

ZIRAAT KATILIM BANKASI ANONİM SİRKETİ

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 SEPTEMBER 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 30 September 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 nine-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 30 September 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 30 September 2023 and the results of its consolidated operations and its consolidated cash flows for the nine-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 30 September 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
Independent Auditor

Istanbul, 9 November 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 30 SEPTEMBER 2023**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
Hayri Efendi Cad. Bahçekapı No:12 34112 Fatih / İSTANBUL
Phone: 0 212 404 10 00
Facsimile: 0 212 404 10 80
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The consolidated financial report for the nine-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.	Katılım Finans Kefalet A.Ş.	-
2	ZKB Varlık Kiralama A.Ş.	-	-

The accompanying consolidated financial statements and notes to these financial statements for the nine 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 ÖZDEMİR
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

Figen BAHADIR
Head of Financial
Coordination Department

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

Name-Surname/Position : Erdem DENİZHAN / Financial Reporting Manager

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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 on 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 October 2014 with a capital of TRY 675.000 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 TRY 1.750.000 by increasing the amount of cash by TRY 500.000. At the 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. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 31 March 2023, the paid-in capital of the Bank has been raised to TRY 7.350.000 by increasing the amount of cash by TRY 4.700.000.

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 30 SEPTEMBER 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 30 September 2023, and 31 December 2022, main shareholders and capital amounts as follows:

Name of Shareholders	30 September 2023		31 December 2022	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. ^(*)	7.350.000	99,99999996	2.650.000	99,99999984
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş. ^(**)	-	0,00000001	-	0,00000004
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş. ^(**)	-	0,00000001	-	0,00000004
Ziraat Teknoloji A.Ş.	-	0,00000001	-	0,00000004
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,00000001	-	0,00000004
Total	7.350.000	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, the shares of Ziraat Katılım Bankası A.Ş., held by Türkiye Sigorta A.Ş. were transferred to Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., and the shares of Ziraat Katılım Bankası A.Ş., held by Türkiye Hayat ve Emeklilik A.Ş. were transferred its shares to Ziraat İşletme Yönetimi and Gayrimenkul Gelişim 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
Fikretin AKSU	Vice Chairman of the BOD, Member of Corporate Management Committee, Member of the Audit Committee, Associate Member of Credit Committee
Metin ÖZDEMİR	Member of the BOD, General Manager, 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, Member of Pricing Committee
Mehmet BAŞIBÜYÜK	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
Murat CANGÜL ^(*)	Member of the BOD, Member of Pricing Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKUTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Ertuğrul İSPAHA	Corporate Banking
Seher Elif EKİCİ	Credit Policies and Risk Liquidation
Mustafa Kürşad ÇETİN ^(**)	Retail Banking

(*) Appointed as a member of the Board of Directors as of 3 August 2023.

(**) Appointed as Deputy General Manager of Retail Banking as of 27 September 2023.

Chairman and members of the Board of Directors, Audit Committee members and General Managers and Deputies have no Bank's share capital.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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.	7.350.000	100,00	7.350.000	-
Total	7.350.000	100,00	7.350.000	-

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

The Group's field of activity is specified in its articles of association, without prejudice to the provisions of the Banking Law and other legislation. The Bank collects funds within the framework of interest-free banking rules, and also engages in fund disbursement activities through individual and corporate finance, financial leasing, profit/loss and labor/capital partnership investments, document financing in return for goods, and joint investments.

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 30 September 2023, the Parent Bank operates with its 177 domestic branches (31 December 2022: 155 domestic branches and 1 foreign) and 179 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad and the Somali branch, which started operations as of 5 September 2023 abroad. As of 30 September 2023, the number of employees of the Bank is 2.397 (31 December 2022: 1.904).

VI. A BRIEF EXPLANATION REGARDING THE DIFFERENCES BETWEEN THE REGULATIONS ON THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND THE CONSOLIDATION PROCEDURES PERFORMED IN ACCORDANCE WITH TURKISH ACCOUNTING STANDARDS, AS WELL AS ORGANIZATIONS SUBJECTED TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION, EXCLUDED FROM EQUITY, OR NOT INCLUDED IN THESE THREE METHODS

There is no difference between the Regulation on the Preparation of Consolidated Financial Statements of Banks and the consolidation procedures performed in accordance with Turkish Accounting Standards regarding the consolidation of subsidiary companies by the Parent Bank. This is due to the full consolidation inclusion of Ziraat Katılım Varlık Kiralama Şirketi A.Ş., established on 22 January 2016 and ZKB Varlık Kiralama Şirketi A.Ş., established on 8 September 2017 in the scope of 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.

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 30 SEPTEMBER 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 (30 September 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
I. FINANCIAL ASSETS (NET)		35.419.170	46.875.812	82.294.982	21.635.778	37.540.469	59.176.247
1.1 Cash And Cash Equivalents		20.409.061	40.464.839	60.873.900	6.424.337	31.780.105	38.204.442
1.1.1 Cash And Balances with Central Bank	(1)	17.889.404	32.035.063	49.924.467	6.310.803	18.663.442	24.974.245
1.1.2 Banks	(2)	2.536.943	8.429.776	10.966.719	134.657	13.116.663	13.251.320
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		17.286	-	17.286	21.123	-	21.123
1.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	3.179.807	3.179.807	-	2.133.604	2.133.604
1.2.1 Government Securities		-	3.179.807	3.179.807	-	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)	15.001.377	3.223.834	18.225.211	15.197.112	3.626.618	18.823.730
1.3.1 Government Securities		14.938.610	3.223.834	18.162.444	15.139.990	3.626.618	18.766.608
1.3.2 Equity Securities		52.913	-	52.913	52.341	-	52.341
1.3.3 Other Financial Assets		9.854	-	9.854	4.781	-	4.781
1.4 Derivative Financial Assets	(5)	8.732	7.332	16.064	14.329	142	14.471
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		8.732	7.332	16.064	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)		169.647.373	90.905.704	260.553.077	99.369.290	50.812.921	150.182.211
2.1 Loans	(6)	116.592.595	77.734.961	194.327.556	84.712.509	41.627.471	126.339.980
2.2 Lease Receivables	(6)	39.710.905	9.571.449	49.282.354	14.356.192	6.879.132	21.235.324
2.3 Other Financial Assets Measured at Amortized Cost	(7)	16.634.310	3.892.717	20.527.027	2.715.329	2.608.614	5.323.943
2.3.1 Government Securities		16.634.310	3.892.717	20.527.027	2.715.329	2.608.614	5.323.943
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)		3.290.437	293.423	3.583.860	2.414.740	302.296	2.717.036
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	295.687	-	295.687	274.644	-	274.644
3.1 Assets Held for Sale		295.687	-	295.687	274.644	-	274.644
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	22.500	-	22.500	-	-	-
4.1 Associates (Net)		22.500	-	22.500	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		22.500	-	22.500	-	-	-
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)	1.585.982	1.348	1.587.330	594.099	843	594.942
VI. INTANGIBLE ASSETS (Net)	(11)	570.243	-	570.243	342.454	-	342.454
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		570.243	-	570.243	342.454	-	342.454
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	887.693	-	887.693	788.020	-	788.020
X. OTHER ASSETS	(14)	1.153.096	397.482	1.550.578	925.248	73.157	998.405
TOTAL ASSETS		209.581.744	138.180.346	347.762.090	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 30 SEPTEMBER 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 (30 September 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
I. FUNDS COLLECTED	(1)	180.963.325	113.206.288	294.169.613	105.446.074	67.693.024	173.139.098
II. FUNDS BORROWED	(2)	886.502	6.396.362	7.282.864	341.719	4.182.250	4.523.969
III. MONEY MARKETS DEBTS	(3)	407.528	10.969.121	11.376.649	57.003	7.498.996	7.555.999
IV. SECURITIES ISSUED (Net)	(4)	4.233.912	-	4.233.912	4.394.241	-	4.394.241
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	-	5.589	5.589	-	62.998	62.998
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	5.589	5.589	-	62.998	62.998
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES (Net)	(7)	621.909	-	621.909	335.946	-	335.946
VIII. PROVISIONS	(8)	1.761.755	1.356.742	3.118.497	1.624.034	541.975	2.166.009
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		200.237	-	200.237	154.439	-	154.439
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		1.561.518	1.356.742	2.918.260	1.469.595	541.975	2.011.570
IX. CURRENT TAX LIABILITY	(9)	425.419	185	425.604	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)	1.375.246	3.885.657	5.260.903	1.341.748	2.597.654	3.939.402
12.1 Loans		1.375.246	3.885.657	5.260.903	1.341.748	2.597.654	3.939.402
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	1.940.372	1.526.469	3.466.841	2.056.100	1.317.502	3.373.602
XIV. SHAREHOLDERS' EQUITY	(14)	17.963.570	(163.861)	17.799.709	11.496.416	(117.971)	11.378.445
14.1 Paid-in capital		7.350.000	-	7.350.000	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		(92.653)	-	(92.653)	(94.077)	-	(94.077)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		1.153.008	(163.861)	989.147	2.540.848	(117.971)	2.422.877
14.5 Profit Reserves		6.138.132	-	6.138.132	2.297.860	-	2.297.860
14.5.1 Legal Reserves		312.264	-	312.264	120.251	-	120.251
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		5.779.801	-	5.779.801	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)		3.153.570	-	3.153.570	3.840.272	-	3.840.272
14.6.1 Prior Period Profit/Loss		-	-	-	-	-	-
14.6.2 Current Period Profit/Loss		3.153.570	-	3.153.570	3.840.272	-	3.840.272
TOTAL LIABILITIES		210.579.538	137.182.552	347.762.090	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 30 SEPTEMBER 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 (30 September 2023)			Prior Period (31 December 2022)		
		TRY	YP	Total	TRY	YP	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		40.870.831	43.014.573	83.885.404	28.889.269	34.877.714	63.766.983
I. GUARANTEES AND WARRANTIES	(1)	34.841.771	36.594.992	71.436.763	21.569.718	23.621.764	45.191.482
1.1 Letters of Guarantee		34.773.902	29.648.318	64.422.220	21.211.314	16.733.373	37.944.687
1.1.1 Guarantees Subject to State Tender Law		590.452	21.117.696	21.708.148	370.605	10.953.388	11.323.993
1.1.2 Guarantees Given for Foreign Trade Operations		27.162.819	-	27.162.819	15.639.249	-	15.639.249
1.1.3 Other Letters of Guarantee		7.020.631	8.530.622	15.551.253	5.201.460	5.779.985	10.981.445
1.2 Bank Acceptances		-	212.857	212.857	-	74.133	74.133
1.2.1 Import Letter of Acceptance		-	212.857	212.857	-	74.133	74.133
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	5.956.934	5.956.934	846	5.650.093	5.650.939
1.3.1 Documentary Letters of Credit		-	5.956.934	5.956.934	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		64.704	776.883	841.587	340.558	1.164.165	1.504.723
1.7 Other Collaterals		3.165	-	3.165	17.000	-	17.000
II. COMMITMENTS	(1)	5.506.730	706.991	6.213.721	2.401.997	428.407	2.830.404
2.1 Irrevocable Commitments		5.506.730	706.991	6.213.721	2.401.997	428.407	2.830.404
2.1.1 Forward asset purchase commitments		571.748	706.991	1.278.739	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		1.483.612	-	1.483.612	748.093	-	748.093
2.1.7 Tax and Fund Liabilities from Export Commitments		237.593	-	237.593	95.161	-	95.161
2.1.8 Commitments for Credit Card Limits		1.825.492	-	1.825.492	544.655	-	544.655
2.1.9 Commitments for Credit Cards and Banking Services Promotions		915	-	915	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		1.387.370	-	1.387.370	721.459	-	721.459
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		522.330	5.712.590	6.234.920	4.917.554	10.827.543	15.745.097
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		522.330	5.712.590	6.234.920	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		522.330	5.712.590	6.234.920	4.917.554	10.827.543	15.745.097
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		249.802.395	47.590.315	297.392.710	131.287.786	32.489.349	163.777.135
IV. ITEMS HELD IN CUSTODY		9.613.093	18.077.309	27.690.402	8.152.999	13.565.085	21.718.084
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		1.884.082	11.171	1.895.253	3.865.882	4.149.611	8.015.493
4.3 Checks Received for Collection		6.757.418	226.919	6.984.337	3.857.006	247.942	4.104.948
4.4 Commercial Notes Received for Collection		971.318	503.173	1.474.491	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		275	6.006.497	6.006.772	1.072	2.940.304	2.941.376
4.8 Custodians		-	11.329.549	11.329.549	-	6.200.705	6.200.705
V. PLEDGES RECEIVED		240.189.302	29.513.006	269.702.308	123.134.787	18.924.264	142.059.051
5.1 Marketable Securities		2.014.096	63.546	2.077.642	1.924.744	50.069	1.974.813
5.2 Guarantee Notes		11.264.604	206.376	11.470.980	8.077.568	171.660	8.249.228
5.3 Commodity		22.643.543	7.537.961	30.181.504	8.401.325	3.859.726	12.261.051
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		161.523.961	18.402.552	179.926.513	86.435.593	12.437.005	98.872.598
5.6 Other Pledged Items		42.743.098	3.302.571	46.045.669	18.295.557	2.405.804	20.701.361
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		290.673.226	90.604.888	381.278.114	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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 1 January- 30 September 2023	Prior Period 1 January- 30 September 2022	Current Period (3 Months) 1 July - 30 September 2023	Prior Period (3 Months) 1 July - 30 September 2022
I. PROFIT SHARE INCOME	(1)	27.668.480	14.137.183	12.813.020	5.549.841
1.1 Profit Share on Loans		16.335.870	9.246.916	6.667.725	4.099.891
1.2 Profit Share on Reserve Deposits		-	57.944	-	(575)
1.3 Profit Share on Banks		386.259	146.366	217.898	86.521
1.4 Profit Share on Money Market Placements		-	-	-	-
1.5 Profit Share on Marketable Securities Portfolio		4.667.452	3.863.995	2.048.046	1.055.559
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		49.294	31.521	17.978	10.776
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		3.593.552	3.710.515	1.503.693	998.972
1.5.3 Financial Assets Measured at Amortised Cost		1.024.606	121.959	526.375	45.811
1.6 Financial Lease Income		6.235.115	794.717	3.869.823	295.319
1.7 Other Profit Share Income		43.784	27.245	9.528	13.126
II. PROFIT SHARE EXPENSE	(2)	23.134.809	8.185.509	10.801.300	3.783.788
2.1 Profit Share Expense on Participation Accounts		21.069.629	6.788.124	10.046.879	3.340.801
2.2 Profit Share Expense on Funds Borrowed		780.374	386.572	261.112	128.010
2.3 Profit Share Expense on Money Market Borrowings		336.067	378.752	161.001	63.464
2.4 Expense on Securities Issued		876.335	586.144	303.434	236.626
2.5 Lease Profit Share Expense		69.728	36.037	28.378	13.798
2.6 Other Profit Share Expenses		2.676	9.880	446	1.089
III. NET PROFIT SHARE INCOME/EXPENSE (I - II)		4.533.671	5.951.674	2.011.720	1.766.053
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		2.796.894	227.172	2.215.666	83.972
4.1 Fees and Commissions Received		3.080.742	339.241	2.369.263	128.495
4.1.1 Non-cash Loans		346.348	207.822	134.809	78.371
4.1.2 Other		2.734.394	131.419	2.234.454	50.124
4.2 Fees and commissions paid		283.848	112.069	153.597	44.523
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		283.848	112.069	153.597	44.523
V. DIVIDEND INCOME	(3)	714	774	714	-
VI. NET TRADING INCOME (Net)	(4)	1.578.656	816.396	462.099	772.979
6.1 Capital Market Transaction Gains / Losses		(12.218)	678.635	1.234	679.284
6.2 Gains/ Losses From Derivative Financial Instruments		296.346	80.617	173.531	29.658
6.3 Foreign Exchange Gains / Losses		1.294.528	57.144	287.334	64.037
VII. OTHER OPERATING INCOME	(5)	1.763.462	789.078	235.445	307.127
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		10.673.397	7.785.094	4.925.644	2.930.131
IX. EXPECTED CREDIT LOSSES (-)	(6)	3.068.066	1.268.261	1.441.444	448.243
X. OTHER PROVISIONS (-)	(6)	58.158	693.560	17.106	274.886
XI. PERSONNEL EXPENSES (-)		1.461.246	514.320	494.161	195.821
XII. OTHER OPERATING EXPENSES (-)	(7)	2.229.428	557.728	479.928	232.090
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		3.856.499	4.751.225	2.493.005	1.779.091
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)	3.856.499	4.751.225	2.493.005	1.779.091
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(702.929)	(1.363.232)	(498.029)	(502.679)
18.1 Current Tax Provision		(188.150)	(1.568.646)	(188.150)	(360.672)
18.2 Expense Effect of Deferred Tax (+)		(1.024.152)	(19.913)	(303.418)	(3.341)
18.3 Income Effect of Deferred Tax (-)		509.373	225.327	(6.461)	(138.666)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	3.153.570	3.387.993	1.994.976	1.276.412
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)	3.153.570	3.387.993	1.994.976	1.276.412
Earnings per share income/loss (Full TRY)		0.5469	1.4985	0.3134	0.4751

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 1 January-30 September 2023	Prior Period 1 January-30 September 2022
I. CURRENT PERIOD PROFIT/LOSS	3,153,570	3,387,993
II. OTHER COMPREHENSIVE INCOME	(1,432,306)	1,714,587
2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss	1,424	437
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	1,424	437
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	(1,433,730)	1,714,150
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(2,048,185)	2,285,534
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	614,455	(571,384)
III. TOTAL COMPREHENSIVE INCOME (I+II)	1,721,264	5,102,580

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

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				Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity Excluding Minority Shares	Minority Shares	Total Equity
	Paid-in Capital	Share Premium	Share Certificate Cancellati on Profits	Other Capital Reserves	1	2	3	4	5	6				
PRIOR PERIOD 30 September 2022														
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	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
IV. Total Comprehensive Income	-	-	-	-	-	-	437	-	1.714.150	-	-	3.387.993	-	5.102.580
V. Capital Increase by Cash	900.000	-	-	-	-	-	-	-	-	-	-	900.000	-	900.000
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	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV.....+X+XI)	2.650.000	-	-	261.513	-	(6.895)	437	-	1.733.407	-	2.297.860	-	3.387.993	10.324.315
CURRENT PERIOD 30 September 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
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
IV. Total Comprehensive Income	-	-	-	-	-	-	1.424	-	(1.433.730)	-	-	3.153.570	-	1.721.264
V. Capital Increase by Cash	4.700.000	-	-	-	-	-	-	-	-	-	-	4.700.000	-	4.700.000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/decrease by other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	3.840.272	(3.840.272)	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	3.840.272	(3.840.272)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end Balance (III+IV.....+X+XI)	7.350.000	-	-	261.513	-	(94.366)	1.713	-	989.147	-	6.138.132	-	3.153.570	17.799.709

- 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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2023

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF CASH FLOWS			
		Current Period 1 January -30 September 2023	Prior Period 1 January -30 September 2022
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities)		10.404.000	2.945.999
1.1.1 Profit Share Income Received		26.159.792	9.447.778
1.1.2 Profit Share Expense Paid		(17.531.802)	(6.256.923)
1.1.3 Dividend Received		714	774
1.1.4 Fees and Commissions Received		3.379.814	562.553
1.1.5 Other Income		1.636.573	821.534
1.1.6 Collections from Previously Written-off Loans		158.723	309.210
1.1.7 Payments to Personnel and Service Suppliers		(1.461.246)	(514.320)
1.1.8 Taxes Paid		(2.444.250)	(1.511.060)
1.1.9 Others		505.682	86.453
1.2 Changes in Operating Assets and Liabilities		15.307.511	6.058.500
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(1.049.107)	(152.591)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(10.830.310)	(11.023.031)
1.2.3 Net (Increase) / Decrease in Loans		(62.956.205)	(49.742.018)
1.2.4 Net (Increase) / Decrease in Other Assets		(28.604.614)	(4.781.064)
1.2.5 Net Increase / (Decrease) in Bank Funds		360.741	(190.479)
1.2.6 Net Increase / (Decrease) in Other Funds		112.169.803	70.836.265
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		2.620.853	604.992
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		3.596.350	506.426
I. Net Cash Provided from Banking Operations		25.711.511	9.004.499
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(18.010.955)	(7.858.154)
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		(22.500)	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(1.175.874)	(312.908)
2.4 Disposals of Tangible Assets		36.246	116.926
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(5.959.515)	(9.852.237)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		3.754.691	4.139.585
2.7 Purchase of Financial Assets Measured at Amortized Cost		(14.644.003)	(1.949.520)
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		4.134.754	1.795.820
3.1 Cash Obtained from Funds Borrowed And Securities Issued		14.015.605	12.400.001
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(14.501.978)	(11.429.294)
3.3 Issued Equity Instruments		4.700.000	900.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(78.873)	(74.887)
3.6 Other		-	-
IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	(1)	1.214.165	345.520
V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)	(1)	13.049.475	3.287.685
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)	34.203.866	11.347.143

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2023**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. 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 Regulations" or "Reporting Standards") put into effect by Public Oversight Accounting and Auditing Standards Authority ("POA").

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 and the effect of the changes are explained in the related footnotes.

The Benchmark Interest Rate Reform, which brings changes to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, has been published, effective from 1 January 2021. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes have not had a significant impact on the Bank's financial position or performance. As of 30 September 2023, the Bank does not have any hedging transactions based on benchmark interest rates.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards. 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 the date these financial statements were prepared, no new announcement has been made by Public Oversight Authority in this context, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated September 30, 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, or the said crisis is not 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 the impacts on the financial statements are closely monitored.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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.

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 30 SEPTEMBER 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:

30 September 2023				
Title	Address (City / Country)	Main Activities	Group’s Share Percentage (%)	Direct and Indirect Partnership Rates (%)
Ziraat Katılım Varlık Kiralama A.Ş.	Istanbul/Turkey	Issuance of Lease Certificate	100	100
ZKB Varlık Kiralama A.Ş.	Istanbul/Turkey	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 30 September 2023, the subsidiary of the Parent Bank is Katılım Finans Kefalet A.Ş.

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). Non-performing receivables programming is not done for 100% provisions.

The Parent Bank accounts for profit share expenses on an accrual basis. Expense rediscount is calculated according to the unit value calculation method over the participation accounts and these amounts are shown in the “Funds Collected” in the balance sheet.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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 Three 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 Bank classifies 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 under 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 and remeasured at their fair value after recognition. Gains and losses resulting from the valuation are included in the profit/loss accounts.

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
30 SEPTEMBER 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 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 initial recognition, the Bank may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of TFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which TFRS 3 applies. The Bank makes the election on an instrument by instrument basis.

Amounts presented in other comprehensive income shall not be subsequently transferred to profit/loss. However, the cumulative gain or loss shall be transferred to prior periods’ profit/loss. Dividends on such investments are recognised in profit/loss unless the dividend clearly represents a recovery of part of the cost of the investment. Equity instruments measured at fair value through other comprehensive income are not subject to impairment calculation.

c. Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and profit share are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using internal rate of return method. Profit share income obtained from financial assets measured at amortized cost is accounted in P&L.

The Group'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 said securities is made according to the internal yield method based on the real profit share rates and the index value announced by the treasury.

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”.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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 (Continued)

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 30 September 2023, all loans of the Group, including its profit-loss partnership (müshareke) investments, are followed in the "Measured by Amortized Cost" account. The profit and loss partnership (müshareke) and labor capital partnership investments followed by the Bank in the loans account according to the BRSA Uniform Chart of Accounts, with the BRSA's letter numbered E-43890421-010.07.01-1294, those that was evaluated for the first time as of 31 December 2020 or used after 1 January 2021 of "Interest-Free Finance Accounting Standard 3: Mudarebe Financing" or "Interest-Free Finance Accounting Standard 4: Müshareke Financing" for partnership financing funds in the form of "labor-capital partnership" (mudarebe) or "profit-loss partnership" (müshareke) accounted in accordance with the provision.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Parent Bank does not allocate impairments in accordance with TFRS 9 from 1 January 2018 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. 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.

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the 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:

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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)

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 it is determined that there is a significant increase in credit risk. While the expected loss allowance is calculated for 1 year for loans in stage 1, the expected loss allowance for loans in stage 2 is calculated by taking into account all remaining maturity.

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 are that it is under close monitoring, that the number of delay days is 30 days or more, and the Bank's internal early warning system rating.

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 90 days overdue, the default situation 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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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)

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. As of 30 September 2023, the mainly used macroeconomic variables are GDP and sector tracking rates.

The Group uses 3 scenarios as base, bad and good for future expectations. All 3 scenarios have predetermined weights. The Bank updates the macroeconomic variables used in the assessment of significant increase in credit risk and in the calculation of expected credit loss, quarterly in March, June, September, and December, and applies them to its models. As of 30 September 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.

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 the said amendment, no credit has been deducted from the records by the Bank as of the current period.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 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 30 September 2023, there are no securities lending transactions (31 December 2022: 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.

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 30 September 2023, the Bank's non-current assets held for sale are TRY 295.687 (31 December 2022: TRY 274.644).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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. There is no change in the depreciation method applied in the current period.

Applied depreciation rates are as follows;

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

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 emerging from the disposal of tangible assets are recognized in the profit or loss account as difference between net revenue of a related intangible asset and its net book value.

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. Operational lease improvement costs (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 mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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 cost of the right-of-use asset includes the following:

- 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) 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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.

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 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 benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of 30 September 2023, the Bank’s employee termination benefit is TRY 160.648 (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 loss).

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 30 September 2023 unused vacation liability of the Bank is TRY 39.425 (31 December 2022: TRY 28.175).

The Group is not employing its personnel by means of limited-period contracts.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations (TZHEMSAN) Liability

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

**b. T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations
(TZHEMSAN) Liability (Continued)**

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.

XVII. EXPLANATIONS ON TAXATION

a. Current tax

As of 30 September 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 will be taken into account as 25%. In accordance with Article 21 of Law No. 7456 published in the Official Gazette dated 15 July 2023, and numbered 32249, starting from 1 October 2023, for the declarations that need to be submitted, the corporate income tax rate applicable to the gains obtained in the fiscal year 2023 and subsequent fiscal periods for banks and other institutions mentioned in the law has been increased from 25% to 30%. As of 30 September 2023, the corporate income tax rate applied in the financial statements is 30%.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

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

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 do 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 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.

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 prior 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. However, the authorities authorized for tax examination may examine the accounting records until the end of the following fifth year, and if an erroneous transaction is detected, the tax amounts to be paid will be re-assessed.

Corporate tax returns are submitted to the relevant tax office by the end of the fourth month following the month in which the accounting period closes, and the accrued tax is paid by the end of the same month. However, the authorities authorized for tax inspection may examine the accounting records until the end of the fifth year, and if a faulty transaction is detected, the tax amounts to be paid will be re-assessed. On the other hand, within the framework of the provision of Article 298/A of the Tax Procedure Law, the conditions required for inflation adjustment in the corporate tax calculation have been met as of the end of the 2021 calendar year. However, with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" numbered 7352, published in the Official Gazette numbered 31734 dated January 29, 2022, the temporary article 33 was added to the Tax Procedure Law numbered 213, including provisional tax periods. Financial statements will not be subject to inflation correction, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met for the 2021 and 2022 accounting periods (as of the accounting periods ending in 2022 and 2023 for those assigned a special accounting period) and the 2023 accounting period provisional tax periods. It has become law that the financial statements dated 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met or not, and the profit/loss differences arising from the inflation adjustment will be shown in the previous years' profit/loss account.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

As a result of these transactions, VUK depreciation figures that will be subject to corporate tax will be calculated based on the revalued current amounts. In accordance with the relevant legislation, the resulting 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. Law No. 7394 on the Valuation of Immovable Properties Owned by the Treasury and Amendments to the Value Added Tax Law, which entered into force after being published in the Official Gazette No. 31810 dated 15 April 2022, and Article 26 of the Law No. 5520 on Amending Certain Laws and Decree Laws. With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate has been rearranged for corporate earnings for the 2022 taxation period and it has been stated that the tax rate for banks will be applied as 25%, and Law No. 7456 published in the Official Gazette No. 32249 dated 15 July 2023. In accordance with Article 21 of the starting from the declarations that must be submitted as of 1 October, 2023; The corporate tax rate to be applied to the earnings of institutions in 2023 and subsequent taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law.

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 Bank has As of 30 September 2023, deferred tax calculations were made based on rates 30% on assets and liabilities. 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.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. Carrying amount of a deferred tax asset can be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to be applied in the period in which the liability is settled, or the asset realized and reflected in the statement of income as expense or income. Moreover, if the deferred tax is related with items directly recorded under the equity in the same or different period, deferred tax is associated directly with equity.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

b. Deferred tax (Continued)

Deferred tax asset and deferred tax liability are presented as net in these consolidated financial statements.

Deferred tax effects related to transactions accounted directly in equity are also shown 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, 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

There are no issued shares by the Parent Bank as of balance sheet date.

XX. EXPLANATIONS ON ACCEPTANCES

Commitments regarding bill guarantees and acceptances of the Group are presented in the "Off-Balance Sheet" commitments.

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Group as of the balance sheet date.

XXII. EXPLANATIONS ON 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 made with related parties are shown in Section Five, Note VII.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

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 represents 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. EXPLANATIONS ON OTHER MATTERS

None.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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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 2022 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 portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" 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 mentioned exemption has not been utilized in the equity calculation as of 30 September 2023.

The current period equity amount calculated as of 30 September 2023, taking into account the latest regulations, is TRY 22.147.174 (31 December 2022: TRY 15.901.345), and the capital adequacy standard ratio is 15,13% (31 December 2022: 15,57%). The Bank's capital adequacy standard ratio 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 30 September 2023	Prior Period 31 December 2022
Paid-in capital following all debts in terms of claim in liquidation of the Bank	7.350.000	2.650.000
Share issue premiums	-	-
Reserves	6.138.132	2.297.860
Gains recognized in equity as per TAS	2.088.270	3.673.072
Profit	3.153.570	3.840.272
Current Period Profit	3.153.570	3.840.272
Prior Period Profit	-	-
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	18.729.972	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	746.933	282.676
Improvement costs for operating leasing	647.537	98.174
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	570.243	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	-	-
Communique 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 30 September 2023	Prior Period 31 December 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	-	-
E 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	1.964.713	723.304
Total Common Equity Tier I Capital	16.765.259	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	3.253.964	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 deduce 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	3.253.964	2.257.081
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	20.019.223	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)	849.843	615.573
Tier II Capital Before Deductions	2.149.843	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	2.149.843	1.915.574
Total Capital (The sum of Tier I Capital and Tier II Capital)	22.169.066	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 30 September 2023	Prior Period 31 December 2022
Total of Original Capital and Supplementary Capital (Total Capital)	22.170.126	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	22.952	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)	22.146.114	15.901.345
Total risk weighted amounts	146.380.846	103.126.415
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	11,45	11,49
Tier I Capital Adequacy Ratio (%)	13,68	13,70
Capital Adequacy Ratio (%)	15,13	15,57
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 (%)	6,95	6,99
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)	849.843	615.573
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	849.843	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
Eligible at unconsolidated / consolidated	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 300.000
Par value of instrument	TRY 300.000
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 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)

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
Eligible at unconsolidated / consolidated	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 500.000
Par value of instrument	TRY 500.000
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 refund.)
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	-
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)

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
Eligible at unconsolidated / consolidated	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 500.000
Par value of instrument	TRY 500.000
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	-
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)

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
Eligible at unconsolidated / consolidated	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 2.245
Par value of instrument	TRY 2.877
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 incompliance 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)

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
Eligible at unconsolidated / consolidated	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 1.009
Par value of instrument	TRY 1.641
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 30 September 2023	Prior Period 31 December 2022
Equity value of balance sheet	17.799.709	11.378.445
Cost of development of operating lease	(647.537)	(98.174)
Goodwill and other intangible assets and related deferred tax liability	(570.243)	(342.454)
Debt instruments and premiums approved by BRSA	1.300.000	1.300.000
Tier II Capital (Provisions)	849.843	615.573
Debt instruments and premiums approved by BRSA – subordinated loans	3.253.964	2.257.081
Other values deducted from equity	(22.952)	(9.210)
Other	183.331	800.084
Amount taken into consideration in the calculation of legal equity	22.146.114	15.901.345

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

- a) Whether the 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. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, "Value at Risk" ("VAR") is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also followed which was approved by Board of Directors.

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:

"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.

- d) 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
30.09.2023	27,1805	28,7675	17,4464	3,8391	2,4881	29,6493	19,9018	2,5402	33,1679	7,1930	18,0330
29.09.2023	27,1805	28,7675	17,4464	3,8391	2,4881	29,6493	19,9018	2,5402	33,1679	7,1930	18,0330
28.09.2023	27,1894	28,7171	17,3466	3,8320	2,4697	29,6008	19,9393	2,5184	33,1571	7,1955	18,0230
27.09.2023	27,0762	28,4568	17,1747	3,7977	2,4459	29,3719	19,8211	2,5052	32,8566	7,1642	17,9290
26.09.2023	27,0323	28,6025	17,2545	3,8175	2,4436	29,5264	19,8359	2,4925	32,8898	7,1522	17,9800
25.09.2023	26,9787	28,5296	17,1907	3,8072	2,4284	29,4743	19,7995	2,4812	32,9001	7,1386	17,9360

- e) Simple arithmetic average of the 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
26,7694	28,5890	17,1222	3,8154	2,4036	29,7316	19,5732	2,4857	33,1787	7,0833	17,9410

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(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)

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	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	9.910.286	18.986.279	3.138.498	32.035.063
Banks	2.116.506	2.014.790	4.298.480	8.429.776
Financial assets at fair value through profit and loss	-	-	3.179.807	3.179.807
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	435.992	2.787.842	-	3.223.834
Loans ^(*)	39.064.117	48.077.398	1.143	87.142.658
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	3.892.717	-	-	3.892.717
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	12	1.336	1.348
Intangible assets	-	-	-	-
Other assets	64.893	154.333	185.588	404.814
Total assets	55.484.511	72.020.654	10.804.852	138.310.017
Liabilities				
Current account and funds collected from Banks via participation accounts	2.691	13.642	1.207	17.540
Current and profit sharing accounts FC	42.712.179	60.192.769	10.283.800	113.188.748
Money market borrowings	-	10.969.121	-	10.969.121
Funds provided from other financial institutions	4.146.144	2.250.218	-	6.396.362
Marketable securities issued ^(****)	-	-	-	-
Miscellaneous debts	989.326	379.889	14.213	1.383.428
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities ^(****)	4.758.850	606.452	25.912	5.391.214
Total liabilities	52.609.190	74.412.091	10.325.132	137.346.413
Net balance sheet position	2.875.321	(2.391.437)	479.720	963.604
Net off-balance sheet position ^(*)	(2.589.075)	2.090.657	-	(498.418)
Financial derivative assets	-	2.607.086	-	2.607.086
Financial derivative liabilities	2.589.075	516.429	-	3.105.504
Non cash loans	16.232.123	18.877.100	1.485.769	36.594.992
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 129.671(31 December 2022: TRY 163.733) which are displayed as TRY in the consolidated financial statements, are shown with the relevant foreign currency code. Includes receivables from lease transactions.

(**) Shows the net of receivables from derivative financial instruments and payables from derivative financial instruments.

(***) 85% of the currencies in the other FC column of the assets section consists of Gold, 3% of GBP, 1% of CHF and the remaining 11% of other currencies. In the FC column of the liabilities section, 88% of the currencies are Gold, 3% of GBP, 1% of CHF and the remaining 8% are other currencies.

(****) Provisions and liabilities from lease transactions 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 52.913 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" and "Structural 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. 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 on weekly unconsolidated 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.

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 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 emergency 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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**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 Bank's 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, which is the main sourcing for the Bank, is provided from many different customers.

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

Current Period	Highest	Date	Lowest	Date
TRY+FC	158,39	17.08.2023	116,50	24.07.2023
FC	320,15	28.07.2023	184,27	20.08.2023

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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 30 September 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	-	-	62.168.225	37.182.167
CASH OUTFLOWS				
Real person deposits and retail deposits	104.728.096	44.646.401	10.291.496	4.577.497
Stable deposit	9.104.091	-	455.205	-
Deposit with low stability	95.624.005	44.646.401	9.836.291	4.577.497
Unsecured debts except real person deposits and retail deposits	137.384.834	58.730.811	64.900.984	26.355.254
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	137.384.834	58.730.811	64.900.984	26.355.254
Secured debts	-	-	-	-
Other cash outflows	77.288.626	41.455.923	10.064.282	7.410.549
Derivative liabilities and margin obligations	6.945.318	5.344.580	5.838.317	5.344.580
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	2.421.763	991.421	829.888	309.973
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	67.921.545	35.119.922	3.396.077	1.755.996
TOTAL CASH OUTFLOWS	319.401.556	144.833.135	85.256.762	38.343.300
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	48.393.491	24.016.452	34.353.774	19.763.358
Other cash inflows	5.976.918	2.579.427	5.976.918	2.579.427
TOTAL CASH INFLOWS	54.370.409	26.595.879	40.330.692	22.342.785
	Upper Limit Applied Values			
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	62.168.225	37.182.167
TOTAL NET CASH OUTFLOWS	-	-	44.926.069	16.000.514
LIQUIDITY COVERAGE RATIO (%)	-	-	138	232

(*) 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 December 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 deposit	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-operational 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 OUTFLOWS	180.093.642	88.962.571	49.319.064	23.260.195
CASH INFLOWS				
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
	Upper Limit Applied Values			
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	35.399.663	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. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

2) Liquidity Coverage Ratio (Continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (**)	Total
Current Period 30 September 2023								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	25.725.797	24.182.661	-	-	-	-	-	49.908.458
Banks	8.460.783	2.504.659	-	-	-	-	-	10.965.442
Financial Assets at Fair Value Through Profit and Loss	-	-	-	2.171.495	1.008.312	-	-	3.179.807
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	1.013.953	52.997	796.700	14.926.210	1.382.438	52.913	18.225.211
Loans Given ^(***)	-	18.903.690	37.295.437	90.246.898	76.530.467	16.854.680	194.878	240.026.050
Financial Assets Measured at Amortised Cost	-	-	-	2.969.890	13.559.914	3.997.223	-	20.527.027
Other Assets	-	-	-	-	-	-	4.930.095	4.930.095
Total Assets^(*)	34.186.580	46.604.963	37.348.434	96.184.983	106.024.903	22.234.341	5.177.886	347.762.090
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.151.100	1.426.827	200.455	-	-	-	-	5.778.382
Current and Participation Accounts	42.882.933	149.646.444	60.764.232	34.560.394	537.228	-	-	288.391.231
Funds Provided from Other Financial Instruments	-	1.836.586	383.429	2.988.345	1.491.942	582.562	-	7.282.864
Money Market Borrowings	-	11.376.649	-	-	-	-	-	11.376.649
Issued Marketable Securities	-	636.718	3.597.194	-	-	-	-	4.233.912
Miscellaneous Debts	-	-	-	-	-	-	2.065.860	2.065.860
Other Liabilities ^(****)	-	-	-	-	-	1.375.246	27.257.946	28.633.192
Total Liabilities	47.034.033	164.923.224	64.945.310	37.548.739	2.029.170	1.957.808	29.323.806	347.762.090
Liquidity Gap	(12.847.453)	(118.318.261)	(27.596.876)	58.636.244	103.995.733	20.276.533	(24.145.920)	-
Net Off-Balance Sheet Position	-	27.233	(3.321)	-	-	-	-	23.912
Receivables From Derivative Financial Instruments	-	2.557.387	572.029	-	-	-	-	3.129.416
Financial Derivative Liabilities	-	2.530.154	575.350	-	-	-	-	3.105.504
Non-Cash Loans	15.432.955	3.541.913	7.834.672	23.112.780	14.390.372	7.124.071	-	71.436.763

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

(**) Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

(***) 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 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (**)	Total
Prior Period 31 December 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 Available-for-Sale	-	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 Debts	-	-	-	-	-	-	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 items.

(**) Assets which are required for banking operations and could not be converted into cash in short-term, such as; property and equipment associates, subsidiaries and entities under common control, office supply inventory, prepaid expenses and net under follow-up loans as well as securities representing a share in capital; and other liabilities such as provisions which are not considered as payables and equity are classified as undistributed.

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

V. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

As of September 30, 2023, the leverage ratio of the Bank calculated from quarterly average amounts is 4,86% (December 31, 2022: 5,39%). The relevant rate is above the minimum rate specified in accordance with the "Regulation on the Measurement and Evaluation of the Leverage Level of Banks". The reason for the change between the leverage ratio in the current period and the previous period is that the average total risk amount increase rate is higher than the increase rate in the average Tier 1 capital. The regulation stipulates the minimum leverage ratio as 3%.

The leverage ratio public disclosure template is as follows:

	Current Period (*) 30 September 2023	Prior Period (*) 31 December 2022
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	339.498.025	201.004.100
(Assets deducted from main capital)	(1.556.271)	(665.966)
Total risk amount of the balance sheet assets	337.941.754	200.338.134
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	32.845	9.749
Potential credit risk amount of derivative financial instruments and credit derivatives	40.867	63.445
Total risk amount of derivative financial instruments and credit derivative	73.712	73.194
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	10.373.784	6.714.510
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	10.373.784	6.714.510
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	74.856.286	45.415.562
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	74.856.286	45.415.562
Equity and total risk		
Main capital	20.559.255	13.603.083
Total risk amount	423.275.019	252.541.401
Leverage ratio		
Leverage ratio %	4,86	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 our 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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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:

Overview of Risk-weighted Assets

		Risk Weighted Amount		Minimum capital Requirement
		Current Period 30 September 2023	Prior Period 31 December 2022	Current Period 30 September 2023
1	Credit risk (excluding counterparty credit risk) (CCR)	135.700.428	97.500.193	10.856.034
2	Standardized approach (SA)	135.700.428	97.500.193	10.856.034
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	89.853	108.268	7.188
5	Standardized approach for counterparty credit risk (SA-CCR)	89.853	108.268	7.188
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	2.164.654	918.455	173.172
17	Standardized approach (SA)	2.164.654	918.455	173.172
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)	146.379.346	102.160.656	11.710.347

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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

2.1) General Information About Credit Risk

Aging analysis for overdue receivables:

Current Period 30 September 2023	Up to 1 Month	1-2 Months	2-3 Months	3 months+	Total
Loans and Receivables					
Corporate/Enterprenuerial Loans	883.403	441.429	221.204	228.498	1.774.534
Consumer Loans	116.439	15.641	4.837	240	137.157
Total	999.842	457.070	226.041	228.738	1.911.691

(*) The Bank's loan amounting to TRY 2.083.091 is under close monitoring.

Prior period 31 December 2022	Up to 1 Month	1-2 Months	2-3 Months	3 months+	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 FC and TRY liquidity risk is limited by the transactions performed.

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

The Parent Bank's operating segments are determined in accordance with the organizational and internal reporting structure and the provisions of TFRS 8 "Operating Segments".

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

Table for Segment Reporting:

Current Period 1 January – 30 September 2023	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	1.207.918	21.363.066	5.053.712	43.784	27.668.480
Profit Shares Expense	(5.955.589)	(14.782.107)	(2.324.709)	(72.404)	(23.134.809)
Net Profit Shares Income/Expense	(4.747.672)	6.580.960	2.729.003	(28.620)	4.533.671
Net Fees and Commission Income/Expense	191.080	346.348	-	2.259.466	2.796.894
Dividend Income	-	-	714	-	714
Trading Income/Loss (Net)	-	-	1.578.656	-	1.578.656
Other Operating Income	-	1.750.742	-	12.720	1.763.462
Expected Loss Provisions	(99.180)	(1.786.737)	-	(1.182.149)	(3.068.066)
Other Expense	-	(93.949)	-	(3.654.883)	(3.748.832)
Net Operating Profit/Loss	(4.655.771)	6.797.361	4.308.371	(2.593.462)	3.856.499
Tax Provision	-	-	-	(702.929)	(702.929)
Net Profit/Loss	(4.655.771)	6.797.361	4.308.371	(3.296.391)	3.153.570
SEGMENT ASSETS (*)					
Financial Assets at FV Through P/L	-	-	3.179.807	-	3.179.807
Banks	-	-	10.966.719	-	10.966.719
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	18.225.211	-	18.225.211
Loans (**)	12.438.533	224.080.684	3.506.833	-	240.026.050
Financial Assets Measured at Amortised Cost	-	-	20.527.027	-	20.527.027
Derivative Financial Assets	-	-	16.064	-	16.064
Associates, Subsidiaries and Joint Ventures	-	-	22.500	-	22.500
Other Assets (*)	-	-	-	54.798.712	54.798.712
TOTAL SEGMENT ASSETS	12.438.533	224.080.684	56.444.161	54.798.712	347.762.090
SEGMENT LIABILITIES					
Funds Collected	116.835.796	177.333.817	-	-	294.169.613
Derivative Financial Liabilities	-	-	5.589	-	5.589
Funds Borrowed	-	-	7.282.864	-	7.282.864
Money Market Funds	-	-	11.376.649	-	11.376.649
Securities Issued (Net)	-	-	4.233.912	-	4.233.912
Provisions	-	-	-	3.118.497	3.118.497
Other Liabilities	-	-	-	9.775.257	9.775.257
Shareholders' Equity	-	-	-	17.799.709	17.799.709
TOTAL SEGMENT LIABILITIES	116.835.796	177.333.817	22.899.014	30.693.463	347.762.090

(*) Includes expected loss provisions.

(**) Includes lease receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Continued):

Prior Period 1 January - 30 September 2022	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	684.987	9.356.646	4.068.305	27.245	14.137.183
Profit Shares Expense	(2.366.504)	(4.361.126)	(1.411.962)	(45.917)	(8.185.509)
Net Profit Shares Income/Expense	(1.681.517)	4.995.520	2.656.343	(18.672)	5.951.674
Net Fees and Commission Income/Expense	66.991	207.822	-	(47.641)	227.172
Dividend Income	-	-	774	-	774
Trading Income/Loss (Net)	-	-	816.396	-	816.396
Other Operating Income	-	778.283	-	10.795	789.078
Expected Loss Provisions	(82.827)	(1.102.202)	-	(83.232)	(1.268.261)
Other Expense	-	(23.448)	-	(1.742.160)	(1.765.608)
Net Operating Profit/Loss	(1.697.353)	4.855.975	3.473.513	(1.880.910)	4.751.225
Tax Provision	-	-	-	(1.363.232)	(1.363.232)
Net Profit/Loss	(1.697.353)	4.855.975	3.473.513	(3.244.142)	3.387.993
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 lease receivables.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	118.285	1.334.389	121.498	827.299
Central Bank of the Republic of Turkey (*)	17.771.119	30.421.210	6.189.305	17.634.063
Other	-	279.464	-	202.080
Total	17.889.404	32.035.063	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:

Banks established in Turkey or operating in Turkey by opening branches are subject to the Central Bank's Communiqué on Required Reserves numbered 2013/15. The items specified in the communiqué constitute the liabilities subject to required reserves, with the exception of the liabilities to the Central Bank of the Republic of Turkey, the Treasury, domestic banks and banks established by international agreement, to their headquarters and branches in Turkey, based on the accounting standards and registration scheme to which banks are subject.

Banks maintain required reserves at the Central Bank of the Republic of Turkey 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 Turkey. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 0% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 29% for foreign currency deposits and other liabilities, for accounts benefiting from exchange/price protection support, the rate applied ranges from 5% and 25%.

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

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	17.771.119	30.421.210	6.189.305	17.634.063
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	17.771.119	30.421.210	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.

2. Information on banks and other financial institutions:

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	2.536.943	2.131.427	134.657	10.334.683
Foreign Banks	-	6.298.349	-	2.781.980
Foreign Head Office and Branches	-	-	-	-
Total	2.536.943	8.429.776	134.657	13.116.663

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30 SEPTEMBER 2023**

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****3. Financial assets at fair value through profit or loss**

	Current Period 30 September 2023	Prior Period 31 December 2022
Financial Assets at Fair Value Through Profit / Loss	3.157.825	2.121.486
Other Dividends and Income Rediscunts	21.982	12.118
Provision for Impairment (-)	-	-
Total	3.179.807	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 30 September 2023	Prior Period 31 December 2022
Assets Subject to Repurchase Agreements	8.401.296	5.876.865
Assets Blocked/Given as Collateral	1.395.855	5.640.357
Total (*)	9.797.151	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 30 September 2023	Prior Period 31 December 2022
Debt Securities	18.734.984	18.905.683
Quoted in Stock Exchange	18.734.984	18.905.683
Not Quoted in Stock Exchange	-	-
Share Certificates	52.913	52.341
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	52.913	52.341
Provision for Impairment (-)**	562.686	134.294
Total	18.225.211	18.823.730

(*) The mentioned amounts consist of payments to İhracatı Geliştirme A.Ş. in the amount of TRY 41.101 to the Credit Guarantee Fund in the amount of TRY 7.659 and to JCR Eurasia Rating Inc. in the amount of TRY 4.153 with the non-traded line highlighted (as of 31 December 2022: TRY 41.101 İhracatı Geliştirme A.Ş., TRY 7.659 Credit Guarantee Fund, and TRY 3.581 JCR Eurasia Rating Inc.).

(**) It includes the negative differences between the acquisition costs of financial assets and market prices.

5. Information on derivative financial assets**a) Information on derivative assets at fair value through profit or loss:**

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Forward Transactions	-	-	-	-
Swap Transactions	5.075	7.201	14.218	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	3.657	131	111	142
Total	8.732	7.332	14.329	142

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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

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

	Current Period 30 September 2023		Prior Period 31 December 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	2.858.201	-	2.374	-
Corporate Shareholders	2.858.201	-	2.374	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	214.495	-	101.173	-
Total (*)	3.072.696	-	103.547	-

(*) Includes rediscount amounts.

b) Information on Standard Qualified and Under Close Monitoring (First and Second Group Loans) and Restructured Under Close Monitoring Loans:

Current Period 30 September 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 ^(*)	183.024.139	1.340.465	1.150.222	1.333.068
Export Loans	43.453.485	73.443	-	-
Import Loans	39.881	-	-	-
Commercial Loans	112.360.453	1.111.919	1.150.222	1.333.068
Consumer Loans	11.852.924	124.050	-	-
Credit Cards	302.213	8.361	-	-
Loans Given to Financial Sector	4.842.352	-	-	-
Other	10.172.831	22.692	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	5.317.584	39.172	13.589	118.266
Total	188.341.723	1.379.637	1.163.811	1.451.334

Prior Period 31 December 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 30 September 2023, TRY 36.525 (31 December 2022: TRY 36.525) of the related balance consists of funds provided by the musharakah partnership financing method. As of 30 September 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

	Current Period 30 September 2023		Prior Period 31 December 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	1.138.225	-	683.003	-
Significant Increase in Credit Risk	-	649.462	-	438.587

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

Current Period 30 September 2023	Short-Term	Medium and Long-Term	Total
Consumer Loans - TRY	65.314	11.705.516	11.770.830
Housing Loans	4.212	10.574.475	10.578.687
Vehicle Loans	11.806	827.661	839.467
Consumer Loans	49.296	303.380	352.676
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	302.258	2.254	304.512
With Installment	112.746	1.926	114.672
Without Installment	189.512	328	189.840
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TRY	26.516	179.628	206.144
Housing Loans	-	23.390	23.390
Vehicle Loans	-	4.410	4.410
Consumer Loans	26.516	151.828	178.344
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	6.057	5	6.062
With Installment	2.747	-	2.747
Without Installment	3.310	5	3.315
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	400.145	11.887.403	12.287.548

(*) Profit share rediscount amounting to TRY 150.985 is not included in the table.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 December 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

(*) Profit share 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
30 SEPTEMBER 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 30 September 2023	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TRY	915.362	565.568	1.480.930
Business Loans	390	17.180	17.570
Vehicle Loans	914.972	548.388	1.463.360
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	458	78.744	79.202
Business Loans	-	-	-
Vehicle Loans	458	78.744	79.202
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	915.820	644.312	1.560.132

Prior Period 31 December 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 30 SEPTEMBER 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 30 September 2023	Prior Period 31 December 2022
Domestic Loans	185.403.466	119.721.638
Foreign Loans	1.444.428	851.104
Profit Share Income Accruals of Loans	5.488.611	3.891.497
Total	192.336.505	124.464.239

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

f) Loans granted to subsidiaries and participations

As of 30 September 2023, there are no loans given to subsidiaries and affiliates (31 December 2022: None).

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

	Current Period 30 September 2023	Prior Period 31 December 2022
Loans and receivables with limited collectability	7.153	6.432
Loans and receivables with doubtful collectability	24.537	94.372
Uncollectible loans and receivables	1.764.483	1.494.642
Total	1.796.173	1.595.446

h) Information on lease receivables

h.1) Analysis of Investments Made in Financial Leasing by Remaining Maturity

	Current Period 30 September 2023		Prior Period 31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	293.746	276.600	189.351	179.909
1-5 year	48.754.182	38.025.651	16.491.827	14.005.363
More than 5 years	12.868.327	10.980.103	8.160.207	7.050.052
Total	61.916.255	49.282.354	24.841.385	21.235.324

h.2) Information on Net Investments in Financial Leasing

	Current Period 30 September 2023	Prior Period 31 December 2022
Gross Financial Lease Receivable	61.916.255	24.841.385
Unearned Financial Income from Financial Lease (-)	(12.633.901)	(3.606.061)
Canceled Rental Amounts	-	-
Total	49.282.354	21.235.324

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

1) Information on non-performing receivables (net)

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

As of 30 September 2023, the Group has loans and other receivables included in non-performing receivables which are restructured or rescheduled amount TRY 176.819 (31 December 2022: TRY 167.624).

1.2) 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 30 September 2023			
Ending balance of prior period	23.334	178.305	1.674.102
Additions in the current period (+)	99.545	27.900	171.954
Transfers from other categories of non-performing loans (+)	-	67.670	199.087
Transfers to other categories of non-performing loans (-)	67.670	199.087	-
Collections in the current period (-) (*)	26.177	10.997	146.915
Write offs (**) (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	29.032	63.791	1.898.228
Expected Loss Provision (Stage 3) (-)	7.153	24.537	1.764.483
Net balance on balance sheet	21.879	39.254	133.745

(*) Includes transfers to first and second group loans amounting to TRY 25.366.

(**) 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 December 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 30 SEPTEMBER 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)

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

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Current Period 30 September 2023			
Ending balance of the current period	158	2.556	293.805
Provision for Expected Loss (Stage 3) (-)	40	783	292.600
Net balance on balance sheet	118	1.773	1.205

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Prior Period 31 December 2022			
Ending balance of the current period	-	-	316.515
Provision for Expected Loss (Stage 3) (-)	-	-	302.296
Net balance on balance sheet	-	-	14.219

j) 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)	21.879	39.254	133.745
Loans to Real Persons and Legal Entities (Gross)	29.032	63.791	1.898.228
Specific Provisions (-)	7.153	24.537	1.764.483
Loans to Real Persons and Legal Entities (Net)	21.879	39.254	133.745
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
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)	1.234	5.469	20.429
Profit Share Accrual and Valuation Differences Provision	1.697	8.963	273.251
Provision Amount (-)	463	3.494	252.822
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 30 SEPTEMBER 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)

k) 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.

l) 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 30 September 2023	Prior Period 31 December 2022
Debt Securities	20.527.027	5.323.943
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	20.527.027	5.323.943
Provision of Impairment (-)	-	-
Total	20.527.027	5.323.943

b) Information on financial assets valued at amortized cost

None (31 December 2022: None).

c) Information on movements of government debt securities valued at amortized cost during the year

As of 30 September 2023, government debt securities measured at amortized cost of the Group is TRY 20.527.027 (31 December 2022: TRY 5.323.943).

	Current Period 30 September 2023	Prior Period 31 December 2022
Balances at Beginning of Period	5.323.943	1.327.957
Foreign Currency Differences on Monetary Assets	559.081	264.482
Purchases during the Period (*)	14.644.003	3.731.504
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	20.527.027	5.323.943

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 investments and discontinued operations

As of September 30, 2023, the amount of assets due to trading is TRY 295.687 (31 December 2022: TRY 274.644).

	Current Period 30 September 2023	Prior Period 31 December 2022
Beginning Balance (Net)	274.644	307.881
Changes During the Period (Net)	21.043	(33.237)
Amount of Depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)	295.687	274.644

(*) The group has a right of fidelity of over TRY 197.860 (31 December 2022: TRY 211.940) of assets held for sale.

As of September 30, 2023, the Group has no discontinued operations (31 December 2022: None).

9. Equity Investments

a) Information about in associates (Net)

a.1) Information on unconsolidated subsidiaries:

The Bank became a shareholder of Katılım Finans Kefalet A.Ş., which was established with the aim of creating a guarantee system in accordance with the principles and principles of Participation Banking, with a participation fee of TRY 22.500 on 30 April 2023. The total capital of the company is TRY 600.000 and the Bank's total participation amount is TRY 90.000, which corresponds to 15%. The remaining TRY 67.500 will be paid within 2 years. There is a member of the board of directors in the company to represent the Bank's shares. (31 December 2022: None).

	Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)	Risk share percentage of other shareholders (%)
1	Katılım Finans Kefalet A.Ş.	İstanbul / TÜRKİYE	15	-

a.2) Information on consolidated subsidiaries:

As of the balance sheet date, the Bank does not have any consolidated subsidiaries (31 December 2022: None).

b) Information on subsidiaries (net)

b.1) Information on consolidated subsidiaries

Ziraat Katılım Varlık Kiralama A.Ş. (“Company”), with a capital of TRY 50 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 TRY 50 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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

	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.	Istanbul / TURKEY	100	100
2	ZKB Varlık Kiralama A.Ş.	Istanbul / TURKEY	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 ^(*)	4.592.682	502	-	877.785	-	104	338	-	-
2 ^(*)	197.185	293	-	7.279	-	176	64	-	-

(*) 30 September 2023 reviewed financial statements are not used.

b.2) 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)	-	234.628	171.352	37.046	549.362	-	992.388
Cost	-	263.009	221.986	48.873	617.804	-	1.151.672
Amortization (Net) (-)	-	28.381	50.634	11.827	68.442	-	159.284
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	656.663	495.362	98.495	770.585	-	2.021.105
Accumulated Depreciation at Period End (-)	-	143.991	132.484	34.251	123.049	-	433.775
Provision for Impairment (-)	-	-	-	-	-	-	-
Closing Net Book Value	-	512.672	362.878	64.244	647.536	-	1.587.330

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30 September 2023			Prior Period 31 December 2022		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	687.387	117.144	570.243	426.161	83.707	342.454
Total	687.387	117.144	570.243	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.
- d) Book value of intangible assets with restrictions on use or pledged: None.
- e) Amount of commitments given for acquisition of intangible asset: None.
- f) Intangible assets based on revalued asset type: None.
- g) Total amount of research and development expenses recorded in the period, if any: None.
- h) Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are consolidated: Not applied to the financial statements with consolidation.
- i) Information on goodwill: None.

12. Information on the investment properties:

As of 30 September 2023, the Bank has no investment property (31 December 2022: None).

13. Information on deferred tax asset:

The Bank has deferred tax assets of TRY 887.693 in the financial statements by netting deferred tax liabilities of TRY 2.905.469 (31 December 2022: TRY 993.620) and deferred tax assets of TRY 2.017.776 (31 December 2022: TRY 1.781.640).
(31 December 2022: TRY 788.020, deferred tax asset).

14. Information on other assets:

As of 30 September 2023, the Bank's other assets do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30 September 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 profit sharing accounts	Total
I. Real persons current accounts non-trade TRY	2.627.027	-	-	-	-	-	-	-	2.627.027
II. Real persons participation accounts non-trade TRY	-	882.732	26.400.028	2.590.849	2.071.993	60.946	27.146.279	-	59.152.827
III. Other current accounts- TRY	12.184.976	-	-	-	-	-	-	-	12.184.976
Public sector	412.583	-	-	-	-	-	-	-	412.583
Commercial sector	7.404.646	-	-	-	-	-	-	-	7.404.646
Other institutions	232.548	-	-	-	-	-	-	-	232.548
Commercial and other institutions	1.639	-	-	-	-	-	-	-	1.639
Banks and participation banks	4.133.560	-	-	-	-	-	-	-	4.133.560
Central Bank of Republic of Turkey	267	-	-	-	-	-	-	-	267
Domestic banks	1.528	-	-	-	-	-	-	-	1.528
Foreign banks	4.131.702	-	-	-	-	-	-	-	4.131.702
Participation banks	63	-	-	-	-	-	-	-	63
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts- TRY	-	19.705.105	77.993.510	2.303.634	528.854	68.999	6.398.393	-	106.998.495
Public sector	-	11.336.610	7.461.713	348.270	1.194	-	-	-	19.147.787
Commercial sector	-	8.229.938	66.559.540	1.944.022	447.421	57.714	6.376.699	-	83.615.334
Other institutions	-	138.557	2.323.806	11.342	80.239	11.285	21.694	-	2.586.923
Commercial and other institutions	-	-	21.169	-	-	-	-	-	21.169
Banks and participation banks	-	-	1.627.282	-	-	-	-	-	1.627.282
V. Real persons current accounts non-trade FC	12.612.982	-	-	-	-	-	-	-	12.612.982
VI. Real persons participation accounts-FC	-	1.655.977	19.805.849	180.551	-	333.417	2.026.317	-	24.002.111
VII. Other current accounts- FC	14.225.720	-	-	-	-	-	-	-	14.225.720
Commercial residents in Turkey	13.321.526	-	-	-	-	-	-	-	13.321.526
Commercial residents in Abroad	886.654	-	-	-	-	-	-	-	886.654
Banks and participation banks	17.540	-	-	-	-	-	-	-	17.540
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	17.539	-	-	-	-	-	-	-	17.539
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts other- FC	-	10.988.072	37.454.983	4.199.905	22.008	81	10.676	-	52.675.725
Public sector	-	-	811.757	-	-	-	-	-	811.757
Commercial sector	-	10.974.023	35.503.873	4.199.720	22.008	81	4.524	-	50.704.229
Other institutions	-	14.049	1.099.577	185	-	-	6.152	-	1.119.963
Commercial and other institutions	-	-	39.776	-	-	-	-	-	39.776
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	5.383.328	-	4.124.104	17.397	68.451	-	96.470	-	9.689.750
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)	47.034.033	33.231.886	165.778.474	9.292.336	2.691.306	463.443	35.678.135	-	294.169.613

(*) As of 30 September 2023, it includes amounts of TRY 40.108.522 for CBRT Exchange Rate Hedged Participation Account, TRY 29.369.063 for Treasury Exchange Rate Hedged Participation Account and TRY 2.804.193 for Yuvam Account.

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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 maturity structure of funds collected: (Continued)

Prior Period 31 December 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 profit sharing accounts	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 non-trade FC	7,899,340	-	-	-	-	-	-	-	7,899,340
VI. Real persons participation accounts-FC	-	1,582,540	8,749,485	125,947	-	248,468	1,943,881	-	12,650,321
VII. Other current accounts- 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 amounts of TRY 22,216,406 for CBRT Exchange Rate Hedged Participation Account, TRY 10,167,641 for Treasury Exchange Rate Hedged Participation Account and TRY 1,710,983 for Yuvam Account.

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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 maturity structure of funds collected: (Continued)

a.2) Exceeding Amounts of Insurance Limit:

i. Information's on current and profit share accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit
	Current Period 30 September 2023	Prior Period 31 December 2022	Current Period 30 September 2023	Prior Period 31 December 2022
Real persons current and profit-sharing accounts that are not subject to commercial activities	21.140.258	12.569.522	85.739.926	44.932.868
TRY accounts	10.917.948	7.239.479	50.861.906	24.471.301
FC accounts	10.222.310	5.330.043	34.878.020	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 2.954.077 (31 December 2022: TRY 1.817.963) within the scope of insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TRY 158.593.615. (31 December 2022: TRY 90.381.181).

ii. Amounts which are not within the scope of insurance:

Current and Profit Share Accounts of the real persons who are not within the scope of Saving Deposits Insurance Fund

	Current Period 30 September 2023	Prior Period 31 December 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	2.211	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 the type of loan received

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Syndicated Loans	95.137	825.624	150.067	1.300.767
Proxy Loans	-	850.303	-	297.209
Funds from Issued Lease Certificates (Sukuk)	-	-	-	-
Other	791.365	4.720.435	191.652	2.584.274
Total	886.502	6.396.362	341.719	4.182.250

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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 banks and other financial institutions

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Borrowings from the CBRT	577.000	-	-	-
From Domestic Banks and Institutions	309.502	1.930.610	341.719	2.405.748
From Foreign Banks, Institutions and Funds	-	4.465.752	-	1.776.502
Total	886.502	6.396.362	341.719	4.182.250

c) Information on maturity structure of borrowings

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Short-term	181.832	1.296.048	185.711	1.369.438
Medium and Long-term	704.670	5.100.314	156.008	2.812.812
Total	886.502	6.396.362	341.719	4.182.250

d) Explanations Related to the Concentrations of the Bank's Major Liabilities: Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations

85,50 % of The Bank's liabilities consists of current and share profit account (31 December 2022: 81,16 %).

3. Funds provided under repurchasing agreements

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Domestic	407.528	10.969.121	57.003	7.498.996
Financial Institutions	407.528	10.969.121	57.003	7.498.996
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	407.528	10.969.121	57.003	7.498.996

4. Information on securities issued

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Bond	-	-	-	-
Asset Backed Securities	4.233.912	-	4.394.241	-
Bill	-	-	-	-
Total	4.233.912	-	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 30 SEPTEMBER 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)

6. Information on derivative financial liabilities

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Forward transactions	-	-	-	-
Swap transactions	-	5.589	-	62.998
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	-	5.589	-	62.998

7. Information on Financial Lease Obligations

	Current Period 30 September 2023		Prior Period 31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	2.109	2.052	43.715	24.347
Between 1-5 years	144.334	111.547	130.103	100.305
More than 5 years	979.201	508.310	422.202	211.294
Total	1.125.644	621.909	596.020	335.946

8. Information on provisions

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

As of 30 September 2023, there is no provision for depreciation of 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 for non-compensated and non-cash loans is TRY 21.593 (31 December 2022: TRY 23.278).

c) Information on other provisions

c.1) Information on free provisions for possible risks

Except for the BRSA Accounting and Financial Reporting Legislation requirements, free provision has been set aside by the Group management, amounting to TRY 404.000, of which TRY 1.004.000 has been reserved in previous periods and TRY 600.000 has been allocated in the current period (31 December 2022: Except for the BRSA Accounting and Financial Reporting Legislation requirements, a total of TRY 1.004.000 has been set aside by the bank management, of which TRY 20.000 has been reserved in previous periods and TRY 984.000 has been canceled in the current year).

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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)

8. Information on provisions (Continued)

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

As of 30 September 2023, TRY 2.096.790 of other provisions (31 December 2022: TRY 701.266) was allocated from profits to be distributed to participation accounts, TRY 1.248 (31 December 2022: TRY 632) was made from provisions for foreign currency purchases and sales, TRY 549 The portion amounting to (31 December 2022: TRY 213) consists of the provision for promotional practices regarding credit cards and banking services.

c.3) Information on litigations provisions

A provision of TRY 89.606 has been made in the financial statements for the lawsuits that are likely to be concluded against the Group but are not yet finalized (31 December 2022: TRY 86.915).

d) Information on provisions for employee benefits

d.1) Employment termination benefits and unused vacation rights

The Bank accounts for its obligations related to severance pay and leave rights in accordance with Turkish Accounting Standard 19, 'Accounting for Benefits Provided to Employees.' It has calculated the future obligations arising from severance and notice pay at their net present value and reflected them in the financial statements. As of 30 September 2023, an amount of TRY 39.425 for leave provision (as of 31 December 2022: TRY 28.175) and TRY 160.648 for severance pay are recorded in the Employee Benefits Provision account in the financial statements (as of 31 December 2022: TRY 125.764).

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 30 September 2023	Prior Period 31 December 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 30 September 2023	Prior Period 31 December 2022
Balance at the 1 January	125.764	26.259
Paid during the period	-	266.967
Severance Pay	34.884	(834)
Actuarial loss/(gain)	-	(166.628)
Balance at the end of the period	160.648	125.764

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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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)

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 30 September 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 Bank has provisions amounting to TRY 164 in the current period, based on the additional bonus to be paid to the personnel (31 December 2022: TRY 500).

9. Explanations on tax liability

a) Explanations on current tax liability

As of 30 September 2023, the Bank's corporate tax liability after deducting temporary taxes paid during the period from tax provisions is TRY 188.150 (As of 31 December 2022, corporate tax liability after deducting temporary taxes paid during the period from tax provisions is TRY 1.338.031).

b) Information on taxes payable

	Current Period 30 September 2023	Prior Period 31 December 2022
Corporate Tax Payable	188.150	1.338.031
Taxation on Income From Securities	93.991	46.059
Property Tax	1.990	876
Banking Insurance Transactions Tax (BITT)	71.499	51.030
Foreign Exchange Transactions Tax	2.599	6.512
Value Added Tax Payable	36.902	15.992
Other	26.214	26.404
Total	421.345	1.484.904

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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: (Continued)

c) Information on premiums:

	Current Period 30 September 2023	Prior Period 31 December 2022
Social Security Premiums – Employee	541	20
Social Security Premiums – Employer	748	-
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	992	764
Unemployment Insurance – Employer	1.978	1.526
Other	-	-
Total	4.259	2.310

10. Information on deferred tax liabilities, if any

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

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

The Bank has no liabilities for assets held for sale and discontinued operations (31 December 2022: None).

12. Explanations on subordinated debts

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
From Domestic Banks	1.375.246	-	1.341.748	-
From Other Domestic Institutions	-	3.885.657	-	2.597.654
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
Total	1.375.246	3.885.657	1.341.748	2.597.654

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Debt Instruments to be Included in the Additional Capital Calculation:	-	3.885.657	-	2.597.654
Subordinated Loans (*)	-	3.885.657	-	2.597.654
Equity-like Debt Instruments	-	-	-	-
Debt Instruments to be Included in Contribution Capital Calculation:	1.375.246	-	1.341.748	-
Subordinated Loans (**)	1.375.246	-	1.341.748	-
Equity-like Debt Instruments	-	-	-	-
Total	1.375.246	3.885.657	1.341.748	2.597.654

(*) The Bank, from the Turkey Wealth Fund Market Stability and Balance Sub-Fund, with the approval of the BRSA on 22 April 2019, in the amount of EUR 100.000 on 24 April 2019; 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. The Bank calculated the fair value of the loan amount and reflected it to the financial statements by using the prices of similar financial instruments on the date it was included in the balance sheet within the scope of TFRS 9 and TFRS 13 standards.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

13. If the other liabilities of the balance exceed 10% of the balance sheet total, the names and amounts 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 30 September 2023	Prior Period 31 December 2022
Common stock	7.350.000	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.

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

None.

e) 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.

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

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

g) Summary information on privileges given to shares representing the capital

As of 30 September 2023, the Bank has no preferred shares (31 December 2022: None).

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30 SEPTEMBER 2023**

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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)****h) Disclosure of accumulated other comprehensive income or expenses to be reclassified
to profit or loss**

	Current Period 30 September 2023		Prior Period 31 December 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	1.153.008	(163.861)	2.540.848	(117.971)
Revaluation Difference	1.346.488	(163.861)	3.348.782	(117.971)
Deferred Tax Effect	(193.480)	-	(807.934)	-
Foreign Exchange Difference	-	-	-	-
Total	1.153.008	(163.861)	2.540.848	(117.971)

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

	Current Period 30 September 2023	Prior Period 31 December 2022
Commitments for Credit Card Expenditure Limits	1.278.739	720.578
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	1.483.612	748.093
Loan Granting Commitments	237.593	95.161
Asset Purchase Commitments	1.825.492	544.655
Tax and Fund Liabilities from Export Commitments	1.387.370	721.459
Promotion Commitment Regarding Credit Card and Banking Services	915	458
Total	6.213.721	2.830.404

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

A provision of TRY 321.417 has been made for possible losses arising from off-balance sheet items (31 December 2022: TRY 218.066).

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

	Current Period 30 September 2023	Prior Period 31 December 2022
Guarantee Letters	64.422.220	37.944.687
Bank Acceptances	212.857	74.133
Letter of Credits	5.956.934	5.650.939
Other Contingencies	844.752	1.521.723
Total	71.436.763	45.191.482

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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 CONSOLIDATED OFF-BALANCE SHEET
ACCOUNTS (Continued)****1. Information on off-balance sheet liabilities (Continued)****b.2) Certain guarantees, temporary guarantees, surety ships and similar transactions**

	Current Period 30 September 2023	Prior Period 31 December 2022
Letters of Temporary Guarantees	1.910.340	2.854.152
Letters of Certain Guarantees	37.599.146	19.331.234
Letters of Advance Guarantees	9.361.482	4.777.857
Letters of Guarantees given to Customs Offices	686.934	429.313
Other Letters of Guarantees	14.864.318	10.552.131
Total	64.422.220	37.944.687

b.3) Total non-cash loans

	Current Period 30 September 2023	Prior Period 31 December 2022
Non-Cash Loans for Providing Cash Loans	14.859.638	10.548.853
With Original Maturity of One Year or Less	1.501.874	500.931
With Original Maturity of More than One Year	13.357.764	10.047.922
Other Non-Cash Loans	56.577.125	34.642.629
Total	71.436.763	45.191.482

**IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED
PROFIT OR LOSS****1. a) Information on profit share received from loans**

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Profit share on loans (*)	12.638.761	3.697.109	7.922.138	1.324.778
Short term loans	7.449.750	2.271.047	3.709.835	375.306
Medium and long term loans	5.147.545	1.426.062	4.160.104	949.472
Profit share on non-performing loans	41.466	-	52.199	-
Premiums received from resource utilization support fund	-	-	-	-

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

b) Information on profit share income from banks

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	317.450	68.214	120.724	23.621
Foreign Banks	-	595	-	2.021
Head Office and Branches	-	-	-	-
Total	317.450	68.809	120.724	25.642

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

c) Information on profit share income from securities portfolio

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit and Loss	-	49.294	-	31.521
Financial Assets at Fair Value through Other Comprehensive Income	3.429.890	163.662	3.582.694	127.821
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	752.861	271.745	14.501	107.458
Total	4.182.751	484.701	3.597.195	266.800

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

None (30 September 2022: None).

2. a) Information on profit share expense on borrowing

	Current Period 30 September 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Banks	244.537	244.717	230.656	40.721
Central Bank of the Republic of Turkey	244.537	121.458	272	-
Domestic Banks	-	123.259	230.384	26.303
Foreign Banks	-	-	-	14.418
Head Office and Branches	-	-	-	-
Other Institutions	-	291.120	-	115.195
Total	244.537	535.837	230.656	155.916

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

None (30 September 2022: None)

c) Information on profit share expense paid to securities issued:

Profit share expenses on securities issued are TRY 876.335 (30 September 2022: TRY 586.144).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

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

Current Period 30 September 2023	Participation Accounts					
Account Name	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	6.455	325.478	-	-	-	331.933
Real Person's Non Commercial Participation Accounts	105.255	2.629.768	295.293	231.396	1.330.815	4.592.527
Public Sector Participation Accounts	1.292.107	919.706	88.128	2.326	-	2.302.267
Commercial Sector Participation Accounts	1.020.094	9.701.127	831.798	288.706	214.422	12.056.147
Other Institutions Participation Accounts	11.000	391.064	2.167	5.636	3.293	413.160
Total	2.434.911	13.967.143	1.217.386	528.064	1.548.530	19.696.034
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	170	2.186	-	-	-	2.356
Real Person's Non Commercial Participation Accounts	10.398	212.247	1.145	1.856	23.732	249.378
Public Sector Participation Accounts	3	10	-	-	-	13
Commercial Sector Participation Accounts	744	81.243	49.918	2	11	131.918
Other Institutions Participation Accounts	158.189	709.392	114.025	61	86	981.753
Public Sector Participation Accounts	8.177	-	-	-	-	8.177
Total	177.681	1.005.078	165.088	1.919	23.829	1.373.595
Grand Total	2.612.592	14.972.221	1.382.474	529.983	1.572.359	21.069.629

Prior Period 30 September 2022	Participation Accounts					
Account Name	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	60.494	-	-	-	60.494
Real Person's Non Commercial Participation Accounts	93.694	1.230.320	79.646	49.375	172.542	1.625.577
Public Sector Participation Accounts	504.605	221.171	163.332	10.107	-	899.215
Commercial Sector Participation Accounts	437.201	1.893.829	697.685	144.811	40.194	3.213.720
Other Institutions Participation Accounts	4.737	205.154	16.652	945	418	227.906
Total	1.040.237	3.610.968	957.315	205.238	213.154	6.026.912
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	11	12.672	-	335	-	13.018
Real Person's Non Commercial Participation Accounts	10.482	138.124	11.895	4.282	30.523	195.306
Public Sector Participation Accounts	5	12	-	-	-	17
Commercial Sector Participation Accounts	1.117	145.959	88.943	3.174	725	239.918
Other Institutions Participation Accounts	32.573	183.223	62.706	126	27.058	305.686
Public Sector Participation Accounts	7.267	-	-	-	-	7.267
Total	51.455	479.990	163.544	7.917	58.306	761.212
Grand Total	1.091.692	4.090.958	1.120.859	213.155	271.460	6.788.124

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

3. Information on dividend income:

As of 30 September 2023, the Bank has TRY 714 dividend income (30 September 2022: 774).

4. a. Information on trading income/loss (Net)

	Current Period 30 September 2023	Prior Period 30 September 2022
Income	6.673.598	3.724.741
Foreign exchange gains	6.005	683.923
Gain on derivative financial instruments	387.550	106.940
Gain on capital market transactions	6.280.043	2.933.878
Losses (-)	5.094.942	2.908.345
Foreign exchange losses	18.223	5.288
Losses on derivative financial instruments	91.204	26.323
Losses on capital market transactions	4.985.515	2.876.734
Net	1.578.656	816.396

a. Information on profit/loss on Derivative Financial Operations

	Current Period 30 September 2023	Prior Period 30 September 2022
Effect of the change in exchange rates on profit/loss	296.346	80.617
Total	296.346	80.617

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 30 September 2023	Prior Period 30 September 2022
Correction Account for Previous Years Expenses	1.727.731	707.880
Income from the Sale of the Asset	8.948	69.492
Provision for Communication Expenses	6.529	5.048
Checkbook Fees	776	493
Other	19.478	6.165
Total	1.763.462	789.078

(*) Adjustment account for previous year expenses consists of TRY 825.054 (30 September 2022: TRY 101.349), loan allocations of TRY 600.000 (30 September 2022: None), for the free donations, TRY 257.905 (30 September 2022: TRY 254.492), for the monthly value account allocations and TRY 3 (30 September 2022: TRY 21.610), for the value account.

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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)****6. Provision expenses for impairment on loans and other receivables**

	Current Period 30 September 2023	Prior Period 30 September 2022
Expected Credit Loss	3.068.066	1.268.261
12 month expected credit loss (stage 1)	1.161.182	499.968
Significant increase in credit risk (stage 2)	504.290	410.948
Non-performing loans (stage 3)	1.402.594	357.345
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Held-to- maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	58.158	693.560
Total	3.126.224	1.961.821

7. Information on other operating expenses

	Current Period 30 September 2023	Prior Period 30 September 2022
Provision of Employee Termination Benefits	34.884	9.564
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	197.896	69.730
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	33.437	19.303
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	554.397	290.083
Leasing Expenses Related to TFRS 16 Exceptions	1.740	1.295
Maintenance Expenses	89.898	29.279
Advertisement Expenses	136.820	40.473
Other Expenses	325.939	219.036
Loss on Sales of Assets	-	198
Other (*)	1.408.814	168.850
Total	2.229.428	557.728

(*) The balance of constituting the other item, TRY 236.259 (30 September 2022: TRY 59.321) consists of SDIF premium and audit and consultancy service expenses, while TRY 121.296 (30 September 2022: TRY 61.230) consists of taxes, fees, funds and other service expenses. The amount of 1.000.000 TRY consists of a donation payment to AFAD made in February due to the earthquake disaster in Kahramanmaraş and surrounding provinces.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

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

As of 30 September 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 30 September 2023	Prior Period 30 September 2022
Net Profit Share Income	4.533.671	5.951.674
Net Fees and Commissions Income	2.796.894	227.172
Dividend Income	714	774
Trading Income/Expense (Net)	1.578.656	816.396
Other Operating Income	1.763.462	789.078
Expected Loss Provision (-)	3.068.066	1.268.261
Other Provision Expense (-)	58.158	693.560
Personnel Expense	1.461.246	514.320
Other Operating Expenses (-)	2.229.428	557.728
Income/(Loss) from Continuing Operations	3.856.499	4.751.225

9. Information on tax provision for continued and discontinued operations

As of 30 September 2023, the Bank's tax provision expense amounting to TRY 702.929 (30 September 2022: TRY 1.363.232) amounting to TRY 188.150 (30 September 2022: TRY 1.568.646) is deducted from current tax expense, amounting to TRY 514.779 (30 September 2022: TRY 205.414) consists of deferred tax expense.

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

Net profit of the Bank from continuing operations is TRY 3.153.570 (30 September 2022: TRY 3.387.993 net profit).

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 (30 September 2022: None).

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

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)****V. EXPLANATIONS AND NOTES TO THE CONSOLIDATED STATEMENT OF 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 RELATED TO THE CONSOLIDATED CASH FLOWS
STATEMENT**

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	-	-	2.858.201	-	-	-
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	-	-	-	-	-	-

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 profit-sharing accounts	-	-	-	-	-	-
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
Participation Accounts	-	-	-	-	-	-
Profit Share Expenses	-	-	-	-	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

c) Information on loans received from 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
Funds Borrowed						
Balance at the beginning of period	5.200.000	4.050.000	284.791	484.397	-	-
Balance at the end of the period	4.400.000	5.200.000	122.108	284.791	-	-
Profit share paid expense	868.321	586.144	7.104	15.259	-	-

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 or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Prior Period	Current Period
The Fair Value Differences Through Profit and Loss	-	-	-	-	-	-
Opening Balance	-	-	5.928.040	1.708.791	-	-
Closing Balance	-	-	5.196.161	5.928.040	-	-
Total Profit/Loss	-	-	-	-	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on remunerations provided to top management

The total amount of benefits provided to the Bank's Senior Management is TRY 20.577 (31 December 2022: TRY 12.688).

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

In accordance with the decision of the Capital Markets Board dated 25 October 2023, and numbered 63/1380, the issuance document for a lease certificate with a nominal value of 500.000 US Dollars to be issued abroad and with a maturity of three years was approved by the Capital Markets Board on 3 November 2023. The maturity date for this issuance has been determined as 12 November 2026. Accordingly, the sale of the lease certificate was completed on 6 November 2023, and the issuance amount has been recorded in our accounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 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 REVIEW REPORT

As of 30 September 2023, the consolidated financial statements prepared for the accounting period ending on the same date are prepared by PwC Independent Auditing and Independent Accountant Financial Advisory Inc. and the review report dated 9 November 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
30 SEPTEMBER 2023**

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

SECTION SEVEN

CONSOLIDATED INTERIM ACTIVITY REPORT

I. Assessment Of Chairman

In the third quarter of 2023, the focus of the global economy has been the increase in geopolitical risks and fluctuations in risk appetite. It has been observed that data related to inflation is closely monitored in the United States and Europe, and inflation continues to be a primary concern. It is anticipated that signals from the economy will be closely monitored in the last quarter of the year, and it is expected that interest rate hikes and tightening of monetary policies will continue for some time.

While the growth rate in the U.S. economy has slowed, interest rate hikes have continued. In the third quarter of the year, the Federal Reserve (FED) raised its policy interest rate to the highest level in 22 years. As a result of hawkish statements made by the FED, it is expected by the markets that a restrictive policy will be pursued until there is confidence that inflation is sustainably approaching the targeted level. On the other hand, the downgrade of the long-term credit rating of the U.S. by international credit rating agencies has signaled expected financial deterioration, a growing overall government debt burden, and deadlock over the debt ceiling.

In Europe, inflation continues to be a primary concern. The recently announced inflation rate of 4.3% and the elevated trend in core inflation indicate a deviation from the medium-term target of 2% inflation. While the decline in industrial production persists in Germany, the largest economy in Europe, the European Central Bank (ECB) stating that economic weakness is exerting pressure across the entire region has heightened concerns about economic growth. In the markets, it is anticipated that the ECB may continue interest rate hikes until 2024.

The third quarter of the year in developing economies was marked by efforts to ensure financial stability. Following the end of pandemic measures in China, the robust recovery observed in the first quarter of this year, driven by debt issues in the real estate sector, proved unsustainable, leading to an economic slowdown in the second quarter compared to the previous quarter. However, with comprehensive monetary easing and fiscal stimulus measures in China, growth in the third quarter exceeded expectations.

In Turkey, the policy of controlling risks and expectations regarding inflation and supporting the Turkish Lira continued in the third quarter of the year. Priority was given to increasing reserves that had previously declined, and data indicated that results were achieved from the steps taken in this direction. In September, the Central Bank of the Republic of Turkey (CBRT) decided to raise the policy interest rate from 25% to 30%, bringing the policy rate to its highest level in recent years. The CBRT emphasized that disinflation could be achieved without compromising growth until inflation reaches the target value. The Medium-Term Program (OVP) for the period 2024-2026 has been announced to the public, and it is anticipated that the Turkish economy will grow by 4.4% throughout the year, supported by measures balancing domestic demand, increasing exports, and the continued positive outlook in tourism in the second half of the year.

Given its geopolitical position, our country, which is highly sensitive to global developments, particularly views the course of regional issues in our vicinity as one of the significant topics to be closely monitored in the last quarter of the year. Efforts are underway to increase alternatives for resolving the high energy and commodity costs affecting the Turkish economy and the supply-oriented issues arising from them. In the coming period, work is being carried out to reduce inflation to desired levels, taking into account growth and unemployment rate targets. While the share of participation banking within the financial sector was 8.3% at the end of last year, this ratio has increased to 8.6% as of August. Sustaining this positive performance is crucial for the further deepening of our country's financial system and enhancing its resilience against risks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

I. Assesment Of Chairman (Continued)

While continuing to increase its share in the sector, Ziraat Katılım Bankası continues to expand its branch network to make participation banking services accessible to every corner of our country. In this context, our bank is proud to open its 179th branch in the year 2023. Ziraat Katılım Bankası will continue to expand its branch network in the coming period within the principles of efficiency, providing effective financial solutions with a customer-centric approach at all service points, and supporting the participation banking sector and our economy even more.

Alpaslan ÇAKAR
Chairman of the Board

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

II. Assessment Of General Manager

Ziraat Katılım continues to grow and expand the participation finance sector.

Ziraat Katılım's total assets reached TRY 348 billion with an 63% increase in the third quarter of 2023 compared to the end of the previous year, while the funds collected reached TRY 294 billion with an increase of 70% compared to the same period. While the cash funds provided increased by 66% to TRY 241 billion, Ziraat Katılım's cash and non-cash financing provided to the entire sector amounted to TRY 313 billion.

Ziraat Katılım completed the third quarter of 2023 with a profit of TRY 3.11 billion, 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 Katılım, which has rapidly expanded its branch network throughout Turkey, has reached 177 branches as of the 3rd quarter of 2023, 179 branches in the country and 2 abroad.

OUR LEASE CERTIFICATE ISSUES REACHED 65.6 BILLION TRY TOTAL

Ziraat Katılım Bankası A.Ş. has successfully completed 9 lease certificate issuances in the third quarter of 2023. Ziraat Yatırım Menkul Değerler A.Ş. While 4.1 billion TRY of funding was obtained from these issuances made through the Bank, all of the lease certificate issuances received a high demand from investors above the issuance amount. Ziraat Katılım, Turkey's first participation bank with public capital, has reached a total volume of 65.6 billion TRY with the issuance of 153 lease certificates to investors since its inception in 2015.

WE PROVIDED EMERGENCY SUPPORT FINANCE TO THE AREAS AFFECTED BY THE FLOOD

A protocol for 'Emergency Support Financing for Businesses Affected by the Rainfall, Flood, and Landslide Disasters in Amasya, Kastamonu, Sinop, and Samsun Provinces in 2023' has been signed between the Small and Medium Enterprises Development and Support Administration (KOSGEB) and our bank to provide financial support to businesses affected by the rainfall, flood, and landslide disasters that occurred in 2023 in the provinces of Amasya, Kastamonu, Sinop and Samsun.

CREATED AN EQUITY GUARANTEE SUPPORT PACKAGE WITH KATILIM FINANS KEFALET A.Ş.

Katılım Finans Kefalet A.Ş. A protocol regarding equity guarantees was signed between our Bank and our Bank, and the "Katılım Finans Kefalet A.Ş. Equity Guarantee Support Package" was created to support SME and non-SME companies' access to finance.

WE HAVE STARTED PROVIDING USD AND EUR DISBURSEMENT IN THE NON-MATURITY EXPORT FINANCING

In line with the goal of contributing to the national economy, our product 'Non-Maturity Export Financing' has commenced disbursements in USD and EUR to SMEs (Small and Medium-sized Enterprises) and non-SMEs that are members of export associations, ensuring favorable profit-sharing rates and access to long-term financing.

WE HAVE STARTED THE INTEGRATION AND PRODUCTION OF TARSIM POLICIES.

State-supported agricultural insurance contracts are arranged on a participatory basis through member insurance companies and/or agents holding participation insurance licenses. All operations and transactions related to state-supported agricultural insurance policies arranged on a participatory basis are carried out under the supervision of the Consultation Committee in accordance with participation principles. In this context, our bank has completed the systematic integration for the issuance of TARSIM policies for its customers, and the policy production has commenced.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

II. Assesment Of General Manager (Continued)

WE HAVE FORMED A PARTNERSHIP WITH THE KIVI ERP COMPANY TO FACILITATE OUR CUSTOMERS' FINANCIAL TRANSACTIONS

Ziraat Katılım prioritizes the digital transformation needs of SME customers in line with its strategic goals in digital banking and sustainability. In this regard, the bank has invested in Kivi Information Systems Inc., which develops Next-Generation E-Transformation Platforms to provide SME customers with direct access to banking and other financial services.

Through capital partnership, Ziraat Katılım has acquired a 25% stake in Kivi Bilgi Sistemleri A.Ş. With this investment, the goal is to make the Kivi E-Transformation Platform a new digital channel for Ziraat Katılım's SME customer portfolio. This channel is expected to provide direct access to many new products and services for SMEs without the need to visit a branch. This partnership holds the distinction of being the first of its kind in the Participation Finance sector.

ZİRAAT KATILIM HAS COMMENCED OPERATIONS IN SOMALIA

Ziraat Katılım, with its activities in Africa, has made history in Turkish banking by opening its second branch abroad in the capital of Somalia, Mogadishu. The Somali Branch will serve as a bridge for the development of foreign trade between Turkey and Somalia and strengthen economic relations. Operating within the Ziraat Finance Group, Ziraat Katılım continues its efforts to become a universal, respected, and leading participation finance institution that creates synergy not only in Turkey but also in its region, offering more to its customers at every stage and sharing continuously. Ziraat Katılım opened its first branch in Africa in Sudan in 2020.

As Ziraat Katılım, we continue to work devotedly to increase our contribution to the real economy in line with our values and ethical principles, which are the reflections 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 30 SEPTEMBER 2023

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

III. Shareholding Structure

The paid in capital of Ziraat Katılım Bankası A.Ş. is TRY 7.350.000.000 and this capital is divided into 7.350.000.000 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.	7.349.999.996	7.349.999.996
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 In 2023

The decision to increase the capital to TRY 7.350.000.000 was approved at the Extraordinary General Assembly meeting held on 31 March 2023. The capital increase and the related amendment to the Articles of Association were registered on 3 April 2023, and announced in the Trade Registry Gazette No. 10803 on the same date. The accounting of this capital increase was carried out on 3 April 2023, with the permission obtained from the Banking Regulation and Supervision Agency (BDDK). In this context, the relevant article of the Articles of Association has been updated as follows.

Former Version of Article 6: The Company's capital is valued at 2.650.000.000.00 Turkish Liras. This capital is divided into 2650000000 shares, each with a value of 1.00 Turkish Lira. The entire previous capital of 1.750.000.000.00 Turkish Liras has been fully paid in cash without any consideration. This time, the entire cash increase of 900.000.000 Turkish Liras has been fully committed and paid in cash by T.C. Ziraat Bankası A.Ş. before registration.

New Version of Article 6: The Company's capital is valued at 7.350.000.000.00 Turkish Liras. This capital is divided into 7350000000 shares, each with a value of 1.00 Turkish Lira. The entire previous capital of 2.650.000.000.00 Turkish Liras has been fully paid in cash without any consideration. This time, the entire cash increase of 4.700.000.000 Turkish Liras has been fully committed and paid in cash by T.C. Ziraat Bankası A.Ş. before registration.

V. Main Financial Indicators

Among the Bank's Assets, Loans with 240.026.050 Thousand TRY with 69%, Cash Securities and Cash Equivalents with 60.873.900 Thousand TRY with 18%, Securities with 41.879.132 Thousand TRY with 12%, Other Assets with 4.983.008 Thousand TRY with 1% gets a share.

Assets (Thousand TRY)	30 September 2023	31 December 2022	Variance (%)
Cash Values and Cash Equivalents	60.873.900	38.204.442	59
Securities	41.879.132	26.228.936	60
Loans	240.026.050	144.858.268	66
Other Assets	4.983.008	3.065.277	63
Total Assets	347.762.090	212.356.923	64

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators (Continued)

Funds Collected in Bank Liabilities with TRY 294.169.613 Thousand with 85%, Funds Other than Funds Collected with TRY 28.154.328 Thousand with 8%, Shareholders' Equity with TRY 17.799.709 Thousand with 5% and Other Liabilities with TRY 7.638.440 Thousand with 2%. takes.

Liabilities (Thousand TRY)	30 September 2023	31 December 2022	Variance (%)
Deposit	294.169.613	173.139.098	70
Non- Deposit Resources	28.154.328	20.413.611	38
Other Liabilities	7.638.440	7.425.769	3
Equity	17.799.709	11.378.445	56
Total Liabilities	347.762.090	212.356.923	64

Selected Income-Expenses (Thousand TRY)	30 September 2023	30 September 2022
Profit Share Income	27.668.480	14.137.183
Profit Share Expense	(23.134.809)	(8.185.509)
Net Profit Share Income	4.533.671	5.951.674
Net Fee and Commission Income	2.796.894	227.172
Dividend Income	714	774
Trading Profit/Loss	1.578.656	816.396
Other Operating Income	1.763.462	789.078
Other Operating Expense	(2.229.428)	(557.728)
Expected Loss Provision	(3.068.066)	(1.268.261)
Other Provision Expense	(58.158)	(693.560)
Personel Expense	(1.461.246)	(514.320)
Profit / Loss Before Tax	3.856.499	4.751.225
Tax Provision	(702.929)	(1.363.232)
Net Profit/Loss	3.153.570	3.387.993

RATIOS (%)	30 September 2023	31 December 2022
Capital Adequacy Ratio	15,1	15,6
Equity / Total Assets	5,1	5,3
Total Loans / Total Assets	68,6	69
Borrowings/Total Assets	84,5	81,2
Non-Performing Loans (Gross)/Loans	0,8	1,3

* Includes Leasing Receivables, excluding Non-Performing Receivables.

VI. Information On the Consolidated Subsidiary

ZİRAAT KATILIM VARLIK KIRALAMA 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 Katılım, 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 / ISTANBUL.

As of 30 September 2023, the company has no personnel.

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VI. Information On the Consolidated Subsidiary (Continued)

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.	TRDZKVKKE2310	600.000.000,00	07.07.2023	13.10.2023	103	22,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVKKE2328	900.000.000,00	25.07.2023	31.10.2023	100	22,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVKKE2312	1.000.000.000,00	04.08.2023	10.11.2023	103	24,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVKKE2320	400.000.000,00	16.08.2023	28.11.2023	364	27,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVKKE2314	500.000.000,00	07.09.2023	08.12.2023	90	33,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVKKE2322	500.000.000,00	27.09.2023	27.12.2023	99	35,50%

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.	TRDZKVK72316	500.000.000,00	07.07.2022	05.07.2023	363	114.369.850,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK72324	800.000.000,00	30.03.2023	07.07.2023	99	47.736.960,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK72332	800.000.000,00	13.04.2023	25.07.2023	103	49.665.760,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK82315	600.000.000,00	26.04.2023	04.08.2023	100	36.986.280,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK82323	400.000.000,00	05.05.2023	16.08.2023	103	27.090.400,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK92314	500.000.000,00	09.06.2023	07.09.2023	90	40.684.950,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK92322	600.000.000,00	20.06.2023	27.09.2023	99	57.772.620,00

ZKB VARLIK KIRALAMA A.Ş.:

ZKB Varlık Kiralama A.Ş. With the capital of TRY 50.000 fully paid by Ziraat Katılım, with the permission of the Banking Regulation and Supervision Agency and the Capital Markets Board, on 08.09.2017, exclusively within the framework of the CMB's Lease Certificates Communiqué (III-61.1) published in the Official Gazette dated 07.06.2013 and numbered 28760. was established to issue lease certificates.

The company's main address is Fatih / ISTANBUL.

As of 30 September 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 / ISTANBUL	50.000	50.000

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Interest Rate
FASDAT	TRDZKBVK2313	65.000.000,00	27.07.2023	01.11.2023	97	33,00%
FASDAT	TRDZKBVA2315	50.000.000,00	15.08.2023	13.12.2023	120	31,00%
ARZUM	TRDZKBVA2323	75.000.000,00	20.09.2023	15.12.2023	86	44,00%

VII. 2023 III. Interim Activities

CORPORATE BANKING DEPUTY GENERAL MANAGER

The Corporate Branch Banking Department serves in a structure that empowers our Bank's customers in the corporate segment, understands customer needs and expectations in the best way and offers them the most appropriate solutions and value propositions through the right channel. While we contribute to the financial development of our customers with the services we offer to our customers, we also achieve high customer satisfaction.

We continue to provide support to both public and private sectors in addition to basic banking activities, particularly in financial leasing and investment matters.

On our way to becoming Turkey's leading and pioneering Participation Bank, as Corporate Branch Banking, we continue to support our branches and customers with a Customer-Focused Service Approach by offering solutions to the needs of all our customers in line with our Business Culture Principles with 6 Corporate Branches in 3 different provinces.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2023

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2023 III. Interim Activities (Continued)

RETAIL BANKING DEPUTY GENERAL MANAGER

KiviERP, one of the leading projects of the technology and software industry, which set out with the slogan "Transforming the Idea into Software", launched its crowdfunding campaign in October last year via fonangels.com, one of Turkey's active crowdfunding platforms.

After the successful funding of the project, which was completed with nearly 500 investors, good news came from Ziraat Katılım. Ziraat Katılım made a significant contribution to the ecosystem with its investment in KiviERP. This investment stands out as one of the largest direct public partnership investments made in startups emerging from crowdfunding.

Ziraat Katılım's investment in the KiviERP project represents a new example of cooperation between corporate financial institutions and promising startups. KiviERP, which stood out as a result of the crowdfunding campaign and set out with the promise of providing quality solutions to solve corporate problems, will accelerate its growth with the support of Ziraat Katılım.

This investment is a turning point not only for KiviERP, but also for Turkey's crowdfunding investment system. The conclusion of the strong investment of Ziraat Katılım, one of Turkey's leading financial institutions, stands out as an inspiring success story for the crowdfunding system.

This step aims to define a new vision for collaborations between the crowdfunding sector and financial institutions and further accelerate the growth of Turkey's innovative initiatives.

RESOURCE AND CASH MANAGEMENT DEPARTMENT

Tarsim

In addition to its critical importance for the world population, the agricultural sector has a unique structure as an extremely sensitive field of activity that is highly affected by economic, social, political, technological and personal risks. From this perspective, the effective performance of agriculture's function in feeding humanity is directly related to the management of risks that threaten agricultural production. In our country, an insurance mechanism was considered to be put into effect in order to guarantee the risks that threaten the agricultural sector, and for this purpose, the "Agricultural Insurance Law" No. 5363 dated 14/06/2005 was enacted.

The State-Supported Agricultural Insurance contracts are regulated on a participation basis through member insurance companies and/or agents holding participation insurance licenses. All processes related to participation-based state-supported agricultural insurance policies are conducted under the supervision of the Consultation Committee in accordance with participation principles. In this context, our Bank has completed the systemic integration for the issuance of TARSİM policies for its customers, and policy production has commenced.

Currency Hedged TRY Accounts

For customers who want to convert and evaluate their savings in USD, EUR, GBP, CHF, and Gold currency into Turkish Lira and protect against potential exchange rate increases, we have opened Currency/ Gold Indexed Currency Hedged TRY Participation Account and Home Account. The collected funds in the relevant foreign currency and gold have been converted into 39.3 billion TRY equivalent, contributing to the country's agenda of "Liraization Policy".

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2023 III. Interim Activities (Continued)

DIGITAL BANKING DEPARTMENT

Mobile and Internet Branch

Our infrastructure and processes are now ready to provide brokerage services for stock trading on Mobile and Internet Banking.

Our corporate website for the Somali Branch has been launched and is now available for our customers' service.

Open Banking

The integration of other banks' applications into the Open Banking operations has been achieved through the App-to-App model.

Mim Quality

The infrastructure for the analysis of all voice calls from customers contacting the call center regarding our products and services with artificial intelligence support has been prepared. The development of the infrastructure for conducting satisfaction surveys related to customer product and service usage is also planned.

Central Banking

The Central Banking Branch provides services in four languages: English, Sign Language, Turkish, and Arabic.

During the first three quarters of 2023, our branch acquired 11.000 new customers, bringing the total number of customers to 76.970, a 14% increase compared to the end of 2022. All the customers gained in 2023 were acquired through video calls.

In the same period, the Central Banking Branch received 45.000 voice calls, and 93,96% of them were answered by our customer representatives. The service level exceeded 78%.

In 2023, there were over 48.000 applications for video calls to the Central Banking Branch. More than 32.000 of these applications resulted in actual video calls, and 72% of them were answered by our customer representatives.

STRATEGY PLANNING DEPARTMENT

Organization and Process Management

In the third quarter of the year, we achieved the opening of 4 new branches and the relocation of 2 branches to new addresses, bringing the total number of new branch openings in 2023 to 22 within the country. As a result, the total number of domestic branches reached 177.

Our Location Analysis Map Program used in branch openings and marketing activities has been enhanced and made available as a mobile application for our employees.

The organizational structure of our Head Office has been updated in line with our focused growth strategy, prioritizing areas of development. In this context, 11 new departments have been established. The total staff quota at the Head Office has increased from 633 to 777, meeting our normative staff requirements.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2023 III. Interim Activities (Continued)

HEAD OF FOREIGN TRADE OPERATIONS DEPARTMENT

What We Achieved in the Quarter:

Within the scope of the End-to-End Value Proposition Project in our bank's strategic plan, the Foreign Trade Advisory and Business Development Service Management has been established under the Entrepreneurial Banking Value Proposition Project for the selected Exporter persona. Branch/customer visits and training programs are organized within this service.

As part of the ISO 20022 SWIFT Integration project for International Payments, the necessary integration has been implemented to read the MX messages received by the system.

The end-to-end automation of the process between Foreign Trade Opr. BB. and Compliance BB. for incoming FC transfer transactions to our bank has been achieved.

What We Will Achieve in 2023:

Necessary system enhancements will be implemented to enable import transfer transactions through digital channels.

As part of the International Payments ISO 20022 SWIFT Integration project, necessary efforts will be made to generate and send outgoing MX messages by the system.

For outgoing FC remittance transactions, end-to-end automation of the process between the Foreign Trade Opr. Department and Compliance Department will be ensured.

Integration of intermediary bank notifications sent to our bank into the Registered Electronic Mail (KEP) system will be established.

HEAD OF INFORMATION SYSTEMS MANAGEMENT DEPARTMENT

TLREFK-indexed leasing financing has been provided through the TLREFK-indexed leasing project. The Ocean Integration project has completed the transition to Ocean 2.0.

The New ID Verification with Self-Service Transactions project enables customers to update their mobile phone numbers and unblock SIM cards using security checks and biometric methods on the new identity cards.

With the Branch Guide Screen Layouts project, 16 cards have been created for the screens most frequently used by branches. These cards enable more effective management of portfolios by customers and allow for collections to be made without switching to a second screen.

The Renewal of Participation Mobile Device Activation Structure project ensures activation through device/operator verification by telephone number control or alternatively through IVN/IVR call matching, confirming security through activated devices.

The Centralized Voice and IVR Project centralized branch telephone lines and established an IVR system.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2023 III. Interim Activities (Continued)

PAYMENT SYSTEMS DEPARTMENT

Our card and merchant volume continued to increase in the third quarter of 2023. In this regard;

Our merchant network continued to grow, with a 39% increase in the number of POS and cash register POS compared to the same period of the previous year, and a 140% increase in POS turnover.

Our debit card count increased by 84% compared to the previous year, and the debit card turnover increased by 20% compared to the previous year, reaching a transaction volume of 2.4 billion TRY.

The number of credit cards increased by 57% compared to the previous year, and the debit card turnover increased by 371% compared to the previous year, reaching a transaction volume of 693.7 million TRY.

In addition to the Ziraat Katılım Pocket POS application, efforts are underway to implement the Ziraat Katılım Pocket POS Basic Sales Application for merchant businesses subject to the provisions of the Tax Procedure Law numbered 507 and 509.

The payment flow with the TR QR Code infrastructure is supported on our cards and POS devices, and efforts to expand our POS devices continue.

Work has begun on the introduction of our Commercial Credit Card product, allowing business owners to finance their needs and easily track their expenses.

To increase the prevalence of the domestic and national card scheme TROY in card payments, TROY card issuance has started, and it will be made available to our customers.

FINANCIAL PRODUCTS MANAGEMENT DEPARTMENT

Under the protocol signed between the Credit Guarantee Fund (KGF) and our bank, support packages were created to mitigate the negative impact of the pandemic on businesses and to finance their investments. The financial support provided to businesses continued in this quarter.

In response to the rainfall, flood, and landslide disasters in the provinces of Amasya, Kastamonu, Sinop, and Samsun in 2023, a protocol for "Emergency Support Finance for Amasya, Kastamonu, Sinop, and Samsun Provinces" was signed between the Small and Medium Enterprises Development and Support Administration (KOSGEB) and our bank.

A protocol regarding equity guarantees with Participation Finance Guarantee Inc. was signed between the company and our bank. In support of the access to financing for SMEs and non-SMEs, the "Participation Finance Guarantee Inc. Equity Guarantee Support Package" was created.

To alleviate the negative impact of the COVID-19 pandemic, the first tranche of "Emergency Business Working Capital Financing" to support SMEs in Turkey, backed by a treasury guarantee from the Republic of Turkey Government, was completed by the Islamic Development Bank (IDB) management. Preparations for the second tranche are ongoing, and it will be made available for utilization soon.

In line with the goal of contributing to the national economy, our "Non-Matured Export Financing" product has commenced disbursements in USD and Euro denominations, aiming to support SMEs and non-SMEs that are members of exporter unions, offering suitable profit-sharing ratios and long-term financing options.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2023 III. Interim Activities (Continued)

Our ongoing efforts focus on the development of the "Mobile Letter of Guarantee" and the Participation Banking-based "Commercial Flexible Support Financing" products to enable our companies to conduct transactions more easily and quickly.

The "Instant Financing" product application, allowing customers to finance products from businesses that have agreements with our bank without the need to visit a branch, continues. The application is available through digital channels, ensuring easy and fast financing at any time of the day.

Improvements for the use of the Instant Financing product in the service sector have been completed, and it is planned to be available for customer use in October. This will enable financing under the lease agreement for services such as education, pilgrimage, and tourism through our mobile application.

In collaboration with Turkey's Automobile Initiative Group Inc. (TOGG), a cooperation agreement has been signed, and a product called "TOGG Vehicle Financing" has been created to meet the financing needs of individuals wishing to purchase the national automobile brand TOGG. Financing for TOGG vehicle financing is available through our branches. Mobile application developments have been completed, and the service will be launched with broader coverage.

Efforts to provide customers with the opportunity to become homeowners under favorable financing conditions continue through the "First Home Mortgage Financing" and "Expanded Mortgage Financing" product applications.

For customers in the middle-income group, efforts continue with the "New Home Mortgage Financing" product to enable them to become homeowners under favorable financing conditions.

Within the framework of sustainability, the "Home Insulation Financing" product application continues to enable real person customers to finance expenses related to insulation and roof insulation under suitable conditions, aiming to increase energy efficiency and reduce costs for heating in residential areas.

As Ziraat Katılım Bankası, we aim to enhance agriculture in our country within the sustainable ecosystem. This involves the development of agriculture, mechanization, and modernization to increase the efficiency and production of agricultural products. In this context, our "Agricultural Financing" product, addressing all agricultural needs in line with Participation Banking principles, has been completed. Ongoing research for new products aligns with the changing climate, food consumption needs and preferences, and medium to long-term agricultural policies.

VIII. 2023 Expectations After the Interim Period

During the third quarter of 2023, the most significant items on the global economic agenda were the fight against inflation and accompanying concerns about recession. Measures against inflation, including interest rate hikes, efforts to limit consumption expenditures, and new tightening moves, have become the focal points of economic discussions as the year-end approaches. Additionally, the ongoing geopolitical issues arising from the Russia-Ukraine war continue to be one of the most important causes of global economic uncertainty. Economic administrations in developed and developing countries are monitoring the results of the steps taken to achieve inflation targets. In a period where the effects of interest rate hikes in the first half of the year are being observed, and interest rate cuts are not on the agenda, various tightening measures are being implemented globally to restrict consumption. With the impact of high borrowing costs, global economic growth is expected to be around 3% in 2023, lower than the 3,5% recorded last year. Despite the declining trend in inflation, it continues to maintain its position above long-term averages in the global economy.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2023**

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VIII. 2023 Expectations After the Interim Period (Continued)

As the third quarter came to an end in the United States, combating inflation remained the most important topic on the agenda. Following the Federal Reserve's decision to keep the policy interest rate steady in June, a new increase was implemented in July, raising interest rates to the range of 5,25% to 5,50%, reaching the highest level in 22 years. The September interest rate decision kept rates steady, emphasizing monitoring the current situation, with the possibility of new increases if deemed necessary based on economic conditions and the labor market. The unemployment rate in September, at 3,8%, close to expectations and in line with past standards, was positively received by the Federal Reserve, indicating the continuation of a tight monetary policy. Considering the 2% inflation target, it is anticipated that the last interest rate increase of the year could be decided in the coming period. On the other hand, concerns about high inflation and tight monetary policy led to a rise in 10-year bond yields to 4,57%, the highest level in 15 years. In the second quarter, the U.S. economy achieved a growth rate of 2,1% in line with expectations. A resolution was reached on the debt ceiling, a key issue on the agenda, with the signing of a temporary budget bill to prevent a government shutdown.

In the Eurozone, the main agenda item in the third quarter remained the fight against inflation, as it was in the first two quarters. While it was emphasized that tightening policies would not be abandoned until the 2% inflation target is reached, interest rate hikes continued in the third quarter. As the effects of current policies are monitored in the last quarter of the year, the European Central Bank has highlighted the possibility of additional interest rate increases. The ongoing Russia-Ukraine war has made it difficult to resolve problems related to energy prices and security, persisting as one of the major obstacles to regional and global economic recovery. On the other hand, an increase in the trade surplus was observed in Germany in August, and the median inflation expectation for the next 12 months rose to 3,5%.

In both developed and developing countries, the main agenda in the third quarter of the year has been the struggle to reverse the inflationary environment. In China, on the contrary, economic activity has increased with the end of strict pandemic measures. In September, the amount of loans provided by banks increased by approximately \$136.7 billion compared to the previous month. The Chinese economy recorded a growth of 4,9% in the third quarter, exceeding expectations.

In the second half of the year in Turkey, the focus of the economy has been on the steps to be taken in the fight against inflation. While trying to overcome the effects of the earthquake in February, tightening policies continued, and interest rate decisions were made in Monetary Policy Committee (MPC) meetings. The interest rates, initially raised from 15% to 17,50% in July, were further increased to 30% in September. In the last quarter of the year, it is expected that new interest rate decisions will be made in line with inflation targets. Turkey, being highly sensitive to global developments due to its geopolitical position, will closely monitor regional issues in the last quarter of the year. Efforts are underway to increase alternative sources to address the high energy and commodity costs that affect the Turkish economy and the supply-side problems arising from them. In the first two quarters of 2023, Turkey achieved growth rates of 4% and 3,8%, respectively. With balancing domestic demand and increasing exports in the second half of the year, and the continued vibrant outlook in tourism, the Turkish economy is expected to grow by 4,4% throughout the year.

The upcoming period is expected to be characterized by taking new measures to achieve the inflation target and ensure financial stability, considering the growth and unemployment rates for the future.

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