

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

**FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 JUNE 2023 TOGETHER WITH
AUDITOR'S REVIEW REPORT**

**(CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN
TURKISH, SEE NOTE. 2.1 OF SECTION NOTE 2)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION**

To the General Assembly of Ziraat Katılım Varlık Kiralama A.Ş.

Introduction

We have reviewed the accompanying statement of financial position of Ziraat Katılım Varlık Kiralama A.Ş. (the "Company") as at 30 June 2023 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and summary of significant accounting policies and other explanatory notes. The management of the Company is responsible for the preparation and fair presentation of this interim financial information in accordance with Turkish Accounting Standard 34 ("TAS 34") "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements ("SRE") 2410, "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 and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the financial statements. Consequently, a review on 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 audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim financial information do not give a true and fair view of the financial position of Ziraat Katılım Varlık Kiralama A.Ş. as at 30 June 2023, and its financial performance and cash flows for the six-month period then ended in accordance with TAS 34.



Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations of the Company in accordance with IFRS.

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

A handwritten signature in blue ink, appearing to read "Zeynep Uras", is written over the printed name.

Zeynep Uras, SMMM
Partner

Istanbul, 4 August 2023

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

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ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira ("TL") unless otherwise specified.)

	Notes	Reviewed 30 June 2023	Audited 31 December 2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	4,17	519.173	400.983
Trade Receivables	5	4.962.792.951	5.380.908.855
- <i>Due From Related Parties</i>	17	4.962.792.951	5.380.908.855
Other Current Assets	6	33.178	500
- <i>Other Current Assets from Third Parties</i>		33.178	500
Total Current Assets		4.963.345.302	5.381.310.338
Non-Current Assets			
Other Non-Current Assets	7		
- <i>Other Non-Current Assets from Third Parties</i>	7	1.117	-
Total Non-Current Assets		1.117	-
TOTAL ASSETS		4.963.346.419	5.381.310.338
LIABILITIES			
Current Liabilities			
Short-Term Borrowings	8	4.962.579.459	5.380.808.375
- <i>Short-Term Borrowings from Third Parties</i>	8	4.962.579.459	5.380.808.375
- <i>Issued Debt Instruments</i>	8	4.962.579.459	5.380.808.375
Trade Payables	9	144.900	65.298
- <i>Trade Payables to Third Parties</i>	9	144.900	65.298
Current Income Tax Liabilities	10	48.518	5.827
Other Short-Term Liabilities	11	30.188	33.038
- <i>Other Short-Term Liabilities to Third Parties</i>	11	30.188	33.038
Total Current Liabilities		4.962.803.065	5.380.912.538
Paid-in Share Capital	12	50.000	50.000
Restricted Reserves	12	10.000	10.000
- <i>Retained Earnings</i>	12	10.000	10.000
Prior Years' Income	12	337.800	282.717
Profit for the Period		145.554	55.083
Total Equity		543.354	397.800
TOTAL LIABILITIES AND EQUITY		4.963.346.419	5.381.310.338

The following explanations and notes constitute an integral part of the financial statements.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise indicated.)

	Notes	Reviewed 1 January - 30 June 2023	Unreviewed 1 April - 30 June 2023	Reviewed 1 January - 30 June 2022	Unreviewed 1 April - 30 June 2022
Revenue	13	572.850.595	302.995.881	349.518.364	171.241.831
Cost of Sales	14	(572.850.595)	(302.995.881)	(349.518.364)	(171.241.831)
GROSS PROFIT		-	-	-	-
General Administrative Expenses	15	(10.985.432)	(5.087.658)	(8.273.894)	(4.567.991)
Other operating income	16	11.179.504	5.202.085	8.320.881	4.560.483
OPERATING PROFIT/(LOSS)		194.072	114.427	46.987	(7.508)
OPERATING PROFIT/(LOSS) BEFORE FINANCE INCOME (EXPENSE)		194.072	114.427	46.987	(7.508)
PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX		194.072	114.427	46.987	(7.508)
Tax Income (Expense)	10	(48.518)	(28.607)	(11.747)	-
Current Tax (Expense)		(48.518)	(28.607)	(11.747)	-
PROFIT/(LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		145.554	85.820	35.240	(7.508)
PROFIT/(LOSS) FOR THE PERIOD		145.554	85.820	35.240	(7.508)
OTHER COMPREHENSIVE INCOME/(LOSS)		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(LOSS)		145.554	85.820	35.240	(7.508)
The Distribution of Total Comprehensive Income		145.554	85.820	35.240	(7.508)

The following explanations and notes constitute an integral part of the financial statements.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

	Notes	Paid-in Share Capital	Restricted Reserves	Prior Years' Income	Profit for the Period	Total Equity
1 January 2022	12	50.000	4.745	111.969	176.003	342.717
Transfers		-	5.255	170.748	(176.003)	-
Total comprehensive income		-	-	-	35.240	35.240
30 June 2022	12	50.000	10.000	282.717	35.240	377.957
1 January 2023	12	50.000	10.000	282.717	55.083	397.800
Transfers		-	-	55.083	(55.083)	-
Total comprehensive income		-	-	-	145.554	145.554
30 June 2023	12	50.000	10.000	337.800	145.554	543.354

The following explanations and notes constitute an integral part of the financial statements.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

	Notes	Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
A. Cash Flows From Operating Activities:		118.190	(40.233)
Profit for the period		145.554	35.240
Adjustments to reconcile profit for the period to cash generated from operating activities:			
Adjustments related to profit share	5	48.518	11.747
Adjustments related to profit share	5	(262.579.459)	(91.890.161)
Adjustments related to tax expenses		262.579.459	91.890.161
		48.518	11.747
Changes in working capital		(70.056)	(70.449)
Adjustments related to decrease/(increase) in trade receivables - <i>Decrease/(Increase) in trade receivables from related parties</i>		418.115.904	264.546.744
		418.115.904	264.546.744
Decrease/(Increase) in borrowings from financial sector activities		(418.228.916)	(264.985.976)
Adjustments related to decrease/(increase) in other receivables from activities		(33.794)	(32.891)
Adjustments related to decrease/(increase) in other liabilities from activities		76.750	401.674
Total cash flows from operating activities:		(5.826)	(16.771)
Income received from lease certificate ("sukuk")	13	572.850.595	349.518.364
Expenses paid to lease certificate	14	(572.850.595)	(349.518.364)
Tax payments	10	(5.826)	(16.771)
B. Cash Flows From Investing Activities:		-	-
Net cash from investing activities		-	-
C. Cash Flows From Financing Activities:		-	-
Cash inflows from the issuance of equity and other equity-based instruments		-	-
Cash inflows from borrowings		-	-
Net cash flows from financing activities		-	-
D. Effect of exchange rate changes on cash and cash equivalents		-	-
Net changes in cash and cash equivalents (A+B+C+D)		118.190	(40.233)
E. Cash and cash equivalents at the beginning of the period	4	400.983	365.403
Cash and cash equivalents at the end of the period (A+B+C+D+E)	4	519.173	325.170

The following explanations and notes constitute an integral part of the financial statements.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

1 - THE ORGANIZATION AND BUSINESS ACTIVITY OF THE COMPANY

Ziraat Katılım Varlık Kiralama A.Ş. ("Company") was established on 22 January 2016, with a fully paid-up capital of 50.000 Turkish Lira, entirely funded by Ziraat Katılım, and with permission granted by the Banking Regulation and Supervision Agency and the Capital Markets Board within the framework of the Capital Markets Board's Lease Certificates Communiqué (III-61.1) published in the Official Gazette dated 7 June 2013. The Company was established exclusively for the purpose of issuing lease certificates.

The Company, acting as the representative of the investors from whom it raises funds through the issuance of lease certificates, carries out the following activities in order to achieve its purpose:

- To acquire all kinds of assets and rights in its own name and on behalf of lease certificate holders from the funding institution and lease them to the funding institution or third parties,
- To enter into contracts concerning the management of assets or rights belonging to the funding institution, including but not limited to leasing them for the duration of the lease without transferring ownership,
- To pay or transfer to lease certificate holders, in proportion to their shares, the income derived from the assets and rights underlying the issuance and the collections made from the fund users,
- To transfer the assets and rights subject to the contract to the funding institution or third parties at the end of the term, in the originally agreed conditions if required by the lease certificate issuance, and to pay the sales proceeds to lease certificate holders in proportion to their shares,
- To conduct the activities mentioned above in the interests of investors and in line with the Company's objectives, either with the assets it owns or without taking ownership of assets owned by third parties, and to manage, operate, and legally dispose of these assets in its own name, ensuring their management, and establish in-kind rights in favor of the funding institution or third parties, as permitted by the relevant regulations of the Capital Markets Board,
- To finance the acquisition of assets or rights by purchasing them and selling them to companies of the specified quality, with deferred payments, in accordance with the regulations of the Capital Markets Board and the characteristics specified in the relevant Communiqué,
- To establish new joint ventures based solely or in partnership with other partners on a profit and loss sharing basis, to participate in a joint venture, and to sell partnership shares,
- To act as a contractor, enter into construction contracts, lease and sell works, issue lease certificates based on construction contracts, and arrange other contracts such as service, participation, or land-for-construction to finance the construction of the work,
- To enter into contracts with fund users, funding institutions, authorized/intermediary institutions, and third parties for the purpose of carrying out the aforementioned activities, and to become a party to any commercial agreements and regulations that may be beneficial for its purpose and within the legal framework,

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

1 - THE ORGANIZATION AND BUSINESS ACTIVITY OF THE COMPANY (Continued)

- To act as the representative or trusted person of lease certificate holders, for the benefit of lease certificate holders, to secure or protect any rights and claims that have arisen or may arise in its favor, or to hedge against risks it may face, by obtaining collateral in the form of all kinds of movable and immovable mortgages (mortgages) and other in-kind and personal guarantees, to assign both existing and future receivables, to obtain guarantees provided by third parties, and to engage in all necessary legal transactions for this purpose,
- To carry out other transactions related to the issuance of lease certificates within the framework of the regulations and decisions of the Capital Markets Board, to make contracts and engage in activities, and to engage in other activities determined by the Capital Markets Board.

In addition to the matters shown above, in the future, the Company may engage in any kind of transactions and activities that are deemed beneficial and necessary within the scope of its purpose and subject to the regulations of the capital markets, provided that the necessary permissions are obtained from the Capital Markets Board.

The company's registered office address is Hobyar Eminönü Mahallesi Hayri Efendi Cad. No:12 Fatih / Istanbul.

As of 30 June 2023, the Company does not have any personnel (31 December 2022: None).

Shareholder's Title	Share Ratio	Number of Shares	Number of Stakes
Ziraat Katılım Bankası A.Ş.	100%	50.000	50.000

2 – BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Declaration of compliance with Turkish Financial Reporting Standards (“TFRS”)

The attached financial statements are prepared in accordance with the provisions of the "Communiqué on Principles of Financial Reporting in the Capital Markets" ("Communiqué") numbered II-14.1, published in the Official Gazette numbered 28676 dated 13 June 2013 and published by the Capital Markets Board ("CMB") on Public Oversight, Accounting and it has been prepared in accordance with the Turkish Financial Reporting Standards (“TFRS”) put into effect by the Auditing Standards Authority (“POA”). TFRSs; It contains the Standards and Comments published by the POA under the names of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TASI and TFRSI.

In accordance with the provisions of the "Communiqué on Lease Certificates", Series III, numbered 61.1, published in the Official Gazette dated 7 June 2013 and numbered 28670 of the CMB, the assets, rights and liabilities subject to the issuance of each issue of lease certificates, as well as the income to be obtained from them and the expenses to be incurred, are included in the relevant lease certificate. are tracked separately in the accounting records on a basis, and the relevant assets and liabilities, revenues to be obtained and expenses to be incurred are shown as gross in the account items of trade receivables and borrowings in the attached financial position statement, and revenue and cost of sales in the profit or loss and other comprehensive income statement.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

The attached financial statements have been prepared in accordance with Turkish Financial Reporting Standards, including the provisions of TAS 34 Interim Financial Reporting Standard.

The financial statements have been presented in accordance with the Turkish Financial Reporting Standards (TFRS) Taxonomy developed based on financial statement examples specified in the Financial Statements Examples and Usage Guide published in the Official Gazette dated 7 June 2019, and numbered 30794 by the Public Oversight, Accounting, and Auditing Standards Authority (POA).

Approval of financial statements:

The financial statements were approved by the Company's Board of Directors on 4 August 2023. It's important to note that both the Company's General Assembly and relevant regulatory authorities have the right to request changes to these financial statements.

Explanation for convenience translation into English:

The accounting principles described in Note 2.1.6 (defined as Turkish Financial Reporting Standards) to the interim financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

2.1.2 Functional and presentation currency

The financial statements have been presented in the functional currency, which is the primary currency used in the Company's main economic environment. The financial position and results of the Company are expressed in Turkish Lira ("TL"), which is both the functional currency of the Company and the presentation currency for the financial statements. All financial information, unless otherwise specified, is presented in TL. This means that the financial statements have been prepared and reported in TL, and all financial data is presented in TL unless otherwise indicated.

2.1.3 Comparatives and adjustment of prior periods' financial statements

The financial statements are prepared in a comparative manner with the previous period in order to assess the financial position, performance, and trends in cash flows of the Company. If the presentation or classification of items in the financial statements has changed to ensure comparability, the previous period financial statements are also reclassified accordingly, and explanations are provided regarding these matters.

2.1.4 Offsetting

Financial assets and liabilities are presented on the balance sheet (financial statement) at their net amounts when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.1.5 Going concern

The company has prepared its financial statements in accordance with the going concern principle.

2.1.6 Adjustments of financial statements during high inflation periods

The Public Oversight Authority made a statement on 20 January 2022, regarding the application of the Financial Reporting Standard for High Inflationary Economies ("TAS 29") within the scope of Turkish Financial Reporting Standards. According to this statement, entities applying TFRS are not required to make any adjustments under TAS 29 - Financial Reporting in High Inflationary Economies for their financial statements for the year 2021. As of the date of preparation of these financial statements, no new announcement has been made by the Public Oversight Authority regarding TAS 29, and no inflation adjustment has been applied in accordance with TAS 29 when preparing the financial statements dated 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

2.1.7 Changes in accounting policies

Changes in accounting policies arising from the first-time application of a new TFRS are applied retrospectively in accordance with the transitional provisions of that TFRS, if any. Changes without any transitional provisions, significant changes made on a voluntary basis in accounting policies, or identified accounting errors are retrospectively applied, and the previous period financial statements are restated

2.1.8 Implementation of new and revised financial reporting standards

a. Standards, amendments, and interpretations applicable as of 30 June 2023:

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **TFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

However, in its letter dated 6 April 2023, sent to the Association of Turkish Insurance, Reinsurance, and Pension Companies, the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) has expressed its opinion that the application of TFRS 17 in the consolidated and individual financial statements of insurance, reinsurance companies, pension companies, banks with investments/partnerships in these companies, and other companies with investments/partnerships in these entities would be appropriate as of 1 January 2024.

- **Amendment to TAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

b. Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements; ;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the TASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **TFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **TFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The company's management will assess the impact of the aforementioned yet-to-be-effective standards and standard changes on their operations and will apply them from the effective date.

2.1.9 Changes in Accounting Estimates and Errors

Changes in accounting estimates are applied prospectively to the current period if they relate to that period only or both the period of change and future periods if they relate to future periods. There have been no significant changes in accounting estimates during the current period for the Company.

2.2 Summary of Significant Accounting Policies

2.2.1 Financial instruments

Loans and receivables

Trade and other receivables and loans with fixed and determinable payments that are not traded in the market are classified in this category. Loans and receivables are measured at amortized cost using the effective interest rate method, as the contractual cash flows are intended to be collected and the contractual terms meet the criteria to lead to cash flows that include only principal and interest payments on certain dates.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

Financial liabilities

The Company's financial liabilities and equity instruments are classified according to contractual arrangements and the basis on which a financial liability and an equity instrument are defined. The contract representing the right to the remaining assets of the company after deducting all its debts is an equity-based financial instrument.

Financial liabilities are valued at discounted value using the internal rate of return method.

TFRS 9 Financial Instruments

TFRS 9 regulates the provisions regarding the recognition and measurement of financial assets and financial liabilities.

TFRS 9 determines the requirements for the recognition and measurement of financial assets and liabilities and contracts for the purchase or sale of certain non-financial items. Details of significant new accounting policies and the impact and nature of changes in previous accounting policies are set out below.

i. Classification of financial assets and liabilities

initial recognition in the financial statements, a financial asset is classified as measured at amortized cost, measured at fair value through other comprehensive income ("OCI") with fair value changes recognized in OCI - debt instruments, measured at fair value through OCI with fair value changes recognized in OCI - equity instruments, or measured at fair value through profit or loss with fair value changes recognized in profit or loss. The classification of financial assets within the scope of TFRS 9 generally depends on the business model used by the entity for managing financial assets and the characteristics of the contractual cash flows of the financial asset. The requirement for the separation of embedded derivatives from financial assets has been eliminated under the standard, and the classification of a hybrid contract as a whole should be assessed.

A financial asset is measured at amortized cost if both of the following conditions are met, and it is not classified as measured at fair value with fair value changes recognized in profit or loss:

- Held within a business model whose objective is to collect contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on specified dates.
- If a financial liability does not meet both of these conditions and is not classified as measured at fair value with fair value changes recognized in profit or loss, fair value changes are recognized in other comprehensive income for the financial liability:
- Held within a business model whose objective is both to collect contractual cash flows and to sell financial assets, and

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

- The contractual terms of the financial liability give rise to cash flows that are solely payments of principal and interest on specified dates.

In the initial recognition of investments in equity instruments not held for trading purposes, an irrevocable choice may be made to present subsequent changes in fair value in other comprehensive income. This choice can be made on an investment-by-investment basis.

All financial assets that are not measured at amortized cost or at fair value through other comprehensive income are measured at fair value with fair value changes recognized in profit or loss. In the initial recognition of financial assets in the financial statements, a financial asset may be designated as measured at fair value through profit or loss, provided that it eliminates or significantly reduces an accounting mismatch resulting from measuring financial assets differently or presenting gains or losses on them differently in the financial statements, and this designation is irrevocable.

In the initial measurement of financial assets other than those for which fair value changes are recognized in profit or loss (except for trade receivables that are measured at initial recognition at transaction price and do not have a significant financing component), transaction costs directly attributable to the acquisition or issuance of these financial assets are also added to their fair value.

The following accounting policies apply to subsequent measurements of financial assets.

Financial assets measured at fair value through profit or loss	These assets are measured at their fair value on subsequent measurements. Net gains and losses relating thereto, including any interest or dividend income, are recognized in profit or loss.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. If any, amortized costs are reduced by the amount of impairment losses. Interest income, foreign currency gains and losses and impairment losses are recognized in profit or loss. Gains or losses resulting from their derecognition are recognized in profit or loss.
Debt instruments measured at fair value through other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairments are recognized in the income statement. Other gains and losses are recognized in other comprehensive income. When financial assets are derecognized from the balance sheet, any previously recognized gains or losses in other comprehensive income are reclassified to the income statement.
Equity instruments at fair value through other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless it clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

ii. *Impairment of financial assets*

The "Expected Credit Loss" (ECL) model is applied for impairment of financial assets according to TFRS 9. This new impairment model is applicable to financial assets measured at amortized cost, contract assets, and debt instruments measured at fair value through other comprehensive income (OCI). However, it is not applied to investments in equity instruments.

Financial assets measured at amortized cost consist of trade receivables and cash and cash equivalents.

Under TFRS 9, provisions for losses can be measured using any of the following principles:

- 12-month ECLs: This represents the portion of expected credit losses arising from default events that are likely to occur within the 12 months following the reporting date, and
- Lifetime ECLs: These represent expected credit losses arising from default events that are likely to occur throughout the entire expected lifetime of the financial asset.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant to the estimation of expected credit losses, including the effects of expected early payments, and that can be obtained without undue cost or effort. This information includes quantitative and qualitative information and analyses based on the Company's past credit loss experience and forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

2.2.2 Provisions, Contingent Assets and Liabilities

A provision is recognized in the financial statements when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

The amount recognized as a provision is calculated based on the most reliable estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties associated with the obligation. If the provision is measured using the present value of the estimated cash flows required to settle the existing obligation, then the carrying amount of the provision is equal to the present value of those cash flows.

In situations where some or all of the economic benefits required to settle the provision are expected to be reimbursed by third parties, the expected reimbursement is recognized as an asset if it is virtually certain that the reimbursement will be received and can be reliably measured.

2.2.3 Cash Flow Statement

In the cash flow statement, cash flows for the period are classified and reported based on main, investing and financing activities.

2.2.4 Cash and Cash Equivalents

Cash and cash equivalent items include cash on hand, demand deposits and other short-term investments with high liquidity, with original maturities of 3 months or less from the date of purchase, which can be converted into cash immediately and which do not carry a significant risk of change in value (Note 4).

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Summary of Significant Accounting Policies (Continued)

2.2.5 Taxes on Income

Income tax expense consists of the sum of current tax and deferred tax expense.

Current Tax

Current year tax liability is calculated on the taxable portion of the period profit. Taxable profit differs from the profit included in the statement of profit or loss because it excludes items that are taxable or deductible in other years and items that cannot be taxed or deducted. The Company's current tax liability is calculated using the tax rate that has been legalized or substantially legalized as of the balance sheet date (Note 10).

Deferred Tax

Deferred tax liability or asset is determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the legal tax base calculation, according to the balance sheet method, taking into account the legal tax rates. 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 such differences by obtaining taxable profit in the future. The assets and liabilities in question are not recognized if the temporary difference related to the transaction that does not affect the commercial or financial profit/loss arises from the initial recognition of goodwill or other assets and liabilities (other than business combinations) (Note 10).

2.2.6 Fees, commissions and profit share income and expenses

Fee and commission income and expenses

Fees and commissions are generally reflected in the statement of profit or loss on the date they are collected or paid. However, export service commissions are accounted for on an accrual basis.

Profit share income and expense

Profit share income and expenses are recognized on an accrual basis in the profit or loss statement of the relevant period.

2.2.7 Events After the Reporting Period

Subsequent events refer to events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they come to light after the announcement of any profit allocation or other selected financial information related to earnings.

In the event that events requiring adjustments to the financial statements arise after the balance sheet date, the Company adjusts the amounts included in the financial statements to reflect this new situation (Note 20).

2.2.8 Related Parties

Related parties are entities or individuals that have the ability to control or significantly influence the other party, either directly or indirectly, through ownership, contractual rights, family relationships, or similar means. This definition includes shareholders and the company's management as related parties. Transactions with related parties involve the transfer of resources and obligations between related entities, whether for consideration or at no cost (Note 17).

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 Significant Accounting Evaluations, Estimates and Assumptions

The preparation of financial statements involves making estimates and assumptions that affect the amounts of assets, liabilities, income, and expenses reported as of the balance sheet date and during the reporting period. These estimates and assumptions are based on the best judgment and information available to management at the time of preparation. However, actual results may differ from these estimates and assumptions. As of 30 June 2023, the company does not have any significant estimates or assumptions that have a material impact on its financial statements.

3 – SEGMENT REPORTING

Since the company operates in Turkey and only as an asset leasing company, no reporting description is given according to segments.

4 - CASH AND CASH EQUIVALENTS

	30 June 2023	31 December 2022
Banks		
- Private Current Account (*)	519.173	400.983
TOTAL	519.173	400.983

(*) Cash and cash equivalents consist of special current accounts held with Ziraat Katılım Bankası A.Ş. (Note 17). As of June 30 June 2023, the total amount of cash and cash equivalents is 519.173 TL, all of which is denominated in Turkish Lira (31 December 2022: 400.983 TL).

5 - TRADE RECEIVABLES

	30 June 2023	31 December 2022
Trade Receivables from Related Parties	4.700.213.492	5.200.100.480
Profit Share Accruals	262.579.459	180.808.375
TOTAL	4.962.792.951	5.380.908.855

(*) The company has used the funds obtained from the issuance of lease certificates with the same amount, maturity, and profit-sharing cost to provide funds to Ziraat Katılım Bankası A.Ş. (Note 17).

6 - OTHER CURRENT ASSETS

	30 June 2023	31 December 2022
Other	33.178	500
TOTAL	33.178	500

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

7 - NON-CURRENT ASSETS

	30 June 2023	31 December 2022
Other	1.117	-
TOTAL	1.117	-

8 - BORROWINGS

Short Term Borrowings

As of 30 June 2023, and 31 December 2022, the Company's short-term borrowings are as follows:

	30 June 2023	31 December 2022
Issued Debt Instruments	4.700.000.000	5.200.000.000
TRDZKVK72324	800.000.000	-
TRDZKVK72332	800.000.000	-
TRDZKVK82315	600.000.000	-
TRDZKVK92322	600.000.000	-
TRDZKVK72316	500.000.000	-
TRDZKVK52417	500.000.000	-
TRDZKVK92314	500.000.000	-
TRDZKVK82323	400.000.000	-
TRDZKVK32310	-	800.000.000
TRDZKVK32328	-	800.000.000
TRDZKVK22311	-	700.000.000
TRDZKVK32336	-	700.000.000
TRDZKVK12320	-	600.000.000
TRDZKVK72316	-	500.000.000
TRDZKVK12312	-	500.000.000
TRDZKVK12338	-	500.000.000
TRDZKVK42319	-	100.000.000
Profit Share	262.579.459	180.808.375
TRDZKVK72316	112.976.916	-
TRDZKVK72324	44.764.408	-
TRDZKVK72332	37.824.424	-
TRDZKVK82315	24.161.945	-
TRDZKVK82323	14.772.167	-
TRDZKVK52417	12.266.270	-
TRDZKVK92314	9.653.280	-
TRDZKVK92322	6.160.049	-
TRDZKVK32310	-	14.564.715
TRDZKVK32328	-	10.128.858
TRDZKVK22311	-	20.757.521
TRDZKVK32336	-	1.535.002
TRDZKVK12320	-	26.514.323
TRDZKVK72316	-	53.142.965
TRDZKVK12312	-	23.836.683
TRDZKVK12338	-	18.454.437
TRDZKVK42319	-	11.873.871
TOTAL	4.962.579.459	5.380.808.375

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

8 - BORROWINGS (Continued)

Sukuk Issuance dated 6 January 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 6 January 2023, a lease certificate was issued in the amount of 500.000.000 TL, with an ISIN code of TRDZKVK42327, an annual simple return rate of 20,25%, a maturity of 97 days, and a redemption date of 13 April 2023.

Details of the income distribution amounts of the 500.000.000 TL sukuk issuance dated 6 January 2023 are as follows:

1. Income Distribution Amount 13 April 2023	26.907.550
Lease Certificate Fee Payment Amount 13 April 2023	500.000.000

Sukuk Issuance dated 17 January 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 17 January 2023, a lease certificate was issued with an ISIN code of TRDZKVK42335, an annual simple return rate of 20,25%, a maturity of 99 days, a redemption date of 26 April 2023, and an amount of 600.000.000 TL.

Details of the income distribution amounts of the sukuk issuance of 600.000.000 TL dated January 17, 2023 are as follows:

1. Income Distribution Amount 26 April 2023	32.954.820
Lease Certificate Fee Payment Amount 26 April 2023	600.000.000

Sukuk Issuance dated 27 January 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 27 January 2023, a lease certificate was issued in the amount of 500.000.000 TL, with an ISIN code of TRDZKVK52318, an annual simple return rate of 20,50%, a maturity of 98 days, and a redemption date of 5 May 2023.

Details of the income distribution amounts of the 500.000.000 TL sukuk issuance dated January 27, 2023 are as follows:

1. Income Distribution Amount 5 May 2023	27.520.550
Lease Certificate Fee Payment Amount 5 May 2023	500.000.000

Sukuk Issuance dated 15 February 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 15 February 2023, a lease certificate was issued in the amount of 700.000.000 TL, with an ISIN code of TRDZKVK52326, an annual simple return rate of 20,75%, a maturity of 92 days, and a redemption date of 18 May 2023.

Details of the income distribution amounts of the 700.000.000 TL sukuk issuance dated 15 February 2023 are as follows:

1. Income Distribution Amount 18 May 2023	36.610.980
Lease Certificate Fee Payment Amount 18 May 2023	700.000.000

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

8 - BORROWINGS (Continued)

Sukuk Issuance dated 7 March 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 7 March 2023, a lease certificate was issued in the amount of 800.000.000 TL, with an ISIN code of TRDZKVK62317, an annual simple return rate of 22,50%, a maturity of 94 days, and a redemption date of 9 June 2023.

Details of the income distribution amounts of the sukuk issuance of 800.000.000 TL dated March 7, 2023 are as follows:

1. Income Distribution Amount 9 June 2023	46.356.160
Lease Certificate Fee Payment Amount 9 June 2023	800.000.000

Sukuk Issuance dated 15 March 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 15 March 2023, a lease certificate was issued in the amount of 1.000.000.000 TL, with an ISIN code of TRDZKVK62325, an annual simple return rate of 22,00%, a maturity of 97 days, and a redemption date of 20 June 2023.

Details of the income distribution amounts of the 1.000.000.000 TL sukuk issuance dated 15 March 2023 are as follows:

1. Income Distribution Amount 20 June 2023	58.465.800
Lease Certificate Fee Payment Amount 20 June 2023	1.000.000.000

Sukuk Issuance dated 30 March 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 30 March 2023, a lease certificate was issued in the amount of 800.000.000 TL, with an ISIN code of TRDZKVK72324, an annual simple return rate of 22,00%, a maturity of 92 days, and a redemption date of 7 July 2023.

Details of the income distribution amounts of the sukuk issuance of 800.000.000 TL dated 30 March 2023 are as follows:

1. Income Distribution Amount 7 July 2023	47.736.960
Lease Certificate Fee Payment Amount 7 July 2023	800.000.000

Sukuk Issuance dated 13 April 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 13 April 2023, a lease certificate was issued in the amount of 800.000.000 TL, with an ISIN code of TRDZKVK72332, an annual simple return rate of 22,00%, a maturity of 103 days, and a redemption date of 25 July 2023.

Details of the income distribution amounts of the 800.000.000 TL sukuk issuance dated 13 April 2023 are as follows:

1. Income Distribution Amount 25 July 2023	49.665.760
Lease Certificate Fee Payment Amount 25 July 2023	800.000.000

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

8 - BORROWINGS (Continued)

Sukuk Issuance dated 26 April 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 26 April 2023, a lease certificate was issued in the amount of 600.000.000 TL, with an ISIN code of TRDZKVK82315, an annual simple return rate of 22,50%, a maturity of 100 days, and a redemption date of 4 August 2023.

Details of the income distribution amounts of the 600.000.000 TL sukuk issuance dated 26 April 2023 are as follows:

1. Income Distribution Amount 4 August 2023	36.986.280
Lease Certificate Fee Payment Amount 4 August 2023	600.000.000

Sukuk Issuance dated 5 May 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 5 May 2023, a lease certificate was issued in the amount of 400.000.000 TL, with an ISIN code of TRDZKVK82323, an annual simple return rate of 24,00%, a maturity of 103 days, and a redemption date of 16 August 2023.

Details of the income distribution amounts of the 400.000.000 TL sukuk issuance dated 5 May 2023 are as follows:

1. Income Distribution Amount 16 August 2023	27.090.400
Lease Certificate Fee Payment Amount 16 August 2023	400.000.000

Sukuk Issuance dated 25 May 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 25 May 2023, a lease certificate was issued in the amount of 500.000.000 TL, with an ISIN code of TRDZKVK52417, an annual simple return rate of 27,00%, a maturity of 364 days, and a redemption date of 11 November 2022.

Details of the income distribution amounts of the 500.000.000 TL sukuk issuance dated 25 May 2023 are as follows:

1. Income Distribution Amount 23 May 2024	134.630.150
Lease Certificate Fee Payment Amount 23 May 2024	500.000.000

Sukuk Issuance dated 9 June 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 9 June 2023, a lease certificate was issued in the amount of 500.000.000 TL, with an ISIN code of TRDZKVK92314, an annual simple return rate of 33,00%, a maturity of 90 days, and a redemption date of 7 September 2023.

Details of the income distribution amounts of the 500.000.000 TL sukuk issuance dated 9 June 2023 are as follows:

1. Income Distribution Amount 7 September 2023	40.684.950
Lease Certificate Fee Payment Amount 7 September 2023	500.000.000

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

8 - BORROWINGS (Continued)

Sukuk Issuance dated 20 June 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 20 June 2023, a lease certificate was issued in the amount of 600.000.000 TL, with an ISIN code of TRDZKVK92322, an annual simple return rate of 35,50%, a maturity of 99 days, and a redemption date of 27 September 2023.

Details of the income distribution amounts of the 600.000.000 TL sukuk issuance dated 20 June 2023 are as follows:

1. Income Distribution Amount 27 September 2023	57.772.620
Lease Certificate Fee Payment Amount 27 September 2023	600.000.000

Fund User	ISIN Code	Issuance Amount	Issuance Date	Redemption date	Maturity	Profit Share
Ziraat Katılım Bankası A.Ş.	TRDZKVK42327	500.000.000,00	06.01.2023	13.04.2023	97	26.907.550,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK42335	600.000.000,00	17.01.2023	26.04.2023	99	32.954.820,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK52318	500.000.000,00	27.01.2023	05.05.2023	98	27.520.550,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK52326	700.000.000,00	15.02.2023	18.05.2023	92	36.610.980,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK62317	800.000.000,00	07.03.2023	09.06.2023	94	46.356.160,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK62325	1.000.000.000,00	15.03.2023	20.06.2023	97	58.465.800,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK72324	800.000.000,00	30.03.2023	07.07.2023	99	47.736.960,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK72332	800.000.000,00	13.04.2023	25.07.2023	103	49.665.760,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK82315	600.000.000,00	26.04.2023	04.08.2023	100	36.986.280,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK82323	400.000.000,00	05.05.2023	16.08.2023	103	27.090.400,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK52417	500.000.000,00	25.05.2023	23.05.2024	364	134.630.150,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK92314	500.000.000,00	09.06.2023	07.09.2023	90	40.684.950,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK92322	600.000.000,00	20.06.2023	27.09.2023	99	57.772.620,00

The lease certificates shown in the list below are held by Ziraat Katılım Varlık Kiralama A.Ş. These are lease certificates issued by and not yet redeemed as of 30 June 2023. Lease certificates are listed according to their remaining maturity. Ziraat Katılım Bankası A.Ş., which is the Fund User within the scope of each lease certificate issuance. In line with the relevant Management Agreement signed with Ziraat Katılım Varlık Kiralama A.Ş., the assets and rights owned by Ziraat Katılım Varlık Kiralama A.Ş. consist of Assets and Rights existing in the Fund User's balance sheet (or to be created with the funds to be obtained from the issue).

Fund User	ISIN Code	Issuance Amount	Issuance Date	Redemption Date	Maturity	Annual Simple Rate
Ziraat Katılım Bankası A.Ş.	TRDZKVK72324	800.000.000,00	30.03.2023	07.07.2023	7	22,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK72332	800.000.000,00	13.04.2023	25.07.2023	25	22,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK82315	600.000.000,00	26.04.2023	04.08.2023	35	22,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVK82323	400.000.000,00	05.05.2023	16.08.2023	7	24,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK52417	500.000.000,00	25.05.2023	23.05.2024	328	27,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK92314	500.000.000,00	09.06.2023	07.09.2023	69	33,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK92322	600.000.000,00	20.06.2023	27.09.2023	89	35,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVK92310	600.000.000,00	07.07.2023	13.10.2023	105	26,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVK92328	900.000.000,00	25.07.2023	31.10.2023	123	26,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVK92312	1.000.000.000,00	04.08.2023	10.11.2023	133	27,00%

Assets and Rights; In accordance with Article 19(1)(ç) of the Regulation on Banks' Credit Transactions published by the Banking Regulation and Supervision Agency ("BRSA") in the Official Gazette dated 1 November 2016 and numbered 26333, it is one of the financing methods of participation banks and is provided by the Bank to Individual/Corporate It refers to financing transactions and financial leasing transactions that will be made available or have been made available to customers on behalf of the Asset Leasing Company.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

9 - TRADE PAYABLES

	30 June 2023	31 December 2022
Trade Payables to Third Parties	144.900	65.298
TOTAL	144.900	65.298

10 - TAX ASSETS AND LIABILITIES

The company is subject to the tax legislation and practices in effect in Turkey. The corporate income tax rate was determined as 20% as of 1 January 2006, in accordance with the Corporate Income Tax Law No. 5520, published in the Official Gazette dated 21 June 2006, and numbered 26205.

However, as per Article 25 of Law No. 7394 published in the Official Gazette dated 15 April 2022, and numbered 31810, the corporate tax rate has been set at 25% for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies. This provision came into effect on 15 April 2022, for corporate earnings of the 2022 tax assessment period. This change is applicable starting from 1 July 2022, for tax returns to be submitted, covering periods beginning on 1 January 2022. Therefore, as of 30 June 2023, a corporate tax rate of 25% has been applied in the financial statements.

As per the "Law on the Abolition of Additional Motor Vehicle Tax for the Compensation of Economic Losses Resulting from the Earthquakes on 6/2/2023, and Amendments to Some Laws and Decree Laws No. 375," published in the Official Gazette dated July 15, 2023, the corporate tax rate has been increased from 25% to 30% for banks, financial leasing, factoring, financing, and savings finance companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies. For other companies, the corporate tax rate, which was previously 20%, has been raised to 25%. This change in tax rates will apply to earnings generated by companies in the 2023 tax year and subsequent tax assessment periods.

The law amending the Tax Procedure Law and the Corporate Tax Law, numbered 7532, was enacted on 20 January 2022. It has been decided that financial statements, including interim accounting periods, will not be subject to inflation adjustment, regardless of whether the conditions for the Multiple Article 298 apply, for the 2021 and 2022 accounting periods, as well as for the provisional tax periods of 2023. In accordance with Law No. 7352, inflation adjustment will be applied to financial statements as of 31 December 2023. Any profit/loss differences arising from this inflation adjustment will be shown in the profit/loss account of previous years and will not be subject to taxation.

The company is subject to the tax legislation and practices in force in Turkey.

According to the Corporate Tax Law, tax losses shown on the tax return can be deducted from the taxable income of the period, provided that they do not exceed 5 years. Tax returns and relevant accounting records can be audited by the tax authority within five years, and tax calculations can be revised.

Details of the Company's tax liability as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Current income tax liabilities	48.518	5.827
Tax Liabilities	48.518	5.827

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

10 - TAX ASSETS AND LIABILITIES (Continued)

Tax expense details for the periods ending 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Tax Expense	48.518	18.361
Total	48.518	18.361

As of 30 June 2023, the remaining amount after netting the corporate income tax provision and paid corporate income tax is recorded in the "tax liability for the period" account within the "current tax liabilities" or "assets related to current-year taxes" account.

	30 June 2023	31 December 2022
Current Year Corporate Tax Expense	48.518	18.361
Taxes Paid (-)	-	(12.534)
Current Tax Liabilities	48.518	5.827

As of 30 June 2023, the Company has no deferred tax assets or liabilities (31 December 2022: None.).

11 - OTHER LIABILITIES

	30 June 2023	31 December 2022
<i>Other Current Liabilities</i>		
VAT Payable	13.334	8.731
Income Tax Payable	13.087	22.693
Income Withholdings Payable	1.531	763
Stamp Duty Payable	2.236	851
TOPLAM	30.188	33.038

12 - EQUITY

As of 30 June 2023, the paid-in share capital of the Company is 50.000 TL, consisting of 50.000 shares with a nominal value of 1 TL each (31 December 2022: 50.000 TL). The Company does not have preferred shares as of 30 June 2023 (31 December 2022: None).

The legal capital and partnership structure of the Company is as follows:

	30 June 2023		31 December 2022	
	Paid-in Share Capital	Partnership Structure	Paid-in Share Capital	Partnership Structure
Ziraat Katılım Bankası A.Ş.	50.000	100%	50.000	100%

Restricted Reserves

The Company has profit reserves of 10.000 TL (31 December 2022: 10.000 TL).

Prior Years' Income

The Company has 337.800 TL of prior years' income (31 December 2022: 282.717 TL).

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

13 - REVENUE

	30 June 2023	30 June 2022
Profit Share Income	572.850.595	349.518.364
TOTAL	572.850.595	349.518.364

(*) The company includes its profit share income derived from the utilization of funds it obtained from the issuance of lease certificates to Ziraat Katılım Bankası A.Ş., with the same amount, maturity, and profit-sharing cost.

14 - COST OF SALES

	30 June 2023	30 June 2022
Profit Share Expenses	572.850.595	349.518.364
TOTAL	572.850.595	349.518.364

The details of profit share expenses paid for lease certificates issued for the periods ending on 30 June 2023 are as follows:

	30 June 2023	30 June 2022
TRDZKVK42327	26.907.550	-
TRDZKVK42335	32.954.820	-
TRDZKVK52318	27.520.550	-
TRDZKVK52326	36.610.980	-
TRDZKVK62317	46.356.160	-
TRDZKVK62325	58.465.800	-
TRDZKVK72324	44.764.408	-
TRDZKVK42319	4.490.507	-
TRDZKVK72332	37.824.424	-
TRDZKVK82315	24.161.945	-
TRDZKVK82323	14.772.167	-
TRDZKVK52417	12.266.270	-
TRDZKVK92314	9.653.280	-
TRDZKVK92322	6.160.049	-
TRDZKVK72316	59.833.952	-
TRDZKVK12312	1.387.967	-
TRDZKVK12320	5.441.857	-
TRDZKVK12338	7.343.513	-
TRDZKVK22311	18.826.009	-
TRDZKVK32310	29.468.165	-
TRDZKVK32328	33.005.383	-
TRDZKVK32336	34.634.839	-
TRDZKVK42228	-	32.219.160
TRDZKVK42236	-	26.178.100
TRDZKVK52219	-	25.104.100
TRDZKVK62226	-	27.780.840
TRDZKVK62234	-	18.173.160
TRDZKVK62242	-	18.150.120
TRDZKVK72217	-	24.284.437
TRDZKVK42319	-	3.579.346
TRDZKVK72225	-	21.394.939
TRDZKVK82216	-	14.928.489
TRDZKVK82224	-	13.842.520
TRDZKVK92215	-	9.260.773
TRDZKVK92223	-	3.842.237
TRDZKVK92211	-	757.419
TRDZKVK12213	-	1.795.597
TRDZKVK32211	-	20.354.042
TRDZKVK12221	-	4.473.093
TRDZKVK22212	-	6.143.353
TRDZKVK22220	-	14.178.093
TRDZKVK32229	-	10.541.268
TRDZKVK62218	-	19.704.008
TRDZKVK32237	-	14.358.772
TRDZKVK42210	-	18.474.498
TOTAL	572.850.595	349.518.364

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

15 - GENERAL ADMINISTRATIVE EXPENSES

	30 June 2023	30 June 2022
Issuance Related Expenses	10.730.722	8.149.994
Board Member Attendance Allowance Expenses	192.305	72.708
Audit and Consultancy Expenses	37.014	22.322
Stamp Duty	5.499	2.228
Rent Expenses	3.600	2.100
Chamber of Commerce Registration Expenses	1.466	11.595
Notary Registration Expenses	1.426	3.588
Other Miscellaneous Expenses	13.400	9.359
TOTAL	10.985.432	8.273.894

16 - OTHER OPERATING INCOME

	30 June 2023	30 June 2022
Service Commission Income (*)	11.179.504	8.320.881
TOTAL	11.179.504	8.320.881

(*) The costs related to issuances incurred for Ziraat Katılım Bankası A.Ş. consist of accounting processes for reflection.

17 - RELATED PARTIES

1) As of 30 June 2023, and 31 December 2022, the details of receivables and payables from related parties are as follows:

Cash and Cash Equivalents

	30 June 2023	31 December 2022
-Ziraat Katılım Bankası A.Ş (Note 4)	519.173	400.983
TOTAL	519.173	400.983

Trade Receivables

	30 Haziran 2023	31 Aralık 2022
-Ziraat Katılım Bankası A.Ş (Note 5)	4.962.792.951	5.380.908.855
TOTAL	4.962.792.951	5.380.908.855

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

17 - RELATED PARTIES (Continued)

- 2) As of 30 June 2023, and 30 June 2022, the details of income and expenses from related parties are as follows:

Income from Related Party Transactions

	30 June 2023	30 June 2022
-Ziraat Katılım Bankası A.Ş –Profit Sahre Income	572.850.595	349.518.364
-Ziraat Katılım Bankası A.Ş - Service Commission Income	11.179.504	8.320.881
TOTAL	584.030.099	357.839.245

18 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

18.1 Equity Related Risks

The Company aims to increase its profits by maintaining a balance between debt and equity while conducting its activities.

18.2. Financial Risks

The company is exposed to credit risk and liquidity risk due to its activities.

18.2.1 Credit Risk

The financial instruments held by the Company include counterparty credit risk due to the counterparty's failure to fulfill the terms of the agreement.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

18 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit risks exposed by financial instrument types

	Receivables					Deposits in Banks
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
30 June 2023						
Maximum credit risk exposed as of balance sheet date 30 June 2023	4.962.792.951	-	-	33.178	-	519.173
- The part of maximum risk under guarantee with collaterals etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	4.962.792.951	-	-	33.178	-	519.173
B. The net book value of financial assets that have had their terms renegotiated, otherwise, they would be considered past due or impaired	-	-	-	-	-	-
C. Net book value of financial assets past due but not impaired	-	-	-	-	-	-
- The portion secured by collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Not overdue (Gross carrying amount)	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Overdue (Gross carrying amount)	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-
E. Off-balance sheet items	-	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, were not taken into account.

	Receivables					Deposits in Banks
	Trade Receivables		Other Receivables			
	Related Party	Other Party	Related Party	Other Party		
31 December 2022						
Maximum credit risk exposed as of balance sheet date 31 December 2022	5.380.908.855	-	-	500	-	400.983
- The part of maximum risk under guarantee with collaterals etc.	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	5.380.908.855	-	-	500	-	400.983
B. The net book value of financial assets that have had their terms renegotiated, otherwise, they would be considered past due or impaired	-	-	-	-	-	-
C. Net book value of financial assets past due but not impaired	-	-	-	-	-	-
- The portion secured by collateral, etc.	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-
- Not overdue (Gross carrying amount)	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-
- The part under guarantee with collaterals, etc.	-	-	-	-	-	-
- Overdue (Gross carrying amount)	-	-	-	-	-	-
- Impairment	-	-	-	-	-	-
E. Off-balance sheet items	-	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, were not taken into account.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

18 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

18.2.2 Liquidity Risk

Management of liquidity risk is the responsibility of the company's Board of Directors. The board of directors has established an appropriate liquidity risk management structure for the liquidity requirements of the company. The company manages its liquidity risk by regularly monitoring it and ensuring adequate levels of funds and borrowing reserves by matching the maturities of financial assets and liabilities.

Liquidity Risk Table

30 June 2023	Up to 1 month	1 to 12 months	1 to and 5 years	Demand	Total
Cash and cash equivalents	-	-	-	519.173	519.173
Trade Receivables	-	4.962.792.951	-	-	4.962.792.951
Other Current Assets	-	33.178	1.117	-	34.295
Total Assets	-	4.962.826.129	1.117	519.173	4.963.346.419
Lease Certificates Issued	-	4.962.579.459	-	-	4.962.579.459
Other Liabilities	144.900	78.706	-	543.354	766.960
Total Liabilities	144.900	4.962.658.165	-	543.354	4.963.346.419
Liquidity Risk	(144.900)	167.964	1.117	(24.181)	-
31 December 2022	Up to 1 month	1 to 12 months	1 to and 5 years	Demand	Total
Cash and cash equivalents	-	-	-	400.983	400.983
Trade Receivables	-	5.380.908.855	-	-	5.380.908.855
Other Current Assets	500	-	-	-	500
Total Assets	500	5.380.908.855	-	400.983	5.381.310.338
Lease Certificates Issued	-	5.380.808.375	-	-	5.380.808.375
Other Current Liabilities	65.298	38.865	-	397.800	501.963
Total Liabilities	65.298	5.380.847.240	-	397.800	5.381.310.338
Liquidity Risk	(64.798)	61.615	-	3.183	-

18.3 Market Risk

The company is not exposed to market risk since it has no foreign currency assets and liabilities and no purchase or sale commitments.

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

19 - FAIR VALUE DISCLOSURES OF FINANCIAL INSTRUMENTS

	Book value 30 June 2023	Fair value 30 June 2023
<u>Financial Assets</u>		
<i>Tarife Receivables from Related Parties</i>	4.962.792.951	4.962.792.951
<u>Financial Obligations</u>		
<i>Short-Term Borrowings from Third Parties</i>	4.962.579.459	4.962.579.459
<hr/>		
	Book value 31 December 2022	Fair value 31 December 2022
<u>Financial Assets</u>		
<i>Tarife Receivables from Related Parties</i>	5.380.908.855	5.380.908.855
<u>Financial Obligations</u>		
<i>Short-Term Borrowings from Third Parties</i>	5.380.808.375	5.380.808.375

It is assumed that there is no significant difference between the fair value and book value of financial assets and liabilities due to their short-term nature.

20 - EVENTS AFTER THE REPORTING PERIOD

As of 15 July 2023, with the publication of Law No. 7456 in the Official Gazette No. 32249, the general corporate income tax rate for financial and insurance companies, including banks, has been increased from 25% to 30%. These corporate tax rate changes are effective from 1 October 2023, for tax returns to be submitted and from 1 January 2023, for tax years in which they will apply. There is no impact on the financial statements as of the balance sheet date.

The company issued sukuk on 7 July 2023, 25 July 2023 and 4 August 2023, and the details are as follows.:

Sukuk Issuance dated 7 July 2023

Ziraat Katılım Varlık Kiralama A.Ş. issued a lease certificate with the code TRDZKVKKE2310 on 7 July 2023, with a simple annual return rate of 26,50%, a maturity of 98 days, a redemption date of 13 October 2023, and an amount of 600.000.000 TL.

Details of the income distribution amounts of the 600.000.000 TL sukuk issuance dated 7 July 2023 are as follows:

1. Income Distribution Amount 13 October 2023	42.690.420
Lease Certificate Fee Payment Amount 13 October 2023	600.000.000

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 JUNE 2023

(Amounts are expressed in Turkish Lira (TL) unless otherwise specified.)

20 - EVENTS AFTER THE REPORTING PERIOD (Continued)

Sukuk Issuance dated 25 July 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 25 July 2023, a lease certificate was issued with the code TRDZKVKKE2328, an annual simple return rate of 26,50%, a maturity of 98 days, a redemption date of 31 October 2023, and an amount of 900.000.000 TL.

Details of the income distribution amounts of the 900.000.000 TL sukuk issuance dated 25 July 2023 are as follows:

1. Income Distribution Amount 31 October 2023	64.035.630
Lease Certificate Fee Payment Amount 31 October 2023	900.000.000

Sukuk Issuance dated 4 August 2023

Ziraat Katılım Varlık Kiralama A.Ş. On 4 August 2023, a lease certificate was issued with the code TRDZKVKK2312, an annual simple return rate of 27,00%, a maturity of 98 days, a redemption date of 10 November 2023, and an amount of 1.000.000.000 TL.

Details of the income distribution amounts of the 1.000.000.000 TL sukuk issuance dated 4 August 2023 are as follows:

1. Income Distribution Amount 10 November 2023	72.493.200
Lease Certificate Fee Payment Amount 10 November 2023	1.000.000.000

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