

**ZIRAAT KATILIM BANKASI  
ANONIM SİRKETİ**

**PUBLICLY ANNOUNCED UNCONSOLIDATED FINANCIAL  
STATEMENTS AND RELATED DISCLOSURES  
AT 30 SEPTEMBER 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 of Section Three)**

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi;

### *Introduction*

We have reviewed the unconsolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi ("the Bank") at 30 September 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 nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on this unconsolidated interim financial information based on our review.

### *Scope of Review*

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

### *Basis for the Qualified Conclusion*

As explained in Section Five Part II. 8.c.1 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 30 September 2022 include a free provision amounting to TL 669.000 thousand which consist of TL 20.000 thousand provided in prior periods and TL 649.000 thousand recognized in the current period 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 September 2022 and the results of its unconsolidated operations and its unconsolidated cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Report on other regulatory requirements arising from legislation*

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

### *Additional Paragraph for Convenience Translation*

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 September 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, 8 November 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 SEPTEMBER 2022**

The Bank's Headquarter Address: Hobyar Eminönü Mahallesi  
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The unconsolidated financial report for the nine-month period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency, is comprised of the following sections:

- ❖ GENERAL INFORMATION ABOUT THE 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 nine month period ended which are expressed, unless otherwise stated, in thousands of Turkish Lira have been prepared and presented based on the accounting books of the Bank in accordance with the Regulation on the Principles and Procedures Regarding Banks' Accounting and Keeping of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, and related appendices and interpretations of these, and have been independently reviewed.

Alpaslan ÇAKAR  
Chairman of the Board

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:

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

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# **ZİRAAT KATILIM BANKASI A.Ş.**

## **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD OF 1 JANUARY – 30 SEPTEMBER 2022**

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

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### **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 SEPTEMBER 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 September 2022 and 31 December 2021, main shareholders and capital amounts as follows:

Name of Shareholders	30 September 2022		31 December 2021	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş. <sup>(*)</sup>	2.650.000	99,99999984	1.750.000	99,9999996
Türkiye Sigorta A.Ş. <sup>(**)</sup>	-	0,00000004	-	0,0000001
Türkiye Hayat ve Emeklilik A.Ş. <sup>(**)</sup>	-	0,00000004	-	0,0000001
Ziraat Teknoloji A.Ş.	-	0,00000004	-	0,0000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,00000004	-	0,0000001
<b>Total</b>	<b>2.650.000</b>	<b>100,00</b>	<b>1.750.000</b>	<b>100,00</b>

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

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

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

Name	Title
<b>Board of Directors</b>	
Alpaslan ÇAKAR	Chairman
Fikretin AKSU	Vice chairman of the BOD, Member of the Audit Committee , Member of Corporate Management Committee, Credit Committee Alternate Member
Metin ÖZDEMİR	Member of the BOD, General Manager , Member of Pricing Committee, President of Credit Committee, Credit Committee Alternate Member
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
<b>Assistant General Manager</b>	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
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 SEPTEMBER 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	-
<b>Total</b>	<b>2.650.000</b>	<b>100,00</b>	<b>2.650.000</b>	<b>-</b>

#### 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 September 2022, the Bank operates with its 145 domestic branches (31 December 2020: 104 domestic branches and 1 foreign) and 146 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad. As of 30 September 2022 the number of employees of the Bank is 1.871 (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 SEPTEMBER 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 (30/09/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>22.465.997</b>	<b>31.172.621</b>	<b>53.638.618</b>	<b>7.906.952</b>	<b>21.137.037</b>	<b>29.043.989</b>
<b>1.1 Cash And Cash Equivalents</b>		<b>6.848.310</b>	<b>25.706.544</b>	<b>32.554.854</b>	<b>3.074.376</b>	<b>15.564.971</b>	<b>18.639.347</b>
1.1.1 Cash And Balances With Central Bank	(1)	4.819.725	17.955.005	22.774.730	3.066.213	12.224.478	15.290.691
1.1.2 Banks	(2)	2.034.759	7.751.539	9.786.298	9.647	3.340.493	3.350.140
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		6.174	-	6.174	1.484	-	1.484
<b>1.2 Financial Assets Measured At Fair Value Through Profit/Loss</b>	(3)	<b>-</b>	<b>1.941.450</b>	<b>1.941.450</b>	<b>-</b>	<b>1.795.316</b>	<b>1.795.316</b>
1.2.1 Government Securities		-	1.941.450	1.941.450	-	1.795.316	1.795.316
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	(4)	<b>15.616.510</b>	<b>3.498.680</b>	<b>19.115.190</b>	<b>4.819.812</b>	<b>3.769.758</b>	<b>8.589.570</b>
1.3.1 Government Securities		14.434.435	3.498.680	17.933.115	4.151.159	3.769.758	7.920.917
1.3.2 Equity Securities		41.661	-	41.661	10.412	-	10.412
1.3.3 Other Financial Assets		1.140.414	-	1.140.414	658.241	-	658.241
<b>1.4 Derivative Financial Assets</b>	(5)	<b>1.177</b>	<b>25.947</b>	<b>27.124</b>	<b>12.764</b>	<b>6.992</b>	<b>19.756</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		1.177	25.947	27.124	12.764	6.992	19.756
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>80.087.481</b>	<b>46.369.472</b>	<b>126.456.953</b>	<b>36.662.193</b>	<b>31.065.684</b>	<b>67.727.877</b>
<b>2.1 Loans</b>	(6)	<b>73.783.673</b>	<b>37.832.337</b>	<b>111.616.010</b>	<b>33.940.247</b>	<b>24.648.305</b>	<b>58.588.552</b>
<b>2.2 Lease Receivables</b>	(6)	<b>7.132.061</b>	<b>6.709.303</b>	<b>13.841.364</b>	<b>4.090.120</b>	<b>5.456.144</b>	<b>9.546.264</b>
<b>2.3 Other Financial Assets Measured at Amortized Cost</b>	(7)	<b>1.046.435</b>	<b>2.333.048</b>	<b>3.379.483</b>	<b>-</b>	<b>1.327.957</b>	<b>1.327.957</b>
2.3.1 Government Securities		1.046.435	2.333.048	3.379.483	-	1.327.957	1.327.957
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Credit Losses (-)</b>		<b>1.874.688</b>	<b>505.216</b>	<b>2.379.904</b>	<b>1.368.174</b>	<b>366.722</b>	<b>1.734.896</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(8)	<b>259.332</b>	<b>-</b>	<b>259.332</b>	<b>307.881</b>	<b>-</b>	<b>307.881</b>
3.1 Assets Held for Sale		259.332	-	259.332	307.881	-	307.881
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES</b>	(9)	<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>
<b>4.1 Associates (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>100</b>	<b>-</b>	<b>100</b>	<b>100</b>	<b>-</b>	<b>100</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	(10)	<b>449.522</b>	<b>874</b>	<b>450.396</b>	<b>301.045</b>	<b>874</b>	<b>301.919</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(11)	<b>303.632</b>	<b>-</b>	<b>303.632</b>	<b>223.839</b>	<b>-</b>	<b>223.839</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		303.632	-	303.632	223.839	-	223.839
<b>VII. INVESTMENT PROPERTY (NET)</b>	(12)	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII. CURRENT TAX ASSET</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>IX. DEFERRED TAX ASSETS</b>	(13)	<b>-</b>	<b>-</b>	<b>-</b>	<b>301.329</b>	<b>-</b>	<b>301.329</b>
<b>X. OTHER ASSETS</b>	(14)	<b>1.023.132</b>	<b>71.477</b>	<b>1.094.609</b>	<b>347.531</b>	<b>58.127</b>	<b>405.658</b>
<b>TOTAL ASSETS</b>		<b>104.589.196</b>	<b>77.614.444</b>	<b>182.203.640</b>	<b>46.050.870</b>	<b>52.261.722</b>	<b>98.312.592</b>

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 SEPTEMBER 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 (30/09/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	79.665.028	71.735.463	151.400.491	29.714.756	48.219.141	77.933.897
<b>II. FUNDS BORROWED</b>	(2)	5.680.872	2.096.743	7.777.615	4.476.794	1.688.051	6.164.845
<b>III. MONEY MARKETS DEBTS</b>	(3)	3.422.205	-	3.422.205	3.784.645	-	3.784.645
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	-	-	-	-	-	-
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(5)	-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(6)	-	11.189	11.189	70.653	1.039	71.692
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	11.189	11.189	70.653	1.039	71.692
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES (Net)</b>	(7)	284.625	-	284.625	194.453	10	194.463
<b>VIII. PROVISIONS</b>	(8)	949.323	511.646	1.460.969	229.371	417.899	647.270
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		61.593	-	61.593	37.259	-	37.259
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		887.730	511.646	1.399.376	192.112	417.899	610.011
<b>IX. CURRENT TAX LIABILITY</b>	(9)	486.482	1.257	487.739	350.441	-	350.441
<b>X. DEFERRED TAX LIABILITY</b>	(10)	64.644	-	64.644	-	-	-
<b>XI. LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	1.374.997	2.321.370	3.696.367	1.341.500	1.314.363	2.655.863
12.1 Loans		1.374.997	2.321.370	3.696.367	1.341.500	1.314.363	2.655.863
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(13)	2.156.115	1.117.366	3.273.481	920.890	1.266.851	2.187.741
<b>XIV. SHAREHOLDERS' EQUITY</b>	(14)	10.470.293	(145.978)	10.324.315	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		(6.458)	-	(6.458)	(6.895)	-	(6.895)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		1.879.385	(145.978)	1.733.407	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)		3.387.993	-	3.387.993	558.689	-	558.689
14.6.1 Prior Period Profit / Loss		-	-	-	-	-	-
14.6.2 Current Period Profit / Loss		3.387.993	-	3.387.993	558.689	-	558.689
<b>TOTAL LIABILITIES</b>		<b>104.554.584</b>	<b>77.649.056</b>	<b>182.203.640</b>	<b>45.429.246</b>	<b>52.883.346</b>	<b>98.312.592</b>

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 SEPTEMBER 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 (30/09/2022)			Prior Period (31/12/2021)		
		TL	FC	Total	TL	FC	Total
<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>18.271.857</b>	<b>27.416.184</b>	<b>45.688.041</b>	<b>10.306.712</b>	<b>24.268.204</b>	<b>34.574.916</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(I)</b>	<b>15.929.042</b>	<b>22.000.385</b>	<b>37.929.427</b>	<b>8.271.172</b>	<b>21.332.293</b>	<b>29.603.465</b>
1.1 Letters of Guarantee		15.633.494	15.197.513	30.831.007	8.236.824	13.823.025	22.059.849
1.1.1 Guarantees Subject to State Tender Law		383.917	8.849.946	9.233.863	361.062	6.175.690	6.536.752
1.1.2 Guarantees Given for Foreign Trade Operations		12.376.272	-	12.376.272	7.229.114	-	7.229.114
1.1.3 Other Letters of Guarantee		2.873.305	6.347.567	9.220.872	646.648	7.647.335	8.293.983
1.2 Bank Acceptances		-	58.180	58.180	-	33.018	33.018
1.2.1 Import Letter of Acceptance		-	58.180	58.180	-	33.018	33.018
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		846	5.111.016	5.111.862	20.348	5.053.199	5.073.547
1.3.1 Documentary Letters of Credit		846	5.111.016	5.111.862	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		277.702	1.633.676	1.911.378	14.000	2.419.706	2.433.706
1.7 Other Collaterals		17.000	-	17.000	-	3.345	3.345
<b>II. COMMITMENTS</b>	<b>(I)</b>	<b>2.342.815</b>	<b>524.631</b>	<b>2.867.446</b>	<b>1.386.946</b>	<b>313.520</b>	<b>1.700.466</b>
2.1 Irrevocable Commitments		2.342.815	524.631	2.867.446	1.386.946	313.520	1.700.466
2.1.1 Forward asset purchase commitments		391.491	524.631	916.122	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		651.484	-	651.484	448.457	-	448.457
2.1.7 Tax and Fund Liabilities from Export Commitments		72.377	-	72.377	22.637	-	22.637
2.1.8 Commitments for Credit Card Limits		343.040	-	343.040	141.095	-	141.095
2.1.9 Commitments for Credit Cards and Banking Services Promotions		443	-	443	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		883.980	-	883.980	534.148	-	534.148
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		-	<b>4.891.168</b>	<b>4.891.168</b>	<b>648.594</b>	<b>2.622.391</b>	<b>3.270.985</b>
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		-	4.891.168	4.891.168	648.594	2.622.391	3.270.985
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-	648.594	853.108	1.501.702
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-	39.918	673.050	712.968
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	-	-	608.676	180.058	788.734
3.2.2 Other Forward Buy/Sell Transaction		-	4.891.168	4.891.168	-	1.769.283	1.769.283
3.3 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>110.015.821</b>	<b>27.852.388</b>	<b>137.868.209</b>	<b>70.066.806</b>	<b>20.237.127</b>	<b>90.303.933</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>5.183.133</b>	<b>8.869.811</b>	<b>14.052.944</b>	<b>5.132.707</b>	<b>6.230.163</b>	<b>11.362.870</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		2.251.986	737.380	2.989.366	3.396.918	259.899	3.656.817
4.3 Checks Received for Collection		2.613.647	403.712	3.017.359	1.527.859	411.526	1.939.385
4.4 Commercial Notes Received for Collection		316.428	39.924	356.352	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		1.072	2.507.914	2.508.986	275	1.433.786	1.434.061
4.8 Custodians		-	5.180.881	5.180.881	-	4.072.990	4.072.990
<b>V. PLEDGES RECEIVED</b>		<b>104.832.688</b>	<b>18.982.577</b>	<b>123.815.265</b>	<b>64.934.099</b>	<b>14.006.964</b>	<b>78.941.063</b>
5.1 Marketable Securities		2.307.573	48.656	2.356.229	2.974.670	64.324	3.038.994
5.2 Guarantee Notes		6.614.647	463.460	7.078.107	3.295.056	462.109	3.757.165
5.3 Commodity		6.660.521	3.698.092	10.358.613	2.903.233	2.154.017	5.057.250
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		73.867.236	12.163.845	86.031.081	44.854.726	8.584.587	53.439.313
5.6 Other Pledged Items		15.382.711	2.608.524	17.991.235	10.906.414	2.741.927	13.648.341
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>128.287.678</b>	<b>55.268.572</b>	<b>183.556.250</b>	<b>80.373.518</b>	<b>44.505.331</b>	<b>124.878.849</b>

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 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 01/01-30/09/2022	Prior Period 01/01-30/09/2021	Current Period 3 Months 01/07-30/09/2022	Prior Period 3 Months 01/07-30/09/2021
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>14.137.183</b>	<b>4.268.655</b>	<b>5.549.841</b>	<b>1.585.394</b>
1.1 Profit Share on Loans		9.246.916	3.236.348	4.099.891	1.186.379
1.2 Profit Share on Reserve Deposits		57.944	113.759	(575)	45.105
1.3 Profit Share on Banks		146.366	2.053	86.521	855
1.4 Profit Share on Money Market Placements		-	-	-	-
1.5 Profit Share on Marketable Securities Portfolio		3.863.995	541.736	1.055.559	212.655
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		31.521	12.779	10.776	5.580
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		3.710.515	491.091	998.972	196.846
1.5.3 Financial Assets Measured at Amortised Cost		121.959	37.866	45.811	10.229
1.6 Financial Lease Income		794.717	357.748	295.319	136.677
1.7 Other Profit Share Income		27.245	17.011	13.126	3.723
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>8.185.509</b>	<b>3.449.521</b>	<b>3.783.788</b>	<b>1.242.206</b>
2.1 Profit Share Expense on Participation Accounts		6.788.124	2.362.473	3.340.801	845.876
2.2 Profit Share Expense on Funds Borrowed		972.716	629.960	364.636	208.637
2.3 Profit Share Expense on Money Market Borrowings		378.752	432.407	63.464	178.047
2.4 Expense on Securities Issued		-	-	-	-
2.5 Lease Profit Share Expense		36.037	21.633	13.798	7.866
2.6 Other Profit Share Expenses		9.880	3.048	1.089	1.780
<b>III. NET PROFIT SHARE INCOME/EXPENSE (I - II)</b>		<b>5.951.674</b>	<b>819.134</b>	<b>1.766.053</b>	<b>343.188</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>227.172</b>	<b>102.969</b>	<b>83.972</b>	<b>38.475</b>
4.1 Fees and Commissions Received		339.241	157.997	128.495	59.138
4.1.1 Non-cash Loans		207.822	111.290	78.371	39.956
4.1.2 Other		131.419	46.707	50.124	19.182
4.2 Fees and commissions paid		112.069	55.028	44.523	20.663
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		112.069	55.028	44.523	20.663
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>774</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. NET TRADING INCOME (Net)</b>	<b>(4)</b>	<b>816.396</b>	<b>193.432</b>	<b>772.979</b>	<b>25.345</b>
6.1 Capital Market Transaction Gains / Losses		678.635	538	679.284	(529)
6.2 Gains/ Losses From Derivative Financial Instruments		80.617	(20.390)	29.658	14.402
6.3 Foreign Exchange Gains / Losses		57.144	213.284	64.037	11.472
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>789.078</b>	<b>456.442</b>	<b>307.127</b>	<b>58.624</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>7.785.094</b>	<b>1.571.977</b>	<b>2.930.131</b>	<b>465.632</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	<b>(6)</b>	<b>1.268.261</b>	<b>678.745</b>	<b>448.243</b>	<b>134.725</b>
<b>X. OTHER PROVISIONS (-)</b>	<b>(6)</b>	<b>693.560</b>	<b>9.001</b>	<b>274.886</b>	<b>1.323</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>514.320</b>	<b>229.619</b>	<b>195.821</b>	<b>80.488</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>557.728</b>	<b>269.085</b>	<b>232.090</b>	<b>97.974</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-X-XI-XII)</b>		<b>4.751.225</b>	<b>385.527</b>	<b>1.779.091</b>	<b>151.122</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XV. INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATION(XIII+...+XVI)</b>	<b>(8)</b>	<b>4.751.225</b>	<b>385.527</b>	<b>1.779.091</b>	<b>151.122</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(1.363.232)</b>	<b>(79.520)</b>	<b>(502.679)</b>	<b>(32.465)</b>
18.1 Current Tax Provision		(1.568.646)	(75.928)	(360.672)	(28.982)
18.2 Expense Effect of Deferred Tax (+)		(19.913)	(82.347)	(3.341)	(19.086)
18.3 Income Effect of Deferred Tax (-)		225.327	78.755	(138.666)	15.603
<b>XIX. NETOPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)</b>	<b>(10)</b>	<b>3.387.993</b>	<b>306.007</b>	<b>1.276.412</b>	<b>118.657</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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		-	-	-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
23.1 Current Tax Charge		-	-	-	-
23.2 Expense Effect of Deferred Tax (+)		-	-	-	-
23.3 Income Effect of Deferred Tax (-)		-	-	-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(11)</b>	<b>3.387.993</b>	<b>306.007</b>	<b>1.276.412</b>	<b>118.657</b>
Earnings per share income/loss (Full TL)		1,4985	0,1749	0,4751	0,0678

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022**

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

<b>ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
	<b>Current Period</b> <b>01/01/2022 - 30/09/2022</b>	<b>Prior Period</b> <b>01/01/2021 30/09/2021</b>
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>3.387.993</b>	<b>306.007</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1.714.587</b>	<b>(51.368)</b>
<b>2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss</b>	<b>437</b>	<b>-</b>
2.1.1 Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	-	-
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	437	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>1.714.150</b>	<b>(51.368)</b>
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	2.285.534	(68.491)
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	(571.384)	17.123
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>5.102.580</b>	<b>254.639</b>

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 NINE MONTH PERIOD ENDED 30 SEPTEMBER 2022

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Past Profit / (Loss)	Period Net Profit or Loss	Total Equity
					1	2	3	4	5	6				
<b>PRIOR PERIOD</b>														
<b>30 SEPTEMBER 2021</b>														
<b>I. Prior Period End Balance</b>	1.750.000			261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273
<b>II. Adjustments in Accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	1.750.000			261.513	-	(7.068)	-	-	(9.343)	-	1.098.041	641.130	-	3.734.273
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	(51.368)	-	-	-	306.007	254.639
<b>V. Capital Increase by Cash</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds to Shares</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/Decrease by Other Changes (*)</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	641.130	(641.130)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	641.130	(641.130)	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	638.562	(638.562)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	2.568	(2.568)	-	-
<b>Period End Balance (III+IV.....+X+XI)</b>	1.750.000			261.513	-	(7.068)	-	-	(60.711)	-	1.739.171	-	306.007	3.988.912
<b>CURRENT PERIOD</b>														
<b>30 SEPTEMBER 2022</b>														
<b>I. Prior Period End Balance</b>	1.750.000			261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	4.321.735
<b>II. Adjustments in Accordance with TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	1.750.000			261.513	-	(6.895)	-	-	19.257	-	1.739.171	558.689	-	4.321.735
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	437	-	1.714.150	-	-	-	3.387.993	5.102.580
<b>V. Capital Increase by Cash</b>	900.000	-	-	-	-	-	-	-	-	-	-	-	-	900.000
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Increase/decrease by other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	558.689	(558.689)	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period end Balance (III+IV.....+X+XI)</b>	2.650.000			261.513	-	(6.895)	437	-	1.733.407	-	2.297.860	-	3.387.993	10.324.315

- 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 SEPTEMBER 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 - 30/09/2022	Prior Period 01/01/2021 - 30/09/2021
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities)</b>		<b>2.945.999</b>	<b>172.697</b>
1.1.1 Profit Share Income Received		9.447.778	3.775.159
1.1.2 Profit Share Expense Paid		(6.256.923)	(3.380.442)
1.1.3 Dividend Received		774	-
1.1.4 Fees and Commissions Received		562.553	175.611
1.1.5 Other Income		821.534	649.874
1.1.6 Collections from Previously Written-off Loans		309.210	337.445
1.1.7 Payments to Personnel and Service Suppliers		(514.320)	(229.619)
1.1.8 Taxes Paid		(1.511.060)	(133.147)
1.1.9 Others <sup>(*)</sup>		86.453	(1.022.184)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>5.855.354</b>	<b>3.701.642</b>
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(152.591)	(185.470)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(11.023.031)	(2.003.219)
1.2.3 Net (Increase) / Decrease in Loans		(49.742.018)	(7.257.672)
1.2.4 Net (Increase) / Decrease in Other Assets		(4.984.210)	(2.440.424)
1.2.5 Net Increase / (Decrease) in Bank Funds		(190.479)	3.157.229
1.2.6 Net Increase / (Decrease) in Other Funds		70.836.265	7.888.951
1.2.7 Net Increase / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	(14.225)
1.2.8 Net Increase / (Decrease) in Funds Borrowed		604.992	(300.137)
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities <sup>(*)</sup>		506.426	4.856.609
<b>I. Net Cash Provided from Banking Operations</b>		<b>8.801.353</b>	<b>3.874.339</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(7.858.154)</b>	<b>(1.639.125)</b>
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		-	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(312.908)	(125.153)
2.4 Disposals of Tangible Assets		116.926	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(9.852.237)	(1.367.711)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4.139.585	-
2.7 Purchase of Financial Assets Measured at Amortized Cost		(1.949.520)	(133.799)
2.8 Sale of Financial Assets Measured at Amortized Cost		-	-
2.9 Other		-	(12.462)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>1.998.966</b>	<b>348.244</b>
3.1 Cash Obtained from Funds Borrowed And Securities Issued		12.200.000	9.064.437
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(11.026.147)	(8.900.000)
3.3 Issued Equity Instruments		900.000	220.086
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(74.887)	(36.279)
3.6 Other		-	-
<b>IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents</b>		<b>345.520</b>	<b>213.343</b>
<b>V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)</b>		<b>3.287.685</b>	<b>2.796.801</b>
<b>VI. Cash And Cash Equivalents At The Beginning Of The Period</b>		<b>8.059.458</b>	<b>4.686.157</b>
<b>VII. Cash And Cash Equivalents At The End Of The Period</b>		<b>11.347.143</b>	<b>7.482.958</b>

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



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

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

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**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES**

**I. EXPLANATIONS ON BASIS OF PRESENTATION**

The 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 September 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 September 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 SEPTEMBER 2022

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

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

As of September 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 September 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.

##### 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".

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 unconsolidated 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.

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS**

The 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.

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.

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES (Continued)**

**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.

**VII. EXPLANATIONS ON FINANCIAL ASSETS**

**a. Financial assets at fair value through other comprehensive income**

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

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

**Equity investments**

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

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

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

###### b. 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 30 September 2022, all loans of the Bank, including its profit-loss partnership (müshareke) investments, are followed in the "Measured by Amortized Cost" account. The profit and loss partnership (müshareke) and labor capital partnership investments followed by the Bank in the loans account according to the BRSA Uniform Chart of Accounts, with the BRSA's letter numbered E-43890421-010.07.01-1294, those that will be valued for the first time as of 30 September 2022 or from 1 January 2021 new implementation of "Interest-Free Finance Accounting Standard 3: Mudarebe Financing" or "Interest-Free Finance Accounting Standard 4: Müshareke Financing" for partnership financing funds in the form of "labor-capital partnership" (mudarebe) or "profit-loss partnership" (müshareke) accounted in accordance with the provision.

##### 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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.

***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.

***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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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, segment information for the corporate portfolio are taken as the basis.

**Default Amount**

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

**Loss Given Default**

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

**Future Expectations**

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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 September 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.

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

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds. As of 30 September 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.



## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### **X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND LENDING OF SECURITIES (Continued)**

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

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

The assets acquired by the 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 September 30, 2022, the Bank's non-current assets held for sale are TL 259.332 (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.

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.

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### 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.

##### *Right of use;*

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

In accordance with the "IFRS 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:

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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.

##### 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.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS**

**a. Employment termination and vacation benefits**

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 "Accounting Standard of Employee Benefits" and the 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 30 September 2022, the Bank's employee termination benefit is TL 35.823 (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 September 2022 unused vacation liability of the Bank is TL 25.270 (31 December 2021: TL 10.500).

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

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

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

The technical balance sheet report as of 31 December 2021 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank's financial statements.

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

**XVII. EXPLANATIONS ON TAXATION**

**a. Current tax**

As of 30 September 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 has been determined as 23% for the taxation period of 2022.

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

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

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

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

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

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

Taxes which does not accrue on time because the applying exemption for the transfer of the expented part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also be applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).Moreover, according to 5.1.f. article of Corporation Tax Law; corporations which have been fallen to legal proceedings because of owe to the bank or Savings Deposit Insurance Funds, and their warrantors' real estates, participation stocks, founding bonds, redeemed shares, options to call of mortgagors' revenues that used for against debts or transferring to SDIF, 75% of real estates, and 50% others are exempted from Corporation tax.

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

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

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**EXPLANATIONS ON ACCOUNTING POLICIES (Continued)**

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

**a. Current tax (Continued)**

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

Corporate tax returns are submitted to the relevant tax office until the evening of the last day of the fourth month following the month in which the accounting period is closed, and the accrued tax is paid. However, the tax inspection authorities can examine the accounting records until the end of the following fifth year, and if an erroneous transaction is detected, the tax amounts to be paid are re-dated.

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

**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 had be considered as 25%. As of September 30, 2022 and December 31, 2021, enacted tax rates, which are valid in accordance with the tax legislation in force, are used as of the reporting dates for the items subject to deferred tax calculation, in accordance with their lives.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Bank has 31 As of September 2022, deferred tax calculations were made based on rates %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.

## **ZİRAAT KATILIM BANKASI A.Ş.**

### **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022**

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

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

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

###### **b. Deferred tax (Continued)**

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.

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.



## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### 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.

##### 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

###### Profit Distribution

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

### SECTION FOUR

#### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE 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 September 2022, taking into account the latest regulations, is 14.202.921 TL (31 December 2021: 6.747.612 TL), and the capital adequacy standard ratio is 16,21% (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 30.09.2022	Prior Period 31.12.2021
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
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	2.754.948	418.988
Profit	3.387.993	558.689
Current Period Profit	3.387.993	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	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>11.090.801</b>	<b>4.466.848</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	192.860	139.776
Improvement costs for operating leasing	71.754	33.991
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	303.632	223.839
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

#### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 30.09.2022	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	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>568.246</b>	<b>397.606</b>
<b>Total Common Equity Tier I Capital</b>	<b>10.522.555</b>	<b>4.069.242</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA <sup>(**)</sup>	2.042.246	1.150.435
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>		
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of 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	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>		
<b>Total Additional Tier I Capital</b>	<b>2.042.246</b>	<b>1.150.435</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>12.564.801</b>	<b>5.219.677</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA <sup>(***)</sup>	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)	342.180	229.704
<b>Tier II Capital Before Deductions</b>	<b>1.642.180</b>	<b>1.529.704</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>		
<b>Total Tier II Capital</b>	<b>1.642.180</b>	<b>1.529.704</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>14.206.981</b>	<b>6.749.381</b>

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

#### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 30.09.2022	Prior Period 31.12.2021
<b>Total of Original Capital and Supplementary Capital (Total Capital)</b>	<b>14.206.981</b>	<b>6.749.381</b>
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	4.060	1.770
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
<b>TOTAL CAPITAL</b>		
Total Capital <sup>(*)</sup>	<b>14.202.921</b>	<b>6.747.612</b>
Total risk weighted amounts	87.642.616	48.142.064
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	12,01	8,45
Tier I Capital Adequacy Ratio	14,34	10,84
Capital Adequacy Ratio	16,21	14,02
<b>BUFFERS</b>		
<b>Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)</b>	<b>2,50</b>	<b>2,50</b>
a) Capital conservation buffer requirement	2,50	2,50
b) Bank specific counter-cyclical buffer requirement	0,00	0,00
c) Systemic significant bank buffer ratio	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	7,51	3,95
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of 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	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	342.180	229.704
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	342.180	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	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

#### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
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	-
<b>Coupons / dividends<sup>(*)</sup></b>	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

#### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
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	-
<b>Coupons / dividends<sup>(*)</sup></b>	
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	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

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

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

##### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
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	-
<b>Coupons / dividends<sup>(*)</sup></b>	
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	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of "Own fund regulation"	In compliance with Article number 8
Details of incompliance with article number 7 and 8 of "Own fund regulation"	-

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

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

##### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

###### Information of the borrowing instruments to be included in equity calculation: (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
<b>Regulatory treatment</b>	
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 1.409 Million
Par value of instrument	TL 1.806 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	-
<b>Coupons / dividends (*)</b>	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or 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.



## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

##### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
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 633 Million
Par value of instrument	TL 1.030 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	-
<b>Coupons / dividends (*)</b>	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or 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.

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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

#### I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

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

	Current Period 30.09.2022	Prior Period 31.12.2021
<b>Equity value of balance sheet</b>	<b>10.324.315</b>	<b>4.321.735</b>
Cost of development of operating lease	(71.754)	(33.991)
Goodwill and other intangible assets and related deferred tax liability	(303.632)	(223.839)
Debt instruments and premiums approved by BRSA	1.300.000	1.300.000
Tier II Capital(Provisions)	342.180	229.704
Debt instruments and premiums approved by BRSA - subordinated loans	2.042.246	1.150.435
Other values deducted from equity	(4.060)	(1.770)
Other	573.626	5.338
<b>Amount taken into consideration in the calculation of legal equity</b>	<b>14.202.921</b>	<b>6.747.612</b>

#### 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
30.09.2022	18,4350	18,0550	11,7925	2,4165	1,6521	18,6840	13,2851	1,6825	20,5787	4,8690	12,6100
29.09.2022	18,4597	18,0201	11,8873	2,4113	1,6367	18,7701	13,3252	1,7070	20,3497	4,8748	12,6350
28.09.2022	18,4714	17,7877	11,9022	2,3804	1,6246	18,7819	13,3638	1,7009	19,8509	4,8656	12,6470
27.09.2022	18,4292	17,7323	11,8512	2,3728	1,6197	18,5819	13,2916	1,7041	19,8627	4,8623	12,6080
26.09.2022	18,3968	17,7453	11,8816	2,3747	1,6222	18,5230	13,3099	1,7063	19,8444	4,8550	12,6170
23.09.2022	18,3557	17,8140	11,9373	2,3836	1,6213	18,6605	13,3809	1,7208	20,0167	4,8416	12,6830

- 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
18,2535	18,0909	12,1493	2,4207	1,669	18,7171	13,5832	1,7724	20,6981	4,8180	12,6476

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

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

Current Period	EUR	USD	Other FC <sup>(***)</sup>	Total
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	4.513.549	10.819.268	2.622.188	17.955.005
Banks	925.786	4.526.521	2.299.232	7.751.539
Financial assets at fair value through profit and loss	-	-	1.941.450	1.941.450
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	273.636	3.225.044	-	3.498.680
Loans <sup>(*)</sup>	22.275.514	21.946.640	300	44.222.454
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	2.333.048	-	-	2.333.048
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	-	874	874
Intangible assets	-	-	-	-
Other assets	42.866	35.850	18.708	97.424
<b>Total assets</b>	<b>30.364.399</b>	<b>40.553.323</b>	<b>6.882.752</b>	<b>77.800.474</b>
<b>Liabilities</b>				
Current account and funds collected from Banks via participation accounts	57.020	129.799	2.160	188.979
Current and profit sharing accounts FC	22.806.402	41.935.177	6.804.905	71.546.484
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	1.453.412	643.331	-	2.096.743
Marketable securities issued <sup>(****)</sup>	-	-	-	-
Miscellaneous debts	686.613	384.144	921	1.071.678
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities <sup>(****)</sup>	2.736.474	153.255	1.421	2.891.150
<b>Total liabilities</b>	<b>27.739.921</b>	<b>43.245.706</b>	<b>6.809.407</b>	<b>77.795.034</b>
<b>Net balance sheet position</b>	<b>2.624.478</b>	<b>(2.692.383)</b>	<b>73.345</b>	<b>5.440</b>
<b>Net off-balance sheet position <sup>(**)</sup></b>	<b>(2.437.425)</b>	<b>2.453.743</b>	<b>-</b>	<b>16.318</b>
Financial derivative assets	-	2.453.743	-	2.453.743
Financial derivative liabilities	2.437.425	-	-	2.437.425
<b>Non-cash loans</b>	<b>9.937.486</b>	<b>11.112.009</b>	<b>950.890</b>	<b>22.000.385</b>
<b>Prior Period</b>				
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
<b>Net balance sheet position</b>	<b>841.980</b>	<b>(1.208.070)</b>	<b>(45.406)</b>	<b>(411.496)</b>
<b>Net off-balance sheet position</b>	<b>(858.141)</b>	<b>1.188.203</b>	<b>158.937</b>	<b>488.999</b>
Financial derivative assets	979	1.374.457	180.259	1.555.695
Financial derivative liabilities	859.120	186.254	21.322	1.066.696
<b>Non-cash loans</b>	<b>10.787.955</b>	<b>9.938.002</b>	<b>606.336</b>	<b>21.332.293</b>

(\*) Foreign currency indexed loans amounting to TL 186.030, 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, 3% of GBP, 3% of CHF and the remaining 8% of other currencies. In the FX column of the liabilities section, 86% of the currencies are Gold, 3% are GBP, 3% 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 SEPTEMBER 2022**

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

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**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 41.661 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 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.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 last quarter of 2022 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TL+FC	165,03	01.07.2022	112,05	04.09.2022
FC	448,26	18.07.2022	180,49	28.08.2022

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 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 30.09.2022	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TL+FC	FC	TL+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>	-	-		
High quality liquid assets			35.338.355	21.236.980
<b>CASH OUTFLOWS</b>				
Real person deposits and retail deposits	49.444.236	31.185.377	4.955.589	3.228.820
Stable deposit	4.646.530	-	232.327	-
Deposit with low stability	44.797.706	31.185.377	4.723.262	3.228.820
Unsecured debts except real person deposits and retail deposits	69.095.800	28.848.964	33.455.065	13.279.910
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	69.095.800	28.848.964	33.455.065	13.279.910
Secured debts	-	-	-	-
Other cash outflows	41.088.411	24.933.356	4.698.044	3.617.136
Derivative liabilities and margin obligations	3.094.900	1.996.065	2.257.454	1.996.065
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	1.797.950	1.875.228	630.812	567.968
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	36.195.561	21.062.063	1.809.778	1.053.103
<b>TOTAL CASH OUTFLOWS</b>	<b>159.628.447</b>	<b>84.967.697</b>	<b>43.108.698</b>	<b>20.125.866</b>
<b>CASH INFLOWS</b>				
Secured receivables	-	-	-	-
Unsecured claims	19.340.488	10.552.847	14.713.307	9.290.448
Other cash inflows	2.292.608	1.603.714	2.292.608	1.603.714
<b>TOTAL CASH INFLOWS</b>	<b>21.633.096</b>	<b>12.156.561</b>	<b>17.005.915</b>	<b>10.894.162</b>
<b>Upper Limit Applied Values</b>				
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	-	-	<b>35.338.355</b>	<b>21.236.980</b>
<b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>26.102.782</b>	<b>9.231.703</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	-	-	<b>135</b>	<b>230</b>

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 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
<b>HIGH QUALITY LIQUID ASSETS</b>	-	-	-	-
High quality liquid assets	-	-	17.594.152	13.543.501
<b>CASH OUTFLOWS</b>				
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
<b>TOTAL CASH OUTFLOWS</b>	-	-	<b>18.501.152</b>	<b>10.548.385</b>
<b>CASH INFLOWS</b>				
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
<b>TOTAL CASH INFLOWS</b>	<b>8.294.421</b>	<b>5.219.144</b>	<b>6.278.137</b>	<b>4.609.929</b>
			<b>Upper Limit Applied Values</b>	
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	-	-	<b>17.594.152</b>	<b>13.543.501</b>
<b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>12.223.016</b>	<b>5.938.456</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	-	-	<b>144</b>	<b>228</b>

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 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
<b>Current Period 30.09.2022</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(*)</sup>	7.612.195	15.156.964	-	-	-	-	-	22.769.159
Banks <sup>(*)</sup>	3.728.774	6.056.921	-	-	-	-	-	9.785.695
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	1.941.450	-	-	1.941.450
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	271.482	551.773	2.983.459	12.526.653	2.740.162	41.661	19.115.190
Loans Given	-	4.728.729	15.758.078	45.318.103	42.945.125	14.009.126	318.309	123.077.470
Financial Assets Measured at Amortised Cost	-	-	-	-	1.845.600	1.533.883	-	3.379.483
Other Assets <sup>(**)</sup>	-	-	-	-	-	-	2.135.193	2.135.193
<b>Total Assets(*)</b>	<b>11.340.969</b>	<b>26.214.096</b>	<b>16.309.851</b>	<b>48.301.562</b>	<b>59.258.828</b>	<b>18.283.171</b>	<b>2.495.163</b>	<b>182.203.640</b>
<b>Liabilities</b>								
Funds Collected from Banks Via Current and Participation Accounts	4.322.029	50.727	233.940	-	-	-	-	4.606.696
Current and Participation Accounts	23.986.743	80.057.340	33.003.758	9.708.765	37.189	-	-	146.793.795
Funds Provided from Other Financial Instruments	-	2.225.584	3.134.808	1.889.677	527.546	-	-	7.777.615
Money Market Borrowings	-	3.422.205	-	-	-	-	-	3.422.205
Issued Marketable Securities	-	-	-	-	-	-	-	-
Miscellaneous Debts	-	-	-	-	-	-	1.390.698	1.390.698
Other Liabilities <sup>(***)</sup>	-	-	-	-	1.374.997	-	16.837.634	18.212.631
<b>Total Liabilities</b>	<b>28.308.772</b>	<b>85.755.856</b>	<b>36.372.506</b>	<b>11.598.442</b>	<b>1.939.732</b>	<b>-</b>	<b>18.228.332</b>	<b>182.203.640</b>
<b>Liquidity Gap</b>	<b>(16.967.803)</b>	<b>(59.541.760)</b>	<b>(20.062.655)</b>	<b>36.703.120</b>	<b>57.319.096</b>	<b>18.283.171</b>	<b>(15.733.169)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>27.507</b>	<b>(11.189)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16.318</b>
Receivables From Derivative Financial Instruments	-	1.562.182	891.561	-	-	-	-	2.453.743
Financial Derivative Liabilities	-	1.534.675	902.750	-	-	-	-	2.437.425
<b>Non-Cash Loans</b>	<b>6.081.012</b>	<b>3.528.425</b>	<b>4.071.730</b>	<b>15.996.122</b>	<b>6.588.804</b>	<b>1.663.334</b>	<b>-</b>	<b>37.929.427</b>

(\*) 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.



# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 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
<b>Prior Period 31.12.2021</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey(*)	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
<b>Total Assets(*)</b>	<b>8.057.972</b>	<b>11.030.304</b>	<b>6.407.118</b>	<b>15.491.757</b>	<b>43.524.028</b>	<b>11.869.255</b>	<b>1.932.158</b>	<b>98.312.592</b>
<b>Liabilities</b>								
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
<b>Total Liabilities</b>	<b>21.605.569</b>	<b>38.425.937</b>	<b>22.932.094</b>	<b>4.320.953</b>	<b>3.254.697</b>	-	<b>7.773.342</b>	<b>98.312.592</b>
<b>Liquidity Gap</b>	<b>(13.547.597)</b>	<b>(27.395.633)</b>	<b>(16.524.976)</b>	<b>11.170.804</b>	<b>40.269.331</b>	<b>11.869.255</b>	<b>(5.841.184)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(3.836)</b>	<b>(84.902)</b>	<b>8.979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79.759)</b>
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
<b>Non-Cash Loans</b>	<b>3.768.083</b>	<b>1.938.193</b>	<b>3.436.270</b>	<b>14.190.205</b>	<b>5.433.522</b>	<b>837.192</b>	<b>-</b>	<b>29.603.465</b>

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

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

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

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

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### V. EXPLANATIONS ON LEVERAGE RATIO

As of September 30, 2022, the leverage ratio of the Bank calculated from quarterly average amounts is 5,24% (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:

<b>Balance sheet assets</b>	<b>Current Period<sup>(*)</sup> 30.09.2022</b>	<b>Prior Period<sup>(*)</sup> 31.12.2021</b>
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	171.698.866	88.393.575
(Assets deducted from main capital)	(541.283)	(390.397)
Total risk amount of the balance sheet assets	171.157.583	88.003.178
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	23.067	7.765
Potential credit risk amount of derivative financial instruments and credit derivatives	105.472	12.518
Total risk amount of derivative financial instruments and credit derivative	128.539	20.283
<b>Security or secured financing transactions</b>		
Risk amount of security or secured financing transactions (Except balance sheet)	7.891.686	572.242
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	7.891.686	572.242
<b>Off-balance sheet transactions</b>		
Gross nominal amount of off-balance sheet transactions	40.024.548	28.932.751
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	40.024.548	28.932.751
<b>Equity and total risk</b>		
Main capital	11.505.582	4.966.673
Total risk amount	219.179.289	117.528.454
<b>Leverage ratio</b>		
Leverage ratio %	5,24	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 30 June 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based ("IRB") have not been presented.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 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 30.09.2022	Prior Period 31.12.2021	Current Period 30.09.2022
1	Credit risk (excluding counterparty credit risk) (CCR)	83.187.746	44.767.671	6.655.020
2	Standardized approach (SA)	83.187.746	44.767.671	6.655.020
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	97.546	42.244	7.804
5	Standardized approach for counterparty credit risk (SA-CCR)	97.546	42.244	7.804
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	723.584	343.323	57.887
17	Standardized approach (SA)	723.584	343.323	57.887
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)	87.642.616	48.142.064	7.011.410

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

#### VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

##### 2. Explanations on Credit Risk

Aging analysis for overdue receivables:

Current Period 30.09.2022	1-30 Day	31-60 Day	61-90 Day	90+ Day	Total
Loans and Receivables	-	-	-	-	-
Corporate /Entrepreneurial Loans	269.614	21.190	416.607	160.040	867.451
Consumer Loans	69.607	12.423	4.573	238	86.841
<b>Toplam</b>	<b>339.221</b>	<b>33.613</b>	<b>421.180</b>	<b>160.278</b>	<b>954.292</b>

(\*) The Bank's loan amounting to TL 1.229.871 is under close monitoring.

Prior Period 31.12.2021	1-30 Day	31-60 Day	61-90 Day	90+ Day	Total
Loans and Receivables	-	-	-	-	-
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
<b>Toplam</b>	<b>180.209</b>	<b>149.149</b>	<b>37.831</b>	<b>180.564</b>	<b>547.753</b>

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

#### VIII. EXPLANATIONS ON RISK PROTECTION PROCEDURES

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

Risk limits; it has been determined in accordance with the risk levels, activities, size and complexity of its products and services that the Bank can take. Limits are regularly reviewed and monitored periodically, adapting to changes in market conditions, the Bank's strategy and risk appetite. In addition, derivative transactions are carried out at the Bank and FX and 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 30 June 2016, it is given annually and quarterly. The following required tables are not presented as of 30 September 2022 as the standard approach is used in the calculation of the Bank's credit risk:

Qualitative information regarding IRB to be disclosed to the public

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

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

Statement of changes in RWA under IRB approach

IRB - Retrospective testing of default probabilities in each risk class

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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. 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 September 2022	Private Banking	Corporate/ Commercial Banking	Treasury/ Investment Banking	Other/Undis- tributed	Total
<b>OPERATING INCOME / EXPENSES</b>					
Profit Shares Income	684.987	9.356.646	4.068.305	27.245	14.137.183
Profit Shares Expense	(2.366.504)	(4.361.126)	(1.411.962)	(45.917)	(8.185.509)
Net Profit Shares Income/Expense	(1.681.517)	4.995.520	2.656.343	(18.672)	5.951.674
Net Fees and Commission Income/Expense	66.991	207.822	-	(47.641)	227.172
Dividend Income	-	-	774	-	774
Trading Income/Loss (Net)	-	-	816.396	-	816.396
Other Operating Income	-	778.283	-	10.795	789.078
Expected Loss Provisions	(82.827)	(1.102.202)	-	(83.232)	(1.268.261)
Other expenses	-	(23.448)	-	(1.742.160)	(1.765.608)
Net Operating Profit/Loss	(1.697.353)	4.855.975	3.473.513	(1.880.910)	4.751.225
Tax Provision	-	-	-	(1.363.232)	(1.363.232)
Net Profit/Loss	(1.697.353)	4.855.975	3.473.513	(3.244.142)	3.387.993
<b>SEGMENT ASSETS (*)</b>					
Financial Assets at FV Through P/L	-	-	1.941.450	-	1.941.450
Banks	-	-	9.786.298	-	9.786.298
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	19.115.190	-	19.115.190
Loans (**)	8.574.781	114.107.689	395.000	-	123.077.470
Financial Assets Measured at Amortised Cost	-	-	3.379.483	-	3.379.483
Derivative Financial Assets	-	-	27.124	-	27.124
Associates, Subsidiaries and Joint Ventures	-	-	100	-	100
Other Assets (*)	-	-	-	24.876.525	24.876.525
<b>Total Segment Assets</b>	<b>8.574.781</b>	<b>114.107.689</b>	<b>34.644.645</b>	<b>24.876.525</b>	<b>182.203.640</b>
<b>SEGMENT LIABILITIES</b>					
Funds Collected	61.630.678	89.769.813	-	-	151.400.491
Derivative Financial Liabilities	-	-	11.189	-	11.189
Funds Borrowed	-	-	7.777.615	-	7.777.615
Money Market Funds	-	-	3.422.205	-	3.422.205
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	1.460.969	1.460.969
Other Liabilities	-	-	-	7.806.856	7.806.856
Shareholders' Equity	-	-	-	10.324.315	10.324.315
<b>Total Segment Liabilities</b>	<b>61.630.678</b>	<b>89.769.813</b>	<b>11.211.009</b>	<b>19.592.140</b>	<b>182.203.640</b>

(\*) Includes expected loss provisions.

(\*\*) Includes lease receivables.

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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. EXPLANATIONS ON THE OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Continued)

Prior Period 1 January – 30 September 2021	Private Banking	Corporate/ Commercial Banking	Treasury/ Investment Banking	Other/Undis- tributed	Total
<b>OPERATING INCOME / EXPENSES</b>					
Profit Shares Income	397.720	3.196.376	657.548	17.011	4.268.655
Profit Shares Expense	(786.580)	(1.538.941)	(1.099.319)	(24.681)	(3.449.521)
Net Profit Shares Income/Expense	(388.860)	1.657.435	(441.771)	(7.670)	819.134
Net Fees and Commission Income/Expense	23.774	111.290	-	(32.095)	102.969
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	193.432	-	193.432
Other Operating Income	-	449.671	-	6.771	456.442
Expected Loss Provisions	(60.265)	(541.725)	-	(76.755)	(678.745)
Other expenses	-	(7.294)	-	(500.411)	(507.705)
Net Operating Profit/Loss	(425.351)	1.669.377	(248.339)	(610.160)	385.527
Tax Provision	-	-	-	(79.520)	(79.520)
Net Profit/Loss	(425.351)	1.669.377	(248.339)	(689.680)	306.007
<b>SEGMENT ASSETS (*)</b>					
Financial Assets at FV Through P/L	-	-	1.795.316	-	1.795.316
Banks	-	-	3.350.140	-	3.350.140
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	8.589.570	-	8.589.570
Loans (**)	5.402.018	60.821.448	176.454	-	66.399.920
Financial Assets Measured at Amortised Cost	-	-	1.327.957	-	1.327.957
Derivative Financial Assets	-	-	19.756	-	19.756
Associates, Subsidiaries and Joint Ventures	-	-	100	-	100
Other Assets (*)	-	-	-	16.829.833	16.829.833
<b>Total Segment Assets</b>	<b>5.402.018</b>	<b>60.821.448</b>	<b>15.259.293</b>	<b>16.829.833</b>	<b>98.312.592</b>
<b>SEGMENT LIABILITIES</b>					
Funds Collected	41.898.492	36.035.405	-	-	77.933.897
Derivative Financial Liabilities	-	-	71.692	-	71.692
Funds Borrowed	-	-	6.164.845	-	6.164.845
Money Market Funds	-	-	3.784.645	-	3.784.645
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	647.270	647.270
Other Liabilities	-	-	-	5.388.508	5.388.508
Shareholders' Equity	-	-	-	4.321.735	4.321.735
<b>Total Segment Liabilities</b>	<b>41.898.492</b>	<b>36.035.405</b>	<b>10.021.182</b>	<b>10.357.513</b>	<b>98.312.592</b>

(\*) Includes expected loss provisions.

(\*\*) Includes lease receivables.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Cash in TL / Foreign Currency	100.664	745.614	55.164	478.398
Central Bank of the Republic of Turkey(*)	4.719.061	16.959.510	3.011.049	11.477.192
Other	-	249.881	-	268.888
<b>Total</b>	<b>4.819.725</b>	<b>17.955.005</b>	<b>3.066.213</b>	<b>12.224.478</b>

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

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

Banks that are established in Türkiye or performing their operations by opening branches in Türkiye are subject to Communiqué on Required Reserves of Central Bank of the Republic of Türkiye's numbered 2013/15. Based on accounting standards and registration layout for banks, the items specified within the Communiqué, except from liabilities to Central Bank, Treasury, Domestic banks, and head offices and branches in Türkiye of the banks established by international agreements, constitute required reserves liabilities.

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

Within the scope of "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" numbered 2021/14, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 2 September 2022 It has been decided to apply an annual commission of 5% over the amount up to the amount to be kept for their liabilities until the end of 2022, to banks that cannot reach the level of 20% separately for real person and legal accounts. As of the obligation date of September 2, 2022, besides the 5% commission rate applied to foreign currency deposits, a commission application based on the Turkish lira share of the deposit has been introduced. It has been decided to charge a commission of 3% over the required reserve amount (excluding foreign banks) required to be established for foreign currency deposit liabilities, excluding banks whose Turkish Lira share is above 50% separately for real and legal persons.

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

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Unrestricted Demand Deposit	4.719.061	16.959.510	3.011.049	11.477.192
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
<b>Total</b>	<b>4.719.061</b>	<b>16.959.510</b>	<b>3.011.049</b>	<b>11.477.192</b>

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

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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)****2. Information on banks and other financial institutions:**

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Banks				
Domestic Banks	2.034.759	5.058.950	9.647	1.750.708
Foreign Banks	-	2.692.589	-	1.589.785
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>2.034.759</b>	<b>7.751.539</b>	<b>9.647</b>	<b>3.340.493</b>

**3. Financial assets at fair value through profit or loss**

	Current Period 30.09.2022	Prior Period 31.12.2021
Financial Assets at Fair Value Through Profit / Loss	1.928.142	1.787.541
Other Dividends and Income Rediscounts	13.308	7.775
Provision for Impairment (-)	-	-
<b>Total</b>	<b>1.941.450</b>	<b>1.795.316</b>

**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 30.09.2022	Prior Period 31.12.2021
Assets Subject to Repurchase Agreements	1.645.198	2.520.412
Assets Blocked/Given as Collateral	7.179.779	432.735
<b>Total (*)</b>	<b>8.824.977</b>	<b>2.953.147</b>

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

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

	Current Period 30.09.2022	Prior Period 31.12.2021
Debt Securities	19.213.134	8.700.787
Quoted in Stock Exchange	19.213.134	8.700.787
Not Quoted in Stock Exchange	-	-
Share Certificates	41.661	10.412
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	41.661	10.412
Provision for Impairment (-)(**)	139.605	121.629
<b>Total</b>	<b>19.115.190</b>	<b>8.589.570</b>

(\*) The afore-mentioned amounts consist of TL 3.581 , TL 7.659 Credit Guarantee Fund paid by the Bank to JCR Avrasya Rating A.Ş. for a share of 2,86% and 30.421 TL Export Development Inc. from amounts paid as capital commitments 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.



# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 5. Information on derivative financial assets

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

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Forward Transactions	-	-	12.764	2.138
Swap Transactions	-	25.883	-	4.854
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	1.177	64	-	-
<b>Total</b>	<b>1.177</b>	<b>25.947</b>	<b>12.764</b>	<b>6.992</b>

##### 6. Information related to loans:

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

	Current Period 30.09.2022		Prior Period 31.12.2021	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>1.913</b>	<b>-</b>	<b>1.646</b>	<b>-</b>
Corporate Shareholders	1.913	-	1.646	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	86.880	-	12.097	-
<b>Total (*)</b>	<b>88.793</b>	<b>-</b>	<b>13.743</b>	<b>-</b>

(\*) Includes rediscount amounts.

###### b) Information on Standard Qualified and Close Monitored (First and Second Group Loans) and Restructured Close Monitored Loans

Current Period 30.09.2022	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	104.402.901	1.045.960	377.237	676.174
Export Loans	19.417.543	10.811	-	-
Import Loans	108.538	-	-	-
Commercial Loans	70.114.787	942.019	377.237	676.174
Consumer Loans	8.329.437	72.613	-	-
Credit Cards	68.882	290	-	-
Loans Given to Financial Sector	395.112	-	-	-
Other	5.968.602	20.227	-	-
Other Receivables	-	-	-	-
Profit Share Income Accruals	3.174.398	29.201	2.008	53.583
<b>Total</b>	<b>107.577.299</b>	<b>1.075.161</b>	<b>379.245</b>	<b>729.757</b>

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
<b>Total</b>	<b>54.851.437</b>	<b>778.197</b>	<b>146.446</b>	<b>1.113.496</b>

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

(\*\*) As of 30 September 2022, TL 36.525 (31 December 2021: TL 39.633) of the related balance consists of funds provided through musharakah partnership financing method. As of 31 December 2020, 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 SEPTEMBER 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 (Continued)

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

	Current Period 30.09.2022		Prior Period 31.12.2021	
Expected Credit Loss of Stage 1 and Stage 2	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	461.676	-	228.215	-
Significant Increase in Credit Risk	-	381.989	-	168.969

	Current Period 30.09.2022		Prior Period 31.12.2021	
Number of Extensions	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
1 or 2 Times Extended	615.374	1.054.271	294.941	1.217.351
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
<b>Total</b>	<b>615.374</b>	<b>1.054.271</b>	<b>294.941</b>	<b>1.217.351</b>

	Current Period 30.09.2022		Prior Period 31.12.2021	
Extension Periods	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
0 - 6 Months	7	178.743	31	28.422
6 Months – 12 Months	4.776	13.955	7.784	11.784
1 - 2 Years	213.700	686.886	173.766	591.041
2 - 5 Years	383.694	12.823	101.508	558.319
5 Years and Over	13.197	161.864	11.852	27.785
<b>Total</b>	<b>615.374</b>	<b>1.054.271</b>	<b>294.941</b>	<b>1.217.351</b>

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 (Continued)

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

Current Period 30.09.2022	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans - TL</b>	<b>21.521</b>	<b>8.297.164</b>	<b>8.318.685</b>
Housing Loans	3.172	7.352.671	7.355.843
Vehicle Loans	5.121	636.099	641.220
Consumer Loans	13.228	308.394	321.622
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>66.251</b>	<b>45</b>	<b>66.296</b>
With Installment	15.160	21	15.181
Without Installment	51.091	24	51.115
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	<b>3.204</b>	<b>80.161</b>	<b>83.365</b>
Housing Loans	-	12.584	12.584
Vehicle Loans	-	2.880	2.880
Consumer Loans	3.204	64.697	67.901
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>2.869</b>	<b>7</b>	<b>2.876</b>
With Installment	435	-	435
Without Installment	2.434	7	2.441
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (*)</b>	<b>93.845</b>	<b>8.377.377</b>	<b>8.471.222</b>

(\*) Profit share rediscount amounting to TL 103.559 is not included in the table.

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 (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
<b>Consumer Loans - TL</b>	<b>12.812</b>	<b>5.275.390</b>	<b>5.288.202</b>
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	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TL</b>	<b>25.620</b>	<b>44</b>	<b>25.664</b>
With Installment	7.247	35	7.282
Without Installment	18.373	9	18.382
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TL</b>	<b>157</b>	<b>9.968</b>	<b>10.125</b>
Housing Loans	-	2.698	2.698
Vehicle Loans	-	128	128
Consumer Loans	157	7.142	7.299
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TL</b>	<b>1.901</b>	<b>7</b>	<b>1.908</b>
With Installment	353	1	354
Without Installment	1.548	6	1.554
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment based	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (*)</b>	<b>40.490</b>	<b>5.285.409</b>	<b>5.325.899</b>

(\*) 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 SEPTEMBER 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 (Continued)

##### d) Information on installment commercial loans and corporate credit cards

Current Period 30.09.2022	Short-Term	Medium and Long-Term	Total
<b>Installment Commercial Loans-TL</b>	<b>622.905</b>	<b>1.365.519</b>	<b>1.988.424</b>
Business Loans	-	39.338	39.338
Vehicle Loans	622.905	1.326.181	1.949.086
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans-Indexed to FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans -FC</b>	<b>-</b>	<b>44.623</b>	<b>44.623</b>
Business Loans	-	-	-
Vehicle Loans	-	44.623	44.623
Consumer Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards -TL</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TL (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Legal Entity)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>622.905</b>	<b>1.410.142</b>	<b>2.033.047</b>

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

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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 (Continued)****e) Breakdown of domestic and international loans:**

	<b>Current Period 30.09.2022</b>	<b>Prior Period 31.12.2021</b>
Domestic Loans	105.829.021	54.953.912
Foreign Loans	673.251	758.221
Profit Share Income Accruals of Loans	3.259.190	1.177.443
<b>Total(*)</b>	<b>109.761.462</b>	<b>56.889.576</b>

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

**f) Loans Granted to subsidiaries and participations**

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

**g) Expected Loss Provisions for Loans (Third Stage)**

	<b>Current Period 30.09.2022</b>	<b>Prior Period 31.12.2021</b>
Loans and receivables with limited collectability	12.168	16.240
Loans and receivables with doubtful collectability	104.349	252.060
Uncollectible loans and receivables	1.419.722	1.069.412
<b>Total</b>	<b>1.536.239</b>	<b>1.337.712</b>

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

	<b>Current Period 30.09.2022</b>		<b>Prior Period 31.12.2021</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Less than 1 year	93.067	90.145	449.965	431.939
1-5 year	8.494.908	7.352.954	8.174.378	7.132.872
More than 5 years	7.429.449	6.398.265	2.363.504	1.981.453
<b>Total</b>	<b>16.017.424</b>	<b>13.841.364</b>	<b>10.987.847</b>	<b>9.546.264</b>

**h.2) Information on net investments in financial leasing**

	<b>Current Period 30.09.2022</b>	<b>Prior Period 31.12.2021</b>
Gross Financial Lease Receivable	16.017.424	10.987.847
Unearned Financial Income from Financial Lease (-)	(2.176.060)	(1.441.583)
Canceled Rental Amounts	-	-
<b>Total</b>	<b>13.841.364</b>	<b>9.546.264</b>

**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 September 2022, the sum of the Bank's non-performing loans and other receivables restructured by the bank or rescheduled is TL 179.922 (December 31, 2021: TL 157.499).

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 (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
<b>Current Period 30.09.2022</b>			
<b>Ending balance of prior period</b>	<b>41.467</b>	<b>391.196</b>	<b>1.266.313</b>
Additions in the current period (+)	247.046	15.844	270.016
Transfers from other categories of non-performing loans (+)	-	227.098	420.807
Transfers to other categories of non-performing loans (-)	227.098	420.807	-
Collections in the current period (-)*	30.672	31.500	296.146
Write offs (-)**	-	-	19.016
Corporate and commercial loans	-	-	19.016
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>30.743</b>	<b>181.831</b>	<b>1.641.974</b>
Expected Loss Provision (Stage 3)	12.168	104.349	1.419.722
<b>Net balance on balance sheet</b>	<b>18.575</b>	<b>77.482</b>	<b>222.252</b>

(\*) Includes transfers to first and second group loans amounting to TL 49.108.

(\*\*) 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
<b>Prior Period 31.12.2021</b>			
<b>Ending balance of prior period</b>	<b>203.447</b>	<b>172.400</b>	<b>805.211</b>
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	-	-	-
<b>Ending balance of the current period</b>	<b>41.467</b>	<b>391.196</b>	<b>1.266.313</b>
Expected Loss Provision (Stage 3)	16.240	252.060	1.069.412
<b>Net balance on balance sheet</b>	<b>25.227</b>	<b>139.136</b>	<b>196.901</b>

(\*) 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
<b>Current Period(*) 30.09.2022</b>			
<b>Ending balance of the current period</b>	<b>-</b>	<b>3.513</b>	<b>548.243</b>
Expected Loss Provision (Stage 3) (-)	-	2.040	503.176
<b>Net balance on balance sheet</b>	<b>-</b>	<b>1.473</b>	<b>45.067</b>

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 (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)	18.575	77.482	222.252
Loans to Real Persons and Legal Entities (Gross)	30.743	181.831	1.641.974
Specific Provisions (-)	12.168	104.349	1.419.722
Loans to Real Persons and Legal Entities (Net)	18.575	77.482	222.252
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)	999	6.799	30.055
Profit Share Accrual and Valuation Differences Provision	1.665	16.113	227.428
Provision Amount (-)	666	9.314	197.373
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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 (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 30.09.2022	Prior Period 31.12.2021
Debt Securities	3.379.483	1.327.957
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	3.379.483	1.327.957
Provision of Impairment (-)	-	-
<b>Total</b>	<b>3.379.483</b>	<b>1.327.957</b>

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

None (31 December 2021: None).

##### c) Movements of government debt securities valued at amortized cost during the year

As of September 30, 2022, the Bank's government debt securities measured at amortized cost is TL 2.333.048 (December 31, 2021: TL 1.327.957).

	Current Period 30.09.2022	Prior Period 31.12.2021
Balances at Beginning of Period	1.327.957	779.437
Foreign Currency Differences on Monetary Assets	112.910	396.879
Purchases during the Period <sup>(*)</sup>	1.938.616	151.641
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
<b>Balances at End of Period</b>	<b>3.379.483</b>	<b>1.327.957</b>

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

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 September 2022, the Bank's assets held for sale are TL 259.332 (31 December 2021: TL 307.881).

	Current Period 30.09.2022	Prior Period 31.12.2021
Beginning Balance (Net)	307.881	75.240
Changes During the Period (Net)	(48.549)	232.641
Amount of depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net)	259.332	307.881

(\*) The Bank has fiduciary rights over TL 215.411 (31 December 2021: TL 247.112) of assets held for sale.

As of 30 September 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 <sup>(*)</sup>	5.164.473	378	-	586.465	-	35	176	-	-
2 <sup>(*)</sup>	107	97	-	97	-	10	4	-	-

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30.09.2022	Prior Period 31.12.2021
<b>Balance at the beginning of the year</b>	<b>430</b>	<b>250</b>
<b>Movements during the year</b>	<b>53</b>	<b>180</b>
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	-	-
<b>Balance at the end of the year</b>	<b>483</b>	<b>430</b>
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 30.09.2022	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
<b>Prior Period End:</b>							
Cost	-	222.021	145.213	34.930	72.612	-	474.776
Accumulated Depreciation (-)	-	69.971	53.111	11.154	38.621	-	172.857
<b>Net Book Value</b>	-	<b>152.050</b>	<b>92.102</b>	<b>23.776</b>	<b>33.991</b>	-	<b>301.919</b>
<b>Current Period End:</b>							
Net Book Value at the Beginning of the Period	-	152.050	92.102	23.776	33.991	-	301.919
Change During the Period (Net)	-	80.004	29.878	834	37.761	-	148.477
Cost	-	112.880	48.683	8.441	47.801	-	217.805
Amortization (Net) (-)	-	32.876	18.805	7.607	10.040	-	69.328
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	334.901	193.896	43.371	120.413	-	692.581
Accumulated Depreciation at Period End (-)	-	102.847	71.916	18.761	48.661	-	242.185
Provision for Impairment (-)	-	-	-	-	-	-	-
<b>Closing Net Book Value</b>	-	<b>232.054</b>	<b>121.980</b>	<b>24.610</b>	<b>71.752</b>	-	<b>450.396</b>

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

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

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30.09.2022			Prior Period 31.12.2021		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	379.510	75.878	303.632	280.415	56.576	223.839
<b>Total</b>	<b>379.510</b>	<b>75.878</b>	<b>303.632</b>	<b>280.415</b>	<b>56.576</b>	<b>223.839</b>

- In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- Book value of intangible assets with restrictions on use or pledged: None.
- Amount of commitments given for acquisition of intangible asset: None.
- Intangible assets based on revalued asset type: None.
- Total amount of research and development expenses recorded in the period, if any: None.
- 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 September 2022, the Bank has no investment property (31 December 2021: None).

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

As of 30 September 2022, the Bank has no deferred tax assets (31 December 2021: TL 301.329).

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

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

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30.09.2022	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	1.495.770	-	-	-	-	-	-	-	1.495.770
II. Real persons participation accounts non-trade TL	-	656.873	14.216.142	396.113	484.865	1.288	2.076.548	-	17.831.829
III. Other current accounts-TL	8.396.194	-	-	-	-	-	-	-	8.396.194
Public sector	296.534	-	-	-	-	-	-	-	296.534
Commercial sector	3.833.036	-	-	-	-	-	-	-	3.833.036
Other institutions	132.814	-	-	-	-	-	-	-	132.814
Commercial and other institutions	760	-	-	-	-	-	-	-	760
Banks and participation banks	4.133.050	-	-	-	-	-	-	-	4.133.050
Central Bank of Republic of Turkey	174	-	-	-	-	-	-	-	174
Domestic banks	764	-	-	-	-	-	-	-	764
Foreign banks	4.132.089	-	-	-	-	-	-	-	4.132.089
Participation banks	23	-	-	-	-	-	-	-	23
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TL	-	18.839.054	27.332.410	3.658.203	1.394.719	52.613	664.802	-	51.941.801
Public sector	-	13.046.181	1.885.163	2.778.203	2.990	-	-	-	17.712.537
Commercial sector	-	5.777.163	23.198.796	715.496	1.391.278	47.265	660.654	-	31.790.652
Other institutions	-	15.710	1.963.784	164.504	451	5348	4148	-	2.153.945
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	284.667	-	-	-	-	-	284.667
V. Real persons current accounts non-trade FC	7.143.395	-	-	-	-	-	-	-	7.143.395
VI. Real persons participation accounts-FC	-	870.687	17.953.267	332.204	-	340.935	2.423.801	-	21.920.894
VII. Other current accounts-FC	8.152.188	-	-	-	-	-	-	-	8.152.188
Commercial residents in Turkey	7.597.398	-	-	-	-	-	-	-	7.597.398
Commercial residents in Abroad	365.810	-	-	-	-	-	-	-	365.810
Banks and participation banks	188.980	-	-	-	-	-	-	-	188.980
Central Bank of Republic of Turkey	183.063	-	-	-	-	-	-	-	183.063
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	5.916	-	-	-	-	-	-	-	5.916
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	4.230.219	18.811.389	5.230.592	17.025	20.388	7.576	-	28.317.189
Public sector	-	200	1.724	-	-	-	-	-	1.924
Commercial sector	-	4.205.666	18.286.961	5.230.486	17.025	1.618	3.447	-	27.745.203
Other institutions	-	275	399.861	106	-	-	4.129	-	404.371
Commercial and other institutions	-	24.078	122.843	-	-	18.770	-	-	165.691
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	3.121.225	-	2.965.781	19.154	34.587	-	60.484	-	6.201.231
X. Participation accounts special funds - TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total I-II+.....+IX+X+XI</b>	<b>28.308.772</b>	<b>24.596.833</b>	<b>81.278.989</b>	<b>9.636.266</b>	<b>1.931.196</b>	<b>415.224</b>	<b>5.233.211</b>	<b>-</b>	<b>151.400.491</b>

(\*) As of September 30, 2022, it includes the amounts related to TL 14.330.907 CBRT Currency Protected Participation Account TL 9.344.089 Treasury Currency Protected Participation Account products and Yuvam Account products amounting to TL 612.942.

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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.1) Information on maturity structure of funds collected:

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	-	-	-	-	-	-	-	-	-
<b>Total I-II+.....+IX+X+XI</b>	<b>21.605.569</b>	<b>4.646.163</b>	<b>38.942.388</b>	<b>1.475.989</b>	<b>524.275</b>	<b>563.948</b>	<b>10.175.565</b>	<b>-</b>	<b>77.933.897</b>

(\*) 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 SEPTEMBER 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 30.09.2022	Prior Period 31.12.2021	Current Period 30.09.2022	Prior Period 31.12.2021
Real persons current and profit sharing accounts that are not subject to commercial activities	11.962.829	7.959.088	41.679.972	21.375.856
TL accounts	6.664.712	4.068.648	12.662.887	4.677.418
FC accounts	5.298.117	3.890.440	29.017.085	16.698.438
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

(\*) Pursuant to the Regulation Amending the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums to be Collected by the Savings Deposit Insurance Fund, published in the Official Gazette dated 27 August 2022 and numbered 31936, All deposits and participation funds, except for those, are covered by insurance. In line with this change, commercial deposits amounting to TL 1.375.154 within the scope of insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is 73.792.975 TL.

**ii. Amounts which are not within the scope of insurance:****Current and Profit Share Accounts of the real persons who are not within the scope of Saving  
Deposits Insurance Fund:**

	Current Period 30.09.2022	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	1.536	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 funds borrowed**

	Cari Dönem 30.09.2022		Önceki Dönem 31.12.2021	
	TP	YP	TP	YP
Sendikasyon Kredileri	307.098	476.523	63.024	632.094
Vekale Kredileri	-	150.418	-	147.531
İhraç Edilen Kira Sertifikalarından Sağlanan Fonlar (Sukuk)	5.163.982	-	4.156.876	908.426
Diğer	209.792	1.469.802	256.894	908.426
<b>Toplam</b>	<b>5.680.872</b>	<b>2.096.743</b>	<b>4.476.794</b>	<b>1.688.051</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### b) Information on banks and other financial institutions:

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Banks and Institutions	5.680.872	1.392.342	4.476.794	1.540.520
From Foreign Banks, Institutions and Funds	-	704.401	-	147.531
<b>Total</b>	<b>5.680.872</b>	<b>2.096.743</b>	<b>4.476.794</b>	<b>1.688.051</b>

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

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Short-term	5.512.498	626.942	4.262.902	801.105
Medium and Long-term	168.374	1.469.801	213.892	886.946
<b>Total</b>	<b>5.680.872</b>	<b>2.096.743</b>	<b>4.476.794</b>	<b>1.688.051</b>

##### 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:

83,09 % of Bank's liabilities consists of current and share profit account.

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

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
<b>Domestic</b>	<b>3.422.205</b>	<b>-</b>	<b>3.784.645</b>	<b>-</b>
Financial Institutions	3.422.205	-	3.784.645	-
<b>Abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Institutions	-	-	-	-
<b>Total</b>	<b>3.422.205</b>	<b>-</b>	<b>3.784.645</b>	<b>-</b>

##### 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 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Forward transactions	-	-	-	-
Swap transactions	-	11.189	70.653	1.039
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>11.189</b>	<b>70.653</b>	<b>1.039</b>



## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 7. Information on financial lease obligations:

	Current Period 30.09.2022		Prior Period 31.12.2021	
	Gross	Net	Gross	Net
Less than 1 year	44.134	24.732	63.632	36.170
Between 1-5 years	149.549	110.620	84.602	64.630
More than 5 years	297.945	149.273	180.579	93.663
<b>Total</b>	<b>491.628</b>	<b>284.625</b>	<b>328.813</b>	<b>194.463</b>

##### 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 September 30, 2022, there is no provision for depreciation of foreign currency indexed loans and financial lease receivables (December 31, 2021: None).

##### b) Provisions for expected losses on non-compensated and non-cash loans

The expected credit loss for non-compensated and non-cash loans is TL 19.995 (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 669.000, of which TL 20.000 has been reserved in previous periods and TL 649.000 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 September 30, 2022, TL 527.928 of other provisions (31 December 2021: TL 428.989) was allocated from profits to be distributed to participation accounts, TL 1.340 (31 December 2021: TL 1.612) was made from provisions for foreign currency purchases and sales, 182 The portion amounting to TL (31 December 2021: TL 226) consists of the provision for promotional practices regarding credit cards and banking services.

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

A provision of TL 55.700 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).

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 8. Information on provisions: (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 bad behavior, or who completed their service year and gained their retirement, were called up for military service or died. The compensation to be paid is equal to one month's gross salary for each year of service, and this amount is limited to 15.371 TL (full TL) determined by the government as of 30 September 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 30.09.2022	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 30.09.2022	Prior Period 31.12.2021
Balance at the 1 January	26.259	18.984
Paid during the period	-	8.179
Severance Pay	9.564	(1.115)
Actuarial loss/(gain)	-	211
Balance at the end of the period	35.823	26.259

As of March 31, 2022, the Bank's liability arising from leave rights is TL 25.270 (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.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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)

##### 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).

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

##### a) Explanations on current tax liability:

As of 30 September 2022, the Bank's corporate tax liability after deducting temporary taxes paid during the period from tax provisions is TL 339.197 (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 30.09.2022	Prior Period 31.12.2021
Corporate Tax Payable	339.197	282.895
Taxation on Income From Securities	59.947	28.932
Property Tax	731	475
Banking Insurance Transactions Tax (BITT)	60.692	19.237
Foreign Exchange Transactions Tax	4.154	5.578
Value Added Tax Payable	13.012	8.809
Other	8.847	3.998
<b>Total</b>	<b>486.580</b>	<b>349.924</b>

##### c) Information on premiums:

	Current Period 30.09.2022	Prior Period 31.12.2021
Social Security Premiums – Employee	42	15
Social Security Premiums – Employer	30	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	363	165
Unemployment Insurance – Employer	724	330
Other	-	-
<b>Total</b>	<b>1.159</b>	<b>517</b>

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

The Bank's deferred tax liability amounting to TL 774.304 (31 December 2021: TL 183.007) and deferred tax assets amounting to TL 709.660 (31 December 2021: TL 484.336) are offset and deferred tax liabilities amounting to TL 64.644 (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).

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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)****12. Explanations on subordinated debts:**

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
From Domestic Banks	1.374.997	-	1.341.500	-
From Other Domestic Institutions	-	2.321.370	-	1.314.363
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
<b>Total</b>	<b>1.374.997</b>	<b>2.321.370</b>	<b>1.341.500</b>	<b>1.314.363</b>

	Current Period 30.09.2022		Prior Period 31.12.2021	
	TL	FC	TL	FC
Debt instruments to be included in the additional capital calculation:	-	2.321.370	-	1.314.363
Subordinated Loans (*)	-	2.321.370	-	1.314.363
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:	1.374.997	-	1.341.500	-
Subordinated Loans (**)	1.374.997	-	1.341.500	-
Equity-like Debt Instruments	-	-	-	-
<b>Total</b>	<b>1.374.997</b>	<b>2.321.370</b>	<b>1.341.500</b>	<b>1.314.363</b>

(\*) 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 30.09.2022	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 SEPTEMBER 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)

##### 14. Information on shareholders' equity (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 September 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 30.09.2022		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	1.879.385	(145.978)	43.265	(24.008)
Revaluation Difference	2.457.498	(145.978)	49.994	(24.008)
Deferred Tax Effect	(578.113)	-	(6.729)	-
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>1.879.385</b>	<b>(145.978)</b>	<b>43.265</b>	<b>(24.008)</b>

#### 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 30.09.2022	Prior Period 31.12.2021
Commitments for Credit Card Expenditure Limits	916.122	553.864
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	651.484	448.457
Loan Granting Commitments	72.377	22.637
Asset Purchase Commitments	343.040	141.095
Tax and Fund Liabilities from Export Commitments	883.980	534.148
Promotion Commitment Regarding Credit Card and Banking Services	443	265
<b>Total</b>	<b>2.867.446</b>	<b>1.700.466</b>

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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 145.104 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:**

	<b>Current Period 30.09.2022</b>	<b>Prior Period 31.12.2021</b>
Guarantee Letters	30.831.007	22.059.849
Bank Acceptances	58.180	33.018
Letter of Credits	5.111.862	5.073.547
Other Contingencies	1.928.378	2.437.051
<b>Total</b>	<b>37.929.427</b>	<b>29.603.465</b>

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

	<b>Current Period 30.09.2022</b>	<b>Prior Period 31.12.2021</b>
Letters of Temporary Guarantees	2.013.882	996.121
Letters of Certain Guarantees	16.075.143	9.823.046
Letters of Advance Guarantees	3.521.110	2.946.697
Letters of Guarantees given to Customs Offices	342.421	151.838
Other Letters of Guarantees	8.878.451	8.142.147
<b>Total</b>	<b>30.831.007</b>	<b>22.059.849</b>

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

	<b>Current Period 30.09.2022</b>	<b>Prior Period 31.12.2021</b>
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>8.878.343</b>	<b>8.142.586</b>
With Original Maturity of One Year or Less	1.295.001	1.128.932
With Original Maturity of More than One Year	7.583.342	7.013.654
Other Non-Cash Loans	29.051.084	21.460.879
<b>Total</b>	<b>37.929.427</b>	<b>29.603.465</b>

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

	<b>Current Period 30.09.2022</b>		<b>Prior Period 30.09.2021</b>	
	<b>TL</b>	<b>FC</b>	<b>TL</b>	<b>FC</b>
<b>Profit share on loans <sup>(*)</sup></b>	<b>7.922.138</b>	<b>1.324.778</b>	<b>2.773.730</b>	<b>462.618</b>
Short term loans	3.709.835	375.306	759.175	80.305
Medium and long term loans	4.160.104	949.472	1.959.261	382.313
Profit share on non-performing loans	52.199	-	55.294	-
Premiums received from resource utilization support fund	-	-	-	-

<sup>(\*)</sup> Includes fees and commissions income on cash loans.

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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 30.09.2022		Prior Period 30.09.2021	
	TL	FC	TL	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	120.724	23.621	-	1.731
Foreign Banks	-	2.021	-	322
Head Office and Branches	-	-	-	-
<b>Total</b>	<b>120.724</b>	<b>25.642</b>	<b>-</b>	<b>2.053</b>

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

	Current Period 30.09.2022		Prior Period 30.09.2021	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit and Loss	-	31.521	2.605	10.174
Financial Assets at Fair Value through Other Comprehensive Income	3.582.694	127.821	443.768	47.323
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	14.501	107.458	-	37.866
<b>Total</b>	<b>3.597.195</b>	<b>266.800</b>	<b>446.373</b>	<b>95.363</b>

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

None (30 September 2021: None).

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

	Current Period 30.09.2022		Prior Period 30.09.2021	
	TL	FC	TL	FC
Banks	230.656	40.721	36.968	19.619
Central Bank of the Republic of Turkey	272	-	-	-
Domestic Banks	230.384	26.303	23.243	12.260
Foreign Banks	-	14.418	13.725	7.359
Head Office and Branches	-	-	-	-
Other Institutions	586.144	115.195	532.357	41.016
<b>Total</b>	<b>816.800</b>	<b>155.916</b>	<b>569.325</b>	<b>60.635</b>

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

Profit share expenses given to affiliates and subsidiaries are TL 586.144 (30 September 2021: TL 454.037).

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

None (30 September 2021: None).

# ZİRAAT KATILIM BANKASI A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 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 30.09.2022	Participation Accounts					
Account Name	1 month	3 months	6 months	1 year	Over 1 year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	60.494	-	-	-	60.494
Real Person's Non Commercial Participation Accounts	93.694	1.230.320	79.646	49.375	172.542	1.625.577
Public Sector Participation Accounts	504.605	221.171	163.332	10.107	-	899.215
Commercial Sector Participation Accounts	437.201	1.893.829	697.685	144.811	40.194	3.213.720
Other Institutions Participation Accounts	4.737	205.154	16.652	945	418	227.906
<b>Total</b>	<b>1.040.237</b>	<b>3.610.968</b>	<b>957.315</b>	<b>205.238</b>	<b>213.154</b>	<b>6.026.912</b>
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	11	12.672	-	335	-	13.018
Real Person's Non Commercial Participation Accounts	10.482	138.124	11.895	4.282	30.523	195.306
Public Sector Participation Accounts	5	12	-	-	-	17
Commercial Sector Participation Accounts	1.117	145.959	88.943	3.174	725	239.918
Other Institutions Participation Accounts	32.573	183.223	62.706	126	27.058	305.686
Public Sector Participation Accounts	7.267	-	-	-	-	7.267
<b>Total</b>	<b>51.455</b>	<b>479.990</b>	<b>163.544</b>	<b>7.917</b>	<b>58.306</b>	<b>761.212</b>
<b>Grand Total</b>	<b>1.091.692</b>	<b>4.090.958</b>	<b>1.120.859</b>	<b>213.155</b>	<b>271.460</b>	<b>6.788.124</b>

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



**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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 September 2022, the Bank has TL 774 dividend income (30 September 2021: None).

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

	<b>Current Period 30.09.2022</b>	<b>Prior Period 30.09.2021</b>
<b>Income</b>	<b>3.724.741</b>	<b>5.757.569</b>
Foreign exchange gains	683.923	86.169
Gain on derivative financial instruments	106.940	66.110
Gain on capital market transactions	2.933.878	5.605.290
<b>Losses (-)</b>	<b>2.908.345</b>	<b>5.564.137</b>
Foreign exchange losses	5.288	85.631
Losses on derivative financial instruments	26.323	86.500
Losses on capital market transactions	2.876.734	5.392.006
<b>Net</b>	<b>816.396</b>	<b>193.432</b>

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

	<b>Current Period 30.09.2022</b>	<b>Prior Period 30.09.2021</b>
Effect of the change in exchange rates on profit/loss	80.617	(20.390)
<b>Total</b>	<b>80.617</b>	<b>(20.390)</b>

**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:**

	<b>Current Period 30.09.2022</b>	<b>Prior Period 30.09.2021</b>
Correction Account for Previous Years Expenses	707.880	444.419
Income from the Sale of the Asset	69.492	4.823
Provision for Communication Expenses	5.048	1.608
Checkbook Fees	493	373
Other	6.165	5.219
<b>Total</b>	<b>789.078</b>	<b>456.442</b>

(\*) Adjustment account for previous year expenses consists of TL 254.492 (30 September 2021 : 274.240 TL), monthly value account allocations of 21.610 TL (30 September 2021 : 80.566 TL) and 101.349 TL for the value account for the loan allocations and free donations (30 September 2021: 89.613 TL).

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

	<b>Current Period 30.09.2022</b>	<b>Prior Period 30.09.2021</b>
Expected Credit Loss	1.268.261	678.745
12 month expected credit loss (stage 1)	499.968	99.116
Significant increase in credit risk (stage 2)	410.948	122.728
Non-performing loans (stage 3)	357.345	456.901
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	693.560	9.001
<b>Total</b>	<b>1.961.821</b>	<b>687.746</b>

(\*) Includes 649.000 TL free provision expense.

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

	<b>Current Period 30.09.2022</b>	<b>Prior Period 30.09.2021</b>
Reserve for Employee Termination Benefits	9.564	6.215
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	69.730	44.129
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	19.303	12.462
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	290.083	114.917
Leasing Expenses Related to TFRS 16 Exceptions	1.295	568
Maintenance Expenses	29.279	16.744
Advertisement Expenses	40.473	40.877
Other Expenses	219.036	56.728
Loss on Sales of Assets	198	194
Other (*)	168.850	91.168
<b>Total</b>	<b>557.728</b>	<b>269.085</b>

(\*) TL 59.321 (TL 44.867, 30 September 2021) of the balance, which constitutes the other item, consists of SDIF premium and audit and consultancy service expenses, while TL 61.230 (TL 25.811 on September 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 SEPTEMBER 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 September 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 30.09.2022	Prior Period 30.09.2021
Net Profit Share Income	5.951.674	819.134
Net Fees and Commissions Income	227.172	102.969
Dividend Income	774	-
Trading Income/Expense (Net)	816.396	193.432
Other Operating Income	789.078	456.442
Expected Loss Provision (-)	1.268.261	678.745
Other Provision Expense (-)	693.560	9.001
Personnel Expense	514.320	229.619
Other Operating Expenses (-)	557.728	269.085
<b>Income/(Loss) from Continuing Operations</b>	<b>4.751.225</b>	<b>385.527</b>

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

As of 30 September 2022, the Bank's tax provision expense amounting to TL 1.363.232 (30 September 2021: TL 79.520), amounting to TL 1.568.646 (30 September 2021: TL 75.928) from current tax expense, amounting to TL 205.414 (30 September 2021: TL 3.592) amount of it consists of deferred tax income.

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

Net profit of the Bank from continuing operations is TL 3.387.993 (30 September 2021: TL 306.007 net profit).

##### 11. Information on net profit/loss:

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

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

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

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

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

None (30 September 2021: None).

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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
<b>Loans and other receivables</b>	-	-	-	-	-	-
Balance at beginning of period	-	-	1.646	-	-	-
Balance at end of period	-	-	1.913	-	-	-
<b>Profit share and commission income</b>	-	-	-	-	-	-

**Prior Period**

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

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

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
<b>Current and profit sharing accounts</b>						
Balance at the beginning of period	-	-	-	2.715	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Participation Accounts</b>						
<b>Profit Share Expenses</b>	-	-	-	300	-	-

**ZİRAAT KATILIM BANKASI A.Ş.****NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF  
30 SEPTEMBER 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
<b>Funds Borrowed</b>						
Balance at the beginning of period	4.050.000	3.950.000	484.397	560.325	-	-
Balance at the end of the period	5.000.000	4.050.000	293.227	484.397	-	-
<b>Profit share paid expense</b>	<b>586.144</b>	<b>454.037</b>	<b>15.259</b>	<b>12.927</b>	-	-

**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	-	-	4.891.168	1.708.791	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

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

The total amount of benefits provided to the Bank's Senior Management is TL 8.533 (30 September 2021: TL 6.355).

**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 SEPTEMBER 2022**

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

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#### **SECTION SIX**

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

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

As of September 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 8 November 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 SEPTEMBER 2022**

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

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**SECTION SEVEN**

**INTERIM ACTIVITY REPORT**

**I. Assessment of Chairman**

In the third quarter of 2022, inflation and recession issues became the most important agenda items of the global economy. Large-scale expansionary monetary and fiscal policies implemented in the past to stimulate economies have become the main elements of the high course of inflation. In addition, rising food and energy prices due to the Russia-Ukraine war that started in the first quarter of this year also led to an increase in cost inflation. Central banks, on the other hand, have started to take a more hawkish stance in order to restrain the rising inflation rates.

As of the first quarter of the year, the US Federal Reserve (FED) started to take action to combat inflation and prevent overheating in the economy. On the one hand, the FED, which narrowed its balance sheet, on the other hand, accelerated the rate hikes in the second and third quarters of the year, signaling that it would fight inflation resolutely. However, despite the determined tight monetary policy, inflation in the USA is well above the FED's long-term target of 2% and is around 8%.

In addition to the economic recovery in the European economy, rising energy prices due to the Russia-Ukraine war caused a serious increase in cost inflation along with demand inflation in the European continent. European countries are looking for alternative energy sources instead of the natural gas they buy from Russia. In particular, the embargo imposed on Russia by the USA has a very negative effect on the economic and political relations between Russia and Europe. The European Central Bank (ECB), on the other hand, made a significant increase in interest rates in the third quarter of the year, while ending its asset purchase program during the year as part of the fight against inflation.

While employment increased in Turkey in the third quarter of the year, the upward momentum in exports and economic growth continues. It is observed that customer interest in the currency protected TL deposit and participation accounts (KKM) products, which were put into practice in the last quarter of 2021 to encourage savings in TL and to protect TL investors, continued in the third quarter of this year as well. Turkey's mediation in the solution of political problems between Russia and Ukraine in the third quarter of the year and the grain corridor agreement signed with its efforts increased Turkey's prestige in the international arena and brought its geopolitical importance back to the agenda.

Ziraat Participation Bank has determined as a strategic priority to use the resources it provides from domestic and foreign sources to our economy in the most efficient way and to contribute to increasing the share of participation banking in our country's financial sector. In 2022, the asset size of the participation banking sector increased faster than the banking sector. In this framework, the share of participation banking in the banking sector increased from 7.8% to 8.5%. 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. Ziraat Participation Bank also achieved a faster growth compared to the participation banking sector, while increasing its sector share, it continued to contribute to the growth of participation banking.

Ziraat Participation Bank, bearing the title of Turkey's first public participation bank, accelerated branching and opened its 146th branch in the third quarter of 2022. Ziraat Participation Bank plans to continue branching in the upcoming period, taking into account the growth potential in our country. In this context, it aims to carry the public participation banking application to all settlements with high economic activity in our country.

Considering the new economic policies implemented in our country by our Bank; We continued to provide effective service by offering products that meet the needs of our customers. Since the day it was founded, our bank has continued to work devotedly 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 SEPTEMBER 2022**

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

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

#### **II. General Manager's Evaluation**

##### **ZİRAAT PARTICIPATION BANK CONTINUES TO GROWTH**

Ziraat Participation's total assets reached TL 182.2 billion with an 85% increase in the third quarter of 2022 compared to the end of the previous year, while the funds collected reached TL 151.4 billion with an increase of 94% compared to the same period. While the cash funds provided increased by 86% to TL 123.6 billion, the total cash and non-cash financing provided by Ziraat Participation to the entire sector amounted to TL 161.5 billion.

Ziraat Participation completed the third quarter of 2022 with a profit of TL 3.4 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 146 branches as of the 3rd quarter of 2022, 145 branches in the country and 1 abroad.

##### **OUR LEASE CERTIFICATE ISSUES REACHED 49.2 BILLION TL TOTAL**

Ziraat Katılım Bankası A.Ş. has successfully completed 7 lease certificate issuances in the third quarter of 2022. Ziraat Yatırım Menkul Değerler A.Ş. While 4.5 Billion TL of funding was obtained from these issuances made through the Bank, all of the lease certificate issuances received a high demand from investors above the issuance amount.

Ziraat Participation, Turkey's first participation bank with public capital, has reached a total volume of 49.2 billion TL with the issuance of 122 lease certificates to investors since its inception in 2015.

##### **WE OFFERED OUR "INSTANT FINANCE" PRODUCT TO OUR CUSTOMERS**

Our new "Instant Financing" product, which enables our customers to easily and quickly finance the products they want to buy from stores that have an agreement with our bank, through digital channels at any time of the day and without the need to go to the branch, has been offered to all our customers. In this way, our customers will be able to easily complete the financing process by using the QR code of the product basket to be created in the contracted stores, by applying for financing from our bank's Mobile application, by approving all the necessary documents through digital channels in line with the principles and standards of interest-free banking.

##### **WE PROVIDED SUPPORT TO SMALL BUSINESS OF ORDU, AFFECTED BY THE LANDSLIDE**

"Ordu Aybastı Emergency Support Loan Protocol" between the Small and Medium Enterprises Development and Support Administration (KOSGEB) and our bank in order to provide financial support to the businesses within the Small Industrial Site Building Cooperative in the Aybastı district of Ordu province, in appropriate conditions, to the businesses affected by the landslide in the district. has been signed.



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

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

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**INTERIM ACTIVITY REPORT (Continued)**

**III. Assessment of General Manager**

**WE STARTED THE "CONSTRUCTION SERVICES FINANCE SUPPORT PACKAGE"**

"Construction Services Financing Support Package" was put into use between our bank and KGF to ensure that SMEs and non-SMEs operating in the construction sector can complete their unfinished housing projects, and that the housing supply is met under favorable conditions without interruption. Financing will be allocated for the completion of housing projects belonging to companies that have not sold or promised to sell at least 20% of the houses that are at least 30% completed and not yet completely finished as of the financing application date.

**"THERMAL INSULATION FINANCE IN HOUSINGS" IS ESTABLISHED**

In order to increase the efficiency and reduce the cost of the energy used by real person customers for heating in residential areas, as well as to reduce carbon emissions, the product "Housing Heat Insulation Financing" was created in order to finance the thermal insulation and roof insulation expenses under appropriate conditions.

**WE OFFERED THE FİNDEKS SERVICE PLATFORM TO OUR CUSTOMERS**

With the FİNDEKS Service Platform, it is ensured that the real sector gets to know each other financially, increase their risk-taking and management abilities, support them in protecting their capital and reputation, gain competitive power by increasing their sales safely, and individuals manage their risks correctly and keep their financial lives under control. Thanks to the real sector and individuals who manage their risks more effectively, this service, which aims to reduce the risks on the banking sector, was offered to our customers, and our bank was enabled to mediate the sales of the packages created by FİNDEKS.

**WE PROVIDE AUTOMATIC PAYMENT FOR FOREIGN CURRENCY TRANSFER TRANSACTIONS**

The 2nd Phase of the systemic development that allows foreign currency transfers to be paid directly to the customer's account has been completed. With this development, automatic payment of transactions manually paid to customer accounts due to recipient IBAN-Name mismatch was made possible by the smart machine learning development implemented for the first time in our bank. Credit recording and regulatory checks of incoming remittance transactions are automatically performed by the system.

**WE MADE SIGNIFICANT WORK ON INFORMATION SYSTEMS**

Within the scope of our Information Systems activities; With the Instant Financing project, the opportunity to acquire new customers was provided through contracted dealers. With the Ahlatçı Metal Refinery Transactions project, a Currency Protected Account was opened from gold accounts. With the Digitization of Documents Received in the Financing Evaluation Process, trial balance and corporate tax declaration data were transferred to the system and the activity information of the companies was automatically filled. With the Form Infrastructure Transformation Project, the transition to the open source code form infrastructure has been achieved.

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.

Kind regards,

**Metin ÖZDEMİR**  
General Manager

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

#### INTERIM ACTIVITY REPORT (Continued)

#### IV. 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

#### V. Amendments to the Articles of Association

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

#### VI. Main Financial Indicators

Within Bank Assets, Loans with TL 123.077.470 Thousand with 68%, Cash Values and Cash Equivalents with TL 32.554.854 Thousand with 18%, Securities with 24.394.462 Thousand TL with 13%, Other Assets with 2.176.854 Thousand TL with 1%. gets a share.

Assets (Thousand TL)	30 September 2022	31 December 2021	Variance (%)
Cash Values and Cash Equivalents	32.554.854	18.639.347	75
Securities	24.394.462	11.702.431	108
Loans	123.077.470	66.399.920	85
Other Assets	2.176.854	1.570.894	39
<b>Total Assests</b>	<b>182.203.640</b>	<b>98.312.592</b>	<b>85</b>

Funds Raised in Bank Liabilities 151.400.491 Thousand TL with 83%, Funds Other than Funds Raised with 14.896.187 Thousand TL with 8%, Equity with 10.324.315 Thousand TL with 6% and Other Liabilities with 5.582.647 Thousand TL with 3%. takes.

Liabilities (Thousand TL)	30 September 2022	31 December 2021	Variance (%)
Deposit	151.400.491	77.933.897	94
Non- Deposit Resources	14.896.187	12.605.353	18
Other Liabilities	5.582.647	3.451.607	62
Equity	10.324.315	4.321.735	139
<b>Total Liabilities</b>	<b>182.203.640</b>	<b>98.312.592</b>	<b>85</b>

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

#### INTERIM ACTIVITY REPORT (Continued)

#### VI. Main Financial Indicators (Continued)

Selected Income-Expenses (Thousand TL)	30 September 2022	30 September 2021
Profit Share Income	14.137.183	4.268.655
Profit Share Expense	8.185.509	3.449.521
Net Profit Share Income	5.951.674	819.134
Net Fee and Commission Income	227.172	102.969
Dividend Income	774	-
Trading Profit/Loss	816.396	193.432
Other Operating Income	789.078	456.442
Other Operating Expense	557.728	269.085
Expected Loss Provision	1.268.261	678.745
Other Provision Expense	693.560	9.001
Personel Expense	514.320	229.619
Profit / Loss Before Tax	4.751.225	385.527
Tax Provision	(1.363.232)	(79.520)
Net Profit/Loss	3.387.993	306.007

RATIOS (%)	30 September 2022	31 December 2021
Capital Adequacy Ratio	16,2	14,0
Equity / Total Assets	5,7	4,4
Total Loans / Total Assets	68,6	69,1
Borrowings/Total Assets	83,1	79,3
Non-Performing Loans (Gross)/Loans	1,5	2,5

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

#### VII. 2022 III. Interim Activities

##### Head of Credit and Foreign Trade Operations Department

##### Foreign Trade Transactions Service

##### What We Achieved in the Third Quarter of 2022:

The 2nd phase of the systemic development that allows FX Incoming Remittances to be paid directly to the customer's account has been completed. With this development, the transactions that were manually paid to the customer accounts due to the recipient IBAN - Name mismatch were automatically paid with the smart machine learning development implemented for the first time in our Bank. Credit recording and regulatory checks of incoming remittance transactions are automatically performed by the system.

##### Head of Commercial Branch Banking Department

##### 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 has been created to the existing segments that are compatible with the customer structure, and accordingly, the Commercial Branch Banking Department has 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.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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#### INTERIM ACTIVITY REPORT (Continued)

##### VII. 2022 III. Interim Activities (Continued)

Year 2022 II. 7 Commercial Branches were opened in 7 different cities within the scope of the Commercial Branch Banking Department within the quarter. 5 Commercial Branches were opened during the quarter, reaching a total of 12 Commercial Branches in 9 different provinces.

##### Head of Information Systems Management Department

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

With the Instant Financing project, new customers were acquired through contracted dealers. With the Ahlatçı Metal Refinery Transactions project, a Currency Protected Account was opened from gold accounts.

With the Digitization of the Documents Received in the Credit Evaluation Process, trial balance and corporate tax declaration data were transferred to the system and the activity information of the companies was automatically filled.

With the Digital Approval Phase 2 studies, credit card and consumer financing application documents were transferred to the digital approval infrastructure.

With the Findeks Product and Package Sales System Integration, Findeks package sales at the branch were made possible.

With the Form Infrastructure Transformation Project, the transition to the open source code form infrastructure was achieved. Compliance with the Customer Information Communiqué has been completed

##### VIII. 2022 Expectations After the Interim Period

In the third quarter of 2022, the main agenda item in the global economy was the high increases in inflation rates. In addition to a demand-side increase in inflation, a supply-side increase also plays an important role. Central banks have started to take a more hawkish stance, especially to combat demand-side high inflation. In the third quarter of this year, the sharp rise in food and commodity prices, especially gas prices, due to the Russia-Ukraine war was the main reason for supply-side inflation.

In the third quarter of this year, the US Federal Reserve (FED) continued to narrow its balance sheet, while increasing the momentum of interest rate hikes in order to combat the high inflation caused by the rapid price increases in the US economy. In this context, the 150 basis points increase in interest rates by the FED in June and July was the hardest tightening move since 1980. In addition, with the FED's statement that it will take greater steps in interest rate hikes, the US 10-year bond yields have reached the peak of the last 12 years. The dollar index (DXY), on the other hand, continued to rise in the third quarter of this year, reaching its highest value in 20 years. In the upcoming period, the Dollar is expected to be stronger against other currencies, especially the Euro.

Although the European Central Bank (ECB) did not make any changes in the interest rates in the first two quarters of 2022, it increased the policy rate by 75 basis points for the first time in its history to combat the high inflation observed in the third quarter of this year. High price fluctuations were observed in Euro/Dollar parity. The increase in gas prices due to the Russia-Ukraine war continued in the third quarter of this year as well. In addition, the fact that the manufacturing sector PMI index has been below the threshold value of 50 points for the last three months has increased the economic concerns in the Euro Area. The stagnation in the Euro Zone, which has the highest share in Turkey's export market, is expected to put pressure on our country's exports.

## ZİRAAT KATILIM BANKASI A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2022

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

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#### INTERIM ACTIVITY REPORT (Continued)

##### VIII. 2022 Expectations After the Interim Period (Continued)

The tightening monetary policy that the FED started to implement continued to be influential on the economies of developing countries in the third quarter of this year as well. Capital outflows from developing countries continued and their currencies depreciated. Central banks of developing countries continued to increase interest rates in the third quarter of the year, both to protect the value of their countries' currencies and to fight inflation.

Continuation of the FED's high-tempo interest rate hike and the ECB's implementation of a tight monetary policy creates expectations that the pressure on the economies of developing countries will continue in the coming period.

Along with the strong demand in Turkey in the first two quarters of 2022, the recovery in economic activity continued in the third quarter of this year as well. While economic growth gained momentum, a significant improvement in unemployment rates continued. While the economic growth was above expectations in the first two quarters of this year, there was a serious increase in tourism revenues in the third quarter. However, the increasing commodity costs and the continuation of supply-side problems, especially due to the Russia-Ukraine war, have begun to adversely affect the Turkish economy. The policy of controlling the risks and expectations regarding inflation and supporting the Turkish Lira, which started to be implemented in Turkey at the beginning of this year. It continued to be implemented in the third quarter of the year as well. In this framework, programs supporting producers and exporters in loan disbursements continued in the market. This situation is expected to be an important factor in maintaining our country's growth performance in the rest of the year. While the decrease in the upward momentum in inflation continued in the third quarter of this year, it is estimated that there will be a decrease in inflation rates at the end of 2022 with the help of the base effect.

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