities			
Short term liabilities	9	4,748,209,797	3,103,079,767
- Short term liabilities due to related parties		122,925,099	2,781,455
- Bank borrowings	29	120,522,049	-
- Lease liabilities		2,403,050	2,781,455
- Short term liabilities due to third parties		4,625,284,698	3,100,298,312
- Bank borrowings	9	-	-
- Lease liabilities		-	-
- Other short term borrowings		4,625,284,698	3,100,298,312
Trade payables	10	1,080,169,828	848,010,635
- Trade payables to related parties	29	101,947,186	34,563,941
- Trade payables to third parties		978,222,642	813,446,694
Payables related to employee benefits	19	7,617,163	9,079,367
Other payables	12	209,129,358	109,091,449
- Other payables due to related parties	29	-	-
- Other payables due to third parties		209,129,358	109,091,449
Derivative instruments	17	114,640,686	307,642,910
Current tax liabilities	23	39,455,308	111,242,392
Short term provisions		31,995,107	43,628,769
- Short term provisions for employee benefits	18	25,478,978	37,379,109
- Other short term provisions	16	6,516,129	6,249,660
Other short term liabilities	21	68,492,485	86,856,690
Total short term liabilities		6,299,709,732	4,618,631,979
Long-term liabilities			
Long term borrowings	9	802,753	1,094,430
- Long term liabilities due to related parties	29	802,753	1,094,430
- Long term liabilities due to third parties		-	-
Long term provisions	18	32,619,168	20,109,122
- Provisions for employee benefits		32,619,168	20,109,122
Deferred tax liabilities	23	-	-
Total long term liabilities		33,421,921	21,203,552
Total liabilities		6,333,131,653	4,639,835,531
Shareholder's equity			
Paid in capital	22	98,918,083	98,918,083
Adjustments to share capital	22	63,078,001	63,078,001
Accumulated other comprehensive income			
that will be reclassified to profit or loss		3,118,090	1,754,524
- Revaluation and reclassification gains / (losses)		3,118,090	1,754,524
Accumulated other comprehensive income / (expenses)			
that will not be reclassified to profit or loss		10,360,760	15,752,745
- Profits from investments in equity instruments		22,180,709	22,180,709
- Defined benefit plans remeasurement gains / (losses)		(11,819,949)	(6,427,964)
Restricted reserves	22	197,694,140	186,831,858
Retained earnings		647,279,153	318,640,742
Net profit for the period		427,084,054	453,069,411
Equity attributable to owners of the parent		1,447,532,281	1,138,045,364
Non-controlling interests	22	27,705,537	28,232,636
Total shareholder's equity		1,475,237,818	1,166,278,000
Total liabilities and shareholder's equity		7,808,369,471	5,806,113,531

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

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 30 JUNE 2022 ORIGINALLY ISSUED IN TURKISH

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

	Notes	(Reviewed) 1 January - 30 June 2022	(Not Reviewed) 1 April - 30 June 2022	(Reviewed) 1 January - 30 June 2021	(Not reviewed) 1 April - 30 June 2021
PROFIT OR LOSS					
Revenue	24	3,907,489,688	2,346,300,790	2,479,710,249	1,442,300,335
Cost of sales (-)	24	(3,459,149,731)	(2,102,361,496)	(2,183,803,670)	(1,333,154,893)
Gross profit from business operations		448,339,957	243,939,294	295,906,579	109,145,442
Revenue from financial activities	25	205,215,256	110,603,543	95,164,930	51,022,273
Cost of financial activities (-)	25	(3,624,367)	(1,800,079)	(1,954,583)	(957,190)
Gross profit from financial activities		201,590,889	108,803,464	93,210,347	50,065,083
Gross profit		649,930,846	352,742,758	389,116,926	159,210,525
General administrative expenses (-)	26	(173,164,266)	(95,372,338)	(105,354,973)	(55,416,433)
Marketing, selling and distribution expenses (-)	26	(122,401,976)	(64,424,156)	(75,650,611)	(30,556,255)
Other income from operating activities	27	849,185,584	253,983,180	509,902,606	64,963,621
Other expense from operating activities (-)	28	(629,234,584)	(125,187,726)	(416,855,159)	(14,880,829)
Real operating profit		574,315,604	321,741,718	301,158,789	123,320,629
Profit before tax from continuing operations		574,315,604	321,741,718	301,158,789	123,320,629
Tax expense from continuing operations (-)	23	(129,694,682)	(70,958,614)	(77,886,707)	(39,772,575)
- Tax expense for the period (-)	23	(82,739,523)	(43,674,962)	(110,274,875)	(18,570,626)
- Deferred tax expense (-)	23	(46,955,159)	(27,283,652)	32,388,168	(21,201,949)
Total profit from continuing operations		444,620,922	250,783,104	223,272,082	83,548,054
Profit for the period		444,620,922	250,783,104	223,272,082	83,548,054
Total profit attributable to:		444,620,922	250,783,104	223,272,082	83,548,054
Profit, attributable to non-controlling interests	22	17,536,868	8,828,192	7,878,913	3,942,888
Profit, attributable to owners of parent		427,084,054	241,954,912	215,393,169	79,605,166
Earnings per share from continuing operations (Kr)	30	4.49	2.54	2.26	0.84

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 2022 ORIGINALLY ISSUED IN TURKISH

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

	Notes	(Reviewed) 1 January - 30 June 2022	(Not Reviewed) 1 April - 30 June 2022	(Reviewed) 1 January - 30 June 2021	(Not reviewed) 1 April - 30 June 2021
OTHER COMPREHENSIVE INCOME					
Total profit for the period		444,620,922	250,783,104	223,272,082	83,548,054
Components of other comprehensive income that will not be reclassified to profit or loss					
Defined benefits plans remeasurement gains/(losses)	18	(5,391,985) (7,189,313)	(5,223,065) (6,978,163)	(685,508) (856,885)	(725,338) (906,672)
Taxes related other comprehensive income that will not be reclassified to profit or loss		1,797,328	1,755,098	171,377	181,334
Components of other comprehensive income that will be reclassified to profit or loss					
Financial assets measured at fair value through other comprehensive income		1,814,735	(200,171)	(471,202)	(701,876)
Taxes related other comprehensive income that will be reclassified to profit or loss		(451,169)	50,040	120,318	165,440
- Profits from investments in equity instruments, tax effect		(451,169)	50,040	120,318	165,440
Other comprehensive income		(4,028,419)	(5,373,196)	(1,036,392)	(1,261,774)
Total comprehensive income		440,592,503	245,409,908	222,235,690	82,286,280
Total comprehensive income attributable to:					
Comprehensive income, attributable to non-controlling interests	22	17,536,868	8,828,192	7,878,913	3,942,888
Comprehensive income, attributable to owners of parent		423,055,635	236,581,716	214,356,777	78,343,392
Total comprehensive income per share from continuing operations (Kr)					
	30	4.45	2.48	2.25	0.83

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 2022 ORIGINALLY ISSUED IN TURKISH

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

	Notes	Paid capital	Adjustments to share capital	Accumulated other comprehensive income or expenses will be reclassified to profit or loss	Accumulated other comprehensive income or expenses will not be reclassified to profit or loss	Restricted reserves	Accumulated profits		Equity attributable to owners of the parent	Non controlling interests	Total equity	
				Revaluation and reclassification gains	Profits from investments in equity instruments		Defined benefit plans remeasurement losses	Retained earnings				Net profit for the year
1 January 2021		98,918,083	63,078,001	1,106,006	22,180,709	(3,497,188)	184,106,085	84,609,777	268,960,378	719,461,851	18,415,294	737,877,145
Transfers		-	-	-	-	-	-	268,960,378	(268,960,378)	-	-	-
Total comprehensive income		-	-	(350,884)	-	(685,508)	-	-	215,393,169	214,356,777	7,878,913	222,235,690
- Net profit for the period		-	-	-	-	-	-	-	215,393,169	215,393,169	7,878,913	223,272,082
- Other comprehensive income/(expense)		-	-	(350,884)	-	(685,508)	-	-	-	(1,036,392)	-	(1,036,392)
Dividends	22	-	-	-	-	-	2,725,773	(34,929,413)	-	(32,203,640)	(10,774,998)	(42,978,638)
30 June 2021	22	98,918,083	63,078,001	755,122	22,180,709	(4,182,696)	186,831,858	318,640,742	215,393,169	901,614,988	15,519,209	917,134,197
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

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 2022 ORIGINALLY ISSUED IN TURKISH

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

Notes	Reviewed 1 January- 30 June 2022	Reviewed 1 January- 30 June 2021
A. Cash flows from operating activities	(1,452,588,680)	568,777,222
Net income for the period	444,620,922	223,272,082
Adjustments to reconcile net income/loss to net cash provided by operating activities	(112,978,869)	329,749,670
Adjustments for depreciation and amortization	8,852,815	7,272,854
Adjustments for provisions	14,700,112	2,971,111
- Adjustments for provision for employee benefits	7,451,898	(7,606,649)
- Adjustments for lawsuit provisions	266,469	83,353
- Adjustments for other provisions	6,981,745	10,494,407
Adjustments for interest income and expenses	101,497,919	119,391,526
- Adjustments for interest income	(240,298,657)	(105,573,472)
- Adjustments for interest expenses	341,796,576	224,964,998
Adjustments for unrealized foreign currency translation differences	(294,573,747)	121,876,588
Adjustments for fair value losses/(gains)	(1,363,566)	350,884
- Adjustments for financial assets fair value losses	(1,363,566)	350,884
Adjustments for tax expense	57,907,598	77,886,707
Changes in operating profit	(1,876,769,309)	3,242,079
Increase in financial investments	(107,006,052)	(12,632,354)
Adjustments for decrease in trade receivables	(1,589,251,457)	88,068,574
- Decrease/(increase) in trade receivables due from related parties	(171,218,792)	(41,032,387)
- Decrease in trade receivables due from third parties	(1,418,032,665)	129,100,961
Decrease/(increase) in receivables from financial activities	(2,089,786)	4,351,268
Adjustments for decrease in other receivables	(205,826,247)	(30,820,239)
- Decrease in other receivables due related party	293,252,643	-
- Decrease in other receivables due from third parties	(499,078,890)	(30,820,239)
Increase in derivatives (-)	(25,079,539)	122,790,872
Decrease in prepaid expenses	(6,986,566)	(1,396,732)
Adjustments for increase in trade payables	232,159,193	(181,964,576)
- (Decrease)/increase in trade payables due to related parties	67,383,245	(87,787,671)
- Increase in trade payables due to other parties	164,775,948	(94,176,905)
Increase/(decrease) in payables due to employee benefits	(1,462,204)	(1,009,460)
Adjustments for increase in other payables	81,673,704	(25,999,195)
- Increase in other payables due to related parties	-	(1,368)
- Increase in other payables due to other parties	81,673,704	(25,997,827)
Decrease in derivative liabilities	(193,002,224)	33,103,086
Adjustments for decrease in other operating capital	(59,898,131)	8,750,835
- Decrease in other operating activities	(59,898,131)	8,750,835
Cash flows from operating activities	(1,545,127,256)	556,263,831
Dividends received	37,341,312	15,209,426
Interests received	240,298,657	105,573,472
Payments for provision for employee benefits	(26,950,982)	(24,399,432)
Taxes paid	(158,150,411)	(83,870,075)
B. Cash flows from investing activities	(7,512,310)	(10,783,352)
Cash inflows from selling of property, equipment and intangible assets	(1,080,123)	4,490
- Cash inflows from selling of tangible assets	-	4,490
- Cash inflows from selling of intangible assets	(1,080,123)	-
Cash outflows from purchase of property, equipment and intangible assets	(6,432,187)	(10,787,842)
- Cash outflows from purchase of tangible assets	(6,337,244)	(3,094,557)
- Cash outflows from purchase of intangible assets	(94,943)	(7,693,285)
C. Cash flows from financing activities	1,059,967,856	423,123,943
Cash inflows from borrowings	4,618,196,055	22,328,116,693
- Cash inflows from loans	3,285,695,482	21,296,769,860
- Cash inflows from issued bonds	1,332,500,573	1,031,346,833
Cash outflows from debt payments	(3,082,231,507)	(21,635,925,259)
- Cash outflows from loan repayments	(2,520,562,552)	(21,325,855,054)
- Cash outflows from issued bonds repayments	(561,668,955)	(310,070,205)
Cash outflows from repayments of lease liabilities	(2,567,430)	(1,123,855)
Dividends paid	(131,632,685)	(42,978,638)
Interests paid	(341,796,577)	(224,964,998)
Net increase / (decrease) in cash and cash equivalents before exchange currency effect (A+B+C)	(400,133,134)	981,117,813
D. Exchange currency effect on cash and cash equivalents	294,573,747	(121,876,588)
Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	(105,559,387)	859,241,225
E. Cash and cash equivalents at the beginning of the period	3,453,071,613	2,727,753,526
Cash and cash equivalents at the end of the period (A+B+C+D+E)	3,347,512,226	3,586,994,751

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 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 at 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.SPK.0.16-1955 dated 15 December 2006 and to approve the merger agreement has been taken. Accordingly, all rights, receivables, liabilities and obligations were transferred to the Company due to consequential dissolution without liquidation of Koç Yatırım Menkul Değerler A.Ş.

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

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

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

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

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

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1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

- b) According to the Capital Market Law and Capital Market Board’s Regulations (“CMB” or “Board”) and “Intermediary Firm with Board Authority” the Company have the following activities (Continued):
- 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 61 investment funds (31 December 2021: 46). As of 30 June 2022, the Group has 324 employees (31 December 2021: 295).

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

Subsidiary;

As of 30 June 2022 and 31 December 2021 details of the subsidiary of the Group are as follows:

Name of the shareholder	30 June 2022 Share in capital	31 December 2021 Share in capital	Main activity
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87.32%	87.32%	Portfolio management

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

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1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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 2022 have been approved by the Board of Directors of the Company at 22 July 2022. 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.

Preparation of the financial statements

The Group has prepared its consolidated interim financial statements for the interim period ending on 30 June 2022 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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 2022, 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 2022.

2.1.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial statements when there is a legally enforceable right to set-off the 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.

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 2022 in comparison with the consolidated statement of financial position prepared as of 31 December 2021; 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 2022 in comparison with 1 January - 30 June 2021. Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

2.1.6 New standards, amendments and interpretations

The Group adopted the standards, amendments and interpretations published by TAS and TFRS and which are mandatory for the accounting periods beginning on or after 30 June 2022.

Standards, amendments and interpretations applicable as at 30 June 2022:

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.6 New standards, amendments and interpretations (Continued)

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

Standards, amendments and interpretations that are issued but not effective as at 30 June 2022:

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

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

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1.6 New standards, amendments and interpretations (Continued)

- **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;** 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’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Group management does not foresee any material impact of adoption of the aforementioned standards and interpretations on the consolidated interim financial statements of the Group in the upcoming periods.

2.2 Changes in Accounting Policies and Errors

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

2.3 Changes in Accounting Estimates

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

2.4 Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

As of 30 June 2022 and 31 December 2021 details of the subsidiary and associate of the Group are as follows:

Legal entity	30 June 2022 Ratio of shares in capital	31 December 2021 Ratio of shares in capital	Service Line
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87.32%	87.32%	Portfolio Management

Subsidiary

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

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

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

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

The minority shares in net assets and operating results are classified as “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.

(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, investment consulting fees, intermediary commissions and portfolio management commissions are recognised on an accrual basis. Common stock transaction commissions are netted off with commission rebates.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(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.

(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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

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 held for the purpose of collecting contractual cash flows or selling the financial asset, where the cash flows of the assets represent only payments of principal and interest and are not defined as financial assets at fair value through profit or loss; are classified as assets at fair value through other comprehensive income (FVOCI).

Financial assets at fair value through other comprehensive income are subsequently re-measured at fair value. When fair values based on market prices cannot be obtained reliably, the financial assets at fair value through other comprehensive income are carried at fair values determined by using “Effective interest rate” method.

“Unrealized profits and losses” arising from the changes in the fair values of financial assets whose fair value differences are reflected in other comprehensive income are not reflected in the income statement of the period until the realization of one of the cases where the value corresponding to the related financial asset is collected, the asset is sold, disposed of or weakened. or other accumulated comprehensive income or expenses to be reclassified as a loss.

When these financial assets are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the profit or loss statement. Interest or dividends of financial assets are accounted for in the related interest income and profit share income account.

(iii) Assets recognised at amortised cost

Financial assets are recognised 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 recognised at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognised at amortised cost by using “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 amortized cost. All loans are recognised in financial statements after transferring the cash amounts to debtors.

The Group provides loans to its customers for stock purchases.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(v) Reverse repurchase agreements

Funds given against securities purchased under agreements (“Reverse Repo”) to resell are accounted under “Cash and cash equivalents” on the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the effective interest method and is recorded as receivables from reverse repo transactions.

(e) Property and equipment

Property and equipment are carried at cost less accumulated depreciation.

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

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

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its recoverable amount and the provision for the impairment in value is charged to the income statement

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

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

(f) Intangible assets

Intangible assets consist of acquired rights, information systems and 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(g) Impairment of financial assets

Financial assets, other than those 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.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

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.

(j) 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(k) 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.

(l) 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.

(m) Related parties

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

(n) 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Deferred tax

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

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

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

Deferred tax liabilities and assets are 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.

(o) 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Significant Accounting Judgements, Estimates and Assumptions (Continued)

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.

Deferred income tax asset recognition

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

3. BUSINESS COMBINATIONS

None (31 December 2021: None).

4. JOINT VENTURES

None (31 December 2021: 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 2022 and 31 December 2021.

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6. CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Banks		
- Time deposits	3,226,715,636	3,387,350,531
- Demand deposits	896,541,612	614,878,039
Allowances for expected credit losses (-)	(46,598,118)	(39,317,518)
	4,076,659,130	3,962,911,052

As of 30 June 2022, TRY1,018,817,864 of bank deposits (31 December 2021: TRY1,066,699,170) are held by related parties and institutions. The expected loan loss provision of the related banks and corporations is calculated to be TRY108,432 (31 December 2021: TRY8,714,225) (Note 29).

TRY765,223,546 of demand deposits (31 December 2021: TRY544,258,901) are held by the Group's bank accounts in the collateral status of the Group's customers (Note 16).

As of 30 June 2022, the average maturity for TRY, EUR and US Dollars time deposits are 21, 65 and 100 days (31 December 2021: for TRY EUR and US Dollars 8, 36 and 131 days) respectively, while the average interest rates are 22.36%, 2.52% and 4.53% (31 December 2021: 23.36%, 0.40% and 1.10%) respectively.

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

	30 June 2022	31 December 2021
Cash and cash equivalents	4,076,659,130	3,962,911,052
Cash and cash equivalents of customers	(765,223,546)	(544,258,901)
Provision for expected credit losses (-)	46,598,118	39,317,518
Interest accruals	(10,370,183)	(4,898,056)
	3,347,663,519	3,453,071,613

7. FINANCIAL INVESTMENTS

Short-term financial investments:

	30 June 2022		
	Cost	Fair value	Carrying value
Financial assets measured at fair value through profit or loss			
- <i>Shares certificates listed on the stock market</i>	188,547,711	195,381,592	195,381,592
Financial assets measured at fair value through other comprehensive income			
- <i>Corporate sector bonds and bills</i>	105,534,126	107,449,393	107,449,393
- <i>Government bonds and treasury bills</i>	54,569,816	56,365,225	56,365,225
- <i>Provision for impairment</i>	50,964,310	51,084,168	51,084,168
	-	-	-
	294,081,837	302,830,985	302,830,985

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7. FINANCIAL INVESTMENTS (Continued)

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

Long-term financial investments:

	30 June 2022		
	Cost	Fair value	Carrying value
Financial assets measured at fair value through profit or loss	53,766,749	82,056,915	82,056,915
- <i>Share certificates</i>	32,192,533	60,647,554	60,647,555
- <i>Corporate sector bonds and bills</i>	3,200,000	3,370,728	3,370,728
- <i>Government bonds and treasury bills</i>	18,374,216	18,038,633	18,038,633
Financial assets measured at amortized cost	17,208,381	17,313,179	17,311,087
- <i>Government bonds and treasury bills</i>	17,208,381	17,315,516	17,313,424
<i>Provision for impairment</i>	-	(2,337)	(2,337)
	70,975.130	99.370.094	99.368.002

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

As of 30 June 2022, financial assets measured at amortised cost whose the total amount of carrying value is TRY17,311,087 (31 December 2021: TRY24,357,444) are held as collaterals in CBRT, BiST and Istanbul Settlement and Custody Bank Inc. ("Takasbank") (Note 16).

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7. FINANCIAL INVESTMENTS (Continued)

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

	30 June 2022	31 December 2021
0 - 1 month	-	10,818,229
1 month - 3 months	-	-
3 months - 1 year	-	-
1 year – 5 year	17,311,087	13,539,215
	17,311,087	24,357,444

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

	2022	2021
Beginning of the period, 1 January	24,357,444	37,630,962
Purchases during the period	-	33,552,060
Value decreases (including interest re-discounts)	3,774,208	1,915,732
Disposals in the period (-)	(10,818,228)	(14,942,200)
Allowances for expected credit losses (-)	(2,337)	(79,602)
End of the period, 30 June	17,311,087	58,076,952

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

Type	30 June 2022		31 December 2021	
	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	0.10	110,279	0.10
Allianz Yaşam ve Emeklilik A.Ş.	26,432	0.04	26,432	0.04
Koç Kültür Sanat ve Tanıtım Hiz. Tic. A.Ş.	11,699	4.90	11,699	4.90
	60,647,555		60,647,555	

As of 30 June 2022, the Group valued its Takasbank shares 26,280,000 with bid price of TRY 2.20 (31 December 2021: 2.20) announced by Takasbank notice with no. 2019/5692.

As of 30 June 2022, the Group valued its Borsa İstanbul A.Ş. shares 319,422 - with bid price of TRY8.40 (31 December 2021: 319,422 shares TRY8.40) announced by Borsa İstanbul A.Ş. notice with no. 2016/110.

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8. ASSETS HELD FOR SALE

None. (31 December 2021: None).

9. SHORT AND LONG TERM LIABILITIES

Short-term liabilities

	30 June 2022	31 December 2021
Funds from Takasbank Money Market (*)	3,285,695,482	2,520,562,552
Issued bonds and bills	1,332,500,574	561,668,956
Bank loans (**)	120,522,049	-
Funds from repo transactions	6,316,450	17,384,702
Lease liabilities (***)	2,403,050	2,781,455
Payables from short selling	772,192	682,102
	4,748,209,797	3,103,079,767

(*) Payables to Money Markets have an average maturity of 22 days and the average interest rate is 19.09% (31 December 2021: 8 days, 16.76%).

(**) The Group's bank borrowings have an average of 1 days and an average interest rate of 37% (31 December 2021:None). All of the bank loans was obtained from related banks and institutions (Note 29).

(***) The Group's debts from short-term lease transactions have an average term of 12 months, and the effective interest rate is 14-24% (31 December 2021: 12 months, 14-24%). TRY2,403,050 of the debts from short-term leasings is debt to related parties. (31 December 2021: TRY2,781,455)

Details of bills/bonds issued as 30 June 2022 are as follows:

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Interest Type
Bill	83,000,000	TRY	14 March 2022	6 July 2022	17.87	19.54	Fixed
Bill	160,100,000	TRY	27 April 2022	25 July 2022	17.58	19.09	Fixed
Bill	280,200,000	TRY	11 May 2022	10 August 2022	17.69	19.14	Fixed
Bill	200,000,000	TRY	18 May 2022	4 July 2022	18.06	19.77	Fixed
Bill	100,000,000	TRY	25 May 2022	24 August 2022	20.05	21.84	Fixed
Bill	284,530,000	TRY	8 June 2022	7 September 2022	21.76	23.77	Fixed

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

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

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9. SHORT AND LONG TERM LIABILITIES (Continued)

Long-term liabilities

	30 June 2022	31 December 2021
Lease liabilities (*)	802,753	1,094,430
	802,753	1,094,430

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

Movements of liabilities from leasing activities is as follows:

	2022	2021
Beginning of the period, 1 January	3,875,885	3,527,727
Additions during the period (Note 14)	1,555,983	764,080
Payments during the period	(2,615,470)	(2,058,093)
Interest expense (Note 28)	484,859	281,864
Other	(95,454)	(55,419)
End of the period, 30 June	3,205,803	2,460,159

10. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables

	30 June 2022	31 December 2021
Receivables from loan customers	1,467,072,075	567,931,598
Receivables from customers	863,275,466	433,185,560
Receivables from settlement and custody bank	266,230,575	-
Commission receivables	39,458,327	45,658,192
Doubtful trade receivables	2,397,955	1,021,677
Provisions for doubtful trade receivables (-)	(2,397,955)	(1,021,677)
Receivables to be collected	-	9,636
	2,636,036,443	1,046,784,986

The Group allocates credit to its customers for use in stock trading. As of 30 June 2022, the amount of loans allocated to customers by the Group is TRY1,467,072,075 (31 December 2021: TRY567,931,598) and the Group holds the total market value of the share certificates which are listed on the stock market is TRY3,348,024,161 as collateral (31 December 2021: TRY719,146,271) (Note 16).

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10. TRADE RECEIVABLES AND PAYABLES (Continued)

Short-term trade payables

	30 June 2022	31 December 2021
Payables to settlement and custody bank	-	181,580,118
Payables to customers	1,029,691,833	631,183,629
Agency commission payable	21,598,873	24,094,175
Customer short selling debts	21,287,105	1,983,410
Expense accruals	3,572,503	1,506,105
Payables to vendors	3,373,632	6,505,380
Other trade payables	645,882	1,157,818
	1,080,169,828	848,010,635

11. RECEIVABLES FROM FINANCIAL ACTIVITIES

Receivables from financial activities

	30 June 2022	31 December 2021
Investment fund management fee receivables (Note 29) (*)	34,263,978	29,305,160
Individual portfolio management fee	3,706,907	356,132
Individual pension fund management fee receivables	2,957,733	2,632,101
Investment advisory receivables (Note 29)	1,788,000	763,500
Individual pension fund management fee receivables (**)	-	7,576,620
Other	9,572	2,891
	42,726,190	40,636,404

(*) Investment fund management commission receivables are obtained management fee receivables from 61 (31 December 2021:46) 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 2021: 20), 17 of which are related parties. (31 Aralık 2021: 19)

12. OTHER RECEIVABLES AND PAYABLES

Other receivables

	30 June 2022	31 December 2021
Deposits and collaterals given	394,541,820	205,977,828
Collaterals given to markets	104,537,070	87,274,815
	499,078,890	293,252,643

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12. OTHER RECEIVABLES AND PAYABLES (Continued)

Other payables

	30 June 2022	31 December 2021
Deposits and collaterals received	208,638,014	108,600,105
Payables to marketable securities disposal fund	491,344	491,344
	209,129,358	109,091,449

13. PROPERTY, PLANT AND EQUIPMENT

30 June 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	-	6,225,315	111,929	6,337,244
Disposals	-	(7,009)	-	(7,009)
Depreciation expense (-)	(147,328)	(2,720,292)	(47,841)	(2,915,461)
Net book value, 30 June	3,757,343	23,331,551	340,228	27,429,122
Cost	11,026,598	49,223,881	5,318,415	65,568,894
Accumulated depreciation (-)	(7,269,256)	(25,892,329)	(4,978,187)	(38,139,772)
Net book value, 30 June	3,757,342	23,331,552	340,228	27,429,122

31 December 2021	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January	4,199,328	12,550,169	372,006	17,121,503
Additions	-	11,316,035	-	11,316,035
Disposals, net	-	(15,535)	-	(15,535)
Depreciation expense (-)	(294,657)	(4,017,132)	(95,866)	(4,407,655)
Net book value, 31 December	3,904,671	19,833,537	276,140	24,014,348
Cost	11,026,598	43,005,574	5,206,486	59,238,658
Accumulated depreciation (-)	(7,121,927)	(23,172,037)	(4,930,346)	(35,224,310)
Net book value, 31 December	3,904,671	19,833,537	276,140	24,014,348

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14. RIGHT OF USE ASSETS

30 June 2022	Office and branches	Vehicles	Others	Total
Net book value, 1 January	2,628,660	1,077,247	-	3,705,907
Additions	1,533,502	-	-	1,533,502
Disposals	(95,453)	-	-	(95,453)
Depreciation expense (-)	(1,863,665)	(340,151)	-	(2,203,816)
Net book value, 30 June	2,203,044	737,096	-	2,940,140
Cost	9,017,338	3,215,821	2,128,542	14,361,701
Accumulated depreciation (-)	(6,814,293)	(2,478,725)	(2,128,542)	(11,421,560)
Net book value, 30 June	2,203,045	737,096	-	2,940,141
31 December 2021	Office and branches	Vehicles	Other	Total
Net book value, 1 January	1,806,755	1,474,915	-	3,281,671
Additions	3,117,238	254,836	490,972	3,863,046
Disposals	(55,400)	-	-	(55,400)
Depreciation expense (-)	(2,239,933)	(652,505)	(490,972)	(3,383,410)
Net book value, 31 December	2,628,660	1,077,247	-	3,705,907
Cost	7,928,576	3,215,821	2,128,541	13,272,938
Accumulated depreciation (-)	(5,299,916)	(2,138,574)	(2,128,541)	(9,567,031)
Net book value, 31 December	2,628,660	1,077,247	-	3,705,907

15. INTANGIBLE ASSETS

	30 June 2022
Net book value, 1 January	36,203,752
Additions	94,944
Disposals	(1,080,122)
Amortization (-)	(3,733,539)
Net book value, 30 June	31,485,035
Cost	65,994,513
Accumulated amortization (-)	(34,509,478)
Net book value, 30 June	31,485,035
	31 December 2021
Net book value, 1 January (*)	30,488,937
Additions (*)	12,674,398
Disposals	-
Amortization (-)	(6,959,582)
Net book value, 31 December	36,203,752
Cost	66,979,692
Accumulated amortization (-)	(30,775,939)
Net book value, 31 December	36,203,752

(*) Projects classified as intangible assets but not ready for use yet amount to TRY 5,406,774 (31.12.2021: TRY 6,280,004).

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Short term provisions

	30 June 2022	31 December 2021
Lawsuit, penalty provisions (*)	2,516,129	2,249,660
Other	4,000,000	4,000,000
	6,516,129	6,249,660

(*) Total amount of several outstanding legal cases against the Group is TRY6,516,129 (31 December 2021: TRY6,249,660).

The movement of litigation provisions for the years ending 30 June 2022 and 31 December 2021 is as follows:

	2022	2021
Beginning of the period, 1 January	2,249,660	2,151,307
Provisions set aside within the period	1,852,944	132,453
Payments during the year	(1,586,475)	(49,100)
End of the period, 30 June	2,516,129	2,234,660

ii) Collaterals given

	30 June 2022	31 December 2021
Collaterals given	4,211,679,280	2,585,867,024
	4,211,679,280	2,585,867,024

Letters of guarantee are given to BIST, CMB and to Takasbank for money market transactions. Foreign currency denominated letters of guarantee amount to TRY175,221 (31 December 2021: TRY146,823).

iii) Cash collaterals given on behalf of customers

	30 June 2022	31 December 2021
VIOP collaterals given on behalf of customers (*)	2,189,563,784	1,320,919,878
	2,189,563,784	1,320,919,878

(*) As of 30 June 2022 cash amounting to TRY2,189,563,784 has been pledged by the Group as collateral for the Futures and Options Market on behalf of the customers (31 December 2021: TRY1,320,919,878)

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16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

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 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Customer deposits		
Share certificates	8,226,023,833	5,880,399,635
Reverse repo agreements (Takasbank Money Market)	1,063,772,735	1,217,043,918
Investment funds	726,528,359	519,711,659
Government bonds	453,290,487	3,672,549,474
Private sector bonds	60,778,096	70,849,419
Other	41,386,240	36,368,655
	10,571,779,750	11,396,922,760

v) Other

- 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).
- Demand deposits amounting to TRY765,223,546 (31 December 2021: TRY544,258,901) belongs to the Group’s customers as a partial collateral and are held in the Group’s bank accounts (Note 6).
- The Group allocates credit to its customers for use in stock trading. As of 30 June 2022, the Group has TRY1,467,072,075 (31 December 2021: TRY567,931,598) of loans granted to its customers and the total market value of the shares kept as collateral against those credits given is amounting to TRY3,348,024,161 (31 December 2021: TRY719,146,271) (Note 10).
- The financial assets measured at their amortised costs and having a carrying value of TRY17,311,087 as of 30 June 2022 (31 December 2021: TRY24,357,444) are pledged as collateral at CBRT, BIST, and Takas ve Saklama Bankası A.Ş. (“Takasbank”) (Note 7).

17. DERIVATIVE INSTRUMENTS

Nominal details of derivative transactions as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	USD	EUR	USD	EUR
Forward transactions (buy)	290,631,475	2,785,604,875	277,243,433	1,655,844,700
Forward transactions (sell)	299,208,550	2,795,970,203	337,851,160	1,851,438,030
Swap transactions (buy)	3,011,726	13,202,492	1,729,716	2,040,931
Swap transactions (sell)	2,967,332	13,139,717	2,144,649	2,360,591
	595,819,083	5,607,917,287	618,968,958	3,511,684,252

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17. DERIVATIVE INSTRUMENTS (Continued)

Receivables from derivative transactions

	30 June 2022	31 December 2021
Swap transactions	27,405,573	2,545,115
Forward transactions	219,932	851
	27,625,505	2,545,966

Payables from derivative transactions

	30 June 2022	31 December 2021
Swap transactions	114,076,062	306,710,936
Forward transactions	564,624	931,974
	114,640,686	307,642,910

18. PROVISION FOR EMPLOYEE BENEFITS

	30 June 2022	31 December 2021
Short-term provisions		
Employee premium provision	25,478,978	37,379,109
	25,478,978	37,379,109
Long-term provisions		
Provision for employee termination benefits	24,564,317	16,910,512
Provision for unused vacation	8,054,851	3,198,610
	32,619,168	20,109,122

Under the Turkish Labour Law, the Group required to pay the employment termination benefits to each employee who have completed one year of service at the Group when they retire (for women 58, for men 60) and when they are dismissed or called up for military services or die. Due to changes in the Law on 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 TRY15,731.40 as of 30 June 2022 (31 December 2021: TRY10,848.59).

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

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

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18. PROVISION FOR EMPLOYEE BENEFITS (Continued)

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

(*) The rate reflects the parent company's rate.

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 15,731.40 (1 January 2022: TRY10,848.59).

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

	2022	2021
Beginning of the period, 1 January	16,910,512	11,670,627
Interest cost	1,572,123	701,996
Current service cost	529,718	127,952
Actuarial gain/(loss)	7,189,313	856,885
Payments during the period (-)	(1,637,349)	(609,182)
End of the period, 30 June	24,564,317	12,748,278

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

	2022	2021
Beginning of the period, 1 January	3,198,610	2,100,587
Provisions set aside (cancelled) within the period	4,896,317	2,036,521
Payments during the period (-)	(40,076)	(59,221)
End of the period, 30 June	8,054,851	4,077,887

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

	2022	2021
Beginning of the period, 1 January	37,379,109	26,242,787
Provisions set aside within the period	14,823,423	12,383,921
Payments during the period (-)	(26,723,554)	(23,731,029)
End of the period, 30 June	25,478,978	14,895,679

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19. PAYABLES FOR EMPLOYEE BENEFITS

	30 June 2022	31 December 2021
Taxes and liabilities payable	5,710,952	7,849,293
Social security premiums payable	1,906,211	1,230,074
	7,617,163	9,079,367

20. PREPAID EXPENSES

	30 June 2022	31 December 2021
Prepaid expenses	12,146,424	7,196,517
Commissions for guarantee letters	3,682,627	1,645,968
	15,829,051	8,842,485

21. OTHER ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Other short-term liabilities		
Other expense provisions	20,186,418	30,752,158
Takasbank-BIST commission provision	19,642,569	14,502,418
Other payable taxes and funds	12,206,899	30,198,052
Blocked customer deposits	8,435,805	4,850,331
Provision for operating expenses	4,440,796	6,540,000
Other	3,579,998	13,731
	68,492,485	86,856,690

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 2021: 9,891,808,346) authorized shares with a nominal value of Kr1 each.

The Group has no preferred share as of 30 June 2022 (31 December 2021: None).

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22. SHAREHOLDER'S EQUITY (Continued)

Paid-in capital and adjustment differences

The shareholders and their shares in capital with historic values as of 30 June 2022 and 31 December 2021 are as follows:

Name of the shareholders	30 June 2022		31 December 2021	
	TRY	Share (%)	TRY	Share (%)
Yapı ve Kredi Bankası A.Ş.	98,895,466	99.98	98,895,466	99.98
Temel Ticaret ve Yatırım A.Ş.	20,951	0.02	20,951	0.02
Other	1,666	0.00	1,666	0.00
	98,918,083	100.00	98,918,083	100.00
Adjustments to share capital	63,078,001		63,078,001	
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 2022, restricted reserves are amounting to TRY197,694,140 (31 December 2021:TRY186,831,858).

Restricted reserves

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

(*) As of 30 June 2022, 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.

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.

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22. SHAREHOLDER'S EQUITY (Continued)

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

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

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

	2022	2021
Beginning of the period, 1 January	28,232,636	18,415,294
Minority interest decrease due to dividend payment (*)	(18,063,967)	(10,774,998)
Minority interest net income	17,536,868	7,878,913
End of the period, 30 June	27,705,537	15,519,209

(*) 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 2022	31 December 2021
Corporate taxes payable (-)	(86,363,327)	(274,562,403)
Prepaid taxes (-)	47,017,156	163,429,148
(Current period tax liabilities) / current period tax assets, net	(39,346,171)	(111,133,255)

The Group's income tax expense for the periods ended 30 June 2022 and 31 December 2021 consists of the following items:

	1 January - 30 June 2022	1 January - 30 June 2021
Current period tax expense	87,857,931	112,851,424
Deferred tax (income)/expense	46,955,159	(32,384,037)
Prior year tax adjustment	(5,118,408)	(2,576,549)
Total tax expense	129,694,682	77,890,838

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23. TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

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

	1 January - 30 June 2022	1 January - 30 June 2021
Profit before tax	574,315,604	301,158,789
Theoretical tax expense arising at the legal tax rate(*)	(143,578,901)	(75,289,697)
Impact of the dividend income that is not subject to tax	9,335,328	3,802,357
Impact of other adjustments	4,548,891	(6,399,367)
Current period tax expense	(129,694,682)	(77,886,707)

(*) As of 30 June 2022, the theoretical tax rate is 25% (30 June 2021: 25%).

The corporate tax rate is 20% in accordance with the article number 32 of the New Corporate Tax Law no.5520 which is published in the official Gazette dated June 21, 2006 and numbered 26205. In accordance with the 11 and 14th articles of the Law numbered 7316 on "Amendment of Law on Collection Procedure of Public Receivables and Certain Laws" published in the Official Gazette dated April 22, 2021 and numbered 31462, starting from the declarations that must be submitted starting from July 1, 2021 and to be valid for the taxation period starting from January 1, 2021, corporate tax rate will be applied as 25% for enterprises' corporate income belonging to the taxation periods of 2021 and 23% for enterprises' corporate income belonging to the taxation periods of 2022. The corporate tax rate is still applied as 20% in the first provisional tax declaration for the corporate income belonging to the taxation periods of 2021 but as of second provisional tax declaration the rate of 25% will be applied.

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

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.

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23. TAX ASSETS AND LIABILITIES (Continued)

Corporate tax (Continued)

Corporations are required to pay advance corporate tax quarterly on their corporate income. Advance tax is declared and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations for the current period is credited against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be refunded or used to offset any other financial liabilities to the government.

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 2022	31 December 2021
Deferred tax assets	70,092,579	106,062,827
Deferred tax liabilities	(23,923,079)	(14,284,330)
Deferred tax assets/(liabilities), net	46,169,500	91,778,497

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23. TAX ASSETS AND LIABILITIES (Continued)

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

	30 June 2022		31 December 2021	
	Cumulative temporary differences	Deferred tax assets/liabilities	Cumulative temporary differences	Deferred tax assets/liabilities
Allowances for expected credit losses	46,600,455	11,650,114	40,526,054	10,131,514
Financial assets valuation differences	-	-	5,696,988	1,310,307
Provision for unused vacation	8,054,853	2,013,713	3,198,610	799,653
Provision for employee termination benefits	24,564,317	6,141,079	16,910,512	3,382,102
Provision for employee bonus	25,505,586	6,376,397	28,029,806	7,007,452
Lawsuit provisions	2,501,129	625,282	2,249,660	513,972
Derivatives	114,640,686	28,660,171	307,642,910	76,910,727
TFRS 16 effect	254,188	63,547	219,963	50,592
Expense provision	3,999,481	999,870	915,793	228,948
Other	54,249,630	13,562,406	22,895,245	5,727,560
Deferred tax assets		70,092,579		106,062,827
Difference between the tax base and carrying amount of non-current assets	13,892,902	3,473,226	14,682,898	3,670,725
Investments in progress	206,892	51,723	206,892	51,723
Valuation differences of financial assets	41,999,855	10,499,964	28,436,807	6,540,466
Derivatives	27,625,505	6,906,376	2,545,966	636,492
Other (22% subject to corporate tax effect)	11,967,160	2,991,790	15,525,959	3,384,924
Deferred tax liabilities (-)		23,923,079		14,284,330
Deferred tax assets / (liabilities), net		46,169,500		91,778,497
			1 January - 30 June 2022	1 January - 30 June 2021
Beginning balance of deferred tax assets/(liabilities), net			91,778,497	(17,751,686)
Deferred tax income/(expense)			(46,955,159)	32,388,168
Deferred tax accounted under equity			1,346,162	291,695
Period end deferred tax assets/(liabilities), net			46,169,500	14,928,177

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24. REVENUE AND COST OF SALES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue				
Share certificates sales	3,474,118,751	2,107,561,070	2,142,000,065	1,328,099,585
Commissions on intermediary activities on stock market	328,419,628	185,909,582	235,270,195	74,126,886
Futures exchange intermediary commissions	123,292,791	61,988,261	70,595,624	30,149,802
Treasury bills and government bonds sales	11,457,366	-	42,056,524	194,755
Corporate finance fees	31,666,268	22,964,342	27,923,295	19,786,096
Other intermediary commissions	17,158,385	8,760,417	19,345,312	5,564,033
Commissions from leveraged transactions	14,270,557	9,484,176	6,677,008	2,985,817
Intermediary commissions for repurchase transactions	1,495,891	474,978	3,148,414	1,738,011
Custody commissions	4,297,995	3,241,437	2,425,282	1,519,998
Consultancy services	883,415	517,924	1,347,308	225,833
Fund support / management fees	1,259,687	756,401	893,029	351,705
Intermediary commission income from definite buy-sale transactions	35,531	1,389	2,309	1,000
Other services income	39,131,804	22,271,268	25,056,543	11,001,912
Total revenue	4,047,488,069	2,423,931,245	2,576,740,908	1,475,745,433
Service income discounts and allowances				
Commissions paid to agencies (-)	139,749,904	77,503,195	95,529,082	32,911,798
Commission returns (-)	248,477	127,260	1,501,577	533,300
Total discounts and allowances (-)	139,998,381	77,630,455	97,030,659	33,445,098
Revenue	3,907,489,688	2,346,300,790	2,479,710,249	1,442,300,335
Cost of sales				
Costs of share certificate sales (-)	3,447,982,389	2,102,361,496	2,141,769,405	1,332,961,189
Costs of treasury bills and government bond sales (-)	11,167,342	-	42,034,265	193,704
Total cost of sales (-)	3,459,149,731	2,102,361,496	2,183,803,670	1,333,154,893
Gross operating profit from trading operations	448,339,957	243,939,294	295,906,579	109,145,442

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25. REVENUE AND COST OF FINANCIAL ACTIVITIES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Revenue from financial activities				
Investment funds management fee	177,516,539	95,775,095	82,434,789	43,414,602
Individual pension funds management fee	17,425,709	8,260,848	9,442,783	4,906,264
Total fund management fee	194,942,248	104,035,943	91,877,572	48,320,866
Discretionary portfolio management commission	611,849	305,334	771,366	385,766
Portfolio success premiums	5,202,940	2,830,139	701,389	501,038
Discretionary portfolio management income	5,814,789	3,135,473	1,472,755	886,804
Portfolio success premiums	4,458,219	3,432,127	1,814,603	1,814,603
Discretionary portfolio management income	4,458,219	3,432,127	1,814,603	1,814,603
Total financial activities revenue (a)	205,215,256	110,603,543	95,164,930	51,022,273
Financial activities cost				
Commission expenses	(2,823,735)	(1,536,446)	(847,842)	(438,910)
Commission expenses for investment and private pension fund management	(800,632)	(263,633)	(1,106,741)	(518,280)
Total financial activities cost (b)	(3,624,367)	(1,800,079)	(1,954,583)	(957,190)
Gross profit from financial sector activities (a-b)	201,590,889	108,803,464	93,210,347	50,065,083

26. OPERATING EXPENSES

General administrative expenses

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Personnel expenses	107,900,207	62,183,661	59,511,754	30,749,261
Information services expenses	20,634,530	10,607,229	13,058,095	6,967,337
Data processing expenses	14,186,571	8,013,432	9,017,565	5,500,237
Depreciation and amortization expenses	8,852,815	4,779,738	7,272,854	3,962,050
Taxes, duties and charges	1,856,551	(3,229,983)	5,824,727	3,335,170
Communication expenses	1,165,140	940,592	1,692,111	111,697
Other	18,568,452	12,077,669	8,977,867	4,790,681
	173,164,266	95,372,338	105,354,973	55,416,433

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26. OPERATING EXPENSES (Continued)

Marketing expenses

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Brokerage and other operational fees	108,566,483	56,860,301	66,897,019	23,253,182
Other	13,835,494	7,563,855	8,753,592	7,303,073
	122,401,976	64,424,156	75,650,611	30,556,255

27. OTHER INCOME FROM OPERATING ACTIVITIES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Income due to derivative operations	553,522,779	123,914,213	380,884,267	(3,661,459)
Interest income on deposit at banks	116,810,978	27,842,030	41,843,836	21,958,273
Interest income on loans	110,924,882	70,736,704	35,422,887	19,683,068
Other interest income	5,454,646	3,450,236	21,390,907	10,104,256
Dividend income	37,341,312	24,895,567	15,209,426	12,939,440
Interest income on treasury bills and government bonds	7,108,151	3,144,430	6,736,806	3,293,207
Expected allowances for credit losses	-	-	-	-
Other income	18,022,836	-	8,414,477	646,836
	849,185,584	253,983,180	509,902,606	64,963,621

28. OTHER EXPENSE FROM OPERATING ACTIVITIES

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Interest paid to money markets	231,573,715	128,775,307	196,124,468	104,554,515
Losses from derivative transactions	263,088,176	(90,208,351)	166,075,552	(129,453,147)
Interest expense from issued bonds and bills	107,952,350	66,964,704	22,657,450	18,003,006
Expected allowances for credit losses	6,981,745	6,981,745	10,494,407	10,494,407
Other interest expenses	1,785,650	901,269	6,183,079	2,955,465
Commissions paid for guarantee letters	7,436,445	4,224,101	5,481,154	2,817,833
Commission expenses	3,051,609	2,118,035	5,064,352	1,918,235
Interest expense from leasing liabilities (Note 9)	484,859	272,170	281,864	123,446
Impairment of financial investments	-	-	-	-
Other expenses	6,880,035	5,158,746	4,492,833	3,467,069
	629,234,584	125,187,726	416,855,159	14,880,829

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Cash and cash equivalents from related parties

	30 June 2022	31 December 2021
Yapı ve Kredi Bankası A.Ş.	1,018,817,864	1,066,699,170
Allowances for expected credit losses (-)	(108,432)	(8,714,225)
	1,018,709,432	1,057,984,945

(b) Short-term financial investments from related parties

	30 June 2022	31 December 2021
Financial assets measured at fair value through other comprehensive income		
- Tat Gıda Sanayi A.Ş.	896,882	-
- Private sector bonds and bills	900,274	-
- Allowances for expected credit losses (-)	(3,392)	-
- Yapı ve Kredi Bankası A.Ş.	-	14,902,222
- Private sector bonds and bills	-	15,096,555
- Allowances for expected credit losses (-)	-	(194,333)
- Yapı Kredi Faktoring A.Ş.	-	4,640,016
- Private sector bonds and bills	-	4,700,524
- Allowances for expected credit losses (-)	-	(60,508)
- Opet Petrolcülük A.Ş.	199,026	194,916
- Private sector bonds and bills	202,031	197,458
- Allowances for expected credit losses (-)	(3,005)	(2,542)
- Arçelik A.Ş.	10,112,616	-
- Private sector bonds and bills	10,265,316	-
- Allowances for expected credit losses (-)	(152,700)	-
- Koç Finansman A.Ş.	918,846	-
- Private sector bonds and bills	1,071,546	-
- Allowances for expected credit losses (-)	(152,700)	-
- Türkiye Petrol Rafinerileri A.Ş.	9,149,952	9,067,480
- Private sector bonds and bills	9,288,116	9,185,725
- Allowances for expected credit losses (-)	(138,164)	(118,245)
	21,267,319	28,804,634

Receivables due from related parties

Trade receivables

	30 June 2022	31 December 2021
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	244,736,293	74,650,546
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds	2,441,630	670,871
Yapı ve Kredi Bankası A.Ş.	1,352,740	2,298,320
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	774,947	26,137
Other	-	440,943
	249,305,610	78,086,817

Receivables from financial activities

	30 June 2022	31 December 2021
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds (Note 11)	34,263,978	29,305,160
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	2,957,733	10,208,721
Yapı ve Kredi Bankası A.Ş. - Investment Consultancy (Note 11)	1,788,000	763,500
Other	-	82,711
	39,009,711	40,360,092

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Prepaid expenses

Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	185,857	113,066
	185,857	113,066

(c) Payables due to related parties

	30 June 2022	31 December 2021
Short and long-term liabilities		
Bank loans		
Yapı ve Kredi Bankası A.Ş.	120,522,049	-
	120,522,049	-
Short-term liabilities from leasing activities		
Yapı ve Kredi Bankası A.Ş.	1,913,121	2,079,346
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	489,929	702,109
	2,403,050	2,781,455
Long-term liabilities from leasing activities		
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	386,724	519,813
Yapı ve Kredi Bankası	416,030	574,617
	802,754	1,094,430
Trade payables		
Allianz Yaşam ve Emeklilik A.Ş.	4,119,852	2,700,194
Yapı ve Kredi Bankası A.Ş.	24,869,081	2,477,011
Yapı Kredi Portföy Investment Funds	71,459,478	28,140,136
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	21,870	776,773
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	392,329	181,066
YKS Tesis Yönetimi Hizmetleri A.Ş.	4,808	151,892
Koç Holding A.Ş.	268,059	-
Arçelik	125,787	-
Setur	19,564	-
Zer Merkezi Hizmetler ve Tic. A.Ş.	538,104	26,580
Opet Petrolcülük A.Ş.	44,748	-
Other	83,506	110,289
	101,947,186	34,563,941
Derivative assets/(liabilities), net		
Yapı ve Kredi Bankası A.Ş.	(16,788,424)	(232,302,504)
	(16,788,424)	(232,302,504)

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

(d) Income from related parties

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı Kredi Portföy Investment funds	177,416,595	95,885,908	82,416,399	68,327,234
Yapı ve Kredi Bankası A.Ş.	13,803,648	8,714,098	11,348,976	6,362,147
Allianz Hayat ve Emeklilik A.Ş. Retirement Funds	17,407,504	8,251,805	9,427,817	4,898,726
Koç Fiat Kredi Finansman A.Ş.	480,000	480,000	112,500	-
Koç Finansman A.Ş.	900,000	550,000	350,000	237,500
Opet Petrolcülük A.Ş.	540,000	-	-	-
Otokoç	1,500,000	500,000	-	-
Aygaz A.Ş.	325,955	-	-	-
Türk Traktör A.Ş.	25,955	-	-	-
Yapı Kredi Finansal Kiralama A.O.	-	-	-	-
Yapı Kredi Faktoring A.Ş.	-	-	-	-
Arçelik A.Ş.	2,125,955	2,100,000	-	-
Tüpraş	25,955	-	-	-
Other	821,218	593,609	3,492,414	836,110
	215,372,785	117,075,420	107,148,106	80,661,717

Interest income from related parties

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı ve Kredi Bankası A.Ş.	41,046,601	8,084,318	13,579,579	4,996,470
	41,046,601	8,084,318	13,579,579	4,996,470

Derivative income from related parties

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı ve Kredi Bankası A.Ş. (*)	277,471,953	368,146,375	(16,311,081)	2,177,547
	277,471,953	368,146,375	(16,311,081)	2,177,547

(*) Derivative contracts totaling TRY614,436,181 - had been entered into with Yapı ve Kredi Bankası as of 30 June 2022. (31 December 2021: TRY1,272,821,142).

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Dividend income from related parties

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Takas ve Saklama Bankası A.Ş.	19,491,000	19,491,000	9,460,800	9,460,800
Borsa İstanbul A.Ş.	517,463	517,463	399,277	-
Allianz Yaşam ve Emeklilik A.Ş.	139,787	-	92,586	-
	20,148,250	20,008,463	9,952,663	9,460,800

(e) Expenses paid to related parties

Operating expenses paid to related parties

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı ve Kredi Bankası A.Ş.	1,667,053	1,098,769	906,830	302,436
YKS Tesis Yönetimi A.Ş.	1,641,827	864,244	555,993	297,729
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	2,783,279	2,301,164	4,206,969	2,748,301
Otokoç Otomotiv Tic. ve San. A.Ş.	886,904	466,330	503,165	264,242
Avis A.Ş.	729,435	380,499	462,731	240,378
Allianz Sigorta A.Ş.	264,735	164,073	304,389	202,362
Zer Merkezi Hizmetler ve Tic. A.Ş.	661,215	391,438	-	-
Setur Servis Turistik A.Ş.	120,898	61,346	-	-
Opet Petrolcülük A.Ş.	455,630	315,289	-	-
Other	868,682	424,933	988,753	693,835
	10,079,658	6,468,085	7,928,830	4,749,283

Commission expenses paid to related parties

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı ve Kredi Bankası A.Ş.	111,373,151	61,254,291	81,277,233	29,983,357
Yapı Kredi Portföy Fonları	579,757	184,197	1,011,347	133,472
Allianz Emeklilik A.Ş.	220,875	79,436	409,535	111,133
	112,173,783	61,517,924	82,698,115	30,227,962

Financial expenses paid to related parties

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Yapı ve Kredi Bankası A.Ş.	265,136	243,209	2,211,284	19,991
Otokoç Otomotiv Tic. ve San. A.Ş.	110,278	49,822	154,241	31,234
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	-	-	27,550	13,803
	375,414	293,031	2,393,075	65,028

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29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Benefits provided to key management

Top management consists of members and chairman of board of directors, general managers and vice general manager. As of 30 June 2022, the total amount of salary and other benefits provided to the top management by the Group is TRY6,691,549 (1 January - 30 June 2021: TRY3,114,577).

Dividends paid to related parties

The Group paid dividend amounting to TRY131,632,686 in 30 June 2022 (2021:TRY42,978,638) (Note 22).

30. EARNINGS PER SHARE

The calculation of earnings per share for the years ending 30 June 2022 and 30 June 2021 is as follows:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Total profit from continuing operations	444,620,922	250,783,104	223,272,082	83,548,054
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)	4.49	2.54	2.26	0.84
	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Total comprehensive income	440,592,503	245,409,908	222,235,690	82,286,280
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)	4.45	2.48	2.25	0.83

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

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31. FINANCIAL RISK MANAGEMENT

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

a. Information on credit risk

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

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

The Group makes a regular collateral/equity check for credit transactions where the current equity and benchmark equity is compared. If the collateral amount falls below the benchmark amount, additional collateral is requested from the customer. The common stocks which the customers would like to buy using credit are bound to be in the “Marketable Securities Accepted for Credit Purchase” list. The items to be included in this list are determined by considering factors like transaction volume, changes in transaction volume, free float rate, liquidity and amount of shares in circulation. The common stocks in the customer’s portfolio are accepted, as collateral if the customer would like to buy common stocks other than the stocks listed in “Marketable Securities Accepted for Credit Purchase”.

The share of the receivables from the biggest 10 credit customers in the total receivables from credit customers of the Group is 61% (31 December 2021: 65%).

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31. FINANCIAL RISK MANAGEMENT (Continued)

The table below shows credit risk exposure based on financial instruments as of 30 June 2022 and 31 December 2021. In the determination of the maximum amount of credit risk exposure, in addition to the collaterals received, factors that lead to credit enhancement are not taken into account.

30 June 2022	Receivables				Bank deposits(*)	Financial Investments	Derivatives
	Trade receivables		Other receivables				
	Related party	Other	Related party	Other			
Total credit risk exposure (A+B+C)	249,305,609	2,386,730,834	-	499,078,890	4,076,659,130	402,198,986	27,625,505
- Amount of risk that is guaranteed with collateral	-	-	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	249,305,609	2,386,730,834	-	499,078,890	4,123,257,248	403,099,147	-
B. Net book value of impaired assets	-	-	-	-	(46,598,118)	(900,160)	-
- Past due (gross book value)	-	2,397,955	-	-	-	-	-
- Impairment	-	(2,397,955)	-	-	(46,598,118)	(900,160)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	27,625,505

31 December 2021	Receivables				Bank Deposits(*)	Financial Investments	Derivatives
	Trade Receivables		Other Receivables				
	Related Party	Other	Related Party	Other			
Total credit risk exposure (A+B+C)	78,086,817	968,698,169	-	293,252,643	3,962,911,052	295,192,935	2,545,966
- Amount of risk that is guaranteed with collateral -	-	-	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	78,086,817	968,698,169	-	293,252,643	4,002,228,570	296,401,471	-
B. Net book value of impaired assets	-	-	-	-	(39,317,518)	(1,208,536)	-
- Past due (gross book value)	-	1,021,677	-	-	-	-	-
- Impairment	-	(1,021,677)	-	-	(39,317,518)	(1,208,536)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	2,545,966

(*) An expected credit loss provision of TRY46,598,118 was allocated for bank deposits (31 December 2021: TRY39,317,518) (Note 6).

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31. FINANCIAL RISK MANAGEMENT (Continued)

b. Information on market risk

Interest rate risk

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

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

The table below shows the interest rate position details and sensitivity analysis as of 30 June 2022 and 31 December 2021:

Interest rate position table

Fixed rate financial instruments

	30 June 2022	31 December 2021
Financial assets		
Banks	3,226,715,636	3,387,350,531
Financial liabilities		
Funds generated from Takasbank Money Market	3,285,695,482	2,520,562,552
Issued bonds and bills	1,332,500,574	561,668,956
Bank loans	120,522,049	-
Funds generated from repo transactions	6,316,450	17,384,702
Leasing payables	3,205,803	3,923,923

Floating rate financial instruments

	30 June 2022	31 December 2021
Financial assets		
Financial assets measured at amortised cost (*)	17,311,086	7,696,313
Financial assets measured at fair value through other comprehensive income	70,175,973	58,870,959

(*) 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 2022 and all other variables remained constant, the profit would increase by TRY874,871 (31 December 2021: TRY665,673) or TRY874,871 (31 December 2021: TRY665.673) would decrease.

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

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31. FINANCIAL RISK MANAGEMENT (Continued)

As of 30 June 2022 and 31 December 2021, average interest rates of financial instruments:

	30 June 2022			31 December 2021		
	TRY (%)	EUR (%)	USD (%)	TRY (%)	EUR (%)	USD (%)
Assets						
Cash and cash equivalents	22.36	2.52	4.53	23.36	0.40	1.10
Financial assets measured at fair value through other comprehensive income	18.00	-	-	20.85	-	-
Financial assets measured at amortised cost	-	-	3.23	17.00	-	3,23
Liabilities						
Issued bonds and bills	24.48			17.18	-	-
Bank borrowings	37.00			-	-	-
Funds from Takasbank Money Market	19.09	-	-	16.38	-	-

The Group's assets and liabilities are grouped based on their repricing maturities as follows as of 30 June 2022 and 31 December 2021:

	30 June 2022					Total
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year- to 5 years	Non-interest bearing	
Cash and cash equivalents	3,180,535,624	-	-	-	896,123,506	4,076,659,130
Financial investments	-	17,145,974	90,303,420	38,720,449	256,029,143	402,198,986
Trade receivables	1,467,072,075	-	-	-	1,168,964,368	2,636,036,443
Other assets	-	-	-	-	585,341,977	585,341,977
	4,647,607,699	17,145,974	90,303,420	38,720,449	2,906,458,994	7,700,236,536
Financial liabilities	3,263,063,258	1,057,082,957	428,063,582	802,753	-	4,749,012,550
Trade payables	-	-	-	-	1,080,169,828	1,080,169,828
Other payables	-	-	-	-	464,493,967	464,493,967
	3,263,063,258	1,057,082,957	428,063,582	802,753	1,544,663,795	6,293,676,345
	1,384,544,441	(1,039,936,983)	(337,760,162)	37,917,696	1,361,795,199	1,406,560,191
	31 December 2021					Total
	Up to 1 month	Up to 3 months	3 months to 1 year	1 year- to 5 years	Non-interest bearing	
Cash and cash equivalents	2,631,762,432	-	722,776,893	-	608,371,727	3,962,911,052
Financial investments	20,764,721	9,596,965	31,962,265	95,342,894	137,526,090	295,192,935
Trade receivables	567,931,598	-	-	-	478,853,388	1,046,784,986
Other assets	-	-	-	-	345,412,916	345,412,916
	3,220,458,751	9,596,965	754,739,158	95,342,894	1,570,164,121	5,650,301,889
Financial liabilities	2,529,408,695	13,822,174	559,848,898	1,094,430	-	3,104,174,197
Trade payables	-	-	-	-	848,010,635	848,010,635
Other liabilities	-	-	-	-	576,408,307	576,408,307
	2,529,408,695	13,822,174	559,848,898	1,094,430	1,424,418,942	4,528,593,139
	691,050,056	(4,225,209)	194,890,260	94,248,464	145,745,179	1,121,708,750

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31. FINANCIAL RISK MANAGEMENT (Continued)

c. Exchange rate risk

As of 30 June 2022 and 31 December 2021, the Group’s assets and liabilities denominated in foreign currencies are as follows:

	30 June 2022				31 December 2021			
	TRY Equivalent	USD	EUR	Other	TRY Equivalent	USD	EUR	Other
Cash and cash equivalents	3,597,736,447	43,495,909	164,409,542	148,237	2,632,544,956	44,060,268	140,373,911	127,315
Financial Investments	86,443,123	5,000,000	-	-	67,701,113	5,000,000	-	-
Other receivables	331,152,254	5,688,219	13,487,844	-	126,158,851	1,209,643	7,523,393	-
Current assets (a)	4,015,331,824	54,184,128	177,897,386	148,237	2,826,404,920	50,269,911	147,897,304	127,315
Trade payables	(748,950,465)	(24,291,592)	(19,539,939)	(127,671)	(531,249,770)	(19,040,994)	(19,273,938)	(114,304)
Short term financial liabilities (b)	(748,950,465)	(24,291,592)	(19,539,939)	(127,671)	(531,249,770)	(19,040,994)	(19,273,938)	(114,304)
Off-balance sheet derivatives denominated in foreign currency	(3,111,285,802)	(18,128,015)	(160,318,108)	-	(2,193,794,430)	(26,198,868)	(126,260,778)	-
Net liability position of foreign currency denominated derivatives (c)	(3,111,285,802)	(18,128,015)	(160,318,108)	-	(2,193,794,430)	(26,198,868)	(126,260,778)	-
Total net foreign currency asset / (liability) position (a+b+c)	155,095,557	11,764,521	(1,960,661)	20,566	101,360,720	5,030,049	2,362,588	13,011

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31. FINANCIAL RISK MANAGEMENT (Continued)

c. Exchange rate risk (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

30 June 2022	Profit/(Loss)		Equity	
	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency
<i>In case of a 20% change in USD exchange rates:</i>				
USD net asset/liability effect	(39,220,561)	39,220,561	(39,220,561)	39,220,561
<i>In case of a 20% change in EUR exchange rates</i>				
EUR net asset/liability effect	6,870,980	(6,870,980)	6,870,980	(6,870,980)
<i>In case of a 20% change in other exchange rates:</i>				
Other foreign currency net effect	76,565	(76,565)	76,565	(76,565)
Total	(32,273,016)	32,273,016	(32,273,016)	32,273,016

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

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31. FINANCIAL RISK MANAGEMENT (Continued)

d. Share certificate price risk

The majority of the stocks classified in the Group's balance sheet as 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 2022

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Share certificates						
Financial assets measured						
at fair value through profit or loss		Increase	19,538,159	-	19,538,159	19,538,159
- Financial assets	10%	Decrease	(19,538,159)	-	(19,538,159)	(19,538,159)

31 December 2021

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

e. Liquidity risk

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

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31. FINANCIAL RISK MANAGEMENT (Continued)

e. Liquidity risk (Continued)

	30 June 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	4,749,012,550	3,274,397,516	1,551,141,180	802,753	4,826,341,449
Trade payables	1,080,169,828	1,080,169,828	-	-	1,080,169,828
Other payables	209,129,358	209,129,358	-	-	209,129,358
	6,038,311,736	4,563,696,702	1,551,141,180	802,753	6,115,640,635

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

32. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

i. Financial assets:

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

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

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

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32. FINANCIAL INSTRUMENTS (Continued)

ii. *Financial liabilities:*

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

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

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

Financial assets and financial liabilities carried at fair value:

30 June 2022	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss	195,381,592	-	-
- <i>Share certificates trading on BIST</i>	195,381,592	-	-
Financial assets measured at fair value through other comprehensive income	-	189,506,308	-
- <i>Share certificates</i>	-	60,647,553	-
- <i>Corporate bonds and bills</i>	-	128,858,755	-
Financial receivables from derivatives held for trading	-	27,625,505	-
Financial liabilities from derivatives held for trading	-	114,640,686	-
31 December 2021	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss	76,878,536	-	-
- <i>Share certificates trading on BIST</i>	76,878,536	-	-
Financial assets measured at fair value through other comprehensive income	-	279,508,446	-
- <i>Share certificates</i>	-	60,647,555	-
- <i>Corporate bonds and bills</i>	-	218,860,891	-
Financial receivables from derivatives held for trading	-	2,545,966	-
Financial liabilities from derivatives held for trading	-	307,642,910	-

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33. DISCLOSURE OF OTHER MATTERS

a. Explanation on portfolio management operations:

As of 30 June 2022, the Group managed 61 mutual funds and 18 pension funds (30 June 2021: 46 mutual funds and 20 pension funds). In accordance with the Funds' statute, the Group purchases and sells securities and share certificates for the Funds, markets their participation certificates and provides other services and charges daily management fees. As of 30 June 2022, the Group earned a management fee of TRY194,141,616 (30 June 2021: TRY90,770,831).

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 2022, including the annual revaluation, was calculated to be TRY31,331,603 (31 December 2021: TRY29,216,340).

34. SUBSEQUENT EVENTS

None.

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