

**ZIRAAT KATILIM BANKASI
ANONIM SİRKETİ**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 JUNE 2022 WITH
AUDITOR’S REVIEW REPORT**

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



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's 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 unconsolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi ("the Bank") at 30 June 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month period then ended. The Bank management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim unconsolidated 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 Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 30 June 2022 include a free provision amounting to TL 419.000 thousand which consist of TL 20.000 thousand provided in prior periods and TL 399.000 thousand recognized in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.



Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of Ziraat Katılım Bankası Anonim Şirketi at 30 June 2022 and the results of its unconsolidated operations and its unconsolidated cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Zeynep Uras, SMMM
Partner

Istanbul, 9 August 2022



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

**UNCONSOLIDATED INTERIM FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş
AS OF 30 JUNE 2022**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi
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The unconsolidated financial report for the six-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 BANK
- ❖ UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- ❖ EXPLANATIONS ON THE ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- ❖ INFORMATIONS ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- ❖ EXPLANATIONS AND DISCLOSURES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- ❖ AUDITOR'S REVIEW REPORT
- ❖ INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for the six 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

Fikretin 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:

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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2022

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

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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2022

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

Ziraat Katılım Bankası A.Ş. (“the Bank”) is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 October 2014 with a capital of TL 675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 14 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TL 72.000 from TL 675.000 to 747.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 13 June 2017, the paid-in capital of the Bank has been increased by the amount of cash by TL 500.000 and by increasing the amount of internal resources by TL 3.000 to TL 1.250.000. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised from TL 1.250.000 to TL 1.750.000 by increasing the amount of cash by TL 500.000. At the Bank’s Ordinary General Assembly for 2021 held on March 25, 2022, its paid-in capital was increased by TL 900.000 in cash to TL 2.650.000.

Main operation field of the Bank 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 Bank 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 Parent Bank (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 of the Bank, Ziraat Katılım Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2022

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

II. EXPLANATION ABOUT THE 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 GROUP OF THE BANK

As of 30 June 2022 and 31 December 2021, main shareholders and capital amounts as follows:

Name of Shareholders	30 June 2022		31 December 2021	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. ^(*)	2.650.000	99,99999984	1.750.000	99,9999996
Türkiye Sigorta A.Ş. ^(**)	-	0,00000004	-	0,00000001
Türkiye Hayat ve Emeklilik A.Ş. ^(**)	-	0,00000004	-	0,00000001
Ziraat Teknoloji A.Ş.	-	0,00000004	-	0,00000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,00000004	-	0,00000001
Total	2.650.000	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 BANK

Name	Title
Board of Directors	
Alpaslan ÇAKAR	Chairman
Fikrettin AKSU	Vice chairman of the BOD, Member of the Audit Committee , Member of Corporate Management Committee
Metin ÖZDEMİR	Member of the BOD, General Manager , Member of Pricing Committee, President of Credit Committee
Mahmut Esfa EMEK	Member of the BOD, Member of Audit Committee, Member of Pricing Committee, Alternate Member of Credit Committee
Ahmet BUÇUKOĞLU	Member of the BOD, Member of the 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 KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Ertuğrul İSPAHA(**)	Corporate Banking
Seher Elif EKİCİ(***)	Credit Policies and Risk Liquidation

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 JUNE 2022

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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 BANK (Continued)

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 BANK

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

V. EXPLANATIONS OF THE BANK’S SERVICES AND FIELD OF OPERATIONS

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

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

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

As of 30 June 2022, the Bank operates with its 134 domestic branches (31 December 2021: 120 domestic branches and 1 foreign) and 135 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad. As of 30 June 2022 the number of employees of the Bank is 1.784 (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

THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 JUNE 2022

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note (V-I)	Current Period (30/06/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (NET)		14.832.362	28.944.396	43.776.758	7.906.952	21.137.037	29.043.989
1.1 Cash And Cash Equivalents		3.816.218	23.949.979	27.766.197	3.074.376	15.564.971	18.639.347
1.1.1 Cash And Balances With Central Bank	(1)	3.812.809	15.211.823	19.024.632	3.066.213	12.224.478	15.290.691
1.1.2 Banks	(2)	9.191	8.738.156	8.747.347	9.647	3.340.493	3.350.140
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		5.782	-	5.782	1.484	-	1.484
1.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	1.189	1.889.554	1.890.743	-	1.795.316	1.795.316
1.2.1 Government Securities		-	1.889.554	1.889.554	-	1.795.316	1.795.316
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		1.189	-	1.189	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	11.008.630	3.104.733	14.113.363	4.819.812	3.769.758	8.589.570
1.3.1 Government Securities		10.437.303	3.104.733	13.542.036	4.151.159	3.769.758	7.920.917
1.3.2 Equity Securities		11.240	-	11.240	10.412	-	10.412
1.3.3 Other Financial Assets		560.087	-	560.087	658.241	-	658.241
1.4 Derivative Financial Assets	(5)	6.325	130	6.455	12.764	6.992	19.756
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		6.325	130	6.455	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)		67.545.737	38.119.631	105.665.368	36.662.193	31.065.684	67.727.877
2.1 Loans	(6)	62.906.295	29.970.696	92.876.991	33.940.247	24.648.305	58.588.552
2.2 Lease Receivables	(6)	6.078.679	6.398.818	12.477.497	4.090.120	5.456.144	9.546.264
2.3 Other Financial Assets Measured at Amortized Cost	(7)	154.588	2.217.271	2.371.859	-	1.327.957	1.327.957
2.3.1 Government Securities		154.588	2.217.271	2.371.859	-	1.327.957	1.327.957
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)		1.593.825	467.154	2.060.979	1.368.174	366.722	1.734.896
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(8)	274.985	-	274.985	307.881	-	307.881
3.1 Assets Held for Sale		274.985	-	274.985	307.881	-	307.881
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	100	-	100	100	-	100
4.1 Associates (Net)		-	-	-	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Subsidiaries (Net)		100	-	100	100	-	100
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
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)	400.121	824	400.945	301.045	874	301.919
VI. INTANGIBLE ASSETS (Net)	(11)	272.574	-	272.574	223.839	-	223.839
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		272.574	-	272.574	223.839	-	223.839
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	370.755	-	370.755	301.329	-	301.329
X. OTHER ASSETS	(14)	769.491	66.705	836.196	347.531	58.127	405.658
TOTAL ASSETS		84.466.125	67.131.556	151.597.681	46.050.870	52.261.722	98.312.592

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 JUNE 2022

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
LIABILITIES	Note (V-II)	Current Period (30/06/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
I. FUNDS COLLECTED	(1)	66.875.797	59.666.121	126.541.918	29.714.756	48.219.141	77.933.897
II. FUNDS BORROWED	(2)	4.175.719	2.511.726	6.687.445	4.476.794	1.688.051	6.164.845
III. MONEY MARKETS DEBTS	(3)	1.526.938	-	1.526.938	3.784.645	-	3.784.645
IV. SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	-	-	-	70.653	1.039	71.692
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	70.653	1.039	71.692
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES (Net)	(7)	266.196	-	266.196	194.453	10	194.463
VIII. PROVISIONS	(8)	722.805	536.595	1.259.400	229.371	417.899	647.270
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		51.105	-	51.105	37.259	-	37.259
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		671.700	536.595	1.208.295	192.112	417.899	610.011
IX. CURRENT TAX LIABILITY	(9)	717.661	355	718.016	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)	1.341.237	2.204.391	3.545.628	1.341.500	1.314.363	2.655.863
12.1 Loans		1.341.237	2.204.391	3.545.628	1.341.500	1.314.363	2.655.863
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	1.734.989	1.149.026	2.884.015	920.890	1.266.851	2.187.741
XIV. SHAREHOLDERS' EQUITY	(14)	8.307.004	(138.879)	8.168.125	4.345.743	(24.008)	4.321.735
14.1 Paid-in capital		2.650.000	-	2.650.000	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		(6.067)	-	(6.067)	(6.895)	-	(6.895)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		992.117	(138.879)	853.238	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)		2.111.581	-	2.111.581	558.689	-	558.689
14.6.1 Prior Period Profit / Loss		-	-	-	-	-	-
14.6.2 Current Period Profit / Loss		2.111.581	-	2.111.581	558.689	-	558.689
TOTAL LIABILITIES		85.668.346	65.929.335	151.597.681	45.429.246	52.883.346	98.312.592

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 30 JUNE 2022

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS							
	Note (V-III)	Current Period (30/06/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
A OFF-BALANCE SHEET COMMITMENTS (I+II+III)		15.805.976	25.116.287	40.922.263	10.306.712	24.268.204	34.574.916
I. GUARANTEES AND WARRANTIES	(I)	12.617.876	23.364.938	35.982.814	8.271.172	21.332.293	29.603.465
1.1 Letters of Guarantee		12.578.016	15.770.449	28.348.465	8.236.824	13.823.025	22.059.849
1.1.1 Guarantees Subject to State Tender Law		370.349	8.425.840	8.796.189	361.062	6.175.690	6.536.752
1.1.2 Guarantees Given for Foreign Trade Operations		10.308.667	-	10.308.667	7.229.114	-	7.229.114
1.1.3 Other Letters of Guarantee		1.899.000	7.344.609	9.243.609	646.648	7.647.335	8.293.983
1.2 Bank Acceptances		-	57.411	57.411	-	33.018	33.018
1.2.1 Import Letter of Acceptance		-	57.411	57.411	-	33.018	33.018
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		2.110	5.170.927	5.173.037	20.348	5.053.199	5.073.547
1.3.1 Documentary Letters of Credit		2.110	5.170.927	5.173.037	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		20.750	2.366.151	2.386.901	14.000	2.419.706	2.433.706
1.7 Other Collaterals		17.000	-	17.000	-	3.345	3.345
II. COMMITMENTS	(I)	1.980.733	550.144	2.530.877	1.386.946	313.520	1.700.466
2.1 Irrevocable Commitments		1.980.733	550.144	2.530.877	1.386.946	313.520	1.700.466
2.1.1 Forward asset purchase commitments		252.471	550.144	802.615	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		629.620	-	629.620	448.457	-	448.457
2.1.7 Tax and Fund Liabilities from Export Commitments		45.327	-	45.327	22.637	-	22.637
2.1.8 Commitments for Credit Card Limits		260.936	-	260.936	141.095	-	141.095
2.1.9 Commitments for Credit Cards and Banking Services Promotions		302	-	302	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		792.077	-	792.077	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		1.207.367	1.201.205	2.408.572	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		1.207.367	1.201.205	2.408.572	648.594	2.622.391	3.270.985
3.2.1 Forward Foreign Currency Buy/Sell Transactions		6.269	5.811	12.080	648.594	853.108	1.501.702
3.2.1.1 Forward Foreign Currency Transactions-Buy		6.269	-	6.269	39.918	673.050	712.968
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	5.811	5.811	608.676	180.058	788.734
3.2.2 Other Forward Buy/Sell Transaction		1.201.098	1.195.394	2.396.492	-	1.769.283	1.769.283
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		96.202.271	24.586.024	120.788.295	70.066.806	20.237.127	90.303.933
IV. ITEMS HELD IN CUSTODY		5.886.772	7.862.555	13.749.327	5.132.707	6.230.163	11.362.870
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		3.492.884	597.697	4.090.581	3.396.918	259.899	3.656.817
4.3 Checks Received for Collection		2.113.638	392.560	2.506.198	1.527.859	411.526	1.939.385
4.4 Commercial Notes Received for Collection		277.914	49.638	327.552	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		2.336	2.311.600	2.313.936	275	1.433.786	1.434.061
4.8 Custodians		-	4.511.060	4.511.060	-	4.072.990	4.072.990
V. PLEDGES RECEIVED		90.315.499	16.723.469	107.038.968	64.934.099	14.006.964	78.941.063
5.1 Marketable Securities		2.666.788	52.190	2.718.978	2.974.670	64.324	3.038.994
5.2 Guarantee Notes		5.232.222	610.661	5.842.883	3.295.056	462.109	3.757.165
5.3 Commodity		5.749.587	3.202.785	8.952.372	2.903.233	2.154.017	5.057.250
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		63.125.810	10.547.500	73.673.310	44.854.726	8.584.587	53.439.313
5.6 Other Pledged Items		13.541.092	2.310.333	15.851.425	10.906.414	2.741.927	13.648.341
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		112.008.247	49.702.311	161.710.558	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.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR SIX MONTH PERIOD ENDED 30 JUNE 2022

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS						
INCOME / EXPENSE ITEMS		Note (IV)	Current Period 01/01-30/06/2022	Prior Period 01/01-30/06/2021	Current Period for 3 Month 01/04-30/06/2022	Prior Period for 3 Month 01/04-30/06/2021
I.	PROFIT SHARE INCOME	(1)	8.587.342	2.683.261	4.682.948	1.403.309
1.1	Profit Share on Loans		5.147.025	2.049.969	3.019.133	1.085.060
1.2	Profit Share on Reserve Deposits		58.519	68.654	11.519	41.454
1.3	Profit Share on Banks		59.845	1.198	46.825	693
1.4	Profit Share on Money Market Placements		-	-	-	-
1.5	Profit Share on Marketable Securities Portfolio		2.808.436	329.081	1.308.410	158.979
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		20.745	7.199	10.524	4.415
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		2.711.543	294.245	1.255.206	140.242
1.5.3	Financial Assets Measured at Amortised Cost		76.148	27.637	42.680	14.322
1.6	Financial Lease Income		499.398	221.071	292.927	113.601
1.7	Other Profit Share Income		14.119	13.288	4.134	3.522
II.	PROFIT SHARE EXPENSE	(2)	4.401.721	2.207.315	2.598.599	1.169.334
2.1	Profit Share Expense on Participation Accounts		3.447.323	1.516.597	2.055.284	786.386
2.2	Profit Share Expense on Funds Borrowed		608.080	421.323	315.876	224.737
2.3	Profit Share Expense on Money Market Borrowings		315.288	254.360	213.112	150.014
2.4	Expense on Securities Issued		-	-	-	-
2.5	Lease Profit Share Expense		22.239	13.767	12.090	7.634
2.6	Other Profit Share Expenses		8.791	1.268	2.237	563
III.	NET PROFIT SHARE INCOME/EXPENSE (I - II)		4.185.621	475.946	2.084.349	233.975
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		143.200	64.494	76.889	33.628
4.1	Fees and Commissions Received		210.746	98.859	115.420	53.121
4.1.1	Non-cash Loans		129.451	71.334	71.646	35.215
4.1.2	Other		81.295	27.525	43.774	17.906
4.2	Fees and commissions paid		67.546	34.365	38.531	19.493
4.2.1	Non-cash Loans		-	-	-	-
4.2.2	Other		67.546	34.365	38.531	19.493
V.	DIVIDEND INCOME	(3)	774	-	774	-
VI.	NET TRADING INCOME (Net)	(4)	43.417	168.087	16.718	78.832
6.1	Capital Market Transaction Gains / Losses		(649)	1.067	(1.325)	2.809
6.2	Gains/ Losses From Derivative Financial Instruments		50.959	(34.792)	(387)	5.280
6.3	Foreign Exchange Gains / Losses		(6.893)	201.812	18.430	70.743
VII.	OTHER OPERATING INCOME	(5)	481.951	397.818	194.509	170.828
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		4.854.963	1.106.345	2.373.239	517.263
IX.	EXPECTED CREDIT LOSSES (-)	(6)	820.018	544.020	371.281	271.220
X.	OTHER PROVISIONS (-)	(6)	418.674	7.678	310.494	(13.816)
XI.	PERSONNEL EXPENSES (-)		318.499	149.131	134.955	76.565
XII.	OTHER OPERATING EXPENSES (-)	(7)	325.638	171.111	182.694	101.656
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		2.972.134	234.405	1.373.815	81.638
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)	2.972.134	234.405	1.373.815	81.638
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(860.553)	(47.055)	(456.665)	(19.040)
18.1	Current Tax Provision		(1.207.974)	(46.946)	(616.849)	(31.696)
18.2	Expense Effect of Deferred Tax (+)		(16.572)	(63.261)	(9.560)	(41.150)
18.3	Income Effect of Deferred Tax (-)		363.993	63.152	169.744	53.806
XIX.	NETOPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	2.111.581	187.350	917.150	62.598
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)	2.111.581	187.350	917.150	62.598
	Earnings per share income/loss (Full TL)		1,0234	0,1071	0,3410	0,0357

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

ZİRAAT KATILIM BANKASI A.Ş.**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022**

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	Current Period 01/01-30/06/2022	Prior Period 01/01-30/06/2021
I. CURRENT PERIOD PROFIT/LOSS	2.111.581	187.350
II. OTHER COMPREHENSIVE INCOME	834.809	(27.361)
2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss	828	-
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	828	-
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	833.981	(27.361)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	1.111.975	(36.481)
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	(277.994)	9.120
III. TOTAL COMPREHENSIVE INCOME (I+II)	2.946.390	159.989

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR SIX MONTH PERIOD ENDED 30 JUNE 2022

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss						
	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Past Profit / (Loss)	Period Net Profit or Loss	Total Equity
PRIOR PERIOD														
30 JUNE 2021														
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	1.750.000	-	-	261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	(27.361)	-	-	-	187.350	159.989
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)	-	-	(36.704)	-	1.739.171	-	187.350	3.894.262
CURRENT PERIOD														
30 JUNE 2022														
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	4.321.735
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. 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
IV. Total Comprehensive Income	-	-	-	-	-	-	828	-	833.981	-	-	-	2.111.581	2.946.390
V. Capital Increase by Cash	900.000	-	-	-	-	-	-	-	-	-	-	-	-	900.000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/decrease by other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	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)	2.650.000	-	-	261.513	-	(6.895)	828	-	853.238	-	2.297.860	-	2.111.581	8.168.125

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF CASH FLOWS 30 JUNE 2022

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CASH FLOWS			
		Current Period 01/01/2022 - 30/06/2022	Prior Period 01/01/2021 - 30/06/2021
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities)		1.518.461	151.954
1.1.1 Profit Share Income Received		4.864.866	2.329.209
1.1.2 Profit Share Expense Paid		(3.036.195)	(2.152.383)
1.1.3 Dividend Received		774	-
1.1.4 Fees and Commissions Received		329.818	107.685
1.1.5 Other Income		-	568.369
1.1.6 Collections from Previously Written-off Loans		245.670	81.032
1.1.7 Payments to Personnel and Service Suppliers		(318.499)	(148.799)
1.1.8 Taxes Paid		(873.383)	(48.269)
1.1.9 Others ^(*)		305.410	(584.890)
1.2 Changes in Operating Assets and Liabilities		6.377.834	964.709
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(92.691)	(94.157)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(3.191.793)	(425.538)
1.2.3 Net (Increase) / Decrease in Loans		(31.685.042)	(4.377.260)
1.2.4 Net (Increase) / Decrease in Other Assets		(3.361.951)	(1.463.944)
1.2.5 Net Increase / (Decrease) in Bank Funds		(2.130.458)	875.245
1.2.6 Net Increase / (Decrease) in Other Funds		47.755.417	4.448.517
1.2.7 Net Increase / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	(19.440)
1.2.8 Net Increase / (Decrease) in Funds Borrowed		783.087	(678.772)
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities ^(*)		(1.698.735)	2.700.058
I. Net Cash Provided from Banking Operations		7.896.295	1.116.663
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(3.189.848)	(1.328.971)
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		(176.686)	(79.900)
2.4 Disposals of Tangible Assets		66.058	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(4.158.611)	(1.117.198)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.084.317	-
2.7 Purchase of Financial Assets Measured at Amortized Cost		(1.004.926)	(124.408)
2.8 Sale of Financial Assets Measured at Amortized Cost		-	-
2.9 Other		-	(7.465)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		1.268.408	(316.962)
3.1 Cash Obtained from Funds Borrowed And Securities Issued		7.700.000	5.593.051
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(7.307.628)	(6.142.000)
3.3 Issued Equity Instruments		900.000	243.845
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(23.964)	(11.858)
3.6 Other		-	-
IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents		404.396	(110.088)
V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)		6.379.251	(639.358)
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		14.438.709	4.046.799

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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

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

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 Bank was preparing its financial statements as of June 30, 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 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 30 June 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.

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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)

As of June 30, 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 June 30, 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.

The Bank's main field of activity is; It covers banking services such as opening all kinds of cash and non-cash Turkish Lira and foreign currency loans, making transactions in domestic and foreign 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 foreign exchange buying rates of the Bank at the date of the transaction. At the end of the period, the balances of foreign currency active and liability accounts are translated into Turkish currency by valuation with the Bank's counter foreign exchange buying rates at the end of the period, and the resulting exchange rate differences are recorded as "profit/loss on foreign exchange transactions".

Differences arising from the conversion of securities representing borrowing and monetary financial assets into Turkish Lira are included in the income statement. There is no currency difference capitalized by the Bank.

The Bank carries out its Balance Sheet and Equity management within the risk limits by the Asset-Liability Committee determined by the Board of Directors in order to keep liquidity, currency and credit risks within certain limits and to maximize profitability, taking into account market conditions, if possible.

a. Explanation for convenience translation to English:

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

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

The 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".

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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 Bank's Balance Sheet and Equity management is taken within the risk limits by the Asset and Liability Committee determined by the Board of Directors in order to maximize profitability.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Based on the TAS 27 "Turkish Accounting Standard for Separate Financial Statements", Turkish Lira denominated investments in associates and subsidiaries are accounted at cost value and are reflected to the consolidated financial statements after deducting the provision for impairment, if any. As of 22 January 2016, as a wholly owned subsidiary of the Bank, Ziraat Katılım Varlık Kiralama A.Ş. was established as a subsidiary. On 19 July 2017, the ZKB Varlık Kiralama A.Ş. was established with a capital of TL 50, which was fully paid by the Bank.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The 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 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 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.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Classification and Measurement under TFRS 9

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

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

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

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

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

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

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.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Equity investments

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

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

c. Financial assets measured at amortized cost:

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

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 Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include consumer price ("CPI") indexed lease certificates. The valuation of the said securities is made according to the internal yield method based on the real profit share rates and the index value announced by the treasury.

Loans

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

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 Bank. 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.

As of June 30, 2022, all loans of the Bank, including its profit-loss partnership (müşareke) investments, are followed in the "Measured by Amortized Cost" account. The profit and loss partnership (müşareke) 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 June 30, 2022 or from 1 January 2021 new implementation of "Interest-Free Finance Accounting Standard 3: Mudarebe Financing" or "Interest-Free Finance Accounting Standard 4: Müşareke Financing" for partnership financing funds in the form of "labor-capital partnership" (mudarebe) or "profit-loss partnership" (müşareke) accounted in accordance with the provision.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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

Explanations on Expected Loss Provisions

The Bank does not allocate impairments in accordance with TFRS 9 from 1 January 2018 for its loans and receivables by taking into consideration the "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside" (Regulation on Provisions) published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Bank 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.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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 it is determined that there is a significant increase in credit risk. While the expected loss allowance is calculated for 1 year for loans in stage 1, the expected loss allowance for loans in stage 2 is calculated by taking into account all remaining maturity.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2nd stage are that it is under close monitoring, that the number of delay days is 30 days or more, and the Bank's internal early warning system rating.

Default (Stage 3)

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

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

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

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

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

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

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

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

Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time. In Default Probability models, sectoral information for the corporate portfolio are taken as the basis.

Default Amount

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

Loss Given Default

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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)

Future Expectations

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

The Bank uses 3 scenarios 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 June 30, 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 UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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 30 June 2022, there are no securities lending transactions (31 December 2021: None). Securities sold under agreements for repurchase agreements ("Repos") are classified as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" and "Financial Asset Measured at Amortized Cost" in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

Securities transactions purchased with a commitment to resell are accounted for under the "Money Market Receivables" item in the balance sheet, and participation share rediscounts for the period are calculated according to the internal yield method.

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

The assets acquired by the 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 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 June 30, 2022, the Bank's non-current assets held for sale are TL 274.985 (December 31, 2021: TL 307.881).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

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 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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

Operational Leasing Transactions (Continued)

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 Bank calculates the "right of use" amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in "tangible fixed assets".

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

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

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

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

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

Lease Liabilities

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

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

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

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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 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 Bank's liabilities related to future severance pay and right to leave calculated and reflected to the financial statements on the net present value.

According to the related regulation, the Bank 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 Bank benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of June 30, 2022, the Bank's employee termination benefit is TL 32.635 (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 6.067 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 30 June 2022 unused vacation liability of the Bank is TL 17.970 (31 December 2021: TL 10.500).

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

a. 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 30 June 2022 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

XVII. EXPLANATIONS ON TAXATION

a. Current tax

As of 30 June 2022, the corporate tax rate has been applied as 25% in the financial statements. In accordance with the Law No. 7316 published in the Official Gazette dated 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 was 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 the non-deductible expenses in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions (such as the participation earnings 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. While dividends paid to individuals and corporations were subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated 22 December 2021 and No. 31697. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

Corporations calculate advance tax quarterly on their financial profits at the corporate tax rate valid for that year and declare and pay until the 17th day of the second month following that period. Advance tax paid by corporations for the current period is offset against the annual corporation tax calculated on the annual corporate income in the following year. Despite the offset, if there is temporary prepaid tax remaining, this balance can be used to offset any other financial liabilities to the government.

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations' 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax (It was changed with 89th article of code 7061 that entries into force in 5 December 2017).

According to 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).

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

Taxes which do not accrue on time because the applying exemption for the transfer of the exempted 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 warranters' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 50% of the profits arising from the sale of the said assets obtained by the banks in this way, and 75% of the profits arising from the sale of 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 previous periods.

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for the end of the fifth 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 will issue re-assessments based on their findings. On the other hand, 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

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.

b. Deferred tax

The 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 is taken into account as 25%. For the items subject to deferred tax calculation as of 30 June 2022 and 31 December 2021, enacted tax rates that are valid in accordance with the tax legislation in effect as of the reporting dates are used 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 Bank has as of 30 June 2022, deferred tax calculations were made based on rates varying %25 on assets and liabilities. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. Except for goodwill or business combinations, deferred tax liability or asset is not calculated for temporary timing differences arising from the initial recognition of assets or liabilities and which do not affect both commercial and financial profit or loss.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

b. Deferred tax (Continued)

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 asset and deferred tax liability are presented as net in these unconsolidated 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.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Bank 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 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 Bank as of balance sheet date.

XX. EXPLANATIONS ON ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXII. EXPLANATIONS ON RELATED PARTIES

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. EXPLANATIONS ON CASH AND CASH EQUIVALENTS

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

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

XXIV. EXPLANATION ON SEGMENT REPORTING

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

XXV. EXPLANATIONS ON OTHER MATTERS

None.

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SECTION FOUR

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY

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

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank's foreign exchange buying rate of 31 December 2021 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- In case the net valuation differences of the securities held by banks in the 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 30 June 2022, taking into account the latest regulations, is 11.696.821 TL (31 December 2021: 6.747.612 TL), and the capital adequacy standard ratio is 15,01% (31 December 2021: 14,02%). The Bank's capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation.

Information Related To The Components of Shareholders' Equity:

	Current Period 30.06.2022	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	2.650.000	1.750.000
Share issue premiums	-	-
Reserves	2.297.860	1.739.171
Gains recognized in equity as per TAS	1.655.187	418.988
Profit	2.111.581	558.689
Current Period Profit	2.111.581	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	8.714.628	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	264.172	139.776
Improvement costs for operating leasing	55.101	33.991
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	272.574	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	-	-

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 30.06.2022	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	591.847	397.606
Total Common Equity Tier I Capital	8.122.781	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 ^(**)	1.963.588	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 Unconsolidated 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 Unconsolidated 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	1.963.588	1.150.435
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	10.086.369	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)	311.681	229.704
Tier II Capital Before Deductions	1.611.681	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	1.611.681	1.529.704
Total Capital (The sum of Tier I Capital and Tier II Capital)	11.698.050	6.749.381

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 30.06.2022	Prior Period 31.12.2021
Total of Original Capital and Supplementary Capital (Total Capital)	11.698.050	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 (-)	1.229	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 ^(*)	11.696.821	6.747.612
Total risk weighted amounts	77.908.637	48.142.064
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	10,43	8,45
Tier I Capital Adequacy Ratio	12,95	10,84
Capital Adequacy Ratio	15,01	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	5,93	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 unconsolidated 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 unconsolidated 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)	311.681	229.704
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	311.681	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	-	-

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 300 Million
Par value of instrument	TL 300 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	29.03.2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons / dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

(*) Profit share for participation banks.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE 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
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	16.04.2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons / dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	18%
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"	-

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 500 Million
Par value of instrument	TL 500 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	17.11.2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons / dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 1.355 Million
Par value of instrument	TL 1.736 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	24.04.2019
Perpetual or dated	Undated
Original maturity date	24.04.2019
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 unconsolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with Article number 7
Details of incompliance with article number 7 and 8 of "Own fund regulation"	In compliance with Article number 7

(*) Profit share for participation banks.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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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:

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	TL 609 Million
Par value of instrument	TL 990 Million
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	09.03.2022
Perpetual or dated	Undated
Original maturity date	09.03.2022
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 unconsolidated 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

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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 30.06.2022	Prior Period 31.12.2021
Equity value of balance sheet	8.168.125	4.321.735
Cost of development of operating lease	(55.101)	(33.991)
Goodwill and other intangible assets and related deferred tax liability	(272.574)	(223.839)
Debt instruments and premiums approved by BRSA	1.300.000	1.300.000
Tier II Capital(Provisions)	311.681	229.704
Debt instruments and premiums approved by BRSA - subordinated loans	1.963.588	1.150.435
Other values deducted from equity	(1.229)	(1.770)
Other	282.331	5.338
Amount taken into consideration in the calculation of legal equity	11.696.821	6.747.612

II. EXPLANATIONS ON 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 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 Bank for the last 5 business days prior to the financial statement date:

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100Yen
30.06.2022	16,6027	17,3596	11,3622	2,3230	1,6121	17,3086	12,7458	1,6725	20,1720	4,3917	12,1000
29.06.2022	16,5710	17,3596	11,3355	2,3221	1,6162	17,3535	12,7422	1,6716	20,0821	4,3833	11,9890
28.06.2022	16,5563	17,4071	11,3980	2,3283	1,6255	17,2458	12,7240	1,6768	20,1968	4,3784	12,0260
27.06.2022	16,4554	17,4326	11,3613	2,3316	1,6259	17,1694	12,6523	1,6708	20,2415	4,3512	12,0500
24.06.2022	17,2976	18,2332	11,9496	2,4388	1,6986	18,0727	13,2608	1,7430	21,2516	4,5751	12,6650
23.06.2022	17,2716	18,1833	11,8818	2,4323	1,6888	17,9853	13,1908	1,7262	21,1954	4,5685	12,7180

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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 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
16.9262	17.8792	11.8252	2.3916	1.6782	17.4210	13.0697	1.7262	20.8507	4.4777	12.5078

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	Other FC ^(***)	Total
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	4,344.704	8,262.938	2,604.181	15,211.823
Banks	829.293	5,932.712	1,976.151	8,738.156
Financial assets at fair value through profit and loss	-	-	1,889.554	1,889.554
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	261.123	2,843.610	-	3,104.733
Loans ^(*)	17,626.645	18,477.131	151	36,103.927
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	2,217.271	-	-	2,217.271
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	824	824
Intangible assets	-	-	-	-
Other assets	40.543	11.188	15.104	66.835
Total assets	25,319.579	35,527.579	6,485.965	67,333.123
Liabilities				
Current account and funds collected from Banks via participation accounts	20.716	120.227	695	141.638
Current and profit sharing accounts FC	20,243.174	32,938.772	6,342.537	59,524.483
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1,928.237	583.489	-	2,511.726
Marketable securities issued	-	-	-	-
Miscellaneous debts	596.722	405.098	79.315	1,081.135
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities ^(****)	2,606.836	201.996	400	2,809.232
Total liabilities	25,395.685	34,249.582	6,422.947	66,068.214
Net balance sheet position	(76.106)	1,277.997	63.018	1,264.909
Net off-balance sheet position ^(*)	-	(1,201.205)	-	(1,201.205)
Financial derivative assets	-	-	-	-
Financial derivative liabilities	-	1,201.205	-	1,201.205
Net position	(76.106)	76.792	63.018	63.704
Non-cash loans	10,725.749	11,506.867	1,132.322	23,364.938
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 201.567, 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.

(***) 86% of the currencies in the other FX column of the assets section consists of Gold, 2% of GBP, 4% of CHF and the remaining 8% of other currencies.
In the FX column of the liabilities section, 86% of the currencies are Gold, 2% are GBP, 4% of CHF and the remaining 8% are other currencies.

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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)

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 11.240 all of which are 100% risk weighted (31 December 2021: TL 10.412).

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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)

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

1) Liquidity risk: (Continued)

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

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

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

Although 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 banks 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.

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.

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

Managing liquidity risk effectively can be possible with preventing the concentrated liquidity asset and liability items. Participation fund, which is the main sourcing for the Bank, is provided from many different customers.

The lowest and highest Liquidity Coverage Ratios in the second quarter of 2022 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TL+FC	188,87	16.06.2022	111,52	01.04.2022
FC	399,28	24.06.2022	174,40	06.04.2022

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

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

2) Liquidity Coverage Ratio: (Continued)

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

Current Period 30.06.2022	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	-	-	27.275.974	19.740.073
CASH OUTFLOWS				
Real person deposits and retail deposits	39.187.744	23.794.259	3.910.591	2.486.268
Stable deposit	4.390.386	-	219.519	-
Deposit with low stability	34.797.358	23.794.259	3.691.072	2.486.268
Unsecured debts except real person deposits and retail deposits	44.251.084	22.296.617	23.180.569	10.871.016
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	44.251.084	22.296.617	23.180.569	10.871.016
Secured debts	-	-	-	-
Other cash outflows	37.906.180	24.817.945	4.110.680	3.076.117
Derivative liabilities and margin obligations	2.600.913	1.505.965	1.898.811	1.505.965
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	1.501.824	1.624.729	521.697	485.789
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	33.803.443	21.687.251	1.690.172	1.084.363
TOTAL CASH OUTFLOWS	121.345.008	70.908.821	31.201.840	16.433.401
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	13.669.857	8.028.164	10.281.374	6.862.927
Other cash inflows	2.046.416	1.766.727	2.046.416	1.766.727
TOTAL CASH INFLOWS	15.716.273	9.794.891	12.327.790	8.629.654
	-	-	Upper Limit Applied Values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	27.275.974	19.740.073
TOTAL NET CASH OUTFLOWS	-	-	18.874.050	7.803.746
LIQUIDITY COVERAGE RATIO (%)	-	-	145	253

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

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

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

2) 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-operational 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 OUTFLOWS	-	-	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
			Upper Limit Applied 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.

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

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

2) Liquidity Coverage Ratio: (Continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (**)	Total
Current Period 30.06.2022								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey ^(*)	7.537.211	11.482.071	-	-	-	-	-	19.019.282
Banks ^(*)	4.280.185	4.466.730	-	-	-	-	-	8.746.915
Financial Assets at Fair Value Through Profit and Loss	-	1.189	-	-	1.889.554	-	-	1.890.743
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	304.450	532.338	1.068.321	11.984.694	212.320	11.240	14.113.363
Loans Given	-	2.933.766	7.522.151	36.319.560	43.039.241	13.119.834	358.957	103.293.509
Financial Assets Measured at Amortised Cost	-	-	-	-	1.763.162	608.697	-	2.371.859
Other Assets ^(**)	-	-	-	-	-	-	2.162.010	2.162.010
Total Assets(*)	11.817.396	19.188.206	8.054.489	37.387.881	58.676.651	13.940.851	2.532.207	151.597.681
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.275.590	1.132.561	30.062	-	-	-	-	5.438.213
Current and Participation Accounts	19.050.032	57.934.682	37.230.514	6.620.461	268.016	-	-	121.103.705
Funds Provided from Other Financial Instruments	-	1.695.981	2.742.810	1.052.624	1.196.030	-	-	6.687.445
Money Market Borrowings	-	1.526.938	-	-	-	-	-	1.526.938
Issued Marketable Securities	-	-	-	-	-	-	-	-
Miscellaneous Debts	-	-	-	-	-	-	1.386.469	1.386.469
Other Liabilities ^(***)	-	-	-	-	1.341.237	-	14.113.674	15.454.911
Total Liabilities	23.325.622	62.290.162	40.003.386	7.673.085	2.805.283	-	15.500.143	151.597.681
Liquidity Gap	(11.508.226)	(43.101.956)	(31.948.897)	29.714.796	55.871.368	13.940.851	(12.967.936)	-
Net Off-Balance Sheet Position	-	6.162	-	-	-	-	-	6.162
Receivables From Derivative Financial Instruments	-	1.207.367	-	-	-	-	-	1.207.367
Financial Derivative Liabilities	-	1.201.205	-	-	-	-	-	1.201.205
Non-Cash Loans	5.585.412	3.105.987	4.452.711	15.201.836	6.091.028	1.545.840	-	35.982.814

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

(**) From the active accounts that make up the balance sheet, such as securities and fixed assets representing the share in the capital, participations, subsidiaries, joint ventures, stocks, prepaid expenses and net non-performing loans, which are required for the continuation of banking activities, are required to be converted into cash in a short time. other unlucky asset accounts; Among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

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

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

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

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

2) 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	-	-	-	-	-	-	1.560.482	1.560.482
Total Assets(*)	8.057.972	11.030.304	6.407.118	15.491.757	43.524.028	11.869.255	1.932.158	98.312.592
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	4.148.811	522.614	-	-	-	-	-	4.671.425
Current and Participation Accounts	17.456.758	32.284.538	20.244.406	3.177.442	99.328	-	-	73.262.472
Funds Provided from Other Financial Instruments	-	1.834.140	2.687.688	1.143.511	499.506	-	-	6.164.845
Money Market Borrowings	-	3.784.645	-	-	-	-	-	3.784.645
Issued Marketable Securities(***)	-	-	-	-	-	-	-	-
Miscellaneous debts	-	-	-	-	-	-	1.431.779	1.431.779
Other Liabilities	-	-	-	-	2.655.863	-	6.341.563	8.997.426
Total Liabilities	21.605.569	38.425.937	22.932.094	4.320.953	3.254.697	-	7.773.342	98.312.592
Liquidity Gap	(13.547.597)	(27.395.633)	(16.524.976)	11.170.804	40.269.331	11.869.255	(5.841.184)	-
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.

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

V. EXPLANATIONS ON LEVERAGE RATIO

As of June 30, 2022, the leverage ratio of the Bank calculated from quarterly average amounts is 5,33% (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:

Leverage ratio disclosure as follows:

	Current Period ^(*) 30.06.2022	Prior Period ^(*) 31.12.2021
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	141.214.041	88.393.575
(Assets deducted from main capital)	(574.712)	(390.397)
Total risk amount of the balance sheet assets	140.639.329	88.003.178
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	14.284	7.765
Potential credit risk amount of derivative financial instruments and credit derivatives	17.518	12.518
Total risk amount of derivative financial instruments and credit derivative	31.802	20.283
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	1.478.485	572.242
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	1.478.485	572.242
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	37.412.732	28.932.751
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	37.412.732	28.932.751
Equity and total risk		
Main capital	9.558.250	4.966.673
Total risk amount	179.562.348	117.528.454
Leverage ratio		
Leverage ratio %	5,33	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.

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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 bank and is aimed to respond to customers' financial needs in the most appropriate way and to support their financial success. In this context, business practices and our working model support prudent risk management practices

Internal bank risk appetite has been established and is periodically shared with top management in order to follow the specified risks. In addition, detailed risk management reports, including stress tests and scenario analyzes, where all risks are analyzed in detail, are reported to the Audit Committee. 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 our 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 30.06.2022	Prior Period 31.12.2021	Current Period 30.06.2022
1	Credit risk (excluding counterparty credit risk) (CCR)	73.711.845	44.767.671	5.896.948
2	Standardized approach (SA)	73.711.845	44.767.671	5.896.948
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	53.094	42.244	4.248
5	Standardized approach for counterparty credit risk (SA-CCR)	53.094	42.244	4.248
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	509.958	343.323	40.797
17	Standardized approach (SA)	509.958	343.323	40.797
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)	77.908.637	48.142.064	6.232.692

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk

2.1) Credit Risk Disclosures

a) Credit quality of assets

Current Period 30.06.2022		The amount valued in accordance with TAS in the financial statements prepared according to legal consolidation		Allowances/Amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans (*)	1.821.259	103.533.229	2.060.979	103.293.509
2	Debt securities	-	18.596.373	220.408	18.375.965
3	Off-balance sheet exposures	-	37.711.075	22.769	37.688.306
4	Total	1.821.259	159.840.677	2.304.156	159.357.780

Prior Period 31.12.2021		The amount valued in accordance with TAS in the financial statements prepared according to legal consolidation		Allowances/Amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans (*)	1.698.976	66.435.840	1.734.896	66.399.920
2	Debt securities	-	11.834.479	121.631	11.712.848
3	Off-balance sheet exposures	-	30.750.064	29.168	30.720.896
4	Total	1.698.976	109.020.383	1.885.695	108.833.664

(*) Financial lease amounting to TL 12.477.497 (31 December 2021: TL 9.546.264) is included in the table

b) Changes on defaulted loans and debt securities

Current Period 30.06.2022		
1	Defaulted loans and debt securities at end of the previous reporting period	1.698.976
2	Loans and debt securities that have defaulted since the last reporting period	439.349
3	Returned to non-defaulted status	52.380
4	Amounts written off	(19.016)
5	Other changes *	(350.430)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.821.259

Prior Period 31.12.2021		
1	Defaulted loans and debt securities at end of the previous reporting period	1.181.058
2	Loans and debt securities that have defaulted since the last reporting period	931.114
3	Returned to non-defaulted status	42.558
4	Amounts written off	-
5	Other changes *	(370.638)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.698.976

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Explanations on Credit Risk (Continued)

2.1) Credit Risk Disclosures

c.) Aging analysis for overdue receivables:

Current Period 30.06.2022	Up to 1 Month	1-2 Month	2-3 Month	3+ Month	Total
Loans and Receivables ⁽¹⁾					
Corporate /Entrepreneurial Loans	1.271.379	104.412	84.577	209.395	1.669.763
Consumer Loans	70.630	11.591	6.392	238	88.851
Toplam	1.342.009	116.003	90.969	209.633	1.758.614

(*) The Bank's loan amounting to TL 287,323 is under close monitoring.

Prior Period 31.12.2021	Up to 1 Month	1-2 Month	2-3 Month	3+ Month	Total
Loans and Receivables ⁽¹⁾					
Corporate/ Entrepreneurial 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, which is under close monitoring, has no delay.

2.2) Credit risk mitigation

a.) Credit risk mitigation techniques – Overview

Current Period 30.06.2022	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans *	90.780.389	6.561.917	4.343.588	2.691.306	2.069.496	-	-
Debt Securities *	17.921.771	-	-	-	-	-	-
Total	108.702.160	6.561.917	4.343.588	2.691.306	2.069.496	-	-
Of which defaulted *	1.740.907	-	-	-	-	-	-

(*) Based on the article titled "Amendments Regarding the Calculation of Capital Adequacy" dated 24.04.2022 by the BRSA, it has been decided to continue calculating the Credit Risk Subject Amount by using the Central Bank's foreign exchange buying rate of 31.12.2021 until a Board Decision to the contrary is taken. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of TL 5,951,203 Thousand in "Loans", TL 454.194 Thousand in "Borrowing Instruments" and TL 80,352 Thousand in the "Defaulted" category.

Prior Period 31.12.2021	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans *	52.412.531	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Debt Securities *	10.228.317	-	-	-	-	-	-
Total	62.640.848	4.780.715	3.720.274	3.009.663	2.536.877	-	-
Of which defaulted *	1.570.109	-	-	-	-	-	-

(*) Based on the BRSA's article on "Pandemic Measures Time Extension" dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days before the calculation date was used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 9,206,674 Thousand TL in "Loans", 1,484,531 Thousand TL in "Borrowing Instruments" and 128,867 Thousand TL in the "Defaulted" category.

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2.3) Credit risk if standard approach is used

a) Qualitative explanations to be made about the rating grades used by banks when calculating the credit risk with the standard approach

The Bank uses the ratings given by the Fitch Ratings International Rating Agency in the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments and Receivables from Administrative Units and Non-Commercial Enterprises. In the Risk Class Receivables from Banks, Fitch Ratings ratings are used for Receivables from Banks located abroad, and no rating agency rating is used for the receivables from domestic banks. Our Country rating used for Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments and Receivables from Administrative Units and Non-Commercial Enterprises corresponds to 3 in the Credit Quality Level, while the ratings used in the Receivables from Banks and Intermediary Institutions risk class are all from 1 to 6. matched with credit quality levels.

b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique

	Current Period 30.06.2022	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
	Risk Classes						
1	Exposures to sovereigns and their central banks	28.094.345	-	30.163.842	8.839	-	0%
2	Exposures to regional and local governments	-	-	-	-	-	0%
3	Exposures to administrative bodies and non-commercial entities	281.952	36.572	281.952	18.198	300.028	100%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	7.718.836	1.366.978	7.718.836	1.352.211	2.757.642	30%
7	Exposures to corporates	40.285.535	26.076.510	39.339.248	16.717.342	54.002.336	96%
8	Retail exposures	8.192.845	5.450.671	7.045.415	2.520.345	6.854.711	72%
9	Exposures secured by residential property	4.213.298	72.452	4.213.298	34.922	1.486.877	35%
10	Exposures secured by commercial property	3.580.469	826.516	3.580.469	471.570	2.026.019	50%
11	Past-due items	274.185	-	274.185	-	150.532	55%
12	Exposures in high-risk categories	2.678.095	6.665	2.678.094	3.332	5.321.172	198%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	1.985.526	-	1.614.771	-	812.528	50%
17	Equity share investments	-	-	-	-	-	0%
18	Total	97.305.086	33.836.364	96.910.110	21.126.759	73.711.845	62%

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2.3) Credit risk if standard approach is used (Continued)

	Prior Period 31.12.2021	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
1	Risk Classes						
1	Exposures to sovereigns and their central banks	16.656.175	-	19.175.013	17.843	-	0%
2	Exposures to regional and local governments	-	-	18.039	388	9.214	50%
3	Exposures to administrative bodies and non-commercial entities	259.913	165.759	259.913	43.926	300.425	99%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	2.615.679	403.825	2.615.679	395.564	796.690	26%
7	Exposures to corporates	25.101.279	18.469.122	24.142.247	11.999.030	34.696.911	96%
8	Retail exposures	6.891.139	4.461.177	5.299.430	2.088.169	5.321.772	72%
9	Exposures secured by residential property	3.412.489	51.391	3.412.489	26.108	1.203.509	35%
10	Exposures secured by commercial property	2.620.264	685.693	2.620.264	366.110	1.493.187	50%
11	Past-due items	257.585	-	257.585	-	147.146	57%
12	Exposures in high-risk categories	77.691	51	77.691	26	116.575	150%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	1.552.398	-	1.251.068	-	682.242	55%
17	Equity share investments	-	-	-	-	-	0%
18	Total	59.444.612	24.237.018	59.129.418	14.937.164	44.767.671	60%

c) Standard approach: Receivables related with risk classes and risk weights

Current Period Risk Classes/ Risk Weight 30.06.2022	0%	10%	20%	35% Secured by Property Mortgage	50% Secured by Property Mortgage	50% ⁽¹⁾	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	30.172.681	-	-	-	-	-	-	-	-	-	-	30.172.681
Exposures to regional and local government	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	90	-	40	-	-	-	-	300.020	-	-	-	300.150
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	7.867.701	-	-	38.487	-	1.164.859	-	-	-	9.071.047
Exposures to corporates	1.386.971	-	834.103	-	-	-	-	53.835.516	-	-	-	56.056.590
Retail exposures	285.609	-	195.861	-	-	-	9.075.004	9.286	-	-	-	9.565.760
Exposures secured by residential property	-	-	-	4.248.220	-	-	-	-	-	-	-	4.248.220
Exposures secured by commercial property	-	-	-	-	4.052.039	-	-	-	-	-	-	4.052.039
Past-due items	181	-	-	-	-	246.944	-	27.060	-	-	-	274.185
Exposures in high-risk categories	-	-	-	-	-	-	-	-	83.362	2.598.064	-	2.681.426
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	802.243	-	-	-	-	-	-	812.528	-	-	-	1.614.771
Total	32.647.775	-	8.897.705	4.248.220	4.052.039	285.431	9.075.004	56.149.269	83.362	2.598.064	-	118.036.869

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2.3) Credit risk if standard approach is used (Continued)

Prior Period Risk Classes/ Risk Weight 31.12.2021	0%	10%	20%	35% Secured by Property Mortgage	50% Secured by Property Mortgage	50% ^(*)	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	19,192,856	-	-	-	-	-	-	-	-	-	-	19,192,856
Exposures to regional and local government	-	-	-	-	-	18,427	-	-	-	-	-	18,427
Exposures to administrative bodies and non-commercial entities	3,414	-	-	-	-	-	-	300,425	-	-	-	303,839
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	2,700,494	-	108,315	-	-	202,434	-	-	-	3,011,243
Exposures to corporates	547,254	-	727,310	-	630,527	-	-	34,236,186	-	-	-	36,141,277
Retail exposures	175,496	-	160,840	-	-	-	7,046,629	4,635	-	-	-	7,387,600
Exposures secured by residential property	-	-	-	3,438,597	-	-	-	-	-	-	-	3,438,597
Exposures secured by commercial property	-	-	-	-	2,986,373	-	-	-	-	-	-	2,986,373
Past-due items	222	-	35	-	-	220,378	-	36,950	-	-	-	257,585
Exposures in high-risk categories	-	-	-	-	-	-	-	-	77,717	-	-	77,717
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	568,826	-	-	-	-	-	-	682,242	-	-	-	1,251,068
Total	20,488,068	-	3,588,679	3,438,597	2,986,373	977,647	7,046,629	35,462,872	77,717	-	-	74,066,582

VIII. EXPLANATIONS ON RISK PROTECTION PROCEDURES

It is essential to limit the risk levels to limits compatible with the risk profile and risk tolerance in order to prevent the Bank from being affected by the adverse events that may occur while conducting its operations. Risk limits are determined by taking the opinions and suggestions of the General Manager, Audit Committee and relevant Senior Managers and approved by the Board of Directors

Risk limits; it has been determined in accordance with the risk levels, activities, size and complexity of its products and services that the Bank can take. Limits are regularly reviewed and monitored periodically, adapting to changes in market conditions, the Bank's strategy and risk appetite. In addition, derivative transactions are carried out at the Bank and FX and TL liquidity risk is limited by the transactions performed.

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

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

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**IX. COUNTER PARTY CREDIT RISK EXPLANATIONS****a) Qualitative disclosures on counterparty credit risk**

In order to reveal the counterparty credit risk that the Bank may encounter, it is essential to carry out risk measurement and monitoring activities and to consider the results in the strategic decision-making process. Within the scope of the management of the counterparty credit risk, the Bank; It ensures that the results of the functions of defining, measuring, monitoring and controlling the counterparty credit risk are reported to the Senior Management in line with the structure, size and complexity of its products and activities. It is essential that the Bank manages the counterparty credit risk level in a way that ensures that it remains above the minimum limits set forth in the legal regulations. Bank risk measurement system; It takes measures to ensure that it operates in a way that can be implemented in compliance with legal regulations, fields of activity and products, is reliable and can be implemented in integrity, and is maintained accordingly. In this context, as a minimum, for counterparty credit risk measurement and monitoring activities; Efforts are being made to calculate the counterparty credit risk weighted asset amount and regulatory capital requirement, and to monitor the Bank's compliance level with regard to the allocated limits.

b) Evaluation of counterparty credit risk in accordance with the measurement methods

	Current Period 30.06.2022	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	14.851	30.951		1,4	45.802	9.552
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					5.014.871	5.617
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						15.169

^(*) Effective expected positive exposure

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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)

IX. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

	Prior Period 31.12.2021	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) ^(*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1	Standardised approach - CCR (for derivatives)	17.898	25.585		1,4	43.484	20.129
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					2.986.187	2.015
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						22.144

c) Capital requirement for loan valuation adjustment

	Current Period 30.06.2022	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	45.802	37.925
4	Total subject to the CVA capital charge	45.802	37.925

	Current Period 31.12.2021	Exposure at default post-CRM	RWA
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	43.484	20.100
4	Total subject to the CVA capital charge	43.484	20.100

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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)

IX. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

d) Standardised approach - CCR exposures by risk class and risk weight

Risk weight /Regulatory portfolio (Current Period)	0%	10%	20%	50%	%75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	5.009.254	-	23.659	-	-	-	-	-	4.732
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	21.654	-	-	-	-	-	4.331
Exposures to corporates	-	-	-	-	-	6.106	-	-	6.106
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	5.009.254	-	45.313	-	-	6.106	-	-	15.169

^(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

Risk weight /Regulatory portfolio (Prior Period)	0%	10%	20%	50%	%75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	2.982.159	-	17.279	-	-	-	-	-	3.456
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	6.118	9.601	-	-	-	-	6.024
Exposures to corporates	-	-	-	4.030	-	10.154	-	-	12.169
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	330	-	495
Other exposures	-	-	-	-	-	-	-	-	-
Total ^(*)	2.982.159	-	23.397	13.631	-	10.154	330	-	22.144

^(*) Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

e) Counterparty credit risk (IDD) by risk class and PD

None.

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

IX. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

f) Collaterals for CCR

Current Period 30.06.2022	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	1.367.499	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	5.014.871
Total	-	-	-	-	1.367.499	5.014.871

Prior Period 31.12.2021	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral given		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	2.498.503	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	2.986.187
Total	-	-	-	-	2.498.503	2.986.187

g) Credit Derivatives

None.

h) Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

3. Explanations on Securitization Disclosure

None. (31 December 2021: None).

4. Explanations on Market Risk

a) Qualitative information to be disclosed to the public regarding market risk

The Bank ensures effective management of market risk and market concentration risk arising from market risk components, in accordance with the volume, nature and complexity of its activities, within the framework of BRSA regulations, taking into account the best practices.

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

IX. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

4. Explanations on Market Risk (Continued)

Regarding the management of market risk, the Bank ensures that measurement, monitoring, limitation, stress testing and scenario analysis studies are carried out in line with the structure and complexity of its positions, and the results are reported. It is essential to evaluate new products and services in terms of market risk.

In this context, as a minimum;

- The Bank's accounts and positions that are exposed to market risk, and the minimum daily monitoring of market developments that affect the value of these accounts and positions,
- Calculations of the amount subject to market risk the Bank is exposed to within the framework of the trading accounts,
- Upstream and downstream ordinary and ordinary Analysis of the effects of external movements on the Bank's accounts and positions subject to market risk,
- Back-test analysis of internal models used for monitoring purposes in the calculation of the amount subject to market risk,
- Risk limits for market risk are calculated and monitored regularly.

At the Bank, the Board of Directors, the Audit Committee and the General Manager fulfill their duties, authorities and responsibilities within the scope of market risk management within the framework defined in the legislation. All Units, including the Units within the Scope of Internal Systems, fulfill their duties, authorities and responsibilities within the scope of market risk management within the framework of the Regulation on Banks' Internal Systems and Internal Capital Adequacy Assessment Process and their own Regulations.

In order to reveal the market risk that the Bank may face, it is essential to carry out risk measurement and monitoring activities and to consider the results in the Bank's strategic decision-making process.

Within the framework of these principles, at least the following analyzes are made for measurement and monitoring activities.

Within the scope of Market Risk, as a minimum:

- Standard Method: It is made in accordance with the Market Risk Reporting Set explanations published by the BRSA.
- Value at Risk Analysis: Performed using Historical Simulation, Parametric, Exponentially Weighted Moving Average (EWMA) or any other method deemed appropriate by the Bank.
- Internal Capital Requirement: The parameters determined by the BRSA and/or the Bank that may affect the Bank's financial power, and the level of capital to meet the risks that the Bank is or may be exposed to, with stress tests and/or scenario analyzes regarding these parameters, a forward-looking view angle is calculated using appropriate methods.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

IX. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

4. Explanations on Market Risk (Continued)

b) Standard Approach

		Current Period 30.06.2022	Prior Period 31.12.2021
		RWA	RWA
Outright products			
1	Profit share rate risk (general and specific)	-	41.713
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	390.205	281.836
4	Commodity risk	119.753	19.774
Options			
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	509.958	343.323

Issued quarterly and semi-annually and annually within the scope of the footnotes prepared by the BRSA in accordance with the "Communiqué on the Public Disclosures on Risk Management by Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 and entered into force as of 31 March 2016. The required tables below are not presented as of 30 June 2022, as the standard approach is used in the Bank's market risk calculation:

- Quantitative information to be disclosed to the public for banks using the internal model approach
- Change table of market risk RAT (Risk-Weighted Amounts) according to the internal model approach
- Internal model approach for the trading account
- Comparison of VaR (Value at Risk) estimates with profit/loss

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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X. EXPLANATIONS ON THE OPERATING SEGMENTS

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

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

Table for Segment Reporting:

Current Period 1 January – 30 June 2022	Private Banking	Corporate / Entrepreneurial Banking	Treasury/ Investment Banking	Other/Undistrib- uted	Total
OPERATING INCOME / EXPENSES					
Profit Shares Income	399.252	5.247.171	2.926.800	14.119	8.587.342
Profit Shares Expense	(1.281.031)	(2.139.430)	(950.230)	(31.030)	(4.401.721)
Net Profit Shares Income/Expense	(881.779)	3.107.741	1.976.570	(16.911)	4.185.621
Net Fees and Commission Income/Expense	40.148	129.451	-	(26.399)	143.200
Dividend Income	-	-	774	-	774
Trading Income/Loss (Net)	-	-	43.417	-	43.417
Other Operating Income	-	475.355	-	6.596	481.951
Expected Loss Provisions	(53.227)	(657.510)	-	(109.281)	(820.018)
Other expenses	-	(11.352)	-	(1.051.459)	(1.062.811)
Net Operating Profit/Loss	(894.858)	3.043.685	2.020.761	(1.197.454)	2.972.134
Tax Provision	-	-	-	(860.553)	(860.553)
Net Profit/Loss	(894.858)	3.043.685	2.020.761	(2.058.007)	2.111.581
SEGMENT ASSETS (*)					
Financial Assets at FV Through P/L	-	-	1.890.743	-	1.890.743
Banks	-	-	8.747.347	-	8.747.347
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	14.113.363	-	14.113.363
Loans (**)	7.695.583	95.064.049	533.877	-	103.293.509
Financial Assets Measured at Amortised Cost	-	-	2.371.859	-	2.371.859
Derivative Financial Assets	-	-	6.455	-	6.455
Associates, Subsidiaries and Joint Ventures	-	-	100	-	100
Other Assets (*)	-	-	-	21.174.305	21.174.305
Total Segment Assets	7.695.583	95.064.049	27.663.744	21.174.305	151.597.681
SEGMENT LIABILITIES					
Funds Collected	53.754.581	72.787.337	-	-	126.541.918
Derivative Financial Liabilities	-	-	-	-	-
Funds Borrowed	-	-	6.687.445	-	6.687.445
Money Market Funds	-	-	1.526.938	-	1.526.938
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	1.259.400	1,259,400
Other Liabilities	-	-	-	7,413,855	7,413,855
Shareholders' Equity	-	-	-	8,168,125	8,168,125
Total Segment Liabilities	53.754.581	72.787.337	8.214.383	16.841.380	151.597.681

(*) Includes expected loss provisions.

(**) Includes lease receivables.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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)

X. EXPLANATIONS ON THE OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Continued)

Prior Period 1 January – 30 June 2021	Private Banking	Corporate Entrepreneurial Banking	Treasury/ Investment Banking	Other/Undistri- buted	Total
OPERATING INCOME / EXPENSES					
Profit Shares Income	255.221	2.015.819	398.933	13.288	2.683.261
Profit Shares Expense	(488.728)	(1.015.534)	(688.018)	(15.035)	(2.207.315)
Net Profit Shares Income/Expense	(233.507)	1.000.285	(289.085)	(1.747)	475.946
Net Fees and Commission Income/Expense	15.075	71.334	-	(21.915)	64.494
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	168.087	-	168.087
Other Operating Income	-	393.650	-	4.168	397.818
Expected Loss Provisions	(51.316)	(441.828)	-	(50.876)	(544.020)
Other expenses	-	(4.546)	-	(323.374)	(327.920)
Net Operating Profit/Loss	(269.748)	1.018.895	(120.998)	(393.744)	234.405
Tax Provision	-	-	-	(47.055)	(47.055)
Net Profit/Loss	(269.748)	1.018.895	(120.998)	(440.799)	187.350
SEGMENT ASSETS (*)					
Financial Assets at FV Through P/L	-	-	1.221.714	-	1.221.714
Banks	-	-	2.461.465	-	2.461.465
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	6.495.564	-	6.495.564
Loans (**)	4.933.158	42.474.461	173.227	-	47.580.846
Financial Assets Measured at Amortised Cost	-	-	903.845	-	903.845
Derivative Financial Assets	-	-	2.759	-	2.759
Associates, Subsidiaries and Joint Ventures	-	-	100	-	100
Other Assets (*)	-	-	-	8.707.034	8.707.034
Total Segment Assets	4.933.158	42.474.461	11.258.674	8.707.034	67.373.327
SEGMENT LIABILITIES					
Funds Collected	19.817.023	31.880.430	-	-	51.697.453
Derivative Financial Liabilities	-	-	2.021	-	2.021
Funds Borrowed	-	-	4.788.336	-	4.788.336
Money Market Funds	-	-	3.314.800	-	3.314.800
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	477.261	477.261
Other Liabilities	-	-	-	3.199.194	3.199.194
Shareholders' Equity	-	-	-	3.894.262	3.894.262
Total Segment Liabilities	19.817.023	31.880.430	8.105.157	7.570.717	67.373.327

(*) Includes expected loss provisions.

(**) Includes lease receivables.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	76.358	746.990	55.164	478.398
Central Bank of the Republic of Turkey(*)	3.736.451	14.333.068	3.011.049	11.477.192
Other	-	131.765	-	268.888
Total	3.812.809	15.211.823	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 June 30, 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 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the conversion rate from foreign currency deposit accounts in USD, EUR and GBP and participation fund accounts in foreign currency to time TL deposit and participation accounts as of 15 April 2022 obligation date 10% for individuals; As of the obligation date of 8 July 2022, it has been determined as 10% for natural persons and 20% for legal persons. It has been decided not to apply an annual commission to the banks, which have reached the level of 20% for real persons and 20% for legal entities as of the liability date of 2 September 2022, up to the amount required to be kept for their liabilities until the end of 2022. The practice of charging double commission from banks that could not reach the conversion rate determined as of 2 September 2022 was cancelled, and the commission rate was increased from 1,5% to 5% as of the commitment date of 8 July 2022.

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

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Unrestricted Demand Deposit	3.736.451	14.333.068	3.011.049	11.477.192
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	3.736.451	14.333.068	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.

2. Information on banks and other financial institutions:

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Banks				
Domestic Banks	9.191	6.518.685	9.647	1.750.708
Foreign Banks	-	2.219.471	-	1.589.785
Foreign Head Office and Branches	-	-	-	-
Total	9.191	8.738.156	9.647	3.340.493

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

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

	Current Period 30.06.2022	Prior Period 31.12.2021
Financial Assets at Fair Value Through Profit / Loss	1.879.043	1.787.541
Other Dividends and Income Rediscunts	10.511	7.775
Provision for Impairment (-)	-	-
Total	1.889.554	1.795.316

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

	Current Period 30.06.2022	Prior Period 31.12.2021
Assets Subject to Repurchase Agreements	729.549	2.520.412
Assets Blocked/Given as Collateral	3.889.742	432.735
Total (*)	4.619.291	2.953.147

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

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

	Current Period 30.06.2022	Prior Period 31.12.2021
Debt Securities	14.317.041	8.700.787
Quoted in Stock Exchange	14.317.041	8.700.787
Not Quoted in Stock Exchange	-	-
Share Certificates	11.240	10.412
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	11.240	10.412
Provision for Impairment (-)(**)	214.918	121.629
Total	14.113.363	8.589.570

(*) The afore-mentioned amounts consist of TL 3.581 and 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 Eurasia Rating A.Ş.).

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

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

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Forward Transactions	426	-	12.764	2.138
Swap Transactions	5.187	-	-	4.854
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	712	130	-	-
Total	6.325	130	12.764	6.992

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans:

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

	Current Period 30.06.2022		Prior Period 31.12.2021	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	1.840	-	1.646	-
Corporate Shareholders	1.840	-	1.646	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	25.007	-	12.097	-
Total (*)	26.847	-	13.743	-

(*) Includes rediscount amounts.

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

Current Period 30.06.2022	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	86.594.973	973.362	282.817	693.882
Export Loans	14.101.630	6.006	-	-
Import Loans	123.349	-	-	-
Commercial Loans	58.449.011	815.702	282.817	693.882
Consumer Loans	7.486.604	67.748	-	-
Credit Cards	47.987	-	-	-
Loans Given to Financial Sector	534.305	-	-	-
Other	5.852.087	83.906	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	2.414.822	44.048	1.595	50.233
Total	89.009.795	1.017.410	284.412	744.115

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 30 June 2022, TL 42.684 (31 December 2021: TL 39.633) of the related balance consists of funds provided through 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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

	Current Period 30.06.2022		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	416.208	-	228.215	-
Significant Increase in Credit Risk	-	182.469	-	168.969

	Current Period 30.06.2022		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
Number of Extensions				
1 or 2 Times Extended	628.826	976.699	294.941	1.217.351
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	628.826	976.699	294.941	1.217.351

	Current Period 30.06.2022		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	54.488	31	28.422
6 Months – 12 Months	5.811	11.529	7.784	11.784
1 - 2 Years	227.345	696.005	173.766	591.041
2 - 5 Years	382.969	54.025	101.508	558.319
5 Years and Over	12.689	160.652	11.852	27.785
Total	628.826	976.699	294.941	1.217.351

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

Current Period 30.06.2022	Short-Term	Medium and Long-Term	Total
Consumer Loans - TL	18.820	7.513.008	7.531.828
Housing Loans	2.586	6.583.289	6.585.875
Vehicle Loans	4.665	618.027	622.692
Consumer Loans	11.569	311.692	323.261
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	45.454	50	45.504
With Installment	10.666	32	10.698
Without Installment	34.788	18	34.806
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	360	22.164	22.524
Housing Loans	-	7.135	7.135
Vehicle Loans	-	1.930	1.930
Consumer Loans	360	13.099	13.459
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	2.476	7	2.483
With Installment	418	1	419
Without Installment	2.058	6	2.064
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	67.110	7.535.229	7.602.339

(*) Profit share rediscount amounting to TL 93.244 is not included in the table.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (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	-	-	-
Installment based	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	40.490	5.285.409	5.325.899

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

d) Information on installment commercial loans and corporate credit cards

Current Period 30.06.2022	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TL	249.222	1.572.647	1.821.869
Business Loans	-	44.341	44.341
Vehicle Loans	248.191	1.528.306	1.776.497
Consumer Loans	1.031	-	1.031
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	345	41.182	41.527
Business Loans	-	-	-
Vehicle Loans	345	41.182	41.527
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	249.567	1.613.829	1.863.396

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

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)****e) Breakdown of domestic and international loans:**

	Current Period 30.06.2022	Prior Period 31.12.2021
Domestic Loans	87.847.101	54.953.912
Foreign Loans	697.933	758.221
Profit Share Income Accruals of Loans	2.510.698	1.177.443
Total^(*)	91.055.732	56.889.576

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

f) Loans Granted to subsidiaries and participations

As of 30 June 2022, there are no loans given to subsidiaries and affiliates (31 December 2021: None).

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

	Current Period 30.06.2022	Prior Period 31.12.2021
Loans and receivables with limited collectability	67.095	16.240
Loans and receivables with doubtful collectability	35.193	252.060
Uncollectible loans and receivables	1.360.014	1.069.412
Total	1.462.302	1.337.712

h) Information on lease receivables**h.1) Analysis of Investments Made in Financial Leasing by Remaining Maturity**

	Current Period 30.06.2022		Prior Period 31.12.2021	
	Gross	Net	Gross	Net
Less than 1 year	61.745	60.049	449.965	431.939
1-5 year	7.178.306	6.325.947	8.174.378	7.132.872
More than 5 years	7.187.899	6.091.501	2.363.504	1.981.453
Total	14.427.950	12.477.497	10.987.847	9.546.264

h.2) Information on Net Investments in Financial Leasing

	Current Period 30.06.2022	Prior Period 31.12.2021
Gross Financial Lease Receivable	14.427.950	10.987.847
Unearned Financial Income from Financial Lease (-)	(1.950.453)	(1.441.583)
Canceled Rental Amounts	-	-
Total	12.477.497	9.546.264

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

As of 30 June 2022, the sum of the Bank's non-performing loans and other receivables restructured by the bank or rescheduled is TL 176.672 (December 31, 2021: TL 157.499).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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 30.06.2022			
Ending balance of prior period	41.467	391.196	1.266.313
Additions in the current period (+)	213.666	979	224.704
Transfers from other categories of non-performing loans (+)	-	99.256	402.548
Transfers to other categories of non- performing loans (-)	99.256	402.548	-
Collections in the current period (-)*	14.329	23.042	260.679
Write offs (-)*	-	-	19.016
Corporate and commercial loans	-	-	19.016
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	141.548	65.841	1.613.870
Expected Loss Provision (Stage 3)	67.095	35.193	1.360.014
Net balance on balance sheet	74.453	30.648	253.856

(*) Includes transfers to first and second group loans amounting to TL 52.380.

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Prior Period 31.12.2021			
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: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Current Period(*) 30.06.2022			
Ending balance of the current period	-	4.776	515.680
Expected Loss Provision (Stage 3) (-)	-	2.430	464.724
Net balance on balance sheet	-	2.346	50.956

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

	Group III:	Group IV:	Group V:
Prior Period (*) 31.12.2021	Loans with limited collectability	Loans with doubtful collectability	Uncollectible Loans
Ending balance of the current period	-	14.502	415.568
Expected Loss Provision (Stage 3) (-)	-	8.142	358.580
Net balance on balance sheet	-	6.360	56.988

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

	Group III:	Group IV:	Group V:
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period (Net)	74.453	30.648	253.856
Loans to Real Persons and Legal Entities (Gross)	141.548	65.841	1.613.870
Specific Provisions (-)	67.095	35.193	1.360.014
Loans to Real Persons and Legal Entities (Net)	74.453	30.648	253.856
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific 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
Specific Provisions (-)	16.240	252.060	1.069.412
Loans to Real Persons and Legal Entities (Net)	25.227	139.136	196.901
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

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

	III. Grup:	IV. Grup:	V. Grup:
	Loans with limited collectability	Loans with doubtful collectability	Uncollectible loans
Current Period (Net)	4.308	2.589	32.770
Profit Share Accrual and Valuation Differences Provision	8.297	5.710	219.875
Provision Amount (-)	3.989	3.121	187.105
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

ZİRAAT KATILIM BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

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

l) Explanations on write-off policy:

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

7. Financial assets at amortized cost:

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

	Current Period 30.06.2022	Prior Period 31.12.2021
Debt Securities	2.371.859	1.327.957
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	2.371.859	1.327.957
Provision of Impairment (-)	-	-
Total	2.371.859	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 June 30, 2022, the Bank's government debt securities measured at amortized cost is TL 2.217.271 (December 31, 2021: TL 1.327.957).

	Current Period 30.06.2022	Prior Period 31.12.2021
Balances at Beginning of Period	1.327.957	779.437
Foreign Currency Differences on Monetary Assets	38.976	396.879
Purchases during the Period ^(*)	1.004.926	151.641
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
Balances at End of Period	2.371.859	1.327.957

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

As of 30 June 2022, the Bank's assets held for sale are TL 274.985 (31 December 2021: TL 307.881).

	Current Period 30.06.2022	Prior Period 31.12.2021
Beginning Balance (Net)	307.881	75.240
Changes During the Period (Net)	(32.896)	232.641
Amount of depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)	274.985	307.881

(*) The group has a right of fidelity of over TL 216.901 (31 December 2021: TL 247.112) of assets held for sale..

As of 30 June 2022, the Bank has no discontinued operations (31 December 2021: None).

9. Equity Investments

a) Information about in associates (net):

None (31 December 2021: None).

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 ^(*)	3.892.778	378	-	349.518	-	35	176	-	-
2 ^(*)	110	93	-	11	-	5	4	-	-

(*) 30 June 2022 interim unreviewed financial statements are used.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

9. Equity Investments (Continued)

	Current Period 30.06.2022	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 subsidiaries and the related carrying amounts:

	Current Period 30.06.2022	Prior Period 31.12.2021
Banks	-	-
Insurance Companies	-	-
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Financial Subsidiaries	100	100

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

None (31 December 2021: None).

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

None (31 December 2021: None).

10. Explanations on property and equipment:

	Immovable	Right of Use of Immovable	Movable	Right of Use of 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)	-	61.624	12.608	3.684	21.110	-	99.026
Cost	-	83.568	24.030	8.594	26.637	-	142.829
Amortization (Net) (-)	-	21.944	11.422	4.910	5.527	-	43.803
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	305.589	169.243	43.524	99.249	-	617.605
Accumulated Depreciation at Period End (-)	-	91.915	64.533	16.064	44.148	-	216.660
Provision for Impairment (-)	-	-	-	-	-	-	-
Closing Net Book Value	-	213.674	104.710	27.460	55.101	-	400.945

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

11. Information on intangible assets:

	Current Period 30.06.2022			Prior Period 31.12.2021		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	341.382	68.808	272.574	280.415	56.576	223.839
Total	341.382	68.808	272.574	280.415	56.576	223.839

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

12. Information on the investment properties:

As of 30 June 2022, the Bank has no investment property (31 December 2021: None).

13. Information on deferred tax asset:

The Bank's deferred tax liability of TL 477.572 (December 31, 2021: TL 183.007) and deferred tax asset amounting to TL 848.327 (31 December 2021: TL 484.336) are netted, and deferred tax asset of TL 370.755 (31 December 2021: TL 301.329 deferred tax asset) presence) is shown.

14. Information on other assets:

As of 30 June 2022, the Bank's other assets do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

1. a) Information on funds collected:

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

Current Period 30.06.2022	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	1,499.497	-	-	-	-	-	-	-	1,499.497
II. Real persons participation accounts non-trade TL	-	801.023	11.239.357	1.112.510	502.135	1.435	1.559.169	-	15.215.629
III. Other current accounts-TL	7.108.411	-	-	-	-	-	-	-	7.108.411
Public sector	189.626	-	-	-	-	-	-	-	189.626
Commercial sector	2.683.190	-	-	-	-	-	-	-	2.683.190
Other institutions	100.932	-	-	-	-	-	-	-	100.932
Commercial and other institutions	712	-	-	-	-	-	-	-	712
Banks and participation banks	4.133.951	-	-	-	-	-	-	-	4.133.951
Central Bank of Republic of Turkey	215	-	-	-	-	-	-	-	215
Domestic banks	762	-	-	-	-	-	-	-	762
Foreign banks	4.132.938	-	-	-	-	-	-	-	4.132.938
Participation banks	36	-	-	-	-	-	-	-	36
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	11.138.976	19.627.567	10.615.969	1.181.860	138.975	349.388	-	43.052.735
Public sector	-	6.397.826	2.712.778	2.047.461	66.442	-	-	-	11.224.507
Commercial sector	-	4.679.641	14.816.133	8.376.437	1.114.860	133.849	345.375	-	29.466.295
Other institutions	-	61.509	1.608.988	192.071	558	5.126	4.013	-	1.872.265
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	489.668	-	-	-	-	-	489.668
V. Real persons current accounts non-trade FC	5.436.370	-	-	-	-	-	-	-	5.436.370
VI. Real persons participation accounts-FC	-	1.077.705	10.757.372	828.279	-	390.462	2.287.457	-	15.341.275
VII. Other current accounts-FC	6.505.572	-	-	-	-	-	-	-	6.505.572
Commercial residents in Turkey	6.061.670	-	-	-	-	-	-	-	6.061.670
Commercial residents in Abroad	302.263	-	-	-	-	-	-	-	302.263
Banks and participation banks	141.639	-	-	-	-	-	-	-	141.639
Central Bank of Republic of Turkey	136.350	-	-	-	-	-	-	-	136.350
Domestic banks	4.152	-	-	-	-	-	-	-	4.152
Foreign banks	1.137	-	-	-	-	-	-	-	1.137
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	2.079.595	14.555.271	9.688.369	173.026	18.229	18.254	-	26.532.744
Public sector	-	-	1.730	-	-	-	-	-	1.730
Commercial sector	-	1.991.125	13.503.169	9.638.130	173.026	1.450	14.556	-	25.321.456
Other institutions	-	88.470	296.782	50.239	-	-	3.698	-	439.189
Commercial and other institutions	-	-	80.635	-	-	16.779	-	-	97.414
Banks and participation banks	-	-	672.955	-	-	-	-	-	672.955
IX. Precious metal funds	2.775.773	-	2.657.720	329.520	35.362	-	51.310	-	5.849.685
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	23.325.623	15.097.299	58.837.287	22.574.647	1.892.383	549.101	4.265.578	-	126.541.918

(*) As of June 30, 2022, it includes the amounts related to TL 11.999.255 CBRT Currency Protected Participation Account and TL 7.766.475 Treasury Currency Protected Participation Account products.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (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	6.128.613	-	-	-	-	-	-	-	6.128.613
Public sector	167.917	-	-	-	-	-	-	-	167.917
Commercial sector	1.749.391	-	-	-	-	-	-	-	1.749.391
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	21.605.569	4.646.163	38.942.388	1.475.989	524.275	563.948	10.175.565	-	77.933.897

(*) 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 UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)****a.2) Exceeding Amounts of Insurance Limit:****i. Information's on current and profit share accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund:**

	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit
	Current Period 30.06.2022	Prior Period 31.12.2021	Current Period 30.06.2022	Prior Period 31.12.2021
Real persons current and profit sharing accounts that are not subject to commercial activities	11.186.984	7.959.088	31.421.148	21.375.856
TL accounts	6.150.721	4.068.648	10.564.405	4.677.418
FC accounts	5.036.263	3.890.440	20.856.743	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 30.06.2022	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	1.295	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	-	-

2. Information on funds borrowed:**a) Information on the type of loan received**

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TC	FC	TC	FC
Syndicated Loans	56.021	613.454	63.024	632.094
Proxy Loans	-	136.372	-	147.531
Funds from Issued Lease Certificates	3.891.890	-	4.156.876	-
Other	227.808	1.761.900	256.894	908.426
Total	4.175.719	2.511.726	4.476.794	1.688.051

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)****b) Information on banks and other financial institutions:**

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	4.175.719	1.616.112	4.476.794	1.540.520
From Foreign Banks, Institutions and Funds	-	895.614	-	147.531
Total	4.175.719	2.511.726	4.476.794	1.688.051

c) Information on maturity structure of borrowings:

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Short-term	3.993.767	1.015.603	4.262.902	801.105
Medium and Long-term	181.952	1.496.123	213.892	886.946
Total	4.175.719	2.511.726	4.476.794	1.688.051

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

83,47% of Bank's liabilities consists of current and share profit account.

3. Funds provided under repurchasing agreements:

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Domestic	1.526.938	-	3.784.645	-
Financial Institutions	1.526.938	-	3.784.645	-
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	1.526.938	-	3.784.645	-

4. Information on securities issued:

None (31 December 2021: None)

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 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	-	-	70.653	1.039
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	-	-	70.653	1.039

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

7. Information on financial lease obligations:

	Current Period 30.06.2022		Prior Period 31.12.2021	
	Gross	Net	Gross	Net
Less than 1 year	111.202	63.985	63.632	36.170
Between 1-5 years	110.418	83.717	84.602	64.630
More than 5 years	237.940	118.494	180.579	93.663
Total	459.560	266.196	328.813	194.463

8. Information on provisions:

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

As of June 30, 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 22.769 (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 419.000, of which TL 20.000 has been reserved in previous periods and TL 399.000 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).

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

As of June 30, 2022, TL 603.101 of other provisions (31 December 2021: TL 428.989) was allocated from profits to be distributed to participation accounts, TL 664 (31 December 2021: TL 1.612) was made from provisions for foreign currency purchases and sales, TL 207 The portion amounting to (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 54.450 has been made in the financial statements for the lawsuits that are likely to be concluded against the Bank but are not yet finalized (31 December 2021: TL 55.135).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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 misconduct, 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 10.849 TL (full TL) determined by the government as of 30 June 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 30.06.2022	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 30.06.2022	Prior Period 31.12.2021
Balance at the 1 January	26.259	18.984
Paid during the period	-	8.179
Severance Pay	6.376	(1.115)
Actuarial loss/(gain)	-	211
Balance at the end of the period	32.635	26.259

As of June 30, 2022, the Bank's liability arising from leave rights is TL 17.970 (December 31, 2021: TL 10.500).

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

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)****9. Explanations on tax liability:****a) Explanations on current tax liability:**

As of 30 June 2022, the Bank's corporate tax liability after deducting temporary taxes paid during the period from tax provisions is TL 616.201 (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 30.06.2022	Prior Period 31.12.2021
Corporate Tax Payable	616.201	282.895
Taxation on Income From Securities	44.844	28.932
Property Tax	639	475
Banking Insurance Transactions Tax (BITT)	36.692	19.237
Foreign Exchange Transactions Tax	3.239	5.578
Value Added Tax Payable	9.806	8.809
Other	5.778	3.998
Total	717.199	349.924

c) Information on premiums:

	Current Period 30.06.2022	Prior Period 31.12.2021
Social Security Premiums – Employee	32	15
Social Security Premiums – Employer	11	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	259	165
Unemployment Insurance – Employer	515	330
Other	-	-
Total	817	517

10) Information on deferred tax liabilities, if any:

The Bank 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 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
From Domestic Banks	1.341.237	-	1.341.500	-
From Other Domestic Institutions	-	2.204.391	-	1.314.363
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
Total	1.341.237	2.204.391	1.341.500	1.314.363

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

12. Explanations on subordinated debts (Continued):

	Current Period 30.06.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:	-	2.204.391	-	1.314.363
Subordinated Loans (*)	-	2.204.391	-	1.314.363
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	1.341.237	-	1.341.500	-
Subordinated Loans (**)	1.341.237	-	1.341.500	-
Equity-like Debt Instruments	-	-	-	-
Total	1.341.237	2.204.391	1.341.500	1.314.363

(*) 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 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.

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

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

14. Information on shareholders' equity:

a) Presentation on paid-in capital:

	Current Period 30.06.2022	Prior Period 31.12.2021
Common stock	2.650.000	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.

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)**

- 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 30 June 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 30.06.2022		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	992.117	(138.879)	43.265	(24.008)
Revaluation Difference	1.276.840	(138.879)	49.994	(24.008)
Deferred Tax Effect	(284.723)	-	(6.729)	-
Foreign Exchange Difference	-	-	-	-
Total	992.117	(138.879)	43.265	(24.008)

III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS**1. Information on off-balance sheet liabilities:**

- a) **Nature and amount of irrevocable loan commitments:**

	Current Period 30.06.2022	Prior Period 31.12.2021
Commitments for Credit Card Expenditure Limits	802.615	553.864
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	629.620	448.457
Loan Granting Commitments	45.327	22.637
Asset Purchase Commitments	260.936	141.095
Tax and Fund Liabilities from Export Commitments	792.077	534.148
Promotion Commitment Regarding Credit Card and Banking Services	302	265
Total	2.530.877	1.700.466

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS
(Continued)****b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned:**

A provision of 131.046 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 30.06.2022	Prior Period 31.12.2021
Guarantee Letters	28.348.465	22.059.849
Bank Acceptances	57.411	33.018
Letter of Credits	5.173.037	5.073.547
Other Contingencies	2.403.901	2.437.051
Total	35.982.814	29.603.465

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

	Current Period 30.06.2022	Prior Period 31.12.2021
Letters of Temporary Guarantees	1.931.043	996.121
Letters of Certain Guarantees	14.127.657	9.823.046
Letters of Advance Guarantees	3.046.156	2.946.697
Letters of Guarantees given to Customs Offices	290.002	151.838
Other Letters of Guarantees	8.953.607	8.142.147
Total	28.348.465	22.059.849

b.3) Total non-cash loans:

	Current Period 30.06.2022	Prior Period 31.12.2021
Non-Cash Loans for Providing Cash Loans	8.953.496	8.142.586
With Original Maturity of One Year or Less	2.124.170	1.128.932
With Original Maturity of More than One Year	6.829.326	7.013.654
Other Non-Cash Loans	27.029.318	21.460.879
Total	35.982.814	29.603.465

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

	Current Period 30.06.2022		Prior Period 30.06.2021	
	TL	FC	TL	FC
Profit share on loans ^(*)	4.383.648	763.377	1.752.316	297.653
Short term loans	1.893.246	162.080	468.740	52.878
Medium and long term loans	2.453.293	601.297	1.244.625	244.775
Profit share on non-performing loans	37.109	-	38.951	-
Premiums received from resource utilization support fund	-	-	-	-

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

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS
(Continued)****b) Information on profit share income from banks:**

	Current Period 30.06.2022		Prior Period 30.06.2021	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	52.523	5.513	-	970
Foreign Banks	-	1.809	-	228
Head Office and Branches	-	-	-	-
Total	52.523	7.322	-	1.198

c) Information on profit share income from securities portfolio:

	Current Period 30.06.2022		Prior Period 30.06.2021	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	-	20.745	2.605	4.594
Financial Assets at Fair Value through Other Comprehensive Income	2.626.220	85.323	271.724	22.521
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	4.588	71.560	-	27.637
Total	2.630.808	177.628	274.329	54.752

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

None (30 June 2021: None).

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

	Current Period 30.06.2022		Prior Period 30.06.2021	
	TL	FC	TL	FC
Banks	160.454	21.232	25.519	13.656
Central Bank of the Republic of Turkey	205	-	-	-
Domestic Banks	160.249	19.413	11.794	13.106
Foreign Banks	-	1.819	13.725	550
Head Office and Branches	-	-	-	-
Other Institutions	349.518	76.876	352.235	29.913
Total	509.972	98.108	377.754	43.569

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

Profit share expenses given to affiliates and subsidiaries are TL 349.518 (30 June 2021: TL 309.392).

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

None (31 June 2021: None).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Current Period 30.06.2022	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	-	26.862	-	-	-	26.862
Real Person's Non Commercial Participation Accounts	61.031	679.756	56.020	30.540	89.527	916.874
Public Sector Participation Accounts	152.429	108.257	18.793	8.254	-	287.733
Commercial Sector Participation Accounts	173.378	916.810	514.830	90.760	18.511	1.714.289
Other Institutions Participation Accounts	3.283	111.445	8.617	699	252	124.296
Total	390.121	1.843.130	598.260	130.253	108.290	3.070.054
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	8.272	-	176	-	8.448
Real Person's Non Commercial Participation Accounts	5.035	49.431	2.493	2.137	15.249	74.345
Public Sector Participation Accounts	3	5	-	-	-	8
Commercial Sector Participation Accounts	759	72.350	37.709	1.814	723	113.355
Other Institutions Participation Accounts	10.712	95.890	42.797	31	27.019	176.449
Public Sector Participation Accounts	4.664	-	-	-	-	4.664
Total	21.173	225.948	82.999	4.158	42.991	377.269
Grand Total	411.294	2.069.078	681.259	134.411	151.281	3.447.323

Prior Period 30.06.2021	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	-	12.335	-	-	-	12.335
Real Person's Non Commercial Participation Accounts	37.865	300.217	2.793	3.396	16.529	360.800
Public Sector Participation Accounts	47.709	42.763	12.315	6.994	-	109.781
Commercial Sector Participation Accounts	74.230	691.271	12.088	10.461	13.617	801.667
Other Institutions Participation Accounts	1.464	92.480	5.191	-	102	99.237
Total	161.268	1.139.066	32.387	20.851	30.248	1.383.820
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	-	-	-	-	-	-
Real Person's Non Commercial Participation Accounts	3.104	34.878	510	984	12.785	52.261
Public Sector Participation Accounts	1	5	-	-	-	6
Commercial Sector Participation Accounts	865	39.768	3.828	2.067	28.980	75.508
Other Institutions Participation Accounts	23	124	1	-	5	153
Public Sector Participation Accounts	-	4.212	480	57	100	4.849
Total	3.993	78.987	4.819	3.108	41.870	132.777
Grand Total	165.261	1.218.053	37.206	23.959	72.118	1.516.597

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS
(Continued)****3. Information on dividend income:**

As of 30 June 2022, the Bank has TL 774 dividend income (30 June 2021: None).

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

	Current Period 30.06.2022	Prior Period 30.06.2021
Income	2.399.520	5.473.719
Foreign exchange gains	2.406	85.805
Gain on derivative financial instruments	77.172	50.939
Gain on capital market transactions	2.319.942	5.336.975
Losses (-)	2.356.103	5.305.632
Foreign exchange losses	3.055	84.738
Losses on derivative financial instruments	26.213	85.731
Losses on capital market transactions	2.326.835	5.135.163
Net	43.417	168.087

b. Information on profit/loss on derivative financial operations:

	Current Period 30.06.2022	Prior Period 30.06.2021
Effect of the change in exchange rates on profit/loss	50.959	(34.792)
Total	50.959	(34.792)

5. Information on other operating income:**Information on factors covering the recent developments which has significant effect on the Bank's income and the extent of effect on income:**

	Current Period 30.06.2022	Prior Period 30.06.2021
Correction Account for Previous Years Expenses	458.901	390.454
Income from the Sale of the Asset	16.173	2.865
Provision for Communication Expenses	3.244	953
Checkbook Fees	324	246
Other	3.309	3.300
Total	481.951	397.818

(*) Adjustment account for previous year expenses consists of TL 105.985 (30 June 2021 : 255.475 TL), monthly value account allocations of 20.123 TL (30 June 2021 : 66.529 TL) and 88.383 TL for the value account for the loan allocations and free donations (30 June: 68.450 TL).

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF PROFIT OR LOSS
(Continued)****6. Provision expenses for impairment on loans and other receivables:**

	Current Period 30.06.2022	Prior Period 30.06.2021
Expected Credit Loss	820.018	544.020
12 month expected credit loss (stage 1)	389.131	82.749
Significant increase in credit risk (stage 2)	112.672	95.634
Non-performing loans (stage 3)	318.215	365.637
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	418.674	7.678
Total	1.238.692	551.698

(*) Includes 399.000 TL free provision expense.

7. Information on other operating expenses:

	Current Period 30.06.2022	Prior Period 30.06.2021
Reserve for Employee Termination Benefits	6.376	4.143
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	42.866	29.037
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	12.233	7.465
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	160.036	70.687
Leasing Expenses Related to TFRS 16 Exceptions	763	162
Maintenance Expenses	15.037	9.443
Advertisement Expenses	27.925	24.076
Other Expenses	116.311	37.006
Loss on Sales of Assets	144	53
Other (*)	103.983	59.726
Total	325.638	171.111

(*) TL 52.002 (TL 28.583, 30 June 2021) of the balance, which constitutes the other item, consists of SDIF premium and audit and consultancy service expenses, while TL 34.824 (TL 16.065 on June 30, 2021) consists of taxes, fees and funds and other service expenses.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As of 30 June 2022, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 30.06.2022	Prior Period 30.06.2021
Net Profit Share Income	4.185.621	475.946
Net Fees and Commissions Income	143.200	64.494
Dividend Income	774	-
Trading Income/Expense (Net)	43.417	168.087
Other Operating Income	481.951	397.818
Expected Loss Provision (-)	820.018	544.020
Other Provision Expense (-)	418.674	7.678
Personnel Expense	318.499	149.131
Other Operating Expenses (-)	325.638	171.111
Income/(Loss) from Continuing Operations	2.972.134	234.405

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

As of 30 June 2022, the Bank's tax provision expense amounting to TL 860.553 (30 June 2021: TL 47.055), amounting to TL 1.207.974 (30 June 2021: TL 46.946) from current tax expense, amounting to TL 347.421 (30 June 2021: TL 109). expense) 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 2.111.581 (30 June 2021: TL 187.350 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 December 2021: None).

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****V. EXPLANATIONS AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY**

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

VI. EXPLANATIONS AND NOTES RELATED TO THE CASH FLOW STATEMENTS

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

VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE BANK**1) a) Information on the volume of transactions relating to the 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	-	-	1.840	-	-	-
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	-	-	-	300	-	-

ZİRAAT KATILIM BANKASI A.Ş.**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE BANK
(Continued)****c) Information on loans received from the Bank's risk group:**

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Funds Borrowed						
Balance at the beginning of period	4.050.000	3.950.000	484.397	560.325	-	-
Balance at the end of the period	3.800.000	4.050.000	397.640	484.397	-	-
Profit share paid expense	349.518	309.392	10.186	9.272	-	-

2) Information on forward transactions, option agreements and similar transactions between the 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	-	-	-	1.708.791	-	-
Total Profit/Loss	-	-	28.537	1.605	-	-
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 5.330 (31 December 2021: TL 2.097).

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

None.

ZİRAAT KATILIM BANKASI A.Ş.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 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 REVIEW REPORT

As of June 30, 2022, the unconsolidated 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 9 August 2022 is presented before the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. Assessment of Chairman

In the second quarter of 2022, it has been observed that the effects of the Covid-19 virus on human health have decreased significantly. However, the long-term effects of the pandemic on the global economy continue. In addition, the Russia-Ukraine war that started in the first quarter of this year caused serious increases in food and energy prices, and inflation concerns became more evident in the second quarter of the year. Central banks, on the other hand, have started to take a more hawkish stance in order to restrain the rising inflation rates.

As a result of the steps taken by the US Federal Reserve (FED) to support the economy during the pandemic period, the American economy recovered faster than the projections and provided strong employment gains. These developments, in turn, caused attention to be turned to inflationary pressures, which started to become more permanent. While inflation was at its highest levels in the last 40 years, unemployment rates declined to satisfactory levels. The FED started to shrink its balance sheet in the second quarter of the year in order to prevent the warming in the economy and to fight inflation. Moreover, it has given the signal that it will fight against inflation resolutely by accelerating the rate hikes that it started in the first quarter of the year in the second quarter of the year.

Although the negative effects of the pandemic on social life and economy have decreased in Europe, some countries have started to re-implement the obligation to wear masks due to the increasing number of cases. 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 significantly in the European continent in the second quarter of the year as well. In addition to the recovery in the economy, rising energy prices also caused a rapid increase in inflation rates in the European continent. While the European Central Bank (ECB) announced that it would end its asset purchase program within the year as part of the fight against inflation, it increased interest rates by 50 basis points in July, above expectations.

Thanks to the successful management of the pandemic process in Turkey and the well-organized health system, the impact of the Covid-19 virus on social life has been minimized. All measures, including the obligation to wear masks in closed areas, which were implemented due to the pandemic, were lifted in the second quarter of the year. It is observed that customer interest in Currency Protected TL deposits and participation accounts (KKM) products, which were implemented in the last quarter of 2021 to encourage savings in Turkish Lira (TL) and to protect investors, continued in the second quarter of this year as well.

Growth in the Turkish economy in the first quarter of the year; While it was realized within the expectations, the momentum gained in exports continued to increase in the second quarter of the year. Increases in global food and energy prices have caused inflation in Turkey to rise recently.

Ziraat Participation Bank has determined it as a strategic priority to make the domestic and foreign resources available to the country's economy in the most efficient way and to contribute to increasing the share of participation banking in our country's financial sector.

While the asset size of the participation banking sector increased by 33.3% in the first half of this year compared to the beginning of the year, the asset size of the banking sector increased by 27.1% in the same period. In this period, our Bank's asset size increased by 54%. In addition, in the first half of 2022, the participation banking sector achieved a higher net profit for the period than the banking sector. The increase in the net profit of our bank was above the net profitability of the participation banking sector. On the other hand, while the share of participation banking in the sector was 7.8% at the end of last year, it increased to 8.2% in the first half of this year. The continuation of this positive performance recorded in Participation Banking will contribute to the deepening of the financial system and to be more protected against risks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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, accelerated branching in the second quarter of 2022 and opened its 134th branch in the country. Our Bank aims to carry the public participation banking practice to all settlements with high economic activity by continuing to branch out in the upcoming period.

Within the scope of the new economic policies implemented in our country, products that meet the needs of our customers were offered, and effective service was continued in this period as well. Since the day it was founded, our bank has continued to work devotedly to contribute to participation banking, to increase its support for our economy, and to create more added value. In the coming 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 UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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

INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

ZİRAAT PARTICIPATION BANK CONTINUES TO GROWTH

Ziraat Participation's total assets reached 151.6 billion TL with an increase of 54% in the second quarter of 2022 compared to the end of 2021, while the funds collected reached 126.5 billion TL with an increase of 62% compared to the end of 2021. While the cash funds provided increased by 56% to 103.5 billion TL, Ziraat Participation's cash and non-cash financing provided to the entire sector amounted to 140 billion TL.

Ziraat Participation completed the second quarter of 2022 with a profit of TL 2.1 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 135 branches as of the 2nd quarter of 2022, 134 in the country and 1 abroad.

LEASE CERTIFICATE ISSUES REACHED TL 44.1 BILLION

Ziraat Katılım Bankası A.Ş. has successfully completed 8 lease certificate issuances in the second quarter of 2022. Ziraat Yatırım Menkul Değerler A.Ş. while a funding of TL 3.8 billion was obtained from these issuances made through the Bank, all of the lease certificate issuances received more than the issuance amount from investors.

Ziraat Participation, Turkey's first participation bank with public capital, has reached a total volume of 44.1 billion TL with the issuance of 117 lease certificates to investors since its inception in 2015.

WE PROVIDE FINANCING SUPPORT TO TECHNOLOGICAL VENTURES

Between Ziraat Finance Group and TUBİTAK with the aim of reducing foreign dependency in technology and increasing the competitiveness of our country; An agreement was reached within the scope of BİGG Program (TÜBİTAK BİGG 1512 – Entrepreneurship Support Program) and Order R&D Calls in partnership with BİGG.

Within the framework of the agreement; Developing a new product, process, method and model for finance, agriculture and clean technologies under the thematic areas of smart transportation, smart production systems, energy and clean technologies, communication and digital transformation, health and wellness, sustainable agriculture and nutrition and supported by TÜBİTAK. Financial support was put into practice for companies whose R&D projects were supported by initiatives and TEYDEB (Technology and Innovation Support Programs Presidency).

WE IMPLEMENTED THE TEA BUYING SUPPORT PACKAGE

The Tea Purchase Support Package was put into practice in order to meet the working capital needs of companies that purchase fresh tea from tea producers in return for their producer's receipts, and enterprises that purchase fresh tea from Agricultural Credit Cooperatives.

WE EXECUTED THE FINANCE OF HOUSING OF MY FIRST HOUSE

In order to enable our customers to own housing under favorable financing conditions, İlk Evim Housing Finance and Extended Housing Finance products were launched and put into use.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2022**

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

INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager (Continued)

THOUSANDS OF SEEDLES HAVE BEEN PLANTED WITH OUR CREDIT CARD CAMPAIGN

A cooperation was made between OGEM-VAK (Forestry Development and Forest Fire Fighting Services Support Foundation) and our bank with the aim of contributing to our forest existence by saying "Let the saplings turn into trees and trees in my country". It is aimed to raise awareness both among our employees and the society about our forests, which are the result of great effort. Within the framework of our cooperation, as of the end of June, thousands of saplings have been planted on behalf of all our bank personnel and our customers who use their credit cards for the first time.

WE CONTINUED INVESTMENT, EXPORT AND BUSINESS EXPENDITURES SUPPORT PACKAGES

For all SMEs and non-SME businesses that need collateral support to meet their financing needs within the scope of new or ongoing investments that will increase their production and employment capacities, the KGF-backed "Investment Support Package" application, in order to meet their financing demands under favorable conditions, is applied to SMEs operating in exporting or foreign currency earning sectors. The "Export Support Package" with KGF guarantee, "Import Substitution Support Package Based on Manufacturing" and "Business Expenditure Support Package" continued in the second quarter in return for financing the working capital needs of SMEs that are not currently exporters but have export potential under appropriate conditions. .

WE BRING FIRST IN PRIVATE BANKING

Our Private Banking Department Head; started to offer travel services and privileged financial solutions to our private banking customers, where legal and financial advisory consultancy services are offered, where they can receive more comfortable and faster service. Looking at the sector, we became the first and only bank to offer consultancy services to our private banking customers in financial advisory matters. We presented TAV Passport cards with Ziraat Participation privileges to all our private banking customers. At contracted airports with TAV Passport card; Many privileges such as free parking, privileged flight operations, free lounge access, discounted shopping at many points are benefited from.

Foreign customers could obtain their Tax Identification Number through the interactive tax office when they came to our country. With the cooperation we have made in line with the needs of our private banking customers in this regard, we have become the first and only bank that can obtain a potential Tax Identity Number for foreign customers without coming to Turkey. Thus, we have accelerated the processes of our private banking customers, who will enable them to use their real USD, EUR, GBP and CHF foreign currency savings at our bank.

WE MADE CRITICAL STUDIES IN INFORMATION SYSTEMS

Within the scope of our Information Systems activities; Inventory Financing Application, which will be used for the first time in the Participation Banking sector, was put into use. The data dictionary requested by the Presidency's Digital Transformation Office was created and added to the presidential portal. It has been ensured that applications for Temporary or Reference Letters are submitted to the Public Procurement Authority (KİK) via the mobile channel. It is possible to list the underlying loans for Lease Certificates. Foreign exchange/gold sales can be made in exchange-protected/home accounts that are converted from foreign currency and gold.

WE PROVIDE GREAT CONVENIENCES TO OUR CUSTOMERS IN THE DIGITAL AREA

With our Participation Mobile application, QR code (QR) money withdrawal and deposit transactions can be made at all TAM (Turkey's ATM Center) ATMs. By transferring the applications for the Letter of Guarantee to our digital channels, it was made available to our customers via Katılım Mobile, without the need for our customers to go to the branch.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager (Continued)

With our environmentally friendly project, which shortens our new customer opening processes, minimizes errors and reduces paper usage, all approvals can be given via Katılım Mobile by shortening the opening times of new customers in our branches. New customer openings were reduced to 3-4 minutes with the approval of Katılım Mobile, and 60% improvement and time savings were achieved in the account opening process.

OUR PARTICIPATION BANKING SCHOOL FINISHED THE 4TH SEMESTER

At our bank, we support our employees with trainings and strive to increase their level of knowledge in order to improve our existing human resources. With this viewpoint; This year, we carried out our "Participation Banking School 4th Term" training program, in cooperation with Istanbul University, so that our newly recruited employees can have in-depth knowledge of Participation Banking. Our candidates, who were successful in the exam held by our bank, started to work at our bank after the training they received at the Participation Banking School.

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 reflections of our deep-rooted corporate culture.

Best Regards,

Metin ÖZDEMİR
General Manager

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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 2.650.000.000 and this capital is divided into 2.650.000.000 shares, each of which is worth 1.00 Turkish Liras. The Chairman and Members of the Board of Directors, the Members of the Audit Committee, and the General Manager and his Deputies do not own shares in the Bank.

Title	Share Amounts	Number of Shares
T.C. Ziraat Bankası A.Ş.	2.649.999.996	2.649.999.996
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

Within Bank Assets, Loans with 103.293.509 Thousand TL with 68%, Cash Values and Cash Equivalents with 27.766.197 Thousand TL with 18%, Securities with 18.364.725 Thousand TL with 12%, Other Assets with 2.173.250 Thousand TL with 2%. gets a share.

Assets (Thousand TL)	30 June 2022	31 December 2021	Variance (%)
Cash Values and Cash Equivalents	27.766.197	18.639.347	49
Securities	18.364.725	11.702.431	57
Loans	103.293.509	66.399.920	56
Other Assets	2.173.250	1.570.894	38
Total Assests	151.597.681	98.312.592	54

Funds Collected in Bank Liabilities with TL 126.541.918 Thousand with 83%, Funds Other than Funds Collected with TL 11.760.011 Thousand with 8%, Shareholders' Equity with TL 8.168.125 Thousand with 6% and Other Liabilities with TL 5.127.627 Thousand with 3% share. takes.

Liabilities (Thousand TL)	30 June 2022	31 December 2021	Variance (%)
Deposit	126.541.918	77.933.897	62
Non- Deposit Resources	11.760.011	12.605.353	(7)
Other Liabilities	5.127.627	3.451.607	49
Equity	8.168.125	4.321.735	89
Total Liabilities	151.597.681	98.312.592	54

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2022

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INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators (Continued)

Selected Income-Expenses (Thousand TL)	30 June 2022	30 June 2021
Profit Share Income	8.587.342	2.683.261
Profit Share Expense	4.401.721	2.207.315
Net Profit Share Income	4.185.621	475.946
Net Fee and Commission Income	143.200	64.494
Trading Profit/Loss	43.417	168.087
Other Operating Income	481.951	397.818
Other Operating Expense	325.638	171.111
Expected Loss Provision	820.018	544.020
Other Provision Expense	418.674	7.678
Personel Expense	318.499	149.131
Profit / Loss Before Tax	2.972.134	234.405
Tax Provision	(860.553)	(47.055)
Net Profit/Loss	2.111.581	187.350

RATIOS (%)	30 June 2022	31 December 2021
Capital Adequacy Ratio	15,0	14,0
Equity / Total Assets	5,4	4,4
Total Loans / Total Assets	69,1	69,1
Borrowings/Total Assets	83,5	79,3
Non-Performing Loans (Gross)/Loans	1,7	2,5

* It includes Leasing Receivables.

VI. 2022 II. Interim Activities

Foreign Trade Transactions Service

What We Achieved in the First Quarter of 2022:

- In accordance with the 27th amendment made in the Export Circular, at least 40% of the export proceeds tied to the IBKB was sold to our Bank to be sent to the Central Bank, and the systemic development allowing sales in foreign currencies other than EUR, USD and GBP was completed. Instant reporting of transactions to the CBRT with high-frequency data is also provided.
- All swift messages are created on the main banking screen without using the SWIFT interface.
- Integration of interbank payment messages from correspondent banks into the system was ensured.
- Full automation of incoming remittance returns and cancellations has been achieved.

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INTERIM ACTIVITY REPORT (Continued)

VI. 2022 II. Interim Activities (Continued)

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.
- 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.

Collateral Transactions Service

- 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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

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INTERIM ACTIVITY REPORT (Continued)

VI. 2022 II. Interim Activities (Continued)

Head of Information Systems Management Department

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

- The Inventory Financing Application, which will be used for the first time in the Participation Banking sector, was commissioned.
- Currency Protected TL Participation Account can be opened via Digital Channels.
- Within the framework of the Open Source Code Migration Program, it was ensured that all queue management devices were compatible with open source code.
- The data dictionary requested by the Presidency's Digital Transformation Office was created and added to the portal of our Presidency.
- Provisional or Reference Letter applications were submitted to the Public Procurement Authority (KİK) via the mobile channel.
- Authorization and approval processes have been added to the ZKBReg Reporting Module.
- It is possible to list the underlying loans for Lease Certificates.
- Foreign exchange/gold sales can be made in exchange-protected/home accounts converted from FX and gold.

Corporate Banking

Our Commercial Branch Openings Continue

In order to serve our Bank's customers through the right channel, customer and branch segmentation studies were accelerated in the first quarter of 2022 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; It will be ensured that both customers in its own segment and corporate segment customers in provinces where there is no corporate branch will be served.

In the 2nd quarter of 2022, 7 Commercial Branches were opened in 7 different provinces within the scope of the Commercial Branch Banking Department.

Private Banking Activities

As you know, in order to manage all the financial needs and savings of wealthy domestic and foreign high-end customers, who expect to receive services, unlike existing banking services, to support them in accordance with Participation Banking procedures and principles, and to share our solution proposals, Private Banking in the 1st Quarter of 2022. Our Department Head started its activities.

In our Private Banking Center; While our customers are being served in English, Arabic and French, we have added Russian as the 4th language, enabling us to offer special services to our foreign customers in their own language. Within this year, we will be adding our colleagues who have different language skills in line with customer needs.

In addition to our financial management, we have started to offer privileged financial solutions to our Private Banking customers, with our business partnerships, with travel services that provide consultancy services in the field of legal and financial consultancy, where they can be more comfortable and faster. In terms of benchmarking, we are the first and only bank to offer real financial consultancy services to our private banking customers.

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INTERIM ACTIVITY REPORT (Continued)

VI. 2022 II. Interim Activities (Continued)

We presented TAV Passport cards with Ziraat Participation privileges to all our private banking customers. At contracted airports with TAV Passport card; They will be able to benefit from many privileges such as free parking, privileged flight operations, free lounge access, discounted shopping at many points.

For foreign customers coming to Turkey, the Tax Identification Number was obtained by using the interactive tax office without going to the potential Tax Identity Number tax office. With the cooperation we have made within the scope of Private Banking customer needs, we have become the first and only bank that can obtain a potential Tax Identity Number for foreign customers even before they come to Turkey. Thus, we have accelerated the processes of our Private Banking customers, who will enable them to use their real USD, EUR, GBP and CHF foreign currency savings at our Bank. Reinforcing its customer-focused strategy with the Private Banking Department, Ziraat Participation said: "By following technology closely and offering solutions that create value for customer needs with a solution-oriented approach; We will continue to develop our products, services and channels continuously.

Head of Product Development and Management Department

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 30.06.2022 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.

ZİRAAT KATILIM BANKASI A.Ş.

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INTERIM ACTIVITY REPORT (Continued)

VI. 2022 II. Interim Activities (Continued)

- 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.

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 First 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 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.

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INTERIM ACTIVITY REPORT (Continued)

VII. Expectations Regarding the post - 2022 II. Interim Period

In the second quarter of the year, while the impact of the covid-19 virus decreased in the shaping of the global economy, the Russia-Ukraine war played an important role. The sharp rise observed in oil and gas prices, as well as other food and commodity prices in the first quarter of 2022, following Russia's invasion of Ukraine continued in the second quarter of the year. Inflation rates, which were above the average in the global economy, pushed the central banks to take more active and tougher measures with the acceleration of the Russia-Ukraine war. Although the hawkish attitude of the central banks has somewhat reduced the rate of increase in commodity prices, the high course of commodity prices continues. While some slowdown is expected in the global economy in the second half of the year, high inflation rates are expected to continue for a while.

The US Federal Reserve (FED) has started to implement an expansionary monetary policy in order to reduce the negative effects of the pandemic on the US economy. The US government, on the other hand, issued additional incentive packages to increase spending and investment in the same period. However, with the decrease of the effect of the pandemic and the acceleration of the recovery in the economy, rapid price increases have occurred in the US economy. The FED, on the other hand, started to follow a more aggressive strategy in interest rate increases while narrowing its balance sheet in order to fight inflation. In this context, the FED, which realized the biggest interest rate increase in 28 years, gave hints that it will move faster in reducing the balance sheet as of September in order to reach the inflation target. While the dollar appreciated against the currencies of many developed and developing countries, the yield curve started to reverse. As a result of the expectation that the FED may take even more hawkish steps in the coming period, it is estimated that the Dollar will gain more strength against other currencies, especially the Euro.

The European Central Bank (ECB), on the other hand, continued its monetary policy in the second quarter of 2022 in order not to suppress the recovery in the economy, and did not make any changes in interest rates. However, rising gas prices due to the Russia-Ukraine war has been one of the main factors in the rise of inflation in Europe. In addition, the war between Russia and Ukraine has started to affect the Euro Zone economies negatively due to both geographical proximity and Europe's trade relations with Russia. In the second quarter of this year, the ECB announced that it would terminate its asset purchase program as of the third quarter in order to combat the rising inflation rates in Europe. It has been stated that interest rates will increase after the asset purchase program ends. In addition, Russia's stipulation that gas payments should be made in its own currency, the Ruble, caused concerns in the Euro Zone. In this context, European Union countries have started to create strategies to reduce dependence on Russia in energy and to seek alternative energy sources. It is expected that Turkey's geopolitical advantage will come to the fore once again due to Turkey's location on the energy corridor and its proximity to Europe.

The tightening monetary policy that the FED started to implement started to put pressure on the economies of developing countries. While capital outflows were observed from developing countries, depreciation occurred in the currencies of these countries. Central banks of developing countries increased interest rates in the second quarter of the year both to protect the value of their countries' currencies and to fight inflation. Rising commodity prices in the global economy have started to positively affect the economies of commodity exporting countries, especially oil and gas. However, while there were problems in food and energy supply security in the economies of developing countries, which are importers of food and commodities, a rapid increase in inflation occurred in these countries. In addition, the FED's continuation of high-paced interest rate hikes and the ECB's declaration that it will start to implement a tight monetary policy created expectations that the pressure on the economies of developing countries would continue in the coming period.

Along with the strong demand in Turkey in the first quarter of 2022, the recovery in economic activity continued in the second quarter of this year. While economic growth accelerated, a significant improvement was experienced in unemployment rates. While records were broken in exports in the first half of this year, it is expected that there will be a serious increase in tourism revenues throughout this year. However, increasing commodity costs and supply-side problems, especially due to the Russia-Ukraine war, have begun to negatively affect the Turkish economy. The policy of controlling the risks and expectations regarding inflation and supporting the Turkish Lira, which was started to be implemented by the government officials at the beginning of this year, continued to be implemented in the second quarter of the year as well. Within this framework, programs that support producers and exporters in lending in the market have started. This situation is expected to be an important factor in maintaining our country's growth performance in the rest of the year. While the upward momentum in inflation decreased in the second half of the year, it is estimated that there will be a decrease in inflation rates by the end of 2022.

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