

**ZIRAAT KATILIM BANKASI  
ANONIM SİRKETİ**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 SEPTEMBER 2021 WITH  
AUDITOR’S REVIEW REPORT**

***(CONVENIENCE TRANSLATION OF CONSOLIDATED  
FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND  
FOOTNOTES ORIGINALLY ISSUED IN TURKISH, SEE NOTE. 1.B OF  
SECTION THREE)***

## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

**(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)**

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi;

### *Introduction*

We have reviewed the unconsolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi ("the Bank") at 30 September 2021 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month period then ended. The Bank 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 these interim 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, on the accompanying unconsolidated financial statements as at 30 September 2021 include a free provision amounting to TL 45.000 thousand provided in prior years 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 unconsolidated 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 unconsolidated financial information do not present fairly in all material respects the financial position of Ziraat Katılım Bankası Anonim Şirketi at 30 September 2021 and the results of its operations and its unconsolidated 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 unconsolidated financial statements and disclosures in all material respects.

### *Additional Paragraph for Convenience Translation:*

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

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

Halûk Yalçın, SMMM  
Partner

Istanbul, 11 November 2021

**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 2021**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi  
Hayri Efendi Cad. Bahçekapı No:12 34112 Fatih / İSTANBUL  
Phone: (0212) 404 11 00  
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E-mail: bilgi@ziraatkatilim.com.tr

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 as follows;

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

The accompanying consolidated financial statements and notes to these financial statements for the 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.

Hüseyin AYDIN  
Chairman of the Board

Metin OZDEMİR  
Member of the Board,  
General Manager

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

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

Osman KARAKÜTÜK  
Vice President of Treasury  
Management and  
International Banking

Gürkan ÇAKIR  
Head of Financial  
Management Department

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

Name-Surname/Position : Mesut Küçük / Financial Reporting Manager  
Tel No : 0 216 559 22 53  
Facsimile : 0 212 404 10 81

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# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 30 SEPTEMBER 2021

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

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### SECTION ONE GENERAL INFORMATION ABOUT THE GROUP

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

Ziraat Katılım Bankası A.Ş. ("Group") is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 October 2014 with a capital of TL 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 14 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 TL 72.000 from TL 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 TL 500.000 and by increasing the amount of internal resources by TL 3.000 to TL 1.250.000. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised from TL 1.250.000 to TL 1.750.000 by increasing the amount of cash by TL 500.000.

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 market, 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 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 FOR THE PERIOD OF 1 JANUARY- 30 SEPTEMBER 2021

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

#### GENERAL INFORMATION ABOUT THE GROUP

#### 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 2021 and 31 December 2020, main shareholders and capital amounts as follows:

Name of Shareholders	30 September 2021		31 December 2020	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. <sup>(*)</sup>	1.750.000	99,9999996	1.750.000	99,9999996
Türkiye Sigorta A.Ş. <sup>(**)</sup>	-	0,0000001	-	0,0000001
Türkiye Hayat ve Emeklilik A.Ş. <sup>(**)</sup>	-	0,0000001	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,0000001	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	0,0000001
<b>Total</b>	<b>1.750.000</b>	<b>100,00</b>	<b>1.750.000</b>	<b>100,00</b>

(\*) 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.

(\*\*) Ziraat Sigorta A.Ş., was transferred to Turkey Wealth Fund under the name of Türkiye Sigorta A.Ş. on 27 August 2020. Ziraat Hayat ve Emeklilik A.Ş., was transferred to Turkey Wealth Fund under the name of Türkiye Hayat ve Emeklilik A.Ş. on 24 August 2020.

#### 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
<b>Board of Directors</b>	
Hüseyin AYDIN	Chairman
Fikrettin AKSU	Vice chairman of the BOD, Member of the Audit Committee, Member of Corporate Management Committee
Metin ÖZDEMİR	Member of the BOD, General Manager, Member of Pricing Committee, President of Credit Committee
Mahmut Esfa EMEK	Member of the BOD, Member of Audit Committee, Member of Pricing Committee, Alternate Member of Credit Committee
Ahmet BUÇUKOĞLU	Member of the BOD, Member of Audit Committee,
Hasan DURSUN	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
<b>Assistant General Manager</b>	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Temel Tayyar YEŞİL	Branch Banking and Sales Management

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

#### 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.	1.750.000	100,00	1.750.000	-
<b>Total</b>	<b>1.750.000</b>	<b>100,00</b>	<b>1.750.000</b>	<b>-</b>

## **ZİRAAT KATILIM BANKASI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 30 SEPTEMBER 2021**

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

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#### **GENERAL INFORMATION ABOUT THE GROUP (Continued)**

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

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

The Bank sorts out participation accounts and participation accounts based on investment proxy contracts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to nine months (nine 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.

As of 30 September 2021, the Bank operates with its 112 domestic branches (31 December 2020: 104 domestic branches and 1 foreign) and 113 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad. As of 30 September 2021 the number of employees of the Bank is 1.453 (31 December 2020: 1.261).

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

There is no difference between consolidated financial statements prepared in accordance with BRSA regulation on the preparation of consolidated financial statements and consolidated financial statements prepared in accordance with Turkish Accounting Standards for the Bank. The Bank's subsidiary Ziraat

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

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

None.



## **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 shareholders' equity
- VI.** Consolidated statement of cash flows

# ZİRAAT KATILIM BANKASI A.Ş.

## CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 SEPTEMBER 2021

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note (V-I)	Current Period (30/09/2021)			Prior Period (31/12/2020)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>6.818.953</b>	<b>16.340.774</b>	<b>23.159.727</b>	<b>5.195.516</b>	<b>11.233.289</b>	<b>16.428.805</b>
<b>1.1 Cash And Cash Equivalents</b>		<b>2.491.404</b>	<b>12.466.790</b>	<b>14.958.194</b>	<b>419.033</b>	<b>9.854.915</b>	<b>10.273.948</b>
1.1.1 Cash And Balances With Central Bank	(1)	2.473.636	6.960.224	9.433.860	409.579	5.067.541	5.477.120
1.1.2 Banks	(2)	21.629	5.506.566	5.528.195	12.394	4.787.374	4.799.768
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		3.861	-	3.861	2.940	-	2.940
<b>1.2 Financial Assets Measured At Fair Value Through Profit/Loss</b>	(3)	<b>-</b>	<b>1.320.367</b>	<b>1.320.367</b>	<b>980.872</b>	<b>-</b>	<b>980.872</b>
1.2.1 Government Securities		-	-	-	-	-	-
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	1.320.367	1.320.367	980.872	-	980.872
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	(4)	<b>4.310.722</b>	<b>2.553.281</b>	<b>6.864.003</b>	<b>3.767.367</b>	<b>1.378.365</b>	<b>5.145.732</b>
1.3.1 Government Securities		-	-	-	-	-	-
1.3.2 Equity Securities		10.412	-	10.412	10.412	-	10.412
1.3.3 Other Financial Assets		4.300.310	2.553.281	6.853.591	3.756.955	1.378.365	5.135.320
<b>1.4 Derivative Financial Assets</b>	(5)	<b>16.827</b>	<b>336</b>	<b>17.163</b>	<b>28.244</b>	<b>9</b>	<b>28.253</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		16.827	336	17.163	28.244	9	28.253
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>31.926.306</b>	<b>20.127.230</b>	<b>52.053.536</b>	<b>29.455.349</b>	<b>13.530.498</b>	<b>42.985.847</b>
<b>2.1 Loans</b>	(6)	<b>29.521.998</b>	<b>15.959.091</b>	<b>45.481.089</b>	<b>27.553.401</b>	<b>10.670.016</b>	<b>38.223.417</b>
<b>2.2 Lease Receivables</b>		<b>3.565.884</b>	<b>3.511.467</b>	<b>7.077.351</b>	<b>2.851.377</b>	<b>2.284.842</b>	<b>5.136.219</b>
<b>2.3 Measured at Amortized Cost</b>	(7)	<b>-</b>	<b>913.236</b>	<b>913.236</b>	<b>-</b>	<b>779.437</b>	<b>779.437</b>
2.3.1 Government Securities		-	913.236	913.236	-	779.437	779.437
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Credit Losses (-)</b>		<b>1.161.576</b>	<b>256.564</b>	<b>1.418.140</b>	<b>949.429</b>	<b>203.797</b>	<b>1.153.226</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(8)	<b>274.156</b>	<b>-</b>	<b>274.156</b>	<b>75.240</b>	<b>-</b>	<b>75.240</b>
3.1 Assets Held for Sale		274.156	-	274.156	75.240	-	75.240
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES</b>	(9)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>4.1 Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	(10)	<b>227.938</b>	<b>77</b>	<b>228.015</b>	<b>177.601</b>	<b>363</b>	<b>177.964</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(11)	<b>192.231</b>	<b>-</b>	<b>192.231</b>	<b>161.257</b>	<b>-</b>	<b>161.257</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		192.231	-	192.231	161.257	-	161.257
<b>VII. INVESTMENT PROPERTY (NET)</b>	(12)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	(13)	<b>122.129</b>	<b>-</b>	<b>122.129</b>	<b>108.597</b>	<b>-</b>	<b>108.597</b>
<b>X. OTHER ASSETS</b>	(14)	<b>366.433</b>	<b>39.119</b>	<b>405.552</b>	<b>213.728</b>	<b>35.458</b>	<b>249.186</b>
<b>TOTAL ASSETS</b>		<b>39.928.146</b>	<b>36.507.200</b>	<b>76.435.346</b>	<b>35.387.288</b>	<b>24.799.608</b>	<b>60.186.896</b>

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 2021

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
LIABILITIES	Note (V-II)	Current Period (30/09/2021)			Prior Period (31/12/2020)		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	26.970.345	30.461.885	57.432.230	24.902.462	21.483.588	46.386.050
<b>II. FUNDS BORROWED</b>	(2)	322.863	1.307.285	1.630.148	380.086	1.046.528	1.426.614
<b>III. MONEY MARKETS DEBTS</b>	(3)	5.616.678	-	5.616.678	2.101.073	-	2.101.073
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	3.525.631	-	3.525.631	4.017.250	-	4.017.250
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(5)	-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(6)	-	5.215	5.215	-	19.440	19.440
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	5.215	5.215	-	19.440	19.440
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	(7)	172.675	27	172.702	111.946	15.688	127.634
<b>VIII. PROVISIONS</b>	(8)	204.940	296.745	501.685	211.628	197.616	409.244
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		35.699	-	35.699	56.070	-	56.070
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		169.241	296.745	465.986	155.558	197.616	353.174
<b>IX. CURRENT TAX LIABILITY</b>	(9)	66.604	304	66.908	96.490	142	96.632
<b>X. DEFERRED TAX LIABILITY</b>	(10)	-	-	-	-	-	-
<b>XI. LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	842.088	902.875	1.744.963	312.489	768.037	1.080.526
12.1 Loans		842.088	902.875	1.744.963	312.489	768.037	1.080.526
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(13)	934.706	815.568	1.750.274	571.531	216.629	788.160
<b>XIV. SHAREHOLDERS' EQUITY</b>	(14)	4.010.124	(21.212)	3.988.912	3.734.357	(84)	3.734.273
14.1 Paid-in capital		1.750.000	-	1.750.000	1.750.000	-	1.750.000
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		(7.068)	-	(7.068)	(7.068)	-	(7.068)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(39.499)	(21.212)	(60.711)	(9.259)	(84)	(9.343)
14.5 Profit Reserves		1.739.171	-	1.739.171	1.098.041	-	1.098.041
14.5.1 Legal Reserves		92.316	-	92.316	60.388	-	60.388
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		1.600.788	-	1.600.788	991.586	-	991.586
14.5.4 Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6 Profit or (Loss)		306.007	-	306.007	641.130	-	641.130
14.6.1 Prior Period Profit/Loss		-	-	-	2.568	-	2.568
14.6.2 Current Period Profit/Loss		306.007	-	306.007	638.562	-	638.562
<b>TOTAL LIABILITIES</b>		<b>42.666.654</b>	<b>33.768.692</b>	<b>76.435.346</b>	<b>36.439.312</b>	<b>23.747.584</b>	<b>60.186.896</b>

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 2021

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS							
	Note (V-III)	Current Period (30/09/2021)			Prior Period (31/12/2020)		
		TL	FC	Total	TL	FC	Total
<b>A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>11.582.377</b>	<b>11.582.377</b>	<b>16.979.248</b>	<b>28.561.625</b>	<b>13.934.400</b>	<b>23.859.166</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(1)</b>	<b>7.819.408</b>	<b>13.823.381</b>	<b>21.642.789</b>	<b>6.839.282</b>	<b>9.076.488</b>	<b>15.915.770</b>
1.1 Letters of Guarantee		7.784.189	8.865.573	16.649.762	6.691.971	5.882.397	12.574.368
1.1.1 Guarantees Subject to State Tender Law		257.289	2.875.078	3.132.367	190.927	1.696.645	1.887.572
1.1.2 Guarantees Given for Foreign Trade Operations		7.174.788	-	7.174.788	6.156.513	-	6.156.513
1.1.3 Other Letters of Guarantee		352.112	5.990.495	6.342.607	344.531	4.185.752	4.530.283
1.2 Bank Acceptances		-	22.994	22.994	-	7.687	7.687
1.2.1 Import Letter of Acceptance		-	22.994	22.994	-	7.687	7.687
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		31.472	2.900.051	2.931.523	40.077	1.340.566	1.380.643
1.3.1 Documentary Letters of Credit		31.472	2.900.051	2.931.523	40.077	1.340.566	1.380.643
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		747	2.032.487	2.033.234	98.155	1.841.367	1.939.522
1.7 Other Collaterals		3.000	2.276	5.276	9.079	4.471	13.550
<b>II. COMMITMENTS</b>	<b>(1)</b>	<b>952.346</b>	<b>353.215</b>	<b>1.305.561</b>	<b>564.143</b>	<b>97.454</b>	<b>661.597</b>
2.1 Irrevocable Commitments		952.346	353.215	1.305.561	564.143	97.454	661.597
2.1.1 Forward asset purchase commitments		163.888	353.215	517.103	57.678	97.454	155.132
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		402.631	-	402.631	268.625	-	268.625
2.1.7 Tax and Fund Liabilities from Export Commitments		21.708	-	21.708	16.428	-	16.428
2.1.8 Commitments for Credit Card Limits		113.263	-	113.263	48.071	-	48.071
2.1.9 Commitments for Credit Cards and Banking Services Promotions		224	-	224	1	-	1
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		250.632	-	250.632	173.340	-	173.340
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>2.810.623</b>	<b>2.802.652</b>	<b>5.613.275</b>	<b>2.521.341</b>	<b>4.760.458</b>	<b>7.281.799</b>
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		2.810.623	2.802.652	5.613.275	2.521.341	4.760.458	7.281.799
3.2.1 Forward Foreign Currency Buy/Sell Transactions		5.710	5.963	11.673	15.631	2.168.006	2.183.637
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	5.963	5.963	14.299	1.068.995	1.083.294
3.2.1.2 Forward Foreign Currency Transactions-Sell		5.710	-	5.710	1.332	1.099.011	1.100.343
3.2.2 Other Forward Buy/Sell Transaction		2.804.913	2.796.689	5.601.602	2.505.710	2.592.452	5.098.162
3.3 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>63.229.975</b>	<b>13.022.424</b>	<b>76.252.399</b>	<b>49.071.158</b>	<b>9.620.414</b>	<b>58.691.572</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>4.924.740</b>	<b>4.505.919</b>	<b>9.430.659</b>	<b>4.288.838</b>	<b>3.663.765</b>	<b>7.952.603</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		3.573.834	177.000	3.750.834	3.456.809	-	3.456.809
4.3 Checks Received for Collection		1.148.770	278.698	1.427.468	763.292	105.777	869.069
4.4 Commercial Notes Received for Collection		200.737	29.735	230.472	66.130	47.052	113.182
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		1.399	1.033.808	1.035.207	2.607	611.077	613.684
4.8 Custodians		-	2.986.678	2.986.678	-	2.899.859	2.899.859
<b>V. PLEDGES RECEIVED</b>		<b>58.305.235</b>	<b>8.516.505</b>	<b>66.821.740</b>	<b>44.782.320</b>	<b>5.956.649</b>	<b>50.738.969</b>
5.1 Marketable Securities		3.352.700	51.155	3.403.853	4.625.008	81.855	4.706.863
5.2 Guarantee Notes		2.557.738	293.124	2.850.862	1.730.425	202.551	1.932.976
5.3 Commodity		2.694.374	718.340	3.412.714	2.190.421	803.351	2.993.772
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		38.693.331	5.838.587	44.531.918	30.944.489	3.734.417	34.678.906
5.6 Other Pledged Items		11.007.092	1.615.301	12.622.393	5.291.977	1.134.475	6.426.452
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>74.812.352</b>	<b>30.001.672</b>	<b>104.814.024</b>	<b>58.995.924</b>	<b>23.554.814</b>	<b>82.550.738</b>

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 SIX MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF PROFIT OR LOSS						
INCOME / EXPENSE ITEMS		Note (IV)	Current Period 01/01-30/09/2021	Prior Period 01/01-30/09/2020	Current Period 3 Months 01/04-30/06/2021	Prior Period 3 Months 01/04-30/06/2020
I.	PROFIT SHARE INCOME	(1)	4.268.655	3.090.599	1.585.394	1.145.399
1.1	Profit Share on Loans		3.236.348	2.258.939	1.186.379	791.310
1.2	Profit Share on Reserve Deposits		113.759	11.869	45.105	4.942
1.3	Profit Share on Banks		2.053	22.475	855	22.475
1.4	Profit Share on Money Market Placements		-	-	-	-
1.5	Profit Share on Marketable Securities Portfolio		541.736	503.253	212.655	222.783
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		12.779	4.464	5.580	(32.453)
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		491.091	467.393	196.846	223.840
1.5.3	Financial Assets Measured at Amortised Cost		37.866	31.396	10.229	31.396
1.6	Financial Lease Income		357.748	279.426	136.677	96.911
1.7	Other Profit Share Income		17.011	14.637	3.723	6.978
II.	PROFIT SHARE EXPENSE	(2)	3.449.521	1.391.691	1.242.206	509.871
2.1	Profit Share Expense on Participation Accounts		2.362.473	964.231	845.876	355.153
2.2	Profit Share Expense on Funds Borrowed		175.923	154.698	63.992	47.887
2.3	Profit Share Expense on Money Market Borrowings		432.407	33.562	178.047	19.697
2.4	Expense on Securities Issued		454.037	221.424	144.645	81.001
2.5	Lease Profit Share Expense		21.633	17.768	7.866	6.133
2.6	Other Profit Share Expenses		3.048	8	1.780	-
III.	NET PROFIT SHARE INCOME/EXPENSE (I - II)		819.134	1.698.908	343.188	635.528
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		102.969	86.207	38.475	60.756
4.1	Fees and Commissions Received		157.997	164.529	59.138	91.046
4.1.1	Non-cash Loans		111.290	81.902	39.956	28.198
4.1.2	Other		46.707	82.627	19.182	62.848
4.2	Fees and commissions paid		55.028	78.322	20.663	30.290
4.2.1	Non-cash Loans		-	-	-	-
4.2.2	Other		55.028	78.322	20.663	30.290
V.	DIVIDEND INCOME	(3)	-	104	-	-
VI.	NET TRADING INCOME (Net)	(4)	193.432	81.228	25.345	45.093
6.1	Capital Market Transaction Gains / Losses		538	236.148	(529)	160.266
6.2	Gains/ Losses From Derivative Financial Instruments		(20.390)	(53.769)	14.402	(60.077)
6.3	Foreign Exchange Gains / Losses		213.284	(101.151)	11.472	(55.096)
VII.	OTHER OPERATING INCOME	(5)	456.442	176.778	58.624	61.674
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		1.571.977	2.043.225	465.632	803.051
IX.	EXPECTED CREDIT LOSSES (-)	(6)	678.745	813.194	134.725	171.354
X.	OTHER PROVISIONS (-)		9.001	195.714	1.323	93.996
XI.	PERSONNEL EXPENSES (-)		229.619	175.371	80.488	58.183
XII.	OTHER OPERATING EXPENSES (-)	(7)	269.085	223.666	97.974	76.576
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		385.527	635.280	151.122	402.942
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+...+XV)	(8)	385.527	635.280	151.122	402.942
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(79.520)	(123.935)	(32.465)	(29.979)
18.1	Current Tax Provision		(75.928)	(143.913)	(28.982)	(57.616)
18.2	Expense Effect of Deferred Tax (+)		(82.347)	(65.520)	(19.086)	(39.358)
18.3	Income Effect of Deferred Tax (-)		78.755	85.498	15.603	66.995
XIX.	NETOPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	306.007	511.345	118.657	372.963
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 (XIX-XX)		-	-	-	-
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)	306.007	511.345	118.657	372.963
	Earnings per share income/loss (Full TL)		0,1749	0,2922	0,0678	0,2131

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 2021

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	Current Period 01/01/2021-30/09/2021	Prior Period 01/01/2020-30/09/2020
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>306.007</b>	<b>511.345</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(51.368)</b>	<b>(52.014)</b>
<b>2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss</b>	-	-
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	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>(51.368)</b>	<b>(52.014)</b>
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(68.491)	(66.839)
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	17.123	14.825
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>254.639</b>	<b>459.331</b>

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

# ZİRAAT KATILIM BANKASI A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2021

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

ZİRAAT KATILIM BANKASI A.Ş. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY																
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			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 Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6						
<b>PRIOR PERIOD</b>																
<b>30 September 2020</b>																
<b>I. Prior Period End Balance</b>	1.750.000	-	-	261.513	-	(2.365)	-	-	57.071	-	555.646	544.963	-	3.166.828	-	3.166.828
<b>II. Adjustments in Accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	1.750.000	-	-	261.513	-	(2.365)	-	-	57.071	-	555.646	544.963	-	3.166.828	-	3.166.828
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	(52.014)	-	-	-	511.345	459.331	-	459.331
<b>V. Capital Increase by Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/Decrease by Other Changes (*)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	542.395	(542.395)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	542.395	(542.395)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (III+IV.....+X+XI)</b>	1.750.000	-	-	261.513	-	(2.365)	-	-	5.057	-	1.098.041	2.568	511.345	3.626.159	-	3.626.159
<b>CURRENT PERIOD</b>																
<b>30 September 2021</b>																
<b>I. Prior Period End Balance</b>	1.750.000	-	-	261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273	-	3.734.273
<b>II. Adjustments in Accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	1.750.000	-	-	261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273	-	3.734.273
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	(51.368)	-	-	-	306.007	254.639	-	254.639
<b>V. Capital Increase by Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/decrease by other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	641.130	(641.130)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	638.562	(638.562)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	2.568	(2.568)	-	-	-	-
<b>Period end Balance (III+IV.....+X+XI)</b>	1.750.000	-	-	261.513	-	(7.068)	-	-	(60.711)	-	1.739.171	-	306.007	3.988.912	-	3.988.912

1. Increases and decreases in Tangible and Intangible Assets Revaluation Reserve

2. Accumulated Gains / Losses on Remeasurements of Defined Benefit Plans,

3. 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))

4. Exchange Differences on Translation

5. Accumulated gains (losses) due to revaluation and/or reclassification of financial assets at fair value through other comprehensive income

6. 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 2021

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF CASH FLOWS			
		Current Period 01/01/2021 - 30/09/2021	Prior Period 01/01/2020 - 30/09/2020
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities)</b>		<b>172.697</b>	<b>(277.699)</b>
1.1.1 Profit Share Income Received		3.775.159	2.653.873
1.1.2 Profit Share Expense Paid		(3.380.442)	(1.366.171)
1.1.3 Dividend Received		-	104
1.1.4 Fees and Commissions Received		175.611	95.436
1.1.5 Other Income		649.874	258.006
1.1.6 Collections from Previously Written-off Loans		337.445	66.840
1.1.7 Payments to Personnel and Service Suppliers		(229.619)	(175.371)
1.1.8 Taxes Paid		(133.147)	(163.033)
1.1.9 Others <sup>(7)</sup>		(1.022.184)	(1.647.383)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>4.193.262</b>	<b>1.776.680</b>
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(185.470)	(621.665)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(2.003.219)	(1.795.538)
1.2.3 Net (Increase) / Decrease in Loans		(7.257.672)	(10.185.787)
1.2.4 Net (Increase) / Decrease in Other Assets		(2.440.424)	(912.698)
1.2.5 Net Increase / (Decrease) in Bank Funds		3.157.229	4.796.835
1.2.6 Net Increase / (Decrease) in Other Funds		7.888.951	12.161.998
1.2.7 Net Increase / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		(14.225)	(11.523)
1.2.8 Net Increase / (Decrease) in Funds Borrowed		191.483	(1.573.142)
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		4.856.609	(81.800)
<b>I. Net Cash Provided from Banking Operations</b>		<b>4.365.959</b>	<b>1.498.981</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(1.639.125)</b>	<b>(2.767.543)</b>
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(125.153)	(84.661)
2.4 Disposals of Tangible Assets		-	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.367.711)	(2.453.990)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7 Purchase of Financial Assets Measured at Amortized Cost		(133.799)	(218.736)
2.8 Sale of Financial Assets Measured at Amortized Cost		-	-
2.9 Other		(12.462)	(10.156)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>(143.376)</b>	<b>2.437.308</b>
3.1 Cash Obtained from Funds Borrowed And Securities Issued		8.572.817	10.276.576
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(8.900.000)	(7.950.000)
3.3 Issued Equity Instruments		220.086	152.351
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(36.279)	(41.619)
3.6 Other		-	-
<b>IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents</b>		<b>213.343</b>	<b>682.708</b>
<b>V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)</b>		<b>2.796.801</b>	<b>1.851.454</b>
<b>VI. Cash And Cash Equivalents At The Beginning Of The Period</b>		<b>4.686.157</b>	<b>1.063.929</b>
<b>VII. Cash And Cash Equivalents At The End Of The Period</b>		<b>7.482.958</b>	<b>2.915.383</b>

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 SEPTEMBER 2021**

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION**

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

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

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

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

As in other countries where the COVID-19 epidemic, which spread globally in the first half of 2020, also in our country, various measures have been taken in social and economic terms in order to reduce this negativity, and measures continue to be implemented by partial changes.

The effects of these effects on the Parent Bank's financial statements are regularly monitored by the risk monitoring units and the Parent Bank's Management. Within the scope of TFRS 13 Fair Value Measurement, the fair value measurements were revised in line with the expected credit loss provisions reflected in the financial statements and the assumptions and judgments used in the estimation of these losses.

While preparing the financial statements dated 30 September 2021, the Parent Bank reflected the possible effects of the COVID-19 outbreak on the estimates and judgments used in the preparation of the financial statements. The Bank has revised its macroeconomic expectations and has reflected to the financial statement as of 30 September 2021, by taking into account the change in probability of default and loss given default. The estimates and assumptions used in calculating expected credit losses are explained in section three footnote VIII.

With the regulations published regarding the implementation of the Indicator Interest Rate Reform, which brings changes in TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from 1 January 2021, -Stage 2 was released in December 2020. The consolidated financial statements of the Group include loans borrowed indexed to benchmark interest rates, and the related reform is not expected to have a significant impact.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 SEPTEMBER 2021**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)**

Due to the effects caused by the COVID-19 outbreak, the BRSA's resolutions dated 17 March 2020, numbered 8948, dated 27 March 2020, numbered 8970, and dated 08.12.2020 and numbered 9312, effective from 17 March 2020, are stipulated for the classification of non-performing loans. Application of 90 days delay period until 30 September 2021 for loans followed up in the first and second stage, 30 days delay period foreseen for the classification of loans in the second stage, 90 days until 30 September 2021 for loans followed in the first stage, 90 days It has been decided that banks will continue to allocate provisions for loans that continue to be classified in the second stage despite a delay of more than 30 days and to be classified in the first stage despite a delay of more than 30 days, according to their own risk models in calculating the expected loan loss provision under TFRS 9. However, the above application, which has been valid since 17 March 2020, has been terminated as of the end of 30 September 2021 with the BRSA's Decision dated 16 September 2021 and numbered 9795, but the 90-day delay period for the non-performing loans classification has expired as of 1 October 2021. It has been decided to apply as 180 days for loans with a delay between 91-180 days, and to apply the 30-day delay period foreseen for the classification of loans in the second group as 90 days as of 1 October 2021 for loans with a delay between 31-90 days. The Bank's classification practices are followed in accordance with the BRSA's decisions.

**a. Explanation for convenience translation to English:**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

The Group'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 Group's resources consist of funds collected, loans received and equity. The Group uses this resource mainly as loans and lease certificates. The liquidity structure of the Group 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 Group'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 Group'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 Group 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 Group'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.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES

##### Consolidation principles applied:

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

##### 1. Consolidation principles for subsidiaries:

Subsidiaries (including special purpose entity) are all entities, in which the Parent Bank has power to control the financial and operating policies for the benefit of the Parent Bank, either (a) through the power to exercise more than 50% of the voting rights relating to shares in the companies owned directly and indirectly by itself; or (b) although not having the power to exercise more than 50% of the using rights, otherwise having the power to exercise control over the financial and operating policies.

Control is evident when the Parent Bank owns, either directly or indirectly, the majority of the share capital of the company or owns the privileged shares or owns the right of controlling the operations of the company in accordance with the agreements made with other shareholders or owns the right of appointment or the designation of the majority of the board of directors of the company.

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

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

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

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

30 September 2021				
Title	Address (City / Country)	Main Activities	Group's Share Percentage (%)	Group's Risk Group Share Percentage (%)
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 TL 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 2021, the Group has no subsidiaries and jointly controlled entities.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 SEPTEMBER 2021**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**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 transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, if the fair value is positive, the amount is classified as "Derivative Financial Assets at Fair Value Through Profit or Loss", if the fair value is negative, the amount is classified as "Derivative Financial Liabilities at Fair Value Through Profit or Loss". The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions.

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 incomes are recognized in accordance with internal rate of return method. The bank started to calculate rediscounts for non-performing loans as of 1 January 2018.

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

**VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES**

From commission income and expenses, banking, agency and brokerage services income and expenses are recognized as income /expense when they are collected or paid in accordance with TFRS 15 Revenue from Customer Contracts standard. Whereas, commission income from individual, corporate and entrepreneurial cash loans are recognized on an accrual basis by using internal rate of return method and transferred to the income statement in accordance with the matching principle.

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 the Bank, if the Bank is a legal party to these instruments.

The Group 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 SEPTEMBER 2021**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)**

**a. Financial assets at fair value through profit or loss:**

"Financial assets at fair value through profit/loss" are financial assets that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making.

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.

All gains and losses arising from these valuations are reflected in profit or loss account.

**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 recognised 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 SEPTEMBER 2021**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)**

**c. Financial assets measured at amortized cost: (Continued)**

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.

**Loans**

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

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Group. Foreign exchange indexed loans are used as TL by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TL 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.

All loans of the Parent Bank, including its profit-loss partnership (community of interest) investments, are followed in the "Measured by Amortized Cost" account. The profit and loss partnership (community of interest) 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 will be valued for the first time as of 31 December 2020 or from 1 January 2021 implementation of "Interest-Free Finance Accounting Standard 3: Accounting Finance" or "Interest-Free Finance Accounting Standard 4: Consultant Financing" for partnership financing funds in the form of "labor-capital partnership" (community of interest) or "profit-loss partnership" (community of interest). 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.

Based on the BRSA's decision dated 17 June 2021 and numbered 9624, the 30-day delay period foreseen for the classification of loans as 2nd stage within the scope of Articles 4 and 5 of the Provisions Regulation, valid until 30 September 2021 90 days for loans and the 90-day delay period foreseen for the classification of loans as 3rd stage, 180 days for loans followed in the 1st and 2nd stages, and in the provisions to be set aside for these loans, banks' own credit losses used in calculating the expected credit loss within the scope of TFRS 9 were allowed. It was decided to continue the classification according to risk models.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

**Explanations on Expected Loss Provisions (Continued)**

Based on the BRSA's Decision dated 16 September 2021 and numbered 9795, loans that reach a delay between 30 and 90 days after 30 September 2021 will be classified as the 2nd stage, and the loans that reach a delay between 90 and 180 days will be classified as the 3rd stage, loss will be calculated. However, as of 1 October 2021, loans with a delay between 30 and 90 days will continue to be classified as stage 1, while loans with a delay between 90 and 180 days will continue to be classified as stage 2.

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

**Impairment**

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:

***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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

*Significant increase in credit risk (Stage 2)*

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

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and transferring it to the 2nd stage are that it is under close monitoring, the number of delay days is 30 days (based on the BRSA's Decision dated 17 June 2021 and numbered 9624, the relevant delay will be valid until 30 September 2021). The number of days is applied as 90 days instead of 30. Based on the BRSA's Decision dated 16 September 2021 and numbered 9795, loans that reach a delay between 30 and 90 days after 30 September 2021 will again be classified as the 2nd stage and the

lifetime expected loan loss provision will be calculated. However, as of 1 October 2021, those with a delay between 30 and 90 days will continue to be classified as the 1st stage, and the loans with a delay between 90 and 180 days will continue to be classified as the 2nd stage) and above is the internal early warning system rating of the Bank.

*Default (Stage 3)*

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

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

- Objective Default Definition: It means that the debt is delayed more than 90 days. With the debt being overdue for 90 days, default status starts on the 91st day. (Based on the BRSA's Decision dated 17 June 2021 and numbered 9624, the relevant delay days are applied as 180 days instead of 90 days, valid until 30 September 2021. Based on the BRSA's Decision dated September 16, 2021 and numbered 9795, loans that reach a delay of more than 90 days after 30 September 2021 will again be classified as stage 3 and the lifetime expected loan loss provision will be calculated. However, as of 1 October 2021, loans with a delay between 90 and 180 days will continue to be classified as stage 2).
- 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.



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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

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

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

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

**Probability of Default**

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

In Default Probability models, sectoral information for the corporate portfolio are taken as the basis.

**Default Amount**

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

**Loss Given Default**

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

**Future Expectations**

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

The Group uses 3 scenarios for forward-looking expectations: base, bad and good. All 3 scenarios have predetermined weights. The Group applies macroeconomic variables to its models by updating them every 3 months in March, June, September and December, which is used in the evaluation of the significant increase in credit risk and in the calculation of expected credit loss. As of 30 September 2021, macroeconomic variables taken as basis in the calculation of expected credit loss were updated by using expert opinion to include the COVID-19 effect and 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)**

**Write-off Policy**

The amendment with respect to the regulation on the Principles and Procedures Regarding the Classification of Loans and Reserves Set Aside for These Loans entered into force with its publication in the Official Gazette No.30961 on 27 November 2019. 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) if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of this amendment, no credit has been written-off by the Bank as of the reporting date.

**IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the 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 2021, The Parent Bank does not have any marketable securities for lending (31 December 2020: None).

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

The properties acquired by the Parent Bank due to receivables are shown in the line of held for sale in the financial statements depending on the termination of the term sales contract.

A discontinued operation is a division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Parent Bank does not have any discontinued operations.

As of 30 September 2021, the Parent Bank's held for sale tangible assets is TL 274.156 (31 December 2020: TL 75.240).

**XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

As of the balance sheet date, the Parent Bank has no goodwill within the financial statements.

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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIII. EXPLANATIONS ON TANGIBLE ASSETS (Continued)**

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.

**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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)**

***Operational Leasing Transactions (Continued)***

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 financial leasing transactions. The Participation Bank indicates the assets subject to financial 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 financial 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 financial lease receivables account; the profit share is reflected in the statement of profit or loss by deducting from the unearned profit share income account.

**XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

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

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

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

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

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

**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.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### a. Employment termination and vacation benefits (Continued)

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. The Bank 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 2021, the Bank's employee termination benefit is TL 25.199 (31 December 2020: TL 18.984).

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 TL 7.068 was classified under shareholders' equity in the financials. (31 December 2020: TL 7.068 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 30 September 2021 unused vacation liability of the Bank is TL 10.000 (31 December 2020: TL 7.250).

The Group does not employ its personnel by means of limited-period contracts.

##### 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 31 March 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.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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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)

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

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

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

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

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; "Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506.

As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 30 September 2021 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

Corporate Tax Law No. 5520, which was published in the Official Gazette dated 21 June 2006 and numbered 26205, effective from January 1, 2006, the corporate tax rate applied at the rate of 20% for corporate earnings, With the provision in Articles 11 and 14 of the "Law on the Procedure for the Collection of Public Receivables and the Law on Amendments to Certain Laws" published in the newspaper, starting from the declarations that must be submitted as of 1 July 2021 and the taxation period starting from 1 January 2021 It has been rearranged as 25% for the corporate earnings for the 2021 fiscal period and 23% for the 2022 fiscal period, to be valid for the corporate earnings.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION (Continued)**

**a. Current tax (Continued)**

The rate to be applied in the first period advance tax return to be submitted for the 2021 fiscal period earnings is 20%, and it will be applied as 25% as of the second term advance tax return. The corporate tax rate is applied to the tax base to be found as a result of the addition of non-deductible expenses to the commercial earnings of the companies, the exemption (such as participation income exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

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

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

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

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.



## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### XVII. EXPLANATIONS ON TAXATION (Continued)

###### a. Current tax (Continued)

Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

###### b. Deferred tax

In accordance with TAS 12 "Turkish Accounting Standards Relating to Income Tax" and additional regulation introduced by Law No. 7316 of 22 April 2021 mentioned in the "Current Tax" section, the Bank calculates and recognizes deferred tax for temporary differences between the bases calculated based on the accounting policies used and valuation principles and that calculated under the tax legislation. In accordance with the relevant Law, the Corporate Tax rate has been increased to 25% for the taxation period starting from 1 January 2021, starting from the declarations that must be submitted as of 1 July 2021, and this rate will be applied as 23% for the period of 2022. As of 31 December 2020, deferred tax is calculated over 20%.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. However, deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized as deferred tax liability or asset if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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.

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

##### 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.

##### XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

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

## **ZİRAAT KATILIM BANKASI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

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#### **EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

##### **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 Note V of Section Five.

##### **XXIII. EXPLANATION ON CASH AND CASH EQUIVALENTS**

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

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

##### **XXIV. EXPLANATION ON SEGMENT REPORTING**

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

##### **XXV. EXPLANATIONS ON OTHER MATTERS**

None.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### SECTION FOUR

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

##### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY

The equity amount and the capital adequacy standard ratio were calculated in accordance with the "Regulation on the Equity of Banks" and the "Regulation on the Measurement and Assessment of Capital Adequacy of Banks" and in addition to these, the BRSA's regulations dated 17 June 2021 and numbered 9624. According to the latest regulations;

- In calculating the amount subject to credit risk; While calculating the valued amounts in foreign currency, the practice of using the simple arithmetic average of the Central Bank's foreign exchange buying rates for 252 business days before the calculation date continues.
- In case the net valuation differences of the securities held by the banks in the "Financial Assets at Fair Value through Other Comprehensive Income" portfolio are negative, the practice of not taking these differences into account in the equity amount has been terminated as of 30 June 2021.

As of 30 September 2021 current period capital amount of the Bank is TL 5.512.230 (31 December 2020: TL 4.704.364), and capital adequacy standard ratio is 12,89% (31 December 2020: 14,75%).

##### Information Related To The Components of Shareholders' Equity:

	Current Period 30.09.2021	Prior Period 31.12.2020
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	1.750.000	1.750.000
Share issue premiums	-	-
Reserves	1.739.171	1.098.041
Gains recognized in equity as per TAS	326.033	245.102
Profit	306.007	641.130
Current Period Profit	306.007	638.562
Prior Period Profit	-	2.568
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>4.121.211</b>	<b>3.734.273</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
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	132.299	-
Improvement costs for operating leasing	26.033	21.363
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	192.231	161.257
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)**

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>350.563</b>	<b>182.620</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>3.770.648</b>	<b>3.551.653</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA(**)	800.192	706.370
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	-	-
<b>Deductions from Additional Tier I Capital</b>	-	-
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	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	-	-
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 (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	-	-
<b>Total Additional Tier I Capital</b>	<b>800.192</b>	<b>706.370</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>4.570.840</b>	<b>4.258.023</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA(***)	800.000	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)	144.278	149.669
<b>Tier II Capital Before Deductions</b>	<b>944.278</b>	<b>449.669</b>
<b>Deductions From Tier II Capital</b>	-	-
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 (-)	-	-
<b>Total Deductions from Tier II Capital</b>	-	-
<b>Total Tier II Capital</b>	<b>944.278</b>	<b>449.669</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>5.515.118</b>	<b>4.707.692</b>

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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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 30.09.2021	Prior Period 31.12.2020
<b>Total of Original Capital and Supplementary Capital (Total Capital)</b>		
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	2.888	3.328
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
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	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (Total capital and contribution capital)	5.512.230	4.704.364
Total risk weighted amounts	42.772.787	31.904.109
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	8,82	11,13
Tier I Capital Adequacy Ratio (%)	10,69	13,35
Capital Adequacy Ratio (%)	12,89	14,75
<b>BUFFERS</b>		
<b>Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)</b>	<b>2,50</b>	<b>2,50</b>
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4,32	6,63
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
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	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	144.278	149.669
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	144.278	149.669
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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>	-	-
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	-	-

(\*) The Bank provided subordinated loan from Turkey Wealth Funds Market Stability and Equalization Fund in the scope of additional main capital amounting to EUR 100.000 without demand and profit share which is approved by BRSA dated 22 April 2019.

(\*\*) In order to obtain TL 300.000 contribution capital, T.C. Ziraat Bank A.Ş. on 28 March 2019, and this loan was effectively entered into the Bank's accounts on 29 March 2019. The maturity of the loan is 10 (ten) years and the profit share rate is 16,25%. There is no option to convert to stock. TL 500.000 amount contract was signed with TC Ziraat Bankası A.Ş on 15 April 2021, and this loan was actually used on 16 April 2021 and entered the Bank accounts. The maturity of the loan is 10 (ten) years and the profit share rate is 18,00%. There is no option to convert into stock.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (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
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 300 Million
Par value of instrument	TL 300 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	29 March 2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
<b>Coupons/dividends<sup>(*)</sup></b>	
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	-
<b>Convertible or non-convertible</b>	
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	-
<b>Write-down feature</b>	
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"	-

<sup>(\*)</sup> Profit share for participation banks.

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (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
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	16 April 2021
Perpetual or dated	Undated
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	-
<b>Coupons/dividends (*)</b>	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	% 18,00
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
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	-
<b>Write-down feature</b>	
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"	-

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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)****Information of the borrowing instruments to be included in equity calculation:**

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 801 Million
Par value of instrument	TL 1.026 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	24 April 2019
Perpetual or dated	Undated
Original maturity date	24 April 2019
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
<b>Coupons/dividends (*)</b>	
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	-
<b>Convertible or non-convertible</b>	
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	-
<b>Write-down feature</b>	
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.



**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
AS OF 30 SEPTEMBER 2021**

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

**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)****Required explanations for the reconciliation between table of equity components and balance sheet:**

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Equity value of balance sheet	3.988.912	3.734.273
Cost of development of operating lease	(26.033)	(21.363)
Goodwill and other intangible assets and related deferred tax liability	(192.231)	(161.257)
Debt instruments and premiums approved by BRSA	800.000	300.000
Tier II Capital (Provisions)	144.278	149.669
Debt instruments and premiums approved by BRSA –subordinated loans	800.192	706.370
Other values deducted from equity	(2.888)	(3.328)
<b>Amount taken into consideration in the calculation of legal equity</b>	<b>5.512.230</b>	<b>4.704.364</b>

**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 Group'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:**

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

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

#### II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

##### 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	100Yen
30.09.2021	8,8499	10,2525	6,3577	1,3722	1,0068	9,4665	6,9158	1,0083	11,868	2,3418	7,8500
29.09.2021	8,8365	10,2626	6,3207	1,3735	1,0014	9,4481	6,8630	1,0057	11,8019	2,3382	7,8170
28.09.2021	8,8394	10,3173	6,3633	1,3807	1,0055	9,4970	6,8891	1,0156	11,9026	2,3389	7,8530
27.09.2021	8,7891	10,2839	6,3681	1,3758	1,0053	9,4714	6,8845	1,0173	11,9860	2,3256	7,8400
24.09.2021	8,8255	10,3354	6,3629	1,3829	1,0135	9,5210	6,8825	1,0198	12,0059	2,3352	7,8920
23.09.2021	8,7147	10,2361	6,3359	1,3697	1,0057	9,4269	6,8240	1,0123	11,9158	2,3061	7,8320

##### 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
8.5309	10.0428	6.2122	1.3439	0.9824	9.2294	6.6680	0.9804	11.6649	2.2575	7.6684

#### Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC <sup>(*)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	2.122.724	3.492.052	1.345.448	6.960.224
Banks	571.778	4.048.132	886.656	5.506.566
Financial assets at fair value through profit and loss <sup>(****)</sup>	-	-	1.320.367	1.320.367
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	155.372	2.397.909	-	2.553.281
Loans <sup>(*)</sup>	10.214.445	9.194.317	-	19.408.762
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	913.236	-	-	913.236
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	77	77
Intangible assets	-	-	-	-
Other assets	22.546	7.092	9.817	39.455
<b>Total assets</b>	<b>14.000.101</b>	<b>19.139.502</b>	<b>3.562.365</b>	<b>36.701.968</b>
<b>Liabilities</b>				
Current account and funds collected from Banks via participation accounts	5.700	5.182	-	10.882
Current and participation accounts FC	11.141.145	15.863.887	3.445.971	30.451.003
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1.221.571	85.714	-	1.307.285
Marketable securities issued	-	-	-	-
Miscellaneous debts	408.705	372.742	2.036	783.483
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities <sup>(***)</sup>	1.135.926	95.774	5.551	1.237.251
<b>Total liabilities</b>	<b>13.913.047</b>	<b>16.423.299</b>	<b>3.453.558</b>	<b>33.789.904</b>
<b>Net balance sheet position</b>	<b>87.054</b>	<b>2.716.203</b>	<b>108.807</b>	<b>2.912.064</b>
<b>Net off-balance sheet position <sup>(*)</sup></b>	<b>1.538</b>	<b>(2.790.399)</b>	<b>1.865</b>	<b>(2.786.996)</b>
Financial derivative assets	1.538	4.425	1.865	7.828
Financial derivative liabilities	-	(2.794.824)	-	(2.794.824)
<b>Net position</b>	<b>88.592</b>	<b>(74.196)</b>	<b>110.672</b>	<b>125.068</b>
<b>Non cash loans</b>	<b>7.083.293</b>	<b>6.346.980</b>	<b>393.108</b>	<b>13.823.381</b>
<b>Prior Period</b>				
Total assets	10.223.142	12.567.310	3.308.730	26.099.182
Total liabilities	9.283.270	11.228.570	3.235.828	23.747.668
<b>Net balance sheet position</b>	<b>939.872</b>	<b>1.338.740</b>	<b>72.902</b>	<b>2.351.514</b>
<b>Net off-balance sheet position</b>	<b>(1.089.668)</b>	<b>(1.414.557)</b>	<b>(227)</b>	<b>(2.504.452)</b>
Financial derivative assets	-	1.068.995	59.008	1.128.003
Financial derivative liabilities	1.089.668	2.483.552	59.235	3.632.455
<b>Net Position</b>	<b>(149.796)</b>	<b>(75.817)</b>	<b>72.675</b>	<b>(152.938)</b>
<b>Non-cash loans</b>	<b>5.489.608</b>	<b>3.480.241</b>	<b>106.639</b>	<b>9.076.488</b>

(\*) Foreign currency indexed loans amounting to TL 194.768, which are displayed as TL in the unconsolidated financial statements, are shown with the relevant foreign currency code.

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

(\*\*\*) The currencies in the other FC column of the assets section consist of 92% Gold, 2% GBP, and the remaining 5% other currencies. The currencies in the FC column of liabilities section consist of %95 Gold, 1% GBP, and the remaining 3% other currencies.

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

(\*\*\*\*\*) It consists of a gold-based lease certificate in the amount of TL 1.320.367 issued by the Treasury.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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 TL 10.412 all of which are 100% risk weighted (31 December 2020: TL : 10.412).

**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 weekly on consolidated basis and monthly on consolidated basis in accordance with "Regulation for Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage 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.

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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)**

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

**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.

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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)**

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 2021 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TL+FC	191,25	10.08.2021	128,58	13.09.2021
FC	711,8	13.08.2021	237,45	27.09.2021

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

Current Period 30.09.2021	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>	<b>11.930.377</b>	<b>9.068.301</b>	<b>11.930.377</b>	<b>9.068.301</b>
High quality liquid assets	-	-	11.930.377	9.068.301
<b>CASH OUTFLOWS</b>	<b>61.359.686</b>	<b>34.572.996</b>	<b>14.161.800</b>	<b>6.508.444</b>
Real person deposits and retail deposits	20.672.563	13.283.876	2.107.524	1.416.096
Stable deposit	2.938.508	-	146.925	-
Deposit with low stability	17.734.055	13.283.876	1.960.599	1.416.096
Unsecured debts except real person deposits and retail deposits	19.034.468	8.103.224	10.344.289	3.856.202
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	19.034.468	8.103.224	10.344.289	3.856.202
Secured debts	-	-	-	-
Other cash outflows	21.652.655	13.185.898	1.709.986	1.236.146
Derivative liabilities and margin obligations	1.158.708	476.559	524.716	476.559
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	490.418	609.962	185.094	154.618
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	20.003.529	12.099.377	1.000.176	604.969
<b>TOTAL CASH OUTFLOW</b>	<b>-</b>	<b>-</b>	<b>14.161.799</b>	<b>6.508.444</b>
<b>CASH INFLOWS</b>	<b>8.067.211</b>	<b>5.131.206</b>	<b>6.436.264</b>	<b>4.669.311</b>
Secured receivables	-	-	-	-
Unsecured claims	7.377.732	5.016.666	5.746.785	4.554.770
Other cash inflows	689.479	114.540	689.479	114.540
<b>TOTAL CASH INFLOWS</b>	<b>8.067.211</b>	<b>5.131.206</b>	<b>6.436.264</b>	<b>4.669.310</b>
Applied maximum rate values	-	-	-	-
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	<b>-</b>	<b>-</b>	<b>11.930.377</b>	<b>9.068.301</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>7.725.536</b>	<b>1.839.133</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>154</b>	<b>493</b>

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

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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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)**

Prior Period 31.12.2020	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>	<b>10.264.831</b>	<b>6.800.303</b>	<b>10.264.831</b>	<b>6.800.303</b>
High quality liquid assets	-	-	10.264.831	6.800.303
<b>CASH OUTFLOWS</b>	<b>58.629.258</b>	<b>30.312.004</b>	<b>17.677.933</b>	<b>6.453.632</b>
Real person deposits and retail deposits	18.045.333	11.702.096	1.848.015	1.255.054
Stable deposit	2.553.057	-	127.653	-
Deposit with low stability	15.492.276	11.702.096	1.720.362	1.255.054
Unsecured debts except real person deposits and retail deposits	22.978.598	8.224.931	13.838.433	3.631.821
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	22.978.598	8.224.931	13.838.433	3.631.821
Secured debts	-	-	-	-
Other cash outflows	17.605.327	10.384.977	1.991.486	1.566.757
Derivative liabilities and margin obligations	1.599.722	1.013.755	1.078.820	1.013.755
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	331.042	426.882	128.937	105.785
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	15.674.563	8.944.340	783.729	447.217
<b>TOTAL CASH OUTFLOW</b>	<b>-</b>	<b>-</b>	<b>17.677.934</b>	<b>6.453.632</b>
<b>CASH INFLOWS</b>	<b>7.023.770</b>	<b>4.951.617</b>	<b>5.767.065</b>	<b>4.571.862</b>
Secured receivables	-	-	-	-
Unsecured claims	5.893.623	4.030.512	4.636.918	3.650.757
Other cash inflows	1.130.147	921.105	1.130.147	921.105
<b>TOTAL CASH INFLOWS</b>	<b>7.023.770</b>	<b>4.951.617</b>	<b>5.767.065</b>	<b>4.571.862</b>
Applied maximum rate values	-	-	-	-
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	<b>-</b>	<b>-</b>	<b>10.264.831</b>	<b>6.800.303</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>11.910.869</b>	<b>1.881.770</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>361</b>

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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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)

##### 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
<b>Current Period</b>								
<b>30.09.2021</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(*)</sup>	2.823.802	6.606.323	-	-	-	-	-	9.430.125
Banks <sup>(*)</sup>	4.460.023	1.068.046	-	-	-	-	-	5.528.069
Financial Assets at Fair Value Through Profit and Loss	-	250.530	-	401.469	668.368	-	-	1.320.367
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	112.124	105.116	1.893.301	4.704.860	38.190	10.412	6.864.003
Loans Given	-	2.836.080	2.848.065	10.794.263	25.805.020	8.411.395	445.477	51.140.300
Financial Assets Measured at Amortised Cost	-	-	-	-	913.236	-	-	913.236
Other Assets	-	-	-	-	-	-	1.239.246	1.239.246
<b>Total Assets</b>	<b>7.283.825</b>	<b>10.873.103</b>	<b>2.953.181</b>	<b>13.089.033</b>	<b>32.091.484</b>	<b>8.449.585</b>	<b>1.695.135</b>	<b>76.435.346</b>
<b>Liabilities</b>								
Funds Collected from Banks Via Current and Participation Accounts	4.203.162	511.509	-	-	-	-	-	4.714.671
Current and Participation Accounts	10.108.829	24.072.685	10.666.927	7.838.170	30.948	-	-	52.717.559
Funds Provided from Other Financial Instruments	-	378.930	298.243	497.886	257.775	197.314	-	1.630.148
Money Market Borrowings	-	5.616.678	-	-	-	-	-	5.616.678
Issued Marketable Securities <sup>(***)</sup>	-	1.146.721	1.327.836	1.051.074	1.744.963	-	-	5.270.594
Miscellaneous Debts	-	-	-	-	-	-	941.522	941.522
Other Liabilities	-	-	-	-	-	-	5.544.174	5.544.174
<b>Total Liabilities</b>	<b>14.311.991</b>	<b>31.726.523</b>	<b>12.293.006</b>	<b>9.387.130</b>	<b>2.033.686</b>	<b>197.314</b>	<b>6.485.696</b>	<b>76.435.346</b>
<b>Liquidity Gap</b>	<b>(7.028.166)</b>	<b>(20.853.420)</b>	<b>(9.339.825)</b>	<b>3.701.903</b>	<b>30.057.798</b>	<b>8.252.271</b>	<b>(4.790.561)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>17.170</b>	<b>86</b>	<b>(5.049)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.207</b>
Receivables From Derivative Financial Instruments	-	2.804.913	4.425	3.403	-	-	-	2.812.741
Financial Derivative Liabilities	-	2.787.743	4.339	8.452	-	-	-	2.800.534
<b>Non-Cash Loans</b>	<b>3.311.878</b>	<b>1.470.385</b>	<b>2.282.866</b>	<b>10.591.546</b>	<b>3.537.397</b>	<b>448.717</b>	<b>-</b>	<b>21.642.789</b>

(\*) Includes expected loss provision.

(\*\*) 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.

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### 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)

##### Breakdown of assets and liabilities according to their outstanding maturities: (Continued)

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (**)	Total
<b>Prior Period 31.12.2020</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey(*)	640.288	4.833.974	-	-	-	-	-	5.474.262
Banks(**)	4.043.012	756.674	-	-	-	-	-	4.799.686
Financial Assets at Fair Value Through Profit and Loss	-	3.006	90.527	527.039	360.300	-	-	980.872
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	28.342	649.154	911.323	3.546.501	-	10.412	5.145.732
Loans Given	-	1.292.151	2.642.589	7.672.789	22.264.432	7.942.234	392.215	42.206.410
Financial Assets Measured at Amortised Cost	-	-	-	-	779.437	-	-	779.437
Other Assets	-	-	-	-	-	-	800.497	800.497
<b>Total Assets</b>	<b>4.683.300</b>	<b>6.914.147</b>	<b>3.382.270</b>	<b>9.111.151</b>	<b>26.950.670</b>	<b>7.942.234</b>	<b>1.203.124</b>	<b>60.186.896</b>
<b>Liabilities</b>								
Funds Collected from Banks Via Current and Participation Accounts	4.554.961	-	6.934	-	-	-	-	4.561.895
Current and Participation Accounts	7.445.184	25.764.602	6.452.479	2.113.970	47.920	-	-	41.824.155
Funds Provided from Other Financial Instruments	-	147.376	195.418	512.433	533.382	38.005	-	1.426.614
Money Market Borrowings	-	2.101.073	-	-	-	-	-	2.101.073
Issued Marketable Securities(***)	-	864.472	2.552.733	600.045	1.080.526	-	-	1.080.526
Miscellaneous Debts	-	-	-	-	-	-	322.946	322.946
Other Liabilities	-	-	-	-	-	-	4.852.437	4.852.437
<b>Total Liabilities</b>	<b>12.000.145</b>	<b>28.877.523</b>	<b>9.207.564</b>	<b>3.226.448</b>	<b>1.661.828</b>	<b>38.005</b>	<b>5.175.383</b>	<b>60.186.896</b>
<b>Liquidity Gap</b>	<b>(7.316.845)</b>	<b>(21.963.376)</b>	<b>(5.825.294)</b>	<b>5.884.703</b>	<b>25.288.842</b>	<b>7.904.229</b>	<b>(3.972.259)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>28.293</b>	<b>(14.906)</b>	<b>838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14.225</b>
Receivables From Derivative Financial Instruments	-	3.090.778	548.603	8.631	-	-	-	3.648.012
Financial Derivative Liabilities	-	3.062.485	563.509	7.793	-	-	-	3.633.787
<b>Non-Cash Loans</b>	<b>2.405.872</b>	<b>691.439</b>	<b>1.632.493</b>	<b>6.099.552</b>	<b>4.733.595</b>	<b>352.819</b>	<b>-</b>	<b>15.915.770</b>

(\*) Does not include expected loss provisions.

(\*\*) 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.



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

**V. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO**

As of 30 September 2021, the leverage ratio of the Group calculated from the average of three months is 4,81%. (31 December 2020: 5,65%). The relevant ratio is above the minimum rate specified by the Regulation on Measurement and Assessment of Leverage Level of Banks. The reason for the change between the current period and the prior period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital. The regulation stipulated the minimum leverage ratio as 3%.

Leverage ratio disclosure as follows:

	<b>Current Period (*)</b> <b>30.09.2021</b>	<b>Prior Period (*)</b> <b>31.12.2020</b>
<b>Balance sheet assets</b>		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	71.570.752	58.662.672
(Assets deducted from main capital)	(329.253)	(176.435)
<b>Total risk amount of the balance sheet assets</b>	<b>71.241.499</b>	<b>58.486.237</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	12.910	22.027
Potential credit risk amount of derivative financial instruments and credit derivatives	25.932	21.256
<b>Total risk amount of derivative financial instruments and credit derivative</b>	<b>38.842</b>	<b>43.283</b>
<b>Security or secured financing transactions</b>		
Risk amount of security or secured financing transactions (Except balance sheet)	564.396	145.965
Risk amount due to intermediated transactions	-	-
<b>Total risk amount of security or secured financing transactions</b>	<b>564.396</b>	<b>145.965</b>
<b>Off-balance sheet transactions</b>		
Gross nominal amount of off-balance sheet transactions	21.676.411	16.834.815
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
<b>Risk amount of the off-balance sheet transactions</b>	<b>21.676.411</b>	<b>16.834.815</b>
<b>Equity and total risk</b>		
Main capital	4.489.281	4.267.519
<b>Total risk amount</b>	<b>93.521.149</b>	<b>75.501.605</b>
<b>Leverage ratio</b>		
<b>Leverage ratio %</b>	<b>4,81</b>	<b>5,65</b>

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

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

**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 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based ("IRB") have not been presented.

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

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

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.

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)****1. Explanations on Risk Management and Risk-weighted Assets:****a) Overview of Risk-weighted Assets**

		Risk Weighted Amount		Minimum capital Requirement
		Current Period 30.09.2021	Prior Period 31.12.2020	Current Period 30.09.2021
1	Credit risk (excluding counterparty credit risk) (CCR)	39.486.812	29.650.711	3.158.945
2	Standardized approach (SA)	39.486.812	29.650.711	3.158.945
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	48.467	131.015	3.877
5	Standardized approach for counterparty credit risk (SA-CCR)	48.467	131.015	3.877
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 approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	248.583	290.659	19.887
17	Standardized approach (SA)	248.583	290.659	19.887
18	Internal model approaches (IMM)	-	-	-
19	Operational risk (*)	2.988.826	1.831.724	239.106
20	Basic Indicator approach	2.988.826	1.831.724	239.106
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	<b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>42.772.688</b>	<b>31.904.109</b>	<b>3.421.815</b>

**2. Explanations on Credit Risk****Aging analysis for overdue receivables:**

Current Period 30.09.2021	Up to 1 Month	1-2 Months	2-3 Months	Total
Loans and Receivables <sup>(1)</sup>				
Corporate/Enterprenuerial Loans	369.331	60.380	578.438	1.008.149
Consumer Loans	60.971	8.944	7.578	77.493
<b>Toplam</b>	<b>430.302</b>	<b>69.324</b>	<b>586.016</b>	<b>1.085.642</b>

Prior period 31.12.2020	Up to 1 Month	1-2 Months	2-3 Months	Total
Loans and Receivables				
Corporate/Enterprenuerial Loans	121.578	38.696	644.845	805.119
Consumer Loans	32.330	7.234	5.108	44.672
<b>Toplam</b>	<b>153.908</b>	<b>45.930</b>	<b>649.953</b>	<b>849.791</b>

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

**VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS**

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

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

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

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

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

Within the scope of the footnotes and related explanations prepared in accordance with the "Communiqué on Public Disclosure by the Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016, it is given annually and quarterly. The following required tables are not presented as of 30 September 2021 as the standard approach is used in the calculation of the Bank's credit risk:

Qualitative information regarding IRB to be disclosed to the public

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

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

Statement of changes in RWA under IRB approach

IRB - Retrospective testing of default probabilities in each risk class

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

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

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

#### Table for Segment Reporting:

Current Period 1 January - 30 September 2021	Retail Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>					
Profit Shares Income	397.720	3.196.376	657.548	17.011	4.268.655
Profit Shares from Loans	397.720	3.196.376	-	-	3.594.096
Profit Shares from Banks	-	-	2.053	-	2.053
Profit Shares from Securities	-	-	541.736	-	541.736
Other Profit Shares	-	-	113.759	17.011	130.770
Profit Shares Expense	(786.580)	(1.538.941)	(1.099.319)	(24.681)	(3.449.521)
Profit Shares Expense on Participation Funds	(786.580)	(1.538.941)	(36.952)	-	(2.362.473)
Profit Shares Expense on Funds Borrowed	-	-	(175.923)	-	(175.923)
Profit Shares Expense on Money Market Transactions	-	-	(432.407)	-	(432.407)
Profit Shares Expense on Securities Issued	-	-	(454.037)	-	(454.037)
Other Profit Shares Expense	-	-	-	(24.681)	(24.681)
Net Profit Shares Income/Expense	(388.860)	1.657.435	(441.771)	(7.670)	819.134
Net Fees and Commission Income/Expense	23.774	111.290	-	(32.095)	102.969
Fees and Commissions Received	23.774	111.290	-	22.933	157.997
Fees and Commissions Paid	-	-	-	(55.028)	(55.028)
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	193.432	-	193.432
Other Operating Income	-	449.671	-	6.771	456.442
Provision for Loans or Other Receivables Losses	(60.265)	(541.725)	-	(76.755)	(678.745)
Other Provision Expense	-	-	-	(9.001)	(9.001)
Personnel Expenses	-	-	-	(229.619)	(229.619)
Other Operating Expense	-	(7.294)	-	(261.791)	(269.085)
Net Operating Profit/Loss	(425.351)	862.387	(248.339)	196.830	385.527
Tax Provision	-	-	-	(79.520)	(79.520)
Net Profit/Loss	(425.351)	862.387	(248.339)	117.310	306.007
<b>SEGMENT ASSETS</b>					
Financial Assets at FV Through P/L	-	-	1.320.367	-	1.320.367
Banks <sup>(*)</sup>	-	-	5.528.195	-	5.528.195
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	6.864.003	-	6.864.003
Loans <sup>(*)</sup> (**)	5.090.402	45.757.533	292.365	-	51.140.300
Financial Assets Measured at Amortised Cost	-	-	913.236	-	913.236
Derivative Financial Assets	-	-	17.163	-	17.163
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets <sup>(*)</sup>	-	-	-	10.652.082	10.652.082
<b>Total Segment Assets</b>	<b>5.090.402</b>	<b>45.757.533</b>	<b>14.935.329</b>	<b>10.652.082</b>	<b>76.435.346</b>
<b>SEGMENT LIABILITIES</b>					
Funds Collected	28.343.770	29.088.460	-	-	57.432.230
Derivative Financial Liabilities	-	-	5.215	-	5.215
Funds Borrowed	-	-	1.630.148	-	1.630.148
Money Market Funds	-	-	5.616.678	-	5.616.678
Securities Issued (Net)	-	-	3.525.631	-	3.525.631
Provisions	-	-	-	501.685	501.685
Other Liabilities	-	-	-	3.734.847	3.734.847
Shareholders' Equity	-	-	-	3.988.912	3.988.912
<b>Total Segment Liabilities</b>	<b>28.343.770</b>	<b>29.088.460</b>	<b>10.777.672</b>	<b>8.225.444</b>	<b>76.435.346</b>

(\*) Includes expected loss provisions.

(\*\*) Includes lease receivables.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

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

#### VIII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Continued):

Prior Period 1 January - 30 September 2020	Retail Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>					
<b>Profit Shares Income</b>	<b>255.251</b>	<b>2.283.114</b>	<b>537.597</b>	<b>14.637</b>	<b>3.090.599</b>
Profit Shares from Loans	255.251	2.283.114	-	-	2.538.365
Profit Shares from Banks	-	-	22.475	-	22.475
Profit Shares from Securities	-	-	503.253	-	503.253
Other Profit Shares	-	-	11.869	14.637	26.506
<b>Profit Shares Expense</b>	<b>(476.253)</b>	<b>(487.978)</b>	<b>(409.684)</b>	<b>(17.776)</b>	<b>(1.391.691)</b>
Profit Shares Expense on Participation Funds	(476.253)	(487.978)	-	-	(964.231)
Profit Shares Expense on Funds Borrowed	-	-	(154.698)	-	(154.698)
Profit Shares Expense on Money Market Transactions	-	-	(33.562)	-	(33.562)
Profit Shares Expense on Securities Issued	-	-	(221.424)	-	(221.424)
Other Profit Shares Expense	-	-	-	(17.776)	(17.776)
<b>Net Profit Shares Income/Expense</b>	<b>(221.002)</b>	<b>1.795.136</b>	<b>127.913</b>	<b>(3.139)</b>	<b>1.698.908</b>
<b>Net Fees and Commission Income/Expense</b>	<b>12.750</b>	<b>81.902</b>	<b>-</b>	<b>(8.445)</b>	<b>86.207</b>
Fees and Commissions Received	12.750	81.902	-	69.877	164.529
Fees and Commissions Paid	-	-	-	(78.322)	(78.322)
<b>Dividend Income</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>-</b>	<b>104</b>
<b>Trading Income/Loss (Net)</b>	<b>-</b>	<b>-</b>	<b>81.228</b>	<b>-</b>	<b>81.228</b>
<b>Other Operating Income</b>	<b>-</b>	<b>174.173</b>	<b>-</b>	<b>2.605</b>	<b>176.778</b>
<b>Provision for Loans or Other Receivables Losses</b>	<b>82.311</b>	<b>595.789</b>	<b>-</b>	<b>135.094</b>	<b>813.194</b>
<b>Other Provision Expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195.714</b>	<b>195.714</b>
<b>Personnel Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175.371</b>	<b>175.371</b>
<b>Other Operating Expense</b>	<b>-</b>	<b>2.938</b>	<b>-</b>	<b>220.728</b>	<b>223.666</b>
<b>Net Operating Profit/Loss</b>	<b>(290.563)</b>	<b>999.140</b>	<b>209.245</b>	<b>(282.542)</b>	<b>635.280</b>
<b>Tax Provision</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(123.935)</b>	<b>(123.935)</b>
<b>Net Profit/Loss</b>	<b>(290.563)</b>	<b>999.140</b>	<b>209.245</b>	<b>(406.477)</b>	<b>511.345</b>
<b>SEGMENT ASSETS</b>					
Financial Assets at FV Through P/L <sup>(*)</sup>	-	-	980.872	-	980.872
Banks	-	-	4.799.686	-	4.799.686
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	5.145.732	-	5.145.732
Loans <sup>(**)</sup>	4.850.077	36.350.940	1.005.393	-	42.206.410
Financial Assets Measured at Amortised Cost	-	-	779.437	-	779.437
Derivative Financial Assets	-	-	28.253	-	28.253
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets <sup>(*)</sup>	-	-	-	6.246.506	6.246.506
<b>Total Segment Assets</b>	<b>4.850.077</b>	<b>36.350.940</b>	<b>12.739.373</b>	<b>6.246.506</b>	<b>60.186.896</b>
<b>SEGMENT LIABILITIES</b>					
Funds Collected	18.467.116	27.918.934	-	-	46.386.050
Derivative Financial Liabilities	-	-	19.440	-	19.440
Funds Borrowed	-	-	1.426.614	-	1.426.614
Money Market Funds	-	-	2.101.073	-	2.101.073
Securities Issued (Net)	-	-	4.017.250	-	4.017.250
Provisions	-	-	-	409.244	409.244
Other Liabilities	-	-	-	2.092.952	2.092.952
Shareholders' Equity	-	-	-	3.734.273	3.734.273
<b>Total Segment Liabilities</b>	<b>18.467.116</b>	<b>27.918.934</b>	<b>7.564.377</b>	<b>6.236.469</b>	<b>60.186.896</b>

(\*) Includes expected loss provisions.

(\*\*) Includes receivables from leasing transactions.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### 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 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	51.172	274.222	34.139	185.722
Central Bank of the Republic of Turkey (*)	2.422.464	6.561.632	375.440	4.821.782
Other	-	124.370	-	60.037
<b>Total</b>	<b>2.473.636</b>	<b>6.960.224</b>	<b>409.579</b>	<b>5.067.541</b>

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

###### 1.a.1) Information on Required Reserves:

According to the CBRT's Communiqué No: 2013/15 on Required Reserves, the Bank establishes a reserve requirement at the CBRT for Turkish currency and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold according to the "Communiqué on Required Reserves" at the CBRT.

As of 30 September 2021, the valid rates for required reserves at the CBRT are between 3% and 8% for Turkish currency deposits and other liabilities (31 December 2020: 1%-6%) for Foreign currency deposits and for foreign currency other liabilities is between 5% and 24% (31 December 2020:5%-22%)

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

	Current Period 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Unrestricted Demand Deposit	2.422.464	6.561.632	375.440	4.821.782
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Required Reserves (*)	-	-	-	-
<b>Total</b>	<b>2.422.464</b>	<b>6.561.632</b>	<b>375.440</b>	<b>4.821.782</b>

(\*) TL, 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 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Banks				
Domestic Banks	21.629	4.384.814	12.394	3.688.774
Foreign Banks	-	1.121.752	-	1.098.600
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>21.629</b>	<b>5.506.566</b>	<b>12.394</b>	<b>4.787.374</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period 30.09.2021	Prior Period 31.12.2020
Financial Assets at Fair Value Through Profit / Loss	1.312.844	808.723
Other Dividends and Income Rediscounts	7.523	187.229
Provision for Impairment (-)	-	(15.080)
<b>Total</b>	<b>1.320.367</b>	<b>980.872</b>

###### 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 30.09.2021	Prior Period 31.12.2020
Assets Subject to Repurchase Agreements	4.094.092	2.145.367
Assets Blocked/Given as Collateral	89.027	147.536
<b>Total (*)</b>	<b>4.183.119</b>	<b>2.292.903</b>

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

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

	Current Period 30.09.2021	Prior Period 31.12.2020
Debt Securities	6.966.791	5.282.808
Quoted in Stock Exchange	6.966.791	5.282.808
Not Quoted in Stock Exchange	-	-
Share Certificates	10.412	10.412
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	10.412	10.412
Provision for Impairment (-)**	113.200	147.488
<b>Total</b>	<b>6.864.003</b>	<b>5.145.732</b>

(\*) The afore-mentioned amounts consist of TL 2.753, TL 7.659 Credit Guarantee Fund paid by the Bank to JCR Avrasya Rating A.Ş. for a share of 2.86% and are shown in the line that is not traded in the stock exchange (31 December 2020: TL 7.659 Credit Guarantee Fund, TL 2.753 JCR Avrasya Rating A.Ş.).

(\*\*) Includes 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 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward Transactions	16.827	336	889	-
Swap Transactions	-	-	27.355	9
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>16.827</b>	<b>336</b>	<b>28.244</b>	<b>9</b>



# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### 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 30.09.2021		Prior Period 31.12.2020	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	945	-	540	-
Corporate Shareholders	945	-	540	-
Real Person Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	-	-	-	-
Loans Granted to Employees	10.742	-	5.804	-
<b>Total (*)</b>	<b>11.687</b>	<b>-</b>	<b>6.344</b>	<b>-</b>

(\*) Includes rediscount amounts.

##### b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Current Period 30.09.2021	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Loans	41.402.045	550.831	72.852	915.022
Export Loans	4.509.501	3.888	-	-
Import Loans	91.517	454	-	-
Commercial Loans	28.939.942	525.966	72.852	915.022
Consumer Loans	5.048.988	16.179	-	-
Credit Cards	18.410	106	-	-
Loans Given to Financial Sector	292.365	-	-	-
Other	2.501.400	4.160	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	922.917	16.066	-	34.126
<b>Total</b>	<b>42.324.962</b>	<b>566.897</b>	<b>72.852</b>	<b>949.148</b>

Prior Period 31.12.2020	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Loans	35.213.881	486.490	7.816	661.077
Export Loans	2.814.464	4.080	-	-
Import Loans	63.885	-	-	-
Commercial Loans	24.477.947	406.370	7.816	661.077
Consumer Loans	4.810.580	7.259	-	-
Credit Cards	4.591	10	-	-
Loans Given to Financial Sector	960.141	-	-	-
Other	2.082.273	68.771	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	613.567	16.823	-	42.705
<b>Total</b>	<b>35.827.448</b>	<b>503.313</b>	<b>7.816</b>	<b>703.782</b>

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans(Continued)****b) Information on the first and second group loans and other receivables including restructured loans (Continued)**

(\*) Related amounts do not include finance lease receivables and non-performing loans

(\*\*) As of 30 September 2021, TL 33.784 (31 December 2020: TL 33.033) of the relevant balance consists of funds made available through the müşareke partnership financing method. In line with the “Regulation Amending the Regulation on Banks’ Credit Transactions” published in the Official Gazette dated 25 December 2019 and numbered 30666, these shares must be disposed of within seven years. This condition may be extended with the permission of the BRSA, if the Bank applies to the BRSA with supporting documents on the subject. As of 30 September 2021, 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 the Interest-Free Finance Accounting Standard 4: Mutual Finance “FFMS 4” Article 2/3/1.

	Current Period 30.09.2021		Prior Period 31.12.2020	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
<b>Expected Credit Loss of Stage 1 and Stage 2</b>				
12 Month Expected Credit Losses	163.636	-	128.318	-
Significant Increase in Credit Risk	-	132.751	-	236.065

	Current Period 30.09.2021		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
<b>No. of extensions</b>				
1 or 2 Times Extended	282.728	987.874	193.975	668.893
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
<b>Total</b>	<b>282.728</b>	<b>987.874</b>	<b>193.975</b>	<b>668.893</b>

	Current Period 30.09.2021		Prior Period 31.12.2020	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
<b>Extension Periods</b>				
0 - 6 Months	52	89.425	-	24.485
6 Months – 12 Months	8.743	10.400	109.355	241.825
1 - 2 Years	168.224	464.842	33.198	153.176
2 - 5 Years	96.716	405.115	1.229	2.369
5 Years and Over	8.993	18.092	50.193	247.038
<b>Total</b>	<b>282.728</b>	<b>987.874</b>	<b>193.975</b>	<b>668.893</b>

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans(Continued)****c) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards:**

<b>Current Period 30.09.2021</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Consumer Loans - TL</b>	<b>27.553</b>	<b>5.028.344</b>	<b>5.055.897</b>
Housing Loans	3.939	4.693.694	4.697.633
Vehicle Loans	2.041	161.079	163.120
Consumer Loans	21.573	173.571	195.144
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>17.033</b>	<b>11</b>	<b>17.044</b>
With Installment	4.491	7	4.498
Without Installment	12.542	4	12.546
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	<b>254</b>	<b>9.016</b>	<b>9.270</b>
Housing Loans	-	2.613	2.613
Vehicle Loans	-	186	186
Consumer Loans	254	6.217	6.471
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>1.465</b>	<b>7</b>	<b>1.472</b>
With Installment	217	2	219
Without Installment	1.248	5	1.253
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (*)</b>	<b>46.305</b>	<b>5.037.378</b>	<b>5.083.683</b>

(\*) Profit share rediscount amounting to TL 80.428 is not included in the table.

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 6. Information related to loans(Continued)

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans - TL</b>	<b>32.041</b>	<b>4.780.664</b>	<b>4.812.705</b>
Housing Loans	2.229	4.474.142	4.476.371
Vehicle Loans	1.093	171.567	172.660
Consumer Loans	28.719	134.955	163.674
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>3.934</b>	<b>4</b>	<b>3.938</b>
With Installment	1.180	4	1.184
Without Installment	2.754	-	2.754
<b>Retail Credit Cards-FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	<b>61</b>	<b>5.073</b>	<b>5.134</b>
Housing Loans	-	-	-
Vehicle Loans	-	89	89
Consumer Loans	61	4.984	5.045
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>655</b>	<b>8</b>	<b>663</b>
With Installment	112	7	119
Without Installment	543	1	544
<b>Personnel Credit Cards-FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	-	-	-
<b>Overdraft Account-FC (Real Person)</b>	-	-	-
<b>Total (*)</b>	<b>36.691</b>	<b>4.785.749</b>	<b>4.822.440</b>

(\*) Dividend rediscount amounting to TL 47.414 is not included in the table.

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**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:**

<b>Current Period 30.09.2021</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment Commercial Loans-TL</b>	<b>73.820</b>	<b>751.960</b>	<b>825.780</b>
Business Loans	-	34.154	34.154
Vehicle Loans	73.820	717.806	791.626
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans-Indexed to FC</b>	<b>-</b>	<b>96</b>	<b>96</b>
Business Loans	-	-	-
Vehicle Loans	-	96	96
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans -FC</b>	<b>-</b>	<b>23.531</b>	<b>23.531</b>
Business Loans	-	-	-
Vehicle Loans	-	23.531	23.531
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards -TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>73.820</b>	<b>775.587</b>	<b>849.407</b>

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans(Continued)**

Prior Period 31.12.2020	Short-Term	Medium and Long-Term	Total
<b>Installment Commercial Loans-TL</b>	<b>120.795</b>	<b>531.124</b>	<b>651.919</b>
Business Loans	-	41.214	41.214
Vehicle Loans	107.336	489.910	597.246
Consumer Loans	13.459	-	13.459
Other	-	-	-
<b>Installment Commercial Loans-Indexed to FC</b>	<b>-</b>	<b>2.943</b>	<b>2.943</b>
Business Loans	-	-	-
Vehicle Loans	-	2.943	2.943
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans -FC</b>	<b>-</b>	<b>23.550</b>	<b>23.550</b>
Business Loans	-	-	-
Vehicle Loans	-	23.550	23.550
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards -TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>120.795</b>	<b>557.617</b>	<b>678.412</b>

**e) Breakdown of domestic and international loans:**

	Current Period 30.09.2021	Prior Period 31.12.2020
Domestic Loans	42.605.876	36.256.108
Foreign Loans	334.874	113.156
Profit Share Income Accruals of Loans	973.109	673.095
<b>Total</b>	<b>43.913.859</b>	<b>37.042.359</b>

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

**f) Loans granted to subsidiaries and participations:**

As of 30 September 2021, the Bank has no loans granted to subsidiaries and participations (31 December 2020: None).

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans(Continued)****g) Provision for default (Stage 3 / Specific Provision):**

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Loans and receivables with limited collectability	133.056	83.330
Loans and receivables with doubtful collectability	53.047	89.754
Uncollectible loans and receivables	935.650	615.759
<b>Total</b>	<b>1.121.753</b>	<b>788.843</b>

**h) Information on lease receivables****h.1) Analysis of investments made in financial leasing by remaining maturity****h.2) Information on Net Investments Made in Financial Leasing**

	<b>Current Period 30.09.2021</b>		<b>Prior Period 31.12.2020</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	393.779	377.295	229.444	218.891
1-5 year	5.726.081	4.988.767	4.431.155	3.904.522
More than 5 years	1.966.085	1.711.289	1.262.735	1.012.806
<b>Total</b>	<b>8.085.945</b>	<b>7.077.351</b>	<b>5.923.334</b>	<b>5.136.219</b>

**i) Information on non-performing receivables (net):**

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Gross Lease Receivable	8.086.145	5.923.334
Financial Income Unearned From Financial Leasing (-)	(1.008.794)	(787.115)
Canceled Rental Amounts	-	-
<b>Total</b>	<b>7.077.351</b>	<b>5.136.219</b>

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

As of 30 September 2021 the Group has loans and other receivables included in non-performing receivables which are restructured or rescheduled amount TL 15.185 (31 December 2020: TL 13.039)

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 6. Information related to loans(Continued)

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

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period 30.09.2021			
<b>Ending balance of prior period</b>	<b>203.447</b>	<b>172.400</b>	<b>805.211</b>
Additions in the current period (+)	540.483	27.532	155.602
Transfers from other categories of non-performing loans (+)	-	210.142	290.724
Transfers to other categories of non-performing loans (-)	210.142	290.724	-
Collections in the current period (-)	220.201	12.762	104.482
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>313.587</b>	<b>106.588</b>	<b>1.147.055</b>
Expected Credit Losses (Stage 3) (-)	133.056	53.047	935.650
<b>Net balance at the balance sheet</b>	<b>180.531</b>	<b>53.541</b>	<b>211.405</b>

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period 31.12.2020			
<b>Ending balance of prior period</b>	<b>155.555</b>	<b>195.532</b>	<b>324.195</b>
Additions in the current period (+)	454.803	230.798	240.742
Transfers from other categories of non-performing loans (+)	-	392.746	503.145
Transfers to other categories of non-performing loans (-)	392.746	503.145	-
Collections in the current period (-)	14.165	143.531	161.825
Write offs (-)	-	-	101.046
Corporate and commercial loans	-	-	101.046
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>203.447</b>	<b>172.400</b>	<b>805.211</b>
Expected Loss Provision (Stage 3)	83.330	89.754	615.759
<b>Net balance on balance sheet</b>	<b>120.117</b>	<b>82.646</b>	<b>189.452</b>

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

	Group III:	Group IV:	Group V:
	Allocated for Loans with Limited Collection	Allocated for Doubtful Loans	Allocated for Loss Loans
Current Period 30.09.2021			
<b>Ending Balance</b>	<b>-</b>	<b>10.156</b>	<b>300.235</b>
Provision for Expected Loss (Stage 3) (-)	-	4.719	251.845
<b>Net Balance in the Balance Sheet</b>	<b>-</b>	<b>5.437</b>	<b>48.390</b>

	Group III:	Group IV:	Group V:
	Allocated for Loans with Limited Collection	Allocated for Doubtful Loans	Allocated for Loss Loans
Prior Period 31.12.2020			
<b>Ending Balance</b>	<b>14.935</b>	<b>57.475</b>	<b>221.893</b>
Provision for Expected Loss (Stage 3) (-)	4.056	32.515	167.226
<b>Net Balance in the Balance Sheet</b>	<b>10.879</b>	<b>24.960</b>	<b>54.667</b>



**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans(Continued)****j) Gross and net amounts of non-performing receivables according to user groups:**

	<b>Group III: Loans and other receivables with limited collectability</b>	<b>Group IV: Loans and other receivables with doubtful collectability</b>	<b>Group V: Uncollectible loans and other receivables</b>
<b>Current Period (Net)</b>	<b>180.531</b>	<b>53.541</b>	<b>211.405</b>
Loans to Real Persons and Legal Entities (Gross)	313.587	106.588	1.147.055
Specific Provisions (-)	133.056	53.047	935.650
Loans to Real Persons and Legal Entities (Net)	180.531	53.541	211.405
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>120.117</b>	<b>82.646</b>	<b>189.452</b>
Loans to Real Persons and Legal Entities (Gross)	203.447	172.400	805.211
Specific Provisions (-)	83.330	89.754	615.759
Loans to Real Persons and Legal Entities (Net)	120.117	82.646	189.452
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:**

	<b>Group III: Loans with limited collectability</b>	<b>Group IV: Loans with doubtful collectability</b>	<b>Group V: Uncollectible loans</b>
<b>Current Period End Balance 30.09.2021</b>			
Profit Share Accrual and Valuation Differences Provision	14.985	6.970	181.913
Provision Amount (-)	6.595	3.409	143.972

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS (Continued)****6. Information related to loans(Continued)****j) Gross and net amounts of non-performing receivables according to user groups (Continued)**

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
<b>Prior Period End Balance 31.12.2020</b>	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible loans</b>
Profit Share Accrual and Valuation Differences Provision	9.402	17.192	74.182
Provision Amount (-)	3.994	8.714	60.296

**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:**

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Debt Securities	913.236	779.437
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	-	-
Provision of Impairment (-)	-	-
<b>Total</b>	<b>913.236</b>	<b>779.437</b>

**b) Information on financial assets valued at amortized cost**

None (31 December 2020: None).

**c) Information on government debt securities measured at amortized cost:**

As of 30 September 2021, government debt securities measured at amortized cost of the Group is TL 913.236 (31 December 2020: TL 779.437).

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

###### 7. Financial assets at amortized cost (Continued)

###### c) Information on government debt securities measured at amortized cost (Continued)

	Current Period 30.09.2021	Prior Period 31.12.2020
Balances at Beginning of Period	779.437	547.750
Foreign Currency Differences on Monetary Assets	38.758	191.227
Purchases during the Period (*)	95.041	40.460
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	913.236	779.437

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

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

As of 30 September 2021, the amount of assets due to trading is TL 274.156 (31 December 2020: TL 75.240).

	Current Period 30.09.2021	Prior Period 31.12.2020
Beginning Balance (Net)	75.240	104.069
Changes During the Period (Net)	198.916	(28.829)
Amount of depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)	274.156	75.240

(\*) The bank has a right of fidelity of over TL 239.273 (31 December 2020: 57.817) of assets held for sale.

As of 30 September 2021, the Group has no discontinued operations (31 December 2020: None).

###### 9. Equity Investments

###### a) Information about in associates (Net):

None (31 December 2020: None).

###### b) Information on subsidiaries (net)

###### b.1) Information on consolidated subsidiaries

	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 <sup>(*)</sup>	3.547.007	292	-	454.264	-	126	112	-	-
2 <sup>(*)</sup>	79	76	-	88	-	(8)	33	-	-

(\*) 30 September 2021 reviewed financial statements are not used.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 9. Equity Investments (Continued)

##### b.1) Information on consolidated subsidiaries (Continued)

	Current Period 30.09.2021	Prior Period 31.12.2020
Balance at the beginning of the year	100	100
Movements during the year	-	-
Included in the scope of consolidation	-	-
Purchases	-	-
Bonus Share	-	-
Dividends from current year income	-	-
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Balance at the end of the year	100	100
Capital commitments	-	-
Share percentage at the end of the year (%)	-	-

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

	Current Period 30.09.2021	Prior Period 31.12.2020
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

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

None (31 December 2020: None).

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

None (31 December 2020: None).

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 10. Explanations on property and equipment:

	Immovables	Right of Use Immovables	Movable	Right of Use Movable	Operational Leasing Development Costs	Other Tangibles	Total
<b>Prior Period End:</b>							
Cost	-	145.703	89.051	20.924	52.052	-	307.730
Accumulated Depreciation (-)	-	44.250	47.532	7.293	30.691	-	129.766
<b>Net Book Value</b>	-	101.453	41.519	13.631	21.361	-	177.964
<b>Current Period End:</b>							
Net Book Value at the Beginning of the Period	-	101.453	41.519	13.631	21.361	-	177.964
Change During the Period (Net)	-	28.588	4.490	12.301	4.672	-	50.051
Cost	-	47.258	13.122	14.136	10.648	-	85.164
Amortization (Net) (-)	-	18.670	8.632	1.835	5.976	-	35.113
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	192.961	102.173	35.060	62.700	-	392.894
Accumulated Depreciation at Period End (-)	-	62.920	56.164	9.128	36.667	-	164.879
Provisions for losses	-	-	-	-	-	-	-
<b>Closing Net Book Value</b>	-	<b>130.041</b>	<b>46.009</b>	<b>25.932</b>	<b>26.033</b>	-	<b>228.015</b>

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.

##### 11. Information on intangible assets:

	Current Period 30.09.2021			Prior Period 31.12.2020		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	243.342	51.111	192.231	198.433	37.176	161.257
<b>Total</b>	<b>243.342</b>	<b>51.111</b>	<b>192.231</b>	<b>198.433</b>	<b>37.176</b>	<b>161.257</b>

- In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- 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.
- Book value of intangible assets with restrictions on use or pledged: None.
- Amount of commitments given for acquisition of intangible asset: None.
- Intangible assets based on revalued asset type: None.
- Total amount of research and development expenses recorded in the period, if any: None.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

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#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

###### 11. Information on intangible assets: (Continued)

- 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 2021, the Bank has no investment properties (31 December 2020: None).

###### 13. Information on deferred tax asset:

As of 30 September 2021, deferred tax liabilities of TL 177.289 (31 December 2020: TL 68.859) and deferred tax assets of TL 299.418 (31 December 2020: TL 177.456) have been offset and TL 122.129 deferred tax asset (31 December 2020: TL 108.597 deferred tax asset) is reflected in the financial statements.

###### 14. Information on other assets:

As of 30 September 2021, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### 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 30.09.2021	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 TL	818.956	-	-	-	-	-	-	-	818.956
II. Real persons participation accounts non-trade TL	-	1.259.306	5.206.555	41.017	62.240	1.700	240.668	-	6.811.486
III. Other current accounts-TL	6.045.251	-	-	-	-	-	-	-	6.045.251
Public sector	406.855	-	-	-	-	-	-	-	406.855
Commercial sector	1.310.248	-	-	-	-	-	-	-	1.310.248
Other institutions	135.058	-	-	-	-	-	-	-	135.058
Commercial and other institutions	810	-	-	-	-	-	-	-	810
Banks and participation banks	4.192.280	-	-	-	-	-	-	-	4.192.280
Central Bank of Republic of Turkey	84	-	-	-	-	-	-	-	84
Domestic banks	806	-	-	-	-	-	-	-	806
Foreign banks	4.191.382	-	-	-	-	-	-	-	4.191.382
Participation banks	8	-	-	-	-	-	-	-	8
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	1.707.266	10.019.972	890.460	322.555	317.550	36.964	-	13.294.767
Public sector	-	64.190	420.834	207.474	143.470	81.994	-	-	917.962
Commercial sector	-	1.616.446	7.946.054	617.375	158.505	235.556	33.595	-	10.607.531
Other institutions	-	26.630	1.141.575	65.611	20.580	-	3.369	-	1.257.765
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	511.509	-	-	-	-	-	511.509
V. Real persons current accounts non-trade FC	1.996.668	-	-	-	-	-	-	-	1.996.668
VI. Real persons participation accounts-FC	-	954.591	6.223.230	154.005	-	163.903	1.327.460	-	8.823.189
VII. Other current accounts-FC	4.139.574	-	-	-	-	-	-	-	4.139.574
Commercial residents in Turkey	4.031.929	-	-	-	-	-	-	-	4.031.929
Commercial residents in Abroad	96.763	-	-	-	-	-	-	-	96.763
Banks and participation banks	10.882	-	-	-	-	-	-	-	10.882
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	10.882	-	-	-	-	-	-	-	10.882
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	432.575	6.032.405	165.311	59.871	200.537	5.339.060	-	12.229.759
Public sector	-	547	388	-	-	-	-	-	935
Commercial sector	-	417.132	5.988.675	165.261	59.871	200.537	5.337.102	-	12.168.578
Other institutions	-	3.340	11.405	50	-	-	1.958	-	16.753
Commercial and other institutions	-	11.556	31.937	-	-	-	-	-	43.493
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	1.311.542	-	1.857.326	42.029	25.354	-	36.329	-	3.272.580
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total I+II+....+IX+X+XI)</b>	<b>14.311.991</b>	<b>4.353.738</b>	<b>29.339.488</b>	<b>1.292.822</b>	<b>470.020</b>	<b>683.690</b>	<b>6.980.481</b>	<b>-</b>	<b>57.432.230</b>

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Prior Period 31.12.2020	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 TL	547.690	-	-	-	-	-	-	-	547.690
II. Real persons participation accounts non-trade TL	-	460.869	4.921.147	47.420	-	57.942	306.722	-	5.794.100
III. Other current accounts-TL	5.992.402	-	-	-	-	-	-	-	5.992.402
Public sector	173.231	-	-	-	-	-	-	-	173.231
Commercial sector	1.219.708	-	-	-	-	-	-	-	1.219.708
Other institutions	47.949	-	-	-	-	-	-	-	47.949
Commercial and other institutions	633	-	-	-	-	-	-	-	633
Banks and participation banks	4.550.881	-	-	-	-	-	-	-	4.550.881
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	6	-	-	-	-	-	-	-	6
Foreign banks	4.550.867	-	-	-	-	-	-	-	4.550.867
Participation banks	8	-	-	-	-	-	-	-	8
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	1.700.665	10.174.612	94.150	-	220.688	378.157	-	12.568.272
Public sector	-	620.289	899.416	41.069	-	106.655	-	-	1.667.429
Commercial sector	-	1.053.627	8.465.785	49.958	-	114.030	378.068	-	10.061.468
Other institutions	-	26.749	795.695	3.123	-	3	89	-	825.659
Commercial and other institutions	-	-	6.782	-	-	-	-	-	6.782
Banks and participation banks	-	-	6.934	-	-	-	-	-	6.934
V. Real persons current accounts non-trade FC	1.495.884	-	-	-	-	-	-	-	1.495.884
VI. Real persons participation accounts-FC	-	493.578	5.322.190	73.336	-	143.786	1.285.468	-	7.318.358
VII. Other current accounts-FC	2.638.698	-	-	-	-	-	-	-	2.638.698
Commercial residents in Turkey	2.571.320	-	-	-	-	-	-	-	2.571.320
Commercial residents in Abroad	63.298	-	-	-	-	-	-	-	63.298
Banks and participation banks	4.080	-	-	-	-	-	-	-	4.080
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	4.080	-	-	-	-	-	-	-	4.080
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	309.325	5.963.344	35.670	-	47.954	592.942	-	6.949.235
Public sector	-	-	2.009	-	-	-	-	-	2.009
Commercial sector	-	309.230	5.941.971	35.551	-	47.954	592.942	-	6.927.648
Other institutions	-	95	8.475	119	-	-	-	-	8.689
Commercial and other institutions	-	-	10.889	-	-	-	-	-	10.889
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	1.325.471	-	1.651.045	44.328	-	19.203	41.364	-	3.081.411
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total I+II+.....+IX+X+XI</b>	<b>12.000.145</b>	<b>2.964.437</b>	<b>28.032.338</b>	<b>294.904</b>	<b>-</b>	<b>489.573</b>	<b>2.604.653</b>	<b>-</b>	<b>46.386.050</b>



**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES (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 30.09.2021	Prior Period 31.12.2020	Current Period 30.09.2021	Prior Period 31.12.2020
Real persons current and profit sharing accounts that are not subject to commercial activities	7.076.240	6.262.307	14.240.589	11.597.180
TL accounts	3.810.782	3.102.912	3.819.659	3.238.877
FC accounts	3.265.458	3.159.395	10.420.930	8.358.303
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

**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 30.09.2021	Prior Period 31.12.2020
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	971	672
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	-	-

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 2. Information on funds borrowed:

##### a) Information on banks and other financial institutions

	Current Period 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	322.863	1.094.522	380.086	1.012.839
From Foreign Banks, Institutions and Funds	-	212.763	-	33.689
<b>Total</b>	<b>322.863</b>	<b>1.307.285</b>	<b>380.086</b>	<b>1.046.528</b>

##### b) Information on maturity structure of borrowings:

	Current Period 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Short-term	72.849	650.741	104.520	750.707
Medium and Long-term	250.014	656.544	275.566	295.821
<b>Total</b>	<b>322.863</b>	<b>1.307.285</b>	<b>380.086</b>	<b>1.046.528</b>

##### c) 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:

75% of Bank's liabilities consists of current and share profit account.

##### 3. Funds provided under repurchasing agreements:

	Current Period 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
<b>Domestic</b>	<b>5.616.678</b>	-	<b>2.101.073</b>	-
Financial Institutions	5.616.678	-	2.101.073	-
<b>Abroad</b>	-	-	-	-
Financial Institutions	-	-	-	-
<b>Total</b>	<b>5.616.678</b>	-	<b>2.101.073</b>	-

##### 4. Information on securities issued:

	Current Period 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Bond	-	-	-	-
Asset Backed Securities	3.525.631	-	4.017.250	-
Bill	-	-	-	-
<b>Toplam</b>	<b>3.525.631</b>	-	<b>4.017.250</b>	-

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

None (31 December 2020: None)

##### 6. Information on derivative financial liabilities:

	Current Period 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
Forward transactions	-	-	-	19.213
Swap transactions	-	5.215	-	227
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
<b>Total</b>	-	<b>5.215</b>	-	<b>19.440</b>

##### 7. Information on Financial Lease Obligations:

	Current Period 30.09.2021		Prior Period 31.12.2020	
	Gross	Net	Gross	Net
Less than 1 year	28.705	23.349	73.018	42.158
Between 1-5 years	101.441	74.598	126.116	78.453
More than 5 years	145.514	74.755	9.770	7.023
<b>Total</b>	<b>275.660</b>	<b>172.702</b>	<b>208.904</b>	<b>127.634</b>

##### 8. Information on provisions:

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

There is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2020: None).

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

Specific provisions for indemnified non-cash loans amounting to TL 21.806 (31 December 2020: TL 26.708).

###### c) Information on other provisions:

###### c.1) Information on free provisions for possible risks:

Free provision amounting to TL 45.000 was reserved with the bank management decision, all of which were registered in the previous years (31 December 2020: TL 45.000).

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 8. Information on provisions (Continued)

##### c) Information on other 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 2021, TL 309.245 (31 December 2020: TL 206.087) of other provisions is from the provisions set aside to be used to meet the share of participation accounts, and TL 459 (31 December 2020: TL 147) is valued at foreign exchange trading transactions. Decreased reserves amounting to TL 158 (31 December 2020: None) consists of provisions for promotional applications related to credit cards and banking services.

##### c.3) Information on litigation provisions

A provision of TL 36.393 has been set aside in the financial statements for litigation that have not yet been finalized against the bank (31 December 2020: TL 36.613).

##### d) Information on provisions for employee benefits:

##### d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of the date of 30 September 2021, the amount payable consists of one month's salary limited to a maximum of TL 8.285 (full TL) (31 December 2020: TL 7.117 (full TL)) for each year of service.

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

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

	Current Period 30.09.2021	Prior Period 31.12.2020
Discount Rate (%)	% 12,80	% 12,80
Inflation	% 10,10	% 10,10

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

	Current Period 30.09.2021	Prior Period 31.12.2020
<b>Balance at the 1 January</b>	18.984	8.662
Changes during the period	6.215	4.616
Paid during the period	-	1.148
Severance Pay	-	(429)
ss/(gain) obtained from layoff	-	284
tuarial loss/(gain)	-	4.703
<b>Balance at the end of the period</b>	<b>25.199</b>	<b>18.984</b>

As of 30 September 2021, the Bank has a TL 10.000 short-run employees' rights provision (31 December 2020: TL 7.250).

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 8. Information on provisions (Continued)

##### d) Information on provisions for employee benefits (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 2021, 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 allocated a provision amounting to TL 500 based on the bonus to be paid in a current period. ( 31 December 2020 : TL 29.836)

##### 9. Explanations on tax liability:

##### a) Information on tax provisions:

As of 30 September 2021 the Banks's corporate income tax liability is TL 66.908 (31 December 2020: TL 96.632).

##### b) Information on taxes payable:

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Corporate Tax Payable	13.280	57.157
Taxation on Income From Securities	24.925	18.264
Property Tax	189	159
Banking Insurance Transactions Tax (BITT)	14.687	12.977
Foreign Exchange Transactions Tax	667	1.099
Value Added Tax Payable	8.696	3.642
Other	4.013	2.975
<b>Total</b>	<b>66.457</b>	<b>96.273</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### 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 30.09.2021	Prior Period 31.12.2020
Social Security Premiums – Employee	7	8
Social Security Premiums – Employer	2	14
Bank Social Aid Pension Fund Premium - Employee	-	1
Bank Social Aid Pension Fund Premium - Employer	4	7
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	146	110
Unemployment Insurance – Employer	292	219
Other	-	-
<b>Total</b>	<b>451</b>	<b>359</b>

##### 10) Information on deferred tax liabilities, if any:

The Group has no deferred tax liability as of the balance sheet date. (31 December 2020: None)

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

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2020: None).

##### 12. Explanations on subordinated debts

	Current period 30.09.2021		Prior period 31.12.2020	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:	-	902.875	-	768.037
Subordinated Loans(*)	-	902.875	-	768.037
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	842.088	-	312.489	-
Subordinated Loans (**)	842.088	-	312.489	-
Equity-like Debt Instruments	-	-	-	-
<b>Total</b>	<b>842.088</b>	<b>902.875</b>	<b>312.489</b>	<b>768.037</b>

(\*) The Bank provided subordinated loan from Turkey Wealth Funds Market Stability and Equalization Fund in the scope of additional main capital amounting to EUR 100.000 without demand and profit share which is approved by BRSA dated 22 April 2019. The Bank has calculated the fair value of the loan in accordance with TFRS 9 and TFRS 13 using the prices of similar financial instruments on the balance sheet date and reflected them to the financial statements..

(\*\*) The Tier II capital amounting to TL 300.000 is T.C. Ziraat Bank A.Ş. has been signed on 28 March 2019. This loan has been entered into the accounts of the Bank on 29 March 2019. The maturity of the loan is 10 (ten) years and the profit share rate is 16.25%. There is no option to convert to stock. TC Ziraat Bankası A.Ş. contract was signed amount to TL 500.000 on 15 April 2021, and this loan was actually used on 16 April 2021 and entered the Bank accounts. The maturity of the loan is 10 (ten) years and the profit share rate is 18.00%. There is no option to convert into stock.

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

**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 30.09.2021	Prior Period 31.12.2020
Common stock	1.750.000	1.750.000
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:**

There is no capital commitment for the last financial year and the end of the following interim period (31 December 2020: 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 any uncertainty related to profitability and liquidity according to the prior period's indicators. (31 December 2020: None).

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

As of 30 September 2021, the Bank has no preferred shares (31 December 2020: None).

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

	Current Period 30.09.2021		Prior Period 31.12.2020	
	TL	FC	TL	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	(39.499)	(21.212)	(9.259)	(84)
Revaluation Difference	(59.426)	(21.212)	(12.063)	(84)
Deferred Tax Effect	19.927	-	2.804	-
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(39.499)</b>	<b>(21.212)</b>	<b>(9.259)</b>	<b>(84)</b>

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****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:**

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Commitments for Credit Card Expenditure Limits	517.103	155.132
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	402.631	268.625
Loan Granting Commitments	21.708	16.428
Asset Purchase Commitments	113.263	48.071
Tax and Fund Liabilities from Export Commitments	250.632	173.340
Promotion Commitment Regarding Credit Card and Banking Services	224	1
<b>Total</b>	<b>1.305.561</b>	<b>661.597</b>

**b) The nature and amount of possible losses and commitments from off-balance sheet items  
including the following:**

The amount of provision for Stage 3 possible losses arising from the off-balance sheet items is TL 74.705 (31 December 2020: TL 65.327).

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

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Guarantee Letters	16.649.762	12.574.368
Bank Acceptances	22.994	7.687
Letter of Credits	2.931.523	1.380.643
Other Contingencies	2.038.510	1.953.072
<b>Total</b>	<b>21.642.789</b>	<b>15.915.770</b>

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

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
Letters of Temporary Guarantees	1.024.395	945.817
Letters of Certain Guarantees	7.894.266	6.505.269
Letters of Advance Guarantees	1.388.494	592.998
Letters of Guarantees given to Customs Offices	130.108	100.010
Other Letters of Guarantees	6.212.499	4.430.274
<b>Total</b>	<b>16.649.762</b>	<b>12.574.368</b>

**b.3) Total non-cash loans:**

	<b>Current Period 30.09.2021</b>	<b>Prior Period 31.12.2020</b>
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>6.212.941</b>	<b>4.430.274</b>
With Original Maturity of One Year or Less	1.105.762	406.570
With Original Maturity of More than One Year	5.107.179	4.023.704
<b>Other Non-Cash Loans</b>	<b>15.429.848</b>	<b>11.485.496</b>
<b>Total</b>	<b>21.642.789</b>	<b>15.915.770</b>



**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED  
PROFIT OR LOSS****1. a) Information on profit share received from loans:**

	Current Period 30.09.2021		Prior Period 30.09.2020	
	TL	FC	TL	FC
<b>Profit share on loans (*)</b>	<b>2.773.730</b>	<b>462.618</b>	<b>1.895.362</b>	<b>363.577</b>
Short term loans	759.175	80.305	519.310	77.773
Medium and long term loans	1.959.261	382.313	1.318.528	285.804
Profit share on non-performing loans	55.294	-	57.524	-
Premiums received from resource utilization support fund	-	-	-	-

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

**b) Information on profit share received from banks:**

	Current Period 30.09.2021		Prior Period 30.09.2020	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	-	1.731	22.046	214
Foreign Banks	-	322	-	215
Head Office and Branches	-	-	-	-
<b>Total</b>	<b>-</b>	<b>2.053</b>	<b>22.046</b>	<b>429</b>

**c) Information on profit share income from securities portfolio:**

	Current Period 30.09.2021		Prior Period 30.09.2020	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	2.605	10.174	4.464	-
Financial Assets at Fair Value through Other Comprehensive Income	443.768	47.323	443.607	23.786
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	-	37.866	-	31.396
<b>Total</b>	<b>446.373</b>	<b>95.363</b>	<b>448.071</b>	<b>55.182</b>

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

None (30 September 2020: None).

**2. a) Information on profit share expense on borrowing:**

	Current Period 30.09.2021		Prior Period 30.09.2020	
	TL	FC	TL	FC
Banks	36.968	19.619	36.622	47.544
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	23.243	12.260	2.617	30.915
Foreign Banks	13.725	7.359	34.005	16.629
Head Office and Branches	-	-	-	-
Other Institutions	78.320	41.016	36.659	33.873
<b>Total</b>	<b>115.288</b>	<b>60.635</b>	<b>73.281</b>	<b>81.417</b>

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
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(Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL"))

**EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS  
(Continued)****IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED  
PROFIT OR LOSS (Continued)****b) Information on profit share expense given to associates and subsidiaries:**

None (30 September 2020: TL 223.410)

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

Profit share expense on securities issued is TL 454.037 (30 September 2020: TL 221.424).

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

<b>Current Period 30.09.2021</b>	<b>Participation Accounts</b>						
<b>Account Name</b>	<b>1 Month</b>	<b>3 Months</b>	<b>6 Months</b>	<b>1 Year</b>	<b>Over 1 Year</b>	<b>Cumulative Participation Account</b>	<b>Total</b>
Turkish Lira							
Funds Collected from Banks via Current and Participation Accounts	-	36.952	-	-	-	-	36.952
Real Person's Non Commercial Participation Accounts	66.124	493.436	4.224	5.608	25.142	-	594.534
Public Sector Participation Accounts	52.196	61.848	16.817	15.549	-	-	146.410
Commercial Sector Participation Accounts	127.174	1.042.810	29.207	20.139	14.678	-	1.234.008
Other Institutions Participation Accounts	3.253	139.434	7.798	398	316	-	151.199
<b>Total</b>	<b>248.747</b>	<b>1.774.480</b>	<b>58.046</b>	<b>41.694</b>	<b>40.136</b>	<b>-</b>	<b>2.163.103</b>
Foreign Currency							
Funds Collected from Banks via Current and Participation Accounts	6	-	-	-	-	-	6
Real Person's Non Commercial Participation Accounts	4.214	49.762	794	1.355	16.826	-	72.951
Public Sector Participation Accounts	2	6	-	-	-	-	8
Commercial Sector Participation Accounts	552	10.837	368	1.933	752	-	14.442
Other Institutions Participation Accounts	640	45.511	3.789	1.547	53.158	-	104.645
Public Sector Participation Accounts	-	6.488	596	89	145	-	7.318
<b>Total</b>	<b>5.414</b>	<b>112.604</b>	<b>5.547</b>	<b>4.924</b>	<b>70.881</b>	<b>-</b>	<b>199.370</b>
<b>Grand Total</b>	<b>254.161</b>	<b>1.887.084</b>	<b>63.593</b>	<b>46.618</b>	<b>111.017</b>	<b>-</b>	<b>2.362.473</b>

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 2. d) Presentation of dividends paid to participation accounts according to maturity structure (Continued)

Prior Period 30.09.2020	Participation Accounts						
Account Name	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Cumulative Participation Account	Total
Turkish Lira							
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	40.863	310.357	4.331	4.098	21.406	-	381.055
Public Sector Participation Accounts	12.548	22.825	6.580	16.748	5.455	-	64.156
Commercial Sector Participation Accounts	33.966	293.742	11.922	27.465	15.299	-	382.394
Other Institutions Participation Accounts	5.558	25.804	7.976	143	56	-	39.537
						-	
<b>Total</b>	<b>92.935</b>	<b>652.728</b>	<b>30.809</b>	<b>48.454</b>	<b>42.216</b>	<b>-</b>	<b>867.142</b>
Foreign Currency							
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	2.931	31.923	659	896	19.268	-	55.677
Public Sector Participation Accounts	4	10	-	-	-	-	14
Commercial Sector Participation Accounts	1.884	22.510	752	1.937	11.991	-	39.074
Other Institutions Participation Accounts	1	432	-	-	-	-	433
Public Sector Participation Accounts	1.891	-	-	-	-	-	1.891
						-	
<b>Total</b>	<b>6.711</b>	<b>54.875</b>	<b>1.411</b>	<b>2.833</b>	<b>31.259</b>	<b>-</b>	<b>97.089</b>
<b>Grand Total</b>	<b>99.646</b>	<b>707.603</b>	<b>32.220</b>	<b>51.287</b>	<b>73.475</b>	<b>-</b>	<b>964.231</b>

##### 3. Information on dividend income:

There is no dividend income of the bank as of 30 September 2021. (30 September 2020: TL 104).

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

	Current Period 30.09.2021	Prior Period 30.09.2020
<b>Income</b>	<b>5.757.569</b>	<b>8.208.900</b>
Foreign exchange gains	86.169	7.913.565
Gain on derivative financial instruments	66.110	56.148
Gain on capital market transactions	5.605.290	239.187
<b>Losses (-)</b>	<b>5.564.137</b>	<b>8.127.672</b>
Foreign exchange losses	85.631	8.014.716
Losses on derivative financial instruments	86.500	109.917
Losses on capital market transactions	5.392.006	3.039
<b>Net</b>	<b>193.432</b>	<b>81.228</b>

##### a. Information on profit/loss on Derivative Financial Operations:

	Current Period 30.09.2021	Prior Period 30.09.2020
Effect of the change in exchange rates on profit/loss	(20.390)	(53.769)
<b>Total</b>	<b>(20.390)</b>	<b>(53.769)</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 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 30.09.2021	Prior Period 30.09.2020
Correction Account for Previous Years Expenses	444.419	167.122
Income from the Sale of the Asset	4.823	6.796
Provision for Communication Expenses	1.608	662
Checkbook Fees	373	266
Other	5.219	1.932
<b>Total</b>	<b>456.442</b>	<b>176.778</b>

(\*) Adjustment account for previous year expenses consists of 274.240 TL is for general provision cancellations (30 September 2020: 93.794 TL), 80.566 TL is for security impairment loss provisions (30 September 2020: None.) and 89.613 TL is from special provision cancellations (30 September 2020: 73.328 TL.)

##### 6. Provision expenses for impairment on loans and other receivables:

	Current Period 30.09.2021	Prior Period 30.09.2020
Expected Credit Loss	678.745	813.194
12 month expected credit loss (stage 1)	99.116	119.344
Significant increase in credit risk (stage 2)	122.728	100.247
Non-performing loans (stage 3)	456.901	593.603
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	9.001	195.714
<b>Total</b>	<b>687.746</b>	<b>1.008.908</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 7. Information on other operating expenses:

	Current Period 30.09.2021	Prior Period 30.09.2020
Provision of Employee Termination Benefits	6.215	3.157
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	44.129	37.140
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	12.462	10.157
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	114.917	92.928
Leasing Expenses Related to TFRS 16 Exceptions	568	166
Maintenance Expenses	16.744	14.609
Advertisement Expenses	40.877	27.831
Other Expenses	56.728	50.322
Loss on Sales of Assets	194	219
Other <sup>(*)</sup>	91.168	80.065
<b>Total</b>	<b>269.085</b>	<b>223.666</b>

(\*) The balance which forms the other item part, TL 44.867 (30 September 2020: TL 45.656), Saving Deposit Insurance Fund ("SDIF") premium and audit and consultancy service expenses, while TL 25.811 (30 September 2020: TL 30.183) consists of taxes, fees and funds and other service expenses.

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

As of 30 September 2021, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 30.09.2021	Prior Period 30.09.2020
Net Profit Share Income	819.134	1.698.908
Net Fees and Commissions Income	102.969	86.207
Dividend Income	-	104
Trading Income/Expense (Net)	193.432	81.228
Other Operating Income	456.442	176.778
Expected Loss Provision (-)	678.745	813.194
Other Provision Expense	9.001	195.714
Personnel Expense	229.619	175.371
Other Operating Expenses (-)	269.085	223.666
<b>Income/(Loss) from Continuing Operations</b>	<b>385.527</b>	<b>635.280</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

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#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 9. Information on tax provision for continued and discontinued operations:

As of 30 September 2021, the Bank's tax provision expense amounting to TL 79.520 (30 September 2020: TL 123.935) and TL 75.928 (30 September 2020: TL 143.913) from current tax expense, amounting to TL 3.592 (30 September 2020: TL 19.978). amount of it 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 TL 306.007 (30 September 2020: TL 511.345 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 2020: None).

#### 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 TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### 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
<b>Loans and other receivables</b>	-	-	-	-	-	-
Balance at beginning of period	-	-	540	-	-	-
Balance at end of period	-	-	945	-	-	-
<b>Profit share and commission income</b>	-	-	-	-	-	-

##### 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
<b>Loans and other receivables</b>	-	-	-	-	-	-
Balance at the beginning of the period	-	-	3.097.903	-	-	-
Balance at the end of the period	-	-	540	-	-	-
<b>Profit share and commission income</b>	-	-	2.151	-	-	-

- 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
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	-	-	2.715	59.324	-	-
Balance at the end of period	-	-	-	2.715	-	-
Participation Accounts						
Profit Share Expenses	-	-	300	17	-	-

- 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
<b>Funds Borrowed</b>						
Balance at the beginning of period	3.950.000	2.450.000	560.325	791.393	-	-
Balance at the end of the period	3.450.000	3.950.000	420.705	560.325	-	-
<b>Profit share paid expense</b>	454.037	-	12.927	16.119	-	-

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE PARENT BANK (Continued)

##### 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	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss	-	-	-	-	-	-
Opening Balance	-	-	2.153.566	2.383.936	-	-
Closing Balance	-	-	488.635	2.153.566	-	-
<b>Total Profit/Loss</b>	-	-	-	<b>8.656</b>	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

##### 3) Information on remunerations provided to top management:

The total amount of benefits provided to the Bank's top management is TL 6.355 (30 September 2020: TL 4.687).

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

By our bank's subsidiary ZKB Varlık Kiralama A.Ş., limited to a domestic issuance ceiling of 1,000,000,000.-TL, to which TR Ministry of Environment, Urbanization and Climate Change Mass Housing Administration (TOKİ) will be the fund user, The ceiling application for the issuance of lease certificates, which will be made in series, at various maturities and based on the lease certificate types and contracts stipulated in the Communiqué on Lease Certificates, or by using them together, on a private basis and/or by selling them to qualified investors without being offered to the public, has been approved by the Capital Markets Board.



## **ZİRAAT KATILIM BANKASI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

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

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#### **SECTION SIX**

##### **EXPLANATIONS ON AUDITOR’S REVIEW REPORT**

##### **I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT**

As of 30 September 2021, consolidated financial statements and explanatory notes of the Bank disclosed herein were audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. and Auditors’ Report dated 11 November 2021 is presented preceding the financial statements.

##### **II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS**

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

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**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

**I. ASSESMENT OF CHAIRMAN**

**Assesment of Chairman**

While the effects of the Covid-19 virus, which emerged last year and caused a global epidemic, on social life have decreased, its effects on the world economy still continue. Problems in the supply chain due to the pandemic in the third quarter of the year caused supply-side problems in the economies. This situation led to serious increases in the prices of some raw materials and intermediate goods, especially oil and energy. Although it is emphasized that the rapid increases in price movements are temporary, inflation concerns remain on the economic agenda.

While the recovery in the US economy continues in the third quarter of the year, an improvement is also observed in the labor market. However, the problems in the world's supply chain and the strong course of the US economy caused inflation to rise rapidly both on the supply and demand side. The US Federal Reserve (FED) emphasized that the rise in inflation was temporary and signaled that it would make changes in the bond buying program at its last meeting. The US Dollar, which started to gain strength in the international market with the FED's statements, started to appreciate against the currencies of most developed and developing countries. The monetary policy to be implemented by the FED in the upcoming period is closely followed by the US economy as well as especially by the economies of developing countries.

On the European continent, where the pandemic is quite effective, although the economy has recovered, the growth rates are not at a satisfactory level. Although the rise in inflation rates is thought to be temporary, it has begun to be seen as a risk factor for the European economy. Problems, which are seen especially due to the supply chain, have begun to be felt in sectors such as automotive and energy, especially in the retail sector. The rapid recovery of the USA and the lagging behind of Europe caused the Euro to lose value. It is thought that this situation will positively affect the foreign trade figures of exporting European countries such as Germany.

In the third quarter of the year, while the number of cases caused by the Covid-19 virus in Turkey decreased, the return to normal in economic and social life started partially. The partial removal of restrictions on international flights also reduced the negative impact of the pandemic on the tourism sector in the summer season, when tourism is at its busiest. With the lifting of the restrictions in the third quarter of the year, the wheels in the economy started to turn faster, and the growth in exports, in particular, reached remarkable figures. Along with the positive developments in the tourism sector, the increase in exports led to an improvement in the current account deficit figures. In addition, the fact that exports increased faster than imports throughout the year provided a positive development in foreign trade figures and increased the ratio of exports to imports to the level of 90 percent. In addition to the acceleration in economic activity, growth gained a serious momentum in the second quarter of the year due to the base effect. It is estimated that high growth rates will continue to be seen in the rest of the year, with the expectation that economic activity will continue and the impact of the pandemic will be limited.

## **ZİRAAT KATILIM BANKASI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

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

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#### **INTERIM ACTIVITY REPORT (Continued)**

##### **I. ASSESSMENT OF CHAIRMAN (Continued)**

Ziraat Participation Bank has determined as a strategic priority to make the domestic and foreign resources available to the country's economy to be used in the most efficient way, and to contribute to increasing the share of participation banking in the financial sector of our country. While the asset size of the participation banking sector increased by 21.4% in the third quarter of this year compared to the beginning of the year, the asset size of the banking sector increased by 15.4% in the same period. In the same period, our Bank's asset size increased by 27%. Looking at the profit figures, the net period profit of the participation banking sector in the third quarter of 2021 increased by 8% compared to the same period of the previous year, while the net period profit of the banking sector increased by 23% in the same period. While the share of participation banking in the sector was 7.15% at the end of last year, it increased to 7.53% in the third quarter of this year. The continuation of this positive performance recorded in Participation Banking will contribute to the deepening of the Turkish financial system and to being more sheltered against risks.

Ziraat Participation Bank, bearing the title of Turkey's first public participation bank, continues to branch in the third quarter of the year, aiming to carry the public participation banking practice to all settlements in our country with high interest rate sensitivity and economic activity.

In the third quarter of the year, when economic activity gained momentum, our Bank continued to provide effective service by offering relevant products to its customers in line with their needs. Since its establishment, our bank has continued to work devotedly in order to contribute to participation banking, increase its support to our economy and create more added value. It will continue to work to contribute more to our economy in the coming periods.

**Hüseyin AYDIN**  
**Chairman of the Board**

## **ZİRAAT KATILIM BANKASI A.Ş.**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021**

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

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#### **INTERIM ACTIVITY REPORT (Continued)**

##### **II. ASSESMENT OF GENERAL MANAGER**

Ziraat Participation's total assets increased by 27% in the third quarter of 2021 compared to the end of 2020 and reached 76.43 billion TL, while the funds collected increased by 24% compared to the same period and reached 57.43 billion TL. While the cash funds provided increased by 21% to TL 51 billion, Ziraat Participation's cash and non-cash financing provided to the entire sector amounted to TL 72,6 billion.

Ziraat Participation completed the third quarter of 2021 with a profit of TL 306 million, as a result of its service approach that prioritizes customer satisfaction and the successful execution of its business cycle structured with a focus on efficiency.

Ziraat Participation, which has rapidly expanded its branch network throughout Turkey, has reached a total of 113 branches, one of which is abroad, at the end of the third quarter of 2021.

##### **LEASE CERTIFICATE ISSUES REACHED TL 33.9 BILLION**

Ziraat Participation Bank successfully completed the issuance of 7 lease certificates in the third quarter of 2021. Ziraat Yatırım Menkul Değerler A.Ş. While 3.5 billion TL funding was obtained from these issuances made through these issues, there was an intense demand from qualified investors for all of the lease certificate issues.

Ziraat Participation, Turkey's first publicly owned participation bank, has reached a total volume of 33.9 billion TL with the issuance of 92 lease certificates to qualified investors since its inception in 2015.

##### **WE PROVIDED FINANCING SUPPORT TO FLOOD AFFECTED REGIONS**

"Artvin, Düzce and Rize Provinces Emergency Support Financing" announced by KOSGEB in order to provide financial support under appropriate conditions to businesses in the sectors supported by KOSGEB and affected by the flood disasters that occurred in Düzce on 6 July 2021, and in the provinces of Rize and Artvin on 22 July 2021. ' program has been included.

##### **WE PROVIDED URBAN TRANSFORMATION FINANCE PRODUCTS FOR LIFE IN SAFE HOMES**

A protocol on Dividend Support was signed between the Ministry of Environment and Urbanization and our Bank, no. 6306, on the "Transformation of Areas Under Disaster Risk", and in order to ensure that the beneficiaries live in safer houses, the quality of the need is met. Urban Transformation Financing products prepared according to (construction, reinforcement, acquisition) were offered to the use of our citizens.

##### **AUTOMATIC RESPONSE SYSTEM TO LIABILITY LETTERS HAS BEEN COMMISSIONED**

Automatic flow initiation and entry of transaction information into lien letters notified to our Bank via the "National Electronic Notification System (NENS)" were carried out with previous developments. With the systemic development made in this period, the automatic response processes, which are the last step of the foreclosure letters, were put into use. In the development made, the replies of the borrowers who are not customers of our Bank are automatically sent to the Ministry of Justice via REM (Registered Electronic Mail) within the determined limits. With the development made, end-to-end automation has been provided and transactions are carried out within the determined limits without user intervention.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

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**INTERIM ACTIVITY REPORT (Continued)**

**II. ASSESMENT OF GENERAL MANAGER (Continued))**

**WE HAVE IMPLEMENTED THE DIGITAL EFT INSTRUCTIONS**

It has been ensured that our corporate (legal) customers can send their EFT transactions, which they carry out by sending orders to our branches via e-mail and fax, via Katılım Mobile. Since the customer will start the flow by entering the mobile password on his/her own mobile phone while sending the EFT orders, there is no need for confirmation from the customer and signature control by our branches. Branch Marketing provides significant time savings to our employees, as no confirmation will be received from the customer for orders coming from mobile as Digital EFT Orders. Making transactions digitally has been a method that saves time and consumables for our branches and our bank.

**OUR COVID-19 MEASURES CONTINUE FOR OUR CUSTOMERS AND EMPLOYEES**

Within the scope of the Covid-19 epidemic, which has completely affected the whole world since March 2020, all necessary measures are taken to ensure that our customers and employees are not affected by the virus in 2021, while effective service is provided to our customers without sacrificing service quality.

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

**Metin ÖZDEMİR**  
**General Manager**

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### INTERIM ACTIVITY REPORT (Continued)

#### III. SHAREHOLDING STRUCTURE

The paid in capital of Ziraat Katılım Bankası A.Ş. is TL 1.750.000.000 and this capital is divided into 1.750.000.000 shares, each of which is worth 1,00 Turkish Liras. The Chairman and Members of the Board of Directors, the Members of the Audit Board, 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.	1.749.999.996	1.749.999.996
Türkiye Sigorta A.Ş.	1	1
Türkiye Hayat ve Emeklilik A.Ş.	1	1
Ziraat Teknoloji A.Ş.	1	1
Ziraat Yatırım Menkul Değerler A.Ş.	1	1

#### IV. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

#### V. MAIN FINANCIAL INDICATORS

Loans in Bank Assets are 67% with 51.140.300 Thousand TL, Cash and Cash Equivalents are 20% with 14.958.194 Thousand TL, Securities 12% with 9.097.606 Thousand TL, Other Assets receives 1% with 1.239.246 Thousand TL.

Assets (Thousand TL)	30 September 2021	31 December 2020	Variance (%)
Cash Values and Cash Equivalents	14.958.194	10.273.948	46
Securities	9.097.606	6.895.629	32
Loans	51.140.300	42.206.410	21
Other Assets	1.239.246	810.909	54
<b>Total Assests</b>	<b>76.435.346</b>	<b>60.186.896</b>	<b>27</b>

Deposit in Bank Liabilities, are 75% with 57.432.230 Thousand TL, Non-Deposit Resources are %16 with 12.517.420 Thousand TL, Equity are 5% with 3.988.912 Thousand TL Other Liabilities are %4 with 2.496.784 Thousand TL.

Liabilities (Thousand TL)	30 September 2021	31 December 2020	Variance (%)
Deposit	57.432.230	46.386.050	24
Non- Deposit Resources	12.517.420	8.625.463	45
Other Liabilities	2.496.784	1.441.110	73
Equity	3.988.912	3.734.273	7
<b>Total Liabilities</b>	<b>76.435.346</b>	<b>60.186.896</b>	<b>27</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### INTERIM ACTIVITY REPORT (Continued)

#### V. MAIN FINANCIAL INDICATORS (Continued)

Selected Income-Expenses (Thousand TL)	30 September 2021	30 September 2020
Profit Share Income	4.268.655	3.090.599
Profit Share Expense	3.449.521	1.391.691
Net Profit Share Income	819.134	1.698.908
Net Fee and Commission Income	102.969	86.207
Trading Profit/Loss	193.432	81.228
Other Operating Income	456.442	176.778
Other Operating Expense	269.085	223.666
Expected Loss Provision	678.745	813.194
Other Provision Expense	9.001	195.714
Personel Expense	229.619	175.371
Profit / Loss Before Tax	385.527	635.280
Tax Provision	(79.520)	(123.935)
Net Profit/Loss	<b>306.007</b>	<b>511.345</b>

RATIOS (%)	30 September 2021	31 December 2020
Capital Adequacy Ratio	12,9	14,8
Equity / Total Assets	5,2	6,2
Total Loans / Total Assets	66,7	70,1
Borrowings/Total Assets	75,1	77,1
Non-Performing Loans (Gross)/Loans	2,9	2,7

\* Includes Leasing Receivables, excluding Non-Performing Receivables.

#### VI. INFORMATION ON THE CONSOLIDATED SUBSIDIARY

##### ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.:

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

The company's main address is Fatih / ISTANBUL.

As of 30 September 2021, 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

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

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

#### INTERIM ACTIVITY REPORT (Continued)

#### VI. INFORMATION ON THE CONSOLIDATED SUBSIDIARY (Continued)

ISIN CODE	Issue Amount	Issue Date	Redemption Date	Annual Simple Interest Rate	Annual Compound Interest Rate	Maturity-Day	Dividend	Kinds of Selling
TRDZKVKE2112	500.000.000	06.07.2021	13.10.2021	18,85%	20,18%	99	25.563.700	Qualified investor
TRDZKVKE2120	600.000.000	14.07.2021	26.10.2021	18,85%	20,15%	104	32.225.760	Qualified investor
TRDZKVKK2114	600.000.000	06.08.2021	12.11.2021	18,80%	20,13%	98	30.286.020	Qualified investor
TRDZKVKK2122	400.000.000	25.08.2021	26.11.2021	18,80%	20,16%	93	19.160.560	Qualified investor
TRDZKVKA2116	300.000.000	10.09.2021	10.12.2021	18,85%	20,23%	91	14.098.770	Qualified investor
TRDZKVK12213	600.000.000	28.09.2021	07.01.2022	17,80%	18,98%	101	29.552.880	Qualified investor
TRDZKVK32211	450.000.000	30.09.2021	30.03.2022	18,35%	19,20%	181	40.948.155	Qualified investor

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

ISIN CODE	Issue Amount	Issue Date	Redemption Date	Annual Simple Interest Rate	Annual Compound Interest Rate	Maturity-Day	Dividend	Kinds of Selling
TRDZKVK92116	250.000.000	29.06.2021	28.09.2021	18,59%	19,93%	91	11.586.925	Qualified investor
TRDZKVK72118	500.000.000	26.03.2021	06.07.2021	19,00%	20,34%	102	26.547.950	Qualified investor
TRDZKVK72126	600.000.000	14.04.2021	14.07.2021	18,80%	20,17%	91	28.122.720	Qualified investor
TRDZKVK82117	600.000.000	28.04.2021	06.08.2021	18,75%	20,06%	100	30.821.940	Qualified investor
TRDZKVK82125	400.000.000	25.05.2021	25.08.2021	18,75%	20,11%	92	18.904.120	Qualified investor
TRDZKVK92124	300.000.000	04.06.2021	10.09.2021	18,75%	20,07%	98	15.102.750	Qualified investor

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 50.000 TL, all of which was paid by Ziraat Participation, and the permission was obtained from the Banking Regulation and Supervision Agency and the Capital Markets Board. has been established to export lease certificates.

The company's main address is Fatih / ISTANBUL.

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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



## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2021

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

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#### INTERIM ACTIVITY REPORT (Continued)

#### VII. 2021 III. INTERIM ACTIVITIES

##### Head of Digital Banking and Channel Management Department

- a. Swift GPI (Global Payments Innovations) has been made available on our Internet Branch and Participation Mobile application so that our customers can easily and step-by-step monitor the status of foreign currency transfers, intermediary bank information, date and time of transactions.
- b. Within the scope of Open Banking, project studies carried out under the leadership of the CBRT continue.
- c. The works of the Joint ATM Project (TAM ATM) carried out by the Public Banks are continuing.
- d. Second-Hand Vehicle Purchase-Sale transactions are made available to our customers via Katılım Mobile.
- e. It has been made possible for private companies to make their financing applications through the "Mobile Financing" function over the Katılım Mobile application.
- f. It is aimed to increase the variety of transactions in our self-service services, where our customers can complete their transactions via the voice answering system 0850 220 5000 without connecting to a customer representative.
- g. With the support of artificial intelligence, customer notifications will be automatically forwarded to the business unit or a solution explanation will be automatically sent to the customer for faster resolution of requests and complaints from our customers.
- h. It is aimed to develop the necessary infrastructure that will enable our customers to carry out the transactions made by our physical branches by customer representatives via video calls, and to make these transactions available to our customers.
- i. A Survey Platform has been created and serviced for our personnel on our portal intranet.
- j. "What's New and Coming Soon" area has been added to our portal intranet to announce our new products to our staff.
- k. Instead of the "Google Analytic" platform, which we use as an analysis tool for our corporate website, the analysis application named "Matomo", developed with open source code, was used, thus preventing customer data from leaving the bank.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

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**INTERIM ACTIVITY REPORT (Continued)**

**VII. 2021 III. INTERIM ACTIVITIES (Continued)**

**Head of Product Development and Management Department**

"Artvin, Düzce and Rize Provinces Emergency Support Financing" announced by KOSGEB in order to provide financial support under appropriate conditions to businesses in the sectors supported by KOSGEB and affected by the flood disasters that occurred in Düzce on 6 July 2021, and in the provinces of Rize and Artvin on 22 July 2021. ' program has been included.

A protocol on Dividend Support has been signed between the Ministry of Environment and Urbanization and our Bank, within the scope of the Law No. 6306 on the "Transformation of Areas Under Disaster Risk". Urban Transformation Financing products are available to our citizens.

As Ziraat Participation, our customers; It will continue its activities without slowing down in facilitating access to finance and making it available under favorable conditions.

In the third quarter of 2021, special campaign offers were offered to our credit card customers, resulting in growth in the card portfolio.

Our bank's debit cards transaction volume increased by 65% compared to the same period of 2020, and maintained its place among the top 5 banks with 42% in card activity.

Again in this period, our Bank's application was enabled to be installed on Ingenico Cash Register POS devices, which ranked second in the sector with a market share of 28%.

Our POS network has increased 3 times and our turnover 1.8 times compared to the same period of the previous year.

**Head of Information Systems Management Department**

- The transition to the new version of the bank's corporate website has been completed.
- The necessary system infrastructure for restructuring leasing credit accounts has been completed.
- Swift GPI implementation was implemented, enabling instant monitoring of Swift transactions, tracking of expenses and proper display on digital channels.
- Improvements have been completed in payment recording devices to adapt to the brand that is frequently used in public collections.
- Compliance with KOSGEB-supported financing protocols was achieved.
- The use of the open source, national, Pardus operating system has been completed to cover all our branches.
- It was ensured that Credit Committees were made on digital platform by providing mobile signature integration.
- The Urban Transformation project was completed.
- Offline tax collection cancellations can be made through Alternative Distribution Channels.
- Credit proposals were created through the system.
- The performance scorecards of the Credit Tahsis business family can be created in the system.
- The relevant integration and report screen for the BRSA E-Government Data Collection project has been completed.
- Bank data assets inventory was prepared in accordance with current standards.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 2021**

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

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**INTERIM ACTIVITY REPORT (Continued)**

**VIII. EXPECTATIONS REGARDING THE POST - 2021 III. INTERIM PERIOD**

The impact of the Covid-19 epidemic, which spread all over the world, on the global economy and social life continued in the third quarter of 2021. The increase in the number of cases continues with the spread of the delta variant of the virus. This situation led to the acceleration of the vaccination process, and then to the stabilization of economic activities with the normalization steps taken. Expansionary monetary policies implemented by central banks and incentive packages of governments have reduced risks globally. However, due to rising commodity prices, problems in the supply chain and supply constraints, although it is thought to be temporary all over the world, concerns about high inflation have begun to be seen.

In the US economy, which was negatively affected by the epidemic process last year, the economic recovery gained momentum in the third quarter of 2021. FED Chairman Powell stated that inflation has been on the rise in the USA recently, but that inflation will return to its two percent target once supply imbalances are eliminated. Despite this, the FED changed its stance during the epidemic process and started to signal that it could make changes in monetary policy by pointing to the revival of demand and the increase in inflation. The FED, which did not change the policy rate at its September meeting, stated that it would take normalization steps in monetary policy by reducing the asset purchase rate towards the end of the year. While employment data improved, there was some decline in retail sales and PMI data. With the effect of delayed demand, vaccination program and incentive packages, the US economy is expected to grow above average this year.

In the Euro Zone, the negative effects of the Covid-19 epidemic continue both socially and economically. Despite the recovery in the economy with the incentives and economic measures implemented, the growth data is below the expected level. However, the recovery in employment and income data continues. Rising commodity and energy prices cause inflation figures to remain high in the Euro Area. However, like the FED, the European Central Bank (ECB) also states that the high course of inflation is temporary. While the ECB continued its monetary expansion during the epidemic period, it did not make any changes in interest rates. In addition, the ECB has kept the amount of the pandemic emergency purchase program at 1.85 trillion Euros and signaled that it will slow down in the future. While some decline was observed in Euro Area PMI data, a recovery occurred in retail sales.

In the third quarter of the year, the currencies of emerging economies depreciated, while the funding costs increased due to the FED's change in monetary policy and the fluctuation in long-term bond rates. With the increase in global demand, an increase was observed in the inflation data of developing countries. While the normalization process continues, developing country central banks have entered a period of monetary tightening. In addition, the expectation that the increase in the risk of default in the due payments of the Chinese origin real estate company Evergrande Group, which has a heavy debt burden, may affect the global financial system has come to the fore.

In Turkey, in the third quarter of the year, with the social life returning to normal and vaccination activities going better than expected, domestic demand started to recover and domestic economic activity remained strong. The partial removal of restrictions on international flights has also started to have a positive impact on the tourism sector. The measures taken by the economic authority in order to prevent the negative effects of the epidemic on the Turkish economy contributed to the continuation of financial stability and the recovery process by supporting the production potential. Due to the rise in commodity and energy prices with the effect of the recovery in foreign economies, inflation has increased temporarily, while the positive trend in the current account balance is expected to continue with the improvement in foreign demand conditions.

In the third quarter of the year, the Covid-19 virus still has an importance on the Turkish economy. While the measures taken by the government officials and the social policies implemented limit the negative effects of the virus on the Turkish economy, supply-side problems continue due to the ongoing global supply chain problems and increasing costs. Looking at the time elapsed from the first day of the virus to this time; Compared to other countries, Turkey has written a serious success story in the fight against the virus, thanks to the planned and organized measures taken by the health authority in our country and the incentives provided by our government.

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