

**ZIRAAT KATILIM BANKASI
ANONIM SİRKETİ**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 MARCH 2023 WITH
AUDITOR’S REVIEW REPORT**

***(CONVENIENCE TRANSLATION OF CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND
FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE. I.B OF
SECTION THREE)***



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi;

Introduction

We have reviewed the consolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 31 March 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month period then ended. The Group management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

Basis for the Qualified Conclusion

As mentioned in Section Five Part II. 8.c.1 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 March 2023 include a free provision amounting to TL 404.000 thousand which consist of TL 1.004.000 thousand provided in prior periods and TL 600.000 thousand reversed in the current period by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.



Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of Ziraat Katılım Bankası Anonim Şirketi and its consolidated subsidiaries at 31 March 2023 and the results of its consolidated operations and its consolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

Based on our review, nothing has come to our attention that causes us to believe that the financial information provided in the accompanying interim activity report in Section Seven, is not consistent with the reviewed consolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 March 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Zeynep Uras, SMMM
Partner

Istanbul, 10 May 2023



CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND AUDITED REPORT ORIGINALLY ISSUED IN TURKISH, SEE THE NOTE I. OF SECTION THREE

THE CONSOLIDATED INTERIM FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş AS OF 31 MARCH 2023

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The consolidated financial report for the three month period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency, is comprised of the following sections:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATIONS ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- EXPLANATIONS AND DISCLOSURES RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS
- AUDITOR'S REVIEW REPORT
- INTERIM ACTIVITY REPORT

Subsidiaries financial statements have been consolidated in this annual consolidated financial report are as follows;

	Subsidiaries	Investments in Associates	Joint Ventures
1	Ziraat Katılım Varlık Kiralama A.Ş.	-	-
2	ZKB Varlık Kiralama A.Ş.	-	-

The accompanying consolidated financial statements and notes to these financial statements for the three month period ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.

Alpaslan ÇAKAR
Chairman of the Board

Fikrettin AKSU
Vice chairman of the BOD,
Member of the Audit
Committee

Metin OZDEMİR
Member of the Board,
General Manager

Mahmut Esfa EMEK
Member of the Board,
Member of the Audit Committee

Osman KARAKÜTÜK
Vice President of Treasury
Management and
International Banking

Gürkan ÇAKIR
Head of Financial
Management Department

Contact information of the personnel in charge of the addressing of questions about this financial report:

Name-Surname/Position : Erdem DENİZHAN / Financial Audit Processes Manager

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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

I. HISTORY OF THE PARENT BANK INCLUDING ITS INCORPORATION DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS

Ziraat Katılım Bankası A.Ş. (“Group”) is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 November 2014 with a capital of TRY675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 4 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TRY 72.000 from TRY 675.000 to 747.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 13 June 2017, the paid-in capital of the Bank has been increased by the amount of cash by TRY 500.000 and by increasing the amount of internal resources by TRY 3.000 to TRY 1.250.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on September 20, 2018, the paid-in capital of the Bank has been raised to TRY1.750.000 by increasing the amount of cash by TRY 500.000. At the Parent Bank’s Ordinary General Assembly for 2021 held on 25 March 2022, its paid-in capital was increased by TRY 900.000 in cash to TRY 2.650.000.

Main operation field of the Group is gathering funds by the accounts named as “Private Current Accounts” and “Participation Accounts to Profit and Loss” from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

The Group can carry out every kind of banking, economic, trade and financial operation within the limits of permissions given by the Banking Regulation and Supervision Agency within the scope of Participation Banking fundamentals.

According to decision of the Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş board of directors decisions no 6/1 dated 21 February 2019, The Group (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102, the merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

All of the shares of the Group, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”) to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

GENERAL INFORMATION ABOUT THE GROUP (Continued)

II. EXPLANATION ABOUT THE PARENT BANK’S CAPITAL STRUCTURE AND SHAREHOLDERS WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS THROUGHOUT THE YEAR (IF ANY) AND THE GROUP OF THE PARENT BANK

As of 31 March 2023 and 31 December 2022, main shareholders and capital amounts as follows:

Name of Shareholders	31 March 2023		31 December 2022	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. (*)	2.650.000	99,99999984	2.650.000	99,99999984
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. (**)	-	0,00000004	-	0,00000004
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş. (**)	-	0,00000004	-	0,00000004
Ziraat Teknoloji A.Ş.	-	0,00000004	-	0,00000004
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,00000004	-	0,00000004
Total	2.650.000	100,00	2.650.000	100,00

(*) All of the shares of the of the Bank, T.C Ziraat Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury (“Treasury”) to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

(**) On 26 December 2022, Ziraat Katılım Bankası A.Ş. shares held by Türkiye Sigorta A.Ş. were transferred to Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., Ziraat Katılım Bankası A.Ş., which is owned by Türkiye Hayat ve Emeklilik A.Ş. its shares were transferred to Ziraat İşletme Yönetim ve Gayrimenkul Geliştirme A.Ş.

III. EXPLANATIONS ON THE CHAIRMAN AND MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF AUDIT COMMITTEE, GENERAL MANAGERS AND ASSISTANT GENERAL MANAGERS AND THEIR SHAREHOLDINGS IN THE PARENT BANK

Name	Title
Board of Directors	
Alpaslan ÇAKAR	Chairman
Fikrettin AKSU	Vice chairman of the BOD, Member of the Audit Committee , Member of Corporate Management Committee
Metin ÖZDEMİR	Member of the BOD, General Manager, Member of Pricing Committee, President of Credit Committee
Mahmut Esfa EMEK	Member of the BOD, Member of Audit Committee, Member of Pricing Committee, Associate Member of Credit Committee,
Ahmet BUÇUKOĞLU	Member of the BOD, Member of Credit Committee,
Mehmet BAŞIBÜYÜK	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKUTUK	Treasury Management and International Banking
Onder KIRMAN	Loan Allocation and Management
Ertuğrul İSPAHA	Corporate Banking
Seher Elif EKİCİ	Information Technologies and Operational Processes

The Bank's Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

GENERAL INFORMATION ABOUT THE GROUP (Continued)

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Name / Trade Name	Share Amount	Shareholding Percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş.	2.650.000	100,00	2.650.000	-
Total	2.650.000	100,00	2.650.000	-

V. EXPLANATIONS OF THE PARENT BANK'S SERVICES AND FIELD OF OPERATIONS

Operation field of Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

The Bank sorts out participation accounts and participation accounts based on investment proxy contracts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to six months (six months included), maturity to one year (one year included) and maturity to one year or more (with dividend payment of one month, 3 months, six months and annually). Participation accounts based on investment proxies can be opened under the entire maturity group, with a maturity of less than one month.

The Bank can freely determine the profit participation rates arising from the operation of participation accounts or the estimated profit rate for investment proxies. The rate of participation in the loss participation accounts can be applied as one hundred percent.

As of 31 March 2023, the Parent Bank operates with a total of 165 branches (31 December 2022: 155 domestic, 1 abroad) including 166 branches in the country and the Sudan branch that started its operations as of 27 August 2020 abroad. As of 31 March 2023, the number of the Bank's personnel is 2.344 (31 December 2022: 1.904).

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

There is no difference between consolidated financial statements prepared in accordance with BRSA regulation on the preparation of consolidated financial statements and consolidated financial statements prepared in accordance with Turkish Accounting Standards for the Bank. The Bank's subsidiary Ziraat Katılım Varlık Kiralama A.Ş. which is established on 22 January 2016 and ZKB Varlık Kiralama A.Ş. which is established in 8 September 2017 are consolidated within the scope of full consolidation

VII. CURRENT OR LIKELY ACTUAL LEGAL BARRIERS TO IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE PARENT BANK AND ITS SUBSIDIARIES

None.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

- I.** Consolidated balance sheet (statement of financial position)
- II.** Consolidated statement of off-balance sheet commitments
- III.** Consolidated statement of profit or loss
- IV.** Consolidated statement of profit or loss and other comprehensive income
- V.** Consolidated statement of changes in shareholder's equity
- VI.** Consolidated statement of cash flows

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note (V-I)	Current Period (31/03/2023)			Prior Period (31/12/2022)		
		TRY	FC	Total	TRY	FC	Total
I. FINANCIAL ASSETS (NET)		25.072.413	35.347.471	60.419.884	21.635.778	37.540.469	59.176.247
1.1 Cash And Cash Equivalents		9.724.902	29.273.015	38.997.917	6.424.337	31.780.105	38.204.442
1.1.1 Cash And Balances With Central Bank	(1)	4.996.364	20.816.059	25.812.423	6.310.803	18.663.442	24.974.245
1.1.2 Banks	(2)	4.739.562	8.456.956	13.196.518	134.657	13.116.663	13.251.320
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		11.024	-	11.024	21.123	-	21.123
1.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	2.381.840	2.381.840	-	2.133.604	2.133.604
1.2.1 Government Securities		-	2.381.840	2.381.840	-	2.133.604	2.133.604
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	15.347.081	3.692.486	19.039.567	15.197.112	3.626.618	18.823.730
1.3.1 Government Securities		15.264.143	3.692.486	18.956.629	15.139.990	3.626.618	18.766.608
1.3.2 Equity Securities		76.341	-	76.341	52.341	-	52.341
1.3.3 Other Financial Assets		6.597	-	6.597	4.781	-	4.781
1.4 Derivative Financial Assets	(5)	430	130	560	14.329	142	14.471
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		430	130	560	14.329	142	14.471
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		120.892.417	56.382.567	177.274.984	99.369.290	50.812.921	150.182.211
2.1 Loans	(6)	99.032.099	47.097.516	146.129.615	84.712.509	41.627.471	126.339.980
2.2 Lease Receivables	(6)	21.204.592	6.849.477	28.054.069	14.356.192	6.879.132	21.235.324
2.3 Other Financial Assets Measured at Amortized Cost	(7)	3.294.625	2.749.707	6.044.332	2.715.329	2.608.614	5.323.943
2.3.1 Government Securities		3.294.625	2.749.707	6.044.332	2.715.329	2.608.614	5.323.943
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)		2.638.899	314.133	2.953.032	2.414.740	302.296	2.717.036
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	287.192	-	287.192	274.644	-	274.644
3.1 Assets Held for Sale		287.192	-	287.192	274.644	-	274.644
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	-	-	-	-	-	-
4.1 Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(10)	709.099	989	710.088	594.099	843	594.942
VI. INTANGIBLE ASSETS (Net)	(11)	399.344	-	399.344	342.454	-	342.454
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		399.344	-	399.344	342.454	-	342.454
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	1.094.432	-	1.094.432	788.020	-	788.020
X. OTHER ASSETS	(14)	1.320.988	195.005	1.515.993	925.248	73.157	998.405
TOTAL ASSETS		149.775.885	91.926.032	241.701.917	123.929.533	88.427.390	212.356.923

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
LIABILITIES	Note (V-II)	Current Period (31/03/2023)			Prior Period (31/12/2022)		
		TRY	FC	Total	TRY	FC	Total
I. FUNDS COLLECTED	(1)	119.898.283	77.046.185	196.944.468	105.446.074	67.693.024	173.139.098
II. FUNDS BORROWED	(2)	424.500	4.383.900	4.808.400	341.719	4.182.250	4.523.969
III. MONEY MARKETS DEBTS	(3)	96.788	6.367.604	6.464.392	57.003	7.498.996	7.555.999
IV. SECURITIES ISSUED (Net)	(4)	4.941.386	-	4.941.386	4.394.241	-	4.394.241
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	-	92.649	92.649	-	62.998	62.998
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	92.649	92.649	-	62.998	62.998
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES (Net)	(7)	425.497	-	425.497	335.946	-	335.946
VIII. PROVISIONS	(8)	1.090.292	639.386	1.729.678	1.624.034	541.975	2.166.009
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		168.742	-	168.742	154.439	-	154.439
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		921.550	639.386	1.560.936	1.469.595	541.975	2.011.570
IX. CURRENT TAX LIABILITY	(9)	1.438.941	515	1.439.456	1.487.212	2	1.487.214
X. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI. LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(12)	1.374.647	2.740.318	4.114.965	1.341.748	2.597.654	3.939.402
12.1 Loans		1.374.647	2.740.318	4.114.965	1.341.748	2.597.654	3.939.402
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	7.426.199	1.278.252	8.704.451	2.056.100	1.317.502	3.373.602
XIV. SHAREHOLDERS' EQUITY	(14)	12.195.876	(159.301)	12.036.575	11.496.416	(117.971)	11.378.445
14.1 Paid-in capital		2.650.000	-	2.650.000	2.650.000	-	2.650.000
14.2 Capital Reserves		261.513	-	261.513	261.513	-	261.513
14.2.1 Share Premium		-	-	-	-	-	-
14.2.2 Share Cancellation Profits		-	-	-	-	-	-
14.2.3 Other Capital Reserve		261.513	-	261.513	261.513	-	261.513
14.3 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(93.152)	-	(93.152)	(94.077)	-	(94.077)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		2.241.303	(159.301)	2.082.002	2.540.848	(117.971)	2.422.877
14.5 Profit Reserves		2.297.860	-	2.297.860	2.297.860	-	2.297.860
14.5.1 Legal Reserves		120.251	-	120.251	120.251	-	120.251
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		2.131.542	-	2.131.542	2.131.542	-	2.131.542
14.5.4 Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6 Profit or (Loss)		4.838.352	-	4.838.352	3.840.272	-	3.840.272
14.6.1 Prior Period Profit/Loss		3.840.272	-	3.840.272	-	-	-
14.6.2 Current Period Profit/Loss		998.080	-	998.080	3.840.272	-	3.840.272
TOTAL LIABILITIES		149.312.409	92.389.508	241.701.917	128.580.493	83.776.430	212.356.923

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS							
	Note (V-III)	Current Period (31/03/2023)			Prior Period (31/12/2022)		
		TRY	FC	Total	TRY	FC	Total
A							
OFF-BALANCE SHEET COMMITMENTS (I+II+III)		30.243.018	34.149.255	64.392.273	28.889.269	34.877.714	63.766.983
I.		26.452.497	23.757.981	50.210.478	21.569.718	23.621.764	45.191.482
GUARANTEES AND WARRANTIES	(1)						
1.1 Letters of Guarantee		26.142.528	17.454.752	43.597.280	21.211.314	16.733.373	37.944.687
1.1.1 Guarantees Subject to State Tender Law		425.568	11.664.599	12.090.167	370.605	10.953.388	11.323.993
1.1.2 Guarantees Given for Foreign Trade Operations		19.337.145	-	19.337.145	15.639.249	-	15.639.249
1.1.3 Other Letters of Guarantee		6.379.815	5.790.153	12.169.968	5.201.460	5.779.985	10.981.445
1.2 Bank Acceptances		-	64.278	64.278	-	74.133	74.133
1.2.1 Import Letter of Acceptance		-	64.278	64.278	-	74.133	74.133
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		846	5.676.407	5.677.253	846	5.650.093	5.650.939
1.3.1 Documentary Letters of Credit		846	5.676.407	5.677.253	846	5.650.093	5.650.939
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Other Guarantees		292.123	562.544	854.667	340.558	1.164.165	1.504.723
1.7 Other Collaterals		17.000	-	17.000	17.000	-	17.000
II.		3.790.521	903.268	4.693.789	2.401.997	428.407	2.830.404
COMMITMENTS	(1)						
2.1 Irrevocable Commitments		3.790.521	903.268	4.693.789	2.401.997	428.407	2.830.404
2.1.1 Forward asset purchase commitments		775.757	903.268	1.679.025	292.171	428.407	720.578
2.1.2 Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.3 Loan Granting Commitments		-	-	-	-	-	-
2.1.4 Securities Issue Brokerage Commitments		-	-	-	-	-	-
2.1.5 Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.6 Payment commitment for checks		1.273.229	-	1.273.229	748.093	-	748.093
2.1.7 Tax and Fund Liabilities from Export Commitments		141.791	-	141.791	95.161	-	95.161
2.1.8 Commitments for Credit Card Limits		633.821	-	633.821	544.655	-	544.655
2.1.9 Commitments for Credit Cards and Banking Services Promotions		549	-	549	458	-	458
2.1.10 Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.11 Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12 Other Irrevocable Commitments		965.374	-	965.374	721.459	-	721.459
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III.		-	9.488.006	9.488.006	4.917.554	10.827.543	15.745.097
DERIVATIVE FINANCIAL INSTRUMENTS							
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		-	9.488.006	9.488.006	4.917.554	10.827.543	15.745.097
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2 Other Forward Buy/Sell Transaction		-	9.488.006	9.488.006	4.917.554	10.827.543	15.745.097
3.3 Other		-	-	-	-	-	-
B.		171.428.532	31.914.986	203.343.518	131.287.786	32.489.349	163.777.135
CUSTODY AND PLEDGES RECEIVED (IV+V+VI)							
IV.		8.034.196	12.081.530	20.115.726	8.152.999	13.565.085	21.718.084
ITEMS HELD IN CUSTODY							
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		2.907.310	-	2.907.310	3.865.882	4.149.611	8.015.493
4.3 Checks Received for Collection		4.420.448	187.006	4.607.454	3.857.006	247.942	4.104.948
4.4 Commercial Notes Received for Collection		705.366	53.011	758.377	429.039	26.523	455.562
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		1.072	3.770.914	3.771.986	1.072	2.940.304	2.941.376
4.8 Custodians		-	8.070.599	8.070.599	-	6.200.705	6.200.705
V.		163.394.336	19.833.456	183.227.792	123.134.787	18.924.264	142.059.051
PLEDGES RECEIVED							
5.1 Marketable Securities		1.748.241	47.114	1.795.355	1.924.744	50.069	1.974.813
5.2 Guarantee Notes		10.544.053	128.904	10.672.957	8.077.568	171.660	8.249.228
5.3 Commodity		12.788.443	4.089.626	16.878.069	8.401.325	3.859.726	12.261.051
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		113.087.510	12.930.246	126.017.756	86.435.593	12.437.005	98.872.598
5.6 Other Pledged Items		25.226.089	2.637.566	27.863.655	18.295.557	2.405.804	20.701.361
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI.		-	-	-	-	-	-
ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES							
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		201.671.550	66.064.241	267.735.791	160.177.055	67.367.063	227.544.118

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
INCOME / EXPENSE ITEMS	Note (V-IV)	Current Period 01/01-31/03/2023	Prior Period 01/01-31/03/2022
I. PROFIT SHARE INCOME	(1)	6.662.866	3.904.394
1.1 Profit Share on Loans		4.538.870	2.127.892
1.2 Profit Share on Reserve Deposits		-	47.000
1.3 Profit Share on Banks		37.302	13.020
1.4 Profit Share on Money Market Placements		-	-
1.5 Profit Share on Marketable Securities Portfolio		1.255.445	1.500.026
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		13.564	10.221
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		1.112.928	1.456.337
1.5.3 Financial Assets Measured at Amortised Cost		128.953	33.468
1.6 Financial Lease Income		805.992	206.471
1.7 Other Profit Share Income		25.257	9.985
II. PROFIT SHARE EXPENSE	(2)	5.165.539	1.803.122
2.1 Profit Share Expense on Participation Accounts		4.623.585	1.392.039
2.2 Profit Share Expense on Funds Borrowed		170.181	113.927
2.3 Profit Share Expense on Money Market Borrowings		81.212	102.176
2.4 Expense on Securities Issued		269.855	178.277
2.5 Lease Profit Share Expense		18.871	10.149
2.6 Other Profit Share Expenses		1.835	6.554
III. NET PROFIT SHARE INCOME/EXPENSE (I - II)		1.497.327	2.101.272
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		167.603	66.311
4.1 Fees and Commissions Received		235.813	95.326
4.1.1 Non-cash Loans		97.542	57.805
4.1.2 Other		138.271	37.521
4.2 Fees and commissions paid		68.210	29.015
4.2.1 Non-cash Loans		-	-
4.2.2 Other		68.210	29.015
V. DIVIDEND INCOME	(3)	-	-
VI. NET TRADING INCOME (Net)	(4)	213.140	26.699
6.1 Capital Market Transaction Gains / Losses		2.736	676
6.2 Gains/ Losses From Derivative Financial Instruments		66.382	51.346
6.3 Foreign Exchange Gains / Losses		144.022	(25.323)
VII. OTHER OPERATING INCOME	(5)	1.243.408	287.442
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		3.121.478	2.481.724
IX. EXPECTED CREDIT LOSSES (-)	(6)	944.015	448.737
X. OTHER PROVISIONS (-)	(6)	22.469	108.180
XI. PERSONNEL EXPENSES (-)		414.361	183.544
XII. OTHER OPERATING EXPENSES (-)	(7)	935.340	142.944
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		805.293	1.598.319
XIV. INCOME RESULTED FROM MERGERS		-	-
XV. INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATION(XIII+...+XVI)	(8)	805.293	1.598.319
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	192.787	(403.888)
18.1 Current Tax Provision		-	(591.125)
18.2 Expense Effect of Deferred Tax (+)		(446.600)	(7.012)
18.3 Income Effect of Deferred Tax (-)		639.387	194.249
XIX. NETOPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	998.080	1.194.431
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses from Other Discontinued Operations		-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1 Current Tax Charge		-	-
23.2 Expense Effect of Deferred Tax (+)		-	-
23.3 Income Effect of Deferred Tax (-)		-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(11)	998.080	1.194.431
Earnings per share income/loss (Full TL)		0,3766	0,6825

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	Current Period 01/01/2023 - 31/03/2023	Prior Period 01/01/2022 - 31/03/2022
I. CURRENT PERIOD PROFIT/LOSS	998.080	1.194.431
II. OTHER COMPREHENSIVE INCOME	(339.950)	187.762
2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss	925	-
2.1.1 Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	925	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	(340.875)	187.762
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(454.500)	243.847
2.2.3 Gains/losses from Cash Flow Hedges	-	-
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to be Recycled to Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	113.625	(56.085)
III. TOTAL COMPREHENSIVE INCOME (I+II)	658.130	1.382.193

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

ZİRAAT KATILIM BANKASI A.Ş. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY																
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss								
	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity Excluding Minority Shares	Minority Shares	Total Equity
PRIOR PERIOD 31 March 2022																
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	4.321.735	-	4.321.735
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	4.321.735	-	4.321.735
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	187.762	-	-	-	1.194.431	-	-	1.382.193
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-	-	-
11.1. Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(6.895)	-	-	207.019	-	2.297.860	-	1.194.431	5.703.928	-	5.703.928
CURRENT PERIOD 31 March 2023																
I. Prior Period End Balance	2.650.000	-	-	261.513	-	(94.366)	289	-	2.422.877	-	2.297.860	3.840.272	-	11.378.445	-	11.378.445
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I-II)	2.650.000	-	-	261.513	-	(94.366)	289	-	2.422.877	-	2.297.860	3.840.272	-	11.378.445	-	11.378.445
IV. Total Comprehensive Income	-	-	-	-	-	-	925	-	(340.875)	-	-	-	998.080	658.130	-	658.130
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1. Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2. Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV.....+X+XI)	2.650.000	-	-	261.513	-	(94.366)	1.214	-	2.082.002	-	2.297.860	3.840.272	998.080	12.036.575	-	12.036.575

- Increases and decreases in Tangible and Intangible Assets Revaluation Reserve
- Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,
- Other (Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss and Other Accumulated Amounts of Not Reclassified Through Profit or Loss))
- Exchange Differences on Translation
- Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income
- Other (Accumulated Gains or Losses on Cash Flow Hedges, Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss and Other Accumulated Amounts of Reclassified Through Profit or Loss)

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Note	Current Period 01/03/2023 - 31/03/2023	Prior Period 01/01/2022 - 31/03/2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities)		924.572	73.429
1.1.1 Profit Share Income Received		7.097.501	1.854.991
1.1.2 Profit Share Expense Paid		(4.853.988)	(1.289.715)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		364.993	161.219
1.1.5 Other Income		-	(190.095)
1.1.6 Collections from Previously Written-off Loans		13.735	44.749
1.1.7 Payments to Personnel and Service Suppliers		(414.361)	(183.544)
1.1.8 Taxes Paid		(47.758)	(281.610)
1.1.9 Others ^(*)		(1.235.550)	(42.566)
1.2 Changes in Operating Assets and Liabilities		(1.508.190)	2.964.894
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(235.400)	18.205
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(1.969.089)	1.765.677
1.2.3 Net (Increase) / Decrease in Loans		(19.633.410)	(15.907.991)
1.2.4 Net (Increase) / Decrease in Other Assets		(7.337.625)	(1.553.875)
1.2.5 Net Increase / (Decrease) in Bank Funds		106.497	662.587
1.2.6 Net Increase / (Decrease) in Other Funds		22.979.244	16.707.535
1.2.7 Net Increase / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in Funds Borrowed		463.669	498.516
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		4.117.924	774.240
I. Net Cash Provided from Banking Operations		(583.618)	3.038.323
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(1.651.901)	(1.161.905)
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(132.973)	(93.718)
2.4 Disposals of Tangible Assets		12.865	10.870
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(2.720.682)	(2.133.452)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1.877.904	1.054.395
2.7 Purchase of Financial Assets Measured at Amortized Cost		(689.015)	-
2.8 Sale of Financial Assets Measured at Amortized Cost		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		1.049.804	459.912
3.1 Cash Obtained from Funds Borrowed And Securities Issued		5.778.252	3.900.000
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(4.688.317)	(3.421.844)
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(40.131)	(18.244)
3.6 Other		-	-
IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	(1)	192.698	352.220
V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)	(1)	(993.017)	2.688.550
VI. Cash And Cash Equivalents At The Beginning Of The Period	(1)	21.154.391	8.059.458
VII. Cash And Cash Equivalents At The End Of The Period	(1)	20.161.374	10.748.008

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

The consolidated financial statements of the Ziraat Katılım Bankası A.Ş. ("Bank" and "Parent Bank) and its subsidiaries subject to consolidation are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" ("Regulation") related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency ("BRSA") and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 ("TAS 34") and Turkish Financial Reporting Standards ("TFRS") and (referred as "Turkish Accounting and Financial Reporting mRegulations" or "Reporting Standards") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA").

The format and content of the publicly announced consolidated financial statements and their explanations and footnotes, with the "Communiqué on the Financial Statements to Be Announced to Public by Banks" and the Announcements and Disclosures Related to These Communiqués published in the Official Gazette No. 28337 dated 28 June 2012. It has been prepared in accordance with. The Bank maintains its accounting records in Turkish currency in accordance with the Banking Law, Turkish Commercial Code and Turkish tax legislation.

Unless otherwise stated on the basis of historical cost, all balances are presented in thousands of Turkish lira ("TRY"), except for the financial assets and liabilities shown at their fair values, on the basis of historical cost.

Preparation of financial statements requires making estimates and assumptions that affect the amounts of assets and liabilities reported or the contingent assets and liabilities disclosed as of the balance sheet date and the amounts of income and expenses reported in the relevant period. While these estimates are based on management's best judgment and knowledge, actual results may differ from these estimates. The assumptions and estimates used are explained in the related footnotes.
varsayım ve tahminler ile değişikliklerin etkisi ilgili dipnotlarda açıklanmaktadır.

Benchmark Interest Rate Reform - Phase 2, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective 1 January 2021 was published. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. These changes did not have a significant impact on the financial position or performance of the Group. As of 31 March 2023, the Group has no hedging transactions based on benchmark interest rate.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies ("TMS 29") within the Scope of Turkish Financial Reporting Standards. Accordingly, it has been stated that companies applying TFRS are not required to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of 31 March 2023, no new announcement has been made by KGK in this context, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 31 March 2023.

The tension between Russia and Ukraine since the beginning of 2022 has turned into a crisis and a hot conflict and continues as of the date of the report. The Bank does not have operations in either country, and the said crisis is not expected to have a direct impact on the Bank's operations. The developments are followed and their estimated effects are evaluated within the scope of the relevant accounting standards and reflected in the financial statements.

The effects of the earthquake disaster that occurred in Kahramanmaraş and surrounding provinces in February 2023 have been reviewed, and its effects on the financial statements are followed closely.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS

The Parent Bank's main field of activity; It covers banking services such as opening loans in all kinds of cash and non-cash Turkish Lira and foreign currency, conducting transactions in domestic and international money and capital markets, collecting Turkish Lira and foreign currency current / participation accounts. As of the reporting date, most of the Bank's resources consist of funds collected, loans received and equity. The Bank uses this resource mainly as loans and lease certificates. The liquidity structure of the Bank is taken into account in such a way that all liabilities that are due to be met can be met.

Foreign currency transactions are reflected in the records based on the Bank's foreign exchange buying rates at the date of the transaction. At the end of the period, the balances of foreign currency assets and liabilities have been converted into Turkish currency by being evaluated at the end of the period with the Bank's foreign exchange buying rates, and the exchange rate differences are reflected in the records as "foreign exchange transactions profit/loss".

The differences arising from the conversion of securities representing borrowing and monetary financial assets into Turkish Lira are included in the income statement. The Bank does not have any foreign currency differences.

In order to keep liquidity, exchange rate and credit risks within certain limits and to maximize profitability, the Parent Bank's Balance Sheet and Equity management is taken within the risk limits by the Asset and Liability Committee determined by the Board of Directors in order to maximize profitability.

III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES

Consolidation principles applied:

The consolidated financial statements have been prepared in accordance with the procedures listed in the "Communiqués related to the Regulation on the Preparation of the Consolidated Financial Statements of Banks" published in the Official Gazette No. 26340 dated 8 November 2006 and the "Consolidated Financial Statements" ("TFRS 10").

1. Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity) are all entities, in which the Parent Bank has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies. Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

Subsidiaries are consolidated with full consolidation method by considering the outcomes of their activities and the size of their assets and shareholders' equity in scope of the materiality principle.

Financial statements of the related subsidiaries are included in the consolidated financial statements beginning from the date control on their activities are transferred to the Group. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

According to the full consolidation method, 100% of the balance sheet, profit or loss statement and off-balance sheet items of the subsidiaries are consolidated with the balance sheet, profit or loss statement and off-balance sheet items of the Parent Bank. The book value of the investments of the Group in each subsidiary has been netted off with the portion of each subsidiary's capital that belongs to the Group. Unrealized gains and losses and balances resulting from the transactions among the subsidiaries included in consolidation have been eliminated. There are no minority rights in the consolidated net income of the subsidiary.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES (Continued)

The subsidiaries included in consolidation, their title, their place of incorporation, their main activities and their effective shareholding rates are as follows:

31 March 2023				
Title	Address (City / Country)	Main Activities	Group's Share Percentage (%)	Direct and Indirect Partnership Rates (%)
Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul/Türkiye	Issuance of Lease Certificate	100	100
ZKB Varlık Kiralama A.Ş.	İstanbul/Türkiye	Issuance of Lease Certificate	100	100

Ziraat Katılım Varlık Kiralama A.Ş was established and registered to the trade registry in 22 January 2016 with the permission taken from “Banking Regulation and Supervision Agency” and “Capital Markets Board of Turkey”. Ziraat Katılım Varlık Kiralama A.Ş has been founded to operate lease certificate according to rulings of Capital Markets Board of Turkey which was dated 7 June 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. ZKB Varlık Kiralama Anonim Şirketi was established on 19 July 2017 with TRY 50 capital amount paid by the Main Shareholder Bank. It began to operate after the registration on 8 September 2017.

2. Consolidation principles of associates and joint ventures:

As of 31 March 2023, the Group has no subsidiaries and jointly controlled entities.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The Parent Bank’s derivative financial instruments consist of forward foreign currency buy/sell agreements.

Derivative financial instruments are initially recorded at their fair values. In the periods following the recording of derivative transactions; Depending on whether the fair value is positive or negative, the fair value difference of derivative financial assets is reflected to profit or loss or the fair value difference of derivative financial liabilities is reflected in the balance sheet. Differences in fair value as a result of the valuation are accounted for under profit/loss from derivative financial transactions and foreign exchange gain/loss in the commercial profit/loss item in the profit or loss statement.

The payables and receivables arising from derivative transactions are recorded in off-balance sheet accounts at their agreement amounts.

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Profit share income is recognized according to the internal rate of return method, which equates to the present net value of the future cash flows of the financial asset determined in TFRS 9, and is recorded on an accrual basis.

The Parent Bank has started to calculate rediscount for its non-performing loans as of 1 January 2018. Rediscount is calculated over the net book value of non-performing receivables (Gross Book Value - Expected Loss Provision).

The Bank accounts for profit share expenses on an accrual basis. And the Bank calculates expense accrual in accordance with the unit value calculation method on sharing accounts and reflects these amounts in “Funds Collected” account on the balance sheet.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

Commission income from banking, agency, intermediary services is recognized as income on the date collected. Commission income from cash loans are transferred to income accounts in accordance with TFRS 15 Revenue from Customer Contracts standard by using internal rate of return method depending on the periodicity principle. Other fee and commission expenses are recorded in the expense account as soon as they are paid.

Commissions and fees received from cash loans and relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet. Prepaid expense amounts are recognized as expense on an accrual basis during the service period.

VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Recognition and Derecognition. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value Through Profit or Loss", transaction costs are added to fair value or deducted from fair value. They are included in the balance sheet of Bank, if the Bank is a legal party to these instruments.

The Parent Bank categorizes its financial assets as "Fair Value Through Profit/Loss", "Fair Value Through Other Comprehensive Income" or "Measured at Amortized Cost". Financial instruments comprise financial assets and liabilities and derivative instruments. This classification is based on the contractual cash flow characteristics of the financial assets and related business model used for management of the financial assets at initial recognition. Financial assets basically constitute the commercial activities and operations of the Bank. These instruments have the feature of revealing, influencing and reducing the liquidity and credit risk in the financial statements.

Classification and Measurement Within the Scope of TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

a. Financial assets at fair value through profit or loss

Fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to "hold to collect" and "hold & sell" the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement. Among the financial assets whose fair value difference is reflected in profit or loss, lease certificates traded in BIST are valued at the weighted average clearing prices formed in BIST at the balance sheet date, and financial assets not traded in BIST are valued with the prices of the Central Bank of Turkey. Gains and losses resulting from the valuation are included in the profit/loss accounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Financial assets at fair value through other comprehensive income

Financial assets are classified as fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets are classified as fair value through other comprehensive income where the business models aim to hold financial assets in order to collect the contractual cash flows and selling assets and the terms of financial asset give rise to cash flows that are solely payments of principal of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with internal rate of return method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity investments

At the time of initial recording, the Bank recognizes that the fair value of an investment in an equity instrument within the scope of TFRS 9 is not held for commercial purposes or is a contingent consideration recognized in the financial statements of the acquirer in a business combination to which TFRS 3, "Business Combinations" applies. An irrevocable choice may be made to include the changes in the other comprehensive income statement. The Bank makes the said choice separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement cannot be transferred to profit or loss in the following periods, but are transferred to previous years' profit/loss. Dividends from such investments, on the other hand, are recognized as profit or loss, unless they clearly represent a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income are not subject to impairment calculation.

c. Financial assets measured at amortized cost:

The financial asset is considered a financial asset measured at amortized cost if the financial asset is held within the scope of a business model that aims to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that only include the principal and dividend payments arising from the principal balance on certain dates are classified.

Financial assets measured at amortized cost are initially recorded by adding transaction costs to their acquisition costs, which reflect their fair values, and are then measured at "amortized cost" using the internal rate of return. Profit share income related to financial assets measured at amortized cost is reflected in the profit or loss statement.

The Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include consumer price ("CPI") indexed lease certificates. The valuation of the mentioned assets during the year is made according to the internal yield method, based on the index created by taking into account the real profit share rates, the treasury reference index and the estimated inflation rate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Loans

Loans are financial assets that are originated by the Bank by providing goods and services to the borrower. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Internal Rate of Return Method".

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Group. Foreign exchange indexed loans are used as TRY by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TRY value by the valid counter foreign exchange selling rate of Bank at installment date. Group's loans are recognized under "Measured at Amortized Cost" account.

As of 31 March 2023, all loans of the Group, including profit-loss sharing (musharakah) and labor-capital partnership (mudaraba) investments, are followed in the "Measured by Amortized Cost" account. Profit-loss sharing and labor-capital partnership investments followed by the Parent Bank in the loans account according to the BRSA Uniform Chart of Accounts, those to be valued for the first time as of 31 December 2020, with the letter of the BRSA numbered E-43890421-010.07.01-1294, or In accordance with the provisions of the "Interest-Free Finance Accounting Standard 3: Mudaraba Financing" or "Interest-Free Finance Accounting Standard 4: Musharakah Financing" standards for partnership financing funds in the form of "labor-capital partnership" or "profit-loss sharing" that are newly made available after 1 January 2021 was accounted for.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on expected loss provisions

The Parent Bank sets aside the expected loss provision for its loans and receivables by taking into consideration the "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside" (Regulation on Provisions) published in the Official Gazette dated 22 June 2016 and numbered 29750. As of January 1, 2018, provision for impairment has been allocated in accordance with the provisions of TFRS 9. In this context, the Group takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables, contract assets, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Explanations on expected loss provisions (Continued)

While expected credit loss is an estimate of expected losses from a loan over the life of a financial instrument, the following considerations are important for measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Provision for 12 month expected credit loss (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at their initial recognition or after the initial recognition to financial statements. Impairment for credit risk for these assets is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan.

The expected 12 month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant increase in credit risk (Stage 2)

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2nd stage; being watch list, the number of days of delay being 30 days or more and the internal early warning system rating of the Bank.

Default (Stage 3)

Includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recorded.

The Bank assesses that debt is in default in the following two cases:

- Objective Default Definition: Means the debt is overdue for more than 90 days. With the debt being overdue by 90 days, the default starts on the 91st day.
- Subjective Default Definition: It means that the bank is convinced the debt will not be paid. In the event that the debtor cannot fulfill the debts related to the loan, the debtor is considered to be in default regardless of the number of delay days.

The collective valuation of financial instruments is based on homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section presents an overview of the risk parameter estimation methods for the damage assessment approach that is expected on a common basis for each stage.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. An expected credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original effective dividend and discounted cash flows.

When cash flows are estimated, the following situations are considered:

- During the expected life of the financial instrument, all contractual terms of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time.

Default Amount

The default amount represents the expected gross receivable if a loan is defaulted.

Loss Given Default

Loss given default refers to the ratio of the economic net loss resulting from the default of a loan to the default amount. In other words, it refers to the ratio of net loss due to a defaulted loan to the balance at the time of default.

Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. When including macroeconomic information, models and estimations that reflect the relationships between model risk parameters and macroeconomic variables are taken into account. While creating the relevant models, the effects of many macroeconomic variables (Credit Default Swap (CDS), CPI, Unemployment rate, GDP, Industry Tracking Rates, Deposit Interest Turkey, etc.) are analyzed, among which variables that best reflect the default probabilities of our Bank's customers are used.

The Bank uses 3 scenarios for forward-looking expectations: base, bad and good. All 3 scenarios have predetermined weights. The Group applies macroeconomic variables to its models by updating them every 3 months in March, June, September and December, which is used in the evaluation of the significant increase in credit risk and in the calculation of expected credit loss. As of 31 March 2023, macroeconomic variables, which are taken as a basis in the calculation of expected credit losses are reflected in the models.

The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Write-off Policy

The amendment with respect to the regulation "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as "Group V Loan" (Loans Classified as Loss) within the period deemed appropriate by the bank specific to the situation of the debtor, if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no credit has been written-off by the Bank as of the reporting date.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Parent Bank has legally enforceable rights to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds. As of 31 December 2022, there are no securities lending transactions (31 December 2021: None). Securities sold under agreements for repurchase agreements ("Repos") are classified as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" and "Financial Asset Measured at Amortized Cost" in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities purchased with Resale commitment ("Reverse Repo") are accounted in "Money Markets Receivables" on the balance sheet and interest income accruals for the period are calculated with the effective interest rate method.

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES

The assets acquired by the Parent Bank due to its receivables are accounted for in accordance with "TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations" in financial statement of the Parent Bank.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XI. EXPLANATIONS ON ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND RELATED LIABILITIES (Continued)

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. Assets continue to be classified as held for sale if there is sufficient evidence that the delay is due to events or conditions beyond the Bank's control and that the Bank's plan to sell the related asset (or disposal group) is in progress is done. The real estates acquired by the Bank due to its receivables are shown in the asset held for sale line in the financial statements, depending on the conclusion of the forward sales contract.

A discontinued operation is a part of a business that is classified as either to be disposed of or held for sale. Results of discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

As of 31 March 2023, non-current assets of the Parent Bank held for sale are TRY 287.192 (31 December 2022: TRY 274.644).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of the balance sheet date, there is no goodwill in the financial statements of the Bank.

Other intangible assets are measured at cost on initial recognition and any directly attributable costs of setting the asset to work for its intended use are included in the initial measurement. Subsequently, intangible assets are carried at historical costs after the deduction of accumulated depreciation and the provision for value decreases.

Other intangible assets are amortized using the straight line method based on their useful lives. Useful lives of other intangible assets are determined with assessments such as the expected life of the asset, technical, technological or other types of aging and the maintenance costs required to obtain the economic benefit expected from the asset. There is no change in the depreciation method applied in the current period.

The Parent Bank recognizes its software costs incurred under the intangible assets - intangible rights account and the qualifying expenses are added to software's initial costs and amortized over 3-15 years considering the useful life.

XIII. EXPLANATIONS ON TANGIBLE ASSETS

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement.

Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives.

Applied depreciation rates are as follows;

Vehicles and fixtures	:2% - 25%
Operational Lease Improvement Costs (Leasehold Improvements)	: Leasing Period - 5 years

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON TANGIBLE ASSETS (Continued)

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

Gains or losses arising from the disposal of tangible fixed assets are reflected in the profit or loss accounts as the difference between the net disposal proceeds and the net book value of the related tangible asset.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Leasehold improvements are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period.

There are no pledges, mortgages and other measures on tangible fixed assets, or commitments made for their purchase, or there is no restriction on the exercise of the right of disposition on them.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

At the beginning of a contract, the Bank evaluates whether the contract has a lease or does not include a lease. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use;

The Bank applies the "TFRS 16 - Leases" standard in the accounting of leasing transactions.

In accordance with the "TFRS 16 - Leases" standard, the Group calculates the "right of use" amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in "tangible fixed assets".

The right of use asset is recognized first by cost method and includes below:

- a) The initial measurement amount of the lease obligation,
- b) The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease,
- c) All initial direct costs incurred by the Bank.

When applying the cost method, the existence the right of use:

- a) b Measures by deducting accumulated depreciation and accumulated impairment losses and
- b) The restatement of the lease obligation at the restated cost..

The Bank applies principle of amortization in TAS 16 Property, Plant and Equipment while depreciating the right of use.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Lease Liabilities:

At the date of the effective leasing of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed rate of interest in the lease if they can be easily determined. If this rate cannot be easily determined, the Bank uses the Bank's alternative borrowing rate. Lease payments that are included in the measurement of the lease liability at the date the lease is commenced consist of the unpaid payments to be made for the right of use during the lease term of the underlying asset and the date on which the lease has actually begun:

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increases the book value to reflect the rate of profit in the lease obligation,
- b) Reduces the book value to reflect the rent payments made and
- c) Re-assess the book value to reflect re-evaluations and reconstructions, or to reflect the lease payments that are fixed on the revised basis.

The profit for the lease obligation for each period in the lease term is the amount calculated by applying a fixed periodic rate of profit to the remaining balance of the lease obligation. The Participation Bank takes part as a lessor in leasing transactions. The Participation Bank indicates the assets subject to leasing as a receivable equal to the net lease investment amount in the balance sheet. The total of the lease payments is gross in the leasing receivables account including the dividends and principal amounts. The profit share, which is the difference between the total of the lease payments and the cost of the related fixed assets, is included in the unearned finance lease income account. As the lease payments are realized, the rent amount is deducted from the lease receivables account; the profit share is reflected in the statement of profit or loss by deducting from the unearned profit share income account.

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding".

The Parent Bank provides provision in case of an existing liability (legal or implicit) as a result of an incident that took place in the past, there is possibility of disposal of assets that bring economic benefit and the liability is measurable. When a reliable estimate of the amount of obligation cannot be made, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

For transactions that can affect financial structure, provisions are provided by using the existing data if they are accurate, otherwise by using the estimates.

As of the balance sheet date, there are no probable contingent liabilities resulting from past events whose amount can be reliably measured.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 "Accounting Standard of Employee Benefits" and the Group's liabilities related to future severance pay and right to leave calculated and reflected to the consolidated financial statements on the net present value.

According to the related regulation, the Group is obliged to pay termination benefits depending on the arise of the legal conditions for employees who retire, die, quit for their military service obligations, who have been dismissed as defined in the related regulation or (for the female employees) who have voluntarily quit within one year after the date of their marriage. According to the related legislation, depending on the status and position of the employee in the Bank and social security institution, Employment Termination Benefit Provision calculation is based on the final salary at the date of retirement or leave (to the extent that the payments and/or salary amount does not exceed the Employment Termination Benefit Provision ceiling). Employment Termination Benefit is calculated based on actuarial assumptions.

The Group makes assumptions on issues such as discount rate, employee turnover, future salary increases while determining the liability. As of 31 March 2023, the Group's severance pay liability is TRY 137.392 (31 December 2022: TRY 125.764).

Communiqué on "Turkish Accounting Standard ("TAS19") about Benefits for Employee (No:9)" published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority ("POA") on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TRY 94.366 was classified under shareholders' equity in the financials. (31 December 2022: TRY 94.366 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 March 2023 unused vacation liability of the Bank is TRY 30.850 (31 December 2022: TRY 28.175).

The Group does not employ personnel on fixed-term contracts.

b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

Some of the Bank's personnel are the members of T.C. Ziraat Bankası and T. Halk Bankası A.Ş. Employees' Pension Fund ("Fund") which was established by 20th provisional article of Social Security Law Act numbered 506. In accordance with 23rd provisional clause of the Banking Law numbered 5411, the pension fund established within Social Security Law is expected to be transferred to the Social Security Institution by three years following the declaration of the Banking Law numbered 5411. Procedures and principles of the transfer are determined by the decision of Council of Ministers numbered 2006/11345 dated 30 November 2006. However, the 1st paragraph of the 1st article of the 23rd provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 30 June 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

With the publication of the reasoning of the decision, the Grand National Assembly of Turkey ("GNAT") started to work on new legal arrangements regarding the transfer of the fund members to SSI and the related articles of the "Law Regarding the Changes in Social Insurance and General Health Insurance Law and Other Related Laws and Regulations" No 5754 ("the New Law") regulating the transfer of the funds were approved by the GNAT on 17 April 2008. The New Law was published in the Official Gazette dated 8 May 2008, numbered 26870 and came into force.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (Continued)

b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN) (Continued)

According to the new law bank pension funds participants and salaried members or the rightful owners would be transferred to Social Security Institution and would be subject to its legislation within three years beginning from the date of publication without any required transaction. Three years transfer period would be extended by two years at most with the decision of Council of Ministers. In accordance with the related legislation, as of the transfer date, the cash value of the liabilities will be calculated by considering the income and expenses of the transferred funds by the insurance branches and by using the actuarial interest rate of 9,80%. Moreover, the unfulfilled other social rights and payments existed in the settlement deeds of the subjected pension funds of the transferred participants, members or the rightful owners will be continued to be fulfilled by the employer entities of the funds and its participants.

In accordance with 58th article and 7th provisional article of the Banking Law, restricting banks from transferring any funds to the pension funds in order to compensate the actuarial deficits effective from 1 January 2008, has been delayed up to 5 years.

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20th provisional article of law numbered 506, the deadline for transferring banks, insurance and reinsurance companies, chambers of commerce, chambers of industry, exchange markets and the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for two years.

Besides, the phrase of "two years" in Clause (2), Article 1 of the temporary 20th provision of the law numbered 5510 is revised as "four years" with the law numbered 6283 amending on the Social Insurance and General Health Insurance Law, published in the Official Gazette numbered 28227, dated 8 March 2012.

Based on the Council of Ministers' decree numbered 2014/6042 and issued in the Official Gazette numbered 28987 dated 30 April 2014, the participants of the funds that were founded for the personnel constituting these entities and the ones having salary or income and the right holders of them to Social Security Institution has been extended for one year.

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2022 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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XVII. EXPLANATIONS ON TAXATION

a. Current tax

As of 31 March 2023, the corporate tax rate has been applied as 25% in the financial statements. In accordance with the Law No. 7316 published in the Official Gazette dated 22 April 2021, "The corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of 1 July 2021 and being effective for the taxation period starting from 1 January 2021 and this rate has been determined as 23% for the taxation period of 2022. However, with the publication of the Law No. 7394 in the Official Gazette dated 15 April 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies The corporate tax rate for pension companies has been permanently increased to 25%, and this change will be valid for returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 had taken into account as 25%.

The corporate tax rate is applied to the tax base to be found as a result of the addition of non-deductible expenses to the commercial earnings of the companies, the exemption (such as participation income exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

Dividends paid to non-resident corporations, which have a place of business or permanent attorney in Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset 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 used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3rd article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

This exemption applies to the period the sale is made and the part of return on sales that benefits from the exemption is held in a special fund in the liabilities account until the end of the fifth year started from the following year sale is made. However, the sales payment must be collected until the end of the second calendar year following the year in which the sale is made. Taxes which are not realized in time due to the exemption that hits uncollected sales payment are considered tax loss.

Taxes which does not accrue on time because the applying exemption for the transfer of the expemted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

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

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the regulation made with the Law No. 7352 dated 20 January 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. According to this; TPL financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, have not been adjusted for inflation, and for the 2023 accounting period; It will not be subject to inflation adjustment as of the temporary tax periods, and the TPL financial statements dated 31 December 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions are met or not. Profit/loss difference arising from inflation adjustment in VUK financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base. With the arrangement made in the Repeated 298/D and Provisional Articles 32 of the Tax Procedure Law, companies have been given the opportunity for permanent and temporary revaluation. Accordingly, as of the beginning of the 2022 accounting period, our Bank first brought its fixed assets registered in its assets to their current values in accordance with the Provisional Article 32 of the TPL, and then revalued them in accordance with the repetitive article 298/Ç of the TPL. As a result of these transactions, the tax depreciation figures that will be subject to corporate tax will be calculated over the revalued current amounts. In accordance with the relevant legislation, the value increase amounts are shown in a special fund account under shareholders' equity.

b. Deferred tax

The Parent Bank calculates and accounts deferred tax in accordance with TAS 12 "Turkish Accounting Standard on Income Taxes" for temporary differences between the accounting policies and valuation principles applied and the tax basis determined in accordance with the tax legislation. With the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 5, 2022 and numbered 31810, and the Law No. With the paragraph added to the temporary article 13 of the Corporate Tax Law, it is stated that the Corporate Tax rate will be rearranged for the corporate earnings of the 2022 taxation period and the tax rate will be applied as 25% for the banks.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Bank As of 31 March 2023, deferred tax calculations were made on its assets and liabilities at a rate of 25%. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

Carrying amount of deferred tax asset is reviewed as of each balance sheet date. Carrying value of deferred tax asset is reduced to the extent that it is not probable that a financial profit will be obtained to allow some or all of the deferred tax asset to be benefited.

Deferred tax is calculated over the tax rates valid in the period when assets are created or liabilities are fulfilled and recorded as expense or income in the income statement. However, deferred tax is associated directly with the equity account group if it relates to assets directly associated with equity in the same or a different period.

Calculated deferred tax assets and deferred tax liabilities are netted off in the consolidated financial statements.

The deferred tax effects of transactions accounted for directly in equity are also presented in equity.

As of 1 January 2018, deferred tax assets have been started to be calculated over the expected loss provisions that constitute temporary difference within the framework of TFRS 9 provisions. Deferred tax calculations are not made for free provisions.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Group recognizes its debt instruments in accordance with TFRS 9 "Financial Instruments" and all financial liabilities are carried at amortized cost by using effective interest rate method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings. There are no debt securities issued by the Bank. The Bank has issued borrowings as sukuk issuances, this through its subsidiary Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., these sukuk issuances are provided to the qualified investors without being released through an IPO and the bank takes place during this operation as a fund user.

The Group received from TC Ziraat Bankası A.Ş. on 28 March 2019 in the amount of TRY 300.000; In the amount of TRY 500.000 on 15 April 2021; On 17 November 2021, it provided a loan of TRY 500.000 as a contribution capital.

On 24 April 2019, with the approval of the BRSA on 22 April, 2019, the Group obtained EUR 100.000 from Turkey Wealth Fund Market Stability and Balance Sub-Fund; With the approval of the BRSA on 9 March 2022, on 9 March 2022 a subordinated loan amounting to EUR 57.039 is provided within the scope of demand and non-profit additional capital

XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

As of the balance sheet date, the Parent Bank has not issued any shares.

XX. EXPLANATIONS ON ACCEPTANCES

The Group's debt commitments regarding bills and acceptances are accounted for under "Off-balance sheet Liabilities".

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of the balance sheet date, the Group does not have any government incentives.

XXII. RELATED PARTIES

Within the scope of TAS 24 "Related Party Disclosures Standard"; shareholders with qualified shares, enterprises that have joint control power or significant influence over the enterprise, subsidiaries, affiliates, business partnerships in which the enterprise is a participant, and key management personnel of the enterprise or its parent company are considered as related parties. Transactions with related parties are shown in Section Five, Note VII.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. EXPLANATION ON CASH AND CASH EQUIVALENTS

Cash and cash equivalents are cash on hand, demand deposits and other highly liquid short-term investments with maturities of 3 months or less following the date of acquisition, which is readily convertible to a known amount of cash, and does not bear the risk of significant amount of value change. The book values of these assets represent their fair values.

For the purposes of the cash flow statement, “Cash” includes cash, effectives, gold, cash in transit, purchased cheques and demand deposits including balances with the Central Bank; and “Cash equivalents” include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXIV. EXPLANATION ON SEGMENT REPORTING

Information about operating segments which are determined in line with TFRS 8 “Turkish Accounting Standard about Operating Segments” together with organizational and internal reporting structure of the Bank, are disclosed in Note IX. of Section Four.

XXV. EXPLANATION ON OTHER MATTERS

None.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

SECTION FOUR

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY

Equity amount and capital adequacy standard ratio, within the framework of "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks" and in addition to these, the following regulations of the BRSA;

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank's foreign exchange buying rate of 31 December 2021 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- In case the net valuation differences of the securities held by banks in the "Securities at Fair Value through Other Comprehensive Income" portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount. In case the net valuation differences of the securities held by banks in the "Securities at Fair Value through Other Comprehensive Income" portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount.

The current period equity amount calculated as of 31 March 2023, taking into account the latest regulations, is TRY 16.611.520 (31 December 2022: TRY15.901.345), and the capital adequacy standard ratio is 12,46% (31 December 2022: 15,57%). The capital adequacy standard ratio of the Parent Bank is above the minimum ratio determined by the relevant legislation.

Information related to the components of shareholders' equity::

COMMON EQUITY TIER 1 CAPITAL	Current Period 31.03.2023	Prior Period 31.12.2022
Paid-in capital following all debts in terms of claim in liquidation of the Bank	2.650.000	2.650.000
Share issue premiums	-	-
Reserves	2.297.860	2.297.860
Gains recognized in equity as per TAS	3.301.920	3.673.072
Profit	4.838.352	3.840.272
Current Period Profit	998.080	3.840.272
Prior Period Profit	3.840.272	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	13.088.132	12.461.204
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	364.557	282.676
Improvement costs for operating leasing	121.535	98.174
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	399.344	342.454
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 31.03.2023	Prior Period 31.12.2022
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	885.436	723.304
Total Common Equity Tier I Capital	12.202.696	11.737.900
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	2.352.265	2.257.081
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduct Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	2.352.265	2.257.081
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	14.554.961	13.994.981
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.300.000	1.300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	779.114	615.573
Tier II Capital Before Deductions	2.079.114	1.915.573
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	2.079.115	1.915.574
Total Capital (The sum of Tier I Capital and Tier II Capital)	16.634.076	15.910.555

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 31.03.2023	Prior Period 31.12.2022
Total of Original Capital and Supplementary Capital (Total Capital)	16.634.076	15.910.555
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA	22.556	9.210
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
TOTAL CAPITAL		
Total Capital (Total capital and contribution capital)	16.611.520	15.901.345
Total risk weighted amounts	133.315.793	103.126.415
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	9,15	11,38
Tier 1 Capital Adequacy Ratio (%)	10,92	13,57
Capital Adequacy Ratio (%)	12,46	15,42
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4,65	6,88
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	779.114	615.573
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	779.114	615.573
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

Information of the borrowing instruments to be included in equity calculation:

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TRY 300 Million
Par value of instrument	TRY 300 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	29 March 2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 8.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

(*) Profit share for participation banks.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

Information of the borrowing instruments to be included in equity calculation:

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TRY 500 Million
Par value of instrument	TRY 500 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (No conditional defund.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	18,00%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

Information of the borrowing instruments to be included in equity calculation:

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TRY 500 Million
Par value of instrument	TRY 500 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	17 November 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (No conditional defund.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8.
Details of incompliance with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

Information of the borrowing instruments to be included in equity calculation:

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TRY 1.623 Million
Par value of instrument	TRY 2.080 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	24 April 2019
Perpetual or dated	Undated
Original maturity date	24 April 2019
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7.

(*) Profit share for participation banks.

ZİRAAT KATILIM BANKASI A.Ş.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

Information of the borrowing instruments to be included in equity calculation:

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TRY 729 Million
Par value of instrument	TRY 1.186 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	9 March 2022
Perpetual or dated	Undated
Original maturity date	9 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7.

(*) Profit share for participation banks.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

Required explanations for the reconciliation between table of equity components and balance sheet

	Current Period 31.03.2023	Prior Period 31.12.2022
Balance sheet equity value	12.036.575	11.378.445
Equity value of balance sheet	(121.535)	(98.174)
Cost of development of operating lease	(399.344)	(342.454)
Goodwill and other intangible assets and related deferred tax liability	1.300.000	1.300.000
Debt instruments and premiums approved by BRSA	779.114	615.573
Tier II Capital	2.352.265	2.257.081
Debt instruments and premiums approved by BRSA - subordinated loans	(22.556)	(9.210)
Other values deducted from equity	687.001	800.084
Amount taken into consideration in the calculation of legal equity	16.611.520	15.901.345

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

- a) **Whether the Parent Bank is exposed to foreign currency risk, whether the effects of this matter are estimated, whether limits for the daily followed positions are determined by the Board of Directors:**

The Parent Bank's policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the "Value at Risk" ("VAR") is calculated for the purpose of monitoring the foreign currency position at the Bank.

Moreover, dealer's positions and limits for foreign exchange transactions are under the authorization of the Board of Directors.

- b) **Hedge against foreign exchange debt instruments and net foreign exchange investments by hedging derivative instruments, if material:**

None.

- c) **Foreign currency risk policy:**

Periodic "Liquidity Gap Analysis" is performed to determine the liquidity risks in the most important foreign currencies in which the Parent Bank operates, the US Dollar and Euro. Also, daily VAR analysis for following the currency risk and within the context of legal reporting, Foreign Currency Net General Position/Shareholders' Equity Ratio and Foreign Currency Liquidity Position are also monitored regularly.

- ç) **Current foreign exchange bid rates of the Group for the last 5 business days prior to the financial statement date:**

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
31.03.2023	19,1387	20,7958	12,7492	2,7779	1,8370	20,9022	13,9990	1,8184	23,6589	5,0602	14,2410
30.03.2023	19,1146	20,8595	12,7541	2,7868	1,8366	20,8828	13,9877	1,8278	23,6674	5,0540	14,2570
29.03.2023	19,0850	20,6688	12,6888	2,7609	1,8236	20,7076	13,9074	1,8215	23,4953	5,0445	14,2590
28.03.2023	19,0527	20,6357	12,6995	2,7560	1,8309	20,6367	13,8411	1,8233	23,4841	5,0353	14,3980
27.03.2023	19,0368	20,5196	12,5791	2,7405	1,8226	20,7297	13,7579	1,8017	23,3598	5,0302	14,3310
24.03.2023	19,0185	20,4427	12,5670	2,7301	1,8138	20,6602	13,6638	1,8014	23,2460	5,0247	14,4310

- d) **Simple arithmetic average of the Parent Bank's current foreign exchange bid rates for the last 30 days prior to the balance sheet date:**

USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
18,9509	20,2748	12,5941	2,7097	1,7977	20,4362	13,7029	1,7892	22,9969	5,0091	14,0556

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

Information on the foreign currency risk of the Group

	EUR	USD	Other FC (***)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	5.828.925	11.408.494	3.578.640	20.816.059
Banks	1.738.759	3.973.711	2.744.486	8.456.956
Financial assets at fair value through profit and loss (****)	-	-	2.381.840	2.381.840
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	315.175	3.377.311	-	3.692.486
Loans (*)	27.848.203	25.925.212	846	53.774.261
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	2.749.707	-	-	2.749.707
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	989	989
Intangible assets	-	-	-	-
Other assets	48.510	10.180	136.446	195.136
Total assets	38.529.279	44.694.908	8.843.247	92.067.434
Liabilities				
Current account and funds collected from Banks via participation accounts	42.073	5.339	26.486	73.898
Current and participation accounts FC	27.111.071	41.499.684	8.361.532	76.972.287
Money market borrowings	104.973	6.262.631	-	6.367.604
Funds provided from other financial institutions	2.380.410	2.003.490	-	4.383.900
Marketable securities issued	-	-	-	-
Miscellaneous Payables	828.994	339.254	94.459	1.262.707
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities (****)	3.216.877	265.302	6.234	3.488.413
Total liabilities	33.684.398	50.375.700	8.488.711	92.548.809
Net balance sheet position	4.844.881	(5.680.792)	354.536	(481.375)
Net off-balance sheet position (**)	(4.783.034)	4.704.972	-	(78.062)
Financial derivative assets	-	4.704.972	-	4.704.972
Financial derivative liabilities	4.783.034	-	-	4.783.034
Non cash loans	10.553.190	11.641.615	1.563.176	23.757.981
Prior Period				
Total assets	34.862.521	46.065.145	7.663.457	88.591.123
Total liabilities	31.644.082	44.780.856	7.469.463	83.894.401
Net balance sheet position	3.218.439	1.284.289	193.994	4.696.722
Net off-balance sheet position	(2.993.145)	(1.964.608)	-	(4.957.753)
Financial derivative assets	-	2.934.895	-	2.934.895
Financial derivative liabilities	2.993.145	4.899.503	-	7.892.648
Non-cash loans	10.299.536	12.324.700	997.528	23.621.764

(*) Foreign currency indexed loans amounting to TRY 141.401, which are displayed as TRY in the consolidated financial statements, are shown with the relevant foreign currency code. Includes receivables from lease transactions.

(**) Shows net receivables and debts from derivative financial instruments.

(***) The currencies in the other FC column of the assets section consist of 81% Gold, 2% GBP, 3% CHF, and the remaining 14% other currencies. The currencies in the FC column of liabilities section consist of %84 Gold, 2% GBP, 3% CHF, and the remaining 11% other currencies.

(****) Provisions, lease liabilities and subordinated loans are included.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

III. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value

The breakdown of the amount of capital liabilities on the basis of the relevant share investments, depending on the method of calculating the capital obligation selected by the bank from among the approaches allowed to be used in the Communiqué on Credit Risk Standard Method or Communiqué Related to Calculation of Credit Risk Based Approach Based on Internal Grading:

According to the standard method of credit risk, equity investments in banking accounts are TRY 76.341 all of which are 100% risk weighted (31 December 2022: TRY 52.341).

IV. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of "Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management".

Generally participation accounts concentration weighted for 1 month in both banking and participation banking sectors, collecting funds are longer than maturity perceived as an element of risk, in order to reduce the risk, attention showed to the liquidity of maturity group which is due for one month.

The Parent Bank performs Remaining Maturity Analysis for the observation of the maturity structure of the balance sheet, Liquidity Gap Analysis for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank's liquidity and in the worst case scenario and the loss associated with it. The main subject of the liquidity stress test is "Sudden Participation Fund Draws" and "Exchange Rate Changes". Besides, in order to compare the Bank's level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

The Bank calculates and reports the liquidity adequacy ratio to BRSA weekly on consolidated basis and monthly on consolidated basis in accordance with "Regulation for Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation. Liquidity Coverage Ratio is above the limit value specified in the regulation.

Also on the purpose of the liquidity risk management, risk limits and threshold determined as a part of risk appetite and daily monitored.

1) Liquidity Risk

a) Basis for the current liquidity risk of the Bank and whether the necessary measures taken, limitations imposed by the Bank's Board of Directors on fund sources that can be used in payment of matured debts and can meet the immediate liquidity need:

The Parent Bank's fund resources consist of mainly participation funds. The bank is gathering funds in the name of participation accounts that the principal and predetermined yield are not guaranteed to be paid back to the holder of account, and participation rates to profit or loss that results from funds to be operated are reflected to the related accounts. For this reason, the assets and liabilities of the Bank are compatible with the dividend rates.

The Parent Bank, TRY and FC liquidity meets its needs mostly from the funds collected, internal and external sources that can be used in an emergencies in order to meet the liquidity requirements are monitored periodically, borrowing limits of the markets organized by the Bank and other banks, liquidity levels that can be met. The Bank manages liquidity risk within the regulations of Liquidity Risk and Liquidity and Financial Emergency Management..

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

IV. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

1) Liquidity Risk (Continued)

b) Payments, whether assets and liabilities are compatible with the rate of profit, whether the measurement of the probable effects of the actual inconsistency on profitability is done or not:

Payments, assets and liabilities and profit rates are monitored regularly by the management to track whether it is compatible or not and there is no dissonance whatsoever.

c) The banks internal and external sources to meet the short and long-term liquidity needs, unused significant liquidity sources:

Although the Parent Bank's assets average maturity is longer than collected funds, most of the securities, available for sale and held to maturity, make periodic coupon payment which is no longer than six months and monthly credit receivables payments provide cash flow to the Bank.

d) Evaluation of the banks cash flow rates and its sources:

The Parent Bank's main source is the participation funds, these funds are evaluated at other participation banks and loan placements. The banks most important cash inflows are receivables from banks and financial institutions and regular cash inflows from these institutions are seen as a factor that reduce the liquidity risk. Also monthly installment payments for loans are used to meet the Bank's resource needs.

2) Liquidity coverage ratio

Liquidity coverage ratio, established in order to hold and provide premium liquidity asset stock which is adequately fulfill the banks' net cash outflow, calculated within the scope of "Calculation of The Liquidity Coverage Ratio" regulation that was published by BRSA. Liquidity coverage ratio directly affected by Bank's asset, liability and potential cash inflow and outflow which is derived from off-balance sheet transactions with the level of liquid assets that can be realizable at any time and not mentioned to any collaterals.

The Parent Bank's premium liquidity asset stock; consists of debt securities which is not subjected to any collateral or repurchase agreement transaction and basically export from the Republic of Turkey's Treasury along with cash assets and care of Central Bank of the Republic of Turkey's accounts.

The Parent Bank's principal funding source represented by participation funds. Repurchase agreement transaction provided by funds and debts which comes from financial institutions take a part within the external participation fund debt items.

Managing liquidity risk effectively can be possible with preventing the concentrated liquidity asset and liability items. Participation fund, constitutes Bank's main fund source, is provided from numerous customers

The lowest and highest Liquidity Coverage Ratios in the first quarter of 2023 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TRY+FC	144,10	02.01.2023	92,95	28.03.2023
FC	346,09	23.02.2023	206,29	19.03.2023

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

IV. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2) Liquidity coverage ratio (Continued)

Derivative transactions are included in calculation of the liquidity coverage ratio over the cash flows within the 30 day basis time slots.

Current Period 31.03.2023	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	38.062.941	24.797.486
CASH OUTFLOWS				
Real person deposits and retail deposits	62.520.089	28.037.524	6.259.364	2.920.727
Stable deposit	5.903.383	-	295.169	-
Deposit with low stability	56.616.706	28.037.524	5.964.195	2.920.727
Unsecured debts except real person deposits and retail deposits	91.123.323	34.650.694	43.808.530	15.914.466
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	91.123.323	34.650.694	43.808.530	15.914.466
Secured debts	-	-	-	-
Other cash outflows	55.126.316	27.959.815	8.323.597	6.197.433
Derivative liabilities and margin obligations	6.562.846	4.862.697	5.509.348	4.862.697
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	1.213.238	776.962	446.737	218.728
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	47.350.232	22.320.156	2.367.512	1.116.008
TOTAL CASH OUTFLOW	208.769.728	90.648.033	58.391.491	25.032.626
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	28.207.736	15.170.704	19.498.850	12.622.744
Other cash inflows	5.566.118	2.966.694	5.566.118	2.966.694
TOTAL CASH INFLOWS	33.773.854	18.137.398	25.064.968	15.589.438
	Applied maximum rate values			
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	38.062.941	24.797.486
TOTAL NET CASH OUTFLOWS	-	-	33.326.522	9.443.187
LIQUIDITY COVERAGE RATIO (%)	-	-	114	263

(*) The monthly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)**IV. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)****2) Liquidity Coverage Ratio (Continued)**

Prior Period 31.12.2022	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	35.399.664	20.894.954
CASH OUTFLOWS				
Real person deposits and retail deposits	54.779.081	30.878.410	5.491.139	3.199.219
Stable deposits	5.247.141	-	262.357	-
Deposit with low stability	49.531.940	30.878.410	5.228.782	3.199.219
Unsecured debts except real person deposits and retail deposits	77.363.285	31.097.487	36.300.319	13.932.045
Operational deposit	-	-	-	-
Non operating deposits	-	-	-	-
Other unsecured debts	77.363.285	31.097.487	36.300.319	13.932.045
Secured debts	-	-	-	-
Other cash outflows	47.951.276	26.986.674	7.527.606	6.128.931
Derivative liabilities and margin obligations	5.782.112	4.479.030	4.828.082	4.479.030
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	1.738.426	1.829.199	677.987	615.979
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	40.430.738	20.678.445	2.021.537	1.033.922
TOTAL CASH OUTFLOW	180.093.642	88.962.571	49.319.064	23.260.195
CASH INFLOW				
Secured receivables	-	-	-	-
Unsecured claims	25.309.625	14.469.279	17.867.325	12.302.886
Other cash inflows	4.893.249	2.500.647	4.893.249	2.500.647
TOTAL CASH INFLOWS	30.202.874	16.969.926	22.760.574	14.803.533
	Applied maximum rate values			
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	35.399.664	20.894.954
TOTAL NET CASH OUTFLOWS	-	-	26.558.490	8.456.663
LIQUIDITY COVERAGE RATIO (%)	-	-	133	247

(*) The monthly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

IV. EXPANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2) Liquidity Coverage Ratio (Continued)

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributed (**)	Total
Current Period 31.03.2023								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	10.342.860	15.459.365	-	-	-	-	-	25.802.225
Banks	9.807.490	3.388.202	-	-	-	-	-	13.195.692
Financial Assets at Fair Value Through Profit and Loss	-	-	-	245.907	2.135.933	-	-	2.381.840
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	6.597	377.692	3.099.520	13.301.803	2.177.614	76.341	19.039.567
Loans Given (***)	-	5.345.784	23.206.830	75.295.681	52.387.327	14.742.038	252.992	171.230.652
Financial Assets Measured at Amortised Cost	-	-	-	-	2.755.862	3.288.470	-	6.044.332
Other Assets	-	-	-	-	-	-	4.007.609	4.007.609
Total Assets (*)	20.150.350	24.199.948	23.584.522	78.641.108	70.580.925	20.208.122	4.336.942	241.701.917
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.206.458	968.353	-	-	-	-	-	5.174.811
Current and Participation Accounts	37.308.272	91.836.576	42.827.443	19.712.984	84.382	-	-	191.769.657
Funds Provided from Other Financial Instruments	-	745.374	11.600	2.858.110	1.193.316	-	-	4.808.400
Money Market Borrowings	-	6.464.392	-	-	-	-	-	6.464.392
Issued Marketable Securities	-	1.115.009	3.037.434	788.943	-	-	-	4.941.386
Miscellaneous Payables	-	-	-	-	-	-	6.546.260	6.546.260
Other Liabilities (***)	-	-	-	-	-	1.374.647	20.622.364	21.997.011
Total Liabilities	41.514.730	101.129.704	45.876.477	23.360.037	1.277.698	1.374.647	27.168.624	241.701.917
Liquidity Gap	(21.364.380)	(76.929.756)	(22.291.955)	55.281.071	69.303.227	18.833.475	(22.831.682)	-
Net Off Balance Sheet Position	-	(51.109)	(26.953)	-	-	-	-	(78.062)
Receivables From Derivative Financial Instruments	-	2.236.429	2.468.543	-	-	-	-	4.704.972
Financial Derivative Liabilities	-	2.287.538	2.495.496	-	-	-	-	4.783.034
Non-Cash Loan	8.954.172	2.510.528	4.525.752	23.266.655	9.001.847	1.951.524	-	50.210.478

(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.

(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

(***) The total of subordinated debt instruments is shown in this column.

(****) Includes receivables from lease transactions.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

IV. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2) Liquidity Coverage Ratio (Continued)

	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Years	5 Years and Over	Undistributed (**)	Total
Prior Period 31.12.2022								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey(*)	10.739.314	14.214.562	-	-	-	-	-	24.953.876
Banks(*)	10.393.954	2.856.612	-	-	-	-	-	13.250.566
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	2.133.604	-	-	2.133.604
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.781	266.243	3.081.833	13.146.001	2.272.531	52.341	18.823.730
Loans Given(****)	-	11.892.416	22.170.993	48.174.367	47.655.682	14.684.515	280.295	144.858.268
Financial Assets Measured at Amortised Cost	-	-	-	-	2.037.537	3.286.406	-	5.323.943
Other Assets(**)	-	-	-	-	-	-	3.012.936	3.012.936
Total Assets	21.133.268	28.968.371	22.437.236	51.256.200	64.972.824	20.243.452	3.345.572	212.356.923
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.139.193	654.156	-	-	-	-	-	4.793.349
Current and Participation Accounts	34.372.256	76.477.299	46.038.191	11.347.111	110.892	-	-	168.345.749
Funds Provided from Other Financial Instruments	-	1.185.619	310.605	1.519.934	1.507.811	-	-	4.523.969
Money Market Borrowings	-	7.555.999	-	-	-	-	-	7.555.999
Issued Marketable Securities	-	1.643.087	2.686.137	65.017	-	-	-	4.394.241
Miscellaneous Payables	-	-	-	-	-	-	2.059.991	2.059.991
Other Liabilities(**)	-	-	-	-	-	1.341.748	19.341.877	20.683.625
Total Liabilities	38.511.449	87.516.160	49.034.933	12.932.062	1.618.703	1.341.748	21.401.868	212.356.923
Liquidity Gap	(17.378.181)	(58.547.789)	(26.597.697)	38.324.138	63.354.121	18.901.704	(18.056.296)	-
Net Off-Balance Sheet Position	-	(40.199)	-	-	-	-	-	(40.199)
Receivables From Derivative Financial Instruments	-	7.852.449	-	-	-	-	-	7.852.449
Financial Derivative Liabilities	-	7.892.648	-	-	-	-	-	7.892.648
Non-Cash Loans	7.551.694	3.602.090	4.642.768	18.453.750	9.017.797	1.923.383	-	45.191.482

(*) The expected loss provisions for financial assets and other assets are reflected in the related accounts.

(**) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

(***) The total of subordinated debt instruments is shown in this column.

(****) Includes receivables from lease transactions

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

V. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

As of 31 March 2023, the leverage ratio of the Group calculated from the average of three months is 5,05%. (31 December 2022: 5,39%). The relevant ratio is above the minimum rate specified by the Regulation on Measurement and Assessment of Leverage Level of Banks. The reason for the change between the current period and the prior period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital. The regulation stipulated the minimum leverage ratio as 3%.

Leverage ratio disclosure as follows:

	Current Period ^(*) 31.03.2023	Prior Period ^(*) 31.12.2022
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	228.843.328	201.004.100
(Assets deducted from main capital)	(840.495)	(665.966)
Total risk amount of the balance sheet assets	228.002.833	200.338.134
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	4.776	9.749
Potential credit risk amount of derivative financial instruments and credit derivatives	47.906	63.445
Total risk amount of derivative financial instruments and credit derivative	52.682	73.194
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	5.281.783	6.714.510
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	5.281.783	6.714.510
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	53.165.198	45.415.562
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	53.165.198	45.415.562
Equity and total risk		
Main capital	14.450.023	13.603.083
Total risk amount	286.523.567	252.541.401
Leverage ratio		
Leverage ratio %	5,05	5,39

(*) Amounts in the table are obtained on the basis of three-month weighted average.

VI. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

VII. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the "Communiqué On Disclosures About Risk Management to be Announced To Public By Banks" that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 30 June 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based ("IRB") have not been presented.

Within the scope of risk management, there are many risks that affect the Bank's financial performance significantly. These risks include the risk of credit risk, market risk, operational risk, liquidity risk and profit share ratio arising from banking accounts. Risk management strategy is based on the mission and vision of the Bank and is aimed to respond to customers' financial needs in the most appropriate way and to support their financial success. In this context, business practices and working model support prudent risk management practices.

Internal bank risk appetite has been established and is periodically shared with top management in order to follow the specified risks. In addition, detailed risk management reports, including stress tests and scenario analyzes, where all risks are analyzed in detail, are reported to the Audit Committee.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Scenarios such as sudden changes in the curriculum, changes in country grades, changes in the loan portfolio are taken into account in the stress tests conducted.

The capital adequacy ratio is followed up by the simulation method on a daily basis although it is followed up within the monthly period which is the legal submission period. The liquidity coverage ratio of the bank is monitored daily by the risk management and is shared with the top management of the bank and the treasury unit.

In order to create a common risk culture in our bank, our bank employees are given risk management training and strategically important units have detailed explanations about the importance of risk management. Risk management policies and procedures, banking regulations based on significant risks, are available to all employees working in the Bank.

The Bank is developing a system for risk measurement methods. In the present case, standard methods are generally used in the calculations and preparations are made for advanced methods with the growth of our bank. All risk processes are closely monitored.

1. Explanations on Risk Management and Risk-weighted Assets:

a) Overview of Risk-weighted Assets

		Risk Weighted Amount		Minimum capital Requirement
		Current Period 31.03.2023	Prior Period 31.12.2022	Current Period 31.03.2023
1	Credit risk (excluding counterparty credit risk) (CCR)	123.855.048	97.500.193	9.908.404
2	Standardized approach (SA)	123.855.048	97.500.193	9.908.404
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	166.010	108.268	13.281
5	Standardized approach for counterparty credit risk (SA-CCR)	166.010	108.268	13.281
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	RB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula pproach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	870.324	918.455	69.626
17	Standardized approach (SA)	870.324	918.455	69.626
18	Internal model approaches (IMM)	-	-	-
19	Operational risk (*)	8.424.411	3.633.740	673.953
20	Basic Indicator approach	8.424.411	3.633.740	673.953
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	133.315.793	102.160.656	10.665.264

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk

Aging analysis for overdue receivables:

Current Period 31.03.2023	Up to 1 Month	1-2 Months	2-3 Months	3 month+	Total
Loans and Receivables					
Corporate/Enterprenuerial Loans	341.813	96.894	462.086	86.498	987.291
Consumer Loans	94.395	13.590	6.310	766	115.061
Total	436.208	110.484	468.396	87.264	1.102.352

(*) The Bank's loan amounting to TRY 1.536.812 is under close monitoring.

Prior period 31.12.2022	Up to 1 Month	1-2 Months	2-3 Months	3 month+	Total
Loans and Receivables					
Corporate/Enterprenuerial Loans	165.929	19.596	488.005	140.860	814.390
Consumer Loans	79.287	16.686	3.208	238	99.419
Total	245.216	36.282	491.213	141.098	913.809

(*) The Bank's loan amounting to TRY 1.472.544 is under close monitoring.

VIII. EXPLANATIONS ON RISK PROTECTION PROCEDURES

It is essential to limit the risk levels to limits compatible with the risk profile and risk tolerance in order to prevent the Bank from being affected by the adverse events that may occur while conducting its operations.

Risk limits are determined by taking the opinions and suggestions of the General Manager, Audit Committee and relevant Senior Managers and approved by the Board of Directors.

Risk limits; it has been determined in accordance with the risk levels, activities, size and complexity of its products and services that the Bank can take. Limits are regularly reviewed and monitored periodically, adapting to changes in market conditions, the Bank's strategy and risk appetite.

In addition, derivative transactions are carried out at the Bank and FX and TRY liquidity risk is limited by the transactions performed.

1. Credit risk under IRB (Internal Rating Based) Approach

Within the scope of the footnotes and related explanations prepared in accordance with the "Communiqué on Public Disclosure by the Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 30 June 2016, it is given annually and quarterly. The following required tables are not presented as of 31 March 2023 as the standard approach is used in the calculation of the Bank's credit risk:

Qualitative information regarding IRB to be disclosed to the public

IRB - Credit risk amounts based on IRB and Portfolio and PoD (Probability of Default) range

IRB - Effect of credit derivatives used as CRM (Credit Risk Mitigation) technique on RWA (Risk Weighted Amounts)

Statement of changes in RWA under IRB approach

IRB - Retrospective testing of default probabilities in each risk class

IRB (Specialized loans and stock investments subject to basic risk weight approach)

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

IV. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 “Turkish Accounting Standard about Operating Segments”.

The Bank operates in retail, corporate / entrepreneurial banking, treasury / investment banking.

Table for Segment Reporting:

Current Period 1 January – 31 March 2023	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING					
INCOME/EXPENSE					
Profit Shares Income	343.984	5.000.878	1.292.747	25.257	6.662.866
Profit Shares Expense	(1.335.670)	(3.232.670)	(576.493)	(20.706)	(5.165.539)
Net Profit Shares Income/Expense	(991.686)	1.768.208	716.254	4.551	1.497.327
Net Fees and Commission Income/Expense	42.190	97.542	-	27.871	167.603
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	213.140	-	213.140
Other Operating Income	-	1.240.665	-	2.743	1.243.408
Provision for Loans or Other Receivables Losses	(50.490)	(746.100)	-	(147.425)	(944.015)
Other Expense	-	(32.231)	-	(1.339.939)	(1.372.170)
Net Operating Profit/Loss	(999.986)	2.328.084	929.394	(1.452.199)	805.293
Tax Provision	-	-	-	(192.787)	(192.787)
Net Profit/Loss	(999.986)	2.328.084	929.394	(1.259.412)	998.080
SEGMENT ASSETS(*)					
Financial Assets at FV Through P/L	-	-	2.381.840	-	2.381.840
Banks	-	-	13.196.518	-	13.196.518
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	19.039.567	-	19.039.567
Loans (**)	10.854.856	158.449.731	1.926.065	-	171.230.652
Financial Assets Measured at Amortised Cost	-	-	6.044.332	-	6.044.332
Derivative Financial Assets	-	-	560	-	560
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets(*)	-	-	-	29.808.448	29.808.448
Total Segment Assets	10.854.856	158.449.731	42.588.882	29.808.448	241.701.917
SEGMENT LIABILITIES					
Funds Collected	81.183.868	115.760.600	-	-	196.944.468
Derivative Financial Liabilities	-	-	92.649	-	92.649
Funds Borrowed	-	-	4.808.400	-	4.808.400
Money Market Funds	-	-	6.464.392	-	6.464.392
Securities Issued (Net)	-	-	4.941.386	-	4.941.386
Provisions	-	-	-	1.729.678	1.729.678
Other Liabilities	-	-	-	14.684.369	14.684.369
Shareholders' Equity	-	-	-	12.036.575	12.036.575
Total Segment Liabilities	81.183.868	115.760.600	16.306.827	28.450.622	241.701.917

(*) Includes expected loss provisions.

(**) Includes lease receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)

IV. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Continued):

Prior Period 1 January - 31 March 2022	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	174.242	2.160.121	1.560.046	9.985	3.904.394
Profit Shares Expense	(506.217)	(868.999)	(411.203)	(16.703)	(1.803.122)
Net Profit Shares Income/Expense	(331.975)	1.291.122	1.148.843	(6.718)	2.101.272
Net Fees and Commission Income/Expense	15.075	57.805	-	(6.569)	66.311
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	26.699	-	26.699
Other Operating Income	-	283.326	-	4.116	287.442
Provision for Loans or Other Receivables Losses	(26.874)	(351.596)	-	(70.267)	(448.737)
Other Expense	-	(2.655)	-	(432.013)	(434.668)
Net Operating Profit/Loss	(343.774)	1.278.003	1.175.542	(511.452)	1.598.319
Tax Provision	-	-	-	(403.888)	(403.888)
Net Profit/Loss	(343.774)	1.278.003	1.175.542	(915.340)	1.194.431
SEGMENT ASSETS^(*)					
Financial Assets at FV Through P/L	-	-	2.133.604	-	2.133.604
Banks	-	-	13.251.320	-	13.251.320
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	18.823.730	-	18.823.730
Loans ^(**)	9.316.981	135.071.172	470.115	-	144.858.268
Financial Assets Measured at Amortised Cost	-	-	5.323.943	-	5.323.943
Derivative Financial Assets	-	-	14.471	-	14.471
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets ^(*)	-	-	-	27.951.587	27.951.587
Total Segment Assets	9.316.981	135.071.172	40.017.183	27.951.587	212.356.923
SEGMENT LIABILITIES					
Funds Collected	72.592.476	100.546.622	-	-	173.139.098
Derivative Financial Liabilities	-	-	62.998	-	62.998
Funds Borrowed	-	-	4.523.969	-	4.523.969
Money Market Funds	-	-	7.555.999	-	7.555.999
Securities Issued (Net)	-	-	4.394.241	-	4.394.241
Provisions	-	-	-	2.166.009	2.166.009
Other Liabilities	-	-	-	9.136.164	9.136.164
Shareholders' Equity	-	-	-	11.378.445	11.378.445
Total Segment Liabilities	72.592.476	100.546.622	16.537.207	22.680.618	212.356.923

(*) Includes expected loss provisions.

(**) Includes receivables from leasing transactions.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

1.a) Information on cash and balances with Central Bank of the Republic of Turkey:

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	126.434	813.998	121.498	827.299
Central Bank of the Republic of Turkey (*)	4.869.930	19.568.135	6.189.305	17.634.063
Other	-	433.926	-	202.080
Total	4.996.364	20.816.059	6.310.803	18.663.442

(*) According to the letter of BRSA dated 3 January 2008, it includes the average TRY required reserve balance.

1.a.1) Information on Required Reserves

According to the CBRT's "Communiqué No 2013/15 on Required Reserves", the Parent Bank maintains required reserves at the CBRT for its Turkish and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the CBRT.

Banks establish required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 2/9/2022 It has been decided not to apply an annual commission of 3% to the banks that have reached the 5% level and the 50% level as of the 2/9/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022

b) Information on the account of the Central Bank of the Republic of Turkey:

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	4.869.930	19.568.135	6.189.305	17.634.063
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	4.869.930	19.568.135	6.189.305	17.634.063

(*) TRY, FC and Gold required reserves established in accordance with the "Communiqué on Required Reserves" are included in the amounts in the table.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

2. Information on banks and other financial institutions:

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	4.739.562	4.362.303	134.657	10.334.683
Foreign Banks	-	4.094.653	-	2.781.980
Foreign Head Office and Branches	-	-	-	-
Total	4.739.562	8.456.956	134.657	13.116.663

3. Explanations on financial assets at fair value through profit or loss

	Current Period 31.03.2023	Prior Period 31.12.2022
Financial Assets at Fair Value Through Profit / Loss	2.365.513	2.121.486
Other Dividends and Income Rediscunts	16.327	12.118
Provision for Impairment (-)	-	-
Total	2.381.840	2.133.604

4. a) Explanation regarding the comparison of net values of financial assets through other comprehensive income available-for-sale given or blocked as collateral and subject to repurchase agreements

	Current Period 31.03.2023	Prior Period 31.12.2022
Assets Subject to Repurchase Agreements	6.643.177	5.876.865
Assets Blocked/Given as Collateral	2.221.713	5.640.357
Total (*)	8.864.890	11.517.222

(*) Accruals and provisions for impairment are not included.

b) Information on financial assets at fair value through other comprehensive income:

	Current Period 31.03.2023	Prior Period 31.12.2022
Debt Securities	19.125.859	18.905.683
Quoted in Stock Exchange	19.125.859	18.905.683
Not Quoted in Stock Exchange	-	-
Share Certificates	76.341	52.341
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	76.341	52.341
Provision for Impairment (-)(**)	162.633	134.294
Total	19.039.567	18.823.730

(*) The afore-mentioned amounts consist of TRY 3.581 , TRY 7.659 Credit Guarantee Fund paid by the Bank to JCR Avrasya Rating A.Ş. for a share of 2,86%, 41.101 TRY Export Development Inc. and 24.000 TRY Katılım Finans Kefalet A.Ş. from amounts paid as capital commitments are shown in the line that is not traded in the stock exchange (31 December 2021: TRY 7.659 Credit Guarantee Fund, TRY 2.753 JCR Eurasia Rating A.Ş.)

(**) Includes negative differences between the acquisition costs of financial assets and market prices

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

5. Information on derivative financial assets

a) Information on derivative assets at fair value through profit or loss:

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Forward Transactions	-	-	-	-
Swap Transactions	-	-	14.218	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	430	130	111	142
Total	430	130	14.329	142

6. Information related to loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period 31.03.2023		Prior Period 31.12.2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	2.474	-	2.374	-
Corporate Shareholders	2.474	-	2.374	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	148.470	-	101.173	-
Total (*)	150.944	-	103.547	-

(*) Includes rediscount amounts.

b) Information on the first and second group loans and other receivables including restructured loans

Current Period 31.03.2023				
	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
Cash Loans			Loans with revised contract terms	Refinancing
Loans (*)	138.123.138	1.343.307	539.288	656.200
Export Loans	30.686.668	7.726	-	-
Import Loans	78.864	-	-	-
Commercial Loans	86.458.109	1.219.521	539.288	656.200
Consumer Loans	10.505.681	88.845	-	-
Credit Cards	135.584	762	-	-
Loans Given to Financial Sector	2.837.020	-	-	-
Other (**)	7.421.212	26.453	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	3.460.818	21.775	1.995	76.599
Total	141.583.956	1.365.082	541.283	732.799

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

6. Information related to loans (Continued):

Prior Period 31.12.2022				
	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
Cash Loans			Loans with revised contract terms	Refinancing
Loans ^(*)	118.299.799	1.177.498	382.172	713.273
Export Loans	24.216.793	5.932	-	-
Import Loans	68.120	-	-	-
Commercial Loans	77.531.136	1.070.680	382.172	713.273
Consumer Loans	9.022.405	76.370	-	-
Credit Cards	103.556	301	-	-
Loans Given to Financial Sector	470.115	-	-	-
Other ^(**)	6.887.674	24.215	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	3.778.087	45.353	6.964	61.093
Total	122.077.886	1.222.851	389.136	774.366

(*) Related amounts do not include finance lease receivables.

(**) As of March 31, 2023, TRY 36.525 (31 December 2021: TRY 36.525) of the related balance consists of funds provided by the musharakah partnership financing method. As of 31 March 2023, the Bank has accounted for these fixed musharakah financing loans, which it carries in its statement of financial position, at historical cost in accordance with Interest-Free Finance Accounting Standard 4: Musharakah Financing “FFMS 4” Article 2/3/1.

	Current Period 31.03.2023		Prior Period 31.12.2022	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Expected Credit Loss of Stage 1 and Stage 2				
12 Month Expected Credit Losses	858.346	-	683.003	-
Significant Increase in Credit Risk	-	441.184	-	438.587

	Current Period 31.03.2023		Prior Period 31.12.2022	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
No. of extensions				
1 or 2 Times Extended	594.020	1.195.488	619.977	1.095.445
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	594.020	1.195.488	619.977	1.095.445

	Current Period 31.03.2023		Prior Period 31.12.2022	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
Extension Periods				
0 - 6 Months	3	327.339	10.092	183.452
6 Months – 12 Months	11.283	266	3.703	11.816
1 - 2 Years	214.729	704.582	196.105	729.732
2 - 5 Years	368.005	20.466	50.014	14.235
5 Years and Over	-	142.835	360.063	156.210
Total	594.020	1.195.488	619.977	1.095.445

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

6. Information related to loans(Continued)

c) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:

Current Period 31.03.2023	Short-Term	Medium and Long-Term	Total
Consumer Loans - TRY	72.082	10.378.045	10.450.127
Housing Loans	2.391	9.249.989	9.252.380
Vehicle Loans	7.244	804.560	811.804
Consumer Loans	62.447	323.496	385.943
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TRY	133.667	47	133.714
With Installment	31.112	-	31.112
Without Installment	102.555	47	102.602
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TRY	14.709	129.690	144.399
Housing Loans	-	18.832	18.832
Vehicle Loans	4	3.527	3.531
Consumer Loans	14.705	107.331	122.036
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	2.625	7	2.632
With Installment	935	-	935
Without Installment	1.690	7	1.697
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	223.083	10.507.789	10.730.872

(*) Profit share rediscount amounting to TRY 123.984 is not included in the table.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

6. Information related to loans(Continued)

Prior Period 31.12.2022	Short-Term	Medium and Long-Term	Total
Consumer Loans - TRY	29.231	8.971.697	9.000.928
Housing Loans	4.682	7.945.631	7.950.313
Vehicle Loans	7.200	712.313	719.513
Consumer Loans	17.349	313.753	331.102
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TRY	101.677	42	101.719
With Installment	25.743	14	25.757
Without Installment	75.934	28	75.962
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TRY	3.798	94.049	97.847
Housing Loans	-	14.546	14.546
Vehicle Loans	-	3.128	3.128
Consumer Loans	3.798	76.375	80.173
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	2.131	7	2.138
With Installment	701	-	701
Without Installment	1.430	7	1.437
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	136.837	9.065.795	9.202.632

(*) Dividend rediscount amounting to TRY 114.349 is not included in the table.

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans (Continued)****d) Information on installment commercial loans and corporate credit cards:**

Current Period 31.03.2023	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TRY	1.503.233	964.259	2.467.492
Business Loans	1.488	29.633	31.121
Vehicle Loans	1.501.745	934.626	2.436.371
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	971	60.980	61.951
Business Loans	-	-	-
Vehicle Loans	971	60.980	61.951
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TRY	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	1.504.204	1.025.239	2.529.443

Prior Period 31.12.2022	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TRY	1.262.469	1.102.386	2.364.855
Business Loans	1.831	36.212	38.043
Vehicle Loans	1.260.638	1.066.174	2.326.812
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	1.132	59.218	60.350
Business Loans	-	-	-
Vehicle Loans	1.132	59.218	60.350
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TRY	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	1.263.601	1.161.604	2.425.205

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans (Continued)****e) Breakdown of domestic and international loans:**

	Current Period 31.03.2023	Prior Period 31.12.2022
Domestic Loans	139.772.372	119.721.638
Foreign Loans	889.561	851.104
Profit Share Income Accruals of Loans	3.561.187	3.891.497
Total (*)	144.223.120	124.464.239

(*) Lease receivables and non-performing loans are not included.

f) Loans granted to subsidiaries and participations:

As of 31 March 2023, the Bank has no loans granted to subsidiaries and participations
(31 December 2022: None).

g) Provision for default (Stage 3/Specific Provision)

	Current Period 31.03.2023	Prior Period 31.12.2022
Loans and receivables with limited collectability	7.852	6.432
Loans and receivables with doubtful collectability	30.998	94.372
Uncollectible loans and other receivables	1.614.653	1.494.642
Total	1.653.503	1.595.446

h) Information on lease receivables**g.1) Analysis of investment made in financial leasing by remaining maturity**

	Current Period 31.03.2023		Prior Period 31.12.2022	
	Gross	Net	Gross	Net
Less than 1 year	409.505	390.087	189.351	179.909
1-5 year	25.224.660	20.539.188	16.491.827	14.005.363
More than 5 years	8.478.360	7.124.794	8.160.207	7.050.052
Total	34.112.525	28.054.069	24.841.385	21.235.324

h.2) Information on Net Investments Made in Financial Leasing

	Current Period 31.03.2023	Prior Period 31.12.2022
Gross Lease Receivable	34.112.525	24.841.385
Financial Income Unearned From Financial Leasing (-)	(6.058.456)	(3.606.061)
Canceled Rental Amounts	-	-
Total	28.054.069	21.235.324

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

6. Information related to loans (Continued)

i) Information on non-performing receivables (net)

i.1) Information on loans and other receivables included in non-performing receivables which are restructured or rescheduled

As of 31 March 2023, the sum of the Bank's non-performing loans restructured or rescheduled for a new redemption plan and other receivables is TRY 121.154 (31 December 2022: TRY 167.624).

i.2) Information on the movement of total non-performing loans

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Current Period 31.03.2023			
Ending balance of prior period	23.334	178.305	1.674.102
Additions in the current period (+)	39.360	897	42.926
Transfers from other categories of non-performing loans (+)	-	21.623	121.235
Transfers to other categories of non-performing loans (-)	21.623	121.235	-
Collections in the current period (-) ^(*)	7.908	2.948	41.573
Write offs (-) ^(**)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	33.163	76.642	1.796.690
Expected Loss Provision (Stage 3) (-)	7.852	30.998	1.614.653
Net balance on balance sheet	25.311	45.644	182.037

(*) Includes transfers to first and second group loans amounting to TRY 38.694.

(**) It is the amount that has been transferred from the financial statements in accordance with the transfer of receivables agreements while being monitored in the non-performing receivables accounts of the Bank.

	Group III Loans and other receivables with limited collectability	Group IV Loans and other receivables with doubtful collectability	Group V Uncollectible loans and other receivables
Prior Period 31.12.2022			
Ending balance of prior period	41.467	391.196	1.266.313
Additions in the current period (+)	283.521	26.482	311.004
Transfers from other categories of non-performing loans (+)	-	263.830	464.576
Transfers to other categories of non-performing loans (-)	263.830	464.576	-
Collections in the current period (-) ^(*)	37.824	38.627	348.775
Write offs (-)	-	-	19.016
Corporate and commercial loans	-	-	19.016
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	23.334	178.305	1.674.102
Expected Loss Provision (Stage 3) (-)	6.432	94.372	1.494.642
Net balance on balance sheet	16.902	83.933	179.460

(*) Includes transfers to first and second group loans amounting to TRY 45.171.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

6. Information related to loans (Continued)

i.3) Information on foreign currency non-performing loans

	Group III: Allocated for Loans with Limited Collection	Group IV: Allocated for Doubtful Loans	Group V: Allocated for Loss Loans
Current Period 31.03.2023			
Ending Balance	-	-	321.892
Provision for Expected Loss (Stage 3) (-)	-	-	314.133
Net Balance in the Balance Sheet	-	-	7.759

	Group III: Allocated for Loans with Limited Collection	Group IV: Allocated for Doubtful Loans	Group V: Allocated for Loss Loans
Prior Period 31.12.2022			
Ending Balance	-	-	316.515
Provision for Expected Loss (Stage 3) (-)	-	-	302.296
Net Balance in the Balance Sheet	-	-	14.219

h) Gross and net amounts of non-performing receivables according to user groups

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	25.311	45.644	182.037
Loans to Real Persons and Legal Entities (Gross)	33.163	76.642	1.796.690
Specific Provisions (-)	7.852	30.998	1.614.653
Loans to Real Persons and Legal Entities (Net)	25.311	45.644	182.037
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Gross)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	16.902	83.933	179.460
Loans to Real Persons and Legal Entities (Gross)	23.334	178.305	1.674.102
Specific Provisions (-)	6.432	94.372	1.494.642
Loans to Real Persons and Legal Entities (Net)	16.902	83.933	179.460
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

Information on accruals, valuation differences and related provisions calculated for non performing loans for Banks which are providing expected credit loss according to TFRS 9:

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Current Period (Net)	2.443	4.706	26.857
Profit Share Accrual and Valuation Differences Provision	3.255	8.047	254.090
Provision Amount (-)	812	3.341	227.233
Prior Period (Net)	1.108	8.692	26.287
Profit Share Accrual and Valuation Differences Provision	1.592	18.930	234.022
Provision Amount (-)	484	10.238	207.735

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

6. Information related to loans(Continued)

j) Information on liquidating policy of uncollectible loans and other receivables:

Execution proceedings are carried out for the collection of receivables from loan services of Bank. During this process, tangible guarantees constituting guarantees of receivables of the Bank and assets of the debtor(s) are realized while receivables of the Bank are also tried to be collected and liquidated by means of administrative procedures.

k) Explanations on write-off policy

The Bank writes off the receivables from its records with the actualized circumstances of deaths of the debtor and/or the related people, refusals of the heritage by the heritors within the legal time limits, becoming legally and effectively impossible of the collection of the receivable, and the given financial accountability decision on the related personnel of the considered receivable.

7. Financial assets at amortized cost

a) Information on government debt securities measured at amortized cost

	Current Period 31.03.2023	Prior Period 31.12.2022
Debt Securities	6.044.332	5.323.943
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	6.044.332	5.323.943
Provision of Impairment (-)	-	-
Total	6.044.332	5.323.943

b) Information on financial assets valued at amortized cost

None (31 December 2022: None).

c) Information on government debt securities measured at amortized cost

As of 31 March 2023, the Group's government debt securities measured at amortized cost is TRY 6.044.332 (31 December 2022: TRY 5.323.943).

	Current Period 31.03.2023	Prior Period 31.12.2022
Balances at Beginning of Period	5.323.943	1.327.957
Foreign Currency Differences on Monetary Assets	31.374	264.482
Purchases during the Period (*)	689.015	3.731.504
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	6.044.332	5.323.943

(*) Rediscounts are shown in "Purchases during the Period" line.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

8. Information on assets related to trading in investments and discontinued operations

As of 31 March 2023, the Group's assets held for sale are TRY 287.192 (31 December 2022: TRY 274.644).

	Current Period 31.03.2023	Prior Period 31.12.2022
Beginning Balance (Net)	274.644	307.881
Changes During the Period (Net)	12.548	(33.237)
Amount of depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net) (*)	287.192	274.644

(*) The Group has fiduciary rights over TRY 211.753 (31 December 2022: TRY 211.940) of assets held for sale

As of 31 March 2023, the Bank has no discontinued operations (31 December 2022: None)

9. Equity Investments

a) Information about investments in associates (net)

None (31 December 2022: None).

b) Information on subsidiaries (net)

b.1) Information on unconsolidated subsidiaries

Ziraat Katılım Varlık Kiralama A.Ş. ("Company"), with a capital of TRY 50.000 fully paid by Ziraat Katılım Bankası Anonim Şirketi, on 22 January 2016 with the permission of the Banking Regulation and Supervision Agency and the Capital Markets Board, as per the Capital Markets Board ("CMB") dated 7 June 2013 and It was established to issue lease certificates exclusively within the framework of the Communiqué on Lease Certificates (III-61.1) published in the Official Gazette No. 28760.

ZKB Varlık Kiralama A.Ş. ("Company"), with its capital of 50.000 TRY fully paid by Ziraat Katılım Bankası Anonim Şirketi, on 8 September 2017 with the permission of the Banking Regulation and Supervision Agency and the Capital Markets Board, as per the Capital Markets Board ("CMB") dated 7 June 2013 and It was established to issue lease certificates exclusively within the framework of the Communiqué on Lease Certificates (III-61.1) published in the Official Gazette No. 28760.

	Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)	Risk share percentage of other shareholders (%)
1	Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul / TÜRKİYE	100	100
2	ZKB Varlık Kiralama A.Ş.	İstanbul / TÜRKİYE	100	100

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/Loss	Prior Period Income/Loss	Fair Value	Needed Shareholders Equity
1(*)	5.707.934	458	-	270.080	-	60	55	-	-
2(*)	131	120	-	45	-	3	30	-	-

(*) Independently audited financial statements of 31 March 2023 are used

	Current Period 31.03.2023	Prior Period 31.12.2022
Balance at the beginning of the year	515	430
Movements during the year	63	53
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	63	85
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Revaluation/Impairment (-)	-	-
Balance at the end of the year	578	515
Capital commitments	-	-
hare percentage at the end of the year (%)	100%	100%

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

9. Equity Investments (Continued)

b) Information on subsidiaries (net) (Continued)

b.2) Sectoral information on unconsolidated subsidiaries and the related carrying amounts

	Current Period 31.03.2023	Prior Period 31.12.2022
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

b.3) Subsidiaries that are quoted on the stock exchange

None (31 December 2022: None).

c) Information on entities under common control (joint ventures)

None (31 December 2022: None).

10. Explanations on property and equipment

	Immovables	Right of Use Immovables	Movable	Right of Use Movable	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:							
Cost	-	393.654	273.376	49.622	152.781	-	869.433
Accumulated Depreciation (-)	-	115.610	81.850	22.424	54.607	-	274.491
Net Book Value	-	278.044	191.526	27.198	98.174	-	594.942
Current Period End:							
Net Book Value at the Beginning of the Period	-	278.044	191.526	27.198	98.174	-	594.942
Change During the Period (Net)	-	40.473	7.374	43.938	23.361	-	115.146
Cost	-	52.782	19.811	49.612	30.888	-	153.093
Amortization (Net) (-)	-	12.309	12.437	5.674	7.527	-	37.947
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	446.436	293.187	99.234	183.669	-	1.022.526
Accumulated Depreciation at Period End (-)	-	127.919	94.287	28.098	62.134	-	312.438
Provisions for losses	-	-	-	-	-	-	-
Closing Net Book Value	-	318.517	198.900	71.136	121.535	-	710.088

For the impairment, which are either recorded or canceled in the current period and each or some of them are not important for the whole of the financial statements, the sum of the impairment amounts that are separated or canceled by the related asset groups and the events and conditions that cause them: None.

Pledges, mortgages and other restrictions on tangible assets, amount of expenses made during construction for tangible assets, commitments made for purchase of tangible assets: None.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)

11. Information on intangible assets:

	Current Period 31.03.2023			Prior Period 31.12.2022		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	492.286	92.942	399.344	426.161	83.707	342.454
Total	492.286	92.942	399.344	426.161	83.707	342.454

- a) In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- b) Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- c) The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- ç) Book value of intangible assets with restrictions on use or pledged: None.
- d) Amount of commitments given for acquisition of intangible asset: None.
- e) Intangible assets based on revalued asset type: None.
- f) Total amount of research and development expenses recorded in the period, if any: None.
- g) Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are consolidated: Not applied to the financial statements with consolidation.
- h) Information on goodwill: None

12. Information on the investment properties:

As of 31 March 2023, the Group has no investment property (31 December 2022: None)

13. Information on the current period assets related to tax:

As at 31 December the Group's deferred tax liabilities of TRY 2.534.652 (31 December 2022: TRY 993.620) and deferred tax assets of TRY 1.440.220 (31 December 2022 TRY 1.781.640) have been offset and TRY 1.094.432 deferred tax asset (31 December 2022: TRY 788.020 deferred tax asset) is reflected in the financial statements

14. Information on other assets:

As of 31 March 2023, other assets do not exceed 10% of the total assets excluding off-balance sheet commitment.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. a) Information on funds collected

a.1) Information on maturity structure of funds collected

Current Period 31.03.2023	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 Year	1 Year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TRY	2.487.771	-	-	-	-	-	-	-	2.487.771
II. Real persons participation accounts non- trade TRY	-	779.390	18.382.416	3.694.577	1.767.089	1.258	10.099.471	-	34.724.201
III. Other current accounts- TRY	12.389.084	-	-	-	-	-	-	-	12.389.084
Public sector	580.732	-	-	-	-	-	-	-	580.732
Commercial sector	7.477.653	-	-	-	-	-	-	-	7.477.653
Other institutions	197.674	-	-	-	-	-	-	-	197.674
Commercial and other institutions	465	-	-	-	-	-	-	-	465
Banks and participation banks	4.132.560	-	-	-	-	-	-	-	4.132.560
Central Bank of Republic of Turkey	719	-	-	-	-	-	-	-	719
Domestic banks	4.131.766	-	-	-	-	-	-	-	4.131.766
Foreign banks	75	-	-	-	-	-	-	-	75
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts- TRY	-	19.704.543	39.636.698	7.955.927	2.391.627	23.438	586.900	-	70.299.133
Public sector	-	13.357.918	6.191.741	522.293	54.144	2.671	-	-	20.128.767
Commercial sector	-	6.210.467	30.071.819	7.432.054	2.337.216	10.223	586.336	-	46.648.115
Other institutions	-	136.158	2.374.772	1.580	267	10.544	564	-	2.523.885
Commercial and other institutions	-	-	34.734	-	-	-	-	-	34.734
Banks and participation banks	-	-	963.632	-	-	-	-	-	963.632
V. Real persons current accounts non-trade FC	9.045.813	-	-	-	-	-	-	-	9.045.813
VI. Real persons participation accounts-FC	-	1.045.509	10.789.199	147.171	-	250.426	1.669.352	-	13.901.657
VII. Other current accounts-FC	13.402.984	-	-	-	-	-	-	-	13.402.984
Commercial residents in Turkey	12.766.489	-	-	-	-	-	-	-	12.766.489
Commercial residents in Abroad	562.597	-	-	-	-	-	-	-	562.597
Banks and participation banks	73.898	-	-	-	-	-	-	-	73.898
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	73.892	-	-	-	-	-	-	-	73.892
Participation banks	5	-	-	-	-	-	-	-	5
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	9.355.867	15.958.848	7.676.961	5.644	-	12.735	-	33.010.055
Public sector	-	-	302.325	-	-	-	-	-	302.325
Commercial sector	-	9.325.848	15.233.919	7.539.350	5.644	-	8.406	-	32.113.167
Other institutions	-	25.298	342.757	137.611	-	-	4.329	-	509.995
Commercial and other institutions	-	-	79.847	-	-	-	-	-	79.847
Banks and participation banks	-	4.721	-	-	-	-	-	-	4.721
IX. Precious metal funds	4.189.078	-	3.026.260	339.462	55.623	-	73.347	-	7.683.770
X. Participation accounts special funds - TRY	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI	41.514.730	30.885.309	87.793.421	19.814.098	4.219.983	275.122	12.441.805	-	196.944.468

(*) As of 31 March 2023, it includes TRY 28.771.116 of CBRT Currency Protected Participation Account and TRY 12.187.194 of Treasury Currency Protected Participation Account products ve TRY 1.826.061 Yuvam account.

ZİRAAT KATILIM BANKASI A.Ş.

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

1. a) Information on funds collected (Continued)

a.1) Information on maturity structure of funds collected (Continued)

Prior Period 31.12.2022	Demand	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 9 Months	Up to 1 Year	1 Year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TRY	3.157.181	-	-	-	-	-	-	-	3.157.181
II. Real persons participation accounts non-trade TRY	-	1.109.309	20.384.240	1.164.467	780.322	1.221	5.114.040	-	28.553.599
III. Other current accounts- TRY	13.758.814	-	-	-	-	-	-	-	13.758.814
Public sector	242.590	-	-	-	-	-	-	-	242.590
Commercial sector	9.249.882	-	-	-	-	-	-	-	9.249.882
Other institutions	112.603	-	-	-	-	-	-	-	112.603
Commercial and other institutions	20.660	-	-	-	-	-	-	-	20.660
Banks and participation banks	4.133.079	-	-	-	-	-	-	-	4.133.079
Central Bank of Republic of Turkey	291	-	-	-	-	-	-	-	291
Domestic banks	690	-	-	-	-	-	-	-	690
Foreign banks	4.132.074	-	-	-	-	-	-	-	4.132.074
Participation banks	24	-	-	-	-	-	-	-	24
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts- TRY	-	20.007.109	32.682.191	5.022.993	1.449.717	65.648	748.875	-	59.976.533
Public sector	-	13.083.148	721.929	3.851.938	51.323	2.576	-	-	17.710.914
Commercial sector	-	6.875.077	29.914.497	1.138.904	1.398.141	47.325	748.071	-	40.122.015
Other institutions	-	48.884	1.391.609	32.151	253	15.747	804	-	1.489.448
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	654.156	-	-	-	-	-	654.156
V. Real persons current accounts-FC	7.899.340	-	-	-	-	-	-	-	7.899.340
VI. Real persons participation accounts non- trade FC	-	1.582.540	8.749.485	125.947	-	248.468	1.943.881	-	12.650.321
VII. Other current accounts non-trade FC	10.149.564	-	-	-	-	-	-	-	10.149.564
Commercial residents in Turkey	9.297.062	-	-	-	-	-	-	-	9.297.062
Commercial residents in Abroad	846.388	-	-	-	-	-	-	-	846.388
Banks and participation banks	6.114	-	-	-	-	-	-	-	6.114
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	6.113	-	-	-	-	-	-	-	6.113
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	6.484.676	13.668.959	10.159.883	17.361	-	11.341	-	30.342.220
Public sector	-	952	203.478	-	-	-	-	-	204.430
Commercial sector	-	6.441.267	13.003.990	10.028.864	17.361	-	7.136	-	29.498.618
Other institutions	-	6.612	336.809	131.019	-	-	4.205	-	478.645
Commercial and other institutions	-	35.845	124.682	-	-	-	-	-	160.527
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	3.546.550	-	2.986.678	16.268	37.973	-	64.057	-	6.651.526
X. Participation accounts special funds - TRY	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I-II+...+IX+X+XI	38.511.449	29.183.634	78.471.553	16.489.558	2.285.373	315.337	7.882.194	-	173.139.098

(*) As of 31 December 2022, it includes TRY 22.216.406 of CBRT Currency Protected Participation Account and TRY 10.167.641 of Treasury Currency Protected Participation Account products

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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)**II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)****1. a) Information on funds collected (Continued)****a.2) Exceeding amounts of insurance limit****i. Information's on current and participation accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund**

	Under the guarantee of saving deposit insurance	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Exceeding the limit of saving deposit
	Current Period 31.03.2023	Prior Period 31.12.2022	Current Period 31.03.2023	Prior Period 31.12.2022
Real persons current and profit sharing accounts that are not subject to commercial activities	18.848.811	12.569.522	47.836.601	44.932.868
TRY accounts	10.156.478	7.239.479	27.053.588	24.471.301
FC accounts	8.692.333	5.330.043	20.783.013	20.461.567
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

(*) Pursuant to the Regulation Amending the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, All deposits and participation funds, except for those, are covered by insurance. In line with this change, commercial deposits amounting to TRY 2.887.589 within the scope of insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TRY 100.865.503.

ii. Amounts which are not within the scope of insurance**Participation fund of the real persons who are not within the scope of Saving Deposits Insurance Fund**

	Current Period 31.03.2023	Prior Period 31.12.2022
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	1.935	1.223
Profit sharing account and other accounts within the scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No:5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

2. Information on funds borrowed**a) Information on banks and other financial institutions**

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TP	YP	TP	YP
Borrowings from the CBRT	250.050	421.661	150.067	1.300.767
From Domestic Banks and Institutions	-	312.660	-	297.209
From Foreign Banks, Institutions and Funds	-	-	-	-
Other	174.450	3.649.578	191.652	2.584.274
Total	424.500	4.383.899	341.719	4.182.250

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AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)****2. Information on funds borrowed (Continued)****b) Information on maturity structure of borrowings**

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	424.500	1.563.745	341.719	2.405.748
From Foreign Banks, Institutions and Funds	-	2.820.155	-	1.776.502
Total	424.500	4.383.900	341.719	4.182.250

c) Information on maturity structure of borrowings

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Short-term	280.824	461.140	185.711	1.369.438
Medium and Long-term	143.676	3.922.760	156.008	2.812.812
Total	424.500	4.383.900	341.719	4.182.250

d) Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations

81,40% of Bank's liabilities consists of current and participation account.

3. Information on funds obtained from market transactions

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Domestic	96.788	6.367.604	57.003	7.498.996
Financial Institutions	96.788	6.367.604	57.003	7.498.996
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	96.788	6.367.604	57.003	7.498.996

4. Information on securities issued

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Bond	-	-	-	-
Asset Backed Securities	4.941.386	-	4.394.241	-
Bill	-	-	-	-
Total	4.941.386	-	4.394.241	-

5. Information on financial liabilities at fair value through profit and loss

None (31 December 2022: None).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

6. Information on derivative financial liabilities

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TP	YP	TP	YP
Forward transactions	-	-	-	-
Swap transactions	-	92.649	-	62.998
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	-	92.649	-	62.998

7. Information on financial lease obligations

	Current Period 31.03.2023		Prior Period 31.12.2022	
	Gross	Net	Gross	Net
Less than 1 year	7.140	6.866	43.715	24.347
Between 1-5 years	191.658	150.518	130.103	100.305
More than 5 years	544.130	268.113	422.202	211.294
Total	742.928	425.497	596.020	335.946

8. Information on provisions

a) Information on provisions related with foreign currency difference of foreign currency indexed loans and lease receivables

As of 31 March 2023, There is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2022: None).

b) Information on special provisions related with uncompensated and non- liquidated non-cash loans

The expected credit loss provision for non-compensated and non-cash loans is TRY 19.172 (31 December 2022: TRY 23.278).

c) Information on other provisions

c.1) Information on free provisions for possible risks

Except for the requirements of BRSA Accounting and Financial Reporting Legislation, there is a free provision amounting to TRY 404.000, of which TRY 1.004.000 has been reserved in previous periods and TRY 600.000 has been canceled in the current period by the Group management (31 December 2022: by the Group management. Except for the requirements of the BRSA Accounting and Financial Reporting Legislation, free provision amounting to TRY 1.004.000, of which TRY 984.000 is in the current period).

c.2) The names and amounts of sub-accounts of other provisions exceeding 10% of the total provision amount:

As of March 31, 2023, TRY 835.653 of other provisions (31 December 2022: TRY 835.653) was allocated from profits to be distributed to participation accounts, TRY 2.271 (31 December 2022: TRY 632) was made from provisions for foreign currency purchases and sales transactions, (31 December 2022: TRY 213) consists of the provision for promotional practices regarding credit cards and banking services.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

8. Information on provisions (Continued)

c.3) Information on litigation provisions

A provision of TRY 86.834 has been set aside in the financial statements for lawsuits that have not yet been finalized against the bank (31 December 2022 TRY 86.915).

d) Information on provisions for employee benefits

d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of the date of 31 March 2023, the amount payable consists of one month's salary limited to a maximum of TRY 19.983 (full TRY) (31 December 2022: TRY 15.371 (full TRY)) for each year of service.

The Bank uses actuarial method in the calculation and recognition of severance pay with in the standard of TAS 19 – "Turkish Accounting Standard on Employee Benefits.

The Bank used its own parameters in the calculation of the total liabilities which were calculated with the actuary assumptions.

	Current Period 31.03.2023	Prior Period 31.12.2022
Discount Rate (%)	9,20%	9,20%
Inflation (%)	8,66%	8,66%

Movements in the reserve for employment termination benefits during period are as follows:

	Current Period 31.03.2023	Prior Period 31.12.2022
Balance at the 1 January	125.764	26.259
Total Provisions During the Period	-	266.967
Paid During the Period	11.628	(834)
Actuarial loss/(gain)	-	(166.628)
Balance at the end of the period	137.392	125.764

As of March 31, 2023, the Bank's liability arising from leave rights is TRY 30.850 (December 31, 2022: TRY 28.175).

d.2) Retirement Benefits

Based on the results of the actuarial report, which is calculated with the actuarial ratio 9,80% as determined in the Law numbered 5754, published on the Official Gazette dated 8 May 2008 and numbered 26870, as of 31 March 2023 no technical deficit has been reported.

As of the balance sheet date, the Bank's liability for the benefits to be transferred to SGK is the estimated amount of payment that will be required to be made during the transfer to SGK. The actuarial parameters and the results used in the measurement of this amount reflect the provisions of Law No. 5754 on the pension and health benefits to be transferred to the SGK (9,80% real discount rate, etc.) published in the Official Gazette dated 8 May 2008 and numbered 26870

d.3) Additional Bonus Provision to be paid to Personnel

The Group has a total of TRY 500 provision in the current period, based on the additional bonus to be paid to the personnel (31 December 2022: TRY 500).

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

9. Explanations on tax liability

a) Explanations on tax liability

As of 31 March 2023, the Group has a current tax liability of TRY 1.338.031 (31 December 2022: TRY 1.338.031).

b) Information on taxes payable

	Current Period 31.03.2023	Prior Period 31.12.2022
Corporate Tax Payable	1.301.677	1.338.031
Taxation on Income From Securities	44.872	46.059
Property Tax	1.267	876
Banking Insurance Transactions Tax (BITT)	51.904	51.030
Foreign Exchange Transactions Tax	6.702	6.512
Value Added Tax Payable	19.053	15.992
Other	10.552	26.404
Total	1.436.027	1.484.904

c) Information on premiums:

	Current Period 31.03.2023	Prior Period 31.12.2022
Social Security Premiums - Employee	524	20
Social Security Premiums - Employer	741	-
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee	723	764
Unemployment Insurance - Employer	1.441	1.526
Other	-	-
Total	3.429	2.310

10. Information on deferred tax liabilities

The Bank has no deferred tax liability as of the balance sheet date (31 December 2022: None)

11. Information on payables for assets held for sale and discontinued operations

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2022: None).

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AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)****12. Explanations on subordinated debts**

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TP	YP	TP	YP
From Domestic Banks	1.374.647	-	1.341.748	-
From Other Domestic Institutions	-	2.740.318	-	2.597.654
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
Total	1.374.647	2.740.318	1.341.748	2.597.654

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TP	YP	TP	YP
Debt instruments to be included in the additional capital calculation:	-	2.740.318	-	2.597.654
Subordinated Loans(*)	-	2.740.318	-	2.597.654
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	1.374.647	-	1.341.748	-
Subordinated Loans	1.374.647	-	1.341.748	-
Equity-like Debt Instruments	-	-	-	-
Total	1.374.647	2.740.318	1.341.748	2.597.654

(*) The Bank provided subordinated loan from Turkey Wealth Funds Market Stability and Equalization Fund in the scope of additional main capital amounting to EUR 57.039 without demand and profit share which is approved by BRSA dated 9 March 2022. The Bank has calculated the fair value of the loan in accordance with TFRS 9 and TFRS 13 using the prices of similar financial instruments on the balance sheet date and reflected them to the financial statements

13. If the other liabilities of the balance exceed 10% of the balance sheet total the names and amount of the sub accounts constituting at least 20% of them

The amount of other liabilities of balance sheet does not exceed 10% of total amount of balance sheet.

14. Information on shareholders' equity**a) Presentation on paid in capital**

	Current Period	Prior Period
Common stock	2.650.000	2.650.000
Preferred stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the Bank, if so the registered capital ceiling amount

None.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period

None.

c) Information on additions from capital reserves to capital in the current period

None.

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (Continued)

14. Information on shareholders' equity (Continued)

- d) Capital commitments in the last fiscal year and continue until the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments

None.

- e) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of future assumptions based on the uncertainty of these indicators on the Bank's equity

The Bank has no any uncertainty related to profitability and liquidity according to the prior period's indicators (31 December 2022: None).

- f) Summary information on privileges given to shares representing the capital

As of 31 March 2023, the Bank has no preferred shares (31 December 2022: None).

- g) Disclosure of accumulated other comprehensive income or expenses to be reclassified to profit or loss

	Current Period 31.03.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	2.241.303	(159.301)	2.540.848	(117.971)
Revaluation Difference	2.935.615	(159.301)	3.348.782	(117.971)
Deferred Tax Effect	(694.312)	-	(807.934)	-
Foreign Exchange Difference	-	-	-	-
Total	2.241.303	(159.301)	2.540.848	(117.971)

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED OFF-BALANCE
SHEET ACCOUNTS****1. Information on off-balance sheet liabilities****a) Nature and amount of irrevocable loan commitments**

	Current Period 31.03.2023	Prior Period 31.12.2022
Forward Asset Value Trading Commitments	1.679.025	720.578
Guaranteed Loan Allocation Commitments	-	-
Payment Commitments for Cheques	1.273.229	748.093
Tax and Fund Liabilities from Export Commitments	141.791	95.161
Commitments for Credit Card Expenditure Limits	633.821	544.655
Other Irrevocable Commitments	965.374	721.459
Commitment to Implementation of Promotions for Credit Card and Banking Services	549	458
Total	4.693.789	2.830.404

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned

The amount of provision for Stage 3 possible losses arising from the off-balance sheet items is TRY 228.412 (31 December 2022: TRY218.066)

b.1) Non-cash loans including guarantees, acceptances, financial guarantees and other letter of credits

	Current Period 31.03.2023	Prior Period 31.12.2022
Guarantee Letters	43.597.280	37.944.687
Bank Acceptances	64.278	74.133
Letter of Credits	5.677.253	5.650.939
Other Contingencies	871.667	1.521.723
Total	50.210.478	45.191.482

b.2) Certain guarantees, temporary guarantees, surety ships and similar transactions

	Current Period 31.03.2023	Prior Period 31.12.2022
Letters of Temporary Guarantees	3.009.696	2.854.152
Letters of Certain Guarantees	22.478.797	19.331.234
Letters of Advance Guarantees	5.938.818	4.777.857
Letters of Guarantees given to Customs Offices	466.050	429.313
Other Letters of Guarantees	11.703.919	10.552.131
Total	43.597.280	37.944.687

b.3) Total non-cash loans

	Current Period 31.03.2023	Prior Period 31.12.2022
Non-Cash Loans for Providing Cash Loans	11.700.504	10.548.853
With Original Maturity of One Year or Less	1.353.366	500.931
With Original Maturity of More than One Year	10.347.138	10.047.922
Other Non-Cash Loans	38.509.974	34.642.629
Total	50.210.478	45.191.482

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED PROFIT OR LOSS

1. a) Information on profit share received from loans

	Current Period 31.03.2023		Prior Period 31.03.2022	
	TRY	FC	TRY	YP
Profit share on loans (*)	3.738.366	800.504	1.781.676	346.216
Short term loans	2.248.495	450.087	740.379	63.184
Medium and long term loans	1.476.438	350.417	1.018.881	283.032
Profit share on non-performing loans	13.433	-	22.416	-
Premiums received from resource utilization support fund	-	-	-	-

(*) Includes fees and commissions income on cash loans.

b) Information on profit share received from banks

	Current Period 31.03.2023		Prior Period 31.03.2022	
	TRY	FC	TRY	YP
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	7.653	29.208	10.675	1.071
Foreign Banks	-	441	-	1.274
Head Office and Branches	-	-	-	-
Total	7.653	29.649	10.675	2.345

c) Information on profit share income from securities portfolio

	Current Period 31.03.2023		Prior Period 31.03.2022	
	TRY	FC	TRY	YP
Financial Assets at Fair Value through Profit and Loss	-	13.564	-	10.221
Financial Assets at Fair Value through Other Comprehensive Income	1.068.787	44.141	1.414.656	41.681
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	84.521	44.432	-	33.468
Total	1.153.308	102.137	1.414.656	85.370

d) Information on profit share income received from associates and subsidiaries

None (31 March 2022: None).

2. a) Information on profit share expense or borrowing

	Current Period 31.03.2023		Prior Period 31.03.2022	
	TRY	FC	TRY	YP
Banks	65.143	57.558	66.996	10.774
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	65.143	34.429	66.996	10.209
Foreign Banks	-	23.129	-	565
Head Office and Branches	-	-	-	-
Other Institutions	-	47.480	-	36.157
Total	65.143	105.038	66.996	46.931

b) Information on profit share expense given to associates and subsidiaries

None (31 March 2022: None)

c) Information on profit share expense paid to securities issued

Profit share expenses given to securities issued are TRY 269.855 (31 March 2022: TRY 178.277).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED PROFIT OR LOSS

ç) Presentation of dividends paid to participation accounts according to maturity structure

Current Period 31.03.2023	Participation Accounts					
Account Name	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Cumulative Participation Account
Turkish Lira						
Funds Collected from Banks via						
Current and Participation Accounts	-	55.245	-	-	-	55.245
Real Person's Non Commercial						
Participation Accounts	34.629	690.160	76.907	74.122	219.596	1.095.414
Public Sector Participation Accounts	317.421	150.472	81.748	1.846	-	551.487
Commercial Sector Participation						
Accounts	267.134	1.758.826	387.064	138.088	21.854	2.572.966
Other Institutions Participation						
Accounts	3.467	101.227	583	499	18	105.794
Total	622.651	2.755.930	546.302	214.555	241.468	4.380.906
Foreign Currency						
Funds Collected from Banks via						
Current and Participation Accounts	12	376	-	-	-	388
Real Person's Non Commercial						
Participation Accounts	2.532	26.241	447	625	6.616	36.461
Public Sector Participation Accounts	1	3	-	-	-	4
Commercial Sector Participation						
Accounts	236	4.996	8.622	17	4	13.875
Other Institutions Participation						
Accounts	38.538	81.499	69.812	33	34	189.916
Public Sector Participation Accounts	2.035	-	-	-	-	2.035
Total	43.354	113.115	78.881	675	6.654	242.679
Grand Total	666.005	2.869.045	625.183	215.230	248.122	4.623.585

Prior Period 31.03.2022	Participation Accounts					
Account Name	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Cumulative Participation Account
Turkish Lira						
Funds Collected from Banks via						
Current and Participation Accounts	-	16.823	-	-	-	16.823
Real Person's Non Commercial						
Participation Accounts	28.925	288.032	13.602	11.497	30.114	372.170
Public Sector Participation Accounts	44.797	55.526	2.535	4.318	-	107.176
Commercial Sector Participation						
Accounts	68.515	404.003	178.970	39.102	6.292	696.882
Other Institutions Participation						
Accounts	1.220	55.901	2.444	553	121	60.239
Total	143.457	820.285	197.551	55.470	36.527	1.253.290
Foreign Currency						
Funds Collected from Banks via						
Current and Participation Accounts	-	2.472	-	46	-	2.518
Real Person's Non Commercial						
Participation Accounts	1.580	19.558	689	754	6.414	28.995
Public Sector Participation Accounts	1	2	-	-	-	3
Commercial Sector Participation						
Accounts	346	10.846	1.010	335	679	13.216
Other Institutions Participation						
Accounts	2.665	53.706	8.581	19	26.862	91.833
Public Sector Participation Accounts	2.184	-	-	-	-	2.184
Total	6.776	86.584	10.280	1.154	33.955	138.749
Grand Total	150.233	906.869	207.831	56.624	70.482	1.392.039

3. Information on dividend income

As of 31 March 2023, the Bank has no dividend income (31 March 2022: None)

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED
PROFIT OR LOSS****4. a. Information on trading income/loss (net)**

	Current Period 31.03.2023	Prior Period 31.03.2022
Income	1.580.181	1.586.292
Foreign exchange gains	4.416	1.432
Gain on derivative financial instruments	146.660	74.311
Gain on capital market transactions	1.429.105	1.510.549
Losses (-)	1.367.041	1.559.593
Foreign exchange losses	1.680	756
Losses on derivative financial instruments	80.278	22.965
Losses on capital market transactions	1.285.083	1.535.872
Net	213.140	26.699

a. Information on Profit/Loss on Derivative Financial Operations

	Current Period 31.03.2023	Prior Period 31.03.2022
Effect of the change in exchange rates on profit/loss	66.382	51.346
Total	66.382	51.346

5. Information on other operating income

Information on factors covering the recent developments which has significant effect on the Bank's income and the extent of effect on income

	Current Period 31.03.2023	Prior Period 31.03.2022
Correction Account for Previous Years Expenses (*)	1.239.691	276.249
Income from the Sale of the Asset	560	6.962
Provision for Communication Expenses	1.645	1.492
Checkbook Fees	188	172
Other	1.324	2.567
Total	1.243.408	287.442

(*) TRY 180.136 of the adjustment account for previous year's expenses was paid for participation accounts provision cancellations (31 March 2022 : 90.718 TRY), 3 TRY for securities depreciation provision cancellations (31 March 2022 : 11.306 TRY) and 1.022.708 TRY for credit. free provision cancellations (31 March 2022: 56.235 TRY).

6. Provision expenses for impairment on loans and other receivables

	Current Period 31.03.2023	Prior Period 31.03.2022
Expected Credit Loss	944.015	448.737
12 month expected credit loss (Stage 1)	522.175	192.545
Significant increase in credit risk (Stage 2)	193.923	65.104
Non-performing loans (Stage 3)	227.917	191.088
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control (Joint Ventures)	-	-
Other	22.469	108.180
Total	966.484	556.917

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED PROFIT OR LOSS (Continued)

7. Information on other operating expenses

	Current Period 31.03.2023	Prior Period 31.03.2022
Reserve for Employee Termination Benefits	11.628	3.188
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	41.232	19.781
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	9.235	5.766
Impairment Expense of Equity Participations for which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Sale	-	-
Depreciation Expenses of Assets Held for Sale	-	-
Impairment Expenses for Non-Current Assets Held for Sale and Discontinued Operations	-	-
Other Operating Expenses	141.361	64.893
Leasing Expenses Related to TFRS 16 Exceptions	728	369
Maintenance Expenses	21.459	3.206
Advertisement Expenses	19.209	10.954
Other Expenses	99.965	50.364
Loss on Sales of Assets	-	31
Other (*)	731.884	49.285
Total	935.340	142.944

(*) Of the balance constituting the other item, TRY 65.582 (TRY 23.727 on 31 March 2022) is from SDIF premium and audit and consultancy service expenses, TRY 34.856 (TRY 31.357 on March 31, 2022) is from taxes, fees and funds and other service expenses, and TRY 600.000 is paid out. It consists of donations made to AFAD due to the earthquake disaster in Kahramanmaraş and surrounding provinces in February.

8. Information on profit/loss from continued and discontinued operations before taxes

As of 31 March 2023, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 31.03.2023	Prior Period 31.03.2022
Net Profit Share Income	1.497.327	2.101.272
Net Fees and Commissions Income	167.603	66.311
Dividend Income	-	-
Trading Income/Expense (Net)	213.140	26.699
Other Operating Income	1.243.408	287.442
Expected Loss Provision (-)	944.015	448.737
Other Provision Expense	22.469	108.180
Personnel Expense	414.361	183.544
Other Operating Expenses (-)	935.340	142.944
Income/(Loss) from Continuing Operations	805.293	1.598.319

9. Information on tax provision for continued and discontinued operations

As of 31 March 2023, the Bank does not have any tax provision expense (31 Mart 2022: TRY 403.888), deferred tax income is TRY 192.787 (31 Mart 2022: TRY 187.237).

10. Explanation on net income/loss for the period for continuing and discontinued operations

The Group's net profit from continuing operations is TRY 998.080 (31 December 2021: TRY 1.194.431 net income).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED PROFIT OR LOSS (Continued)

11. Information on net profit/loss

- a) Nature, amount and frequency of income and expenses arising from ordinary banking activities, if required for the understanding the performance of the Bank in the current period

The Bank, mainly utilizes its resources from domestic current and profit shares, securities and interbank operations. Besides, it obtains income via commissions taken from non-cash loans, other banking operations.

- b) The effect of the change in accounting estimates to the net profit/loss; including the effects to the future period, if any

As of the balance sheet date, there is no change in accounting estimates that may require further explanations in the current period.

12. If other items in the income statement exceed 10% of the income statement total, sub-accounts constituting at least 20% of these items are shown below

None (31 March 2022 None).

V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED THE CHANGES IN SHAREHOLDERS EQUITY

Not prepared in compliance with the Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

VI. EXPLANATIONS AND NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Not prepared in compliance with the Article 25 of the Communiqué on Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks.

VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE PARENT BANK

- 1) a) Information on the volume of transactions relating to the Parent Bank's risk group, outstanding loans and funds collected and income and expenses for the period:

Current Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	2.374	-	-	-
Balance at end of period	-	-	2.474	-	-	-
Profit share and commission income	-	-	-	-	-	-

Prior Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	1.646	-	-	-
Balance at end of period	-	-	2.374	-	-	-
Profit share and commission income	-	-	-	-	-	-

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE PARENT BANK
(Continued)****b) Current and profit sharing account held by the Bank's risk group:**

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and participation accounts						
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
Participation Accounts						
Profit Share Expenses	-	-	-	-	-	-

c) Information on loans taken from the risk group of the Bank

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Credits Received						
Balance at the beginning of period	5.200.000	4.050.000	284.791	484.397	-	-
Balance at the end of period	5.500.000	5.200.000	215.588	284.791	-	-
Dividend Expenses Paid	269.855	178.277	1.379	5.000	-	-

2) Information on forward transactions, option agreements and similar transactions between the Parent Bank's risk group

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss						
Opening Balance	-	-	5.928.040	1.708.791	-	-
Closing Balance	-	-	9.488.006	5.928.040	-	-
Total Profit/Loss	-	-	-	-	-	-
Risk Protection Oriented Processes						
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on the fees paid to the top management of the bank

The total amount of benefits provided to the Bank's Senior Management is TRY 5.736 (31 December 2022 TRY 12.688).

VIII. SIGNIFICANT EVENTS AND MATTERS ARISING SUBSEQUENT TO BALANCE SHEET DATE

At the Extraordinary General Assembly Meeting of the Bank for the year 2023 held on March 31, 2023, it was approved to increase the paid-in capital by TRY 4.700.000 in cash. It was announced in the Trade Registry Gazette dated 2023 and numbered 10803.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

SECTION SIX EXPLANATIONS ON AUDITOR’S LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

As of March 31, 2023, the consolidated financial statements prepared for the accounting period ending on the same date are prepared by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşarvirlik A.Ş. and the review report dated 10 May 2023 is presented before the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. ASSESMENT OF CHAIRMAN

In the first quarter of 2023, the intense agenda of the global economy included the fight against high inflation, recession expectations, bank failures and aggressive tightening steps of the central banks. The effects of the epidemic period are still felt and the war process, which is another factor that threatens the global economy, is closely followed. The Russia-Ukraine war had a negative impact on the post-pandemic global recovery process. On the other hand, the negative processes in some banks in the USA and Europe increased the global recession expectations. In the first quarter of the year, while the main target of the economic administrations was to fight against high inflation, the leading central banks continued their tightening monetary policies. According to the results of the fight against inflation, loosening actions in monetary policies are expected after the second half of the year.

The US economy, which spent 2022 with a slowdown in growth, entered a period in which it had recession concerns due to bank bankruptcies in the first quarter of 2023. The US Federal Reserve (FED) has been taking tightening steps since the first quarter of 2022 to combat inflation. FED emphasized that the tight stance in the fight against inflation will be maintained decisively in the light of future data. The Dollar index (DXY), which had been on an upward trend in the previous year, followed a fluctuating course in the first quarter of 2023 due to the expectation that interest rate hikes would cease. On the other hand, while the fluctuating course of the unemployment rate in the USA from the middle of 2022 to the end of the year continued in the first quarter of 2023, the labor market was followed closely. While the FED focused on fighting inflation, he pointed out that the labor market could be cooled without damaging the labor market and without a large increase in unemployment. In addition to the effects of the monetary policy to be implemented by the FED in the upcoming period, the possible effects on the economies of developing countries are also closely monitored.

Despite the partial easing in headline inflation, the European economy spent the first quarter of the year in an outlook where high levels were maintained and core inflation was at record levels. The European Central Bank (ECB) continued its tight monetary policy to combat high inflation and increased interest rates, emphasizing that interest rate hikes would continue and more steps should be taken in this direction.

The policy of controlling inflation and supporting the Turkish Lira in Turkey continued in the first quarter of this year as well. Stability in exports and economic growth played an important role in shaping the 2023 economic policy. Various economic programs have been implemented with determination to minimize the negative effects of global-scale developments, to control the increases in inflation rates, and to support the Turkish Lira. While economic growth is expected to continue in the upcoming period, it is observed that the upward trend in inflation has started to decline. It is predicted that the improvement process in the current account balance will continue in 2023 with the contribution of the tourism sector.

Ziraat Participation Bank channels its domestic and foreign resources to areas that will provide the most added value to our economy, and supports the deepening and development of the participation finance system. In this context, our bank supports the increase in the share of participation banking in the financial sector every year, while increasing its share in the sector. The funds collected continue to be the main funding source and are mainly used in financing the real sector.

Our bank continues to branch out in order to enable access to participation banking services in more settlements in our country. While we are proud of opening our 166th branch in 2023, we will continue to branch within the framework of efficiency principles, to offer effective financial solutions to our customers at all our service points with a customer-oriented approach, and to further support the participation banking sector and our economy.

Alpaslan ÇAKAR
Chairman of the Board

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

INTERIM ACTIVITY REPORT (Continued)

II. ASSESMENT OF GENERAL MANAGER

Ziraat Participation's total assets reached TRY 242.5 billion with an increase of 14% in the first quarter of 2023 compared to the end of 2021, while the funds collected reached TRY 197 billion with an increase of 14% compared to the same period. While the cash funds provided increased by TRY 18% to TRY 172,3 billion, the total cash and non-cash financing provided by Ziraat Participation to the entire sector amounted to TRY 222,5 billion.

Ziraat Participation completed the first quarter of 2023 with a profit of TRY 998 million, as a result of its service approach that prioritizes customer satisfaction and the successful execution of its business cycle structured with a focus on efficiency.

Ziraat Participation, which has rapidly expanded its branch network throughout Turkey, has reached 166 branches, 165 in the country and 1 abroad, as of the 1st quarter of 2023.

LEASE CERTIFICATE ISSUES REACHED TRY 59,5 BILLION

Ziraat Participation Bank successfully completed the issuance of 7 lease certificates in the first quarter of 2023. Ziraat Yatırım Menkul Değerler A.Ş. While TRY 4,9 billion funding was obtained from these issuances made through these issues, there was a demand from investors for all of the lease certificate issues.

Ziraat Participation, Turkey's first publicly owned participation bank, has reached a total volume of TRY 59,5 billion with the issuance of 140 lease certificates to investors since its inception in 2015.

WE STARTED EMERGENCY SUPPORT FINANCING TO THE EARTHQUAKE REGION

Those operating in small industrial sites, organized industrial zones or outside them (workplace clustering and similar) in our provinces affected by the earthquakes that took place in 11 provinces in Kahramanmaraş on February 6, 2023 and described as the disaster of the century, and whose workplaces were damaged and documented this situation from the relevant official authorities. "2023 Earthquake Emergency Support Financing" protocol was signed between the Small and Medium Enterprises Development and Support Administration (KOSGEB) and our bank in order to provide financial support to businesses under favorable conditions. "Earthquake Zone Operation Expenses Support Package" was put into practice in order to maintain the operations of businesses operating in Kahramanmaraş, Gaziantep, Şanlıurfa, Diyarbakır, Adana, Adıyaman, Malatya, Osmaniye, Elazığ, Hatay and Kilis provinces in a healthy manner.

WE IMPLEMENTED AGRICULTURAL FINANCE

In line with the principles of Participation Banking, we launched our "Agriculture Financing" product. We became the first bank to implement state-supported agricultural financing among Participation Banks. In order to develop agricultural production activities in our country; All kinds of financial support will be provided for conscious, high quality and efficient production by increasing agricultural lands, strengthening livestock, minimizing imports and maximizing exports in agriculture. We aim to support value-added production and contribute to sustainability in the agricultural ecosystem.

WE PROVIDED FIRE SUPPORT TO KAHRAMANKAZAN SMALL BUSINESS OWNER

In order to provide financial support under appropriate conditions to businesses in the sectors supported by KOSGEB, registered and active in the KOSGEB database, which was affected by the explosion and fire in Kahramankazan District of Ankara Province and documenting this situation from the relevant official authorities, in the status of real or legal persons defined in the Turkish Commercial Code, Small and Medium The "Ankara Province Kahramankazan District Emergency Support Financing" application was implemented between the Scale Enterprises Development and Support Administration (KOSGEB) and our bank.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

INTERIM ACTIVITY REPORT (Continued)

II. ASSESMENT OF GENERAL MANAGER (Continued)

WE PROVIDE EDUCATION, DIGITAL TRANSFORMATION AND TECHNOLOGY SUPPORT PACKAGES

Between the Credit Guarantee Fund (CGF) and our bank, in order to reduce the negative impact of the epidemic conditions on businesses and to support investments; “Education Support Package” for financing the operating expenses of private education institutions that have difficulties in meeting their personnel expenses, “Digital Transformation Support Package” for providing financial support for SMEs operating in the manufacturing industry to complete their digital transformation processes, and the “Digital Transformation Support Package” for enterprises operating in technology development centers. “Technology Support Package” was provided to finance the expenditures.

WE HAVE IMPLEMENTED NEW HOUSING AND HOUSING CONSTRUCTION SUPPORT PACKAGES

New Housing Finance Program Support Package to finance the operating expenses of construction companies operating in the construction sector and that have signed a guarantor agreement with our bank within the scope of the housing construction to be made within the framework of the new housing finance program, Housing Construction Support Package to provide financial support for the operating expenses of construction companies operating in the construction sector, 2022 Construction Works Support Package for the benefit of the contracting/construction companies that signed contracts before 2018 and whose commitments under this contract continue, and the companies that signed subcontracting contracts within the scope of the aforementioned contracts, and Yeni Evim Housing Finance product to ensure that our middle-income customers have a home with affordable financing conditions. receipt.

WE PROVIDED SPECIAL SUPPORT PACKAGES TO YOUNG AND WOMEN ENTREPRENEURS

The “Entrepreneur Support Package” was put into practice in order to support innovation and high-tech production by facilitating the access of all entrepreneurs, especially young entrepreneurs, to finance. Real person businesses that want to open a new workplace for the production of goods and services, self-employment or commercial activity or operate on the basis of a business idea, legal person whose shares are owned by women entrepreneurs at least 50% of the total as of the date of application “Women Entrepreneur Support Package” was offered to our customers in order to support businesses and women's cooperatives whose members are at least 50% women.

WE HAVE IMPLEMENTED THE VICTIMS OF DELAYED PENSION AGE (EYT) SUPPORT PACKAGE

The “EYT (victims of delayed pension age) Support Package” was put into practice in order to meet the financing needs of SMEs and non-SME companies that will pay severance pay due to retirement within the framework of the Law No. 7438 dated March 3, 2023.

WE HAVE IMPLEMENTED THE SUPPORT PACKAGE FOR CURRENCY EARNING ACTIVITIES

The “Foreign Exchange Earning Activities Support Package” was put into practice in order to increase the number of exporting companies and the export volumes realized, to be used by SMEs and non-SME companies operating in the exporting or foreign exchange earning services sectors.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TRY”))

INTERIM ACTIVITY REPORT (Continued)

II. ASSESSMENT OF GENERAL MANAGER (Continued)

WE HAVE IMPLEMENTED THE REGIONAL FOCUSED SME SUPPORT PACKAGE

Within the scope of the Joint Financing Support Program carried out in cooperation with KOSGEB and Development Agencies, the “Regional Oriented SME Support Package” was put into practice in order to finance the operation and investment expenditures of SMEs, which are eligible for support, especially those operating in the manufacturing industry.

WE HAVE IMPLEMENTED THE INVESTMENT-PROJECT FINANCE SUPPORT PACKAGE

The “Investment-Project Finance Support Package” was put into practice in order to finance the investment and investment-related operating expenses of our SMEs and non-SME customers who are planning to invest, especially enterprises operating in the manufacturing industry and exporting enterprises.

WE HAVE IMPLEMENTED CBRT INVESTMENT COMMITTED ADVANCE FINANCE PACKAGE

Within the scope of sustainable development goals; “CBT Investment Committed Advance Financing”, which was made available to increase exports, contribute to domestic production by reducing imports, and support investments with high efficiency and added value for foreign exchange earning service revenues, was put into practice.

WE OFFERED ZİRAAT KATILIM MOBILE POS APPLICATION TO OUR CUSTOMERS

Ziraat Participation Mobile POS application, which enables member businesses to accept contactless payments using the NFC feature of their Android operating system smartphones, without the need for any external device, was launched. Ziraat Participation Mobile POS enables you to receive payments outside the workplace by turning your smartphones into POS devices.

WE MADE CRITICAL STUDIES IN INFORMATION SYSTEMS

Within the scope of our Information Systems activities; With the 'Instant Market' application, our customers can make transactions over real-time rates and leave orders, automatic transfer of reports produced in credit risk monitoring to the system, improvements made in the Internet Banking module related to DBS, allowing companies and dealers to upload/report/cancel/payments in a shorter time. and the TRYREFK Indexed Leasing product can be used by the customer.

As Ziraat Participation, we continue to work devotedly to increase our contribution to the real economy, in line with our values and ethical principles, which are the reflection of our deep-rooted corporate culture.

Best Regards,
Metin ÖZDEMİR
General Manager

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

INTERIM ACTIVITY REPORT (Continued)

III. SHAREHOLDING STRUCTURE

The paid in capital of Ziraat Katılım Bankası A.Ş. is TRY 2.650.000.000 and this capital is divided into 2.650.000.000 shares, each of which is worth 1,00 Turkish Liras. The Chairman and Members of the Board of Directors, the Members of the Audit Committee, and the General Manager and his Deputies do not own shares in the Bank.

Title	Share Amounts	Number Of Shares
T.C. Ziraat Bankası A.Ş.	2.649.999.996	2.649.999.996
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	1	1
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.	1	1
Ziraat Teknoloji A.Ş.	1	1
Ziraat Yatırım Menkul Değerler A.Ş.	1	1

IV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

No amendments were made to the articles of association during the period.

V. MAIN FINANCIAL INDICATORS

Among the Bank's Assets, Loans with TRY 171.230.652 Thousand with 71%, Cash Securities and Cash Equivalents with TRY 38.997.917 Thousand with 16%, Securities with TRY 27.389.398 Thousand with 12%, Other Assets with TRY 1.984.376 Thousand with 1% gets a share.

Assets (Thousand TRY)	31 March 2023	31 December 2022	Variance (%)
Cash Values and Cash Equivalents	38.997.917	38.204.442	2
Securities	27.389.398	26.228.936	3
Loans	171.230.652	144.858.268	18
Other Assets	4.083.950	3.065.277	33
Total Assests	241.701.917	212.356.923	14

Funds Collected in Bank Liabilities with TRY 196.944.468 Thousand with 81%, Funds Other than Funds Collected with TRY 20.329.143 Thousand with 9%, Shareholders' Equity with TRY 12.036.575 Thousand with 5% and Other Liabilities with TRY 12.391.731 Thousand with 5%. takes.

Liabilities (Thousand TRY)	31 March 2023	31 December 2022	Variance (%)
Deposit	196.944.468	173.139.098	14
Non- Deposit Resources	20.329.143	20.413.611	(1)
Other Liabilities	12.391.731	7.425.769	67
Equity	12.036.575	11.378.445	6
Total Liabilities	241.701.917	212.356.923	14

Selected Income-Expenses (Thousand TRY)	31 March 2023	31 March 2022
Profit Share Income	6.662.866	3.904.394
Profit Share Expense	5.165.539	1.803.122
Net Profit Share Income	1.497.327	2.101.272
Net Fee and Commission Income	167.603	66.311
Trading Profit/Loss	213.140	26.699
Other Operating Income	1.243.408	287.442
Other Operating Expense	935.340	142.944
Expected Loss Provision	944.015	448.737
Other Provision Expense	22.469	108.180
Personel Expense	414.361	183.544
Profit / Loss Before Tax	805.293	1.598.319
Tax Provision	(192.787)	(403.888)
Net Profit/Loss	998.080	1.194.431

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

INTERIM ACTIVITY REPORT (Continued)

V. MAIN FINANCIAL INDICATORS (Continued)

RATIOS (%)	31 March 2023	31 December 2022
Capital Adequacy Ratio	12,5	15,8
Equity / Total Assets	5,0	5,3
Total Loans / Total Assets	70,7	69
Borrowings/Total Assets	81,2	81,2
Non-Performing Loans (Gross)/Loans	1,1	1,3

* Includes Leasing Receivables, excluding Non-Performing Receivables.

VI. INFORMATION ON THE CONSOLIDATED SUBSIDIARY

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.:

Ziraat Katılım Varlık Kiralama A.Ş. exclusively within the framework of the Lease Certificates Communiqué (III-61.1) published in the Official Gazette dated 07.06.2013 and numbered 28760, on 22.01.2016, with a capital of TRY 50.000, all of which was paid by Ziraat Participation, and the permission was obtained from the Banking Regulation and Supervision Agency and the Capital Markets Board. has been established to export lease certificates.

The company's main address is Fatih / İSTANBUL.

As of 31 March 2023, the company has no personnel.

Shareholders	Address	Number of Shares	Number of Shares
Ziraat Katılım Bankası A.Ş.	Hobyar Eminönü Mahallesi Hayri Efendi Cad. Fatih / İSTANBUL	50.000	50.000

Ziraat Katılım Varlık Kiralama A.Ş. The lease certificate issuances made by the Company are shown in the table below

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Interest Rate
Ziraat Katılım Bankası A.Ş.	TRDZKVK42327	500.000.000,00	06.01.2023	13.04.2023	97	20,25%
Ziraat Katılım Bankası A.Ş.	TRDZKVK42335	600.000.000,00	17.01.2023	26.04.2023	99	20,25%
Ziraat Katılım Bankası A.Ş.	TRDZKVK52318	500.000.000,00	27.01.2023	05.05.2023	98	20,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVK52326	700.000.000,00	15.02.2023	18.05.2023	92	20,75%
Ziraat Katılım Bankası A.Ş.	TRDZKVK62317	800.000.000,00	07.03.2023	09.06.2023	94	22,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVK62325	1.000.000.000,00	15.03.2023	20.06.2023	97	22,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK72324	800.000.000,00	30.03.2023	07.07.2023	99	22,00%

Ziraat Katılım Varlık Kiralama A.Ş. The lease certificate redemptions made by the Company are shown in the table below.

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Interest Rate
Ziraat Katılım Bankası A.Ş.	TRDZKVK12312	500.000.000,00	05.10.2022	06.01.2023	93	25.224.659,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK12320	600.000.000,00	13.10.2022	17.01.2023	96	31.956.180,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK12338	500.000.000,00	26.10.2022	27.01.2023	93	25.797.950,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK22311	700.000.000,00	11.11.2022	15.02.2023	96	39.585.530,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK32310	800.000.000,00	29.11.2022	07.03.2023	98	44.032.880,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK32328	800.000.000,00	09.012.2022	15.03.2023	96	43.134.240,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK32336	700.000.000,00	28.12.2022	30.03.2023	92	36.169.840,00

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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INTERIM ACTIVITY REPORT (Continued)

VI. INFORMATION ON THE CONSOLIDATED SUBSIDIARY (Continued)

ZKB VARLIK KİRALAMA A.Ş.:

ZKB Varlık Kiralama A.Ş. With the capital of TRY 50.000 fully paid by Ziraat Participation, with the permission of the Banking Regulation and Supervision Agency and the Capital Markets Board, on 08 September 2017, exclusively within the framework of the CMB's Lease Certificates Communiqué (III-61.1) published in the Official Gazette dated 07 June 2013 and numbered 28760. was established to issue lease certificates.

The company's main address is Fatih / İSTANBUL.

As of 31 March 2023, the company has no personnel.

Shareholders	Address	Number of Shares	Number of Shares
Ziraat Katılım Bankası A.Ş.	Hobyar Eminönü Mahallesi Hayri Efendi Cad. Fatih / İSTANBUL	50.000	50.000

VII. 2023 I. INTERIM ACTIVITIES

Head of Product Development and Management Department

Within the scope of the support programs signed between the Small and Medium-Sized Enterprises Development and Support Administration (KOSGEB) and our Bank to encourage investments in production:

Within the scope of the Small and Medium Enterprises Development and Support Administration (KOSGEB) Vegetable and Fruit Cold Chain Leasing Support Program, the beneficiaries will be supported to a certain extent by the financial leasing method of the profit share to be accrued in the procurement of domestic goods and new cold storage units and/or refrigerated refrigerated cases/units. The "Vegetables and Fruits Cold Chain Financial Leasing Support Program Protocol" signed between KOSGEB and our Bank for the purpose of continuing.

In order to provide financial support, under appropriate conditions, to businesses operating in small industrial sites, organized industrial zones or outside them (workplace clustering and similar) in our provinces affected by the earthquake that occurred on February 6, 2023 and the subsequent tremors and documenting this situation from the relevant official authorities. and Medium-Sized Enterprises Development and Support Administration (KOSGEB) and our Bank signed the "2023 Earthquake Emergency Support Financing" protocol.

"Bartın, Düzce, Karabük, Kastamonu, Sinop" signed between the Small and Medium Enterprises Development and Support Administration (KOSGEB) and our Bank in order to provide financial support to businesses affected by the flood and landslide disaster in Aybastı district of Ordu province and the Western Black Sea Region. and Zonguldak Provinces and Ordu Province Aybastı District Emergency Support Financing" continues.

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INTERIM ACTIVITY REPORT (Continued)

VII. 2023 I. Interim Activities (Continued)

Within the scope of the FOSTER Project titled "Strengthening the Private Sector to Promote Social and Economic Cohesion in Turkey", financed by the European Union ("EU"), of which the German Development Bank ("KfW") is the program manager, official as a citizen of the Republic of Turkey (TC), Syrian under Temporary Protection (GKAS) or refugees from other countries, operating in the specified sectors, registered and active in the KOSGEB Database, real or legal person status defined in the Turkish Commercial Code and supported by KOSGEB. The Employment Contracted SME Financing Support Program (FOSTER), in which a part of the profit share is covered by KOSGEB, continues in order to enable businesses that receive financing, whose SME Information Statement is up-to-date, and which are not banned from KOSGEB Supports, to use financing under favorable conditions.

Affected by the explosion and fire in Kahramankazan District of Ankara Province and documenting this situation from the relevant official authorities (Governorship/District Governorship), (KOSGEB approved the financing applications through the bank in this direction after obtaining the said documents directly from the relevant institutions/organizations and recording them in its database on a customer basis, Small and Medium Enterprises Development and Support Administration, in order to provide financial support to businesses in KOSGEB-supported sectors, which are registered and active in the KOSGEB Database, have the status of natural or legal persons defined in the Turkish Commercial Code, and are in the sectors supported by KOSGEB. (KOSGEB) and our Bank, "Ankara Province Kahramankazan District Emergency Support Financing" application was presented.

Affected by the earthquake in Düzce province and documenting this situation from the relevant official authorities (Governorship/District Governorate), the Bank requests additional documents from the customer, since KOSGEB has approved the financing applications through the bank after obtaining the said documents directly from the relevant institutions/organizations and recording them in its database on a customer basis. with the Small and Medium Enterprises Development and Support Administration (KOSGEB) in order to provide financial support under appropriate conditions to businesses in the sectors supported by KOSGEB, with the status of natural or legal person defined in the Turkish Commercial Code, registered and active in the KOSGEB Database. "Düzce Provincial Emergency Support Financing" application was presented between our bank.

Protocols were signed between the Credit Guarantee Fund (KGF) and our Bank within the scope of support packages in order to reduce the negative impact of the epidemic conditions on businesses and to support investments and were made available to the beneficiaries:

The "Education Support Package" has been put into practice in order to finance the operating expenses of private education institutions defined in subparagraph c of the first paragraph of the 2nd article of the Private Education Institutions Law No. 5580, which have difficulties in meeting the personnel expenses.

The Credit Guarantee Fund (KGF) provides financing to all SMEs and non-SME businesses that need collateral support to meet their financing needs within the scope of new or ongoing investments that will increase their production and employment capacity (prioritized by companies operating in the manufacturing industry or exporting).) with surety, "Investment Support Package" has been prepared.

The New Housing Finance Program Support Package has been put into practice in order to finance the operating expenses of the construction companies operating in the construction sector, which have signed a guarantor agreement with our Bank within the scope of the housing construction to be carried out within the framework of the New Housing Finance Program.

Housing Construction Support Package was put into practice in order to provide financial support for the operating expenses of construction companies operating in the construction sector.

ZİRAAT KATILIM BANKASI A.Ş.

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INTERIM ACTIVITY REPORT (Continued)

VII. 2023 I. Interim Activities (Continued)

The Digital Transformation Support Package was put into practice in order to provide financial support for the completion of the digital transformation processes of SMEs operating in the manufacturing industry.

Within the scope of Law No. 4691, enterprises operating in technology development zones and specialized technology development zones, enterprises operating in Technology Development Centers with the right to use the name TEKMER by KOSGEB, have received a Design Center Certificate and/or R&D Center Certificate from the Ministry of Industry and Technology within the scope of Law No. 5746. "Technology Support Package" has been put into practice in order to finance the investment and investment-related operating expenses of enterprises with a Patent or Technological Product Experience Certificate (TUR).

The "EYT (victims of delayed pension age) Support Package" was put into practice in order to meet the financing needs of SMEs and non-SME companies that will pay severance pay due to retirement within the framework of the Law No. 7438 dated March 3, 2023.

The "Entrepreneur Support Package" was put into practice in order to support innovation and high technology production by facilitating the access of all entrepreneurs, especially young entrepreneurs, to finance.

Within the framework of participation banking principles; In return for financing the working capital needs of SMEs operating in exporting or foreign exchange earning sectors and SMEs that are not currently exporters but have export potential, an "Export Support Package" was prepared with the Credit Guarantee Fund (KGF) surety and support was provided to our SMEs.

In return for financing the working capital needs of SMEs and non-SME companies, the "Business Expenditures Support Package" was prepared with the Credit Guarantee Fund (KGF) surety. In order to facilitate access to finance for SMEs and non-SME enterprises operating in the manufacturing industry sectors, the "Manufacturing Industry Support Package" was put into practice within the framework of the Treasury Supported Guarantee System.

The "Foreign Exchange Earning Activities Support Package" was put into practice in order to increase the number of exporting companies and the export volumes realized, to be used by SMEs and non-SME companies operating in the exporting or foreign exchange earning services sectors. The "Entrepreneur Support Package" was put into practice in order to support innovation and high technology production by facilitating the access of all entrepreneurs, especially young entrepreneurs, to finance.

Real person businesses that want to open a new workplace for the production of goods and services, self-employment or commercial activity or operate on the basis of a business idea, legal person whose shares are owned by women entrepreneurs at least 50% of the total as of the date of application "Women Entrepreneur Support Package" was put into practice in order to strengthen the women entrepreneurship ecosystem by supporting the enterprises and women's cooperatives whose members are at least 50% women.

Within the scope of the Joint Financing Support Program carried out in cooperation with KOSGEB and Development Agencies, the "Regional Oriented SME Support Package" was put into practice in order to finance the operation and investment expenditures of SMEs, which are entitled to be supported, especially those operating in the manufacturing industry.

Due to the earthquake disaster that occurred on February 6, 2023, the "Earthquake Zone Operation Expenses Support Package" in order to maintain the activities of the businesses operating in the provinces of Kahramanmaraş, Gaziantep, Şanlıurfa, Diyarbakır, Adana, Adıyaman, Malatya, Osmaniye, Elazığ, Hatay and Kilis in a healthy way. " has been implemented.

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INTERIM ACTIVITY REPORT (Continued)

VII. 2023 I. Interim Activities (Continued)

The "Investment-Project Finance Support Package" was put into practice in order to finance the investment and investment-related operating expenses of our SME and non-SME customers who plan to invest, primarily the enterprises operating in the manufacturing industry and exporting enterprises.

The Construction Support Package has been put into practice in order to benefit the contracting/construction companies (contractor) that signed contracts before 2022 and whose commitments under this contract continue within the scope of the construction works defined in the Law No.

In order to enable our customers to own a house with suitable financing conditions, İlk Evim Housing Finance and Extended Housing Finance product applications continue.

In order to alleviate the negative impact of the COVID-19 pandemic, an Emergency Working Capital Loan to Support SMEs in Turkey was implemented by the Islamic Development Bank (IDB) management in favor of Ziraat Participation in return for the treasury guarantee of the Government of the Republic of Turkey. Yeni Evim Housing Finance product was put into practice in order to enable our middle-income customers to own houses with suitable financing conditions.

Within the scope of sustainable finance and increasing domestic production; The CBRT Investment Committed Advance Financing application, which is used to increase exports by supporting, contribute to domestic production by reducing imports, and support investments with high added value and efficiency towards generating foreign exchange-earning service revenues, has been presented.

We continue our work on environmental and social issues by contributing to the Sustainable Development Goals. In this context, our loan product for our real person customers; The "Housing Heat Insulation Loan" product application, which ensures the increase in energy efficiency used for heating in residential areas, the reduction of heating costs, the reduction of carbon emissions, and the financing of thermal insulation and roof insulation expenditures under appropriate conditions, continues.

To provide all kinds of financial support in line with the principles of Participation Banking in order to increase the mechanization and agricultural lands for the development of agriculture, to strengthen livestock, to minimize imports and maximize exports in agriculture, by making our presence felt wherever we are needed in the agricultural sector of our country. Our "Agriculture Financing" product application studies are continuing.

Our work on TARSİM integration process continues.

Ziraat Participation Mobile POS application, which enables member businesses to accept contactless payments using the NFC feature of their Android operating system smartphones, without the need for any external device, was launched.

In addition to Ziraat Participation Mobile POS application, Ziraat Participation Mobile POS Basic Sales Application, which can be offered to member businesses subject to the Communiqués 507 and 509 of the Tax Procedure Law, is planned to be implemented in 2023.

With our Commercial Credit Card product, the financing needs of our customers operating in the commercial life will be met.

In order to increase the widespread use of TROY, the domestic and national card scheme in card payments, TROY card issuance will be started and made available to our customers.

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INTERIM ACTIVITY REPORT (Continued)

VII. 2023 I. Interim Activities (Continued)

The Investment Proxy Cash Account product, which enables our Legal entity customers with a certain portfolio size to evaluate their savings with a special estimated profit rate according to the average balance commitment, and also allows our customers to plan their cash flow for their daily needs, was launched.

Head of Corporate Branch Banking

We continue to support the public and private sectors in terms of leasing and investment, as well as basic banking activities.

In order to offer solutions that create value for changing customer needs, our business model has been renewed and our services and channels have been updated. In 2023, our Beştepe/Ankara Corporate Branch was put into service to provide special services to our corporate customers in the public sector.

Retail Banking Group Presidency

In the first quarter of 2023, as retail banking, we increased our support to the real sector with a focus on producers and exports. In line with our strategic targets, we continued to provide innovative, customer-oriented service in all channels, and we achieved a 21% growth performance in funds and financing in the first quarter. We also opened 10 new branches, which had a multiplier effect on our performance in the first quarter. Thus, we reached a total of 165 branches, including 145 retail, 14 commercial and 6 corporate branches.

Leasing is one of our financial instruments that is widely used in the medium and long-term financing of the investments of our customers, which provide added value to our economy such as production, employment and exports. With leasing, companies provide great advantages in meeting their investment needs. In addition, it brings many conveniences such as the number of maturity, VAT advantage, and payment opportunities suitable for cash flow.

In the first quarter of 2023, as retail banking, we have reached a leasing balance of 11.5 billion TRY with an increase of 45%. As Ziraat Participation, we maintain our leadership in the participation finance sector in leasing products.

Our customers' interest in the exchange-protected participation products, which our economy management and Central Bank have put into use to support production and exports and strengthen the current account balance, continues to increase. Our Currency Protected Deposit products offer important advantages to our customers who want to protect their money, such as not being harmed by the exchange rate difference, profit share return, and zero withholding tax. As of the first quarter of 2023, the amount of currency protected deposits at our Bank reached TRY 43 billion, and our share in the banking sector rose to 2,52% with an increase of 26% in the first quarter.

With the President's Decision dated February 23, 2023 and numbered 6832, we became the second bank in the sector, and the first among the Participation Banks, after Ziraat Bank, which implemented state-supported agricultural financing in order to meet the financing needs of our producers for agricultural production under favorable conditions. As of the first quarter, we have started state-supported agricultural financing for our producers. From now on, we will continue to meet all the financial needs of our customers with our agricultural products.

On the way to becoming the main bank of SMEs, which form the basis of economic growth, support packages were offered to our SMEs in cooperation with KGF and KOSGEB at the point of financing and guarantee. In this sense, we made a positive discrimination especially for our SMEs located in the earthquake zone. In addition, after the devastating earthquake disaster that occurred on February 6, which was described as the disaster of the century, we enabled our customers in the region to postpone their loan payments before the region.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

INTERIM ACTIVITY REPORT (Continued)

VII. 2023 I. Interim Activities (Continued)

In the first quarter of 2023, we continued to increase our support to the real sector with a focus on producers and exports. We will complete the first phase of our SME value proposition project, which will meet the financial needs of SMEs 360 degrees with our products and services, in 2023. Our personnel, which we specifically prioritize in our SME value proposition studies, will take place.

We became one of the financial stakeholders of the Yeni Evim Housing Campaign, which was announced on January 16 and was launched with the aim of enabling citizens to own houses with affordable financing conditions. We have stood by our customers to ensure that our citizens who are going to buy their first house can reach their peaceful and secure homes with a more favorable maturity structure than market conditions, ease of payment with state support for the first 3 years, and payment opportunities compatible with household income.

Head of Credit and Foreign Trade Operations Department

Foreign Trade Transactions Service

What We Achieved in the 1st Quarter of 2023:

Data pattern updates made in SWIFT High Frequency Data Reporting have been complied with.

What We Will Achieve in 2023:

Within the scope of ISO 2022 SWIFT Integration in International Payments project, incoming MX messages will be read by the system and messages will be sent in MX format. The project will be carried out with the Agile Working model within the framework of our Bank's strategy plan.

Fund Disbursement and Process

There is no item.

Featured Transactions Service

What we will achieve in 2023:

Integration will be provided for the notification of the commitment reductions of the Inward Processing Permit certificate to the Ministry of Commerce.

Financial Leasing Operations Service

What We Achieved in the 1st Quarter of 2023:

The necessary system infrastructure has been established for financial leasing transactions to be made within the scope of TLOPRR (Turkish Lira Overnight Participation Reference Rate).

What We Will Achieve in 2023:

There is no item.

Collateral Transactions Service

There is no item.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2023

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INTERIM ACTIVITY REPORT (Continued)

VII. 2023 I. Interim Activities (Continued)

Head of Information Systems Management Department

Important works completed and commissioned within the scope of our Information Systems activities;

With the instant market application, our customers are provided with the opportunity to trade and place orders over real-time exchange rates.

The reports produced in credit risk monitoring were automatically transferred to the system.

With the LGD Modeling/Macroeconomic Model Update Project, the loss rate in case of default (LGD) has been established on the basis of our Bank's data.

With the improvements made in the Internet Banking module related to DBS, companies and dealers are able to perform transactions such as invoice loading/reporting/cancellation/payment in a shorter time.

With the Project of Supporting 8 Digit BINs, the card schemes were updated and the requirements communicated by BKM were complied with.

With the Austria Card Chip Development Project, harmonization with a new raw card supplier (Austria Card) was achieved.

With the Project of Adding the Correspondent Payment MX (K20) Message Type to the EFT System, the legal obligation demanded by the CBRT to integrate with SWIFT in TRY payments has been achieved.

Systemic developments of TLREFK Indexed Leasing product have been completed.

WAF (Web Application Firewall) security service has been activated for specified services.

VIII. Expectations Regarding the post - 2023 I. Interim Period

In the first quarter of 2023, the main agenda item of the global economy was the fight against inflation and the continuation of the increase in interest rates. The continuation of the increase in interest rates brought along the concerns of recession in the global economy. The abolition of the strict epidemic measures, especially in China, due to the recovery in the global economy, and the fluctuating continuation of the rapid increases in commodity prices, especially oil, in the past years, continued to put a significant pressure on inflation figures. In addition, the persistence of geopolitical and political uncertainties brought about by the Russia-Ukraine war and the negative processes in some banks in Europe, especially in the USA, increased global recession expectations. While the global inflationary pressure is expected to decrease gradually in the coming period, the current situation is followed and loosening steps are expected to be taken as of the second half of the year.

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AS OF 31 MARCH 2023**

(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TRY"))

INTERIM ACTIVITY REPORT (Continued)

VIII. Expectations Regarding the post - 2023 I. Interim Period (Continued)

While the US economy recovered in 2022, the slowdown in the growth rate and the continuation of interest rate increases in 2023 continued the concerns about the recession in the economy. While bank bankruptcies in the USA increased the concerns about the banking sector, it has put pressure on the global risk appetite since the second half of March, and a seller pricing has come to the fore in risky assets. In addition to the steps taken by US regulatory institutions, especially the US Federal Reserve, to support liquidity and confidence, JP Morgan's statement that it will buy First Republic Bank; The acquisition of Credit Suisse by UBS had an impact on the concerns. However, it has been observed that since the last week of March, the measures taken have taken effect and the concerns about the banking sector have subsided and an effort to recover globally in risky assets has been recorded. On the other hand, the FED continued to increase policy interest rates in line with expectations. However, in the last published text; While the statement "the committee will closely monitor the effects of monetary policy with the information received" was included, the statement "additional tightening", which indicates further interest rate hikes in the future, was not included. Therefore, it is predicted that uncertainty will continue about when interest rate hikes in the USA will end. The necessity of slowing down the economy in order to eliminate the tightness in the labor market comes to the forefront, so that wage trends are expected to decline in line with inflation and employment loss will occur as a result. The manufacturing sector PMI index, which is an indicator of the latest outlook of economic activity, remained below the 50 threshold level in the fifth month, and the US economy remained in the contraction zone.

The recovery seen in the European economy and the global economy in 2022 continued in the first quarter of 2023 as well. However, with the Russia-Ukraine war that broke out at the beginning of 2022, rising energy prices continued to increase significantly in cost inflation in the European continent. Bank bankruptcies that started in the USA and spread to Europe caused the optimistic expectations for the European economy to decrease. The European Central Bank emphasized that interest rate hikes will continue within the scope of tight monetary policy and that more steps should be taken in this direction.

The economic recovery seen in the economies of developing countries in 2022 continued to be effective in 2023 as well. The manufacturing PMI index, an indicator of the latest outlook for economic activity, fell below the threshold in China last month. This decrease marked the first contraction in factory production since January. On the other hand, the service sector PMI index, which signals the course of the activities of small and medium-sized companies, remained above the threshold value, pointing to the fastest growth in service sector activity since November 2020.

In Turkey, the CBRT maintained its current monetary policy stance at the MPC meeting held in March and did not change the policy rate, considering that the current policy was sufficient to support the necessary recovery after the earthquake. The rise in the manufacturing PMI after the significant effects of the earthquakes in February indicated that the growth in the manufacturing sector accelerated, thus maintaining its course in the growth zone. While the economy continued to grow, a significant improvement in unemployment rates also continued. However, the persistence of high commodity costs and supply-side problems caused by the Russia-Ukraine war continued to adversely affect the Turkish economy. The policy of controlling inflation risks and expectations in Turkey and supporting the Turkish Lira continued in the first quarter of this year as well. In this framework, programs supporting producers and exporters in loan disbursements continued in the market. This situation is expected to be an important factor in maintaining our country's growth performance in the rest of the year. The upward trend observed in the inflation rate in 2022 was broken in 2023, and decreased beyond expectations at the end of the first quarter. Therefore, it is expected that economic growth will continue and the downward trend in inflation will continue in the upcoming period.

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