

**ZIRAAT KATILIM BANKASI
ANONİM SİRKETİ**

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 MARCH 2022 WITH
AUDITOR’S REVIEW REPORT**

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



AUDITOR'S LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi;

Introduction

We have reviewed the consolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 31 March 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-month period then ended. The Group management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim 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 explained in Section Five Part II. 8.c.1 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 March 2022 include a free provision amounting to TL 119.000 thousand which consist of TL 20.000 thousand provided in prior periods and TL 99.000 thousand recognized in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of Ziraat Katılım Bankası Anonim Şirketi at 31 March 2022 and the results of its consolidated operations and its consolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation

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.



Zeynep Uras, SMMM
Partner

Istanbul, 11 May 2022

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

THE CONSOLIDATED INTERIM FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş AS OF 31 MARCH 2022

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
Hayri Efendi Cad. Bahçekapı No:12 34112 Fatih / İSTANBUL
Phone: (0212) 404 11 00
Facsimile: (0212) 404 10 81
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E-mail: bilgi@ziraatkatilim.com.tr

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

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

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

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

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

Alpaslan ÇAKAR
Chairman of the Board

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

Metin ÖZDEMİR
Member of the Board,
General Manager

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

Osman KARAKÜTÜK
Vice President of Treasury
Management and
International Banking

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
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SECTION ONE
General Information about the Group

	Page Number
I. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status	1
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	2
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	2
IV. Information about the persons and institutions that have qualified shares attributable to the Parent Bank	2
V. Explanations of the Parent Bank's services and field of operations	3
VI. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between the Parent Bank and its subsidiaries	3

SECTION TWO
Consolidated Financial Statements

I. Consolidated Balance sheet (Statement of Financial Position)	5-6
II. Consolidated Statement of off-balance sheet commitments	7
III. Consolidated Statement of profit or loss	8
IV. Consolidated Statement of profit or loss and other comprehensive income	9
V. Consolidated Statement of changes in shareholder's equity	10
VI. Consolidated Statement of Cash flows	11

SECTION THREE
Explanations on Accounting Policies

I. Explanations on basis of presentation	12-13
II. Explanations on strategy of using financial instruments and foreign currency transactions	13
III. Explanations on consolidated subsidiaries	14
IV. Explanations on forward and option contracts and derivative instruments	15
V. Explanations on profit share income and expense	15
VI. Explanations on fees and commission income and expenses	15
VII. Explanations on financial assets	15-17
VIII. Explanations on impairment of financial assets	17-20
IX. Explanations on offsetting of financial assets and liabilities	20
X. Explanations on sales and repurchase agreements and lending of securities	21
XI. Explanations on assets held for sale and discontinued operations and related liabilities	21
XII. Explanations on goodwill and other intangible assets	22
XIII. Explanations on tangible assets	22
XIV. Explanations on leasing transactions	23
XV. Explanations on provisions, contingent assets and liabilities	24
XVI. Explanations on obligations related to employee rights	24-26
XVII. Explanations on taxation	26-29
XVIII. Explanations on additional disclosures on borrowings	30
XIX. Explanations on share certificates issued	30
XX. Explanations on acceptances	30
XXI. Explanations on government incentives	30
XXII. Explanations on related parties	30
XXIII. Explanations on cash and cash equivalents	30
XXIV. Explanations on segment reporting	30
XXV. Explanations on other matters	30

SECTION FOUR
Explanations on the Financial Position and Risk Management

I. Explanations on shareholders' equity	31-39
II. Explanations on the consolidated currency risk	39-40
III. Equity share position risk on banking accounts	41
IV. Explanations related to consolidated liquidity risk management and liquidity coverage ratio	41-46
V. Explanations on consolidated leverage ratio	47
VI. Explanations on securitization positions	47
VII. Explanations on risk management	47-49
VIII. Explanations on consolidated operating segments	49-51

SECTION FIVE
Explanations and Notes Related to Consolidated Financial Statements

I. Explanations and notes related to consolidated assets	52-65
II. Explanations and notes related to consolidated liabilities	66-74
III. Explanations and notes related to consolidated off-balance sheet accounts	75
IV. Explanations and notes related to the statement of consolidated profit or loss	76-81
V. Explanations and notes to the consolidated statement of changes in shareholders' equity	81
VI. Explanations and notes to the consolidated statement of cash flows	81
VII. Explanations and notes related to the risk group of the parent bank	82-83
VIII. Significant events and matters arising subsequent to balance sheet date	83

SECTION SIX
Explanations on Auditor's Review Report

I. Explanations on independent auditor's review report	84
II. Explanations and notes prepared by the independent auditors	84

SECTION SEVEN
Interim Activity Report

I. Assessment of Chairman	85-86
II. Assessment of General Manager	87-89
III. Shareholding Structure	90
IV. Amendments to the Articles of Association	90
V. Main Financial Indicators	90-91
VI. Information on the consolidated subsidiary	91-92
VII. 2022 I. Interim activities	93-97
VIII. Expectations regarding the post 2022 I. Interim period	98-99

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 31 MARCH 2022

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

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 4 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by 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 TL500.000 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 September 20, 2018, the paid-in capital of the Bank has been raised 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 economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 31 MARCH 2022

(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 31 March 2022 and 31 December 2021, main shareholders and capital amounts as follows:

Name of Shareholders	31 March 2022		31 December 2021	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. (*)	1.750.000	99,9999996	1.750.000	99,9999996
Türkiye Sigorta A.Ş. (**)	-	0,0000001	-	0,0000001
Türkiye Hayat ve Emeklilik A.Ş. (**)	-	0,0000001	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,0000001	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,0000001	-	0,0000001
Total	1.750.000	100,00	1.750.000	100,00

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

(**) 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
Board of Directors	
Alpaslan ÇAKAR	Chairman
Fikretin 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,
Mehmet BAŞIBÜYÜK	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
Assistant General Manager	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKUTUK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Ertuğrul İSPAHA (**)	Corporate Banking
Seher Elif EKİCİ (***)	Credit Policies and Risk Liquidation

(*) He has been appointed as a member of the Board of Directors as of 25 March 2022.

(**) He has been appointed as Corporate Banking Assistant General Manager as of 01 April 2022.

(***) She has been appointed as Deputy General Manager of Credit Policies and Risk Liquidation as of 01 April 2022.

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	-
Total	1.750.000	100,00	1.750.000	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY- 31 MARCH 2022

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

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

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

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

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

As of 31 March 2022, the Parent Bank operates with its 124 domestic branches (31 December 2020: 104 domestic branches and 1 foreign) and 125 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad. As of 31 March 2022 the number of employees of the Bank is 1.571 (31 December 2021: 1.529).

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 MARCH 2022

(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 (31/03/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		10.203.059	22.263.237	32.466.296	7.906.952	21.137.037	29.043.989
1.1 Cash And Cash Equivalents		1.545.740	17.666.368	19.212.108	3.074.376	15.564.971	18.639.347
1.1.1 Cash And Balances With Central Bank	(1)	1.536.006	13.583.097	15.119.103	3.066.213	12.224.478	15.290.691
1.1.2 Banks	(2)	11.110	4.083.271	4.094.381	9.647	3.340.493	3.350.140
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		1.376	-	1.376	1.484	-	1.484
1.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	1.781.443	1.781.443	-	1.795.316	1.795.316
1.2.1 Government Securities		-	1.781.443	1.781.443	-	1.795.316	1.795.316
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	8.655.802	2.808.939	11.464.741	4.819.812	3.769.758	8.589.570
1.3.1 Government Securities		8.273.005	2.808.939	11.081.944	4.151.159	3.769.758	7.920.917
1.3.2 Equity Securities		10.412	-	10.412	10.412	-	10.412
1.3.3 Other Financial Assets		372.385	-	372.385	658.241	-	658.241
1.4 Derivative Financial Assets	(5)	1.517	6.487	8.004	12.764	6.992	19.756
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		1.517	6.487	8.004	12.764	6.992	19.756
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		53.001.089	34.378.131	87.379.220	36.662.193	31.065.684	67.727.877
2.1 Loans	(6)	49.432.906	26.735.918	76.168.824	33.940.247	24.648.305	58.588.552
2.2 Lease Receivables	(6)	5.008.564	6.010.737	11.019.301	4.090.120	5.456.144	9.546.264
2.3 Other Financial Assets Measured at Amortized Cost	(7)	-	2.050.663	2.050.663	-	1.327.957	1.327.957
2.3.1 Government Securities		-	2.050.663	2.050.663	-	1.327.957	1.327.957
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)		1.440.381	419.187	1.859.568	1.368.174	366.722	1.734.896
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	282.770	-	282.770	307.881	-	307.881
3.1 Assets Held for Sale		282.770	-	282.770	307.881	-	307.881
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	-	-	-	-	-	-
4.1 Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(10)	326.692	956	327.648	301.045	874	301.919
VI. INTANGIBLE ASSETS (Net)	(11)	231.877	-	231.877	223.839	-	223.839
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		231.877	-	231.877	223.839	-	223.839
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	432.479	-	432.479	301.329	-	301.329
X. OTHER ASSETS	(14)	616.494	74.692	691.186	550.677	58.127	608.804
TOTAL ASSETS		65.094.460	56.717.016	121.811.476	46.253.916	52.261.722	98.515.638

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2022

(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 (31/03/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	46.849.677	50.705.109	97.554.786	29.714.656	48.219.141	77.933.797
II. FUNDS BORROWED	(2)	262.363	2.244.225	2.506.588	319.918	1.688.051	2.007.969
III. MONEY MARKETS DEBTS	(3)	4.386.741	-	4.386.741	3.784.645	-	3.784.645
IV. SECURITIES ISSUED (Net)	(4)	4.015.410	-	4.015.410	4.360.022	-	4.360.022
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	526	29.553	30.079	70.653	1.039	71.692
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		526	29.553	30.079	70.653	1.039	71.692
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES (Net)	(7)	216.817	-	216.817	194.453	10	194.463
VIII. PROVISIONS	(8)	381.896	498.889	880.785	229.371	417.899	647.270
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		46.096	-	46.096	37.259	-	37.259
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		335.800	498.889	834.689	192.112	417.899	610.011
IX. CURRENT TAX LIABILITY	(9)	676.385	1.601	677.986	350.441	-	350.441
X. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI. LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(12)	1.374.388	2.037.123	3.411.511	1.341.500	1.314.363	2.655.863
12.1 Loans		1.374.388	2.037.123	3.411.511	1.341.500	1.314.363	2.655.863
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	1.168.247	1.258.598	2.426.845	920.890	1.266.851	2.187.741
XIV. SHAREHOLDERS' EQUITY	(14)	5.770.257	(66.329)	5.703.928	4.345.743	(24.008)	4.321.735
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		(6.895)	-	(6.895)	(6.895)	-	(6.895)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		273.348	(66.329)	207.019	43.265	(24.008)	19.257
14.5 Profit Reserves		2.297.860	-	2.297.860	1.739.171	-	1.739.171
14.5.1 Legal Reserves		120.251	-	120.251	92.316	-	92.316
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		2.131.542	-	2.131.542	1.600.788	-	1.600.788
14.5.4 Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6 Profit or (Loss)		1.194.431	-	1.194.431	558.689	-	558.689
14.6.1 Prior Period Profit/Loss		-	-	-	-	-	-
14.6.2 Current Period Profit/Loss		1.194.431	-	1.194.431	558.689	-	558.689
TOTAL LIABILITIES		65.102.707	56.708.769	121.811.476	45.632.292	52.883.346	98.515.638

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 31 MARCH 2022

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS							
	Note (V-III)	Current Period (31/03/2022)			Prior Period (31/12/2021)		
		TP	YP	Toplam	TP	YP	Toplam
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		12.034.036	30.391.982	42.426.018	10.306.712	24.268.204	34.574.916
I. GUARANTEES AND WARRANTIES	(1)	10.138.329	23.252.033	33.390.362	8.271.172	21.332.293	29.603.465
1.1 Letters of Guarantee		10.123.483	15.285.076	25.408.559	8.236.824	13.823.025	22.059.849
1.1.1 Guarantees Subject to State Tender Law		375.281	7.643.085	8.018.366	361.062	6.175.690	6.536.752
1.1.2 Guarantees Given for Foreign Trade Operations		8.424.141	-	8.424.141	7.229.114	-	7.229.114
1.1.3 Other Letters of Guarantee		1.324.061	7.641.991	8.966.052	646.648	7.647.335	8.293.983
1.2 Bank Acceptances		-	35.548	35.548	-	33.018	33.018
1.2.1 Import Letter of Acceptance		-	35.548	35.548	-	33.018	33.018
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		846	5.585.990	5.586.836	20.348	5.053.199	5.073.547
1.3.1 Documentary Letters of Credit		846	5.585.990	5.586.836	20.348	5.053.199	5.073.547
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		14.000	2.345.339	2.359.339	14.000	2.419.706	2.433.706
1.7 Other Collaterals		-	80	80	-	3.345	3.345
II. COMMITMENTS	(1)	1.886.059	590.101	2.476.160	1.386.946	313.520	1.700.466
2.1 Irrevocable Commitments		1.886.059	590.101	2.476.160	1.386.946	313.520	1.700.466
2.1.1 Forward asset purchase commitments		359.480	590.101	949.581	240.344	313.520	553.864
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		633.286	-	633.286	448.457	-	448.457
2.1.7 Tax and Fund Liabilities from Export Commitments		27.599	-	27.599	22.637	-	22.637
2.1.8 Commitments for Credit Card Limits		171.954	-	171.954	141.095	-	141.095
2.1.9 Commitments for Credit Cards and Banking Services Promotions		252	-	252	265	-	265
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		693.488	-	693.488	534.148	-	534.148
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		9.648	6.549.848	6.559.496	648.594	2.622.391	3.270.985
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		9.648	6.549.848	6.559.496	648.594	2.622.391	3.270.985
3.2.1 Forward Foreign Currency Buy/Sell Transactions		9.648	191.647	201.295	648.594	853.108	1.501.702
3.2.1.1 Forward Foreign Currency Transactions-Buy		8.918	91.269	100.187	39.918	673.050	712.968
3.2.1.2 Forward Foreign Currency Transactions-Sell		730	100.378	101.108	608.676	180.058	788.734
3.2.2 Other Forward Buy/Sell Transaction		-	6.358.201	6.358.201	-	1.769.283	1.769.283
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		83.366.305	21.763.695	105.130.000	70.066.806	20.237.127	90.303.933
IV. ITEMS HELD IN CUSTODY		5.279.666	6.651.315	11.930.981	5.132.707	6.230.163	11.362.870
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		3.502.436	292.000	3.794.436	3.396.918	259.899	3.656.817
4.3 Checks Received for Collection		1.536.344	575.595	2.111.939	1.527.859	411.526	1.939.385
4.4 Commercial Notes Received for Collection		240.200	46.291	286.491	207.655	51.962	259.617
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		686	1.665.158	1.665.844	275	1.433.786	1.434.061
4.8 Custodians		-	4.072.271	4.072.271	-	4.072.990	4.072.990
V. PLEDGES RECEIVED		78.086.639	15.112.380	93.199.019	64.934.099	14.006.964	78.941.063
5.1 Marketable Securities		2.856.418	53.076	2.909.494	2.974.670	64.324	3.038.994
5.2 Guarantee Notes		4.152.379	699.363	4.851.742	3.295.056	462.109	3.757.165
5.3 Commodity		4.108.021	2.733.357	6.841.378	2.903.233	2.154.017	5.057.250
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		54.651.340	9.422.410	64.073.750	44.854.726	8.584.587	53.439.313
5.6 Other Pledged Items		12.318.481	2.204.174	14.522.655	10.906.414	2.741.927	13.648.341
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		95.400.341	52.155.677	147.556.018	80.373.518	44.505.331	124.878.849

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

(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 (V-IV)	Current Period 01/01-31/03/2022	Prior Period 01/01-31/03/2021
I.	PROFIT SHARE INCOME	(1)	3.904.394	1.279.952
1.1	Profit Share on Loans		2.127.892	964.909
1.2	Profit Share on Reserve Deposits		47.000	27.200
1.3	Profit Share on Banks		13.020	505
1.4	Profit Share on Money Market Placements		-	-
1.5	Profit Share on Marketable Securities Portfolio		1.500.026	170.102
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		10.221	2.784
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		1.456.337	154.003
1.5.3	Financial Assets Measured at Amortised Cost		33.468	13.315
1.6	Financial Lease Income		206.471	107.470
1.7	Other Profit Share Income		9.985	9.766
II.	PROFIT SHARE EXPENSE	(2)	1.803.122	1.037.981
2.1	Profit Share Expense on Participation Accounts		1.392.039	730.211
2.2	Profit Share Expense on Funds Borrowed		113.927	46.379
2.3	Profit Share Expense on Money Market Borrowings		102.176	104.346
2.4	Expense on Securities Issued		178.277	150.207
2.5	Lease Profit Share Expense		10.149	6.133
2.6	Other Profit Share Expenses		6.554	705
III.	NET PROFIT SHARE INCOME/EXPENSE (I - II)		2.101.272	241.971
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		66.311	30.866
4.1	Fees and Commissions Received		95.326	45.738
4.1.1	Non-cash Loans		57.805	36.119
4.1.2	Other		37.521	9.619
4.2	Fees and commissions paid		29.015	14.872
4.2.1	Non-cash Loans		-	-
4.2.2	Other		29.015	14.872
V.	DIVIDEND INCOME	(3)	-	-
VI.	NET TRADING INCOME (Net)	(4)	26.699	89.255
6.1	Capital Market Transaction Gains / Losses		676	(1.742)
6.2	Gains/ Losses From Derivative Financial Instruments		51.346	(40.072)
6.3	Foreign Exchange Gains / Losses		(25.323)	131.069
VII.	OTHER OPERATING INCOME	(5)	287.442	226.990
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		2.481.724	589.082
IX.	EXPECTED CREDIT LOSSES (-)	(6)	448.737	272.800
X.	OTHER PROVISIONS (-)	(6)	108.180	21.494
XI.	PERSONNEL EXPENSES (-)		183.544	72.566
XII.	OTHER OPERATING EXPENSES (-)	(7)	142.944	69.455
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1.598.319	152.767
XIV.	INCOME RESULTED FROM MERGERS		-	-
XV.	INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATION(XIII+...+XVI)	(8)	1.598.319	152.767
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(403.888)	(28.015)
18.1	Current Tax Provision		(591.125)	(15.250)
18.2	Expense Effect of Deferred Tax (+)		(7.012)	(22.111)
18.3	Income Effect of Deferred Tax (-)		194.249	9.346
XIX.	NETOPERATING PROFIT/LOSS AFTER TAXES(XVII+XVIII)	(10)	1.194.431	124.752
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1	Income from Assets Held for Sale		-	-
20.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3	Income from Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1	Expenses on Assets Held for Sale		-	-
21.2	Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3	Expenses from Other Discontinued Operations		-	-
XXII.	PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1	Current Tax Charge		-	-
23.2	Expense Effect of Deferred Tax (+)		-	-
23.3	Income Effect of Deferred Tax (-)		-	-
XXIV.	NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII+XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	(11)	1.194.431	124.752
	Earnings per share income/loss (Full TL)		0,6825	0,0713

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

(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 01/01/2022-31/03/2022	Prior Period 01/01/2021-31/03/2021
I. CURRENT PERIOD PROFIT/LOSS	1.194.431	124.752
II. OTHER COMPREHENSIVE INCOME	187.762	(11.783)
2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss	-	-
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	-	-
2.2 Other Income/Expense Items to be Recycled to Profit or Loss	187.762	(11.783)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	243.847	(14.719)
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	(56.085)	2.936
III. TOTAL COMPREHENSIVE INCOME (I+II)	1.382.193	112.969

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022

(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						
PRIOR PERIOD 31 March 2021																
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273	-	3.734.273
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273	-	3.734.273
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	(11.783)	-	-	-	124.752	112.969	-	112.969
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	641.130	(641.130)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	638.562	(638.562)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	2.568	(2.568)	-	-	-	-
Period End Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(7.068)	-	-	(21.126)	-	1.739.171	-	124.752	3.847.242	-	3.847.242
CURRENT PERIOD 31 March 2022																
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	4.321.735	-	4.321.735
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	4.321.735	-	4.321.735
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	187.762	-	-	-	1.194.431	1.382.193	-	1.382.193
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/decrease by other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end Balance (III+IV.....+X+XI)	1.750.000	-	-	261.513	-	(6.895)	-	-	207.019	-	2.297.860	-	1.194.431	5.703.928	-	5.703.928

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 THREE MONTH PERIOD ENDED 31 MARCH 2022

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF CASH FLOWS			
		Current Period 01/01/2022 - 31/03/2022	Prior Period 01/01/2021 - 31/03/2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities)		73.429	(32.867)
1.1.1 Profit Share Income Received		1.854.991	1.168.662
1.1.2 Profit Share Expense Paid		(1.289.715)	(1.124.058)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		161.219	45.738
1.1.5 Other Income		(190.095)	316.245
1.1.6 Collections from Previously Written-off Loans		44.749	44.720
1.1.7 Payments to Personnel and Service Suppliers		(183.544)	(72.566)
1.1.8 Taxes Paid		(281.610)	(46.487)
1.1.9 Others ^(*)		(42.566)	(365.121)
1.2 Changes in Operating Assets and Liabilities		2.963.378	3.304.038
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		18.205	54.757
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		1.765.677	(386.083)
1.2.3 Net (Increase) / Decrease in Loans		(15.907.991)	(1.251.678)
1.2.4 Net (Increase) / Decrease in Other Assets		(1.555.391)	(1.171.672)
1.2.5 Net Increase / (Decrease) in Bank Funds		662.587	1.275.331
1.2.6 Net Increase / (Decrease) in Other Funds		16.707.535	567.843
1.2.7 Net Increase / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	(17.535)
1.2.8 Net Increase / (Decrease) in Funds Borrowed		498.516	195.619
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		774.240	4.037.456
I. Net Cash Provided from Banking Operations		3.036.807	3.271.171
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(1.161.905)	(83.240)
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		(93.718)	(26.144)
2.4 Disposals of Tangible Assets		10.870	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(2.133.452)	11.076
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		1.054.395	-
2.7 Purchase of Financial Assets Measured at Amortized Cost		-	(63.800)
2.8 Sale of Financial Assets Measured at Amortized Cost		-	-
2.9 Other		-	(4.372)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		461.428	(2.758.595)
3.1 Cash Obtained from Funds Borrowed And Securities Issued		4.101.516	450.579
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(3.621.844)	(3.402.000)
3.3 Issued Equity Instruments		-	201.052
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(18.244)	(8.226)
3.6 Other		-	-
IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents		352.220	7.709
V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)		2.688.550	437.045
VI. Cash And Cash Equivalents At The Beginning Of The Period		8.059.458	4.686.157
VII. Cash And Cash Equivalents At The End Of The Period		10.748.008	5.123.202

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

a. Financial statements and related explanations and preparation of footnotes in compliance with Turkish Accounting Standards ("TAS") and "Regulation on Accounting Applications for Banks and Safeguarding of Documents"

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

In order to reduce this negative situation, various social and economic measures have been taken in our country, as in other countries affected by the COVID-19 epidemic, which has spread globally in the first half of 2020, and measures continue to be implemented with partial changes. The effects on the financial statements are regularly monitored by the risk monitoring units and the Bank's Management. In this context, the expected credit loss provisions recognized in the consolidated financial statements, the assumptions and judgments used in the estimation of these losses, and the fair value measurements within the scope of TFRS 13 Fair Value Measurement have been reviewed.

While the Group was preparing its financial statements as of March 31, 2022, the possible effects of the COVID-19 outbreak were reflected in the estimates and judgments used in the preparation of the financial statements. The Parent Bank revised its macroeconomic expectations quarterly and reflected the calculations made by taking into account the default probabilities values and the change in loss in case of default in the light of these data, in the consolidated financial statements prepared as of 31 March 2022. Estimates and assumptions used in the calculation of expected credit losses are explained in Note VIII of Section Three.

The Benchmark Interest Rate Reform, which brings changes to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, has been published, effective from 1 January 2021. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The Bank has participated in international protocols within the scope of IBOR transformation. The Benchmark Interest Rate Reform process continues and the Bank continues to work within the scope of adaptation to the changes.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

I. EXPLANATIONS ON BASIS OF PRESENTATION (Continued)

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards. Accordingly, it has been stated that companies applying TFRS are not required to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

As of March 31, 2022, no new announcement has been made by KGK in this context, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated March 31, 2022.

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

b. Explanation for convenience translation into English:

The differences between accounting principles, as described in the preceding paragraphs 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.

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

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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.

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:

31 March 2022				
Title	Address (City / Country)	Main Activities	Group's Share Percentage (%)	Direct and Indirect Partnership Rates (%)
Ziraat Katılım Varlık Kiralama A.Ş.	Istanbul/Turkey	Issuance of Lease Certificate	100	100
ZKB Varlık Kiralama A.Ş.	Istanbul/Turkey	Issuance of Lease Certificate	100	100

Ziraat Katılım Varlık Kiralama A.Ş was established and registered to the trade registry in 22 January 2016 with the permission taken from "Banking Regulation and Supervision Agency" and "Capital Markets Board of Turkey". Ziraat Katılım Varlık Kiralama A.Ş has been founded to operate lease certificate according to rulings of Capital Markets Board of Turkey which was dated 7 June 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. ZKB Varlık Kiralama Anonim Şirketi was established on 19 July 2017 with 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 31 March 2022, the Group has no subsidiaries and jointly controlled entities.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

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

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

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

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

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

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

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Classification and Measurement under TFRS 9

In accordance with TFRS 9 Financial Instruments Standard, financial assets are measured at amortized cost, fair value through other comprehensive income and fair value through profit or loss by;

"Business Model Assessment" and "Contractual Cash Properties Test" are performed to determine the classification of financial assets.

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

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

Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. Gains and losses resulting from the valuation are included in the profit/loss accounts.

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

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

c. Financial assets measured at amortized cost:

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

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

The Group's portfolio of securities at fair value through other comprehensive income and measured at amortized cost includes consumer price ("CPI") indexed lease certificates. The valuation of the said securities is made according to the internal yield method based on the real profit share rates and the index value announced by the treasury.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

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.

As of 31 March 2022, all loans of the Group, including its profit-loss partnership (müshareke) investments, are followed in the "Measured by Amortized Cost" account. The profit and loss partnership (müshareke) and labor capital partnership investments followed by the Bank in the loans account according to the BRSA Uniform Chart of Accounts, with the BRSA's letter numbered E-43890421-010.07.01-1294, those that will be valued for the first time as of 31 March 2022 or from 1 January 2021 new implementation of "Interest-Free Finance Accounting Standard 3: Mudarebe Financing" or "Interest-Free Finance Accounting Standard 4: Müshareke Financing" for partnership financing funds in the form of "labor-capital partnership" (mudarebe) or "profit-loss partnership" (müshareke) accounted in accordance with the provision.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Explanations on Expected Loss Provisions (Continued)

In this context, the Group takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

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

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

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

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 its transfer to the 2nd stage are that it is under close monitoring, that the number of delay days is 30 days or more, and the Bank's internal early warning system rating.

Default (Stage 3)

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

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

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

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

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

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

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

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

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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 as base, bad and good for future expectations. All 3 scenarios have predetermined weights. The Bank updates the macroeconomic variables used in the assessment of significant increase in credit risk and in the calculation of expected credit loss, quarterly in March, June, September and December, and applies them to its models. As of March 31, 2022, macroeconomic variables, which are taken as a basis in the calculation of expected credit losses and including the effect of COVID-19, are reflected in the models.

The Methodology of Behavioral Maturity Calculation

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

Write-off Policy

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

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

As of March 31, 2022, the Bank's non-current assets held for sale are TL 282.770 (December 31, 2021: TL 307.881).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON TANGIBLE ASSETS

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

Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives. There is no change in the depreciation method applied in the current period.

Applied depreciation rates are as follows;

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

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

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

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

There are no mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

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

Right of use;

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

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

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

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

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

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

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

Lease Liabilities:

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

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

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

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

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

The Group benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of 31 March 2022, the Bank's employee termination benefit is TL 29.447 (31 December 2021: TL 26.259).

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 6.895 was classified under shareholders' equity in the financials. (31 December 2021: TL 6.895 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 March 2022 unused vacation liability of the Bank is TL 16.150 (31 December 2021: TL 10.500).

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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.

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

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

XVII. EXPLANATIONS ON TAXATION

a. Current tax

As of 31 March 2022, the corporate tax rate has been applied as 23% in the financial statements. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, "The corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and being effective for the taxation period starting from January 1, 2021 and this rate has been determined as 23% for the taxation period of 2022.

However, with the publication of the Law No. 7394 in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies The corporate tax rate for pension companies has been permanently increased to 25%, and this change will be valid for returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be taken into account as 25%.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

Corporations calculate temporary tax on their quarterly financial profits at the current rate, declare and pay until the 17th day of the second month following that period until a new determination is made in line with the Tax Procedure Law Circular No. 115 dated March 29, 2019. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. Despite the deduction, if the temporary tax amount remains, this amount can be refunded in cash or deducted from other financial debts against the state.

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

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

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

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

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

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods (for those designated as a special accounting period, as of the accounting periods ending in 2022 and 2023) and the provisional tax periods for the 2023 accounting period, regardless of whether the conditions for the repetitive inflation adjustment within the scope of Article 298 are met, it has been enacted that the 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years profit/loss account.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

b. Deferred tax

The Parent Bank calculates and accounts deferred tax in accordance with TAS 12 "Turkish Accounting Standard on Income Taxes" for temporary differences between the accounting policies and valuation principles applied and the tax basis determined in accordance with the tax legislation. In accordance with the Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and being valid for the taxation period starting from January 1, 2021. It was announced that this rate would be applied as 23% for the taxation period of 2022 and 20% for the taxation periods of 2023 and beyond. However, with the publication of the Law No. 7394 in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies The corporate tax rate for pension companies has been permanently increased to 25%, and this change will be valid for returns to be submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the tax rate to be taken into account in the calculation of corporate tax is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter and following periods of 2022 will be considered as 25%. As of March 31, 2022 and December 31, 2021, enacted tax rates, which are valid in accordance with the tax legislation in force, are used as of the reporting dates for the items subject to deferred tax calculation, in accordance with their lives.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation.

As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Bank As of March 31, 2022, it has calculated deferred taxes on its assets and liabilities at rates varying between 20% and 23%. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

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

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

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

XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

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

XX. EXPLANATIONS ON ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXII. EXPLANATIONS ON RELATED PARTIES

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

Profit Distribution

Pursuant to the profit distribution decision taken at the Bank's Ordinary General Assembly meeting held on March 25, 2022, it has been decided to set aside 5% of the balance sheet profit of 558.689 TL from the balance sheet profit of 2021, as a general legal reserve fund of 27.935 TL and the remaining 530.754 TL to be left within the Bank.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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

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

- In the calculation of the amount subject to credit risk within the framework of the regulation dated September 16, 2021 and numbered 9795; When calculating the valued amounts in foreign currency, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date can be used.

- In case the net valuation differences of the securities held by banks in the portfolio of "Securities at Fair Value Reflected in Other Comprehensive Income" within the framework of the regulation dated December 21, 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount.

The current period equity amount calculated as of 31 March 2022, taking into account the latest regulations, is 8.894.355 TL (31 December 2021: 6.747.612 TL), and the capital adequacy standard ratio is 15,79% (31 December 2021: 14,02%). The capital adequacy standard ratio of the Parent Bank is above the minimum ratio determined by the relevant legislation.

Information Related To The Components of Shareholders' Equity:

	Current Period 31.03.2022	Prior Period 31.12.2021
COMMON EQUITY TIER 1 CAPITAL		
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	2.297.860	1.739.171
Gains recognized in equity as per TAS	790.102	418.988
Profit	1.194.431	558.689
Current Period Profit	1.194.431	558.689
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	6.032.393	4.466.848
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	267.240	139.776
Improvement costs for operating leasing	38.362	33.991
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	231.877	223.839
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 AS OF 31 MARCH 2022

(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)

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 31.03.2022	Prior Period 31.12.2021
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	537.479	397.606
Total Common Equity Tier I Capital	5.494.914	4.069.242
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	1.837.038	1.150.435
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I 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 I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	1.837.038	1.150.435
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	7.331.952	5.219.677
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.300.000	1.300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	263.788	229.704
Tier II Capital Before Deductions	1.563.788	1.529.704
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	1.563.788	1.529.704
Total Capital (The sum of Tier I Capital and Tier II Capital)	8.895.740	6.749.381

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 31.03.2022	Prior Period 31.12.2021
Total of Original Capital and Supplementary Capital (Total Capital)	8.895.740	6.749.381
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	1.385	1.770
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
TOTAL CAPITAL		
Total Capital (Total capital and contribution capital)	8.894.355	6.747.612
Total risk weighted amounts	56.330.026	48.142.064
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	9,75	8,45
Tier 1 Capital Adequacy Ratio (%)	13,02	10,84
Capital Adequacy Ratio (%)	15,79	14,02
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	5,25	3,95
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	263.788	229.704
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	263.788	229.704
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

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

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

^(*) Profit share for participation banks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 1.268 Million
Par value of instrument	TL 1.624 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	24 April 2019
Perpetual or dated	Undated
Original maturity date	24 April 2019
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 7
Details of 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 31 MARCH 2022

(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)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Validity status on a consolidated or non-consolidated basis or on both a consolidated and non-consolidated basis	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 569 Million
Par value of instrument	TL 926 Million
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	9 March 2022
Perpetual or dated	Undated
Original maturity date	9 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 7
Details of incompliances with article number 7 and 8 of "Own fund regulation"	In Compliance with Article number 7

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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:

	Current Period 31.03.2022	Prior Period 31.12.2021
Equity value of balance sheet	5.703.928	4.321.735
Cost of development of operating lease	(38.362)	(33.991)
Goodwill and other intangible assets and related deferred tax liability	(231.877)	(223.839)
Debt instruments and premiums approved by BRSA	1.300.000	1.300.000
Tier II Capital (Provisions)	263.788	229.704
Debt instruments and premiums approved by BRSA –subordinated loans	1.837.038	1.150.435
Other values deducted from equity	(1.385)	(1.770)
Other	61.225	5.338
Amount taken into consideration in the calculation of legal equity	8.894.355	6.747.612

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

The Parent Bank’s policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. Risks are monitored by the currency risk tables prepared based on the standard method. Besides, “Value at Risk” (“VAR”) is calculated for daily foreign exchange position and reported to the related departments. VAR based currency risk limit is also followed which was approved by Board of Directors.

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

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

None.

- c) Foreign currency risk policy:

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100Yen
31.03.2022	14,6000	16,2408	10,9068	2,1732	1,5589	15,8310	11,5708	1,6615	19,2192	3,8627	11,9080
30.03.2022	14,5700	16,2657	10,9120	2,1763	1,5670	15,7642	11,5906	1,6909	19,1914	3,8545	11,8210
29.03.2022	14,5438	16,1405	10,8562	2,1592	1,5566	15,5771	11,5014	1,6697	19,0987	3,8467	11,7310
28.03.2022	14,7228	16,1448	10,9531	2,1598	1,5371	15,7115	11,5828	1,6757	19,2586	3,8949	11,7960
25.03.2022	14,7298	16,2291	11,0155	2,1700	1,5614	15,8187	11,6531	1,7018	19,4534	3,8973	11,9520
24.03.2022	14,7208	16,1853	11,0190	2,1645	1,5592	15,7751	11,6441	1,6939	19,4165	3,8950	11,9520

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

- 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
14,5105	15,9795	10,6591	2,1371	1,5092	15,5810	11,3529	1,6358	19,1130	3,8388	12,1200

Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC ^(*)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	4,053.707	6,977.477	2,551.913	13,583.097
Banks	278.935	2,311.670	1,492.666	4,083.271
Financial assets at fair value through profit and loss	-	-	1,781.443	1,781.443
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	246.121	2,562.818	-	2,808.939
Loans ^(*)	16,774.084	15,763.692	-	32,537.776
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	2,050.663	-	-	2,050.663
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	956	956
Intangible assets	-	-	-	-
Other assets	48.176	7.463	25.540	81.179
Total assets	23,451.686	27,623.120	5,852.518	56,927.324
Liabilities				
Current account and funds collected from Banks via participation accounts	24.041	53.053	94	77.188
Current and participation accounts FC	15,490.910	29,374.240	5,762.771	50,627.921
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1,694.459	549.766	-	2,244.225
Marketable securities issued ^(****)	2,037.123	-	-	2,037.123
Miscellaneous debts	724.230	421.288	69.066	1,214.584
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities ^(****)	374.054	198.335	1.668	574.057
Total liabilities	20,344.817	30,596.682	5,833.599	56,775.098
Net balance sheet position	3,106.869	(2,973.562)	18.919	152.226
Net off-balance sheet position ^(**)	(3,166.956)	3,039.487	96.771	(30.698)
Financial derivative assets	-	3,139.865	119.710	3,259.575
Financial derivative liabilities	3,166.956	100.378	22.939	3,290.273
Net position	(60.087)	65.925	115.690	121.528
Non-cash loans	10,733.499	11,636.448	882.086	23,252.033
Prior Period				
Total assets	21,418.249	26,087.364	4,990.245	52,495.858
Total liabilities	20,576.269	27,295.434	5,035.651	52,907.354
Net balance sheet position	841.980	(1,208.070)	(45.406)	(411.496)
Net off-balance sheet position	(858.141)	1,188.203	158.937	488.999
Financial derivative assets	979	1,374.457	180.259	1,555.695
Financial derivative liabilities	859.120	186.254	21.322	1,066.696
Net Position	(16.161)	(19.867)	113.531	77.503
Non-cash loans	10,787.955	9,938.002	606.336	21,332.293

(*) Foreign currency indexed loans amounting to TL 210.308 which are displayed as TL in the consolidated financial statements, are shown with the relevant foreign currency code. Includes receivables from lease transactions.

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

(***) 89% of the currencies in the other FX column of the assets section consists of Gold, 2% of GBP and the remaining 9% of other currencies. In the FX column of the liabilities section, 90% of the currencies are Gold, 2% are GBP and the remaining 8% are other currencies.

(****) Provisions and liabilities from lease transactions are included.

(*****) Includes subordinated loan balance.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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)**

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 2021: 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 on weekly unconsolidated basis in accordance with "Regulation for Regulation on Banks' Liquidity Coverage Ratio Calculation" issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation.

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

1) LIQUIDITY RISK:

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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)**

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 AS OF
31 MARCH 2022**

(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)**

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 first quarter of 2022 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TL+FC	172,43	17.02.2022	114,00	29.03.2022
FC	270,60	28.01.2022	151,66	21.02.2022

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

Current Period 31.03.2022	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS	-	-	24.485.363	17.714.186
High quality liquid assets				
CASH OUTFLOWS				
Real person deposits and retail deposits	32.976.812	21.444.100	3.318.215	2.255.652
Stable deposit	3.876.664	-	193.833	-
Deposit with low stability	29.100.148	21.444.100	3.124.382	2.255.652
Unsecured debts except real person deposits and retail deposits	37.537.052	21.590.249	19.825.791	10.638.830
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	37.537.052	21.590.249	19.825.791	10.638.830
Secured debts	-	-	-	-
Other cash outflows	34.977.553	24.269.208	4.104.190	3.243.082
Derivative liabilities and margin obligations	2.931.161	1.865.572	2.204.909	1.865.572
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	902.238	1.062.738	342.073	310.465
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	31.144.154	21.340.898	1.557.208	1.067.045
TOTAL CASH OUTFLOW	105.491.417	67.303.557	27.248.196	16.137.564
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	9.873.015	6.026.570	7.223.039	5.141.301
Other cash inflows	2.226.327	2.054.417	2.226.327	2.054.417
TOTAL CASH INFLOWS	12.099.342	8.080.987	9.449.366	7.195.718
Applied maximum rate values	-	-	-	-
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	24.485.363	17.714.186
TOTAL NET CASH OUTFLOWS	-	-	17.798.829	8.941.846
LIQUIDITY COVERAGE RATIO (%)	-	-	138	198

(*) The weekly 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
31 MARCH 2022**

(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)**

Prior Period 31.12.2021	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS	-	-	-	-
High quality liquid assets	-	-	17.594.152	13.543.501
CASH OUTFLOWS				
Real person deposits and retail deposits	26.004.269	17.680.042	2.647.321	1.872.238
Stable deposit	3.221.765	-	161.088	-
Deposit with low stability	22.782.504	17.680.042	2.486.233	1.872.238
Unsecured debts except real person deposits and retail deposits	25.036.847	13.724.284	13.254.580	6.667.792
Operational deposit	-	-	-	-
Non-operating deposits	-	-	-	-
Other unsecured debts	25.036.847	13.724.284	13.254.580	6.667.792
Secured debts	-	-	-	-
Other cash outflows	27.916.380	18.602.344	2.599.251	2.008.355
Derivative liabilities and margin obligations	1.726.582	923.811	1.051.655	923.811
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	715.848	845.134	273.898	242.874
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	25.473.950	16.833.399	1.273.698	841.670
TOTAL CASH OUTFLOW	-	-	18.501.152	10.548.385
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	7.163.737	4.336.075	5.147.453	3.726.860
Other cash inflows	1.130.684	883.069	1.130.684	883.069
TOTAL CASH INFLOWS	8.294.421	5.219.144	6.278.137	4.609.929
Applied maximum rate values	-	-	-	-
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	17.594.152	13.543.501
TOTAL NET CASH OUTFLOWS	-	-	12.223.016	5.938.456
LIQUIDITY COVERAGE RATIO (%)	-	-	144	228

(*) The weekly 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 31 MARCH 2022

(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:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (**)	Total
Current Period 31.03.2022								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	4.734.610	10.383.359	-	-	-	-	-	15.117.969
Banks	2.129.400	1.964.739	-	-	-	-	-	4.094.139
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	1.781.443	-	-	1.781.443
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	53.563	362.063	900.230	10.082.900	55.573	10.412	11.464.741
Loans Given ^(****)	-	547.705	3.504.060	28.265.114	39.565.252	13.046.879	399.547	85.328.557
Financial Assets Measured at Amortised Cost	-	-	-	-	2.050.663	-	-	2.050.663
Other Assets	-	-	-	-	-	-	1.973.964	1.973.964
Total Assets^(*)	6.864.010	12.949.366	3.866.123	29.165.344	53.480.258	13.102.452	2.383.923	121.811.476
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.211.174	513.354	109.510	-	-	-	-	4.834.038
Current and Participation Accounts	16.141.029	45.855.109	17.186.502	13.513.056	25.052	-	-	92.720.748
Funds Provided from Other Financial Instruments	-	785.117	245.369	693.039	783.063	-	-	2.506.588
Money Market Borrowings	-	4.386.741	-	-	-	-	-	4.386.741
Issued Marketable Securities ^(***)	-	1.770.480	2.244.930	-	3.411.511	-	-	7.426.921
Miscellaneous Debts	-	-	-	-	-	-	1.480.832	1.480.832
Other Liabilities	-	-	-	-	-	-	8.455.608	8.455.608
Total Liabilities	20.352.203	53.310.801	19.786.311	14.206.095	4.219.626	-	9.936.440	121.811.476
Liquidity Gap	(13.488.193)	(40.361.435)	(15.920.188)	14.959.249	49.260.632	13.102.452	(7.552.517)	-
Net Off-Balance Sheet Position	-	(24.179)	1.669	-	-	-	-	(22.510)
Receivables From Derivative Financial Instruments	-	2.178.485	1.090.008	-	-	-	-	3.268.493
Financial Derivative Liabilities	-	2.202.664	1.088.539	-	-	-	-	3.291.003
Non-Cash Loans	-	2.399.078	5.173.343	14.014.474	10.360.459	1.443.008	-	33.390.362

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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
Prior Period								
31.12.2021								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	5.808.237	9.481.258	-	-	-	-	-	15.289.495
Banks	2.249.735	1.100.117	-	-	-	-	-	3.349.852
Financial Assets at Fair Value Through Profit and Loss	-	-	612.426	-	1.182.890	-	-	1.795.316
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	124.305	1.656.451	1.050.402	5.705.679	42.321	10.412	8.589.570
Loans Given	-	324.624	4.138.241	14.441.355	35.307.502	11.826.934	361.264	66.399.920
Financial Assets Measured at Amortised Cost	-	-	-	-	1.327.957	-	-	1.327.957
Other Assets	-	-	-	-	-	-	1.763.528	1.763.528
Total Assets(*)	8.057.972	11.030.304	6.407.118	15.491.757	43.524.028	11.869.255	2.135.204	98.515.638
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.148.811	522.614	-	-	-	-	-	4.671.425
Current and Participation Accounts	17.456.658	32.284.538	20.244.406	3.177.442	99.328	-	-	73.262.372
Funds Provided from Other Financial Instruments	-	686.960	382.310	439.193	499.506	-	-	2.007.969
Money Market Borrowings	-	3.784.645	-	-	-	-	-	3.784.645
Issued Marketable Securities(***)	-	1.147.180	2.508.524	704.318	2.655.863	-	-	7.015.885
Miscellaneous Debts	-	-	-	-	-	-	1.431.779	1.431.779
Other Liabilities	-	-	-	-	-	-	6.341.563	6.341.563
Total Liabilities	21.605.469	38.425.937	23.135.240	4.320.953	3.254.697	-	7.773.342	98.515.638
Liquidity Gap	(13.547.497)	(27.395.633)	(16.728.122)	11.170.804	40.269.331	11.869.255	(5.638.138)	-
Net Off-Balance Sheet Position	-	(3.836)	(84.902)	8.979	-	-	-	(79.759)
Receivables From Derivative Financial Instruments	-	813.655	746.424	35.534	-	-	-	1.595.613
Financial Derivative Liabilities	-	817.491	831.326	26.555	-	-	-	1.675.372
Non-Cash Loans	3.768.083	1.938.193	3.436.270	14.190.205	5.433.522	837.192	-	29.603.465

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

V. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

As of March 31, 2022, the leverage ratio of the Bank calculated from quarterly average amounts is 4,19% (December 31, 2021: 4,25%). The relevant rate is above the minimum rate specified in accordance with the "Regulation on the Measurement and Evaluation of the Leverage Level of Banks". The reason for the change between the leverage ratio in the current period and the previous period is that the average total risk amount increase rate is higher than the increase rate in the average Tier 1 capital. The regulation stipulates the minimum leverage ratio as 3%.

The leverage ratio public disclosure template is as follows:

	Current Period (*) 31.03.2022	Prior Period(*) 31.12.2021
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	114.294.684	88.461.224
(Assets deducted from main capital)	(485.055)	(390.397)
Total risk amount of the balance sheet assets	113.809.629	88.070.827
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	10.880	7.765
Potential credit risk amount of derivative financial instruments and credit derivatives	30.500	12.518
Total risk amount of derivative financial instruments and credit derivative	41.380	20.283
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	1.297.524	572.242
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	1.297.524	572.242
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	33.910.070	28.932.751
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	33.910.070	28.932.751
Equity and total risk		
Main capital	6.263.535	4.966.673
Total risk amount	149.058.603	117.596.102
Leverage ratio		
Leverage ratio %	4,19	4,25

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

VI. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

VII. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the "Communiqué On Disclosures About Risk Management to be Announced To Public By Banks" that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 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 our working model support prudent risk management practices.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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 analyses, 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.

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

a) Overview of Risk-weighted Assets

		Risk Weighted Amount		Minimum capital Requirement
		Current Period 31.03.2022	Prior Period 31.12.2021	Current Period 31.03.2022
1	Credit risk (excluding counterparty credit risk) (CCR)	52.221.453	44.767.571	4.177.716
2	Standardized approach (SA)	52.221.453	44.767.571	4.177.716
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	44.661	42.244	3.573
5	Standardized approach for counterparty credit risk (SA-CCR)	44.661	42.244	3.573
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	430.172	343.323	34.414
17	Standardized approach (SA)	430.172	343.323	34.414
18	Internal model approaches (IMM)	-	-	-
19	Operational risk (*)	3.633.740	2.988.826	290.699
20	Basic Indicator approach	3.633.740	2.988.826	290.699
21	Standard approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	56.330.026	48.141.964	4.506.402

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk

Aging analysis for overdue receivables:

Current Period 31.03.2022	Up to 1 Month	1-2 Months	2-3 Months	3 month+	Total
Loans and Receivables ^(*)					
Corporate/Enterprenuerial Loans	159.387	37.042	364.609	160.035	721.073
Consumer Loans	59.876	11.255	5.609	238	76.978
Toplam	219.263	48.297	370.218	160.273	798.051

(*) The Bank's loan amounting to TL 1.253.459 is under close monitoring.

Prior period 31.12.2021	Up to 1 Month	1-2 Months	2-3 Months	3 month+	Total
Loans and Receivables					
Corporate/Enterprenuerial Loans	104.883	136.603	28.919	177.844	448.249
Consumer Loans	75.326	12.546	8.912	2.720	99.504
Toplam	180.209	149.149	37.831	180.564	547.753

(*) The Bank's loan amounting to TL 1.490.386 is under close monitoring.

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 31 March 2022 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 31 MARCH 2022

(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)

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

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

Table for Segment Reporting:

Current Period 1 January – 31 March 2022	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	174.242	2.160.121	1.560.046	9.985	3.904.394
Profit Shares Expense	(506.217)	(868.999)	(411.203)	(16.703)	(1.803.122)
Net Profit Shares Income/Expense	(331.975)	1.291.122	1.148.843	(6.718)	2.101.272
Net Fees and Commission Income/Expense	15.075	57.805	-	(6.569)	66.311
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	26.699	-	26.699
Other Operating Income	-	283.326	-	4.116	287.442
Provision for Loans or Other Receivables Losses	(26.874)	(351.596)	-	(70.267)	(448.737)
Other Expense	-	(2.655)	-	(432.013)	(434.668)
Net Operating Profit/Loss	(343.774)	1.278.003	1.175.542	(511.452)	1.598.319
Tax Provision	-	-	-	(403.888)	(403.888)
Net Profit/Loss	(343.774)	1.278.003	1.175.542	(915.340)	1.194.431
SEGMENT ASSETS(*)					
Financial Assets at FV Through P/L	-	-	1.781.443	-	1.781.443
Banks	-	-	4.094.381	-	4.094.381
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	11.464.741	-	11.464.741
Loans (**)	6.055.875	79.228.882	43.800	-	85.328.557
Financial Assets Measured at Amortised Cost	-	-	2.050.663	-	2.050.663
Derivative Financial Assets	-	-	8.004	-	8.004
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets ⁽⁷⁾	-	-	-	17.083.687	17.083.687
Total Segment Assets	6.055.875	79.228.882	19.443.032	17.083.687	121.811.476
SEGMENT LIABILITIES					
Funds Collected	40.633.207	56.921.579	-	-	97.554.786
Derivative Financial Liabilities	-	-	30.079	-	30.079
Funds Borrowed	-	-	2.506.588	-	2.506.588
Money Market Funds	-	-	4.386.741	-	4.386.741
Securities Issued (Net)	-	-	4.015.410	-	4.015.410
Provisions	-	-	-	880.785	880.785
Other Liabilities	-	-	-	6.733.159	6.733.159
Shareholders' Equity	-	-	-	5.703.928	5.703.928
Total Segment Liabilities	40.633.207	56.921.579	10.938.818	13.317.872	121.811.476

(*) Includes expected loss provisions.

(**) Includes lease receivables.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 - 31 March 2021	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSE					
Profit Shares Income	126.082	946.297	197.807	9.766	1.279.952
Profit Shares Expense	(221.433)	(506.624)	(303.086)	(6.838)	(1.037.981)
Net Profit Shares Income/Expense	(95.351)	439.673	(105.279)	2.928	241.971
Net Fees and Commission Income/Expense	5.324	36.119	-	(10.577)	30.866
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	89.255	-	89.255
Other Operating Income	-	225.168	-	1.822	226.990
Provision for Loans or Other Receivables Losses	(26.102)	(214.198)	-	(32.500)	(272.800)
Other Expense	-	(2.158)	-	(161.357)	(163.515)
Net Operating Profit/Loss	(116.129)	484.604	(16.024)	(199.684)	152.767
Tax Provision	-	-	-	(28.015)	(28.015)
Net Profit/Loss	(116.129)	484.604	(16.024)	(227.699)	124.752
SEGMENT ASSETS^(*)					
Financial Assets at FV Through P/L	-	-	983.021	-	983.021
Banks	-	-	3.839.526	-	3.839.526
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	5.196.013	-	5.196.013
Loans ^(**)	4.774.510	39.191.455	519.465	-	44.485.430
Financial Assets Measured at Amortised Cost	-	-	843.237	-	843.237
Derivative Financial Assets	-	-	21.280	-	21.280
Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Other Assets ^(*)	-	-	-	7.969.791	7.969.791
Total Segment Assets	4.774.510	39.191.455	11.402.542	7.969.791	63.338.298
SEGMENT LIABILITIES					
Funds Collected	18.125.164	30.104.060	-	-	48.229.224
Derivative Financial Liabilities	-	-	1.905	-	1.905
Funds Borrowed	-	-	1.635.346	-	1.635.346
Money Market Funds	-	-	3.403.126	-	3.403.126
Securities Issued (Net)	-	-	3.316.148	-	3.316.148
Provisions	-	-	-	470.949	470.949
Other Liabilities	-	-	-	2.434.358	2.434.358
Shareholders' Equity	-	-	-	3.847.242	3.847.242
Total Segment Liabilities	18.125.164	30.104.060	8.356.525	6.752.549	63.338.298

(*) Includes expected loss provisions.

(**) Includes receivables from leasing transactions.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	55.282	564.525	55.164	478.398
Central Bank of the Republic of Turkey (*)	1.480.724	12.463.505	3.011.049	11.477.192
Other	-	555.067	-	268.888
Total	1.536.006	13.583.097	3.066.213	12.224.478

(*) 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 March 31, 2022, the applicable rates for required reserves established at the CBRT are between 3% and 8% for Turkish currency deposits and other liabilities (31 December 2021: between 3% and 8%); It is between 5% and 26% for foreign currency deposits and other liabilities (31 December 2021: 5% to 26%).

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 15/4/2022 It has been decided not to apply an annual commission of 1,5% to the banks that have reached the 10% level and the 20% level as of the 8/2/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022. As of September 2, 2022, the rate of commission to be collected from banks whose conversion rate cannot reach 10% separately for real and legal persons will be 3%.

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

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Unrestricted Demand Deposit	1.480.724	12.463.505	3.011.049	11.477.192
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	1.480.724	12.463.505	3.011.049	11.477.192

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

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

2. Information on banks and other financial institutions:

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Banks				
Domestic Banks	11.110	2.338.505	9.647	1.750.708
Foreign Banks	-	1.744.766	-	1.589.785
Foreign Head Office and Branches	-	-	-	-
Total	11.110	4.083.271	9.647	3.340.493

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Financial Assets at Fair Value Through Profit / Loss	1.769.335	1.787.541
Other Dividends and Income Rediscunts	12.108	7.775
Provision for Impairment (-)	-	-
Total	1.781.443	1.795.316

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Assets Subject to Repurchase Agreements	3.646.500	2.520.412
Assets Blocked/Given as Collateral	139.160	432.735
Total (*)	3.785.660	2.953.147

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

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Debt Securities	11.645.676	8.700.787
Quoted in Stock Exchange	11.645.676	8.700.787
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 (-)(**)	191.347	121.629
Total	11.464.741	8.589.570

(*) 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 2021: TL 7.659 Credit Guarantee Fund, TL 2.753 JCR Avrasya Rating A.Ş.).

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

5. Information on derivative financial assets

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

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Forward Transactions	1.517	-	12.764	2.138
Swap Transactions	-	6.487	-	4.854
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1.517	6.487	12.764	6.992

6. Information related to loans:

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

	Current Period 31.03.2022		Prior Period 31.12.2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	1.933	-	1.646	-
Corporate Shareholders	1.933	-	1.646	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	14.038	-	12.097	-
Total (*)	15.971	-	13.743	-

(*) Includes rediscount amounts.

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

Current Period 31.03.2022	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	70.768.010	706.763	182.067	1.092.447
Export Loans	10.030.988	4.646	-	-
Import Loans	146.154	-	-	-
Commercial Loans	50.261.800	637.505	182.067	1.092.447
Consumer Loans	5.963.149	56.170	-	-
Credit Cards	36.556	-	-	-
Loans Given to Financial Sector	43.800	-	-	-
Other	4.285.563	8.442	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	1.561.269	20.493	110	49.630
Total	72.329.279	727.256	182.177	1.142.077

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 or rescheduled loans: (Continued)

Prior Period 31.12.2021	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	53.768.738	726.044	146.424	1.070.927
Export Loans	6.068.843	1.725	-	-
Import Loans	133.565	-	-	-
Commercial Loans	38.789.834	666.068	146.424	1.070.927
Consumer Loans	5.250.103	48.224	-	-
Credit Cards	27.404	168	-	-
Loans Given to Financial Sector	176.454	-	-	-
Other	3.322.535	9.859	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	1.082.699	52.153	22	42.569
Total	54.851.437	778.197	146.446	1.113.496

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

(**) As of March 31, 2022, TL 42.684 (31 December 2021: TL 39.633) of the related balance consists of funds provided by the musharakah partnership financing method. As of 31 December 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 Interest-Free Finance Accounting Standard 4: Musharakah Financing "FFMS 4" Article 2/3/1.

	Current Period 31.03.2022		Prior Period 31.12.2021	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Expected Credit Loss of Stage 1 and Stage 2				
12 Month Expected Credit Losses	324.156	-	228.215	-
Significant Increase in Credit Risk	-	146.924	-	168.969

	Current Period 31.03.2022		Prior Period 31.12.2021	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
No. of extensions				
1 or 2 Times Extended	293.259	1.274.514	294.941	1.217.351
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	293.259	1.274.514	294.941	1.217.351

	Current Period 31.03.2022		Prior Period 31.12.2021	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
Extension Periods				
0 - 6 Months	12	57.913	31	28.422
6 Months - 12 Months	6.812	15.012	7.784	11.784
1 - 2 Years	166.308	668.488	173.766	591.041
2 - 5 Years	107.069	375.756	101.508	558.319
5 Years and Over	13.058	157.345	11.852	27.785
Total	293.259	1.274.514	294.941	1.217.351

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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:**

Current Period 31.03.2022	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	16.481	5.990.779	6.007.260
Housing Loans	2.412	5.475.450	5.477.862
Vehicle Loans	3.902	254.301	258.203
Consumer Loans	10.167	261.028	271.195
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	34.528	49	34.577
With Installment	8.816	35	8.851
Without Installment	25.712	14	25.726
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	227	11.832	12.059
Housing Loans	-	2.905	2.905
Vehicle Loans	-	250	250
Consumer Loans	227	8.677	8.904
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1.972	7	1.979
With Installment	407	1	408
Without Installment	1.565	6	1.571
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	53.208	6.002.667	6.055.875

(*)Profit share rediscount amounting to TL 84.131 is not included in the table.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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: (Continued)

Prior Period 31.12.2021	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	12.812	5.275.390	5.288.202
Housing Loans	2.438	4.908.801	4.911.239
Vehicle Loans	2.146	142.921	145.067
Consumer Loans	8.228	223.668	231.896
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	25.620	44	25.664
With Installment	7.247	35	7.282
Without Installment	18.373	9	18.382
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	157	9.968	10.125
Housing Loans	-	2.698	2.698
Vehicle Loans	-	128	128
Consumer Loans	157	7.142	7.299
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	1.901	7	1.908
With Installment	353	1	354
Without Installment	1.548	6	1.554
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	40.490	5.285.409	5.325.899

(*) Dividend rediscount amounting to TL 76.119 is not included in the table.

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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:**

Current Period 31.03.2022	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	165.347	1.239.039	1.404.386
Business Loans	-	39.657	39.657
Vehicle Loans	165.347	1.199.382	1.364.729
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	605	44.009	44.614
Business Loans	-	-	-
Vehicle Loans	605	44.009	44.614
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	165.952	1.283.048	1.449.000

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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 31.12.2021	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	122.846	829.455	952.301
Business Loans	-	35.282	35.282
Vehicle Loans	122.846	794.173	917.019
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	20	20
Business Loans	-	-	-
Vehicle Loans	-	20	20
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	44.336	44.336
Business Loans	-	-	-
Vehicle Loans	-	44.336	44.336
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TL	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	122.846	873.811	996.657

e) Breakdown of domestic and international loans:

	Current Period 31.03.2022	Prior Period 31.12.2021
Domestic Loans	72.065.203	54.953.912
Foreign Loans	684.084	758.221
Profit Share Income Accruals of Loans	1.631.502	1.177.443
Total	74.380.789	56.889.576

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

f) Loans granted to subsidiaries and participations:

As of 31 March 2022, there are no loans given to subsidiaries and affiliates (31 December 2021: None).

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Loans and receivables with limited collectability	59.385	16.240
Loans and receivables with doubtful collectability	235.268	252.060
Uncollectible loans and receivables	1.093.835	1.069.412
Total	1.388.488	1.337.712

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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)****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**

	Current Period 31.03.2022		Prior Period 31.12.2021	
	Gross	Net	Gross	Net
Less than 1 year	475.278	432.153	449.965	431.939
1-5 year	9.692.079	8.366.233	8.174.378	7.132.872
More than 5 years	2.546.955	2.220.915	2.363.504	1.981.453
Total	12.714.312	11.019.301	10.987.847	9.546.264

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Gross Lease Receivable	12.829.294	10.987.847
Financial Income Unearned From Financial Leasing (-)	(1.809.993)	(1.441.583)
Canceled Rental Amounts	-	-
Total	11.019.301	9.546.264

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

As of 31 March 2022 the Group has loans and other receivables included in non-performing receivables which are restructured or rescheduled amount TL 165.764 (31 December 2021: TL 157.499)

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period 31.03.2022			
Ending balance of prior period	41.467	391.196	1.266.313
Additions in the current period (+)	147.288	11.687	38.641
Transfers from other categories of non-performing loans (+)	-	37.911	79.798
Transfers to other categories of non-performing loans (-)	37.911	79.798	-
Collections in the current period (-) ^(*)	5.196	6.195	78.150
Write offs ^(**) (-)	-	-	19.016
Corporate and commercial loans	-	-	19.016
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	145.648	354.801	1.287.586
Expected Credit Losses (Stage 3) (-)	59.385	235.268	1.093.835
Net balance at the balance sheet	86.263	119.533	193.751

(*) Includes transfers to first and second group loans amounting to TL 44.792.

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

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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: (Continued)**

	Group III:	Group IV:	Group V:
Prior Period 31.12.2021	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Ending balance of prior period	203.447	172.400	805.211
Additions in the current period (+)	566.363	73.959	290.792
Transfers from other categories of non-performing loans (+)	-	483.623	320.417
Transfers to other categories of non-performing loans (-)	483.623	320.417	-
Collections in the current period (-)	244.720	18.369	150.107
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	41.467	391.196	1.266.313
Expected Loss Provision (Stage 3)	16.240	252.060	1.069.412
Net balance on balance sheet	25.227	139.136	196.901

(*) Includes transfers to first and second group loans amounting to TL 42.558.

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

	Group III:	Group IV:	Group V:
Current Period 31.03.2022	Allocated for Loans with Limited Collection	Allocated for Doubtful Loans	Allocated for Loss Loans
Ending Balance	2.979	2.130	472.545
Provision for Expected Loss (Stage 3) (-)	1.174	1.006	417.007
Net Balance in the Balance Sheet	1.805	1.124	55.538

	Group III:	Group IV:	Group V:
Prior Period 31.12.2021	Allocated for Loans with Limited Collection	Allocated for Doubtful Loans	Allocated for Loss Loans
Ending Balance	-	14.502	415.568
Provision for Expected Loss (Stage 3) (-)	-	8.142	358.580
Net Balance in the Balance Sheet	-	6.360	56.988

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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:**

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	86.263	119.533	193.751
Loans to Real Persons and Legal Entities (Gross)	145.648	354.801	1.287.586
Provisions (-)	59.385	235.268	1.093.835
Loans to Real Persons and Legal Entities (Net)	86.263	119.533	193.751
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	25.227	139.136	196.901
Loans to Real Persons and Legal Entities (Gross)	41.467	391.196	1.266.313
Provisions (-)	16.240	252.060	1.069.412
Loans to Real Persons and Legal Entities (Net)	25.227	139.136	196.901
Banks (Gross)	-	-	-
Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Current Period (Net)	3.522	9.243	31.085
Profit Share Accrual and Valuation Differences Provision	5.942	25.553	192.765
Provision Amount (-)	2.420	16.310	161.680
Prior Period (Net)	1.187	10.960	32.372
Profit Share Accrual and Valuation Differences Provision	2.009	26.474	192.499
Provision Amount (-)	822	15.514	160.127

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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. Other Financial assets at amortized cost:

a) Information on government debt securities measured at amortized cost:

	Current Period 31.03.2022	Prior Period 31.12.2021
Debt Securities	2.050.663	1.327.957
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	-	-
Provision of Impairment (-)	-	-
Total	2.050.663	1.327.957

b) Information on financial assets valued at amortized cost

None (31 December 2021: None).

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

As of 31 March 2022, government debt securities measured at amortized cost of the Group is TL 2.050.663 (31 December 2021: TL 1.327.957).

	Current Period 31.03.2022	Prior Period 31.12.2021
Balances at Beginning of Period	1.327.957	779.437
Foreign Currency Differences on Monetary Assets	537.597	396.879
Purchases during the Period ^(*)	185.109	151.641
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	2.050.663	1.327.957

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

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

As of 31 March 2022, the amount of assets due to trading is TL 282.770 (31 December 2021: TL 307.881).

	Current Period 31.03.2022	Prior Period 31.12.2021
Beginning Balance (Net)	307.881	75.240
Changes During the Period (Net)	(25.111)	232.641
Amount of depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)	282.770	307.881

(*) The group has a right of fidelity of over TL 223.758 (31 December 2021: TL 247.112) of assets held for sale.

As of 31 March 2022, the Group has no discontinued operations (31 December 2021: None).

9. Equity Investments

a) Information about in associates (Net):

None (31 December 2021: None).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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) Information on subsidiaries (net)

b.1) Information on consolidated subsidiaries

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

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

	Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)	Risk share percentage of other shareholders (%)
1	Ziraat Katılım Varlık Kiralama A.Ş.	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 ^(*)	3.811.225	385	-	178.362	-	42	288	-	-
2 ^(*)	204.763	98	-	13	-	11	36	-	-

(*) 31 March 2022 reviewed financial statements are not used.

	Current Period 31.03.2022	Prior Period 31.12.2021
Balance at the beginning of the year	430	250
Movements during the year	53	180
Included in the scope of consolidation	-	-
Purchases	-	-
Bonus Share	53	180
Dividends from current year income	-	-
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Balance at the end of the year	483	430
Capital commitments	-	-
Share percentage at the end of the year (%)	100%	100%

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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.3) Subsidiaries that are quoted on the stock exchange:**

None (31 December 2021: None).

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

None (31 December 2021: None).

10. Explanations on property and equipment:

	Immovables	Right of Use Immovables	Movable	Right of Use Movable	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:							
Cost	-	222.021	145.213	34.930	72.612	-	474.776
Accumulated Depreciation (-)	-	69.971	53.111	11.154	38.621	-	172.857
Net Book Value	-	152.050	92.102	23.776	33.991	-	301.919
Current Period End:							
Net Book Value at the Beginning of the Period	-	152.050	92.102	23.776	33.991	-	301.919
Change During the Period (Net)	-	18.023	2.365	970	4.371	-	25.729
Cost	-	26.550	7.940	3.094	6.560	-	44.144
Amortization (Net) (-)	-	8.527	5.575	2.124	2.189	-	18.415
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	248.571	153.153	38.024	79.172	-	518.920
Accumulated Depreciation at Period End (-)	-	78.498	58.686	13.278	40.810	-	191.272
Provisions for losses	-	-	-	-	-	-	-
Closing Net Book Value	-	170.073	94.467	24.746	38.362	-	327.648

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 31.03.2022			Prior Period 31.12.2021		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	294.218	62.341	231.877	280.415	56.576	223.839
Total	294.218	62.341	231.877	280.415	56.576	223.839

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

11. Information on intangible assets: (Continued)

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

12. Information on the investment properties:

As of 31 March 2022, the Bank has no investment property (31 December 2021: None).

13. Information on deferred tax asset:

The Group's deferred tax liability of TL 246.103 (December 31, 2021: TL 183.007) and deferred tax asset amounting to TL 678.582 (31 December 2021: TL 484.336) are netted, and deferred tax asset of TL 432.479 (31 December 2021: TL 301.329 deferred tax asset) presence) is shown.

14. Information on other assets:

As of 31 March 2022, the Group's other assets do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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 31.03.2022	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts non-trade TL	1.238.362	-	-	-	-	-	-	-	1.238.362
II. Real persons participation accounts non-trade TL	-	856.580	9.042.386	532.307	388.847	1.395	1.222.716	-	12.044.231
III. Other current accounts-TL	6.799.933	-	-	-	-	-	-	-	6.799.933
Public sector	356.833	-	-	-	-	-	-	-	356.833
Commercial sector	2.197.781	-	-	-	-	-	-	-	2.197.781
Other institutions	110.646	-	-	-	-	-	-	-	110.646
Commercial and other institutions	687	-	-	-	-	-	-	-	687
Banks and participation banks	4.133.986	-	-	-	-	-	-	-	4.133.986
Central Bank of Republic of Turkey	185	-	-	-	-	-	-	-	185
Domestic banks	794	-	-	-	-	-	-	-	794
Foreign banks	4.132.985	-	-	-	-	-	-	-	4.132.985
Participation banks	22	-	-	-	-	-	-	-	22
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	5.163.648	11.623.277	8.336.805	1.159.451	253.417	230.896	-	26.767.494
Public sector	-	2.523.978	1.378.999	100.140	79.290	38.352	-	-	4.120.759
Commercial sector	-	2.590.814	9.295.419	8.137.852	1.079.630	215.065	227.013	-	21.545.793
Other institutions	-	48.856	948.859	98.813	531	-	3.883	-	1.100.942
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts non-trade FC	4.245.303	-	-	-	-	-	-	-	4.245.303
VI. Real persons participation accounts-FC	-	1.164.505	9.038.336	367.153	-	360.212	2.153.832	-	13.084.038
VII. Other current accounts-FC	5.654.345	-	-	-	-	-	-	-	5.654.345
Commercial residents in Turkey	5.247.341	-	-	-	-	-	-	-	5.247.341
Commercial residents in Abroad	329.815	-	-	-	-	-	-	-	329.815
Banks and participation banks	77.189	-	-	-	-	-	-	-	77.189
Central Bank of Republic of Turkey	67.568	-	-	-	-	-	-	-	67.568
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	9.620	-	-	-	-	-	-	-	9.620
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	1.083.478	16.771.111	4.211.208	160.043	15.917	57.048	-	22.298.805
Public sector	-	902	618	-	-	-	-	-	1.520
Commercial sector	-	1.061.012	15.860.318	4.211.124	160.043	1.271	53.800	-	21.347.568
Other institutions	-	3.381	226.409	84	-	-	3.248	-	233.122
Commercial and other institutions	-	18.183	60.902	-	-	14.646	-	-	93.731
Banks and participation banks	-	-	622.864	-	-	-	-	-	622.864
IX. Precious metal funds	2.414.260	-	2.602.855	313.027	39.312	-	52.821	-	5.422.275
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI	20.352.203	8.268.211	49.077.965	13.760.500	1.747.653	630.941	3.717.313	-	97.554.786

(*) As of March 31, 2022, it includes the amounts related to TL 10.119.935 CBRT Currency Protected Participation Account and TL 5.369.260 Treasury Currency Protected Participation Account products.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 31.12.2021	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	1.080.407	-	-	-	-	-	-	-	1.080.407
II. Real persons participation accounts non- trade TL	-	689.629	6.452.687	129.875	85.879	1.828	305.761	-	7.665.659
III. Other current accounts-TL	6.128.513	-	-	-	-	-	-	-	6.128.513
Public sector	167.917	-	-	-	-	-	-	-	167.917
Commercial sector	1.749.291	-	-	-	-	-	-	-	1.749.291
Other institutions	76.861	-	-	-	-	-	-	-	76.861
Commercial and other institutions	517	-	-	-	-	-	-	-	517
Banks and participation banks	4.133.927	-	-	-	-	-	-	-	4.133.927
Central Bank of Republic of Turkey	117	-	-	-	-	-	-	-	117
Domestic banks	774	-	-	-	-	-	-	-	774
Foreign banks	4.133.014	-	-	-	-	-	-	-	4.133.014
Participation banks	22	-	-	-	-	-	-	-	22
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	2.898.139	10.399.835	918.222	318.592	280.004	25.512	-	14.840.304
Public sector	-	816.825	1.110.069	124.235	41.131	78.548	-	-	2.170.808
Commercial sector	-	2.068.417	7.387.720	724.434	255.743	201.456	22.075	-	10.659.845
Other institutions	-	12.897	1.379.432	69.553	21.718	-	3.437	-	1.487.037
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	522.614	-	-	-	-	-	522.614
V. Real persons current accounts non-trade FC	3.803.345	-	-	-	-	-	-	-	3.803.345
VI. Real persons participation accounts-FC	-	591.893	9.616.802	184.883	-	280.987	2.053.298	-	12.727.863
VII. Other current accounts-FC	8.580.782	-	-	-	-	-	-	-	8.580.782
Commercial residents in Turkey	8.406.586	-	-	-	-	-	-	-	8.406.586
Commercial residents in Abroad	159.312	-	-	-	-	-	-	-	159.312
Banks and participation banks	14.884	-	-	-	-	-	-	-	14.884
Central Bank of Republic of Turkey	6.090	-	-	-	-	-	-	-	6.090
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	8.794	-	-	-	-	-	-	-	8.794
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	466.502	9.830.320	231.336	80.902	1.129	7.741.954	-	18.352.143
Public sector	-	-	1.352	-	-	-	-	-	1.352
Commercial sector	-	464.496	9.723.205	231.262	80.902	1.129	7.739.071	-	18.240.065
Other institutions	-	2.006	34.110	74	-	-	2.883	-	39.073
Commercial and other institutions	-	-	71.653	-	-	-	-	-	71.653
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	2.012.422	-	2.642.744	11.673	38.902	-	49.040	-	4.754.781
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total I+II+.....+IX+X+XI)	21.605.469	4.646.163	38.942.388	1.475.989	524.275	563.948	10.175.565	-	77.933.797

(*) As of 31 December 2021, it includes the amounts related to TL 100.220 CBRT Currency Protected Participation Account and 926.005 TL Treasury Currency Protected Participation Account products.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 31.03.2022	Prior Period 31.12.2021	Current Period 31.03.2022	Prior Period 31.12.2021
Real persons current and profit sharing accounts that are not subject to commercial activities	10.406.842	7.959.088	24.920.612	21.375.856
TL accounts	5.617.109	4.068.648	7.665.484	4.677.418
FC accounts	4.789.733	3.890.440	17.255.128	16.698.438
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 31.03.2022	Prior Period 31.12.2021
Foreign branches' profit sharing accounts and other accounts	-	-
Profit sharing accounts and other accounts of controlling shareholders and profit sharing accounts of their mother, father, spouse, children in care	-	-
Profit sharing account and other accounts of President and Members of Board of Directors, CEO and Vice Presidents and profit sharing accounts of their mother, father, spouse and children in care	1.766	142
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 31 MARCH 2022

(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 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	262.363	2.162.840	319.918	1.540.520
From Foreign Banks, Institutions and Funds	-	81.385	-	147.531
Total	262.363	2.244.225	319.918	1.688.051

b) Information on maturity structure of borrowings:

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Short-term	64.760	1.275.944	106.026	801.105
Medium and Long-term	197.603	968.281	213.892	886.946
Total	262.363	2.244.225	319.918	1.688.051

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:

80,09 % of Group's liabilities consists of current and share profit account.

3. Funds provided under repurchasing agreements:

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Domestic	4.386.741	-	3.784.645	-
Financial Institutions	4.386.741	-	3.784.645	-
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	4.386.741	-	3.784.645	-

4. Information on securities issued:

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Bond	-	-	-	-
Asset Backed Securities	4.015.410	-	4.360.022	-
Bill	-	-	-	-
Toplam	4.015.410	-	4.360.022	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

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

None (31 December 2021: None)

6. Information on derivative financial liabilities:

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Forward transactions	526	811	-	-
Swap transactions	-	28.742	70.653	1.039
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	526	29.553	70.653	1.039

7. Information on Financial Lease Obligations:

	Current Period 31.03.2022		Prior Period 31.12.2021	
	Gross	Net	Gross	Net
Less than 1 year	90.490	50.701	63.632	36.170
Between 1-5 years	98.808	73.864	84.602	64.630
More than 5 years	178.810	92.252	180.579	93.663
Total	368.108	216.817	328.813	194.463

8. Information on provisions:

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

As of March 31, 2022, there is no provision for depreciation of foreign currency indexed loans and financial lease receivables (December 31, 2021: None).

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

The expected credit loss for non-compensated and non-cash loans is TL 29.220 (December 31, 2021: TL 29.168).

c) Information on other provisions:

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

Except for the BRSA Accounting and Financial Reporting Legislation requirements, free provision has been set aside by the bank management, amounting to TL 119.000, of which TL 20.000 has been reserved in previous periods and TL 99.000 has been allocated in the current period (31 December 2021: Except for the BRSA Accounting and Financial Reporting Legislation requirements, a total of TL 20.000 has been set aside by the bank management, of which TL 45.000 has been reserved in previous periods and TL 25.000 has been canceled in the current year).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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 March 31, 2022, TL 543.244 of other provisions (31 December 2021: TL 428.989) was allocated from profits to be distributed to participation accounts, TL 606 (31 December 2021: TL 1.612) was made from provisions for foreign currency purchases and sales, 226 The portion amounting to TL (31 December 2021: TL 226) consists of the provision for promotional practices regarding credit cards and banking services.

c.3) Information on litigations provisions

A provision of TL 54.738 has been made in the financial statements for the lawsuits that are likely to be concluded against the Group but are not yet finalized (31 December 2021: TL 55.135).

d) Information on provisions for employee benefits:**d.1) Employment termination benefits and unused vacation rights**

According to the Turkish Labor Law; The Bank is obliged to pay severance pay for its personnel who have completed one year of employment and whose relationship with the Bank has been terminated due to reasons other than resignation or bad behavior, or who completed their service year and gained their retirement, were called up for military service or died. The compensation to be paid is equal to one month's gross salary for each year of service, and this amount is limited to 10.596 TL (full TL) determined by the government as of 31 March 2022 (31 December 2021: 8.285 TL (full TL)).

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

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Discount Rate (%)	19,10%	19,10%
Inflation	15,80%	15,80%

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Balance at the 1 January	26.259	18.984
Paid during the period	-	8.179
Severance Pay	3.188	(1.115)
Actuarial loss/(gain)	-	211
Balance at the end of the period	29.447	26.259

As of March 31, 2022, the Bank's liability arising from leave rights is TL 16.150 (December 31, 2021: TL 10.500).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 31 December 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 Group has provisions amounting to TL 499 in the current period, based on the additional bonus to be paid to the personnel (31 December 2021: TL 500).

9. Explanations on tax liability:

a) Information on tax provisions:

As of 31 March 2022, the Bank's corporate tax liability after deducting temporary taxes paid during the period from tax provisions is TL 592.270 (As of 31 December 2021, corporate tax liability after deducting temporary taxes paid during the period from tax provisions is TL 282.895).

b) Information on taxes payable:

	Current Period 31.03.2022	Prior Period 31.12.2021
Corporate Tax Payable	592.270	282.895
Taxation on Income From Securities	27.547	28.932
Property Tax	722	475
Banking Insurance Transactions Tax (BITT)	26.675	19.237
Foreign Exchange Transactions Tax	2.098	5.578
Value Added Tax Payable	9.417	8.809
Other	17.678	3.998
Total	676.407	349.924

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 31.03.2022	Prior Period 31.12.2021
Social Security Premiums – Employee	40	15
Social Security Premiums – Employer	27	7
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	505	165
Unemployment Insurance – Employer	1.007	330
Other	-	-
Total	1.579	517

10) Information on deferred tax liabilities, if any:

The Group has no deferred tax liability as of the balance sheet date. (31 December 2021: None)

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

The Bank has no liabilities for assets held for sale and discontinued operations (31 December 2021: None).

12. Explanations on subordinated debts

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
From Domestic Banks	1.374.388	-	1.341.500	-
From Other Domestic Institutions	-	2.037.123	-	1.314.363
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
Total	1.374.388	2.037.123	1.341.500	1.314.363

	Current Period 31.03.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:	-	2.037.123	-	1.314.363
Subordinated Loans(*)	-	2.037.123	-	1.314.363
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	1.374.388	-	1.341.500	-
Subordinated Loans (**)	1.374.388	-	1.341.500	-
Equity-like Debt Instruments	-	-	-	-
Total	1.374.388	2.037.123	1.341.500	1.314.363

(*) The Parent Bank, from the Turkey Wealth Fund Market Stability and Balance Sub-Fund, with the approval of the BRSA on April 22, 2019, in the amount of EUR 100.000 on April 24, 2019; With the approval of the BRSA on March 9, 2022, on March 9, 2022, a subordinated loan amounting to EUR 57.039 is provided within the scope of demand and non-profit additional capital. The Bank calculated the fair value of the loan amount and reflected it to the financial statements by using the prices of similar financial instruments on the date it was included in the balance sheet within the scope of TFRS 9 and TFRS 13 standards

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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 31.03.2022	Prior Period 31.12.2021
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:

None (31 December 2021: 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 2021: None).

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

As of 31 March 2022, the Bank has no preferred shares (31 December 2021: None).

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

	Current Period 31.03.2022		Prior Period 31.12.2021	
	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	273.348	(66.329)	43.265	(24.008)
Revaluation Difference	336.162	(66.329)	49.994	(24.008)
Deferred Tax Effect	(62.814)	-	(6.729)	-
Foreign Exchange Difference	-	-	-	-
Total	273.348	(66.329)	43.265	(24.008)

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

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:

	Current Period 31.03.2022	Prior Period 31.12.2021
Commitments for Credit Card Expenditure Limits	949.581	553.864
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	633.286	448.457
Loan Granting Commitments	27.599	22.637
Asset Purchase Commitments	171.954	141.095
Tax and Fund Liabilities from Export Commitments	693.488	534.148
Promotion Commitment Regarding Credit Card and Banking Services	252	265
Total	2.476.160	1.700.466

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

A provision of 116.815 TL has been made for possible losses arising from off-balance sheet items (31 December 2021: 103.959 TL).

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Guarantee Letters	25.408.559	22.059.849
Bank Acceptances	35.548	33.018
Letter of Credits	5.586.836	5.073.547
Other Contingencies	2.359.419	2.437.051
Total	33.390.362	29.603.465

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

	Current Period 31.03.2022	Prior Period 31.12.2021
Letters of Temporary Guarantees	1.150.455	996.121
Letters of Certain Guarantees	12.113.955	9.823.046
Letters of Advance Guarantees	3.178.097	2.946.697
Letters of Guarantees given to Customs Offices	207.192	151.838
Other Letters of Guarantees	8.758.860	8.142.147
Total	25.408.559	22.059.849

b.3) Total non-cash loans:

	Current Period 31.03.2022	Prior Period 31.12.2021
Non-Cash Loans for Providing Cash Loans	8.758.750	8.142.586
With Original Maturity of One Year or Less	1.666.600	1.128.932
With Original Maturity of More than One Year	7.092.150	7.013.654
Other Non-Cash Loans	24.631.612	21.460.879
Total	33.390.362	29.603.465

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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****1. a) Information on profit share received from loans:**

	Current Period 31.03.2022		Prior Period 31.03.2021	
	TL	FC	TL	FC
Profit share on loans ^(*)	1.781.676	346.216	825.274	139.635
Short term loans	740.379	63.184	215.798	24.186
Medium and long term loans	1.018.881	283.032	596.062	113.014
Profit share on non-performing loans	22.416	-	13.414	2.435
Premiums received from resource utilization support fund	-	-	-	-

^(*) Includes fees and commissions income on cash loans.**b) Information on profit share income from banks:**

	Current Period 31.03.2022		Prior Period 31.03.2021	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	10.675	1.071	-	245
Foreign Banks	-	1.274	-	260
Head Office and Branches	-	-	-	-
Total	10.675	2.345	-	505

c) Information on profit share income from securities portfolio:

	Current Period 31.03.2022		Prior Period 31.03.2021	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	-	10.221	2.784	-
Financial Assets at Fair Value through Other Comprehensive Income	1.414.656	41.681	143.983	10.020
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	-	33.468	-	13.315
Total	1.414.656	85.370	146.767	23.335

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

None (31 December 2021: None).

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

	Current Period 31.03.2022		Prior Period 31.03.2021	
	TL	FC	TL	FC
Banks	66.996	10.774	25.314	21.065
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	66.996	10.209	4.421	18.704
Foreign Banks	-	565	20.893	2.361
Head Office and Branches	-	-	-	-
Other Institutions	-	36.157	-	-
Total	66.996	46.931	25.314	21.065

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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 (31 March 2021: None)

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

Profit share expenses on securities issued are TL 178.277 (31 March 2021: TL 150.207).

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

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

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

(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 31.03.2021	Participation Accounts					
Account Name	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	2.154	-	-	-	2.154
Real Person's Non Commercial Participation Accounts	16.055	135.931	1.200	1.543	7.804	162.533
Public Sector Participation Accounts	23.562	23.524	6.065	2.988	-	56.139
Commercial Sector Participation Accounts	32.942	346.538	2.514	4.707	11.432	398.133
Other Institutions Participation Accounts	712	46.935	2.403	-	2	50.052
Total	73.271	555.082	12.182	9.238	19.238	669.011
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	1.719	16.038	220	470	6.984	25.431
Public Sector Participation Accounts	1	3	-	-	-	4
Commercial Sector Participation Accounts	514	25.641	1.873	739	4.633	33.400
Other Institutions Participation Accounts	8	57	-	-	-	65
Public Sector Participation Accounts	-	2.043	187	24	46	2.300
Total	2.242	43.782	2.280	1.233	11.663	61.200
Grand Total	75.513	598.864	14.462	10.471	30.901	730.211

3. Information on dividend income:

As of 31 March 2022 the Bank has no dividend income. (31 March 2021: None).

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

	Current Period 31.03.2022	Prior Period 31.03.2021
Income	1.586.292	4.628.701
Foreign exchange gains	1.432	82.652
Gain on derivative financial instruments	74.311	29.181
Gain on capital market transactions	1.510.549	4.516.868
Losses (-)	1.559.593	4.539.446
Foreign exchange losses	756	84.394
Losses on derivative financial instruments	22.965	69.253
Losses on capital market transactions	1.535.872	4.385.799
Net	26.699	89.255

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

	Current Period 31.03.2022	Prior Period 31.03.2021
Effect of the change in exchange rates on profit/loss	51.346	(40.072)
Total	51.346	(40.072)

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 31.03.2022	Prior Period 31.03.2021
Correction Account for Previous Years Expenses	276.249	224.346
Income from the Sale of the Asset	6.962	639
Provision for Communication Expenses	1.492	264
Checkbook Fees	172	120
Other	2.567	1.621
Total	287.442	226.990

(*) Adjustment account for previous year expenses consists of TL 90.718 (31 March 2021 : 134.516 TL), monthly value account allocations of 11.306 TL (31 March 2021 : 47.158 TL) and 56.235 TL for the value account for the loan allocations and free donations (31 March 2021: 33.397 TL).

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

	Current Period 31.03.2022	Prior Period 31.03.2021
Expected Credit Loss	448.737	272.800
12 month expected credit loss (stage 1)	192.545	61.543
Significant increase in credit risk (stage 2)	65.104	78.856
Non-performing loans (stage 3)	191.088	132.401
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	108.180	21.494
Total	556.917	294.294

(*) Includes 99.000 TL free provision expense.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 31.03.2022	Prior Period 31.03.2021
Provision of Employee Termination Benefits	3.188	2.072
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	19.781	13.344
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	5.766	4.372
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	64.893	21.991
Leasing Expenses Related to TFRS 16 Exceptions	369	67
Maintenance Expenses	3.206	4.229
Advertisement Expenses	10.954	3.335
Other Expenses	50.364	14.360
Loss on Sales of Assets	31	-
Other (*)	49.285	27.676
Total	142.944	69.455

(*) (*) The balance of constituting the other item, TL 23.727 (TL 14.747 on 31 March 2021) consists of SDIF premium and audit and consultancy service expenses, while TL 13.357 (TL 12.929 on March 31, 2021) consists of taxes, fees, funds and other service expenses.

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

As of 31 March 2022, the Group does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 31.03.2022	Prior Period 31.03.2021
Net Profit Share Income	2.101.272	241.971
Net Fees and Commissions Income	66.311	30.866
Dividend Income	-	-
Trading Income/Expense (Net)	26.699	89.255
Other Operating Income	287.442	226.990
Expected Loss Provision (-)	448.737	272.800
Other Provision Expense(-)	108.180	21.494
Personnel Expense	183.544	72.566
Other Operating Expenses (-)	142.944	69.455
Income/(Loss) from Continuing Operations	1.598.319	152.767

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)

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

As of 31 March 2022, the Group's tax provision expense amounting to TL 403.888 (31 March 2021: TL 28.015) and TL 591.125 (31 March 2021: TL 15.250) is from current tax expense, amounting to TL 187.237 (31 March 2021: TL 12.765). amount of it consists of deferred tax income.

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

Net profit of the Bank from continuing operations is TL 1.194.431 (31 March 2021: TL 124.752 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 (31 March 2021: 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 31 MARCH 2022

(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
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	1.646	-	-	-
Balance at end of period	-	-	1.933	-	-	-
Profit share and commission income	-	-	-	-	-	-

Prior Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at the beginning of the period	-	-	540	-	-	-
Balance at the end of the period	-	-	1.646	-	-	-
Profit share and commission income	-	-	-	-	-	-

- b) Current and profit sharing account held by the Bank's risk group:

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Current and profit sharing accounts						
Balance at the beginning of period	-	-	-	2.715	-	-
Balance at the end of period	-	-	-	-	-	-
Participation Accounts						
Profit Share Expenses	-	-	-	9	-	-

- c) Information on loans received from the Bank's risk group:

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Funds Borrowed						
Balance at the beginning of period	4.050.000	3.950.000	484.397	560.325	-	-
Balance at the end of the period	3.700.000	4.050.000	406.691	484.397	-	-
Profit share paid expense	178.277	150.207	5.000	4.421	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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	-	-	1.708.791	2.153.566	-	-
Closing Balance	-	-	6.306.101	1.708.791	-	-
Total Profit/Loss	-	-	28.537	4.460	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on remunerations provided to top management:

The total amount of benefits provided to the Bank's Senior Management is TL 2.763 (31 March 2021: TL 2.097).

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

In accordance with the decision taken at the 2021 Ordinary General Assembly meeting; The Bank's capital has been increased by TL 900.000 in cash by its main shareholder, Ziraat Bank, to TL 2.650.000. The Ordinary General Assembly Decision was registered in the Trade Registry Gazette on April 18, 2022.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

SECTION SIX

EXPLANATIONS ON AUDITOR’S LIMITED REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S LIMITED REVIEW REPORT

As of March 31, 2022, the consolidated financial statements prepared for the accounting period ending on the same date are prepared by PwC Independent Auditing and Independent Accountant Mali Müşavirlik A.Ş. and the review report dated 11 May 2022 is presented before the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. ASSESMENT OF CHAIRMAN

Assesment of Chairman

The Covid-19 virus, which emerged in 2020 and then spread all over the world, started to lose its effect as of the last quarter of last year. While social life was returning to the pre-epidemic period, a visible improvement occurred in economic activity. While inflation rates increased within the framework of the recovery in the global economy, supply and supply chain problems, central banks started to display a more hawkish attitude. In addition, the Russia-Ukraine war, which started in the first quarter of this year, caused serious increases in food and energy prices, and inflation concerns became more evident.

In the USA, which is one of the countries most affected by the epidemic, the economy recovered quickly and even signs of overheating began to be seen. The US Federal Reserve (FED) announced that it has entered a long-term interest rate increase process by ending the expansionary monetary policy it has been continuing for the last two years in the first quarter of this year to ensure price stability. In this context, it made the first interest rate increase of 25 basis points in the first quarter of this year, and then increased interest rates once again in May. On the other hand, with the support of other western countries, the USA started to impose heavy economic sanctions on Russia due to the occupation of Ukraine. Especially due to the embargo imposed on Russia's oil and natural gas exports, there have been serious increases in oil and natural gas prices in the global economy recently.

The negative effects of the pandemic on the social life and economy in Europe were greatly reduced in the first quarter of this year. While the recovery in the economy continued, there was a rapid increase in inflation rates in the European continent. Despite the high inflation, the European Central Bank (ECB) did not make any changes in interest rates and declared that it would end its asset purchase program within the year. Despite the fact that continental Europe did not actually participate in the embargo imposed by the USA on Russia, Europe's largest natural gas supplier, energy prices increased at a high rate in the European continent. In addition, the uncertainty created by the Russia-Ukraine war is closely followed by continental Europe due to its geographical proximity.

While the impact of the pandemic process on the economy was limited due to the successful management of the vaccination process and the well-organized health system in Turkey, the return to normal in social life gained speed. In order to encourage savings in TL and to protect TL investors, success was achieved in the first quarter of this year in the currency protected TL deposit and participation accounts (KKM) products, which were put into practice in the last quarter of 2021. In addition, the export-supporting economy model that Turkey started to implement this year began to bear fruit in the first quarter of the year, breaking an all-time record in exports. Increases in global food and energy prices have caused a slight increase in inflation in Turkey recently. However, with the entry of the summer season, it is expected to see an improvement in inflation rates together with the decrease in food prices.

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 13,2% in the first quarter of this year compared to the beginning of the year, the asset size of the banking sector increased by 10,2% in the same period. In the same period, our Bank's asset size increased by 24%. Looking at the profit figures, the net period profit of the participation banking sector in the first quarter of 2022 increased by 413% compared to the same period of the previous year, while the net period profit of the banking sector increased by 286% in the same period. In the same period, our Bank's net profit increased by 857%. While the share of participation banking in the sector was 7,8% at the end of last year, it increased to 8,0% in the first quarter of this year. The continuation of this positive performance recorded in Participation Banking will contribute to the deepening of the financial system and its more sheltered against risks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

INTERIM ACTIVITY REPORT (Continued)

I. ASSESMENT OF CHAIRMAN (Continued)

Ziraat Participation Bank, bearing the title of Turkey's first public participation bank, continued to branch in the first quarter of 2022 and opened its 124th branch. Ziraat Participation Bank aims to carry the public participation banking practice to all settlements with high economic activity in our country by accelerating branching in the upcoming period. Considering the new economic policies implemented in our country by our Bank; We continued to provide effective service by offering products that meet the needs of our customers.

Since the day it was founded, 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. In the upcoming period, it will continue to work to contribute more to our economy.

Alpaslan ÇAKAR
Chairman of the Board

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

INTERIM ACTIVITY REPORT (Continued)

II. ASSESMENT OF GENERAL MANAGER

ZİRAAT PARTICIPATION BANK CONTINUES TO GROWTH

Ziraat Participation's total assets reached 121.6 billion TL with an increase of 24% in the first quarter of 2022 compared to the end of 2021, while the funds collected reached 97.55 billion TL with an increase of 25% compared to the same period. While the cash funds provided increased by 29% to TL 85.4 billion, the total cash and non-cash financing provided by Ziraat Participation to the entire sector amounted to TL 118 billion.

Ziraat Participation completed the first quarter of 2022 with a profit of TL 1.2 billion, as a result of its service approach that prioritizes customer satisfaction and the successful execution of its business cycle structured with a focus on efficiency.

Ziraat Participation, which has rapidly expanded its branch network throughout Turkey, has reached 124 branches, 123 in the country and 1 abroad, as of the 1st quarter of 2022.

LEASE CERTIFICATE ISSUES REACHED TL 40.3 BILLION

Ziraat Participation Bank successfully completed the issuance of 7 lease certificates in the first quarter of 2022. Ziraat Yatırım Menkul Değerler A.Ş. While 3.2 billion TL funding was obtained from these issuances made through these issues, there was a demand from investors for all of the lease certificate issues.

Ziraat Participation, Turkey's first publicly owned participation bank, has reached a total volume of 40.3 billion TL with the issuance of 108 lease certificates to investors since its inception in 2015.

WE CONTINUE WITH FINANCIAL LEASING SUPPORT PROGRAMS

The implementation of the "Vegetables and Fruits Cold Chain Financial Leasing Support Program Protocol" signed between KOSGEB and our Bank in order to support the supply of domestic goods and new cold air units and/or refrigerated refrigerated cases/units through financial leasing continued. The "KOSGEB Support Programs Financial Leasing Protocol", which was prepared to support the down payment and/or profit share of financial leasing within the framework of the relevant support program legislation, continued in the first quarter as well.

INVESTMENT SUPPORT PACKAGE IS PREPARED

Protocols were signed between the Credit Guarantee Fund (KGF) and our Bank in order to support the investments and made available to the beneficiaries. As KGF surety, in order to meet the financing demands of all SMEs and non-SME enterprises, which need collateral support to meet their financing needs within the scope of new or ongoing investments that will increase their production and employment capacities (with priority in the companies operating in the manufacturing industry or exporting), "Investment Support Package" has been prepared. Again, in return for financing the working capital needs of SMEs and non-SME companies, the "Business Expenditures Support Package" was prepared with KGF surety.

EXPORT SUPPORT PACKAGE IS PREPARED

In return for financing the working capital needs of SMEs operating in exporting or foreign exchange earning sectors and SMEs that are not currently exporters but have export potential, the "Export Support Package" has been prepared with KGF guarantee.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

INTERIM ACTIVITY REPORT (Continued)

II. ASSESMENT OF GENERAL MANAGER (Continued)

EMPLOYMENT SUPPORT PACKAGE CONTINUED

To SMEs and Non-SME businesses that are committed to providing employment and maintaining the number of employment they have increased in this context; The "Additional Employment Support Package" with KGF guarantee continued with the cooperation of the Ministry of Treasury and Finance, KGF, SGK, İŞKUR and our Bank in order to meet the financing needs under appropriate conditions and to provide profit support. The "Manufacturing-Based Import Substitution Support Package" with KGF guarantee continued to be used to finance the investments that will increase the production and employment capacities of the enterprises holding the investment incentive certificates issued for manufacturing industry investments.

WE PROVIDE DIGITAL CONVENIENCE IN CURRENCY PROTECTED ACCOUNTS

In accordance with the communiqué published by the CBRT on 11.01.2022, the balances of foreign currency deposit accounts in USD, EURO, GBP and XAU and participation fund accounts in foreign currency between 31.12.2021 and 31.03.2022, if the account holder requests, It has been made possible to open a Foreign Currency/Gold Conversion TL Currency Protected Account at our branches and through our internet/mobile channels over the conversion rate for 6 months and 12 months. As of March 31, a total of 15.4 Billion TL currency protected deposit accounts were opened to 23.153 customers.

WE OFFER YUVAM ACCOUNT TO OUR CUSTOMERS

In accordance with the communiqué published by the CBRT on 01.02.2022, foreign currency deposit accounts and foreign currency participation funds to be opened in banks in return for foreign currency amounts by citizens residing abroad can be opened in 3 months, 6 months and 12 months in Yuvam account opening, especially in all our branches, and on our internet/mobile channels.

WE REALIZE OUR COMMERCIAL BRANCHES

In order to serve our Bank's customers through the right channel, in the first quarter of 2022, customer and branch segmentation studies were accelerated within the framework of customer-oriented banking approach, segmentation rules were determined and segment assignments of the Bank's customers were made. Within the scope of these studies, an additional Commercial segment was created to the existing segments that are compatible with the customer structure, and in this direction, the Commercial Branch Banking Department Head started its activities. With Commercial Branches; service will be provided both to customers in its own segment and to corporate segment customers in provinces where there is no corporate branch. In this context, it is planned to complete the opening of 14 Commercial Branches in 9 different cities.

WE STARTED PRIVATE BANKING ACTIVITIES

In accordance with the procedures and principles of Participation Banking, managing all financial needs and savings of wealthy customers, both domestic and foreign, who are in the upper segment structure, who expect to receive services different from existing banking services, to support the rapid realization of their investments and to provide solutions. In order to share our recommendations, we have implemented our Private Banking Department Head. Our Private Banking Center; We can provide service in 3 languages, English, Arabic and French.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

INTERIM ACTIVITY REPORT (Continued)

II. ASSESMENT OF GENERAL MANAGER (Continued))

WE HAVE CREATED OUR STRATEGY PLAN FOR 2022-2025

Within the scope of the Strategic Plan studies that started in the 3rd quarter of 2021, our Bank’s strategic plan covering the period 2022-2025 is basically; It was established on the basis of carrying out its activities with a focus on creating sustainable value for all our stakeholders, focusing on the needs of our customers and determining the steps we will take in the technological field. Our organizational structure was revised within the scope of the “Sales Service Model” and “Segmentation” projects, which are among our Bank’s strategy projects. We aim to be a solution partner with the products and corporate services we will offer to our customers. With end-to-end value propositions, we are advancing to our strategic goal of being the “Main Bank” of our customers.

WE PROVIDED DIGITAL CONVENIENCE TO OUR CUSTOMERS

Our customers can complete the account opening processes by downloading our Participation Mobile application on their phones, approving the documents required for account opening at our branches with “Digital Document Approval”. Customers who call the Customer Communication Center at 0850 220 5000 can listen to the account balance and the due date of their participation account via the voice answering system without connecting to the customer representative, and receive the iban number of their account as a short message to their registered mobile phone in our Bank. After our customer’s applications to the TKBB on behalf of our Bank, the entire process between the TKBB and our Bank was followed end-to-end in a digital environment and governance was ensured. The Central Banking Branch provides services in 4 languages: English, Sign language, Turkish and Arabic. As Ziraat Participation, we continue to work devotedly to increase our contribution to the real economy, in line with our values and ethical principles, which are the reflection of our deep-rooted corporate culture.

Best Regards,

Metin ÖZDEMİR
General Manager

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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 Committee, and the General Manager and his Deputies do not own shares in the Bank.

Title	Share Amounts	Number Of Shares
T.C. Ziraat Bankası A.Ş.	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

Among the Bank's Assets, Loans with 85.328.557 Thousand TL with 70%, Cash Securities and Cash Equivalents with 19.212.108 Thousand TL with 16%, Securities with 15.286.435 Thousand TL with 13%, Other Assets with 1.984.376 Thousand TL with 1% gets a share.

Assets (Thousand TL)	31 March 2022	31 December 2021	Variance (%)
Cash Values and Cash Equivalents	19.212.108	18.639.347	3
Securities	15.286.435	11.702.431	31
Loans	85.328.557	66.399.920	29
Other Assets	1.984.376	1.773.940	13
Total Assests	121.811.476	98.515.638	24

Funds Collected in Bank Liabilities with TL 97.554.786 Thousand with 80%, Funds Other than Funds Collected with TL 14.320.250 Thousand with 12%, Shareholders' Equity with TL 5.703.928 Thousand with 5% and Other Liabilities with TL 4.232.512 Thousand with 3%. takes.

Liabilities (Thousand TL)	31 March 2022	31 December 2021	Variance (%)
Deposit	97.554.786	77.933.797	25
Non- Deposit Resources	14.320.250	12.808.499	12
Other Liabilities	4.232.512	3.451.607	23
Equity	5.703.928	4.321.735	32
Total Liabilities	121.811.476	98.515.638	24

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

(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)	31 March 2022	31 March 2021
Profit Share Income	3.904.394	1.279.952
Profit Share Expense	1.803.122	1.037.981
Net Profit Share Income	2.101.272	241.971
Net Fee and Commission Income	66.311	30.866
Trading Profit/Loss	26.699	89.255
Other Operating Income	287.442	226.990
Other Operating Expense	142.944	69.455
Expected Loss Provision	448.737	272.800
Other Provision Expense	108.180	21.494
Personel Expense	183.544	72.566
Profit / Loss Before Tax	1.598.319	152.767
Tax Provision	(403.888)	(28.015)
Net Profit/Loss	1.194.431	124.752

RATIOS (%)	31 March 2022	31 December 2021
Capital Adequacy Ratio	15,8	14,0
Equity / Total Assets	4,7	4,4
Total Loans / Total Assets	71,7	69,1
Borrowings/Total Assets	80,2	79,3
Non-Performing Loans (Gross)/Loans	1,9	2,5

* 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 31 March 2022, 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 31 MARCH 2022

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

INTERIM ACTIVITY REPORT (Continued)

VI. INFORMATION ON THE CONSOLIDATED SUBSIDIARY (Continued)

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

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Interest Rate
Ziraat Participation Bank A.Ş.	TRDZKVK42228	600.000.000,00	7.01.2022	15.04.2022	15	20,00%
Ziraat Participation Bank A.Ş.	TRDZKVK42236	500.000.000,00	19.01.2022	27.04.2022	27	19,50%
Ziraat Participation Bank A.Ş.	TRDZKVK52219	500.000.000,00	4.02.2022	13.05.2022	43	18,70%
Ziraat Participation Bank A.Ş.	TRDZKVK62226	600.000.000,00	23.02.2022	3.06.2022	64	16,90%
Ziraat Participation Bank A.Ş.	TRDZKVK62234	400.000.000,00	4.03.2022	15.06.2022	76	16,10%
Ziraat Participation Bank A.Ş.	TRDZKVK62242	400.000.000,00	22.03.2022	28.06.2022	89	16,90%

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Interest Rate
Ziraat Participation Bank A.Ş.	TRDZKVK12213	600.000.000,00	28.09.2021	7.01.2022	101	29.552.880,00
Ziraat Participation Bank A.Ş.	TRDZKVK12221	500.000.000,00	13.10.2021	19.01.2022	98	23.895.900,00
Ziraat Participation Bank A.Ş.	TRDZKVK22212	400.000.000,00	26.10.2021	4.02.2022	101	17.986.320,00
Ziraat Participation Bank A.Ş.	TRDZKVK22220	600.000.000,00	12.11.2021	23.02.2022	103	27.259.740,00
Ziraat Participation Bank A.Ş.	TRDZKVK32229	400.000.000,00	26.11.2021	4.03.2022	98	16.539.160,00
Ziraat Participation Bank A.Ş.	TRDZKVK32237	400.000.000,00	10.12.2021	22.03.2022	102	18.220.280,00
Ziraat Participation Bank A.Ş.	TRDZKVK32211	450.000.000,00	30.09.2021	30.03.2022	181	40.948.155,00

ZKB VARLIK KİRALAMA A.Ş.

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

The company's main address is Fatih / ISTANBUL.

As of 30 March 2022, the company has no personnel.

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

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Interest Rate
T.C. Çevre ve Şehircilik Bakanlığı Toplu Konut İdaresi Başkanlığı	TRDZKBV42219	200.000.000,00	14.02.2022	29.04.2022	29	18,90%

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

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Interest Rate
T.C. Çevre ve Şehircilik Bakanlığı Toplu Konut İdaresi Başkanlığı	TRDZKBV12212	100.000.000,00	15.11.2021	31.01.2022	77	3.406.990,00
T.C. Çevre ve Şehircilik Bakanlığı Toplu Konut İdaresi Başkanlığı	TRDZKBV22211	100.000.000,00	06.12.2021	28.02.2022	84	3.532.600,00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2022 I. INTERIM ACTIVITIES

Foreign Trade Transactions Service

- Incoming transfers will be automatically paid directly to the customer's account after certain rules and controls.
- 25% of the export revenues tied to the IBKB was sold to our Bank, these amounts were sold to the Central Bank on the same day at the foreign exchange buying rate announced by the Central Bank and valid for the transaction day, and transferred to the Central Bank's account at our Bank, the relevant amount (25%) The systemic development, in which our bank pays the exporter in Turkish currency, has been completed. Instant reporting of transactions to the CBRT with high-frequency data is also provided.
- Incoming transfer notification, external warranty opening notification, import letter of credit draft notification, etc., which will increase customer satisfaction in the foreign trade customer (SMS/E-Mail) information package. 6 new notifications have been added.
- Automation has been increased in order to monitor the Nostro account reconciliation more effectively.
- All transactions in international payment transactions were completed on the main banking screen without using the SWIFT interface.

What We Will Achieve in 2022:

- Improvements will be made to increase the automation rate regarding the automatic payment of incoming transfers directly to the customer's account.
- Transaction outcome in international payment transactions will be monitored visually from the system. Process of processing requested/rejected transactions will be automated.
- Improvements will be made to complete all swift correspondence over the main banking system and to reduce the use of the interface.
- Export letter of credit processes will be improved with systematic improvements.
- Automation of incoming remittance return and transfer processes will be ensured.
- Foreign trade transaction reports (including the main report and detailed reports according to the transaction type) will be created and efficiency will be increased by providing reports quickly according to the needs.
- The collection processes of foreign trade costs and commissions will be regulated and their deficiencies will be eliminated.
- Automation of FX loan usage notifications and reporting will be provided.
- Additional K20 message type will be added to K14 message type in EFT system.
- Adaptation processes will be carried out for the transition to ISO20022.
- It will be ensured that the open export notifications submitted to the tax office are made electronically.
- Systematic development will be made to carry out IBKB transactions over the Internet branch. • Import letter of credit processes will be improved.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2022 I. INTERIM ACTIVITIES (Continued)

GUARANTEE TRANSACTIONS SERVICE

What We Will Achieve in 2022:

- KGF A.Ş. Service integration will be provided for automatic data sharing with
- The policy document will be reflected on the screen on a policy basis in cover insurance entry and update processes.
- Automatic expense collection will be made in real estate mortgage e-discharge transactions.

Fund Disbursement and Process Service

What We Will Achieve in 2022:

- More effective screen usage is aimed by ensuring that transactions are tracked on a project basis by performing an end-to-end study such as creating a payment plan for corporate cash fund disbursements, entering documents subject to trading, disbursing funds, closing invoices.
- It is planned to save labor by easing the workload in our branches and service and to automatically settle invoices after XML-formatted invoices are uploaded by our customers via mobile and internet banking.
- Integration will be ensured to keep the invoice information of the loans extended with KGF guarantee in the KGF SME system.

Financial Leasing Operations Service

What we will do in 2022:

- System integration will be ensured between the Association of Financial Institutions and our Bank for the registration and follow-up of financial leasing agreements.

Head of Information Systems Management Department

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

The following works have been completed within the framework of the Open Source Code Migration Program:

- Adding a screen sharing feature to the instant messaging application.
- Making queuematic devices compatible with open source code.
- Migration to the Pardus operating system in the Head Office, Information Systems and Operations, Inspection and Internal Control business families.
- New segmentation definitions and criteria have been changed.
- Necessary infrastructure has been provided for the Investment Attorney Financing Product.
- Currency Protected TL Deposit Transactions project was completed and put into use.
- Yuvam Account project was completed and put into use.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2022 I. INTERIM ACTIVITIES (Continued)

Head of Information Systems Management Department (Continued)

- The necessary infrastructure has been established for recording and storing video calls.
- Transfer of Findeks Reports to Credit Analysis Reports (FAR / KAR) was provided.
- The customer identification project with mobile approval from the branch was completed and put into use.
- Optimization, follow-up and reporting of audit processes was ensured by making IT Findings Tracking Module.
- A process platform for asking questions to the Advisory Committee has been prepared.
- It has been made possible to open an investment account via the Internet and mobile branches.
- Necessary work has been completed in order to inform customers in foreign trade transactions.
- Project and Company Analysis reports were included in the system and business and performance tracking was automated.
- Elibol Account Project was completed and put into use.

Head of Product Development and Management Department

Within the scope of the support programs signed between the Small and Medium Enterprises Development and Support Administration (KOSGEB) and our Bank to encourage investments;

- The implementation of the **“Vegetables and Fruits Cold Chain Financial Leasing Support Program Protocol”** signed between KOSGEB and our Bank in order to support the supply of domestic goods and new cold air units and/or refrigerated refrigerated cases/units with the financial leasing method continued.
- The implementation of the **“KOSGEB Support Programs Financial Leasing Protocol”** signed between KOSGEB and our Bank, which was prepared to support the down payment and/or profit share of financial leasing within the framework of the relevant support program legislation, continued in the first quarter as well. Protocols were signed between the Credit Guarantee Fund (KGF) and our Bank in order to support the investments and made available to the beneficiaries:
- Companies that need collateral support to meet their financing needs within the scope of new or ongoing investments that will increase their production and employment capacity (companies operating in the manufacturing industry or exporting are prioritized). An **“Investment Support Package”** has been prepared, with KGF surety, in order to meet the financing demands of all SMEs and non-SME enterprises under appropriate conditions.
- **“Export Support Package”** with KGF guarantee was prepared in return for financing the working capital needs of SMEs operating in exporting or foreign exchange earning sectors and SMEs that are not currently exporters but have export potential.
- In return for financing the working capital needs of SMEs and non-SME companies, the **“Business Expenditures Support Package”** was prepared with KGF surety.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2022 I. INTERIM ACTIVITIES (Continued)

Head of Product Development and Management Department (Continued)

- To SMEs and Non-SME businesses that undertake to provide employment and to maintain the number of employment they have increased within this scope; The "**Additional Employment Support Package**" with KGF guarantee continued with the cooperation of the Ministry of Treasury and Finance, KGF, SGK, İŞKUR and our Bank in order to meet the financing needs under appropriate conditions and to provide profit support.
- The implementation of the KGF-guaranteed "Import Substitution Support Package" continued to be used by the enterprises holding investment incentive certificates for manufacturing industry investments to finance their investments that will increase their production and employment capacities.
- The KGF-backed "**KGF Support Loan 2**" application, signed to support SMEs' access to finance, continued in the first quarter as well.

The new financing products planned to be realized in 2022 are given below.

- ☐ Inflation Indexed Karz Financing,
- ☐ Sustainable Finance Products (green housing, hybrid vehicle, renewable energy),
- ☐ Unsubsidized Agricultural Finance Products,
- ☐ Stock Finance, ☐ Mobile Letter of Guarantee,
- ☐ On-Site, Fast Financing.

As Ziraat Participation, our customers; will continue its activities without slowing down to ensure financing under the most favorable conditions.

- Yuvam and Currency Protected Accounts are available to our customers.
- In accordance with the communiqué published by the CBRT on 11.01.2022, foreign currency deposit account balances in USD, EURO, GBP and XAU and participation fund account balances in foreign currency between 31.12.2021 and 31.03.2022 of domestic resident legal entities, if requested by the account holder, are 3 months. It has been made possible to open a Foreign Currency/Gold Conversion TL Currency Protected Account at our branches and through our internet/mobile channels over the conversion rate of 6 months and 12 months. As of March 31, a total of 15.4 Billion TL currency-protected deposit accounts were opened to 23.153 customers.
- In accordance with the communiqué published by the CBRT on 01.02.2022, foreign currency deposit accounts and foreign currency participation funds to be opened in banks in return for foreign currency amounts by citizens residing abroad can be opened in 3 months, 6 months and 12 months in Yuvam account opening, especially in all our branches, on our internet/mobile channels. provided.
- It is planned that the account, which allows our customers to keep their quarter, half, unity, two-and-a-half and five-five golds in their bank accounts, is planned to be opened as a **Quarter Gold Current Account**, under the responsibility of the Ministry of Treasury and Finance.
- It is aimed to provide our customers with brokerage services for stock trading in accordance with the Participation Banking Principles.
- With the **Ahlatçı Gold Collection Project**, it will be possible to instantly open a Gold-Indexed Currency Protected TL Participation Account at our bank through the jewelers that the Refinery has agreed with, and thus our bank will gain new customers and participation funds.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2022

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2022 I. INTERIM ACTIVITIES (Continued)

Head of Product Development and Management Department(Continued)

Our basic principles are to develop our existing products in the field of card payment systems in accordance with new technologies, to increase the variety of products and services we offer by taking into account the demands and needs of our customers, and to provide our customers with a fast, safe and pleasant shopping experience at all times. We aim to increase customer satisfaction with our payment systems projects, which were started in 2022.

With the QR project, payment, withdrawal and money transfer services with QR will be made available to our customers in accordance with the CBRT's principles and rules.

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

With our mobile POS product, our Bank's POS application will be installed on our customers' android devices and collections will be made. The ability of suppliers to meet their cash needs in return for their receivables in a predetermined term;

On the other hand, it is planned to introduce the murabaha-based supplier financing product (pre-purchase, deferred sales) to our bank, which enables buyer companies to gain flexibility in their payments and to provide uninterrupted supply with an efficient purchasing method.

Head of Private Banking Department

In the 1st Quarter of 2022, our Private Banking Department Head Started Its Operations.

In accordance with the procedures and principles of Participation Banking, in order to manage all financial needs and savings of wealthy customers in the upper segment, both domestic and foreign, who expect to receive services, unlike existing banking services, to support the rapid implementation of their investments and to share our solution suggestions. We launched our Private Banking Department Head in 18 January 2022.

Regarding our bank's segment structure, as of April, we will have flagged our customers in this segment structure as Private Banking customers in our system.

As of now, our Private Banking Center; We can provide service in 3 languages, English, Arabic and French. Along with our confidentiality principle, our priority is to provide the most privileged service to our customers in line with their specific needs.

In addition to financial management, we aim to offer our Private Banking customers, again, privileged financial solutions, with our collaborations, legal and financial consultancy services, travel services where they can be more comfortable and faster.

Reinforcing its customer-oriented strategy with the Private Banking Department, Ziraat Participation "follows technology closely and offers solutions that create value for customer needs with its solution-oriented approach; We are constantly improving our products, services and channels. At the same time, we aim to be a pioneer not only in the country, but also among the banks that offer private banking services abroad in the sector competition in the coming years, with the understanding of banking that is always with their customers and guides them correctly.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

INTERIM ACTIVITY REPORT (Continued)

VIII. 2022 I. EXPECTATIONS AFTER THE INTERIM PERIOD

The Covid-19 virus, which was seen for the first time in the world in 2020, has negatively affected the global economy and social life in the past two years. However, in the following period, especially in the first quarter of 2022, the impact of the Covid-19 epidemic on the global economy and social life has decreased considerably. The onset of mass immunity and the less potent Omicron variant of the virus have been the main factors in reducing the impact of the virus on human health. With the effect of the recovery in the global economy, there was a rapid increase in commodity prices, especially oil, and serious increases were observed in inflation figures as supply-side problems continued. In addition, the geopolitical tension between Russia and Ukraine increased commodity prices and increased uncertainty in the global economy. Despite the fact that the central banks started to implement tight monetary policy in order to restrain inflation as of the first quarter of this year, price increases continued. Therefore, the global inflationary environment is expected to last longer than expected.

The US administration followed expansionary fiscal and monetary policies in order to reduce the negative effects of the epidemic on the economy last year. With the feeling of overheating in the economy, the US Federal Reserve (FED) announced that bond purchases would be completed within the year in the first quarter of 2022 and made the first 25 basis points interest rate increase. In addition, the FED has signaled that it will act more proactively on interest rate hikes, with inflation climbing to the highest level in the last 40 years. In this context, it is predicted that the FED may raise six more interest rates this year. Due to Russia's attempt to invade Ukraine, the US administration began to impose sanctions on Russia's oil and natural gas sectors and many high-ranking Russian officials. This initiative of the USA caused a rapid rise in oil and natural gas prices in international markets. In the light of all these developments, the steps to be taken by the FED and the policies to be implemented against Russia are closely followed by all countries, especially the Euro Zone.

With the effect of the supportive monetary and fiscal policies implemented in the post-pandemic period, a recovery process has been entered in the Euro Zone economy. While positive developments were experienced in the Euro Zone PMI data, an increase occurred in retail sales as well. While the European Central Bank (ECB) continued its supportive monetary policy in the first quarter of this year, it did not make any changes in the interest rates and stated in its decision text that it would terminate the bond program in the third quarter of 2022. However, the tension between Russia and Ukraine has begun to affect the Euro Zone economies due to both geographical proximity and Europe's trade relations with Russia. Due to their dependence on Russian gas, European Union countries could not start to impose an embargo on the Russian oil and gas sector like the USA. However, ECB President Lagarde emphasized that a slower growth and higher inflation environment could occur due to the Russia-Ukraine tension that turned into a war.

In the first quarter of the year, due to the rapid increase in Covid-19 cases in China, the re-introduction of quarantines, the tight monetary policy that the FED started to implement and the effect of geopolitical risks, an environment of uncertainty has arisen in the economies of developing countries and downside risks have increased. While it is predicted that there will be a decrease in growth rates due to the increasing cases in China, how this situation will affect the global supply chain in the future is closely monitored. While the rising commodity prices in the global economy had a positive effect on commodity exporting developing countries, the pressures on the raw material importer countries with high foreign trade and current account deficits began to increase. In addition, the FED's tight monetary policy implementation and the ECB's announcement that it will end its asset purchases this year have devalued the currencies of developing countries. In the first quarter, emerging economies increased interest rates to protect the value of their currencies and to reduce rising inflation. With the continuation of the rise in global energy and commodity prices, high inflation and inflation expectations play a decisive role in terms of economy administrations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2022**

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

INTERIM ACTIVITY REPORT (Continued)

VIII. 2022 I. EXPECTATIONS AFTER THE INTERIM PERIOD (Continued)

In Turkey, with the post-epidemic normalization process, social and economic life returned to the pre-epidemic period in a short time, optimistic expectations regarding the Turkish economy increased and positive expectations began to be bought by financial markets. Despite the increase in manufacturing industry costs and energy prices, economic activity revived in the first quarter of the year with the effect of strong demand. In the new export-supporting economy model, which Turkey started to implement this year, targets were started to be achieved, and an all-time record was broken in exports in March. Employment data also continued to improve since the end of last year. However, inflation expectations and pricing behavior were adversely affected by rising global costs and the persistence of supply-side problems. Our economy management has started to follow a comprehensive policy process in order to control the risks and expectations regarding inflation and to support the Turkish Lira. With the new deposit products launched at the end of the year, the demand for foreign currency was partially prevented, and the tendency of customers who want to be protected from currency risk to currency protected deposits increased. In addition to this situation, the CBRT announced at the last MPC meeting that all instruments will continue to be used resolutely within the framework of the liraization strategy, in line with the main objective of price stability. While the upward momentum in inflation is decreasing, it is expected that inflation rates will improve with the decrease in food prices as the summer season enters.

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