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

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2023
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH

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

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the Consolidated Financial Statements

1. Our Opinion

We have audited the accompanying consolidated financial statements of Yapı Kredi Yatırım Menkul Değerler A.Ş. (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and their financial performance and their cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How our audit addressed the key audit matter***
Revenue recognition The Group recognized a total of TRY 12,783,974,649 of income under “revenue” and TRY 1,067,066,610 “revenue from financial service activities” items on its income statement for the period 1 January - 31 December 2023. Disclosures and notes related to the revenue are discussed in notes 2.4.(b), 24 and 25 of the accompanying financial statements prepared as of 31 December 2023. This area is regarded as a key audit matter due to the magnitude of revenue in the financial statements; revenue being generated through as a result of multiple transactions such as sales of marketable securities, intermediary commissions, portfolio management income and corporate finance income; and calculated by using different methods and parameters due to the nature of the Group’s operations.	Within the scope of our audit procedures related to revenue recognition, we evaluated the compliance of accounting policies determined by Group management regarding revenue recognition with TFRS and the relevant legislation. Furthermore, we evaluated and tested the design and operational effectiveness of the internal controls applied by the management to ensure revenue is recognised in accordance with relevant accounting standards. We tested the transaction details using a selected sample from revenue transactions by checking the completeness of the securities sales revenues and service income transactions such as brokerage and portfolio management, which constitute the revenue amount subject to audit by comparing these transaction details to the relevant supporting documentation to verify that the amounts were recognised properly on a transaction basis. We controlled the consistency of the transaction volumes with the third parties, which were used to calculate the intermediary comissions based on a selected sample.

Key audit matter	How our audit addressed the key audit matter
TAS 29 - Financial Reporting Application in High Inflation Economies TAS 29 requires consolidated financial statements to be restated according to the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period have been rearranged to reflect the current price index as of the balance sheet date of December 31, 2023. The implementation of TAS 29 has led to changes in the Company's control activities, especially regarding financial reporting. Preparing consolidated financial statements using current purchasing power requires a complex set of procedures and processes to ensure accurate results. Due to the existence of estimates used in the restatement, the high complexity in the calculation and the risk that the data used in the restatement may be incomplete or inaccurate, the application of TAS 29 was identified as a key audit matter.	The following audit procedures were applied regarding the application of TAS 29 "Financial Reporting in High Inflation Economies": - The company's current processes and accounting policies (and the accounting of consolidated companies in different functional currencies) are understood, - Detailed details of non-monetary items have been provided, their historical costs and purchase dates have been tested with supporting documents, - The compliance of the management's distinction between monetary and non-monetary items with TFRS has been checked, - By checking the methodology and price index rates used, it has been checked that the indexation of non-monetary items, comprehensive income, equity movement and cash flow statements have been prepared taking into account TAS 29. - The adequacy and consistency of the relevant footnotes in the financial statement have been checked.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional paragraph for convenience translation into English

The effects of differences between accounting principles and standards explained in detail in Note 2 and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Talar Gül, SMMM
Independent Auditor

Istanbul, 16 February 2024

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(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

Assets	**Notes**	**(Audited) 31 December 2023**	**(Audited) 31 December 2022**
Current assets			
Cash and cash equivalents	6	9,759,984,861	10,086,803,749
Financial investments	7	123,130,901	2,637,742,558
- Fair value through profit or loss financial assets		*82,438,520*	*2,447,987,643*
- Financial assets measured at fair value through other comprehensive income		*10,703,615*	*189,754,915*
- Financial assets measured at amortised cost		*29,988,766*	-
Trade receivables	10	4,083,766,343	6,659,587,198
- Trade receivables due from related parties	*29*	*187,667,796*	*65,457,915*
- Trade receivables due from third parties		*3,896,098,547*	*6,594,129,283*
Receivables from financial activities	11	142,486,794	125,903,038
- Receivables from financial activities due from related parties	*29*	*91,026,157*	*86,942,569*
- Receivables from financial activities due from third parties		*51,460,637*	*38,960,469*
Other receivables	12	1,159,355,902	1,688,297,888
- Other receivables due from related parties			-
- Other receivables due from third parties		*1,159,355,902*	*1,688,297,888*
Derivative intruments	17	561,274	5,764,801
Prepaid expenses	20	34,381,145	37,276,783
- Prepaid expenses due to related parties	*29*	*995,895*	*498,557*
- Prepaid expenses due to third parties		*33,385,250*	*36,778,226*
Current tax assets	23	109,137	179,828
Other current assets		5,578,335	*423,677*
- Other current assets due from third parties		*5,578,335*	*423,677*
Total current assets		**15,309,354,692**	**21,241,979,520**
Non-current assets			
Financial investments	7	315,949,327	320,555,832
- Financial assets measured at fair value through other comprehensive income		*315,949,327*	*288,756,280*
- Financial assets measured at amortised cost		-	*31,799,552*
Property, plant and equipment	13	132,472,886	121,761,662
Right of use assets	14	6,770,901	10,330,550
Intangible assets	15	114,348,457	120,728,177
Deferred tax assets	23	117,781,293	4,689,559
Total non-current assets		**687,322,864**	**578,065,780**
Total assets		**15,996,677,556**	**21,820,045,300**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

Liabilities	**Notes**	**(Audited) 31 December 2023**	**(Audited) 31 December 2022**
Short-term liabilities			
Short term liabilities	9	7,029,849,527	12,047,224,816
- Short term liabilities due to related parties	*29*	*54,412,398*	*6,139,131*
- Bank borrowings	*29*	*50,000,000*	-
- Lease liabilities		*4,412,398*	*6,139,131*
- Short term liabilities due to third parties	*9*	*6,975,437,129*	12,041,085,685
- Bank loans		-	*319,161,744*
- Issued securities		*1,615,952,271*	*3,858,051,505*
- Other short term borrowings		*5,359,484,858*	*7,863,872,436*
Trade payables	10	2,379,404,578	4,578,593,994
- Trade payables to related parties	*29*	*247,514,408*	*473,140,135*
- Trade payables to third parties		*2,131,890,170*	*4,105,453,859*
Payables related to employee benefits	19	32,790,940	35,584,803
Other payables	12	333,207,395	574,184,863
- Other payables due to related parties	*29*	-	-
- Other payables due to third parties		*333,207,395*	*574,184,863*
Derivative instruments	17	6,180,929	894,112
Current tax liabilities	23	377,728,555	151,817,514
Short term provisions		241,815,869	190,586,471
- Short term provisions for employee benefits	*18*	*229,806,569*	*161,892,658*
- Other short term provisions	*16*	*12,009,300*	*28,693,813*
Other short term liabilities	21	209,323,814	197,628,973
Total short term liabilities		**10,610,301,607**	**17,776,515,546**
Long-term liabilities			
Long term borrowings	9	1,081,249	1,810,208
- Long term liabilities due to related parties	*29*	*1,081,249*	*1,810,208*
Long term provisions		72,084,353	80,514,186
- Provisions for employee benefits	*18*	*72,084,353*	*80,514,186*
Deferred tax liabilities	22	-	25,407,640
Total long term liabilities		**73,165,602**	**107,732,034**
Total liabilities		**10,683,467,209**	**17,884,247,580**
Shareholder's equity			
Paid in capital	22	98,918,083	98,918,083
Adjustments to share capital	22	2,481,751,363	2,481,751,363
Accumulated other comprehensive income that will be reclassified to profit or loss		3,113,703	3,530,171
- Revaluation and reclassification gains / (losses)		*3,113,703*	*3,530,171*
Accumulated other comprehensive income / (expenses) that will not be reclassified to profit or loss		(30,840,299)	(24,521,135)
- Profits from investments in equity instruments		-	-
- Defined benefit plans remeasurement gains / (losses)		*(30,840,299)*	*(24,521,135)*
Restricted reserves	22	1,898,276,635	1,860,693,175
Retained earnings		(944,749,170)	(1,416,082,781)
Net profit for the period		1,717,960,269	845,988,399
Equity attributable to owners of the parent		**5,224,430,584**	**3,850,277,275**
Non-controlling interests	**22**	**88,779,763**	**85,520,445**
Total shareholder's equity		**5,313,210,347**	**3,935,797,720**
Total liabilities and shareholder's equity		**15,996,677,556**	**21,820,045,300**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	(Audited) 1 January- 31 December 2023	(Audited) 1 January- 31 December 2022
PROFIT OR LOSS			
Revenue	24	12,783,974,649	18,303,537,177
Cost of sales (-)	24	(9,281,095,795)	(15,683,134,034)
Gross profit from business operations		**3,502,878,854**	**2,620,403,143**
Revenue from financial activities	25	1,067,066,610	965,135,792
Cost of financial activities (-)	25	(27,660,761)	(15,409,891)
Gross profit from financial activities		**1,039,405,849**	**949,725,901**
Gross profit		**4,542,284,703**	**3,570,129,044**
General administrative expenses (-)	26	(1,270,461,413)	(1,006,070,188)
Marketing, selling and distribution expenses (-)	26	(770,248,422)	(637,437,768)
Other income from operating activities	27	5,584,001,784	3,090,727,459
Other expense from operating activities (-)	28	(2,873,144,008)	(2,164,185,210)
Profit (Loss) From Operating Activities		**5,212,432,644**	**2,853,163,337**
Net monetary position gain/(loss)		(1,915,942,612)	(1,225,538,425)
Profit before tax from continuing operations		**3,296,490,032**	**1,627,624,912**
Tax expense from continuing operations (-)		**(1,520,895,423)**	**(731,613,919)**
- Tax expense for the period (-)	23	(1,656,525,467)	(482,026,648)
- Deferred tax expense (-)/income	23	135,630,044	(249,587,271)
Total profit from continuing operations		**1,775,594,609**	**896,010,993**
Total profit		**1,775,594,609**	**896,010,993**
Total profit attributable to:		**1,775,594,609**	**896,010,993**
Profit, attributable to non-controlling interests	22	57,634,340	50,022,594
Profit, attributable to owners of parent		1,717,960,269	845,988,399
Earnings per share from continuing operations (Kr)	30	17.95	9.06

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	(Audited) 1 January- 31 December 2023	(Audited) 1 January- 31 December 2022
OTHER COMPREHENSIVE INCOME			
Total profit for the period		**1,775,594,609**	**896,010,993**
Components of other comprehensive income that will not be reclassified to profit or loss		**(6,304,592)**	**(25,368,449)**
Defined benefits plans remeasurement gains / (losses)	16	(8,995,436)	(33,824,598)
Taxes related other comprehensive income that will not be reclassified to profit or loss		2,690,844	8,456,149
- Defined benefit plans remeasurementgains / (losses), tax effect		*2,690,844*	*8,456,149*
Components of other comprehensive income that will be reclassified to profit or loss		**(416,468)**	**3,530,171**
Revaluation and reclassification gains / (losses) from financial assets at fair value through other comprehensive income		(594,954)	4,706,895
Taxes related other comprehensive income that will be reclassified to profit or loss		178,486	(1,176,724)
- Revaluation and reclassification gains / (losses) from financial assets at fair value through other comprehensive income, tax effect		*178,486*	*(1,176,724)*
Other comprehensive income		**(6,721,060)**	**(21,838,278)**
Total comprehensive income		**1,768,873,549**	**874,172,715**
Distribution of total comprehensive income			
Comprehensive income, attributable to non-controlling interests	22	57,648,912	49,175,280
Comprehensive income, attributable to owners of parent		1,711,224,637	824,997,435
Total comprehensive income per share from continuing operations (Kr)	30	17.88	8.84

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

				Accumulated other comprehensive income or expenses will be reclassified to profit or loss	Accumulated other comprehensive income or expenses will not be reclassified to profit or loss			Accumulated profits				
	Notes	**Paid capital**	**Adjustments to share capital**	**Revaluation and reclassification gains**	**Profits from investments in equity instruments**	**Defined benefit plans remeasurement losses**	**Restricted reserves**	**Retained earnings**	**Net profit for the period**	**Equity attributable to owners of the parent**	**Non controlling interests**	**Total equity**
1 January 2022		**98,918,083**	**2,481,751,363**	**-**	**-**	**-**	**1,831,292,040**	**(1,141,826,151)**	**-**	**3,270,135,335**	**76,158,098**	**3,346,293,433**
Transfers		-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income		-	-	3,530,171	-	(24,521,135)	-	-	845,988,399	824,997,435	49,175,280	874,172,715
- Net profit for the period		-	-	-	-	-	-	-	*845,988,399*	*845,988,399*	*50,022,594*	*896,010,993*
- Other comprehensive income		-	-	*3,530,171*	-	*(24,521,135)*	-	-	-	*(20,990,964)*	*(847,314)*	*(21,838,278)*
Dividends	22	-	-	-	-	-	29,401,135	(274,256,630)	-	(244,855,495)	(39,812,933)	(284,668,428)
31 December 2022	**22**	**98,918,083**	**2,481,751,363**	**3,530,171**	**-**	**(24,521,135)**	**1,860,693,175**	**(1,416,082,781)**	**845,988,399**	**3,850,277,275**	**85,520,445**	**3,935,797,720**
1 January 2023		**98,918,083**	**2,481,751,363**	**3,530,171**	**-**	**(24,521,135)**	**1,860,693,175**	**(1,416,082,781)**	**845,988,399**	**3,850,277,275**	**85,520,445**	**3,935,797,720**
Transfers		-	-	-	-	-	-	845,988,399	(845,988,399)	-	-	-
Total comprehensive income		-	-	(416,468)	-	(6,319,164)	-	-	1,717,960,269	1,711,224,637	57,648,912	1,768,873,549
- Net profit for the period		-	-	-	-	-	-	-	*1,717,960,269*	*1,717,960,269*	*57,634,340*	*1,775,594,609*
- Other comprehensive income		-	-	*(416,468)*	-	*(6,319,164)*	-	-	-	*(6,735,632)*	*14,572*	*(6,721,060)*
Dividends		-	-	-	-	-	37,583,460	(374,654,788)	-	(337,071,328)	(54,389,594)	(391,460,922)
31 December 2023		**98,918,083**	**2,481,751,363**	**3,113,703**	**-**	**(30,840,299)**	**1,898,276,635**	**(944,749,170)**	**1,717,960,269**	**5,224,430,584**	**88,779,763**	**5,313,210,347**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023 ORIGINALLY ISSUED IN TURKISH

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Notes	(Audited) 1 January- 31 December 2023	(Audited) 1 January- 31 December 2022
A. Cash flows from operating activities		**8,085,080,150**	**(4,388,982,344)**
Net profit for the period		**1,775,594,609**	**896,010,993**
Adjustments to reconcile net profit for the period		**(1,099,375,050)**	**(687,712,803)**
Adjustments for depreciation and amortization	26	117,999,347	102,955,985
Adjustments for provisions		236,611,349	251,246,344
- Adjustments for provision for employee benefits		*185,471,026*	*212,182,812*
- Adjustments for lawsuit provisions		*(524,485)*	*22,577,779*
- Adjustments for other provisions		*51,664,808*	*16,485,753*
Adjustments for interest income and expenses		(2,511,422,139)	(18,512,234)
- Adjustments for interest income		*(5,046,248,623)*	*(1,582,572,491)*
- Adjustments for interest expenses		*2,534,826,484*	*1,564,060,257*
Adjustments for tax expense	23	1,520,895,425	731,613,919
Adjustments for dividend income/expense		*(79,045,712)*	*(70,575,906)*
Monetary gain / (loss)		*(384,413,320)*	*(1,684,440,911)*
Changes in working capital		**3,153,979,312**	**(5,091,411,421)**
(Increase) in financial investments		2,518,623,208	(2,046,487,510)
Adjustments for decrease /increase in trade receivables		2,546,032,456	(3,826,235,328)
- Decrease / *(Increase) in trade receivables due from related parties*		*(122,209,881)*	*145,901,086*
- Decrease / *(Increase) in trade receivables due from third parties*		*2,668,242,337*	*(3,972,136,414)*
Increase in receivables from financial activities		(16,583,756)	(15,911,748)
Adjustments for increase in other receivables		528,941,986	(894,545,651)
- Decrease / *(Increase) in other receivables due from related parties*		-	-
- Decrease / *(Increase) in other receivables due from third parties*		*528,941,986*	*(894,545,651)*
Decrease / (increase) in derivatives (-)		5,203,527	1,126,411
(Increase) in prepaid expenses		2,895,638	(13,207,168)
Adjustments for increase in trade payables		(2,199,189,416)	2,283,268,258
- Decrease /*Increase in trade payables due to related parties*		*(225,625,727)*	*379,585,290*
- Decrease /*Increase in trade payables due to other parties*		*(1,973,563,689)*	*1,903,682,968*
Increase in payables due to employee benefits		(2,793,863)	11,009,516
Adjustments for increase in other payables		(240,977,468)	278,905,063
- Decrease /*Increase in other payables due to related parties*		-	-
- Decrease /*Increase in other payables due to other parties*		*(240,977,468)*	*278,905,063*
Decrease / (increase) in derivative liabilities		5,286,817	(831,808,521)
Adjustments for other decrease / (increase) in working capital		6,540,183	***(37,524,743)***
- (Decrease) / increase in other operating activities		*(5,154,658)*	*(57,141)*
- (Decrease) / increase in other operating liabilities		*11,694,841*	*(37,467,602)*
Cash flows from operating activities	28	**3,830,198,871**	**(4,883,113,231)**
Dividends received		79,045,712	70,575,906
Interests received		4,974,990,083	1,479,522,085
Payments for provision for employee benefits		(49,305,190)	(70,169,462)
Taxes paid		(1,317,913,080)	(617,371,209)
Other inflows (outflows) of cash		568,063,754	(368,426,433)
B, Cash flows from investing activities		**(115,972,911)**	**(67,500,757)**
Cash inflows from sale of property, plant, equipment and intangible assets		38,609	57,333
- Cash inflows from sale of property, plant and equipment	*13*	*38,609*	*57,333*
Cash outflows from purchase of property, equipment and intangible assets		(116,011,520)	(67,558,090)
- Cash outflows from purchase of property, plant and equipment	*13*	*(50,240,835)*	*(33,232,871)*
- Cash outflows from purchase of intangible assets	*15*	*(65,770,685)*	*(34,325,219)*
C, Cash flows from financing activities		**(3,199,568,240)**	**5,960,902,886**
Cash inflows from borrowings		9,452,584,456	20,883,629,783
- Cash inflows from loans		*1,040,876,109*	*797,059,435*
- Cash inflows from issued bonds		*7,035,068,955*	*16,078,627,967*
- Cash inflows from other financing activities		*1,376,639,392*	*4,007,942,381*
Cash outflows from debt payments		(9,701,166,976)	(13,034,971,716)
- Cash outflows from loan repayments		*(1,195,794,651)*	*(451,357,670)*
- Cash outflows from issued bonds repayments		*(8,505,372,325)*	*(12,583,614,046)*
Cash outflows from repayments of lease liabilities	9	(7,868,772)	(12,576,460)
Dividends paid	22	(391,460,922)	(284,668,428)
Interests paid		(2,551,656,026)	(1,590,510,293)
Net increase / (decrease) in cash and cash equivalents before exchange currency effect (A+B+C)		**4,769,538,999**	**1,504,419,785**
D, Exchange currency effect on cash and cash equivalents		**-**	**-**
E, Cash and cash equivalents at the beginning of the period	**6**	**(4,619,192,209)**	**(2,641,385,789)**
Cash and cash equivalents at the end of the period (A+B+C+D+E)	**6**	**150,346,790**	**(1,136,966,004)**
Cash and cash equivalents at January 1		**8,209,525,438**	**9,346,491,442**
Cash and cash equivalents at December 31	**6**	**8,359,872,228**	**8,209,525,438**

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

1. ORGANIZATION AND NATURE OF OPERATIONS

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

The main parent of the Company is Yapı ve Kredi Bankası A.Ş., and its ultimate parent is Koç Group. The Parent Bank's publicly traded shares have been traded on Borsa Istanbul ("BIST") since 1987. The Parent Bank's total free float rate as of December 31, 2023 is 38.83% (December 31, 2022 - 32.03%). The remaining 61.17% of the Parent Bank's capital is owned 40.95% by Koç Financial Services A.Ş. ("KFH") which is under the management control of the Koç Group. The other 20.22% belongs to Koç Holding A.Ş.

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 related articles of Turkish Commercial Code, 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 31.93%. The Company's parent company is Yapı ve Kredi Bankası A.Ş.("YKB"), and the ultimate parent company is KFH.

In addition, UCG sold its 11.93% shares in the Parent Bank to institutional investors on February 13, 2020. As a result, UCG has a direct 20.00% share in the Parent Bank.

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%. Accordingly, Koç Group stated that it exercised its right to make a pre-bid for the Parent Bank shares planned to be sold by UniCredit on November 9, 2021. The sale of the relevant shares was completed on April 1, 2022, and Koç Holding A.Ş.'s share rate increased from 9.02% to 27.02%. On July 28, 2023, Koç Holding A.Ş. sold its 6.81% shares in the Bank over-the-counter to institutional investors and Koç Holding A.Ş.'s share in the Bank became 20.22% after the sale.

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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,
- 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 87 investment funds (31 December 2022: 78). As of 31 December 2023, the Group has 345 employees (31 December 2022: 321).

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

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Subsidiary;

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

	31 December 2023	31 December 2022	
Name of the shareholder	**Share in capital**	**Share in capital**	**Main activity**
Yapı Kredi Portföy Yönetimi A.Ş. (Subsidiary)	87.32%	87.32%	Portfolio management

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

The Company's subsidiary Koç Portföy Yönetimi A.Ş. has legally merged with Yapı Kredi Portföy Yönetimi A.Ş. on December 29, 2006. Accordingly, all rights, receivables, liabilities and obligations of Yapı Kredi Portföy were transferred to Koç Portföy. After merger, the Subsidiary has changed its title as Yapı Kredi Portföy Yönetimi A.Ş. and accordingly the Company has an interest of 87.32% (31 December 2022: 87.32%) of the voting rights.

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

Approval of consolidated financial statements:

Consolidated financial statements prepared as of 31 December 2023 have been approved by the Board of Directors of the Company at 16 February 2024. General Assembly and regulatory bodies have the right to amend the approved financial statements.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Accounting standards and the compliance to TAS

The accompanying financial statements are prepared in accordance with Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). The consolidated financial statements were based on the legal records of the Group and expressed in Turkish Lira; and they have been subject to certain adjustments and classifications in order to fairly present the financial position of the Group in accordance with the Turkish accounting standards issued by POA.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Preparation of the financial statements

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

2.1.2 Financial statement amendments in hyperinflation economies

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

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2022 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

KGK made a statement regarding the implementation of inflation accounting in Turkey on 23 November 2023, and according to the said announcement, the financial statements of the enterprises applying TFRS for the annual reporting period ending on or after 31 December 2023 are subject to inflation in accordance with the relevant accounting principles in TAS 29. It should be corrected and presented according to its impact. As of the date these financial statements were prepared, inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated 31 December 2023.

TAS 29 stipulates that financial statements prepared in the currency of hyperinflationary economies should be shown in the measurement unit at the balance sheet date and that balances from previous periods should be shown in the same unit by using the general price index. One of the situations that requires the application of TAS 29 is that the three-year cumulative inflation rate is approximately 100% or above. Based on the consumer price index ("CPI") published by the Turkish Statistical Institute ("TUIK") in Turkey, the cumulative rate in question was 268% for the three-year period ending on December 31, 2023.

Although there is no increase in the price indices at the level mentioned above, the public keeps their savings mainly in foreign currency, determines the prices of goods and services in foreign currency. The public links interest rates, wages and prices to general price indices to cover losses in purchasing power including short-term transactions. If there are signs of high inflation, such as prices being determined by adding maturity difference, TAS 29 must be applied.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Adjustments made for inflation are calculated based on the coefficients found using the Consumer Price Index in Turkey published by TUIK. The indexes and coefficients used in the correction of the attached financial statements as of December 31, 2023 are stated below:

Date	Index	Correction coefficient	Three-Year Compound Inflation Rate
31 December 2023	1,859,385	1,000	268%
31 December 2022	1,128.45	1,648	156%
31 December 2021	686.95	2,707	74%

During a period of inflation, a business that holds monetary assets in excess of monetary liabilities loses purchasing power, and an excess of monetary liabilities over monetary assets gains purchasing power to the extent that assets and liabilities are not tied to a price level. The gain or loss on the net monetary position is included in the statement of profit or loss as the item net monetary position gains/(losses).

The outlines of TAS 29 indexing procedures are as follows:

- All items other than those shown with current purchasing power as of the balance sheet date are indexed using the relevant consumer price index coefficients. Amounts from previous years are also indexed in the same way.
- Financial statements for previous reporting periods have been adjusted based on the current purchasing power of money at the last balance sheet date. The current period adjustment coefficient has been applied to the previous period financial statements.
- Monetary asset and liability items are not subject to indexation since they are expressed in current purchasing power at the balance sheet date. Monetary items are cash and items to be received or paid in cash.
- Non-monetary assets and liabilities are restated by reflecting the changes in the general price index between the date of purchase or first recording until the balance sheet date to the purchase costs and accumulated depreciation amounts. Thus, tangible assets, intangible assets, right-of-use assets, equity instruments that fair value is recognized in other comprehensive income and similar assets are indexed at their purchase values, not exceeding their market values. Depreciations have also been adjusted in a similar manner. The amounts included in shareholders' equity have been adjusted as a result of the application of consumer price indices in the periods when these amounts were added to the company or formed within the company.
- All items in the income statement, except those that affect the income statement of non-monetary items in the balance sheet, are indexed with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.
- The amount of non-controlling interests has been recalculated based on indexed financial statements.
- All items presented in the cash flow statement are expressed in the current measurement unit at the end of the reporting period and adjusted for inflation. The impact of inflation on cash flows from operating, investing and financing activities is attributed to the relevant item and monetary gain or loss on cash and cash equivalents is presented separately.
- Gain or loss resulting from general inflation on the net monetary position; It is the difference between adjustments made to non-monetary assets, equity items and income statement accounts. This gain or loss, calculated on the net monetary position, is included in the net profit.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.3 Offsetting

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

2.1.4 Going concern

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

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

The Group complies with the principles and articles of valid commercial laws and regulations and Communiqués announced by CMB in the accounting records and the preparation of the consolidated financial statements. Financial statements of the Company are prepared in comparison with prior financial period in order to enable determination of the financial situation and performance trends. The Company has prepared its balance sheet as of 31 December 2023 in comparison with the balance sheet as of 31 December 2022, and its statement of comprehensive income, cash flow and changes in equity in 1 January - 31 December 2023 financial period in comparison with 1 January - 31 December 2022 financial period. If necessary, comparative information is rearranged to conform to the presentation of the current period consolidated financial statements.

2.1.6 New standards, amendments and interpretations

The accounting policies used in the preparation of financial statements for the accounting period ending 31 December 2023 have been applied consistently with those used in the previous year, except for the new and amended TFRS standards and TFRYK interpretations valid as of 1 January 2023, summarized below. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

i. Standards, amendments and interpretations applicable as at 31 December 2023:

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Group's financial position and performance is being assessed.

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Group's financial position and performance is being assessed.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

- **The amendment to IAS 12, International Tax Reform:** The temporary exception is effective for year-end December 2023, with disclosure requirements applicable to accounting periods beginning January 1, 2023, with early application permitted. These changes provide companies with temporary relief in accounting for deferred taxes arising from the Minimum Tax Implementation Guidelines international tax reform. The changes also include disclosure requirements for affected companies.

- **IFRS 17, 'Insurance Contracts':** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permited a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Group's financial position and performance is being assessed.

  However, it was reported that in a letter dated April 6, 2023, the Public Oversight Authority (KGK) informed the Turkish Insurance, Reinsurance and Pension Companies Association that it was decided that TFRS 17 would be applied to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies, starting from January 1, 2024.

  These changes did not have any material impact on the financial position or performance of the Group.

ii. Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:

- **Amendment to IFRS 16 – Leases on sale and leaseback:** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact of this amendment on the Group's financial position and performance is being assessed.

- **Amendment to IAS 1 – Non-current liabilities with covenants:** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group's financial position and performance is being assessed.

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements:** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The impact of this amendment on the Group's financial position and performance is being assessed.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

- **Amendments to IAS 21 - Lack of Exchangeability:** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay) and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact of this amendment on the Group's financial position and performance is being assessed.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information:** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The impact of this amendment on the Group's financial position and performance is being assessed.

- **IFRS S2, 'Climate-related disclosures':** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Group's financial position and performance is being assessed.

  However, in the Board Decision of the KGK published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of Determining Businesses That Will Be Subject to Sustainability Reporting within the Scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

  The Group does not expect that the new standards and interpretations will have a significant impact on the Company's accounting policies.

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 2023

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.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies

(a) Basis of consolidation

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

As of 31 December 2023 and 31 December 2022, details of the subsidiary and associate of the Group are as follows:

Legal entity	**31 December 2023 Ratio of shares in capital**	**31 December 2022 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 2022: 87.32%) of the voting rights.

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(b) Revenue recognition

(i) Fee and commission income and expenses

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

(ii) Interest income, expenses, and dividend income

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

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

(c) Trade receivables

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

(d) Financial assets

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(i) Fair value through profit or loss financial assets

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

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

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

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

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

Financial assets measured at fair value through other comprehensive income are subsequently re-measured at fair value. When fair values based on market prices cannot be obtained reliably, the financial assets at fair value through other comprehensive income are carried at "amortised cost" using the effective interest rate method..

"Unrealized gains and losses" arising from changes in the fair value of financial assets classified as financial assets measured at fair value through other comprehensive income are recognized in the shareholders' equity as "Other accumulated comprehensive income that will be reclassified in profit or loss ", until the related assets are sold, impaired or disposed. When these financial assets are sold, disposed or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(iii) Assets recognized at amortised cost

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

(iv) Loans and other receivables

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

The Group provides loans to its customers for stock purchases.

(v) Reverse repurchase agreements

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

(e) Property, plant and equipment

Property and equipment are carried at cost less accumulated depreciation.

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

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

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(f) Intangible assets

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

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

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

(g) Impairment of financial assets

Financial assets, other than those measured at fair value through profit or loss are subject to impairment testing at each balance sheet date to determine whether there is any indication of impairment of financial asset or financial asset group. A financial asset or group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the assets. That loss event or events must also have an impact on the estimated future cash flows of the financial asset or group of financial assets.The amount of impairment for loans and receivables is the difference between present value of the estimated future cash flows discounted using the effective interest rate and its book value.

The Group books a provision for the doubtful receivables when there is an objective evidence that trade receivables are not fully collectible. The correspondent provision amount is the difference between the book value and collectible receivable amount. The collectible amount is the discounted value of trade receivables by effective interest rate including the collectible colleterals and guarantees.

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Expected credit losses measurement

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

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

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

(h) Financial liabilities

(i) Repurchase agreements

Securities subject to repurchase agreements ("Repo") are classified as "Fair value through profit or loss financial assets", "Financial assets measured at fair value through other comprehensive income" and "Financial assets measured at amortised cost" according to the investment purposes of the Group and measured according to the portfolio to which they belong.

Funds obtained from repurchase agreements are accounted under "Financial liabilities" in liabilities and the difference between the sale and repurchase price is accrued over the life of the repurchase agreements using the "effective interest rate method" and is added to the cost of the financial assets which are subject to repurchase agreements.

The Group has no securities lending transactions.

(ii) Other financial liabilities

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

(ı) Borrowing costs

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(i) Foreign exchange transactions

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

(j) Provisions and contingent assets and liabilities

Provisions are recognized when there is a present legal or constructive obligation because of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. When the amount of the obligation cannot be estimated and an outflow of resources is not probable, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in consolidated financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements in the period in which the change occurs.

(k) Subsequent events

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

(l) Related parties

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(m) Taxes calculated over Group's profit

Corporate tax

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

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

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

Deferred tax

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

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

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

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

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(n) Employee benefits

Defined benefit plans:

The Group accounts for employee termination benefits, vacation rights and other benefits to employees in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") and they are classified under "Provisions for employee benefits" in the balance sheet.

Under the Turkish Labour Law, the Group is required to pay a specific amount to the employees who have retired or whose employment is terminated other than for the reasons specified in the Turkish Labour Law. The reserve for employment termination benefits represents the present value of the estimated total reserve for the future probable obligation of the Company arising from this liability regarding the actuarial projections and reflected to consolidated financial statements.

Defined contribution plans:

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

(o) Capital and dividends

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

(ö) Statement of cash flows

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

(p) Share certificates and issuance

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

(r) Assets held for sale and discontinued operations

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

A tangible asset (or a disposal group) classified as "Asset held for sale" is measured at lower of carrying value or fair value less costs to sell. An asset (or a disposal group) is regarded as "Asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset should be actively in the market at a price consistent with its fair value.

(s) Derivative instruments

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

2.5 Significant accounting judgements, estimates and assumptions

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

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

Financial assets measured at amortised cost

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

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Significant accounting judgements, estimates and assumptions (Continued)

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

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

Deferred income tax asset recognition

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

3. MERGERS AND ACQUISITIONS

None (31 December 2022: None).

4. JOINT VENTURES

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

5. SEGMENT REPORTING

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

6. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Banks		
- Time deposits	7,961,283,712	8,258,193,825
- Demand deposits	1,859,673,216	1,909,221,527
Allowances for expected credit losses (-)	(60,972,067)	(80,611,603)
	9,759,984,861	**10,086,803,749**

As of 31 December 2023, TRY 2,589,579,066 of bank deposits (31 December 2022: TRY 4,773,692,069) are held by related parties and institutions. The expected loan loss provision of the related banks and corporations is calculated to be TRY (515,234) (31 December 2022: TRY 560,656) (Note 29).

TRY 1,273,518,098 of demand deposits (31 December 2022: TRY 1,841,581,852) are held by the Group's bank accounts in the collateral status of the Group's customers (Note 16).

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

6. CASH AND CASH EQUIVALENTS (Continued)

As of 31 December 2023, the average maturity of TL time deposits is 30 days and the weighted average interest rate is 45.7% (31 December 2022: average maturities are 40 and 21 days for TL and US Dollars, respectively, and the weighted average interest rate is 25.94%, respectively and 4.00%).

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

	31 December 2023	**31 December 2022**
Cash and cash equivalents	9,759,984,861	10,086,803,749
Cash and cash equivalents of customers	(1,273,518,098)	(1,841,581,852)
Provision for expected credit losses (-)	60,972,067	80,611,603
Interest accruals	(187,566,602)	(116,308,062)
	8,359,872,228	**8,209,525,438**

7. FINANCIAL INVESTMENTS

Short term financial investments:

	31 December 2023		
	Cost	**Fair value**	**Carrying value**
Fair value through profit or loss financial assets	127,118,104	82,438,520	82,438,520
- Shares certificate listed on the BİST	*127,118,104*	*82,438,520*	*82,438,520*
Financial assets measured at fair value through other comprehensive income	*10,000,000*	*10,703,615*	*10,703,615*
- Private sector bonds and bills	*10,000,000*	*10,703,615*	*10,703,615*
Financial assets measured at amortized cost	30,390,771	30,014,398	29,988,766
- Government bonds and treasury bills	*30,390,771*	*30,018,447*	*29,992,815*
- Provision for impairment (-)	-	*(4,049)*	*(4,049)*
	167,508,875	**123,156,533**	**123,130,901**

	31 December 2022		
	Cost	**Fair value**	**Carrying value**
Fair value through profit or loss financial assets	2,091,552,259	2,447,987,643	2,447,987,643
- Shares certificate listed on the BİST	2,091,552,259	2,447,987,643	*2,447,987,643*
Financial assets measured at fair value through other comprehensive income	185,838,618	189,754,915	189,754,915
- Private sector bonds and bills	*89,646,133*	*93,329,062*	*93,329,062*
- Government bonds and treasury bills	*96,192,485*	*96,425,853*	*96,425,853*
- Provision for impairment (-)	-	-	-
	2,277,390,877	**2,637,742,558**	**2,637,742,558**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

7. FINANCIAL INVESTMENTS (Continued)

Long term financial investments:

	31 December 2023		
	Cost	**Fair value**	**Carrying value**
Financial assets measured at fair value through other comprehensive income	***82,825,553***	**315,949,327**	**315,949,327**
- Shares certificate	*32,192,533*	*263,023,726*	*263,023,726*
- Private sector bonds and bills	-	-	-
- Government bonds and treasury bills	*50,633,020*	*52,925,601*	*52,925,601*
Financial assets measured at amortised cost	**-**	**-**	**-**
- Government bonds and treasury bills	-	-	-
- Allowances for expected credit losses (-)	-	-	-
	82,825,553	**315,949,327**	**315,949,327**

	31 December 2022		
	Cost	**Fair value**	**Carrying value**
Financial assets measured at fair value through other comprehensive income	**57,384,980**	**288,756,280**	**288,756,280**
- Shares certificate	*32,192,533*	*263,023,728*	*263,023,728*
- Private sector bonds and bills	-	-	-
- Government bonds and treasury bills	*25,192,447*	*25,732,552*	*25,732,552*
Financial assets measured at amortised cost	***31,806,687***	***31,805,396***	***31,799,552***
- Government bonds and treasury bills	*31,806,687*	*31,809,690*	*31,803,846*
- Allowances for expected credit losses (-)	-	(4,294)	(4,294)
	89,191,667	**320,561,676**	**320,555,832**

As of 31 December 2023, financial assets measured at amortised cost whose the total amount of net book value is TRY 29,988,766 (31 December 2022: TRY 31,799,552) are held as collaterals in CBRT, BIST and Istanbul Takas ve Saklama Bankası A.Ş. (Note: 16).

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

	31 December 2023	**31 December 2022**
0 - 1 month	-	-
1 month - 3 months	29,988,766	-
3 months - 1 year	-	-
1 year – 5 year	-	31,799,552
	29,988,766	**31,799,552**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

7. FINANCIAL INVESTMENTS (Continued)

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

	2023	2022
Beginning of the period, 1 January	**31,799,552**	**65,928,735**
Purchases during the period	-	-
Value decreases (-) (including interest re-discounts)	13,080,382	10,632,495
Disposals in the period (-)	-	(19,961,238)
Allowances for expected credit losses (-)	(4,049)	(4,294)
Monetary (loss) / gain	(14,887,119)	(24,796,146)
Ending of the period, 31 December	**29,988,766**	**31,799,552**

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

	31 December 2023		31 December 2022	
Type	Participation amount (TRY)	Share (%)	Participation Amount (TRY)	Share (%)
Share certificates not listed on the stock market				
İstanbul Takas ve Saklama Bankası A.Ş.	244,045,208	4.38	244,045,208	4.38
Borsa İstanbul A.Ş.	17,054,023	0.08	17,054,023	0.08
Yapı Kredi Azerbaycan Ltd.	1,301,803	0.10	1,301,803	0.10
Allianz Yaşam ve Emeklilik A.Ş.	431,645	0.04	431,645	0.04
Koç Kültür Sanat ve Tanıtım Hiz. Tic. A.Ş.	191,046	4.90	191,046	4.90
	263,023,725		**263,023,725**	

As of 31 December 2023, the Group valued its Takasbank shares 26,280,000 (Nominal) with bid price of TRY 2.20 announced by Takasbank notice with no 2020 / 5692 (31 December 2022: 26,280,000 units, TRY 2.20).

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

Shares that fair value difference is reflected in the statement of other comprehensive income, which do not have a market price in an active market and market value cannot be determined using other valuation methods are shown in the consolidated financial statements with their indexed values as of the date of the last fair value determination. Since there are no independent company valuation work as of a current date for the shares that fair value difference is reflected in the statement of other comprehensive income, for which there is no active market price, there is no concrete data regarding permanent impairment. Therefore, no impairment provision has been made for these financial assets.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

8. ASSETS HELD FOR SALE

None (31 December 2022: None).

9. SHORT AND LONG TERM LIABILITIES

Short term liabilities

	31 December 2023	31 December 2022
Funds from Takasbank Money Market (*)	5,358,281,003	7,843,973,233
Issued bonds and bills	1,615,952,271	3,858,051,505
Bank loans (**)	50,000,000	319,161,744
Funds from repo transactions	1,203,855	18,974,298
Lease liabilities (***)	4,412,398	6,139,131
Payables from short selling	-	924,905
	7,029,849,527	**12,047,224,816**

(*) Payables to Takasbank Money Market have an average maturity of 14 days and the average interest rate is 43.90% (31 December 2022: 9 days, 13.06 %).

(**) The Group's bank loans are 50,000,000 TL at 31 December 2023. (December 31, 2022 is 7 days maturity and the average interest rate is 13.48%)

(***) The Group's debts from short-term lease transactions have an average term of 12 months, and the effective interest rate is 14-24% (31 December 2022: 12 months, 14-24%). TRY 4,412,398 of the debts from short-term lease transactions is due to related parties. (31 December 2022: 6,139,131).

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

Marketable Security	Nominal Amount	Currency	Issue Date	Maturity Date	Simple Interest (%)	Compound Interest (%)	Type
Bond	286,300,000	TRY	11 October 2023	17 January 2024	37.42	44.91	Fixed
Bond	349,400,000	TRY	13 November 2023	14 February 2024	39.00	46.36	Fixed
Bond	300,000,000	TRY	29 November 2023	29 February 2024	43.19	51.78	Fixed
Bond	380,650,000	TRY	06 December 2023	07 March 2024	44.34	53.15	Fixed
Bond	300,050,000	TRY	13 December 2023	14 March 2024	44.52	53.15	Fixed
Bond	100,000,000	TRY	19 December 2023	27 March 2024	44.68	52.90	Fixed

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

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

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

9. SHORT AND LONG TERM LIABILITIES (Continued)

Long term liabilities:

	31 December 2023	31 December 2022
Lease liabilities (*)	1,081,249	1,810,208
	1,081,249	**1,810,208**

(*) The Group's debts from long-term lease transactions have a term of 1-5 years and the effective interest rate is 14-24% (31 December 2022: 1-5 years, 14-24%). Debts from long-term lease transactions is debt to related parties.

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

	2023	2022
Beginning of the period, 1 January	**7,949,339**	**10,477,644**
Additions during the period (Note 14)	3,724,454	9,871,543
Payments during the period	(7,868,772)	(12,576,460)
Interest expenses (Note 28)	1,865,806	2,565,792
Monetary (gain) /loss	(177,180)	(2,389,180)
Beginning of the period, 31 December	**5,493,647**	**7,949,339**

10. TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**31 December 2023**	**31 December 2022**
Receivables from loan customers	2,613,625,831	3,894,208,327
Receivables from customers	1,380,292,992	2,643,028,035
Commission receivables	120,050,580	122,350,836
Doubtful trade receivables	3,453,407	5,690,280
Provisions for doubtful trade receivables (-)	(3,453,407)	(5,690,280)
Expected credit losses (-)	(30,203,060)	-
	4,083,766,343	**6,659,587,198**

The Group allocates credit to its customers for use in stock trading. As of 31 December 2023, the amount of loans allocated to customers by the Group is TRY 2,613,625,831 (31 December 2022: TRY 3,894,208,327) and the Group holds the total market value of the share certificates which are listed on the stock market is TRY 2,819,963,033 as collateral. (31 December 2022: TRY 3,967,072,788) (Note 16).l

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

10. TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables	31 December 2023	31 December 2022
Payables to customers	1,801,366,510	3,671,052,824
Payables to settlement and custody bank	488,011,466	749,952,749
Agency commission payable	58,098,656	117,554,586
Payables to vendors	21,552,829	23,764,076
Expense accruals	5,301,992	4,036,866
Customer short selling debts	-	8,898,668
Other trade payables	5,073,125	3,334,225
	2,379,404,578	**4,578,593,994**

11. RECEIVABLES FROM FINANCIAL ACTIVITIES

Receivables from financial activities

	31 December 2023	31 December 2022
Investment fund management fee receivables (Note 29) (*)	78,735,492	77,496,615
Individual pension fund management fee receivables (**)	43,745,531	29,465,540
Individual portfolio management fee	7,553,539	8,640,997
Individual pension fund management fee receivables	7,216,865	6,258,916
Investment advisory receivables (Note 29)	5,080,000	3,187,038
Other	155,367	853,932
	142,486,794	**125,903,038**

(*) Investment fund management commission receivables are obtained management fee receivables from 87 (31 December 2022: 78) investment funds established in accordance with the Capital Markets Law and related legislations.

(**) Pension fund commission and performance fee receivables are derived from 19 (31 December 2022: 18) individual pension funds, 18 (31 December 2022: 17) of which are related institutions.

12. OTHER RECEIVABLES AND PAYABLES

Other receivables

	31 December 2023	31 December 2022
Deposits and collaterals given	1,076,271,784	1,223,411,426
Collaterals given to markets	83,084,118	464,886,462
	1,159,355,902	**1,688,297,888**

Other payables

	31 December 2023	31 December 2022
Deposits and collaterals received	332,716,051	573,375,263
Payables to marketable securities disposal fund	491,344	809,600
	333,207,395	**574,184,863**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2023	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January	**42,285,857**	**77,547,789**	**1,928,016**	**121,761,662**
Additions	525,936	49,716,063	(1,164)	50,240,835
Disposals, net	-	(38,609)	-	(38,609)
Depreciation expense (-)	(3,308,876)	(35,744,678)	(437,448)	(39,491,002)
Net book value, 31 December	**39,502,917**	**91,480,565**	**1,489,404**	**132,472,886**
Cost	157,479,622	379,101,840	33,535,530	570,116,992
Accumulated depreciation (-)	(117,976,705)	(287,621,275)	(32,046,126)	(437,644,106)
Net book value, 31 December	**39,502,917**	**91,480,565**	**1,489,404**	**132,472,886**

31 December 2022	Buildings	Furniture and fixtures	Leasehold improvements	Total
Net book value, 1 January	**45,068,797**	**72,702,736**	**2,188,183**	**119,959,716**
Additions	525,936	32,534,016	172,919	33,232,871
Disposals, net	-	(57,333)	-	(57,333)
Depreciation expense (-)	(3,308,876)	(27,631,630)	(433,086)	(31,373,592)
Net book value, 31 December	**42,285,857**	**77,547,789**	**1,928,016**	**121,761,662**
Cost	156,953,686	329,424,386	33,536,694	519,914,766
Accumulated depreciation (-)	(114,667,829)	(251,876,597)	(31,608,678)	(398,153,104)
Net book value, 31 December	**42,285,857**	**77,547,789**	**1,928,016**	**121,761,662**

14. RIGHT OF USE ASSETS

31 December 2023	Office and branches	Vehicles	Other	Total
Net book value, 1 January	**8,752,042**	**1,578,508**	**-**	**10,330,550**
Additions	3,724,454	-	-	3,724,454
Disposals	-	(926,163)	-	(926,163)
Depreciation expense (-)	(6,357,940)	-	-	(6,357,940)
Net book value, 31 December	**6,118,556**	**652,345**	**-**	**6,770,901**
Cost	48,320,496	14,151,283	-	62,471,779
Accumulated depreciation (-)	(42,201,940)	(13,498,938)	-	(55,700,878)
Net book value, 31 December	**6,118,556**	**652,345**	**-**	**6,770,901**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

14. RIGHT OF USE ASSETS (Continued)

31 December 2022	Office and branches	Vehicles	Other	Total
Net book value, 1 January	**7,864,476**	**4,299,691**	**-**	**12,164,167**
Additions	9,871,543	-	-	9,871,543
Disposals	-	(2,721,183)	-	(2,721,183)
Depreciation expense (-)	(8,983,977)	-	-	(8,983,977)
Net book value, 31 December	**8,752,042**	**1,578,508**	**-**	**10,330,550**
Cost	44,596,043	15,077,446	-	59,673,489
Accumulated depreciation (-)	(35,844,001)	(13,498,938)	-	(49,342,939)
Net book value, 31 December	**8,752,042**	**1,578,508**	**-**	**10,330,550**

15. INTANGIBLE ASSETS

	31 December 2023
Net book value, 1 January (*)	**120,728,177**
Additions	65,770,685
Disposals	-
Amortization (-)	(72,150,405)
Net book value, 31 December	**114,348,457**
Cost	427,097,484
Accumulated amortization (-)	(312,749,027)
Net book value, 31 December	**114,348,457**

	31 December 2022
Net book value, 1 January (*)	**149,001,375**
Additions	34,325,219
Disposals (-)	-
Amortization	(62,598,417)
Net book value, 31 December	**120,728,177**
Cost	361,326,799
Accumulated amortization	(240,598,622)
Net book value, 31 December	**120,728,177**

(*) Projects that are classified as intangible assets, but not yet ready for use, amount to TRY 9,785,191 (31 December 2022: TRY 15,432,922). Other intangible assets consist of capitalized project development costs.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

i) Short term provisions

	31 December 2023	31 December 2022
Lawsuit, penalty provisions	3,009,300	5,625,604
Other Provisions (*)	9,000,000	23,068,209
	12,009,300	**28,693,813**

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

As of 31 December 2023, the total amount of various lawsuits filed against the Group is TRY 12,009,300 (31 December 2022: TRY 28,693,813).

The movement of lawsuit provisions for the periods ending as of 31 December 2023 and 31 December 2022 is as below:

	2023	2022
Beginning of the period, 1 January	**28,693,813**	**43,416,300**
Provisions set aside within the period	232,531	22,668,822
Payments made within the period	(757,016)	(91,043)
Monetary (gain) / loss	(16,160,028)	(37,300,266)
Ending of the period, 31 December	**12,009,300**	**28,693,813**

ii) Collaterals given

	31 December 2023	31 December 2022
Collaterals given	9,489,259,253	8,390,047,282
	9,489,259,253	**8,390,047,282**

Letters of guarantee are given to BIST, CMB and to Takasbank for money market transactions. Foreign currency denominated letters of guarantee amount to TRY 325,739 (31 December 2022: TRY 328,473).

iii) Cash collaterals given on behalf of customers

	31 December 2023	31 December 2022
VİOP collaterals given on behalf of customers (*)	3,885,652,007	5,100,460,665
	3,885,652,007	**5,100,460,665**

(*) As of 31 December has been pledged by the Group as collateral for the Futures and Options Market on behalf of the customers (31 December 2022: TRY 5,100,460,665).

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

iv) Customer deposits

The nominal balances of treasury bills, government bonds, share certificates and other financial assets held in trust for hiding on behalf of customers as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Customer deposits		
Share certificates	9,615,633,965	5,880,399,635
Reverse repo agreements (Takasbank Money Market)	3,765,750,921	1,217,043,918
Investment funds	1,028,143,655	519,711,659
Government bonds	903,964,560	3,672,549,474
Private sector bonds	2,253,824	70,849,419
Other	90,648,670	36,368,655
	15,406,395,595	**11,396,922,760**

v) Other

i. The company is under the scope of 'Professional Liability Insurance' amounting to USD 5,000,000 (31 December 2022: USD 5,000,000) which was made by Allianz Sigorta A.Ş. and "Employer Liability Insurance Policy" amounting to TRY 5,000,000 which was made by HDI Sigorta A.Ş. (31 December 2022: TRY 5,000,000).

ii. Demand deposits amounting to TRY 1,273,518,098 (31 December 2022: TRY 1,841,581,852) belongs to the Group's customers as a partial collateral and are held in the Group's bank accounts (Note 6).

iii. The Group allocates credit to its customers for use in stock trading. As of 31 December 2023, the Group has TRY 2,613,625,831 (31 December 2022: TRY 3,894,208,327) of loans granted to its customers and the total market value of the shares kept as collateral against those credits given is amounting to TRY 2,819,963,033 (31 December 2022: TRY 3,967,072,788) (Note 10).

iv. The financial assets measured at their amortised costs and having a book value of TRY 29,988,766 as of 31 December 2023 (31 December 2022: TRY 31,799,552) are pledged as collateral at CBRT, BIST, and Takas ve Saklama Bankası A.Ş. ("Takasbank") (Note 7).

17. DERIVATIVES

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

	31 December 2023 TRY Equivalent		31 December 2022 TRY Equivalent	
	USD	EUR	USD	EUR
Swap transactions (buy)	164,453,020	124,720,000	214,019,510	633,690,281
Swap transactions (sell)	162,204,482	130,295,600	208,520,283	624,099,014
Forward transactions (buy)	-	-	4,035,577	-
Forward transactions (sell)	-	-	3,887,819	-
	326,657,502	**255,015,600**	**430,463,189**	**1,257,789,295**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

17. DERIVATIVES (Continued)

Receivables from derivative transactions

	31 December 2023	**31 December 2022**
Swap transactions	561,274	5,696,320
Forward transactions	-	68,481
	561,274	**5,764,801**

Payables from derivative transactions

	31 December 2023	**31 December 2022**
Swap transactions	6,180,929	894,112
	6,180,929	**894,112**

18. PROVISION FOR EMPLOYEE BENEFITS

Short-term provisions	**31 December 2023**	**31 December 2022**
Provision for employee bonus	229,806,569	161,892,658
	229,806,569	**161,892,658**

Long-term provisions	**31 December 2023**	**31 December 2022**
Provision for employee termination benefits	59,448,514	70,582,024
Provision for unused vacation	12,635,839	9,932,162
	72,084,353	**80,514,186**

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

The indemnity is one month's salary for each working year and is limited to TRY 35,058.58 as of 31 December 2023 (31 December 2022: TRY 19,982.83). 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.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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.

	31 December 2023	31 December 2022
Discount rate (%)	2.9	0.55
Turnover rate to estimate retirement probability (%)	94.23	94.23

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The liability is revised two times in a year and in the year-end calculation, the effective amount as of 1 January 2024 of TRY 35,058.58 (1 January 2023: TRY 19,982.83).

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

	2023	2022
Beginning of the period, 1 January	**70,582,024**	**45,771,990**
Interest cost	11,087,558	14,390,937
Service cost	1,551,350	2,109,980
Actuarial loss / (gain)	8,995,436	33,824,598
Payments during the period (-)	(6,347,233)	(3,311,188)
Monetary (gain) / loss	(26,420,621)	(22,204,293)
Ending of the period, 31 December	**59,448,514**	**70,582,024**

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

	2023	2022
Beginning of the period, 1 January	**9,932,162**	**7,463,430**
Provisions set aside within the period / (canceled provision), net	12,298,367	8,154,155
Payments during the period (-)	(553,883)	(85,644)
Monetary (gain) / loss	(9,040,807)	(5,599,779)
Ending of the period, 31 December	**12,635,839**	**9,932,162**

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

	2023	2022
Beginning of the period, 1 January	**161,892,658**	**75,868,783**
Provisions set aside within the period	160,533,750	187,527,739
Payments during the period (-)	(42,404,074)	(66,772,630)
Monetary (gain) / loss	(50,215,765)	(34,731,234)
Ending of the period, 31 December	**229,806,569**	**161,892,658**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

19. LIABILITIES FOR EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
Taxes and liabilities payable	28,883,407	27,362,390
Social security premiums payable	3,907,533	8,222,413
	32,790,940	**35,584,803**

20. PREPAID EXPENSES

	31 December 2023	31 December 2022
Prepaid expenses	24,803,403	7,536,433
Commissions for guarantee letters	9,577,742	29,740,350
	34,381,145	**37,276,783**

21. OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other short-term liabilities		
Other payable taxes and funds	64,786,804	61,231,686
Other expense provisions	61,562,962	9,480,999
Takasbank-BIST commission provision	44,379,969	85,097,364
Blocked customer deposits	18,402,289	26,568,277
Provision for operating expenses	9,000,000	4,775,709
Transfer pricing	1,757,277	-
Other	9,434,513	10,474,938
	209,323,814	**197,628,973**

22. SHAREHOLDER'S EQUITY

Paid-in capital and adjustment differences

The paid-in capital of the Company is TRY 98,918,083 (31 December 2022: TRY 98,918,083) and consists of 9,891,808,346 (31 December 2022: 9,891,808,346) authorized shares with a nominal value of Kr 1 each.

The Group has no preferred share as of 31 December 2023 and 31 December 2022.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

22. SHAREHOLDER'S EQUITY (Continued)

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

	31 December 2023		31 December 2022	
Name of the shareholder	**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	2,481,751,363		2,481,751,363	
	2,580,669,446		**2,580,669,446**	

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

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

As of 31 December 2023, restricted reserves are amounting to TRY 1,898,276,635 (31 December 2022: TRY 1,860,693,175).

Restricted reserves and retained earnings

	31 December 2023	**31 December 2022**
Real estate and affiliate sales gain fund (*)	1,014,286,818	1,014,286,818
Primary legal reserves	177,802,644	177,802,644
Secondary legal reserves	706,187,173	668,603,713
Total restricted reserves	**1,898,276,635**	**1,860,693,175**

(*) As of 31 December 2023, TRY 43,547,507 of the TRY 1,014,286,818 which is the gain on sale of property, equipment and subsidiary classified under equity, is undistributed portion (and classified under equity account) of 75% of the profit from the sale of buildings in the year 2010 and TRY 970,739,311 is the 75% of the profit from the sale of subsidiaries in the year 2013.

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

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.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

22. SHAREHOLDER'S EQUITY (Continued)

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 TRY 100,000 according to these financial statements. In this case, the undistributed dividends are distributed in subsequent periods.

At the company's Ordinary General Assembly meeting dated 3 March 2023 it was unanimously decided to distribute, in cash, a dividend of TRY 337,071,328 (2022: TRY 244,855,495) to the company's shareholders, and this amount was paid to shareholders on 10 March 2023.

	2023	**2022**
Beginning of the period, 1 January	**85,520,445**	**76,158,098**
Minority interest decrease due to dividend payment (*)	(54,389,594)	(39,812,933)
Minority interest net income	57,648,912	49,175,280
Ending of the period, 31 December	**88,779,763**	**85,520,445**

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

23. TAX ASSETS AND LIABILITIES

Corporate tax

	31 December 2023	**31 December 2022**
Corporate taxes payable (-)	1,656,525,467	482,026,648
Prepaid taxes	(1,166,275,394)	(316,564,816)
Monetary (gain) / loss	(112,630,655)	(13,824,146)
Current period tax assets, net	**377,619,418**	**151,637,686**

The Group's income tax expense for the periods ended 31 December 2023 and 31 December 2022 consists of the following items:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Current period tax expense	1,665,254,972	490,460,397
Prior year tax adjustment	(8,729,505)	(8,433,749)
Deferred tax income / (expense)	(135,630,044)	249,587,271
Total tax expense	**1,520,895,423**	**731,613,919**

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23. TAX ASSETS AND LIABILITIES (Continued)

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

	1 January - 31 December 2023	**1 January - 31 December 2022**
Profit before tax	3,296,490,032	1,627,624,912
Theoretical tax expense arising at the legal tax rate (*)	(988,947,010)	(406,906,228)
Non-deductible expenses	(40,628,691)	(19,233,724)
Impact of deductions, exemptions other adjustments	135,619,927	48,895,334
Non-taxable inflation adjustments	(626,939,649)	(354,369,301)
Current period tax expense	**(1,520,895,423)**	**(731,613,919)**

(*) In Turkey, the corporate tax rate is 30% for 2023. (2022: 25%).

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

In accordance with the Law No. 7316 on the Collection Procedure of Public Receivables published in the Official Gazette on 22 April 2021 and the 11th Article of the Law on Amendments to Certain Laws and the Provisional Article 13 added to the Corporate Tax Law, the Corporate Tax rate, which is 20%, will be reduced to 2021 taxation. It has been determined as 25% to be applied to corporate earnings for the period and 23% to be applied to corporate earnings for the 2022 taxation period.However, in accordance with Law No. 7456 published in the Official Gazette dated July 15, 2023, this rate has been increased to 30% and this change will be applied to the taxation of corporate earnings for the periods starting from January 1, 2023, starting from the declarations submitted after October 1, 2023. In the financial statements dated 31 December 2023, 30% rate was used for corporate tax.

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 10% in accordance with 94th article of Income Tax Law. Addition of profit to share is not considered as dividend payment.

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

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

23. TAX ASSETS AND LIABILITIES (Continued)

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

Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

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

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

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

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

Deferred tax assets and liabilities

	31 December 2023	**31 December 2022**
Deferred tax assets	117,781,293	4,689,559
Deferred tax liabilities	-	(25,407,640)
Deferred tax assets / (liabilities), net	**117,781,293**	**(20,718,081)**

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

	31 December 2023		**31 December 2022**	
	Cumulative temporary differences	**Deferred tax assets / liabilities**	**Cumulative temporary differences**	**Deferred tax assets / liabilities**
Provision for employee bonus	229,806,569	68,941,971	161,892,658	40,473,165
Provision for employee termination benefits	59,448,514	17,834,554	70,582,024	17,645,506
Difference between the tax base and carrying amount of non-current assets	164,519,149	49,355,745	163,723,080	40,930,770
Allowances for expected credit losses	26,934,931	8,080,480	10,293,216	2,573,304
Financial assets valuation differences	24,606,322	7,381,897	-	-
Provision for unused vacation	12,635,839	3,790,752	9,932,162	2,483,041
Lawsuit provisions	12,009,300	3,602,790	28,693,813	7,173,453
Derivatives	6,180,929	1,854,279	894,113	223,528
TFRS 16 effect	3,532,341	1,059,702	758,071	189,518
Expense provision	611,911	183,573	227,303	56,826
Other	38,180,183	11,454,057	47,686,885	11,921,721
Deferred tax assets		**142,476,890**		**102,894,036**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

23. TAX ASSETS AND LIABILITIES (Continued)

Derivatives	561,274	168,382	5,764,801	1,441,200
Investments in progress	206,892	62,068	340,903	85,226
Valuation differences of financial assets	-	-	353,495,937	88,373,984
Other	81,550,484	24,465,147	134,846,829	33,711,707
Deferred tax liabilities (-)		**24,695,597**		**123,612,117**
Deferred tax assets / (liabilities), net		**117,781,293**		**(20,718,081)**

	1 January - 31 December 2023	1 January - 31 December 2022
Beginning balance of deferred tax liabilities, net	**(20,718,081)**	**221,589,765**
Deferred tax expense (-) / income	135,630,041	(249,587,271)
Deferred tax accounted under equity	2,869,333	7,279,425
Period ending deferred tax assets / (liabilities), net	**117,781,293**	**(20,718,081)**

24. REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue		
Share certificates sales	8,771,176,193	15,815,463,176
Commissions on intermediary activities on stock market	3,435,933,850	2,170,875,315
Futures exchange intermediary commissions	527,400,648	571,690,629
Treasury bills and government bonds sales	382,845,676	148,477,318
Corporate finance fees	280,159,901	153,412,099
Other intermediary commissions	114,192,926	81,335,214
Custody commissions	76,007,457	21,497,260
Commissions from leveraged transactions	26,928,930	45,100,579
Consultancy services	25,615,733	4,277,698
Fund support / management fees	10,799,619	7,081,107
Intermediary commissions for repurchase transactions	1,711,607	4,499,028
Intermediary commissions for definite buy-sale transactions	2,194	100,703
Other services income	516,482,938	147,141,642
Total revenue	**14,169,257,672**	**19,170,951,768**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

24. REVENUE AND COST OF SALES (Continued)

Service income discounts and allowances		
Commissions paid to agencies (-)	1,383,344,188	865,846,113
Commission returns (-)	1,938,835	1,568,478
Total discounts and allowances (-)	**1,385,283,023**	**867,414,591**
Revenue	**12,783,974,649**	**18,303,537,177**
Cost of sales		
Costs of share certificate sales (-)	8,884,360,165	15,537,283,651
Costs of treasury bills and government bond sales (-)	396,735,630	145,850,383
Total cost of sales (-)	**9,281,095,795**	**15,683,134,034**
Gross operating profit	**3,502,878,854**	**2,620,403,143**

25. REVENUE AND COST OF FINANCIAL ACTIVITIES

	1 January - 31 December 2023	**1 January - 31 December 2022**
Revenue from financial activities		
Investment funds management fee	862,469,152	779,181,491
Individual pension fund management fee	117,565,827	99,384,844
Fund management fee	**980,034,979**	**878,566,335**
Private portfolio management commission	1,012,135	2,599,851
Portfolio success premiums	67,929,665	67,358,856
Private portfolio management income	**68,941,800**	**69,958,707**
Investment advisory income	18,089,831	16,610,750
Other financial activities revenue	**18,089,831**	**16,610,750**
Total financial activities revenue (a)	**1,067,066,610**	**965,135,792**
Financial activities cost		
Commission expenses	(23,067,848)	(12,683,200)
Commission expenses for investment and private pension fund management	(4,592,913)	(2,726,691)
Total financial activities cost (b)	**(27,660,761)**	**(15,409,891)**
Gross profit / loss from financial sector activities (a-b)	**1,039,405,849**	**949,725,901**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

26. OPERATING EXPENSES

General administrative expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Personnel expenses	839,192,986	644,526,163
Information services expenses	109,063,348	99,378,869
Depreciation and amortization expenses	117,999,347	102,955,986
Data processing expenses	85,452,282	71,285,910
Taxes, duties and charges	13,854,677	6,902,147
Communication expenses	2,630,794	3,729,526
Other	102,267,979	77,291,587
	1,270,461,413	**1,006,070,188**

Marketing expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Brokerage and other operational fees	680,214,247	568,248,154
Others	90,034,175	69,189,614
	770,248,422	**637,437,768**

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

	1 January - 31 December 2023	1 January - 31 December 2022
Independent audit fee for the reporting period (*)	1,361,899	831,569
Fees for tax consultancy services	257,280	212,162
Fee for other assurance services	48,807	179,602
Fee for other services other than independent audit	-	-
Total	**1,667,986**	**1,223,333**

(*) Fees are shown as consolidated excluding VAT.

27. OTHER INCOME FROM OPERATING ACTIVITIES

	1 January - 31 December 2023	1 January - 31 December 2022
Interest income on deposit at banks	3,177,296,898	907,258,631
Interest income on loans	1,643,035,537	624,210,481
Income due to derivative transactions	412,758,007	1,007,487,057
Other interest income	149,695,639	24,166,982
Dividend income	79,045,712	70,575,906
Repo transactions interest income	66,448,420	-
Interest income on treasury bills and government bonds	9,772,129	26,936,397
Other income	45,949,442	430,092,005
	5,584,001,784	**3,090,727,459**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

28. OTHER EXPENSE FROM OPERATING ACTIVITIES

	1 January - 31 December 2023	**1 January - 31 December 2022**
Interest paid to Stock Exchange Money Market	2,061,319,624	1,050,436,618
Interest expense from issued bonds and bills	438,788,510	493,270,946
Commissions paid for guarantee letters	82,499,873	39,063,435
Expected impairment provision	51,664,808	16,485,753
Losses due from derivative transactions	50,622,902	487,357,041
Commission expenses	34,288,104	14,746,601
Other interest expenses	32,852,544	17,786,901
Interest expense from leasings (TFRS 16)	1,865,806	2,565,792
Exchange rate difference loss	541,028	-
Impairment of financial investments	-	511,784
Other expenses	118,700,809	41,960,339
	2,873,144,008	**2,164,185,210**

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

(a) Cash and cash equivalents from related parties

	31 December 2023	**31 December 2022**
Yapı ve Kredi Bankası A.Ş.	2,055,184,872	4,151,707,935
Yapı Kredi Portföy Yatırım Fonları	534,394,194	621,984,134
Allowances for expected credit losses (-)	(515,234)	(560,656)
	2,589,063,832	**4,773,131,413**

(b) Short-term financial investments from related parties

	31 December 2023	**31 December 2022**
Financial assets measured at fair value through other comprehensive income		
- Arçelik A.Ş.	-	*18,569,725*
- Private sector bonds and bills	-	*18,854,426*
- Allowances for expected credit losses (-)	-	*(284,701)*
- Koç Finansman A.Ş.	-	*1,938,830*
- Private sector bonds and bills	-	*1,967,670*
- Allowances for expected credit losses (-)	-	*(28,840)*
- Tat Gıda Sanayi A.Ş.	-	*1,653,234*
- Private sector bonds and bills	-	*1,678,581*
- Allowances for expected credit losses (-)	-	*(25,347)*
- Opet Petrolcülük A.Ş.	-	*322,742*
- Private sector bonds and bills	-	*327,690*
- Allowances for expected credit losses (-)	-	*(4,948)*
		22,484,531

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Receivables due from related parties

Trade receivables

	31 December 2023	31 December 2022
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds	131,462,594	62,535,246
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	53,497,894	2,334,564
Other	1,911,000	-
Arçelik A.Ş.	610,001	498,556
Yapı ve Kredi Bankası A.Ş.	186,307	89,549
	187,667,796	**65,457,915**

Receivables from financial activities

	31 December 2023	31 December 2022
Yapı Kredi Portföy Yönetimi A.Ş. Investment Funds (Note 11)	78,735,492	77,496,615
Allianz Yaşam ve Emeklilik A.Ş. Pension Funds	7,210,665	6,258,916
Yapı ve Kredi Bankası A.Ş. - Investment Advisory (Note 11)	5,080,000	3,187,038
	91,026,157	**86,942,569**

Prepaid expenses

	31 December 2023	31 December 2022
Allianz Sigorta A.Ş.	651,020	-
Koç Sistem Bilgi ve İletişim Hizmetleri A.Ş.	344,875	498,557
	995,895	**498,557**

(c) Payables due to related parties

Short-term liabilities from leasing activities

	31 December 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş.	4,213,350	5,687,737
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	199,048	451,394
	4,412,398	**6,139,131**

Long-term liabilities from leasing activities

	31 December 2023	31 December 2022
Otokoç Otomotiv Ticaret ve Sanayi A.Ş.	1,039,342	1,413,179
Yapı ve Kredi Bankası	41,907	397,029
	1,081,249	**1,810,208**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Trade payables	31 December 2023	31 December 2022
Yapı ve Kredi Bankası A.Ş.	147,519,408	150,832,922
Allianz Yaşam ve Emeklilik A.Ş.	50,899,732	203,693,884
Yapı Kredi Portföy Investment Funds	47,595,100	116,526,461
Other	1,500,168	2,086,868
	247,514,408	**473,140,135**

Derivative assets / (liabilities), net

Yapı ve Kredi Bankası A.Ş.	-	86,155
	-	**86,155**

(d) Income from related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Yapı Kredi Portföy Investment Funds	862,469,152	670,448,114
Allianz Hayat ve Emeklilik A.Ş.	117,496,790	88,366,029
Yapı ve Kredi Bankası A.Ş.	47,487,209	56,030,047
Other	30,593,317	5,205,049
Tat Gıda Sanayi A.Ş.	2,601,504	3,173,452
Opet Petrolcülük A.Ş.	2,600,000	3,097,731
Yapı Kredi Faktoring	2,553,150	-
Arçelik A.Ş.	1,795,684	6,056,978
Koç Fiat Kredi Finansman A.Ş.	1,000,000	1,153,410
Aygaz A.Ş.	841,504	2,514,360
Yapı Kredi Finansal Kiralama A.O.	652,573	-
Türk Traktör A.Ş.	41,504	1,690,495
Tüpraş	41,504	42,766
Koç Finansman A.Ş.	-	4,728,983
Otokoç	-	4,036,937
	1,070,173,891	**846,544,351**

Interest income from related parties	1 January - 31 December 2023	1 January- 31 December 2022
Yapı ve Kredi Bankası A.Ş.	476,638,797	272,513,267
	476,638,797	**272,513,267**

(Amounts expressed in Turkish Lira (“TRY”) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Derivative income (expense) from related parties

	1 January- 31 December 2023	1 January- 31 December 2022
Yapı ve Kredi Bankası A.Ş. (*)	(275,612)	596,251,122
	(275,612)	**596,251,122**

(*) Derivative contracts totaling TRY 107,638,770 had been entered into with Yapı ve Kredi Bankası as of 31 December 2023. (31 December 2022: TRY 30,911,103).

Dividend income from related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Allianz Yaşam ve Emeklilik A.Ş	199,696	230,330
	199,696	**230,330**

(e) Expenses paid to related parties Operating expenses paid to related parties

	1 January - 31 December 2023	1 January- 31 December 2022
Yapı ve Kredi Bankası A.Ş.	98,230,222	44,868,024
Koç Sistem Bilgi ve İletişim Hizm. A.Ş.	14,418,771	10,758,848
Vehbi Koç Vakfı	6,462,400	22,244,344
YKS Tesis Yönetimi	5,437,785	6,961,761
Otokoç Otomotiv Tic. ve San. A.Ş.	4,365,301	3,173,489
Avis A.Ş.	2,811,238	2,620,184
Koç Holding A.Ş.	2,722,358	-
Zer Merkezi Hizmetler ve Tic. A.Ş.	2,521,441	3,369,381
Opet Petrolcülük A.Ş.	2,096,515	2,127,421
Allianz Sigorta A.Ş.	2,089,964	1,066,877
YKB Bina Yön Gider Belgesi	1,616,763	612,889
Setur Servis Turistik A.Ş.	896,696	558,360
Arçelik	700,691	-
Divan Tur	500,459	-
Diğer	345,897	27,672,678
Akpa	69,906	-
	145,286,407	**126,034,256**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

29. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)

Commission expenses paid to related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Yapı ve Kredi Bankası A.Ş.	898,517,543	626,172,265
Others	4,592,889	2,296,203
	903,110,432	**628,468,468**

Financial expenses paid to related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Yapı ve Kredi Bankası A.Ş.	2,753,440	155,612
Others	71,245	291,534
	2,824,685	**447,146**

Benefits provided to key management

As of 31 December 2023, the total amount of salary and other benefits provided to the top management (chairman of board of directors, general managers and vice general manager) by the Group is TRY 58,882,038 (1 January - 31 December 2022: TRY 50,237,314).

Dividends paid to related parties

The Group paid dividend amounting to TRY 337,071,328 in 31 December 2023 (31 December 2022: TRY 244,855,495) (Note 22).

30. EARNINGS PER SHARE

The calculation of earnings per share for the years ending 31 December 2023 and 31 December 2022 is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Income from continuing operations	1,775,594,609	896,010,993
Weighted average number of shares	9,891,808,346	9,891,808,346
Earnings per share from continuing operations	**17.95**	**9.06**

	1 January - 31 December 2023	1 January - 31 December 2022
Income from continuing operations	1,768,873,549	874,172,715
Weighted average number of shares	9,891,808,346	9,891,808,346
Earnings per share from continuing operations	**17.88**	**8.84**

The company does not have any diluted shares (31 December 2022: None).

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 38 % (31 December 2022: 42%).

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

The table below shows credit risk exposure based on financial instruments as of 31 December 2023 and 31 December 2022. In the determination of the maximum amount of credit risk exposure, in addition to the collaterals received, factors that lead to credit enhancement are not taken into account.

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2023	**Related Party**	**Other**	**Related Party**	**Other**	**Bank Deposits**	**Financial Investments**	**Derivatives**
Total credit risk exposure (A+B+C)	**187,667,796**	**3,896,098,547**	**-**	**1,159,355,902**	**9,759,984,861**	**439,080,228**	**561,274**
- Amount of risk that is guaranteed with collateral -	-	2,613,625,831	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	187,667,796	3,896,098,547	-	1,159,355,902	9,820,956,928	439,250,563	-
B. Net book value of impaired assets	-	-	-	-	(60,972,067)	(170,335)	-
- Past due (gross book value)	-	3,453,407	-	-	-	-	-
- Impairment	-	(3,453,407)	-	-	(60,972,067)	(170,335)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	561,274

	Receivables						
	Trade Receivables		Other Receivables				
31 December 2022	**Related Party**	**Other**	**Related Party**	**Other**	**Bank Deposits**	**Financial Investments**	**Derivatives**
Total credit risk exposure (A+B+C)	**65,457,915**	**6,594,129,283**	**-**	**1,688,297,888**	**10,086,803,749**	**2,958,298,390**	**5,764,801**
- Amount of risk that is guaranteed with collateral -	-	3,894,208,327	-	-	-	-	-
A. Net book value of financial assets that are not past due or impaired	65,457,915	6,594,129,283	-	1,688,297,888	10,167,415,352	2,959,707,478	-
B. Net book value of impaired assets	-	-	-	-	(80,611,603)	(1,409,088)	-
- Past due (gross book value)	-	5,690,280	-	-	-	-	-
- Impairment	-	(5,690,280)	-	-	(80,611,603)	(1,409,088)	-
- Part of net amount that is guaranteed by collateral	-	-	-	-	-	-	-
C. Off balance sheet items with credit risk	-	-	-	-	-	-	5,764,801

(*) An expected credit loss provision of TRY60,972,067 was allocated for bank deposits (31 December 2022: TRY80,611,603) (Note 6).

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

b. Information on market risk

Interest rate risk

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

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

The table below shows the interest rate position details and sensitivity analysis as of 31 December 2023 and 2022:

Interest rate position table

Fixed rate financial instruments	**31 December 2023**	**31 December 2022**
Financial assets		
Banks	7,961,283,712	8,258,193,825
Financial liabilities		
Funds generated from Takasbank Money Market	5,358,280,238	7,843,973,233
Issued bonds and bills	1,615,952,271	3,858,051,505
Bank loans	50,000,000	319,161,744
Funds generated from repo transactions	1,203,855	18,974,298
Leasing payables	5,493,647	7,949,339

Variable rate financial instruments	**31 December 2023**	**31 December 2022**
Financial assets		
Financial assets measured at amortised cost (*)	29,988,766	31,799,552
Financial assets measured at fair value through other comprehensive income	78,514,743	147,816,369

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

Due to the impact of interest rate changes on financial assets that have variable rate, if the interest in TRY currency increase/decrease 100 basis points as of December 31, 2023 and all other variables remained constant, the profit would increase by TRY 1,060,992 (31 December 2022: TRY 1,796,519) or TRY 1,060,992 (31 December 2022: TRY 1,796.159) 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.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

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

	31 December 2023			31 December 2022		
	TRY (%)	EUR (%)	USD (%)	TRY (%)	EUR (%)	USD (%)
Assets						
Cash and cash equivalents	45.70	-	-	25.94	-	4.00
Financial assets measured at fair value through other comprehensive income	58.79	-	-	17.10	-	-
Financial assets measured at amortised cost	-	-	6.42	-	-	4.63
Liabilities						
Issued bonds and bills	50.38	-	-	23.45	-	-
Bank borrowings	-	-	-	13.48	-	-
Funds from Takasbank Money Market	43.90	-	-	13.06	-	-

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

		31 December 2023				
	Up to 1 mo nths	Up to 3 months	3 months to 1 year	1 year -to 5 year	Non-interest bearings	Total
Cash and cash equivalents	8,435,324,127	-	-	-	1,324,660,734	9,759,984,861
Financial investments	-	29,992,816	10,699,567	52,925,600	345,462,245	439,080,228
Trade receivables	2,613,625,831	-	-	-	1,470,140,512	4,083,766,343
Other assets	-	-	-	-	1,342,363,450	1,342,363,450
	11,048,949,958	**29,992,816**	**10,699,567**	**52,925,600**	**4,482,626,941**	**15,625,194,882**
Financial liabilities	4,948,806,479	2,031,406,266	49,636,782	1,081,249	-	7,030,930,776
Trade payables	-	-	-	-	2,379,404,578	2,379,404,578
Other liabilities	-	-	-	-	895,403,300	895,403,300
	4,948,806,479	**2,031,406,266**	**49,636,782**	**1,081,249**	**3,274,807,878**	**10,305,738,654**
	6,100,143,479	**(2,001,413,450)**	**(38,937,215)**	**51,844,351**	**1,207,819,063**	**5,319,456,228**

		31 December 2022				
	Up to 1 mo nths	Up to 3 months	3 months to 1 year	1 year to 5 year	Non-interest bearings	Total
Cash and cash equivalents	8,194,781,941	-	-	-	1,892,021,808	10,086,803,749
Financial investments	-	93,298,213	96,457,052	57,531,756	2,711,011,369	2,958,298,390
Trade receivables	3,894,208,327	-	-	-	2,765,378,871	6,659,587,198
Other assets	-	-	-	-	1,857,666,187	1,857,666,187
	12,088,990,268	**93,298,213**	**96,457,052**	**57,531,756**	**9,226,078,235**	**21,562,355,524**
Financial liabilities	8,826,113,248	3,214,852,601	6,258,967	1,810,208	-	12,049,035,024
Trade payables	-	-	-	-	4,578,593,994	4,578,593,994
Other liabilities	-	-	-	-	1,079,393,408	1,079,393,408
	8,826,113,248	**3,214,852,601**	**6,258,967**	**1,810,208**	**5,657,987,402**	**17,707,022,426**
	3,262,877,020	**(3,121,554,388)**	**90,198,085**	**55,721,548**	**3,568,090,833**	**3,855,333,098**

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

c. *Exchange rate risk*

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

	31 December 2023				31 December 2022			
	TRY Equivalent	**USD**	**EUR**	**Other**	**TRY Equivalent**	**USD**	**EUR**	**Other**
Cash and cash equivalents(*)	1,288,481,318	23,815,788	17,982,092	73,910	267,930,495	8,431,944	40,434	299,997
Financial Investments	85,370,780	2,900,000	-	-	150,967,700	4,900,000	-	-
Other receivables	154,896,354	699,180	4,123,355	-	662,366,471	1,276,341	18,967,843	-
Current assets (a)	**1,528,748,452**	**27,414,968**	**22,105,447**	**73,910**	**1,081,264,666**	**14,608,285**	**19,008,277**	**299,997**
Off-balance sheet derivatives denominated in foreign currency	(293,027,463)	(5,510,000)	(4,000,000)	-	(1,023,214,572)	(12,894,484)	(19,000,000)	-
Net liability position of foreign currency denominated derivatives (b)	**(293,027,463)**	**(5,510,000)**	**(4,000,000)**	**-**	**(1,023,214,572)**	**(12,894,484)**	**(19,000,000)**	**-**
Total net foreign currency asset / (liability) position (a+b)	**1,235,720,989**	**21,904,968**	**18,105,447**	**73,910**	**58,050,094**	**1,713,801**	**8,277**	**299,997**

(*) Customer deposits are not included in the position calculation.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

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

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

Exchange rate sensitivity analysis table

	Profit / (Loss)		Equity	
31 December 2023	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**
In case of a 20% change in USD exchange rates:				
USD net asset / liability effect	(128,968,566)	128,968,566	(128,968,566)	128,968,566
In case of a 20% change in EURO exchange rates:				
EUR net asset / liability effect	(117,953,004)	117,953,004	(117,953,004)	117,953,004
In case of a 20% change in other exchange rates:				
Other foreign currency net effect	354,330	(354,330)	354,330	(354,330)
Total	**(246,567,240)**	**246,567,240**	**(246,567,240)**	**246,567,240**

	Profit / (Loss)		Equity	
31 December 2022	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**	**Appreciation of foreign currency**
In case of a 20% change in USD exchange rates:				
USD net asset / liability effect	(10,560,351)	10,560,351	(10,560,351)	10,560,351
In case of a 20% change in EURO exchange rates:				
EUR net asset / liability effect	(54,375)	54,375	(54,375)	54,375
In case of a 20% change in other exchange rates:				
Other foreign currency net effect	1,395,360	1,395,360	(1,395,360)	1,395,360
Total	**(9,219,367)**	**9,219,367**	**(9,219,367)**	**9,219,367**

d. Share certificate price risk

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

31 December 2023

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	8,243,852	-	8,243,852	8,243,852
- Financial assets	10%	Decrease	(8,243,852)	-	(8,243,852)	(8,243,852)

31 December 2022

Balance sheet item	Rate of change	Change direction	Effect on carrying value	Effect on revaluation fund	Effect on net income	Effect on equity
Share certificates						
Financial assets measured						
at fair value through profit or loss		Increase	247,979,149	-	247,979,149	247,979,149
- Financial assets	10%	Decrease	(247,979,149)	-	(247,979,149)	(247,979,149)

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

31. FINANCIAL RISK MANAGEMENT (Continued)

e. Liquidity risk disclosures

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

	31 December 2023				
	Net book value	**Up to 1 month**	**1 month to 1 year**	**1 year to 5 years**	**Total of contractual cash outflows**
Financial liabilities	7,030,930,776	4,974,803,686	2,243,562,384	1,081,249	7,219,447,319
Trade payables	2,379,404,578	2,379,404,578	-	-	2,379,404,578
Other liabilities	333,207,395	333,207,395	-	-	333,207,395
	9,743,542,749	**7,687,415,659**	**2,243,562,384**	**1,081,249**	**9,932,059,292**

	31 December 2022				
	Net book value	**Up to 1 month**	**1 month to 1 year**	**1 year to 5 years**	**Total of contractual cash outflows**
Financial liabilities	12,049,035,024	8,921,645,948	3,327,213,167	1,810,208	12,250,669,323
Trade payables	4,578,593,994	4,578,593,994	-	-	4,578,593,994
Other liabilities	574,184,863	574,184,863	-	-	574,184,863
	17,201,813,881	**14,074,424,805**	**3,327,213,167**	**1,810,208**	**17,403,448,180**

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.

(Amounts expressed in Turkish Lira ("TRY") in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

32. FINANCIAL INSTRUMENTS (Continued)

ii. Financial liabilities:

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

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

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

Financial assets and financial liabilities carried at fair value:

31 December 2023	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss	**82,438,520**	-	-
- Share certificates trading on BIST	*82,438,520*	-	-
Financial assets measured at fair value through other comprehensive income	-	**326,652,942**	-
- Share certificates	-	*263,023,726*	-
- Corporate bonds and bills	-	*63,629,216*	-
Financial receivables from derivatives held for trading	-	**561,274**	-
Financial liabilities from derivatives held for trading	-	**6,180,929**	-

31 December 2022	**Level 1**	**Level 2**	**Level 3**
Financial assets measured at fair value through profit or loss	**2,447,987,643**	-	-
- Share certificates trading on BIST	*2,447,987,643*	-	-
Financial assets measured at fair value through other comprehensive income	-	**478,511,195**	-
- Share certificates	-	*263,023,726*	-
- Corporate bonds and bills	-	*215,487,469*	-
Financial receivables from derivatives held for trading	-	**5,764,801**	-
Financial liabilities from derivatives held for trading	-	***894,112***	-

33. DISCLOSURE OF OTHER MATTERS

a. Explanation on portfolio management operations:

As of 31 December 2023, the Group managed 87 mutual funds and 19 pension funds (31 December 2022: 78 mutual funds and 18 pension funds). In accordance with the Funds' statute, the Group purchases and sells securities and share certificates for the Funds, markets their participation certificates and provides other services and charges daily management fees. As of 31 December 2023, the Group earned a management fee of TRY 975.442.066 (31 December 2022: TRY 875.839.644).

33. DISCLOSURE OF OTHER MATTERS (Continued)

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 communique which is published on 11 July 2013 and named as Communiqué Series: V No: 34, capital adequacy base of intermediary institutions cannot be lower than any of the following; TRY 2,000,000 for narrow authority intermediaries, TRY10,000,000 for partial authorized intermediaries and 25,000,000 for broad authority intermediaries. The Company has broad authority intermediation license dated 15 January 2016 and numbered G-028 (286). Accordingly, the total equity required by the company as of 31 December 2023, including the annual revaluation, was calculated to be TRY 80,000,000 (31 December 2022: TRY 31,331,603).

34. SUBSEQUENT EVENTS

None.

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