

ZİRAAT KATILIM BANKASI ANONİM ŞİRKETİ

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 30 SEPTEMBER 2024 WITH AUDITOR'S REVIEW REPORT**

**(CONVENIENCE TRANSLATION OF CONSOLIDATED
FINANCIAL STATEMENTS AND RELATED DISCLOSURES
ORIGINALLY ISSUED IN TURKISH)**



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 consolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 September 2024 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-months period then ended. The Group Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim consolidated financial information based on our review.

Scope of Review

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

Basis for the Qualified Conclusion

As mentioned in Section Five Parts II.8.c.1 and IV.5 of Explanations and Notes to the consolidated Financial Statements, the free provision amounting to TRY 500,000 thousand, which was fully provided in prior years outside of the requirements of BRSA Accounting and Financial Reporting Legislation, was reversed in the current period by the Group management as at 30 September 2024 in the accompanying consolidated financial statements.



Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of Ziraat Katılım Bankası Anonim Şirketi and its consolidated subsidiaries at 30 September 2024 and its consolidated operations and its consolidated cash flows for the nine-months period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

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 2024. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

A handwritten signature in blue ink, appearing to read "Didem Demer Kaya".

Didem Demer Kaya, SMMM
Independent Auditor

Istanbul, 7 November 2024



CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH

THE CONSOLIDATED INTERIM FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş AS OF 30 SEPTEMBER 2024

The Bank's Headquarter Address: Finanskent Mahallesi, Finans Caddesi,
B Blok No: 44B, İç Kapı No: 29, Ümraniye/İstanbul
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The consolidated financial report for the nine-month period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

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

Alpaslan ÇAKAR
Chairman of the Board

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

Metin ÖZDEMİR
Member of the Board,
General Manager

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

Osman KARAKÜTÜK
Vice President of Treasury
Management and
International Banking

Figen BAHADIR
Head of Financial
Coordination Department

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

Name-Surname/Position : Erdem DENİZHAN / Financial Audit Manager

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SECTION ONE
General Information about the Group

	Page Number
I. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status	1
II. Explanation about the Parent Bank's capital structure and shareholders who are in charge of the management and/or auditing of the Bank directly or indirectly, changes in these matters throughout the year (if any) and the group of the Parent Bank	2
III. Explanations on the chairman and members of the board of directors, members of audit committee, general managers and assistant general managers and their shareholdings in the Parent Bank	2
IV. Information about the persons and institutions that have qualified shares attributable to the Parent Bank	3
V. Explanations of the Parent Bank's services and field of operations	3
VI. A brief explanation regarding the differences between the regulations on the preparation of consolidated financial statements of banks and the consolidation procedures performed in accordance with Turkish Accounting Standards, as well as organizations subjected to full consolidation or proportional consolidation, excluded from equity, or not included in these three methods.	3
VII. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between the Parent Bank and its subsidiaries	3

SECTION TWO
Consolidated Financial Statements

I. Consolidated Balance sheet (Statement of Financial Position)	4-5
II. Consolidated Statement of off-balance sheet commitments	6
III. Consolidated Statement of profit or loss	7
IV. Consolidated Statement of profit or loss and other comprehensive income	8
V. Consolidated Statement of changes in shareholder's equity	9
VI. Consolidated Statement of cash flows	10

SECTION THREE
Explanations on Accounting Policies

I. Explanations on basis of presentation	11
II. Explanations on strategy of using financial instruments and foreign currency transactions	12
III. Explanations on consolidated subsidiaries	12-13
IV. Explanations on forward and option contracts and derivative instruments	13
V. Explanations on profit share income and expense	13
VI. Explanations on fees and commission income and expenses	14
VII. Explanations on financial assets	14-16
VIII. Explanations on impairment of financial assets	16-19
IX. Explanations on offsetting of financial assets and liabilities	19
X. Explanations on sales and repurchase agreements and lending of securities	19
XI. Explanations on assets held for sale and discontinued operations and related liabilities	19-20
XII. Explanations on goodwill and other intangible assets	20
XIII. Explanations on tangible assets	20-21
XIV. Explanations on leasing transactions	21-22
XV. Explanations on provisions, contingent assets and liabilities	22
XVI. Explanations on obligations related to employee rights	23-24
XVII. Explanations on taxation	25-28
XVIII. Explanations on additional disclosures on borrowings	28
XIX. Explanations on share certificates issued	28
XX. Explanations on acceptances	28
XXI. Explanations on government incentives	28
XXII. Explanations on cash and cash equivalents	29
XXIII. Explanations on segment reporting	29
XXIV. Explanations on other matters	29

SECTION FOUR
Explanations Related to the Financial Position and Risk Management of the Group

I. Explanations on the consolidated shareholders' equity	30-39
II. Explanations on the consolidated currency risk	39-40
III. Equity share position risk on banking accounts	41
IV. Explanations on consolidated liquidity risk management, liquidity coverage ratio and net stable funding ratio	41-48
V. Explanations on consolidated leverage ratio	49
VI. Explanations on securitization positions	49
VII. Explanations on risk management	49-50
VIII. Explanations on hedge accounting	51
IX. Explanations on consolidated operating segments	51-52

SECTION FIVE
Explanations and Notes Related to Consolidated Financial Statements

I. Explanations and notes related to consolidated assets	53-68
II. Explanations and notes related to consolidated liabilities	69-78
III. Explanations and notes related to consolidated off-balance sheet accounts	79
IV. Explanations and notes related to the statement of consolidated profit or loss	80-85
V. Explanations and notes to the consolidated statement of changes in shareholders' equity	85
VI. Explanations and notes related to the consolidated cash flows statement	85
VII. Explanations and notes related to the risk group of the parent bank	86-87
VIII. Significant events and matters arising subsequent to consolidated balance sheet date	87

SECTION SIX
Explanations on Auditor's Review Report

I. Explanations on independent auditor's review report	88
II. Explanations and notes prepared by the independent auditors	88

SECTION SEVEN
Interim Activity Report

I. Interim activity report containing evaluations on the interim activities of the Chairman of the Board and the General Manager of the Bank	89-100
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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

SECTION ONE

GENERAL INFORMATION ABOUT THE GROUP

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

Ziraat Katılım Bankası A.Ş. (“the Bank”) is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 on 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 October 2014 with a capital of TRY 675.000 that is fully paid by T.C. Treasury and its legal entity was comprised of the registration in the trade registry as of 16 February 2015. The Bank has obtained official permission by the decision of Banking Regulation and Supervision Agency numbered as 6302 at 12 May 2015 and published in the Official Gazette numbered as 29355 at 4 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank’s Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by TRY 72.000 from TRY 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 TRY 500.000 and by increasing the amount of internal resources by TRY 3.000 to TRY 1.250.000. In accordance with the decision of the Bank’s Extraordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised to TRY 1.750.000 by increasing the amount of cash by TRY 500.000. At the Bank’s Ordinary General Assembly for 2021 held on 25 March 2022, its paid-in capital was increased by TRY 900.000 in cash to TRY 2.650.000. In accordance with the decision of the Bank’s Extraordinary General Assembly Meeting held on 31 March 2023, the paid-in capital of the Bank has been raised to TRY 7.350.000 by increasing the amount of cash by TRY 4.700.000. In accordance with the decision of the Bank’s Second Extraordinary General Assembly Meeting held on 6 December 2023, the paid-in capital of the Bank has been raised to TRY 10.350.000 by increasing the amount of cash by TRY 3.000.000.

Main operation field of the Group is gathering funds by the accounts named as “Private Current Accounts” and “Participation Accounts to Profit and Loss” from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

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

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

The entirety of the shares of T.C. Ziraat Bankası A.Ş. which is the main shareholder of the group, was owned by the Undersecretariat of Treasury of the Republic of Türkiye (“Treasury”). However, by the decision annexed to the Council of Ministers’ Decree No. 2017/9756 dated January 24, 2017, these shares were transferred to the Türkiye Wealth Fund.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

II. EXPLANATION ABOUT THE PARENT BANK’S CAPITAL STRUCTURE AND SHAREHOLDERS WHO ARE IN CHARGE OF THE MANAGEMENT AND/OR AUDITING OF THE BANK DIRECTLY OR INDIRECTLY, CHANGES IN THESE MATTERS THROUGHOUT THE YEAR (IF ANY) AND THE GROUP OF THE PARENT BANK

As of 30 September 2024, and 31 December 2023, main shareholders and capital amounts as follows:

Name of Shareholders	30 September 2024		31 December 2023	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş.	10.350.000	99,99999996	10.350.000	99,99999996
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	-	0,00000001	-	0,00000001
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.	-	0,00000001	-	0,00000001
Ziraat Teknoloji A.Ş.	-	0,00000001	-	0,00000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,00000001	-	0,00000001
Total	10.350.000	100,00	10.350.000	100,00

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

Name	Title
Board of Directors	
Alpaslan ÇAKAR	Chairman
Fikretin AKSU	Vice Chairman of the BOD, Member of Corporate Management Committee, Member of the Audit Committee, Associate Member of Credit Committee
Metin ÖZDEMİR	Member of the BOD, General Manager, President of Credit Committee
Mahmut Esfa EMEK	Member of the BOD, Member of Audit Committee, Associate Member of Credit Committee
Ahmet BUÇUKOĞLU	Member of the BOD, Member of Credit Committee, Member of Pricing Committee
Mehmet BAŞIBÜYÜK	Member of the BOD, Member of Corporate Management Committee, Member of Credit Committee
Murat CANGÜL	Member of the BOD, Member of Pricing Committee
Executive Vice Presidents	
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
Mustafa Kürşad ÇETİN	Retail Banking

The Parent Bank’s Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Executive Vice Presidents do not own any shares of the Parent Bank.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

GENERAL INFORMATION ABOUT THE GROUP (Continued)

IV. INFORMATION ABOUT THE PERSONS AND INSTITUTIONS THAT HAVE QUALIFIED SHARES ATTRIBUTABLE TO THE PARENT BANK

Name/Trade Name	Share Amount	Shareholding Percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş.	10.350.000	100,00	10.350.000	-
Total	10.350.000	100,00	10.350.000	-

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

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

The Bank sorts out participation accounts and participation accounts based on investment wakala 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 2024, the Bank operates with its 205 domestic branches (31 December 2023: 189 domestic branches and 2 foreign) and 207 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad and the Somali branch, which started operations as of 5 September 2023 abroad. As of 30 September 2024, the number of employees of the Bank is 2.817 (31 December 2023: 2.430).

VI. A BRIEF EXPLANATION REGARDING THE DIFFERENCES BETWEEN THE REGULATIONS ON THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND THE CONSOLIDATION PROCEDURES PERFORMED IN ACCORDANCE WITH TURKISH ACCOUNTING STANDARDS, AS WELL AS ORGANIZATIONS SUBJECTED TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION, EXCLUDED FROM EQUITY, OR NOT INCLUDED IN THESE THREE METHODS

There is no difference between the Regulation on the Preparation of Consolidated Financial Statements of Banks and the consolidation procedures performed in accordance with Turkish Accounting Standards regarding the consolidation of subsidiary companies by the Parent Bank. This is due to the full consolidation inclusion of Ziraat Katılım Varlık Kiralama Şirketi A.Ş., established on 22 January 2016 and ZKB Varlık Kiralama Şirketi A.Ş., established on 8 September 2017 in the scope of consolidation.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 SEPTEMBER 2024

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note (V-I)	Current Period (30 September 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
I. FINANCIAL ASSETS (NET)		47.889.656	56.998.655	104.888.311	37.383.085	56.778.131	94.161.216
I.1 Cash And Cash Equivalents		36.282.778	48.326.872	84.609.650	24.310.294	49.348.784	73.659.078
1.1.1 Cash And Balances with Central Bank	(1)	33.722.512	31.056.379	64.778.891	24.206.770	36.433.541	60.640.311
1.1.2 Banks	(2)	2.560.357	17.270.863	19.831.220	114.562	12.915.243	13.029.805
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		91	370	461	11.038	-	11.038
I.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	8.356.099	8.356.099	-	3.812.067	3.812.067
1.2.1 Government Securities		-	8.356.099	8.356.099	-	3.812.067	3.812.067
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
I.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	11.586.993	313.866	11.900.859	13.069.801	3.616.542	16.686.343
1.3.1 Government Securities		11.499.651	313.866	11.813.517	13.001.450	3.616.542	16.617.992
1.3.2 Equity Securities		52.913	-	52.913	52.913	-	52.913
1.3.3 Other Financial Assets		34.429	-	34.429	15.438	-	15.438
I.4 Derivative Financial Assets	(5)	19.885	1.818	21.703	2.990	738	3.728
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		19.885	1.818	21.703	2.990	738	3.728
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		174.394.593	126.934.503	301.329.096	178.139.272	103.461.708	281.600.980
2.1 Loans	(6)	120.313.085	112.339.184	232.652.269	122.689.489	88.274.149	210.963.638
2.2 Lease Receivables	(6)	36.197.553	14.428.064	50.625.617	41.601.878	11.043.826	52.645.704
2.3 Other Financial Assets Measured at Amortized Cost	(7)	20.274.830	1.492.531	21.767.361	17.374.116	4.456.177	21.830.293
2.3.1 Government Securities		20.172.586	1.492.531	21.665.117	17.374.116	4.456.177	21.830.293
2.3.2 Other Financial Assets		102.244	-	102.244	-	-	-
2.4 Expected Loss Provision (-)		2.390.875	1.325.276	3.716.151	3.526.211	312.444	3.838.655
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)	(8)	1.034.074	-	1,034.074	427.229	-	427.229
3.1 Assets Held for Sale		1,034.074	-	1,034.074	427.229	-	427.229
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	67.500	-	67.500	22.500	-	22.500
4.1 Associates (Net)		67.500	-	67.500	22.500	-	22.500
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		67.500	-	67.500	22.500	-	22.500
4.2 Subsidiaries (Net)		-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(10)	3.437.784	46.496	3.484.280	2.159.859	5.840	2.165.699
VI. INTANGIBLE ASSETS (NET)	(11)	1.166.741	-	1.166.741	692.634	-	692.634
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		1.166.741	-	1.166.741	692.634	-	692.634
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	2.726.951	-	2,726.951	2,478.105	-	2,478.105
X. OTHER ASSETS	(14)	3,801.041	325.907	4,126.948	1,767.543	342.464	2,110.007
TOTAL ASSETS		234,518,340	184,305,561	418,823,901	223,070,227	160,588,143	383,658,370

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 SEPTEMBER 2024

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
LIABILITIES	Note (V-II)	Current Period (30 September 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
I. FUNDS COLLECTED	(1)	185.864.056	129.222.754	315.086.810	185.040.826	119.331.448	304.372.274
II. FUNDS BORROWED	(2)	2.240.858	26.116.840	28.357.698	7.028.256	7.882.757	14.911.013
III. MONEY MARKETS DEBTS	(3)	5.550.702	-	5.550.702	435.678	10.528.455	10.964.133
IV. SECURITIES ISSUED (NET)	(4)	10.724.517	17.448.563	28.173.080	4.461.181	14.918.648	19.379.829
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	-	71.280	71.280	-	153.095	153.095
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	71.280	71.280	-	153.095	153.095
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES (NET)	(7)	1.528.093	-	1.528.093	785.859	-	785.859
VIII. PROVISIONS	(8)	852.583	1.291.899	2.144.482	1.456.125	1.476.173	2.932.298
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		368.514	-	368.514	247.253	-	247.253
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		484.069	1.291.899	1.775.968	1.208.872	1.476.173	2.685.045
IX. CURRENT TAX LIABILITY	(9)	689.195	303	689.498	866.770	198	866.968
X. DEFERRED TAX LIABILITY	(10)	-	-	-	-	-	-
XI. LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (NET)	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
XII. SUBORDINATED DEBT INSTRUMENTS	(12)	1.375.367	8.686.397	10.061.764	1.341.987	4.451.686	5.793.673
12.1 Loans		1.375.367	8.686.397	10.061.764	1.341.987	4.451.686	5.793.673
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	6.688.103	335.712	7.023.815	2.408.661	1.259.020	3.667.681
XIV. SHAREHOLDERS' EQUITY	(14)	20.118.537	18.142	20.136.679	19.863.305	(31.758)	19.831.547
14.1 Paid-in capital		10.350.000	-	10.350.000	10.350.000	-	10.350.000
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		(128.929)	-	(128.929)	(129.539)	-	(129.539)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(1.979.471)	18.142	(1.961.329)	(761.298)	(31.758)	(793.056)
14.5 Profit Reserves		10.142.629	-	10.142.629	6.138.132	-	6.138.132
14.5.1 Legal Reserves		512.488	-	512.488	312.264	-	312.264
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		9.584.074	-	9.584.074	5.779.801	-	5.779.801
14.5.4 Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6 Profit or (Loss)		1.472.795	-	1.472.795	4.004.497	-	4.004.497
14.6.1 Prior Period Profit/Loss		-	-	-	-	-	-
14.6.2 Current Period Profit/Loss		1.472.795	-	1.472.795	4.004.497	-	4.004.497
TOTAL LIABILITIES		235.632.011	183.191.890	418.823.901	223.688.648	159.969.722	383.658.370

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 SEPTEMBER 2024

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS							
	Note (V-III)	Current Period (30 September 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
A		74.381.975	72.082.233	146.464.208	44.556.727	56.166.174	100.722.901
I. GUARANTEES AND WARRANTIES	(1)	60.528.253	52.225.863	112.754.116	38.343.405	39.987.128	78.330.533
1.1 Letters of Guarantee		60.403.169	41.993.414	102.396.583	38.324.265	30.767.784	69.092.049
1.1.1 Guarantees Subject to State Tender Law		591.217	26.661.497	27.252.714	652.636	21.831.242	22.483.878
1.1.2 Guarantees Given for Foreign Trade Operations		42.742.357	-	42.742.357	30.182.880	-	30.182.880
1.1.3 Other Letters of Guarantee		17.069.595	15.331.917	32.401.512	7.488.749	8.936.542	16.425.291
1.2 Bank Acceptances		-	389.721	389.721	-	414.759	414.759
1.2.1 Import Letter of Acceptance		-	389.721	389.721	-	414.759	414.759
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	9.760.916	9.760.916	-	7.928.282	7.928.282
1.3.1 Documentary Letters of Credit		-	9.760.916	9.760.916	-	7.928.282	7.928.282
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 Türkiye		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Other Guarantees		5.989	81.812	87.801	10.586	876.303	886.889
1.7 Other Collaterals		119.095	-	119.095	8.554	-	8.554
II. COMMITMENTS	(1)	13.853.722	1.875.138	15.728.860	6.163.310	1.289.972	7.453.282
2.1 Irrevocable Commitments		13.853.722	1.875.138	15.728.860	6.163.310	1.289.972	7.453.282
2.1.1 Forward asset purchase commitments		1.562.885	1.875.138	3.438.023	508.849	1.289.972	1.798.821
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		2.849.654	-	2.849.654	1.708.702	-	1.708.702
2.1.7 Tax and Fund Liabilities from Export Commitments		543.047	-	543.047	296.293	-	296.293
2.1.8 Commitments for Credit Card Limits		4.774.158	-	4.774.158	2.342.967	-	2.342.967
2.1.9 Commitments for Credit Cards and Banking Services Promotions		2.789	-	2.789	2.276	-	2.276
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		4.121.189	-	4.121.189	1.304.223	-	1.304.223
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		-	17.981.232	17.981.232	50.012	14.889.074	14.939.086
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		-	17.981.232	17.981.232	50.012	14.889.074	14.939.086
3.2.1 Forward Foreign Currency Buy/Sell Transactions		-	-	-	50.012	44.662	94.674
3.2.1.1 Forward Foreign Currency Transactions-Buy		-	-	-	50.012	-	50.012
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	-	-	-	44.662	44.662
3.2.2 Other Forward Buy/Sell Transaction		-	17.981.232	17.981.232	-	14.844.412	14.844.412
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		426.514.191	103.314.159	529.828.350	300.753.601	61.244.711	361.998.312
IV. ITEMS HELD IN CUSTODY		20.203.469	37.391.265	57.594.734	15.313.288	25.398.103	40.711.391
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		6.248.900	52.826	6.301.726	2.998.906	19.107	3.018.013
4.3 Checks Received for Collection		9.648.866	153.163	9.802.029	8.050.832	165.195	8.216.027
4.4 Commercial Notes Received for Collection		1.064.928	817.426	1.882.354	1.022.775	518.334	1.541.109
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		3.240.775	6.824.665	10.065.440	3.240.775	6.942.970	10.183.745
4.8 Custodians		-	29.543.185	29.543.185	-	17.752.497	17.752.497
V. PLEDGES RECEIVED		406.310.722	65.922.894	472.233.616	285.440.313	35.846.608	321.286.921
5.1 Marketable Securities		2.245.249	58.717	2.303.966	2.210.399	63.993	2.274.392
5.2 Guarantee Notes		14.270.231	237.379	14.507.610	10.971.967	214.321	11.186.288
5.3 Commodity		42.512.330	18.573.567	61.085.897	28.617.839	10.953.703	39.571.542
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		320.094.137	39.074.461	359.168.598	200.678.424	20.355.321	221.033.745
5.6 Other Pledged Items		27.188.775	7.978.770	35.167.545	42.961.684	4.259.270	47.220.954
5.7 Pledged Items-Depository		426.514.191	103.314.159	529.828.350	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		20.203.469	37.391.265	57.594.734	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		500.896.166	175.396.392	676.292.558	345.310.328	117.410.885	462.721.213

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF PROFIT OR LOSS					
INCOME / EXPENSE ITEMS	Note (V-IV)	Current Period	Prior Period	Current Period	Prior Period
		1 January - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2024	1 July - 30 September 2023
I. PROFIT SHARE INCOME	(1)	61.938.664	27.668.480	61.938.664	12.813.020
1.1 Profit Share on Loans		39.068.613	16.335.870	39.068.613	6.667.725
1.2 Profit Share on Reserve Deposits		3.541.846	-	3.541.846	-
1.3 Profit Share on Banks		349.170	386.259	349.170	217.898
1.4 Profit Share on Money Market Placements		4.027	-	4.027	-
1.5 Profit Share on Marketable Securities Portfolio		7.349.575	4.667.452	7.349.575	2.048.046
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		109.061	49.294	109.061	17.978
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		4.420.244	3.593.552	4.420.244	1.503.693
1.5.3 Financial Assets Measured at Amortised Cost		2.820.270	1.024.606	2.820.270	526.375
1.6 Financial Lease Income		11.293.671	6.235.115	11.293.671	3.869.823
1.7 Other Profit Share Income		331.762	43.784	331.762	9.528
II. PROFIT SHARE EXPENSE	(2)	60.978.688	23.134.809	21.611.192	10.801.300
2.1 Profit Share Expense on Participation Accounts		53.210.829	21.069.629	18.438.018	10.046.879
2.2 Profit Share Expense on Funds Borrowed		2.186.970	780.374	680.858	261.112
2.3 Profit Share Expense on Money Market Borrowings		904.389	336.067	399.216	161.001
2.4 Expense on Securities Issued		4.429.659	876.335	1.988.654	303.484
2.5 Lease Profit Share Expense		223.117	69.728	104.437	28.378
2.6 Other Profit Share Expenses		23.724	2.676	9	446
III. NET PROFIT SHARE INCOME/EXPENSE (I - II)		959.976	4.533.671	1.066.928	2.011.720
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		2.076.152	2.796.894	1.023.710	2.215.666
4.1 Fees and Commissions Received		3.342.665	3.080.742	3.369.520	2.369.263
4.1.1 Non-cash Loans		602.498	346.348	228.608	134.809
4.1.2 Other		2.740.167	2.734.394	1.139.912	2.234.454
4.2 Fees and commissions paid		1.266.513	283.848	344.810	153.597
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		1.266.513	283.848	344.810	153.597
V. DIVIDEND INCOME	(3)	1.428	714	1.428	714
VI. NET TRADING INCOME (Net)	(4)	2.863.445	1.578.656	633.084	462.099
6.1 Capital Market Transaction Gains / Losses		345.421	(12.218)	(1.484)	1.234
6.2 Gains/ Losses From Derivative Financial Instruments		1.396.880	296.346	336.014	173.531
6.3 Foreign Exchange Gains / Losses		1.121.144	1.294.528	298.554	287.334
VII. OTHER OPERATING INCOME	(5)	4.385.450	1.763.462	1.018.187	235.445
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		10.286.451	10.673.397	3.743.337	4.925.644
IX. EXPECTED CREDIT LOSSES EXPENSES (-)	(6)	2.821.461	3.068.066	491.798	1.441.444
X. OTHER PROVISIONS (-)	(6)	123.158	58.158	31.945	17.106
XI. PERSONNEL EXPENSES (-)		2.952.639	1.461.246	1.148.893	494.161
XII. OTHER OPERATING EXPENSES (-)	(7)	2.664.253	2.229.428	1.000.079	479.928
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		1.724.940	3.856.499	1.070.622	2.493.005
XIV. INCOME RESULTED FROM MERGERS		-	-	-	-
XV. INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-	-	-
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATION (XIII+XVI)		1.724.940	3.856.499	1.070.622	2.493.005
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(8)	(252.145)	(702.929)	(310.297)	(498.029)
18.1 Current Tax Provision		-	(188.150)	-	(188.150)
18.2 Expense Effect of Deferred Tax (+)		(957.147)	(1.024.152)	(423.061)	(303.418)
18.3 Income Effect of Deferred Tax (-)		705.002	509.373	112.764	(6.461)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	1.472.795	3.153.570	760.325	1.994.976
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from Assets Held for Sale		-	-	-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
20.3 Income from Other Discontinued Operations		-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses on Assets Held for Sale		-	-	-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-	-	-
21.3 Expenses from Other Discontinued Operations		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)		-	-	-	-
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current Tax Charge		-	-	-	-
23.2 Expense Effect of Deferred Tax (+)		-	-	-	-
23.3 Income Effect of Deferred Tax (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(11)	1.472.795	3.153.570	760.325	1.994.976
Earnings per share income/loss (Full TRY)		0,1423	0,5469	0,0735	0,3134

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

ZİRAAT KATILIM BANKASI A.Ş.**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2024**

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

ZİRAAT KATILIM BANKASI A.Ş CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME			
		Current Period	Prior Period
		1 January-30 September 2024	1 January-30 September 2023
I.	CURRENT PERIOD PROFIT/LOSS	1.472.795	3.153.570
II.	OTHER COMPREHENSIVE INCOME	(1.167.663)	(1.432.306)
2.1	Other Income/Expense Items not to be Reclassified to Profit or Loss	610	1.424
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	610	1.424
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2	Other Income/Expense Items to be Recycled to Profit or Loss	(1.168.273)	(1.433.730)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(1.669.265)	(2.048.185)
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	500.992	614.455
III.	TOTAL COMPREHENSIVE INCOME (I+II)	305.132	1.721.264

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

ZİRAAT KATILIM BANKASI A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY					Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity Excluding Minority Shares	Minority Shares
	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6					
PRIOR PERIOD															
30 September 2023															
I. Prior Period End Balance	2.650.000	-	-	261.513	-	(94.366)	289	-	2.422.877	-	2.297.860	3.840.272	-	11.378.445	11.378.445
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effects of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	2.650.000	-	-	261.513	-	(94.366)	289	-	2.422.877	-	2.297.860	3.840.272	-	11.378.445	11.378.445
IV. Total Comprehensive Income	-	-	-	-	-	-	1.424	-	(1.433.730)	-	-	-	3.153.570	1.721.264	1.721.264
V. Capital Increase by Cash	4.700.000	-	-	-	-	-	-	-	-	-	-	-	-	4.700.000	4.700.000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	3.840.272	(3.840.272)	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	3.840.272	(3.840.272)	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV+V+VI+VII+VIII+IX+X+XI)	7.350.000	-	-	261.513	-	(94.366)	1.713	-	989.147	-	6.138.132	-	3.153.570	17.799.709	17.799.709
CURRENT PERIOD															
30 September 2024															
I. Prior Period End Balance	10.350.000	-	-	261.513	-	(127.913)	(1.626)	-	(793.056)	-	6.138.132	4.004.497	-	19.831.547	19.831.547
II. Adjustments in Accordance with TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1. Effect of Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Beginning Balance (I+II)	10.350.000	-	-	261.513	-	(127.913)	(1.626)	-	(793.056)	-	6.138.132	4.004.497	-	19.831.547	19.831.547
IV. Total Comprehensive Income	-	-	-	-	-	-	610	-	(1.168.273)	-	-	-	1.472.795	305.132	305.132
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/decrease by other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	4.004.497	(4.004.497)	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	4.004.497	(4.004.497)	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end Balance (III+IV+V+VI+VII+VIII+IX+X+XI)	10.350.000	-	-	261.513	-	(127.913)	(1.016)	-	(1.961.329)	-	10.142.629	-	1.472.795	20.136.679	20.136.679

- 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.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2024

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

ZİRAAT KATILIM BANKASI A.Ş. CONSOLIDATED STATEMENT OF CASH FLOWS			
	Note (VI)	Current Period 1 January -30 September 2024	Prior Period 1 January -30 September 2023
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		(6.300.094)	10.404.000
1.1.1 Profit Share Income Received		51.972.466	26.159.792
1.1.2 Profit Share Expense Paid		(55.739.850)	(17.531.802)
1.1.3 Dividend Received		1.428	714
1.1.4 Fees and Commissions Received		3.233.358	3.379.814
1.1.5 Other Income		2.256.718	1.636.573
1.1.6 Collections from Previously Written-off Loans		843.669	158.723
1.1.7 Payments to Personnel and Service Suppliers		(2.952.639)	(1.461.246)
1.1.8 Taxes Paid		(778.376)	(2.444.250)
1.1.9 Others		(5.136.868)	505.682
1.2 Changes in Operating Assets and Liabilities		2.611.357	15.307.511
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(4.515.574)	(1.049.107)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(2.720.399)	(10.830.310)
1.2.3 Net (Increase) / Decrease in Loans		(15.316.196)	(62.956.205)
1.2.4 Net (Increase) / Decrease in Other Assets		(119.358)	(28.604.614)
1.2.5 Net Increase / (Decrease) in Bank Funds		144.202	360.741
1.2.6 Net Increase / (Decrease) in Other Funds		5.340.590	112.169.803
1.2.7 Net Increase / Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8 Net Increase / (Decrease) in Funds Borrowed		20.600.525	2.620.853
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		(802.433)	3.596.350
I. Net Cash Provided from Banking Operations		(3.688.737)	25.711.511
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		5.124.054	(18.010.955)
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		(45.000)	(22.500)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(1.477.263)	(1.175.874)
2.4 Disposals of Tangible Assets		18.405	36.246
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.616.009)	(5.959.515)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		8.495.599	3.754.691
2.7 Purchase of Financial Assets Measured at Amortized Cost		(3.670.094)	(14.644.003)
2.8 Sale of Financial Assets Measured at Amortized Cost		3.418.416	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		4.027.197	4.134.754
3.1 Cash Obtained from Funds Borrowed And Securities Issued		5.531.798	14.015.605
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(1.292.267)	(14.501.978)
3.3 Issued Equity Instruments		-	4.700.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(212.334)	(78.873)
3.6 Other		-	-
IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	(1)	767.659	1.214.165
V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)	(1)	6.230.173	13.049.475
VI. Cash And Cash Equivalents At The Beginning Of The Period	(1)	41.562.423	21.154.391
VII. Cash And Cash Equivalents At The End Of The Period	(1)	47.792.596	34.203.866

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON BASIS OF PRESENTATION

The consolidated financial statements of the Ziraat Katılım Bankası A.Ş. (“Bank” and “Parent Bank”) and its subsidiaries subject to consolidation (together referred as group) are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“Regulation”) 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”) Interim Financial Reporting Standard and Turkish Financial Reporting Standards (“TFRS”) and (referred as “Turkish Accounting and Financial Reporting Regulations” or “Reporting Standards”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

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

In the consolidated financial statements, except for the financial assets and liabilities shown at their fair values, all balances in the financial reports and footnotes are presented in Thousand Turkish Lira (“TRY”), unless otherwise stated 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 and the effect of the changes are explained in the related footnotes.

On 23 November 2023, POA announced that, entities reporting under the TFRS should begin implementing "TAS - 29 Financial Reporting in Hyperinflationary Economies" standard in their financial statements, from periods ending on and after 31 December 2023. Besides, regulatory and auditing bodies that are authorized in their respective areas have flexibility to determine alternative transition dates for the application of TAS - 29. Therefore, the BRSA With the decision dated 11 January 2024 and numbered 10825, the transition date of banks, financial leasing, factoring, financing, savings financing and asset management companies to TAS 29 has been set as 1 January 2025 and no inflation adjustment has been made in accordance with TAS 29 while preparing the financial statements dated 30 September 2024.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES

Consolidation principles applied:

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

1. Consolidation principles for subsidiaries:

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

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES (Continued)

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

30 September 2024				
Title	Address (City / Country)	Main Activities	Group's Share Percentage (%)	Direct and Indirect Partnership Rates (%)
Ziraat Katılım Varlık Kiralama A.Ş.	Istanbul/Türkiye	Issuance of Lease Certificate	100	100
ZKB Varlık Kiralama A.Ş.	Istanbul/Türkiye	Issuance of Lease Certificate	100	100

Ziraat Katılım Varlık Kiralama A.Ş was established and registered to the trade registry in 22 January 2016 with the permission taken from “Banking Regulation and Supervision Agency” and “Capital Markets Board of Türkiye”. Ziraat Katılım Varlık Kiralama A.Ş has been founded to operate lease certificate according to rulings of Capital Markets Board of Türkiye which was dated 7 June 2013 and numbered 28760 serial: 3 no: 61.1 published in Official Gazette. ZKB Varlık Kiralama Anonim Şirketi was established on 19 July 2017 with TRY 50 capital amount paid by the Main Shareholder Bank. It began to operate after the registration on 8 September 2017.

2. Consolidation principles of associates and joint ventures:

As of 30 September 2024, the subsidiary of the Parent Bank is Katılım Finans Kefalet A.Ş.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

The Parent Bank’s derivative financial instruments consist of forward foreign currency buy/sell agreements.

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

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

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

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

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

VII. EXPLANATIONS ON FINANCIAL ASSETS

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

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

Classification and Measurement under TFRS 9

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

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

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

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

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 Türkiye. Gains and losses resulting from the valuation are included in the profit/loss accounts.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Financial assets at fair value through other comprehensive income

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

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 recognized by an acquirer in a business combination to which TFRS 3 applies. The Bank makes the election on an instrument by instrument basis.

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

c. Financial assets measured at amortized cost:

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

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

The Group'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 during the year are made according to the internal yield method based on the real profit share rates and the index value announced by the treasury.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

Loans

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

Cash loans are accounted with their original balances in the accounts specified in Uniform Chart of Accounts and Prospectus according to their type, maturity and collateral structures. FC loans are recognized with fixed price and revalued by the counter foreign exchange buying rate of the Group. Foreign exchange indexed loans are used as TRY by the valid counter foreign exchange buying rate of the Bank at usage date. Repayments of these loans are collected as calculated TRY value by the valid counter foreign exchange selling rate of Bank at installment date. Group’s loans are recognized under “Measured at Amortized Cost” account.

As of 30 September 2024, all loans of the Bank, including profit-loss sharing (musharakah) and labor-capital partnership (mudaraba) investments, are followed in the “Measured by Amortized Cost” account. Profit-loss sharing and labor-capital partnership investments followed by the Parent Bank in the loans account according to the BRSA Uniform Chart of Accounts, those to be valued for the first time as of 31 December 2020, with the letter of the BRSA numbered E-43890421-010.07.01-1294, or In accordance with the provisions of the "Interest-Free Finance Accounting Standard 3: Mudaraba Financing" or "Interest-Free Finance Accounting Standard 4: Musharakah Financing" standards for partnership financing funds in the form of "labor-capital partnership" or "profit-loss sharing" that are newly made available after 1 January 2021 was accounted for.

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Explanations on Expected Loss Provisions

The Parent Bank does not allocate impairments in accordance with TFRS 9 from 1 January 2018 for its loans and receivables by taking into consideration the “Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside” (Regulation on Provisions) published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Group takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

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 Provision (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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

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 provision (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-months 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 provision is calculated for 1 year for loans in stage 1, the expected loss provision for loans in stage 2 is calculated by taking into account all remaining maturity.

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

Default (Stage 3)

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

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.

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 (CPI, Trade Interest, Unemployment Rate, GDP, Sector Default Rates etc.) are analyzed, among which variables that best reflect the default probabilities of our Bank's customers are used.

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

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 Türkiye (“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 2024, there are no securities lending transactions (31 December 2023: 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 the commitment contract are recognized in the "Money Market Borrowings" account and participation share discounts for the period are calculated according to the internal rate of return method.

Securities transactions purchased under agreements to resell are accounted under "Money Market Placements" in the balance sheet and the discount of participation share for the period is calculated according to the internal rate of return method.

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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 30 September 2024, the Bank's non-current assets held for sale are TRY 1.034.074 (31 December 2023: TRY 427.299).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON TANGIBLE ASSETS

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON TANGIBLE ASSETS (Continued)

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

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

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

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 profit share rate 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 “Provisions, Contingent Liabilities, and Contingent Assets Standard”.

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

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 Group’s liabilities related to future severance pay and right to leave calculated and reflected to the financial statements on the net present value.

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

The Group benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of 30 September 2024, the Bank’s employee termination benefit is TRY 278.175 (31 December 2023: TRY 202.704).

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 TRY 127.913 was classified under shareholders’ equity in the financials (31 December 2023: TRY 127.913 loss).

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 2024 unused vacation liability of the Bank is TRY 90.175 (31 December 2023: TRY 44.385).

The Group 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 Türkiye (“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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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 technical 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 2023 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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION

a. Current tax

The corporate tax rate of 20% was designated in Corporate Tax Law No. 5520 which was taken into effect on 1 January 2006 after being published in the Official Gazette dated 21 June 2006 numbered 26205 for corporate earnings.

However;

Pursuant to Article 25 of Law No. 7394 published in the Official Gazette dated 15 April 2022 and numbered 31810; Corporate tax rate has been determined as 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 is determined as 25%, and this rate will be effective as of 1 July 2022. It came into force to start with the declarations that must be submitted and to be applied to corporate earnings for accounting periods starting from 1 January 2022.

In accordance with Article 21 of Law No. 7456 published in the Official Gazette dated 15 July 2023, and numbered 32249, starting from 1 October 2023, for the declarations that need to be submitted, the corporate income tax rate applicable to the gains obtained in the fiscal year 2023 and subsequent fiscal periods for banks and other institutions mentioned in the law has been increased from 25% to 30%. As of 31 December 2023, the corporate income tax rate applied in the financial statements is 30%.

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 Türkiye or to resident corporations are not subject to withholding tax. While dividends paid to individuals and corporations were subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated 22 December 2021 and No. 31697. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

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

According to 5.1.e. article of Corporation Tax Law which is important tax exemption that is applied by banks, corporations’ 50% of revenues that occur from selling of their real estates, are in assets, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from corporation tax. On the other hand, the exemption application for real estates held in the Bank's assets for at least two years was abolished with the 19th article of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, and in the 22nd article of the law “... The 50% rate in subparagraph (e) of the first paragraph of Article 5 is applied as 25% for the immovable sales earnings to be made after the effective date of this article.” and it has been announced that the exception rate will be 50% for sales made before 15 July 2023 and 25% for sales made after. With Article 19 of Law No. 7456, an amendment was made to paragraph (e) of the first clause of Article 5 of the Corporation Tax Law, ending the practice of exempting gains obtained by corporations from the sale of real estate from corporate tax. On the other hand, Article 22 of the same Law added a provisional Article 16 to the Corporation Tax Law, stipulating that the provisions related to the real estate sale gain exemption will continue to apply for real estate included in the assets of corporations before 15 July 2023, but the exemption rate will be 25%. The exemption for real estate sale gains was abolished for properties included in the assets of corporations after 15 July 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

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

Taxes which do not accrue on time because the applying exemption for the transfer of the 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 applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

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

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

Tax returns are required to be filled and delivered to the related tax office until the end of the fourth month following the balance sheet date and the accrued tax is paid until the end of the same month. Tax returns are open for 5 years from the beginning of the year following the balance sheet date and during this period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law. However, with the Law No. 7352 on the Amendment of the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, the temporary article 33 was added to the Tax Procedure Law No. 213, including the provisional tax periods. Financial statements will not be subject to inflation adjustment for the 2021 (Constitutional Court dated 30/11/2023 and E.: 2023/105; K.: 2023/208, the phrase ‘2021’ in this regulation was cancelled) 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 financial statements dated 31 December 2023 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. According to the 17th article of the Law No. 7491 on Amendments to Certain Laws and Decree Laws published in the Official Gazette No. 32413 dated 28 December 2023, banks are companies within the scope of the Financial Leasing, Factoring, Financing and Savings Finance Companies Law No. 6361 dated 21 November 2012. Profit/loss differences arising from the inflation adjustment to be made by payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in the 2024 and 2025 accounting periods, including the provisional tax periods. It is regulated that the resulting profits or losses will not be taken into account in determining the corporate tax base. The President is authorized to extend the periods determined within the scope of this paragraph by one accounting period, including provisional tax periods.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

b. Deferred tax

The Bank calculates deferred tax for the temporary differences between the applied accounting policies and valuation principles and the tax base value determined in accordance with the tax legislation, in accordance with TAS 12 “Income Taxes Standard”, taking into account the additional regulation introduced with the Law No. 7316 dated 22 April 2021.

With the Law No. 7394 on the Amendments of Treasury-Owned Immovable Property Valuation and the Value Added Tax Law, which was published in the Official Gazette dated 15 April 2022 and numbered 31810, and the Law on Amendments to Some Laws and Decree-Laws, with Article 26 of the Law No. 5520 With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate was rearranged for the corporate earnings of the 2022 taxation period and it was stated that the tax rate would be applied as 25% for the banks. In accordance with Article 21 of Law No. 7456 published in the Official Gazette No. 32249 dated 15 July 2023, starting from the declarations that must be submitted as of 1 October 2023; The corporate tax rate to be applied to the profits of corporations in 2023 and the following taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law.

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, As of 31 December 2023, the Bank has deferred tax calculations were made based on rates varying 30% 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.

The carrying value of the deferred tax asset is reviewed as of each balance sheet date. The registered value of the deferred tax asset is reduced to the extent that it is not possible to obtain a financial profit sufficient to enable the benefit of part or all of the deferred tax asset to be obtained.

Deferred tax is calculated based on the tax rates valid in the period in which assets are created or liabilities are fulfilled and recorded as expense or income in the income statement. However, deferred tax is directly associated with the equity account group if it relates to assets directly associated with equity in the same or a different period.

Calculated deferred tax assets and deferred tax liabilities are netted in the consolidated financial statements.

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

As of 1 January 2018, deferred tax assets have started to be calculated based on expected loss provisions that constitute temporary differences within the framework of TFRS 9 provisions. There is no deferred tax calculation for free provisions.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

b. Deferred tax (Continued)

Within the framework of the Provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 30 September 2024 in accordance with the Tax Procedure Law is included in the deferred tax calculation as of 30 September 2024.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Group recognizes its debt instruments in accordance with TFRS 9 "Financial Instruments" and values all financial liabilities using the internal rate of return method in the periods following the recognition. 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 29 March 2019 in the amount of TRY 300.000; in the amount of TRY 500.000 on 16 April 2021; and on 17 November 2021, it received a loan of TRY 500.000 as contribution capital; additionally, on 5 April 2024, it received a loan of 100.000 USD as contribution capital.

On 24 April 2019, with the approval of the BRSA on 22 April 2019, The Group obtained EUR 100.000 from Türkiye Wealth Fund Market Stability and Balance Sub-Fund; With the approval of the BRSA on 9, 2022, on 9 March 2022, a subordinated loan amounting to EUR 57.039 is provided within the scope of no maturity and non-profit additional tier 1 capital.

In accordance with the decision of the Capital Markets Board dated 25 October 2023, and numbered 63/1380, the issuance document for a lease certificate with a nominal value of 500.000 US Dollars to be issued abroad and with a maturity of three years was approved by the Capital Markets Board on 3 November 2023. The maturity date for this issuance has been determined as 12 November 2026. Accordingly, the sale of the lease certificate was completed on 6 November 2023, and the issuance amount has been recorded in our accounts.

XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

There are no issued shares by the Parent Bank as of balance sheet date (31 December 2023: None).

XX. EXPLANATIONS ON ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

There are no government incentives utilized by the Group as of the balance sheet date (31 December 2023: None).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXII. EXPLANATION ON CASH AND CASH EQUIVALENTS

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

XXIII. 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 XII. of Section Four.

XXIV. EXPLANATIONS ON OTHER MATTERS

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

SECTION FOUR

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

I. EXPLANATIONS ON THE CONSOLIDATED 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 12 December 2023 and numbered 10747, the Central Bank’s foreign exchange buying rate of 26 June 2023 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- As of 1 January 2024, 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 12 December 2023, and numbered 10747 are negative, these differences are allowed not to be taken into account in the equity amount.

The current period equity amount calculated as of 30 September 2024, taking into account the latest regulations, is TRY 30.685.309 (31 December 2023: TRY 24.251.951), and the capital adequacy standard ratio is 14,12% (31 December 2023: 15,12%). 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 September 2024	Prior Period 31 December 2023
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	10.350.000	10.350.000
Share issue premiums	-	-
Reserves	10.142.629	6.138.132
Gains recognized in equity as per TAS	369.935	597.284
Profit	1.472.795	4.004.497
Current Period Profit	1.472.795	4.004.497
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	22.335.359	21.089.913
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	-	1.839.277
Improvement costs for operating leasing	1.359.975	922.211
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	1.166.741	692.634
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

	Current Period 30 September 2024	Prior Period 31 December 2023
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	2.526.716	3.454.122
Total Common Equity Tier I Capital	19.808.643	17.635.791
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	4.949.858	3.681.925
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	-	-
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank’s additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 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 (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	4.949.858	3.681.925
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	24.758.501	21.317.716
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	4.605.865	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)	1.337.808	1.656.901
Tier II Capital Before Deductions	5.943.673	2.956.901
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank’s Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	5.943.673	2.956.901
Total Capital (The sum of Tier I Capital and Tier II Capital)	30.702.174	24.274.617

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

	Current Period 30 September 2024	Prior Period 31 December 2023
Total of Original Capital and Supplementary Capital (Total Capital)	30.702.174	24.274.617
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	16.865	22.666
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital)	30.685.309	24.251.951
Total risk weighted amounts	217.329.674	160.450.268
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	9,12	10,99
Tier I Capital Adequacy Ratio (%)	11,39	13,29
Capital Adequacy Ratio (%)	14,12	15,12
BUFFERS		
Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)	2,50	2,50
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4,61	6,49
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.337.808	1.656.901
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.337.808	1.656.901
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (As of the latest reporting date -Million TRY)	300
Par value of instrument (Million TRY)	300
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	29 March 2019
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	16,25%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (As of the latest reporting date -Million TRY)	500
Par value of instrument (Million TRY)	500
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years. (No conditional refund.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	18,00%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (As of the latest reporting date -Million TRY)	500
Par value of instrument (Million TRY)	500
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	17 November 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years. (No conditional refund.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (As of the latest reporting date -Million TRY)	3,633
Par value of instrument (Million TRY)	3,756
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	24 April 2019
Perpetual or dated	Undated
Original maturity date	24 April 2019
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount (**)	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7
Details of incomplecies with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7

(*) Profit share for participation banks.

(**) The repayment option was not exercised.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (As of the latest reporting date -Million TRY)	1.317
Par value of instrument (Million TRY)	2.142
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	9 March 2022
Perpetual or dated	Undated
Original maturity date	9 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years. (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7
Details of incompliances with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7

(*) Profit share for participation banks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Tier II Capital
Amount recognized in regulatory capital (As of the latest reporting date -Million TRY)	3.366
Par value of instrument (Million TRY)	3.366
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	5 April 2024
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years. (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	8.5%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It grants the holder the right to receive the receivable before the debt instruments to be included in the calculation of additional Tier II capital, and after depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

I. EXPLANATIONS ON THE CONSOLIDATED SHAREHOLDERS’ EQUITY (Continued)

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

	Current Period 30 September 2024	Prior Period 31 December 2023
Equity value of balance sheet	20.136.679	19.831.547
Cost of development of operating lease	(1.359.975)	(922.211)
Goodwill and other intangible assets and related deferred tax liability	(1.166.741)	(692.634)
Debt instruments and premiums approved by BRSA	4.605.865	1.300.000
Tier II Capital (Provisions)	1.337.808	1.656.901
Debt instruments and premiums approved by BRSA - subordinated loans	4.949.858	3.681.925
Other values deducted from equity	(16.865)	(22.666)
Other	2.198.680	(580.911)
Amount taken into consideration in the calculation of legal equity	30.685.309	24.251.951

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

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

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

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

None.

- c) **Foreign currency risk policy:**

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
30.09.2024	33,6586	37,5599	23,2315	5,0134	3,3050	39,8215	24,6662	3,1791	45,1502	8,9052	23,2960
27.09.2024	33,6303	37,5932	23,1912	5,0166	3,3200	39,8688	24,6937	3,1903	45,0896	8,8984	23,3050
26.09.2024	33,6176	37,5400	23,0403	5,0092	3,3083	39,5838	24,7124	3,1815	45,0370	8,8953	22,9900
25.09.2024	33,5934	37,5301	22,9398	5,0076	3,2966	39,4938	24,7144	3,1789	44,9226	8,8868	23,0370
24.09.2024	33,5995	37,4647	22,9600	4,9997	3,3020	39,6392	24,6854	3,2057	44,9821	8,8884	23,1540
23.09.2024	33,6154	37,4209	22,9114	4,9926	3,2839	39,5710	24,6621	3,1933	44,8774	8,8921	23,1480

- 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
	33,5273	37,24508	22,6035	4,9679	3,26483	39,5033	24,5142	3,1457	44,3355	8,8676	23,1975

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

II. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC ^(***)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Türkiye	8.003.201	15.609.327	7.443.510	31.056.038
Banks	2.863.031	2.467.005	11.940.798	17.270.834
Financial assets at fair value through profit and loss	-	-	8.356.099	8.356.099
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	313.866	-	313.866
Loans ^(*)	65.634.077	59.857.116	1.423	125.492.616
Partnership Investments	-	-	-	-
Financial assets measured at amortized cost	1.492.531	-	-	1.492.531
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	44.833	1.663	46.496
Intangible assets	-	-	-	-
Other assets ^(****)	91.105	21.552	188.319	300.976
Total assets	78.083.945	78.313.699	27.931.812	184.329.456
Liabilities				
Current account and funds collected from Banks via participation accounts	105.084	44.525	2.402	152.011
Current and profit sharing accounts FC	51.988.670	49.839.352	27.242.721	129.070.743
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	9.452.850	16.663.990	-	26.116.840
Marketable securities issued ^(****)	-	17.448.563	-	17.448.563
Miscellaneous debts	172.531	86.124	1.097	259.752
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities ^(****)	5.972.016	4.139.943	13.880	10.125.839
Total liabilities	67.691.151	88.222.497	27.260.100	183.173.748
Net balance sheet position	10.392.794	(9.908.798)	671.712	1.155.708
Net off-balance sheet position ^(**)	(9.014.376)	8.966.856	-	(47.520)
Financial derivative assets	-	8.966.856	-	8.966.856
Financial derivative liabilities	9.014.376	-	-	9.014.376
Non-cash loans	23.455.742	26.726.049	2.044.072	52.225.863
Prior Period				
Total assets	64.602.191	79.233.786	16.826.852	160.662.829
Total liabilities	58.954.632	84.482.297	16.564.551	160.001.480
Net balance sheet position	5.647.559	(5.248.511)	262.301	661.349
Net off-balance sheet position	(5.533.670)	5.358.368	-	(175.302)
Financial derivative assets	976.530	6.380.356	-	7.356.886
Financial derivative liabilities	6.510.200	1.021.988	-	7.532.188
Non-cash loans	17.170.349	21.151.158	1.665.621	39.987.128

(*) Foreign currency indexed loans amounting to TRY 50.269 (31 December 2023: TRY 108.158) which are displayed as TRY 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.

(***) 90% of the currencies in the other FC column of the assets section consists of Gold, 2% of GBP, 2% of CHF and the remaining 6% of other currencies. In the FC column of the liabilities section, 92% of the currencies are Gold, 2% of GBP, 2% of CHF and the remaining 4% are other currencies.

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

(*****) Prepaid expenses amounting to TRY 26.749 within other assets are not included in the table.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

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

III. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

Carrying value of share investments, for fair value and quoted securities, comparison with market value if market value is significantly different from fair value:

The breakdown of the amount of capital liabilities on the basis of the relevant share investments, depending on the method of calculating the capital obligation selected by the bank from among the approaches allowed to be used in the Communiqué on Credit Risk Standard Method or Communiqué Related to Calculation of Credit Risk Based Approach Based on Internal Grading:

According to the standard method of credit risk, equity investments in banking accounts are TRY 52.913 all of which are 100% risk weighted (31 December 2023: TRY 52.913).

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO

General principles of liquidity and financial emergency situation management and the related application procedures are considered in the scope of “Regulation for Liquidity Risk and Liquidity and Financial Emergency Situation Management”.

Generally, participation accounts concentration weighted for 1 month in both banking and participation banking sectors, collecting funds are longer than maturity perceived as an element of risk, in order to reduce the risk, attention showed to the liquidity of maturity group which is due for one month.

The Parent Bank performs “Remaining Maturity Analysis” for the observation of the maturity structure of the balance sheet, “Liquidity Gap” and “Structural Liquidity Gap Analysis” for the monitoring of the liquidity and between periods and Liquidity Stress Test for the evaluation of the Bank’s liquidity and in the worst-case scenario and the loss associated with it. Besides, in order to compare the Bank’s level of liquidity risk with the sector, average remaining maturity balances of Bank-Sector and legal liquidity rates are monitored.

The Bank calculates and reports the liquidity adequacy ratio to BRSA on weekly unconsolidated basis in accordance with “Regulation for Regulation on Banks’ Liquidity Coverage Ratio Calculation” issued in Official Gazette numbered 28948 and dated 21 March 2014. The liquidity coverage of the Bank is over the limit values specified in the mentioned regulation.

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

1) Liquidity Risk

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

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

The Parent Bank, TRY and FC liquidity meets its needs mostly from the funds collected, internal and external sources that can be used in an emergency 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 CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING 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 the Parent Bank’s assets average maturity is longer than collected funds, most of the securities, available for sale and held to maturity, make periodic coupon payment which is no longer than six months and monthly credit receivables payments provide cash flow to the Bank.

- d) **Evaluation of the banks cash flow rates and its sources:**

The Parent Bank’s main source is the participation funds, these funds are evaluated at other participation banks and loan placements. The banks most important cash inflows are receivables from banks and financial institutions and regular cash inflows from these institutions are seen as a factor that reduce the liquidity risk. Also, monthly installment payments for loans are used to meet the Bank’s resource needs.

2) Liquidity Coverage Ratio

Liquidity coverage ratio, established in order to hold and provide premium liquidity asset stock, which is adequately fulfill the Bank’s net cash outflow, calculated within the scope of “Calculation of The Liquidity Coverage Ratio” regulation that was published by BRSA. Liquidity coverage ratio directly affected by Bank’s asset, liability and potential cash inflow and outflow which is derived from off-balance sheet transactions with the level of liquid assets that can be realizable at any time and not mentioned to any collaterals.

The Parent Bank’s premium liquidity asset stock; consists of debt securities which is not subjected to any collateral or repurchase agreement transaction and basically export from the Ministry of Treasury and Finance of Republic of Türkiye along with cash assets and care of Central Bank of the Republic of Türkiye’s accounts.

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

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 for the last three months period of 2024 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TRY+FC	211,25	12.07.2024	143,97	28.08.2024
FC	442,68	02.08.2024	291,27	23.09.2024

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING 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 days basis time slots.

Current Period 30 September 2024	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	95.923.924	37.430.577
CASH OUTFLOWS				
Real person deposits and retail deposits	122.649.269	59.677.111	11.984.729	6.063.314
Stable deposit	11.291.216	-	564.561	-
Deposit with low stability	111.358.053	59.677.111	11.420.168	6.063.314
Unsecured debts except real person deposits and retail deposits	134.368.034	47.753.678	74.926.190	22.883.387
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	134.368.034	47.753.678	74.926.190	22.883.387
Secured debts	-	-	-	-
Other cash outflows	131.070.708	57.936.492	16.382.776	11.980.942
Derivative liabilities and margin obligations	10.901.718	9.374.530	9.669.699	9.374.530
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	2.440.487	714.819	826.652	214.055
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	117.728.503	47.847.143	5.886.425	2.392.357
TOTAL CASH OUTFLOWS	-	-	103.293.695	40.927.643
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	52.411.469	31.854.017	37.754.462	27.101.471
Other cash inflows	9.832.975	6.598.843	9.832.975	6.598.843
TOTAL CASH INFLOWS	62.244.444	38.452.860	47.587.437	33.700.314
			Upper Limit Applied Values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	95.923.924	37.430.577
TOTAL NET CASH OUTFLOWS	-	-	55.706.257	10.231.911
LIQUIDITY COVERAGE RATIO (%)	-	-	172	366

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (Continued)

2) Liquidity Coverage Ratio (Continued)

Prior Period 31 December 2023	Consideration Ratio Not Applied Total Value (*)		Consideration Ratio Applied Total Value (*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS				
High quality liquid assets	-	-	70.703.465	42.033.221
CASH OUTFLOWS				
Real person deposits and retail deposits	112.038.491	50.097.825	11.026.437	5.119.128
Stable deposit	9.168.921	-	458.446	-
Deposit with low stability	102.869.570	50.097.825	10.567.991	5.119.128
Unsecured debts except real person deposits and retail deposits	150.275.922	57.215.325	72.784.603	25.862.898
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	150.275.922	57.215.325	72.784.603	25.862.898
Secured debts	-	-	-	-
Other cash outflows	91.960.822	47.907.822	14.212.213	11.304.423
Derivative liabilities and margin obligations	10.486.000	8.952.470	9.276.982	8.952.470
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	2.915.298	1.476.225	1.007.255	477.997
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	78.559.524	37.479.127	3.927.976	1.873.956
TOTAL CASH OUTFLOWS	-	-	98.023.253	42.286.449
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	49.675.741	28.616.257	35.159.703	23.567.452
Other cash inflows	9.686.586	5.190.446	9.686.586	5.190.446
TOTAL CASH INFLOWS	59.362.327	33.806.703	44.846.289	28.757.898
			Upper Limit Applied Values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	70.703.465	42.033.221
TOTAL NET CASH OUTFLOWS	-	-	53.176.965	13.528.552
LIQUIDITY COVERAGE RATIO (%)	-	-	133	311

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (Continued)

2) Liquidity Coverage Ratio (Continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (**)	Total
Current Period 30 September 2024								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	30.521.232	34.257.238	-	-	-	-	-	64.778.470
Banks	19.770.894	60.286	-	-	-	-	-	19.831.180
Financial Assets at Fair Value Through Profit and Loss	-	630.816	-	1.137.601	6.587.682	-	-	8.356.099
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	34.429	-	2.721.493	7.959.457	1.132.567	52.913	11.900.859
Loans Given(***)	-	13.666.872	27.598.388	104.343.209	118.509.669	14.717.749	725.848	279.561.735
Financial Assets Measured at Amortised Cost	-	7.137.534	-	432.150	9.598.387	4.599.290	-	21.767.361
Other Assets	-	-	-	-	-	-	12.628.197	12.628.197
Total Assets(*)	50.292.126	55.787.175	27.598.388	108.634.453	142.655.195	20.449.606	13.406.958	418.823.901
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	3.698.114	-	-	-	-	-	-	3.698.114
Current and Participation Accounts	62.839.896	152.911.520	69.754.235	24.652.537	1.230.508	-	-	311.388.696
Funds Provided from Other Financial Instruments	-	3.991.096	1.121.428	17.896.659	4.146.764	1.201.751	-	28.357.698
Money Market Borrowings	-	5.550.702	-	-	-	-	-	5.550.702
Issued Marketable Securities	-	3.976.973	6.284.422	463.122	17.448.563	-	-	28.173.080
Miscellaneous Debts	-	-	-	-	-	-	1.296.755	1.296.755
Other Liabilities (**)	-	-	-	-	5.478.507	4.583.257	30.297.092	40.358.856
Total Liabilities	66.538.010	166.430.291	77.160.085	43.012.318	28.304.342	5.785.008	31.593.847	418.823.901
Liquidity Gap	(16.245.884)	(110.643.116)	(49.561.697)	65.622.135	114.350.853	14.664.598	(18.186.889)	-
Net Off-Balance Sheet Position	-	(47.520)	-	-	-	-	-	(47.520)
Receivables From Derivative Financial Instruments	-	8.966.856	-	-	-	-	-	8.966.856
Financial Derivative Liabilities	-	9.014.376	-	-	-	-	-	9.014.376
Non-Cash Loans	22.560.131	6.098.084	9.896.859	42.784.955	23.912.091	7.501.996	-	112.754.116

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (Continued)

2) Liquidity Coverage Ratio (Continued)

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

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (**)	Total
Prior Period 31 December 2023								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	28.525.911	32.105.103	-	-	-	-	-	60.631.014
Banks	13.028.064	-	-	-	-	-	-	13.028.064
Financial Assets at Fair Value Through Profit and Loss	-	-	396.317	2.633.306	782.444	-	-	3.812.067
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	15.438	366.969	2.702.707	12.031.106	1.517.210	52.913	16.686.343
Loans Given ^(****)	-	27.104.688	38.666.646	83.201.885	93.869.002	16.669.522	258.944	259.770.687
Financial Assets Measured at Amortised Cost	-	-	54.350	3.364.067	14.205.227	4.206.649	-	21.830.293
Other Assets	-	-	-	-	-	-	7.899.902	7.899.902
Total Assets^(*)	41.553.975	59.225.229	39.484.282	91.901.965	120.887.779	22.393.381	8.211.759	383.658.370
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	3.553.912	-	2.555.514	-	-	-	-	6.109.426
Current and Participation Accounts	55.898.728	165.885.221	41.458.742	34.178.918	841.239	-	-	298.262.848
Funds Provided from Other Financial Instruments	-	6.213.298	2.864.025	1.421.923	3.189.942	1.221.825	-	14.911.013
Money Market Borrowings	-	10.964.133	-	-	-	-	-	10.964.133
Issued Marketable Securities	-	534.942	3.926.239	-	14.918.648	-	-	19.379.829
Miscellaneous Debts	-	-	-	-	-	-	1.906.544	1.906.544
Other Liabilities ^(***)	-	-	-	-	-	1.341.987	30.782.590	32.124.577
Total Liabilities	59.452.640	183.597.594	50.804.520	35.600.841	18.949.829	2.563.812	32.689.134	383.658.370
Liquidity Gap	(17.898.665)	(124.372.365)	(11.320.238)	56.301.124	101.937.950	19.829.569	(24.477.375)	-
Net Off-Balance Sheet Position	-	(796)	(129.591)	5.097	-	-	-	(125.290)
Receivables From Derivative Financial Instruments	-	976.530	6.388.495	41.873	-	-	-	7.406.898
Financial Derivative Liabilities	-	977.326	6.518.086	36.776	-	-	-	7.532.188
Non-Cash Loans	16.599.290	6.620.773	6.937.164	25.513.580	15.004.322	7.655.404	-	78.330.533

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (Continued)

3) Net Stable Funding Ratio Template

At the end of the current period, the consolidated NSFR and the elements constituting NSFR are shown in the table below, and the three-month simple arithmetic average NSFR is 131,71% (second quarter of 2024 134,31). The average NSFR for the last three months of the current period was 132,29% (second quarter of 2024: 132,30%).

Current Period		a	b	c	d	e
		Unweighted amount by residual maturity				Weighted Amount
		Undated/No Maturity (*)	Up to 6 months	6 Months to 1 year	1 year and more than 1 year	
Available Stable Funding						
1	Capital Instruments	27.420.916	-	-	-	27.420.916
2	Regulatory capital	27.420.916	-	-	-	27.420.916
3	Other capital instruments	-	-	-	-	-
4	Deposits (from retail and small business customers)	35.354.312	86.795.390	5.971.700	-	115.981.124
5	Stable Deposits (from retail and small business customers)	3.251.030	9.983.510	202.714	-	12.765.391
6	Less Stable Deposits (from retail and small business customers)	32.103.282	76.811.880	5.768.986	-	103.215.733
7	Wholesale funding	61.704.329	176.618.837	17.216.673	-	117.281.141
8	Operational deposits	-	55.066.910	-	-	-
9	Other wholesale funding	61.704.329	121.551.927	17.216.673	-	117.281.141
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	14.954.699	-	-	-	-
12	Net Derivatives Liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	14.954.699	-	-	-	-
14	Total Available Stable Funding					260.683.181
Required Stable Funding						
15	High Quality Liquid Assets (HQLA)	-	-	-	-	2.091.737
16	Deposits held at other financial institutions for operational purposes	-	-	-	21.723.257	21.723.257
17	Performing loan and securities	-	149.279.540	64.563.919	83.401.854	166.996.295
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	374.415	-	187.208
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	24.701.125	-	-	3.705.169
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs	-	124.578.415	64.189.504	77.480.395	159.227.635
21	<i>35% or Lower Risk Weight</i>	-	124.578.415	64.189.504	77.480.395	159.227.635
22	Residential Mortgage Secured Loans	-	-	-	5.784.786	3.760.111
23	<i>35% or Lower Risk Weight</i>	-	-	-	5.784.786	3.760.111
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	136.673	116.172
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other Assets	978.559	31.999	-	-	863.775
27	Physical traded commodities (including gold)	978.559	-	-	-	831.776
28	Initial Margin of Derivative Contracts or Default Funds Provided to a Central Counterparty	-	-	-	-	-
29	Net Derivative Assets	-	-	-	-	31.999
30	Derivatives Liabilities Before Deducting Variation Margin Posted	-	-	-	31.999	-
31	All other assets not included in the above categories	-	-	-	-	-
32	Off Balance Sheet Liabilities	-	34.492.392	24.617.296	40.525.481	6.252.248
33	Total Required Stable Funding					197.927.312
34	Net Stable Funding Ratio (%)					131,71

(*) The items reported in the Undated/No Maturity column do not have a specific maturity. These include, but are not limited to, equity components without a specific maturity, demand deposits, short positions, and positions with an unspecified/uncertain maturity.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IV. EXPLANATIONS ON CONSOLIDATED LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND NET STABLE FUNDING RATIO (Continued)

3) Net Stable Funding Ratio Template (Continued)

Prior Period		Unweighted amount by residual maturity				Weighted Amount
		Undated/No Maturity (*)	Up to 6 months	6 Months to 1 year	1 year and more than 1 year	
Available Stable Funding						
1	Capital Instruments	22.974.617	-	-	1.300.000	24.274.617
2	Regulatory capital	22.974.617	-	-	1.300.000	24.274.617
3	Other capital instruments	-	-	-	-	-
4	Deposits (from retail and small business customers)	28.408.853	76.444.445	14.174.327	-	107.139.030
5	Stable Deposits (from retail and small business customers)	1.200	209.863	72.293	-	269.189
6	Less Stable Deposits (from retail and small business customers)	28.407.652	76.234.581	14.102.034	-	106.869.842
7	Wholesale funding	53.581.068	171.199.312	8.443.273	-	94.727.246
8	Operational deposits	-	70.074.221	-	-	-
9	Other wholesale funding	53.581.068	101.125.091	8.443.273	-	94.727.246
10	Liabilities with matching interdependent assets					
11	Other liabilities	11.620.682	-	-	-	-
12	Net Derivatives Liabilities					
13	All other liabilities and equity not included in the above categories	11.620.682	-	-	-	-
14	Total Available Stable Funding					226.140.893
Required Stable Funding						
15	High Quality Liquid Assets (HQLA)					2.105.192
16	Deposits held at other financial institutions for operational purposes	-	-	-	18.604.072	18.604.072
17	Performing loan and securities	-	146.920.282	47.529.229	72.904.414	148.528.552
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	122.879	-	61.439
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	23.905.413	-	-	3.585.812
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs	-	123.014.869	47.406.350	65.060.570	139.759.280
21	<i>35% or Lower Risk Weight</i>	-	123.014.869	47.406.350	65.060.570	139.759.280
22	Residential Mortgage Secured Loans	-	-	-	7.726.235	5.022.053
23	<i>35% or Lower Risk Weight</i>	-	-	-	7.726.235	5.022.053
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	117.609	99.968
25	Assets with matching interdependent liabilities					
26	Other Assets	114.485	126.855	-	-	224.167
27	Physical traded commodities (including gold)	114.485				97.312
28	Initial Margin of Derivative Contracts or Default Funds Provided to a Central Counterparty					
29	Net Derivative Assets				126.855	126.855
30	Derivatives Liabilities Before Deducting Variation Margin Posted					
31	All other assets not included in the above categories	-	-	-	-	-
32	Off Balance Sheet Liabilities		21.029.097	18.737.933	25.939.901	4.199.250
33	Total Required Stable Funding					173.661.233
34	Net Stable Funding Ratio (%)					130,22

(*) The items reported in the Undated/No Maturity column do not have a specific maturity. These include, but are not limited to, equity components without a specific maturity, demand deposits, short positions, and positions with an unspecified/uncertain maturity.

There are no changes in the bank's strategies, funding structure, asset and liability composition that will significantly affect the net stable funding ratio compared to the previous period.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

V. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

As of 30 September 2024, the leverage ratio of the Bank calculated from quarterly average amounts is 3,92% (31 December 2023: 4,40%). The relevant rate is above the minimum rate specified in accordance with the "Regulation on the Measurement and Evaluation of the Leverage Level of Banks". The reason for the change between the leverage ratio in the current period and the previous period is that the average total risk amount increase rate is higher than the increase rate in the average Tier 1 capital. The regulation stipulates the minimum leverage ratio as 3%.

The leverage ratio public disclosure template is as follows:

	Current Period (*) 30 September 2024	Prior Period (*) 31 December 2023
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	399.980.627	365.393.064
(Assets deducted from main capital)	(3.731.242)	(2.841.169)
Total risk amount of the balance sheet assets	396.249.385	362.551.895
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	26.290	20.393
Potential credit risk amount of derivative financial instruments and credit derivatives	49.148	85.902
Total risk amount of derivative financial instruments and credit derivative	75.438	106.295
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	2.076.054	12.274.793
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	2.076.054	12.274.793
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions (Adjustment amount resulting from multiplying by credit conversion rates)	124.689.436	83.884.553
Risk amount of the off-balance sheet transactions	124.689.436	83.884.553
Equity and total risk		
Main capital	20.492.297	20.156.171
Total risk amount	523.241.187	458.860.054
Leverage ratio		
Leverage ratio %	3,92	4,40

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

VI. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

VII. EXPLANATIONS ON RISK MANAGEMENT

Notes and explanations in this section have been prepared in accordance with the “Communiqué On Disclosures About Risk Management to be Announced To Public By Banks” that have been published in Official Gazette no. 29511 on 23 October 2015 and became effective as of 31 March 2016. Due to usage of standard approach for the calculation of capital adequacy by the Bank, tables that need to be prepared within the scope of Internal Ratings Based (“IRB”) have not been presented.

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

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

Scenarios such as sudden changes in the curriculum, changes in country grades, changes in the loan portfolio are taken into account in the stress tests conducted.

The capital adequacy ratio is followed up by the simulation method on a daily basis although it is followed up within the monthly period which is the legal submission period. The liquidity coverage ratio of the bank is monitored daily by the risk management and is shared with the top management of the bank and the treasury unit.

In order to create a common risk culture in our bank, our bank employees are given risk management training and strategically important units have detailed explanations about the importance of risk management. Risk management policies and procedures, banking regulations based on significant risks, are available to all employees working in the Bank.

The Bank is developing a system for risk measurement methods. In the present case, standard methods are generally used in the calculations and preparations are made for advanced methods with the growth of our bank. All risk processes are closely monitored.

1. Explanations on Risk Management and Risk-Weighted Amount:

Overview of Risk-Weighted Amounts

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period 30 September 2024	Prior Period 31 December 2023	Current Period 30 September 2024
1	Credit risk (excluding counterparty credit risk)	199.294.610	149.569.755	15.943.569
2	Standardized approach	199.294.610	149.569.755	15.943.569
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1.025.425	107.754	82.034
5	Standardized approach for counterparty credit risk	1.025.425	107.754	82.034
6	Internal model method	-	-	-
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	34.429	-	2.754
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	3.421.244	2.348.348	273.700
17	Standardized approach	3.421.244	2.348.348	273.700
18	Internal model approaches	-	-	-
19	Operational risk	13.553.966	8.424.411	1.084.317
20	Basic Indicator approach	13.553.966	8.424.411	1.084.317
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)	217.329.674	160.450.268	17.386.374

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

VIII. EXPLANATIONS ON HEDGE ACCOUNTING

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 FC and TRY liquidity risk is limited by the transactions performed.

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

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

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

Table for Segment Reporting:

Current Period 1 January – 30 September 2024	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	1.328.088	49.034.197	11.240.591	335.788	61.938.664
Profit Shares Expense	(15.547.153)	(36.748.934)	(8.435.760)	(246.841)	(60.978.688)
Net Profit Shares Income/Expense	(14.219.065)	12.285.262	2.804.831	88.948	959.976
Net Fees and Commission Income/Expense	407.588	602.498	-	1.066.066	2.076.152
Dividend Income	-	-	1.428	-	1.428
Trading Income/Loss (Net)	-	-	2.863.445	-	2.863.445
Other Operating Income	-	4.351.558	-	33.892	4.385.450
Expected Loss Provisions Expenses	-	(2.313.598)	-	(507.863)	(2.821.461)
Other Expense	-	(100.432)	-	(5.639.618)	(5.740.050)
Net Operating Profit/Loss	(13.811.477)	14.825.290	5.669.704	(4.958.577)	1.724.940
Tax Provision	-	-	-	(252.145)	(252.145)
Net Profit/Loss	(13.811.477)	14.825.290	5.669.704	(5.210.722)	1.472.795
SEGMENT ASSETS (*)					
Financial Assets at FV Through P/L	-	-	8.356.099	-	8.356.099
Banks	-	-	19.831.220	-	19.831.220
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	11.900.859	-	11.900.859
Loans (**)	11.013.776	263.499.084	5.048.875	-	279.561.735
Financial Assets Measured at Amortised Cost	-	-	21.767.361	-	21.767.361
Derivative Financial Assets	-	-	21.703	-	21.703
Associates, Subsidiaries and Joint Ventures	-	-	67.500	-	67.500
Other Assets (3)	-	-	-	77.317.424	77.317.424
TOTAL SEGMENT ASSETS	11.013.776	263.499.084	66.993.617	77.317.424	418.823.901
SEGMENT LIABILITIES					
Funds Collected	130.757.582	184.329.228	-	-	315.086.810
Derivative Financial Liabilities	-	-	71.280	-	71.280
Funds Borrowed	-	-	28.357.698	-	28.357.698
Money Market Funds	-	-	5.550.702	-	5.550.702
Securities Issued (Net)	-	-	28.173.080	-	28.173.080
Provisions	-	-	-	2.144.482	2.144.482
Other Liabilities	-	-	-	19.303.170	19.303.170
Shareholders' Equity	-	-	-	20.136.679	20.136.679
TOTAL SEGMENT LIABILITIES	130.757.582	184.329.228	62.152.760	41.584.331	418.823.901

(*) Includes expected loss provisions.

(**) Includes lease receivables.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

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

IX. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Continued):

Prior Period 1 January - 30 September 2023	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	1.207.918	21.363.066	5.053.712	43.784	27.668.480
Profit Shares Expense	(5.955.589)	(14.782.107)	(2.324.709)	(72.404)	(23.134.809)
Net Profit Shares Income/Expense	(4.747.672)	6.580.960	2.729.003	(28.620)	4.533.671
Net Fees and Commission Income/Expense	191.080	346.348	-	2.259.466	2.796.894
Dividend Income	-	-	714	-	714
Trading Income/Loss (Net)	-	-	1.578.656	-	1.578.656
Other Operating Income	-	1.750.742	-	12.720	1.763.462
Expected Loss Provisions Expenses	(99.180)	(1.786.737)	-	(1.182.149)	(3.068.066)
Other Expense	-	(93.949)	-	(3.654.883)	(3.748.832)
Net Operating Profit/Loss	(4.655.771)	6.797.361	4.308.371	(2.593.462)	3.856.499
Tax Provision	-	-	-	(702.929)	(702.929)
Net Profit/Loss	(4.655.771)	6.797.361	4.308.371	(3.296.391)	3.153.570
SEGMENT ASSETS (*)					
Financial Assets at FV Through P/L	-	-	3.812.067	-	3.812.067
Banks	-	-	13.029.805	-	13.029.805
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	16.686.343	-	16.686.343
Loans (**)	12.277.999	239.059.396	8.433.292	-	259.770.687
Financial Assets Measured at Amortised Cost	-	-	21.830.293	-	21.830.293
Derivative Financial Assets	-	-	3.728	-	3.728
Associates, Subsidiaries and Joint Ventures	-	-	22.500	-	22.500
Other Assets	-	-	-	68.502.947	68.502.947
TOTAL SEGMENT ASSETS	12.277.999	239.059.396	63.818.028	68.502.947	383.658.370
SEGMENT LIABILITIES					
Funds Collected	120.857.108	183.515.166	-	-	304.372.274
Derivative Financial Liabilities	-	-	153.095	-	153.095
Funds Borrowed	-	-	14.911.013	-	14.911.013
Money Market Funds	-	-	10.964.133	-	10.964.133
Securities Issued (Net)	-	-	19.379.829	-	19.379.829
Provisions	-	-	-	2.932.298	2.932.298
Other Liabilities	-	-	-	11.114.181	11.114.181
Shareholders' Equity	-	-	-	19.831.547	19.831.547
TOTAL SEGMENT LIABILITIES	120.857.108	183.515.166	45.408.070	33.878.026	383.658.370

(*) Includes expected loss provisions.

(**) Includes lease receivables.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Cash	245.414	983.064	170.718	871.290
Central Bank of the Republic of Türkiye	33.476.098	29.094.757	24.036.052	35.447.767
Other	1.000	978.558	-	114.484
Total	33.722.512	31.056.379	24.206.770	36.433.541

1.a.1) Information on Required Reserves:

Banks established in Türkiye or operating in Türkiye by opening branches are subject to the Central Bank's Communiqué on Required Reserves numbered 2013/15. The items specified in the communiqué constitute the liabilities subject to required reserves, with the exception of the liabilities to the Central Bank of the Republic of Türkiye, the Treasury, domestic banks and banks established by international agreement, to their headquarters and branches in Türkiye, based on the accounting standards and registration scheme to which banks are subject.

Banks maintain required reserves at the Central Bank of the Republic of Türkiye 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 Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 12% for Turkish Lira deposits and other liabilities, and between 5% and 30% for foreign currency deposits and other liabilities, for accounts benefiting from exchange/price protection support, the rate applied ranges from 22% and 33%.

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	33.126.098	29.094.757	24.036.052	35.447.767
Unrestricted Time Deposit	350.000	-	-	-
Restricted Time Deposit	-	-	-	-
Total (*)	33.476.098	29.094.757	24.036.052	35.447.767

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information on banks and other financial institutions:

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	2.560.357	2.641.444	114.562	1.726.491
Foreign Banks	-	14.629.419	-	11.188.752
Foreign Head Office and Branches	-	-	-	-
Total	2.560.357	17.270.863	114.562	12.915.243

3. Financial assets at fair value through profit or loss

	Current Period 30 September 2024	Prior Period 31 December 2023
Financial Assets at Fair Value Through Profit / Loss	8.320.821	3.790.194
Other Dividends and Income Rediscunts	35.278	21.873
Provision for Impairment (-)	-	-
Total	8.356.099	3.812.067

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

	Current Period 30 September 2024	Prior Period 31 December 2023
Assets Subject to Repurchase Agreements	3.285.371	8.362.369
Assets Blocked/Given as Collateral	-	1.479.501
Total (*)	3.285.371	9.841.870

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

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

	Current Period 30 September 2024	Prior Period 31 December 2023
Debt Securities	12.358.554	17.039.784
Quoted in Stock Exchange	12.358.554	17.039.784
Not Quoted in Stock Exchange	-	-
Share Certificates	52.913	52.913
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	52.913	52.913
Provision for Impairment (-)**)	510.608	406.354
Total	11.900.859	16.686.343

(*) The mentioned amounts consist of payments to İhracatı Geliştirme A.Ş. in the amount of TRY 41.101 to the Credit Guarantee Fund in the amount of TRY 7.659 and to JCR Eurasia Rating Inc. in the amount of TRY 4.153 with the non-traded line highlighted (31 December 2023: TRY 41.101 İhracatı Geliştirme A.Ş., TRY 7.659 Credit Guarantee Fund, and TRY 4.153 JCR Eurasia Rating Inc.).

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

ZİRAAT KATILIM BANKASI A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

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

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

5. Information on derivative financial assets

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Forward Transactions	19.885	280	847	-
Swap Transactions	-	1.538	-	199
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	2.143	539
Total	19.885	1.818	2.990	738

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 September 2024		Prior Period 31 December 2023	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	-	6.184.984	-
Corporate Shareholders	-	-	6.184.984	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	167.891	-	192.704	-
Total (*)	167.891	-	6.377.688	-

(*) Includes rediscount amounts.

b) Information on Standard Qualified and Under Close Monitoring (First and Second Group Loans) and Restructured Under Close Monitoring Loans

Current Period 30 September 2024				
	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	Refinancing
Cash Loans			Loans with revised contract terms	
Loans ^(*)				
Export Loans	39.983.948	321.996	-	-
Import Loans	22.079	-	-	-
Commercial Loans	151.495.587	2.580.844	1.354.842	2.231.353
Consumer Loans	10.155.027	167.665	-	-
Credit Cards	1.067.470	34.911	-	-
Loans Given to Financial Sector	5.247.880	-	-	-
Other (**)	15.208.458	460.118	-	-
Other Receivables	-	-	-	-
Total	223.180.449	3.565.534	1.354.842	2.231.353

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

b) Information on Standard Qualified and Under Close Monitoring (First and Second Group Loans) and Restructured Under Close Monitoring Loans (Continued)

(**) Details of other loans are as follows:

Other Investment Loans	13.420.299
Installment Commercial Loans	1.830.506
Partnership Commercial Loans	173.167
Receivables from Financing of Trade on Credit Terms	75.017
Other Loans	169.587
Total	15.668.576

Prior Period 31 December 2023		Loans Under Close Monitoring		
	Standard Loans and Other Receivables	Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
			Loans with revised contract terms	Refinancing
Cash Loans				
Loans (*)				
Export Loans	46.795.959	82.734	-	-
Import Loans	41.262	-	-	-
Commercial Loans	122.862.878	992.780	1.232.299	1.865.840
Consumer Loans	11.661.704	134.760	-	-
Credit Cards	469.395	11.776	-	-
Loans Given to Financial Sector	10.079.281	-	-	-
Other (**)	12.711.995	80.025	-	-
Other Receivables	-	-	-	-
Total	204.622.474	1.302.075	1.232.299	1.865.840

(**) Details of other loans are as follows:

Other Investment Loans	10.785.355
Installment Commercial Loans	1.762.733
Partnership Commercial Loans	173.167
Receivables from Financing of Trade on Credit Terms	-
Other Loans	70.765
Total	12.792.020

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

(**) As of 30 September 2024, TRY 23.475 (31 December 2023: TRY 23.475) of the related balance consists of funds provided through musharakah partnership financing method, TRY 136.642 (31 December 2023: TRY 136.642) of the related balance consists of funds provided through mudaraba partnership financing method. The bank has accounted for its musharakah finance loans in its financial statements as of 30 September 2024, in accordance with Article 2/3/1 of Interest-Free Finance Accounting Standard 4: musharakah Finance "IFFAS 4", and its mudaraba finance loans in accordance with Article 2/3/1 of Interest-Free Finance Accounting Standard 3: Mudaraba Finance "IFFAS 3", based on their historical cost.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

b) Information on Standard Qualified and Under Close Monitoring (First and Second Group Loans) and Restructured Under Close Monitoring Loans (Continued)

	Current Period 30 September 2024		Prior Period 31 December 2023	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
Expected Credit Loss of Stage 1 and Stage 2				
12 Month Expected Credit Losses	913.216	-	1.299.758	-
Significant Increase in Credit Risk	-	1.208.692	-	856.891

	Current Period 30 September 2024		Prior Period 31 December 2023	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
Number of Extensions				
1 or 2 Times Extended	637.216	3.351.311	257.418	2.910.873
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	637.216	3.351.311	257.418	2.910.873

	Current Period 30 September 2024		Prior Period 31 December 2023	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
Extension Periods				
0 - 6 Months	334.369	858.383	-	974.563
6 Months - 12 Months	3.533	214.122	4.539	157.645
1 - 2 Years	107.522	1.803.287	229.594	1.123.898
2 - 5 Years	36.852	47.249	23.285	22.491
5 Years and Over	154.940	428.270	-	632.276
Total	637.216	3.351.311	257.418	2.910.873

ZİRAAT KATILIM BANKASI A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

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

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

6. Information related to loans (Continued)

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

Current Period 30 September 2024	Short-Term	Medium and Long-Term	Total
Consumer Loans – TRY	171.858	9.989.922	10.161.780
Housing Loans	-	9.283.103	9.283.103
Vehicle Loans	166.955	520.624	687.579
Consumer Loans	4.903	186.195	191.098
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	9.832	9.832
Housing Loans	-	9.832	9.832
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TRY	666.640	813	667.453
With Installment	156.167	32	156.199
Without Installment	510.473	781	511.254
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TRY	43.538	107.542	151.080
Housing Loans	-	18.352	18.352
Vehicle Loans	-	2.955	2.955
Consumer Loans	43.538	86.235	129.773
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	16.261	-	16.261
With Installment	4.148	-	4.148
Without Installment	12.113	-	12.113
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	898.297	10.108.109	11.006.406

(*) Profit share rediscount is included in the table.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

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

Prior Period 31 December 2023	Short-Term	Medium and Long-Term	Total
Consumer Loans – TRY	62.737	11.556.368	11.619.105
Housing Loans	2.745	10.388.249	10.390.994
Vehicle Loans	14.200	878.421	892.621
Consumer Loans	45.792	289.698	335.490
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TRY	463.842	1.984	465.826
With Installment	160.566	1.500	162.066
Without Installment	303.276	484	303.760
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TRY	21.534	155.825	177.359
Housing Loans	-	18.093	18.093
Vehicle Loans	-	4.170	4.170
Consumer Loans	21.534	133.562	155.096
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	15.345	-	15.345
With Installment	6.214	-	6.214
Without Installment	9.131	-	9.131
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	563.458	11.714.177	12.277.635

(*) Profit share rediscount is included in the table.

ZİRAAT KATILIM BANKASI A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

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

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

6. Information related to loans (Continued)

d) Information on installment commercial loans and corporate credit cards

Current Period 30 September 2024	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TRY	426.682	1.238.042	1.664.724
Business Loans	-	12.003	12.003
Vehicle Loans	426.682	1.226.039	1.652.721
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	4.913	121.882	126.795
Business Loans	-	-	-
Vehicle Loans	4.913	121.882	126.795
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TRY	418.667	-	418.667
With Installment	-	-	-
Without Installment	418.667	-	418.667
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	850.262	1.359.924	2.210.186

Prior Period 31 December 2023	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TRY	690.006	980.790	1.670.796
Business Loans	-	14.818	14.818
Vehicle Loans	690.006	965.972	1.655.978
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	91.937	91.937
Business Loans	-	-	-
Vehicle Loans	-	91.937	91.937
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TRY	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	690.006	1.072.727	1.762.733

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

e) Breakdown of domestic and international loans

	Current Period 30 September 2024	Prior Period 31 December 2023
Domestic Loans	227.292.203	206.980.128
Foreign Loans	3.039.975	2.042.560
Total (*)	230.332.178	209.022.688

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

f) Loans granted to subsidiaries and participations

As of 30 September 2024, there are no loans given to subsidiaries and affiliates (31 December 2023: None).

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

	Current Period 30 September 2024	Prior Period 31 December 2023
Loans and receivables with limited collectability	95.766	38.715
Loans and receivables with doubtful collectability	238.805	27.959
Uncollectible loans and receivables	1.259.672	1.615.332
Total	1.594.243	1.682.006

h) Information on lease receivables

h.1) Analysis of Investments Made in Financial Leasing by Remaining Maturity

	Current Period 30 September 2024		Prior Period 31 December 2023	
	Gross	Net	Gross	Net
Less than 1 year	79.631	350.878	224.845	214.022
1-5 year	54.433.595	41.485.531	59.978.540	41.201.771
More than 5 years	13.907.713	8.594.280	13.243.798	11.229.911
Total	68.420.939	50.430.689	73.447.183	52.645.704

h.2) Information on Net Investments in Financial Leasing

	Current Period 30 September 2024	Prior Period 31 December 2023
Gross Financial Lease Receivable	68.420.939	73.447.183
Unearned Financial Income from Financial Lease (-)	(17.795.322)	(20.801.479)
Canceled Rental Amounts	-	-
Total	50.625.617	52.645.704

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

i) 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 2024, the Group has loans and other receivables included in non-performing receivables which are restructured or rescheduled amount TRY 37.518 (31 December 2023: TRY 130.382).

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period 30 September 2024			
Ending balance of prior period	136.753	68.734	1.735.463
Additions in the current period (+)	884.617	250.277	149.454
Transfers from other categories of non-performing loans (+)	-	361.528	67.962
Transfers to other categories of non-performing loans (-)	361.528	67.962	-
Collections in the current period (-) ^(*)	294.589	19.076	591.542
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	365.253	593.501	1.361.337
Expected Loss Provision (Stage 3) (-)	95.766	238.805	1.259.672
Net balance on balance sheet	269.487	354.696	101.665

(*) Includes transfers to first and second group loans amounting to TRY 61.538.

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Prior Period 31 December 2023			
Ending balance of prior period	23.334	178.305	1.674.102
Additions in the current period (+)	345.892	45.571	339.789
Transfers from other categories of non-performing loans (+)	-	115.197	251.803
Transfers to other categories of non-performing loans (-)	115.197	251.803	-
Collections in the current period (-) ^(*)	117.276	18.536	530.231
Write offs (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	136.753	68.734	1.735.463
Expected Loss Provision (Stage 3) (-)	38.715	27.959	1.615.332
Net balance on balance sheet	98.038	40.775	120.131

(*) Includes transfers to first and second group loans amounting to TRY 13.760.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

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

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Current Period 30 September 2024			
Ending balance of the current period	1.653	-	336.873
Provision for Expected Loss (Stage 3) (-)	364	-	336.758
Net balance on balance sheet	1.289	-	115

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Prior Period 31 December 2023			
Ending balance of the current period	-	2.038	312.721
Provision for Expected Loss (Stage 3) (-)	-	783	311.661
Net balance on balance sheet	-	1.255	1.060

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period (Net)	269.487	354.696	101.665
Loans to Real Persons and Legal Entities (Gross)	365.253	593.501	1.361.337
Specific Provisions (-)	95.766	238.805	1.259.672
Loans to Real Persons and Legal Entities (Net)	269.487	354.696	101.665
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	98.038	40.775	120.131
Loans to Real Persons and Legal Entities (Gross)	136.753	68.734	1.735.463
Specific Provisions (-)	38.715	27.959	1.615.332
Loans to Real Persons and Legal Entities (Net)	98.038	40.775	120.131
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:

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible loans
Current Period (Net)	36.405	74.275	19.465
Profit Share Accrual and Valuation Differences Provision	49.696	126.554	244.455
Provision Amount (-)	13.291	52.279	224.990
Prior Period (Net)	7.303	3.556	19.379
Profit Share Accrual and Valuation Differences Provision	9.946	6.208	255.061
Provision Amount (-)	2.643	2.652	235.682

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED 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 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 September 2024	Prior Period 31 December 2023
Debt Securities	21.767.361	21.830.293
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	21.767.361	21.830.293
Impairment Provision (-)	-	-
Total (*)	21.767.361	21.830.293

(*) The amount of TRY 1.832.960 has been collateralized due to repurchase agreement transactions

b) Information on financial assets valued at amortized cost

None (31 December 2023: None).

c) Information on movements of government debt securities valued at amortized cost during the year

As of 30 September 2024, government debt securities measured at amortized cost of the Group is TRY 21.767.361 (31 December 2023: TRY 21.830.293).

	Current Period 30 September 2024	Prior Period 31 December 2023
Balances at Beginning of Period	21.830.293	5.323.943
Foreign Currency Differences on Monetary Assets	245.557	1.862.347
Purchases during the Period (*)	3.109.927	14.644.003
Disposals through Sales/Redemptions	(3.418.416)	-
Impairment Provision (-)	-	-
Balances at End of Period	21.767.361	21.830.293

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As of 30 September 2024, the Bank's assets held for sale are TRY 1.034.074 (31 December 2023: TRY 427.229).

	Current Period 30 September 2024	Prior Period 31 December 2023
Beginning Balance (Net)	427.229	274.644
Changes During the Period (Net)	606.845	152.585
Amount of Depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net) (*)	1.034.074	427.229

(*) The group has a right of fidelity of over TRY 507.078 (31 December 2023: TRY 197.860) of assets held for sale.

As of 30 September 2024, the Group has no discontinued operations (31 December 2023: None).

9. Equity Investments

a) Information about in associates (Net)

a.1) Information on unconsolidated subsidiaries:

The Bank became a shareholder of Katılım Finans Kefalet A.Ş., which was established with the aim of creating a guarantee system in accordance with the principles and principles of Participation Banking, with a participation fee of TRY 67.500. (31 December 2023: 22.500) The total capital of the company is TRY 600.000 and the Bank's total participation amount is TRY 90.000, which corresponds to 15%. The remaining TRY 22.500 will be paid within 1 years. There is a member of the board of directors in the company to represent the Bank's shares (31 December 2023: TRY 22.500).

	Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)	Risk share percentage of other shareholders (%)
1	Katılım Finans Kefalet A.Ş.	İstanbul / TÜRKİYE	15	-

a.2) Information on consolidated subsidiaries:

As of the balance sheet date, the Bank does not have any consolidated subsidiaries (31 December 2023: None).

b) Information on subsidiaries (net)

b.1) Information on consolidated subsidiaries

Ziraat Katılım Varlık Kiralama A.Ş. (“Company”), with a capital of TRY 50 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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Equity Investments (Continued)

ZKB Varlık Kiralama A.Ş. (“Company”), with its capital of TRY 50 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.	İstanbul / TÜRKİYE	100	100
2	ZKB Varlık Kiralama A.Ş.	İstanbul / TÜRKİYE	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 ^(*)	33.102.933	1.331	-	4.433.371	-	795	469	-	-
2 ^(*)	534.369	1.462	-	1.906	-	1.039	357	-	-

(*) Within the framework of BRSA regulations, the financial statement information of subsidiaries Ziraat Katılım Varlık Kiralama A.Ş., ZKB Varlık Kiralama A.Ş. are taken from the financial statements dated 30 September 2024, which have not been subjected to inflation accounting and have not been subjected to limited audit.

	Current Period 30 September 2024	Prior Period 31 December 2023
Balance at the beginning of the year	938	515
Movements during the year	1.855	423
Purchases	-	-
Bonus Share	-	-
Dividends from current year income	1.834	423
Transfers to available for sale financial assets (-)	-	-
Sales	-	-
Revaluation increase	21	-
Impairment provision (-)	-	-
Balance at the end of the year	2.793	938
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 September 2024	Prior Period 31 December 2023
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 2023: None).

c) Information entities under common control (joint ventures)

None (31 December 2023: None).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Explanations on property and equipment

	Immovables	Right of Use Immovables	Movable	Right of Use Movable	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:							
Cost	-	805.383	671.298	175.266	1.094.452	-	2.746.399
Accumulated Depreciation (-)	-	204.013	154.653	49.793	172.241	-	580.700
Net Book Value	-	601.370	516.645	125.473	922.211	-	2.165.699
Current Period End:							
Net Book Value at the Beginning of the Period	-	601.370	516.645	125.473	922.211	-	2.165.699
Change During the Period (Net)	-	679.007	197.127	4.706	437.741	-	1.318.581
Cost	-	777.630	214.361	49.820	692.342	-	1.734.153
Amortization (Net) (-)	-	98.623	17.234	45.114	254.601	-	415.572
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	1.583.013	885.659	225.086	1.786.794	-	4.480.552
Accumulated Depreciation at Period End (-)	-	302.636	171.887	94.907	426.842	-	996.272
Provision for Impairment (-)	-	-	-	-	-	-	-
Closing Net Book Value	-	1.280.377	713.772	130.179	1.359.952	-	3.484.280

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

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

11. Explanation on intangible assets:

	Current Period 30 September 2024			Prior Period 31 December 2023		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	1.382.965	216.224	1.166.741	825.160	132.526	692.634
Total	1.382.965	216.224	1.166.741	825.160	132.526	692.634

- 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 consolidated: Not applied to the financial statements with consolidation.
- Information on goodwill: None.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

12. Information on the investment properties:

As of 30 September 2024, the Bank has no investment property (31 December 2023: None).

13. Information on deferred tax asset:

The Bank's deferred tax asset of TRY 5.593.176 (31 December 2023: TRY 4.387.183) and the deferred tax liability of TRY 2.866.225 (31 December 2023: TRY 1.909.078) are offset, resulting in a deferred tax asset of TRY 2.726.951 in the financial statements (31 December 2023: TRY 2.478.105. deferred tax asset).

	Current Period 30 September 2024	Prior Period 31 December 2023
Deferred Tax Asset	5.593.176	4.387.183
Deferred Tax Liability	2.866.225	1.909.078
Net Deferred Tax Asset	2.726.951	2.478.105
Net Deferred Tax Income	(252.145)	311.824

	Current Period 30 September 2024	Prior Period 31 December 2023
Severance Pay	132.709	96.331
Short – Term Employee Benefits	377.444	333.118
Valuation of Financial Assets	671.273	787.122
Other (*)	1.545.525	1.261.534
Net Deferred Tax Asset	2.726.951	2.478.105

(*) As at 30 September 2024, the Bank has recognised deferred tax assets amounting to TRY 217.814 (31 December 2023: None) on deductible tax losses arising from temporary differences amounting to TRY 726.045 (31 December 2023: None), as it is probable that future taxable profit will be available against which the deductible tax losses can be utilised. The amortisation date of these tax losses is 2029.

14. Information on other assets:

As of 30 September 2024 and 31 December 2023, 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 CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. a) Information on funds collected

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

Current Period 30 September 2024	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 TRY	3.758.435	-	-	-	-	-	-	-	3.758.435
II. Real persons participation accounts non-trade TRY	-	2.571.329	34.408.466	2.663.316	2.336.434	116.789	17.325.625	-	59.421.959
III. Other current accounts-TRY	12.746.930	-	-	-	-	-	-	-	12.746.930
Public sector	2.845.066	-	-	-	-	-	-	-	2.845.066
Commercial sector	5.807.499	-	-	-	-	-	-	-	5.807.499
Other institutions	523.541	-	-	-	-	-	-	-	523.541
Commercial and other institutions	24.720	-	-	-	-	-	-	-	24.720
Banks and participation banks	3.546.104	-	-	-	-	-	-	-	3.546.104
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	1.999	-	-	-	-	-	-	-	1.999
Foreign banks	3.543.919	-	-	-	-	-	-	-	3.543.919
Participation banks	186	-	-	-	-	-	-	-	186
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TRY	-	22.700.104	69.746.441	8.891.386	5.709.730	371.150	2.517.921	-	109.936.732
Public sector	-	12.326.982	3.851.416	5.277.757	639.963	35.975	92.082	-	22.224.175
Commercial sector	-	10.153.249	62.164.489	2.598.532	4.809.325	70.749	2.292.165	-	82.088.509
Other institutions	-	219.473	3.690.268	1.014.228	260.442	219.846	133.674	-	5.537.931
Commercial and other institutions	-	400	40.268	869	-	44.580	-	-	86.117
Banks and participation banks	-	-	-	-	-	-	-	-	-
V. Real persons current accounts non-trade FC	15.960.689	-	-	-	-	-	-	-	15.960.689
VI. Real persons participation accounts-FC	-	55.444	21.997.481	330.093	-	551.002	1.979.587	-	24.913.607
VII. Other current accounts-FC	18.152.260	-	-	-	-	-	-	-	18.152.260
Commercial residents in Türkiye	16.478.432	-	-	-	-	-	-	-	16.478.432
Commercial residents in Abroad	1.521.818	-	-	-	-	-	-	-	1.521.818
Banks and participation banks	152.010	-	-	-	-	-	-	-	152.010
Central Bank of Republic of Türkiye	141.396	-	-	-	-	-	-	-	141.396
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	10.613	-	-	-	-	-	-	-	10.613
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts other-FC	-	5.830.920	29.751.976	5.745.284	2.859.568	9.910	87.880	-	44.285.538
Public sector	-	-	2.520.856	51.516	-	-	-	-	2.572.372
Commercial sector	-	5.645.962	26.409.315	5.693.636	2.859.511	9.910	67.882	-	40.686.216
Other institutions	-	-	659.574	132	57	-	7.687	-	667.450
Commercial and other institutions	-	184.958	162.231	-	-	-	12.311	-	359.500
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	15.919.697	-	9.587.465	67.624	129.898	-	205.976	-	25.910.660
X. Participation accounts special funds – TRY	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds – FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+...+IX+X+XI)(*)	66.538.011	31.157.797	165.491.829	17.697.703	11.035.630	1.048.851	22.116.989	-	315.086.810

(*) As of 30 September 2024, it includes amounts of TRY 20.895.015 for CBRT Exchange Rate Hedged Participation Account, TRY 42.613 for Treasury Exchange Rate Hedged Participation Account and TRY 5.815.267 for Yuvam Account.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. a) Information on funds collected (Continued)

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

Prior Period 31 December 2023	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 TRY	2.490.516	-	-	-	-	-	-	-	2.490.516
II. Real persons participation accounts non-trade TRY	-	1.171.519	24.776.793	2.112.120	1.772.214	77.830	28.536.868	-	58.447.344
III. Other current accounts-TRY	14.460.808	-	-	-	-	-	-	-	14.460.808
Public sector	458.769	-	-	-	-	-	-	-	458.769
Commercial sector	9.887.567	-	-	-	-	-	-	-	9.887.567
Other institutions	564.251	-	-	-	-	-	-	-	564.251
Commercial and other institutions	5.123	-	-	-	-	-	-	-	5.123
Banks and participation banks	3.545.098	-	-	-	-	-	-	-	3.545.098
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	1.289	-	-	-	-	-	-	-	1.289
Foreign banks	3.543.719	-	-	-	-	-	-	-	3.543.719
Participation banks	90	-	-	-	-	-	-	-	90
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TRY	-	27.943.000	66.167.857	6.849.692	360.117	55.386	8.266.104	-	109.642.156
Public sector	-	12.002.614	5.835.070	3.288.645	1.195	-	71.762	-	21.199.286
Commercial sector	-	15.903.012	55.026.260	3.136.245	264.493	55.386	8.100.439	-	82.485.835
Other institutions	-	37.374	2.832.614	322.636	94.429	-	93.903	-	3.380.956
Commercial and other institutions	-	-	20.565	-	-	-	-	-	20.565
Banks and participation banks	-	-	2.453.348	102.166	-	-	-	-	2.555.514
V. Real persons current accounts non-trade FC	14.068.359	-	-	-	-	-	-	-	14.068.359
VI. Real persons participation accounts-FC	-	2.237.558	21.905.119	473.973	-	388.017	2.145.577	-	27.150.244
VII. Other current accounts-FC	18.539.585	-	-	-	-	-	-	-	18.539.585
Commercial residents in Türkiye	17.343.068	-	-	-	-	-	-	-	17.343.068
Commercial residents in Abroad	1.187.703	-	-	-	-	-	-	-	1.187.703
Banks and participation banks	8.814	-	-	-	-	-	-	-	8.814
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	8.813	-	-	-	-	-	-	-	8.813
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	9.951.552	33.870.288	133.214	24.908	92	11.660	-	43.991.714
Public sector	-	1.818	639.332	-	-	-	-	-	641.150
Commercial sector	-	9.879.894	31.550.814	133.155	24.804	92	4.973	-	41.593.732
Other institutions	-	69.840	1.499.347	59	104	-	6.687	-	1.576.037
Commercial and other institutions	-	-	180.795	-	-	-	-	-	180.795
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	9.893.372	-	5.238.199	226.978	83.727	-	139.272	-	15.581.548
X. Participation accounts special funds – TRY	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds – FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+...+IX+X+XI)(*)	59.452.640	41.303.629	151.958.256	9.795.977	2.240.966	521.325	39.099.481	-	304.372.274

(*) As of 31 December 2023, it includes amounts of TRY 32.845.870 for CBRT Exchange Rate Hedged Participation Account, TRY 21.340.933 for Treasury Exchange Rate Hedged Participation Account and TRY 3.640.392 for Yuvam Account.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. a) Information on maturity structure of funds collected (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 September 2024	Prior Period 31 December 2023	Current Period 30 September 2024	Prior Period 31 December 2023
Real persons current and profit sharing accounts that are not subject to commercial activities	30.623.900	21.915.098	95.817.568	93.404.253
TRY accounts	13.046.700	10.549.941	50.133.666	50.387.918
FC accounts	17.577.200	11.365.157	45.683.902	43.016.335
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 TRY 4.491.041 (31 December 2023: TRY 3.239.462) within the scope of insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is TRY 154.594.862 (31 December 2023: TRY 156.727.806).

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 September 2024	Prior Period 31 December 2023
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	9.296	2.258
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 Türkiye in order to engage in off-shore banking activities solely	-	-

2. Information on funds borrowed

a) Information on the type of borrowing

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Syndicated Loans	500.667	3.761.327	4.711.292	1.255.451
Wakala Loans	-	2.112.584	-	-
Funds from Issued Lease Certificates (Sukuk)	-	-	-	-
Other	1.740.191	20.242.929	2.316.964	6.627.306
Total	2.240.858	26.116.840	7.028.256	7.882.757

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information on funds borrowed (Continued)

a) Information on the type of borrowing (Continued)

The details of other loans are provided below.

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Loans from Domestic Banks	1.740.191	1.141.297	2.316.964	1.077.366
Loans from Foreign Banks	-	15.048.849	-	5.549.941
Loan from Foreign Institutions	-	4.052.783	-	-
Toplam	1.740.191	20.242.929	2.316.964	6.627.307

b) Information on banks and other financial institutions

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Borrowings from the CBRT	1.740.191	1.141.297	1.206.486	-
From Domestic Banks and Institutions	-	15.048.849	5.821.770	2.332.816
From Foreign Banks, Institutions and Funds	-	4.052.783	-	5.549.941
Total	1.740.191	20.242.929	7.028.256	7.882.757

c) Information on maturity structure of borrowings

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Short-term	837.164	4.827.589	5.693.681	1.256.521
Medium and Long-term	1.403.694	21.289.251	1.334.575	6.626.236
Total	2.240.858	26.116.840	7.028.256	7.882.757

d) Explanation 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

74,36% of The Bank’s liabilities consists of current and share profit account (31 December 2023: 79,31%).

3. Information on funds provided by money market transactions

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Domestic	5.550.702	-	435.678	10.528.455
Financial Institutions	5.550.702	-	435.678	10.528.455
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	5.550.702	-	435.678	10.528.455

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

4. Information on securities issued

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Bond	-	-	-	-
Asset Backed Securities	10.724.517	17.448.563	4.461.181	14.918.648
Bill	-	-	-	-
Total	10.724.517	17.448.563	4.461.181	14.918.648

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

None (31 December 2023: None).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information on derivative financial liabilities

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Forward transactions	-	-	-	-
Swap transactions	-	71.280	-	153.095
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	-	71.280	-	153.095

7. Information on financial lease obligations

	Current Period 30 September 2024		Prior Period 31 December 2023	
	Gross	Net	Gross	Net
Less than 1 year	38.456	27.345	17.264	16.604
Between 1-5 years	479.949	338.261	152.835	118.660
More than 5 years	2.392.571	1.162.487	1.210.600	650.595
Total	2.910.976	1.528.093	1.380.699	785.859

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 30 September 2024, there is no provision for depreciation of foreign currency indexed loans and financial lease receivables (31 December 2023: None).

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

The expected credit loss for non-compensated and non-cash loans is TRY 24.771 (31 December 2023: TRY 23.032).

c) Information on other provisions

c.1) Information on free provisions for possible risks

Free provision amounting to TRY 500.000 thousand which was provided by the Group management in prior periods outside of the requirements of BRSA Accounting and Financial Reporting Legislation, is reversed in the current period (31 December 2023: A free provision amounting to TRY 500.000 thousand which consist of TRY 1.004.000 thousand provided in prior periods, TRY 96.000 thousand recognized in the current year and TRY 600.000 thousand reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on provisions (Continued)

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

As of 30 September 2024, TRY 524.941 of other provisions is related to provisions for non-cash loans (31 December 2023: TRY 534.833), TRY 1.209.802 of other provisions (31 December 2023: TRY 1.548.811) was allocated from profits to be distributed to participation accounts, TRY 4.645 (31 December 2023: TRY 4.248) was made from provisions for foreign currency purchases and sales, the portion amounting to TRY 3.373 (31 December 2023: TRY 2.180) consists of the provision for promotional practices regarding credit cards and banking services.

c.3) Information on litigations provisions

A provision of TRY 27.415 has been made in the financial statements for the lawsuits that are likely to be concluded against the Group but are not yet finalized (31 December 2023: TRY 89.976).

d) Information on provisions for employee benefits

d.1) Employment termination benefits and unused vacation rights

The Bank accounts for its obligations related to severance pay and leave rights in accordance with Turkish Accounting Standard 19, 'Accounting for Benefits Provided to Employees.' It has calculated the future obligations arising from severance and notice pay at their net present value and reflected them in the financial statements. As of 30 September 2024, an amount of TRY 90.175 for leave provision (as of 31 December 2023: TRY 44.385) and TRY 278.175 for severance pay are recorded in the Employee Benefits Provision account in the financial statements (as of 31 December 2023: TRY 202.704).

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 September 2024	Prior Period 31 December 2023
Discount Rate (%)	24,60%	24,60%
Inflation	22,16%	22,16%

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

	Current Period 30 September 2024	Prior Period 31 December 2023
Balance at the 1 January	202.704	125.764
Paid during the period	75.471	46.941
Severance Pay	-	(3.549)
Actuarial loss/(gain)	-	33.548
Balance at the end of the period	278.175	202.704

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Information on provisions (Continued)

d.2) Retirement Benefits

Based on the results of the actuarial report, which is calculated with the actuarial ratio 9,80% as determined in the Law numbered 5754, published on the Official Gazette dated 8 May 2008 and numbered 26870, as of 31 December 2023, no technical deficit has been reported.

As of the balance sheet date, the Bank's liability for the benefits to be transferred to SSI is the estimated amount of payment that will be required to be made during the transfer to SSI. 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 SSI (9,80% real discount rate, etc.) published in the Official Gazette dated 8 May 2008 and numbered 26870.

d.3) Additional Bonus Provision to be paid to Personnel

The Bank has provisions amounting to TRY 164 in the current period, based on the additional bonus to be paid to the personnel (31 December 2023: TRY 164).

9. Explanations on tax liability

a) Explanations on current tax liability

As of 30 September 2024, the remaining corporate tax liability after deducting temporary taxes paid for the period is none (As of 31 December 2023, the remaining corporate tax liability after deducting temporary taxes paid for the period is TRY 536.382).

b) Information on taxes payable

	Current Period 30 September 2024	Prior Period 31 December 2023
Corporate Tax Payable	-	536.382
Taxation on Income From Securities	383.086	142.164
Property Tax	3.274	1.818
Banking Insurance Transactions Tax (BITT)	208.205	102.122
Foreign Exchange Transactions Tax	6.699	3.662
Value Added Tax Payable	51.624	48.906
Other	29.314	27.199
Total	682.202	862.253

c) Information on premiums:

	Current Period 30 September 2024	Prior Period 31 December 2023
Social Security Premiums – Employee	547	529
Social Security Premiums – Employer	740	734
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	2.005	1.153
Unemployment Insurance – Employer	4.004	2.299
Other	-	-
Total	7.296	4.715

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Information on deferred tax liabilities, if any

The Bank has no deferred tax liabilities as of the balance sheet date (31 December 2023: 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 2023: None).

12. Explanations on subordinated debts

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
From Domestic Banks	1.375.367	-	1.341.987	-
From Other Domestic Institutions	-	8.686.397	-	4.451.686
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
Total	1.375.367	8.686.397	1.341.987	4.451.686

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Debt Instruments to be Included in the Additional Capital Calculation:				
Subordinated Loans (*)	-	8.686.397	-	4.451.686
Equity-like Debt Instruments	-	-	-	-
Debt Instruments to be Included in Contribution Capital Calculation:				
Subordinated Loans	1.375.367	-	1.341.987	-
Equity-like Debt Instruments	-	-	-	-
Total	1.375.367	8.686.397	1.341.987	4.451.686

(*) The Bank, from the Türkiye Wealth Fund Market Stability and Balance Sub-Fund, with the approval of the BRSA on 22 April 2019, in the amount of EUR 100.000 on 24 April 2019; With the approval of the BRSA on 9 March 2022, on 9 March 2022, a subordinated loan amounting to EUR 57.039 is provided within the scope of no maturity and non-profit additional tier 1 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. The Bank has obtained a tier 2 capital loan from TC Ziraat Bankası A.Ş. amounting to USD 100.000 with the approval of BRSA dated 5 April 2024.

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. Information on shareholders' equity

a) Presentation on paid-in capital

	Current Period 30 September 2024	Prior Period 31 December 2023
Common stock	10.350.000	10.350.000
Preferred stock	-	-

b) Paid-in capital amount, explanation whether the registered capital system is applicable by the Bank, if so the registered capital ceiling amount

None.

c) Information on share capital increases and their sources; other information on increased capital shares in the current period

None.

d) Information on additions from capital reserves to capital in the current period

None.

e) Capital commitments in the last fiscal year and continue until the end of the following interim period, general purpose of these commitments and estimated resources required for these commitments

None (31 December 2023: 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 uncertainty related to profitability and liquidity according to the prior period's indicators (31 December 2023: None).

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

As of 30 September 2024, the Bank has no preferred shares (31 December 2023: None).

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

	Current Period 30 September 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	(1.979.471)	18.142	(761.298)	(31.758)
Revaluation Difference	(3.050.784)	18.142	1.331.619	(31.758)
Deferred Tax Effect	1.071.313	-	570.321	-
Foreign Exchange Difference	-	-	-	-
Total	(1.979.471)	18.142	(761.298)	(31.758)

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS

1. Information on off-balance sheet liabilities

a) Nature and amount of irrevocable loan commitments

	Current Period 30 September 2024	Prior Period 31 December 2023
Commitments for Credit Card Expenditure Limits	3.438.023	1.798.821
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	2.849.654	1.708.702
Loan Granting Commitments	543.047	296.293
Asset Purchase Commitments	4.774.158	2.342.967
Tax and Fund Liabilities from Export Commitments	4.121.189	1.304.223
Promotion Commitment Regarding Credit Card and Banking Services	2.789	2.276
Total	15.728.860	7.453.282

b) Nature and amount of possible losses and commitments arising from the off-balance sheet items including the below mentioned

The amount of provision for Stage 3 possible losses arising from the off-balance sheet items is TRY 524.941 (31 December 2023: TRY 534.833).

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

	Current Period 30 September 2024	Prior Period 31 December 2023
Guarantee Letters	102.396.583	69.092.049
Bank Acceptances	389.721	414.759
Letter of Credits	9.760.916	7.928.282
Other Contingencies	206.896	895.443
Total	112.754.116	78.330.533

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

	Current Period 30 September 2024	Prior Period 31 December 2023
Letters of Temporary Guarantees	4.829.097	2.285.988
Letters of Certain Guarantees	54.259.394	41.486.780
Letters of Advance Guarantees	10.906.580	8.893.988
Letters of Guarantees given to Customs Offices	1.794.127	794.150
Other Letters of Guarantees	30.607.385	15.631.143
Total	102.396.583	69.092.049

b.3) Total non-cash loans

	Current Period 30 September 2024	Prior Period 31 December 2023
Non-Cash Loans for Providing Cash Loans	30.607.385	15.625.859
With Original Maturity of One Year or Less	2.708.934	1.572.826
With Original Maturity of More than One Year	27.898.451	14.053.033
Other Non-Cash Loans	82.146.731	62.704.674
Total	112.754.116	78.330.533

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. EXPLANATIONS AND NOTES RELATED TO THE STATEMENT OF CONSOLIDATED PROFIT OR LOSS

1. a) Information on profit share received from loans

	Current Period 30 September 2024		Prior Period 30 September 2023	
	TRY	FC	TRY	FC
Profit share on loans (*)	33.216.567	5.852.046	12.638.761	3.697.109
Short term loans	16.646.487	2.570.644	7.449.750	2.271.047
Medium and long term loans	16.421.992	3.281.402	5.147.545	1.426.062
Profit share on non-performing loans	148.088	-	41.466	-
Premiums received from resource utilization support fund	-	-	-	-

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

b) Information on profit share income from banks

	Current Period 30 September 2024		Prior Period 30 September 2023	
	TRY	FC	TRY	FC
Central Bank of the Republic of Türkiye	-	-	-	-
Domestic Banks	349.170	-	317.450	68.214
Foreign Banks	-	-	-	595
Head Office and Branches	-	-	-	-
Total	349.170	-	317.450	68.809

c) Information on profit share income from securities portfolio

	Current Period 30 September 2024		Prior Period 30 September 2023	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit and Loss	-	109.061	-	49.294
Financial Assets at Fair Value through Other Comprehensive Income	4.350.884	69.360	3.429.890	163.662
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	2.676.920	143.350	752.861	271.745
Total	7.027.804	321.771	4.182.751	484.701

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

None (30 September 2023: None).

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. a) Information on profit share expense on borrowing

	Current Period 30 September 2024		Prior Period 30 September 2023	
	TRY	FC	TRY	FC
Banks	1.105.476	736.082	244.537	244.717
Central Bank of the Republic of Türkiye	175.849	-	244.537	121.458
Domestic Banks	929.627	263.495	-	123.259
Foreign Banks	-	472.587	-	-
Head Office and Branches	-	-	-	-
Other Institutions	-	345.412	-	291.120
Total	1.105.476	1.081.494	244.537	535.837

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

None (30 September 2023: None).

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

Profit share expenses on securities issued are TRY 4.429.658 (30 September 2023: TRY 876.335).

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

Current Period 30 September 2024	Participation Accounts					
	1 Month	3 Months	6 Months	1 Year	Over 1 Year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	4.726	534.562	313.709	-	-	914.742
Real Person's Non Commercial Participation Accounts	377.876	7.597.263	877.516	849.540	4.530.304	14.232.499
Public Sector Participation Accounts	4.004.384	930.437	3.145.543	101.051	20.320	8.201.735
Commercial Sector Participation Accounts	3.401.404	18.472.633	2.706.129	668.089	1.547.476	26.795.731
Other Institutions Participation Accounts	42.615	1.419.721	153.773	89.464	33.538	1.739.111
Total	7.831.005	28.954.616	7.258.415	1.708.144	6.131.638	51.883.818
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	115	499	-	-	312	926
Real Person's Non Commercial Participation Accounts	14.674	207.582	3.644	4.261	23.875	254.036
Public Sector Participation Accounts	7	54.217	3.553	-	-	57.777
Commercial Sector Participation Accounts	4.403	524.725	198.680	32.218	354	760.380
Other Institutions Participation Accounts	81.065	160.188	894	235	79	242.461
Precious Metal Inventory	11.431	-	-	-	-	11.431
Total	111.695	947.211	206.771	36.714	24.620	1.327.011
Grand Total	7.942.700	29.901.827	7.465.186	1.744.858	6.156.258	53.210.829

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Prior Period 30 September 2023	Participation Accounts					Total
	1 Month	3 Months	6 Months	1 Year	Over 1 Year	
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	6.455	325.478	-	-	-	331.933
Real Person’s Non Commercial Participation Accounts	105.255	2.629.768	295.293	231.396	1.330.815	4.592.527
Public Sector Participation Accounts	1.292.107	919.706	88.128	2.326	-	2.302.267
Commercial Sector Participation Accounts	1.020.094	9.701.127	831.798	288.706	214.422	12.056.147
Other Institutions Participation Accounts	11.000	391.064	2.167	5.636	3.293	413.160
Total	2.434.911	13.967.143	1.217.386	528.064	1.548.530	19.696.034
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	170	2.186	-	-	-	2.356
Real Person’s Non Commercial Participation Accounts	10.398	212.247	1.145	1.856	23.732	249.378
Public Sector Participation Accounts	3	10	-	-	-	13
Commercial Sector Participation Accounts	744	81.243	49.918	2	11	131.918
Other Institutions Participation Accounts	158.189	709.392	114.025	61	86	981.753
Precious Metal Inventory	8.177	-	-	-	-	8.177
Total	177.681	1.005.078	165.088	1.919	23.829	1.373.595
Grand Total	2.612.592	14.972.221	1.382.474	529.983	1.572.359	21.069.629

3. Information on dividend income

The Bank has TRY 1.428 income as of 30 September 2024 (30 September 2023: TRY 714).

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

	Current Period 30 September 2024	Prior Period 30 September 2023
Income	12.612.615	6.673.598
Foreign exchange gains	388.699	6.005
Gain on derivative financial instruments	1.533.975	387.550
Gain on capital market transactions	10.689.941	6.280.043
Losses (-)	9.749.170	5.094.942
Foreign exchange losses	43.278	18.223
Losses on derivative financial instruments	137.095	91.204
Losses on capital market transactions	9.568.797	4.985.515
Net	2.863.445	1.578.656

b. Information on profit/loss on derivative financial operations

	Current Period 30 September 2024	Prior Period 30 September 2023
Effect of the change in exchange rates on profit/loss	1.396.880	296.346
Total	1.396.880	296.346

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on other operating income

Information on factors covering the recent developments which has significant effect on the Bank’s income and the extent of effect on income

	Current Period 30 September 2024	Prior Period 30 September 2023
Correction Account for Previous Years Expenses	4.283.396	1.727.731
Income from the Sale of the Asset	67.717	8.948
Provision for Communication Expenses	21.827	6.529
Checkbook Fees	4.140	776
Other	8.370	19.478
Total	4.385.450	1.763.462

(*) Adjustment to prior year expenses consists of reversal of provision for loan losses of TRY 2.697.264 (30 September 2023: TRY 825.054), reversal of free provision of TRY 500.000 (30 September 2023 : TRY 600.000), reversal of provision for participation accounts of TRY 994.983 (30 September 2023 : TRY 257.905) and reversal of provision for impairment on marketable securities of TRY 1.622 (30 September 2023 : TRY 3).

6. Provision expenses for impairment on loans and other receivables

	Current Period 30 September 2024	Prior Period 30 September 2023
Expected Credit Loss	2.821.461	3.068.066
12 month expected credit loss (stage 1)	838.339	1.161.182
Significant increase in credit risk (stage 2)	1.066.600	504.290
Non-performing loans (stage 3)	916.522	1.402.594
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	123.158	58.158
Total	2.944.619	3.126.224

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on other operating expenses

	Current Period 30 September 2024	Prior Period 30 September 2023
Provision of Employee Termination Benefits	75.471	34.884
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	587.665	197.896
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	83.666	33.437
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	958.716	554.397
Leasing Expenses Related to TFRS 16 Exceptions	8.004	1.740
Maintenance Expenses	158.627	89.898
Advertisement Expenses	148.123	136.820
Other Expenses (*)	643.962	325.939
Loss on Sales of Assets	1.231	-
Other (**)	957.504	1.408.814
Total	2.664.253	2.229.428

(*) The balances constituting the 'Other Expenses' item include expenses related to cleaning, credit card and banking service promotions, outsourced security services, donations and charitable contributions, heating and lighting, communication and water, shared expenses, vehicle expenses, representation and hospitality, and other miscellaneous expenses.

(**) The balance of constituting the other item, TRY 337.932 (30 September 2023: TRY 236.259) consists of SDIF premium and audit and consultancy service expenses, while TRY 488.539 (30 September 2023: TRY 121.296) consists of taxes, fees, funds and other service expenses (30 September 2023, the amount of TRY 1.000.000 consists of a donation payment to AFAD made in February due to the earthquake disaster in Kahramanmaraş and surrounding provinces).

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

As of 30 September 2024, 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 September 2024	Prior Period 30 September 2023
Net Profit Share Income	959.976	4.533.671
Net Fees and Commissions Income	2.076.152	2.796.894
Dividend Income	1.428	714
Trading Income/Expense (Net)	2.863.445	1.578.656
Other Operating Income	4.385.450	1.763.462
Expected Loss Provision (-)	2.821.461	3.068.066
Other Provision Expense (-)	123.158	58.158
Personnel Expense (-)	2.952.639	1.461.246
Other Operating Expenses (-)	2.664.253	2.229.428
Income/(Loss) from Continuing Operations	1.724.940	3.856.499

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on tax provision for continued and discontinued operations

Since the Parent Bank has no discontinued operations, there is no tax provision for this purpose.

As of 30 September 2024 the Parent Bank has a deferred tax income of TRY 705.002 (30 September 2023: TRY 509.373) and a deferred tax expense of TRY 957.147 (30 September 2023: TRY 1.024.152). There is no current tax provision (30 September 2024 the Parent Bank has a current tax provision of TRY 188.150).

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

Net profit of the Bank from continuing operations is TRY 1.472.795 (30 September 2023: TRY 3.153.570 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 2023: None).

V. EXPLANATIONS AND NOTES TO THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

VI. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED CASH FLOWS STATEMENT

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

ZİRAAT KATILIM BANKASI A.Ş.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

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

VII. EXPLANATIONS AND NOTES RELATED TO THE RISK GROUP OF THE PARENT BANK

- 1) a) **Information on the volume of transactions relating to the Parent Bank’s risk group, outstanding loans and funds collected and income and expenses for the period:**

Current Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	6.184.984	-	-	-
Balance at end of period	-	-	4.212.337	-	-	-
Profit share and commission income	-	-	538	-	-	-

Prior Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	2.374	-	-	-
Balance at end of period	-	-	6.184.984	-	-	-
Profit share and commission income	-	-	2.703	-	-	-

- b) **Current and profit-sharing account held by the Bank’s risk group**

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit-sharing accounts						
Balance at the beginning of period	1.740	-	-	-	-	-
Balance at the end of period	2.144	1.740	-	-	-	-
Participation Accounts Profit Share Expenses	-	-	-	-	-	-

- c) **Information on loans received from the Bank’s risk group**

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Funds Borrowed						
Balance at the beginning of period	-	-	112.751	284.791	-	-
Balance at the end of the period	-	-	84.563	112.751	-	-
Profit share paid expense	4.429.658	1.442.455	61.343	72.040	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2) Information on forward transactions, option agreements and similar transactions between the Parent Bank’s risk group:

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss	-	-	-	-	-	-
Opening Balance	-	-	14.844.411	5.928.040	-	-
Closing Balance	-	-	17.981.232	14.844.411	-	-
Total Profit/Loss	-	-	(63.488)	(152.895)	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

3) Information on remunerations provided to top management

The total amount of benefits provided to the Bank's Senior Management is TRY 41.580 (31 December 2023: TRY 29.269).

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

As of 30 September 2024, a total of TRY 7.500.000 has been issued.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

SECTION SIX

EXPLANATIONS ON AUDITOR’S REVIEW REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REVIEW REPORT

The consolidated financial statements for the period ended 30 September 2024 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor’s review report dated 7 November 2024 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. Assessment of Chairman

In the third quarter of 2024, key highlights of the global economy included the decline in inflation rates in developed countries and geopolitical risks. With inflation rates decreasing in line with expectations, both the U.S. Federal Reserve (Fed) and the European Central Bank (ECB) have reduced policy interest rates. In addition to the start of the interest rate cut cycle, the conflicts in the Middle East and Ukraine, along with the uncertainty surrounding the outcome of the U.S. presidential election in November, have increased demand for gold

In the third quarter of the year, the Fed began the easing process in its monetary policy with a 50 basis point cut, which was above market expectations. The data from the third quarter in the U.S. creates the impression that inflation is heading toward the 2% target. For these reasons, expectations that the interest rate cut cycle will continue in the final quarter of the year have strengthened. On the other hand, the U.S. economy showed better-than-expected growth on a year-on-year basis in the second quarter, with the main contributor to this growth being the increase in personal expenditures.

Due to the improvement in both headline and core inflation indicators, which came in below expectations in the Eurozone, the ECB continued to lower interest rates. In addition to the expectation that inflation will remain close to the target in the coming period, expectations have strengthened that the ECB will continue its rate-cutting cycle in the final quarter of the year in order to mitigate the risks to the growth outlook.

The third quarter of the year in emerging market economies was marked by efforts to stimulate the real economy. China announced a package of measures aimed at boosting demand, addressing the downturn in the real estate sector, supporting investor confidence, and achieving growth targets. In this regard, interest rates on reverse repos, reserve requirement ratios, and mortgage rates were lowered to increase demand and liquidity. The introduced stimulus packages, supportive economic measures, and positive statements have had a favorable impact on Asian markets, particularly China, and global markets.

In the third quarter of the year, Türkiye maintained its policy interest rate, and continued to implement decisions on credit and quantitative tightening to support its stance of tight monetary policy. As a result of these policies, the momentum of the decline in inflation has continued. In the coming period, particularly depending on developments in service inflation, a gradual reduction in the policy rate is expected. As a result of positive assessments by credit rating agencies, influenced by the economic policies applied in Türkiye, credit ratings for the Turkish economy have been revised upwards. Along with monetary tightening, controlling inflation, ensuring financial stability and growth despite global geopolitical risks, the real appreciation of the Turkish lira, and the significant decline in lira-denominated deposit accounts with currency protection have all been in line with the Medium-Term Program (MTP) targets..

As of July 2024, the share of participation banking within the financial sector has reached 8%. Maintaining this positive performance is of great importance for the deepening of our financial system and its resilience against risks.

As of September 2024, Ziraat Katılım Bankası share in the participation banking sector has reached 18%. In the coming period, Ziraat Katılım Bankası will continue to support the economy with a customer-focused approach, in line with principles of profitability and efficiency, while expanding its service network.

Alpaslan ÇAKAR
Chairman of the Board

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

ZİRAAT KATILIM BANKASI CONTINUES TO INCREASE ITS FINANCIAL STRENGTH WITH STABLE GROWTH

As of the third quarter of 2024, Ziraat Katılım Bankası total assets have increased by 10% compared to the previous year-end, reaching 423.7 billion TRY, while collected funds have risen by 4% to 315 billion TRY. The funds disbursed have increased by 7%, reaching 280.9 billion TRY, and Ziraat Katılım Bankası total cash and non-cash financing provided to the sector amounted to 393.6 billion TRY.

Ziraat Katılım Bankası has completed the third quarter of 2024 with a profit of 1.47 billion TRY, as a result of its customer satisfaction-oriented service approach and the successful execution of its business cycle, which is structured around efficiency.

Continuing to expand its branch network across Türkiye, Ziraat Katılım Bankası reached a total of 207 branches in the third quarter of 2024, including 183 retail branches, 16 commercial branches, 6 corporate branches, and 2 branches abroad

OUR LEASE CERTIFICATE ISSUES REACHED 97.5 BILLION TRY TOTAL

Ziraat Katılım Bankası A.Ş. has successfully completed 5 lease certificate issuances in the third quarter of 2024. Ziraat Yatırım Menkul Değerler A.Ş. While 8.3 billion TRY 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 Katılım, Türkiye's first public capital participation bank, has reached a total volume of 97.5 billion TL with the issuance of 171 lease certificates to investors since it started its operations in 2015.

A COOPERATION HAS BEEN ESTABLISHED BETWEEN OUR BANK AND EXIMBANK WITHIN THE FRAMEWORK OF 'INTEREST-FREE PRE-SHIPMENT EXPORT FINANCING’

A strategic cooperation has been established between our bank and the Export Credit Bank of Türkiye (Eximbank) within the framework of the 'Interest-Free Pre-Shipment Export Financing Program'. As part of this cooperation, the 'Interest-Free Pre-Shipment Export Financing (SÖİF)' product has been made available with the aim of meeting the pre-export financing needs of our exporters and manufacturing companies involved in export-oriented production with interest-free solutions

WE ARE ALSO FINANCING OUR INDIVIDUAL CUSTOMERS THROUGH 'INVESTMENT FUND FINANCING

To meet the financing needs of individual customers, work has begun on the development of a new product, 'Investment Fund Financing'. This aims to provide our individual customers with the opportunity to enhance their financial portfolios.

WE HAVE PROVIDED SPECIAL FINANCING EASE FOR INVESTMENTS MADE THROUGH FINANCIAL LEASING

Within the framework of the cooperation established between our bank and the Export Credit Bank of Türkiye (Eximbank), the 'Interest-Free Financial Leasing Financing Program' has been created and made available to support the investments to be made through financial leasing by our exporters and firms providing foreign exchange-generating services.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

INTERIM ACTIVITY REPORT (Continued)

II. Assessment Of General Manager (Continued)

WE CONTINUE TO INCREASE PRODUCTIVITY IN AGRICULTURAL PRODUCTS BY CONTRIBUTING TO THE DEVELOPMENT OF A SUSTAINABLE ECOSYSTEM.

As Ziraat Katılım Bankası, within the framework of a sustainable ecosystem, we aim to develop agriculture in our country, ensure mechanization and modernization, and increase the productivity and production of agricultural products. In this context, in line with the principles of Participation Banking, we have completed our 'Agricultural Financing' product, both subsidized and non-subsidized, to meet all agricultural needs, with the goal of achieving conscious, high-quality, and efficient production.

OUR CARD AND MERCHANT VOLUME SHOWED AN INCREASE IN THE THIRD QUARTER OF 2024 AS WELL.

In this context:

- Our merchant network continued to grow, and our POS turnover increased by 190%.
- The number of debit cards increased by 3.5% compared to the previous quarter, while the turnover of debit cards rose by 27%.
- The number of credit cards increased by 9% compared to the previous quarter, while the turnover of credit cards increased by 12%.
- The number of commercial credit cards, which we started exporting in 2024, increased by 180% compared to the previous quarter, while the turnover of commercial credit cards grew by 117%.

The issuance of the domestic and national card scheme, TROY Credit Card, was completed as of September 2024 and has been made available for our customers.

WE HAVE OFFERED OUR PARTICIPATION FUNDS THAT ARE SUITABLE FOR OUR CUSTOMERS' DEMANDS AND NEEDS.

Within the scope of our Value Proposition Project, we have continued to meet our customers' demands and needs in accordance with the principles of Participation Banking.

In this context:

- The ZBI - Ziraat Portfolio Multi-Asset First Participation Fund, and
- The ZCK - Ziraat Portfolio Multi-Asset Second Participation Funds have been made available to our customers.

OUR BANK HAS ENABLED ACCESS TO ALL BANK ACCOUNTS OF OUR CUSTOMERS THROUGH MOBILE/INTERNET BANKING.

Within the scope of the “SME Value Proposition Project” we have developed Open Banking applications in our bank, allowing our customers to monitor all of their bank accounts through our mobile/internet banking platform. Additionally, under this project, 'Daily Participation Accounts' have been made available to our customers.

In our Participation Digital product, which we introduced to enable our customers to access all the e-transformation products they need, improvements have been made, allowing all accounting transactions to be processed directly through the application, in addition to e-transformation

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

INTERIM ACTIVITY REPORT (Continued)

II. Assessment Of General Manager (Continued)

WE HAVE STARTED OFFERING A SAVINGS ACCOUNT WITH ADVANTAGEOUS PROFIT SHARING.

The “Accumulated Savings Account” we have developed for our customers who wish to evaluate their savings with advantageous profit-sharing rates for specific purposes (such as Hajj-Umrah Account, Education Account, Military Service Account, and Retirement Account) has been made available to our customers. In this way, our customers will be able to create regular payment instructions with their accumulated savings account, accumulate savings, and have them automatically transferred to their accounts at maturity.

WITH OUR INNOVATIVE INSURANCE SOLUTIONS, WE HAVE INCREASED OUR STRENGTH IN PROVIDING EFFECTIVE FINANCIAL SERVICES

New products tailored to the needs of our customers have been designed in alignment with our sustainable finance solutions. Our Renewable Energy GES Insurance and POS Insurance products were developed to diversify our insurance portfolio and better respond to customer demands, and have been added to our range of services. We successfully completed our project that ensures the automatic updating of coverage on insurance policies between the insurance system and coverage processes, enhancing process efficiency. To better and more quickly respond to the demands of our main corporate clients, we completed and launched our 'Foreign Currency Invoice Transactions' initiative for our Direct Debit System (DBS) product.

IN LINE WITH OUR SUSTAINABILITY STRATEGY, WE HAVE PUBLISHED OUR FIRST SUSTAINABILITY REPORT IN ACCORDANCE WITH 'GRI' STANDARDS.

In line with our sustainable and ethical finance principles, we are actively contributing to Türkiye's green transition process, prioritizing social welfare and financial inclusion, and providing solutions for national sustainable development goals. In harmony with our principles of interest-free banking, we are diversifying our product and service portfolio to respond to the sustainability-focused needs of our customers and the financial sector, with a focus on environmental, social, and governance (ESG) criteria. Within this framework, in line with our bank's sustainability strategy, we have published our First Sustainability Report, prepared in accordance with Global Reporting Initiative (GRI) standards, reflecting our approach that prioritizes minimizing environmental impacts while focusing on social benefit and long-term economic value creation.

As the Ziraat Katılım family, with our strong corporate structure and deep-rooted banking tradition, we continue our activities with determination, in line with our national and spiritual values and interest-free banking principles.

By adhering to the principles of participation banking, we continue our efforts to effectively direct our resources to the real sector, add value to the economy, and meet the expectations of our stakeholders at the highest level.

With the mission of further increasing our contribution to the real economy and offering financial solutions that add value to our customers, we successfully completed the third quarter of 2024 with a strong financial performance, aligned with our sustainable growth targets.

Best Regards,

Metin ÖZDEMİR
General Manager

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

INTERIM ACTIVITY REPORT (Continued)

III. Shareholding Structure

The paid in capital of Ziraat Katılım Bankası A.Ş. is TRY 10.350.000.000 and this capital is divided into 10.350.000.000 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.	10.349.999.996	10.349.999.996
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	1	1
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.	1	1
Ziraat Teknoloji A.Ş.	1	1
Ziraat Yatırım Menkul Değerler A.Ş.	1	1

IV. Amendments to the Articles of Association

Following the decision made at the Ordinary General Assembly meeting held on 6 June 2024, the Headquarters address of Ziraat Katılım Bankası A.Ş. has been changed from Hobyar Eminönü Mah. Hayri Efendi Cad. Bahçekapı No:12 34112 Fatih – Istanbul to Finanskent Mahallesi Finans Cad. B Blok No: 44b İç Kapı No: 29 34764 Ümraniye – Istanbul. The new address was announced in the Turkish Trade Registry Gazette on 2 July 2024.

V. Main Financial Indicators

Among the Bank’s Assets, Loans with TRY 279.561.735 Thousand with 66%, Cash Values and Cash Equivalents with TRY 84.609.650 Thousand with 20%, Securities with TRY 47.432.266 Thousand with 11%, Other Assets with TRY 12.148.603 Thousand with 3%. gets a share.

Assets (Thousand TRY)	30 September 2024	31 December 2023	Variance (%)
Cash Values and Cash Equivalents	84.609.650	73.659.078	15
Securities	41.971.406	42.275.790	(1)
Loans	279.561.735	259.770.687	8
Other Assets	12.681.110	7.952.815	59
Total Assets	418.823.901	383.658.379	9

Funds Collected in Parent Bank Liabilities with TRY 315.086.910 Thousand with 74%, Non-Funds Collected Resources with TRY 77.71.497 Thousand with 18%, Shareholders' Equity with TRY 20.136.679 Thousand with 5% and Other Liabilities with TRY 11.457.168 Thousand with 3%. takes.

Liabilities (Thousand TRY)	30 September 2024	31 December 2023	Variance (%)
Funds Collected	315.086.810	304.372.274	4
Non- Funds Collected Resources	72.143.244	51.048.648	41
Other Liabilities	11.457.168	8.405.901	36
Equity	20.136.679	19.831.547	2
Total Liabilities	418.823.901	383.658.370	9

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators (Continued)

Selected Income-Expenses (Thousand TRY)	30 September 2024	30 September 2023
Profit Share Income	61.938.664	27.668.480
Profit Share Expense	60.978.688	23.134.809
Net Profit Share Income	959.976	4.533.671
Net Fee and Commission Income	2.076.152	2.796.894
Dividend Income	1.428	714
Net Trading Income	2.863.445	1.578.656
Other Operating Income	4.385.450	1.763.462
Expected Loss Provision	2.821.461	3.068.066
Other Provision Expense	123.158	58.158
Personel Expense	2.952.639	1.461.246
Other Operating Expense	2.664.253	2.229.428
Profit / Loss Before Tax	1.724.940	3.856.499
Tax Provision	(252.145)	(702.929)
Net Profit/Loss	1.472.795	3.153.570

RATIOS (%)	30 September 2024	31 December 2023
Capital Adequacy Ratio	14,1	15,1
Equity / Total Assets	4,8	5,2
Total Loans / Total Assets	66,4	66,1
Borrowings/Total Assets	75,2	79,3
Non-Performing Loans (Gross)/Loans	0,8	0,8

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

VI. Information Regarding the Consolidated Subsidiary

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.:

Ziraat Katılım Varlık Kiralama A.Ş. was established on 22 January 2016, with a paid-in capital of TRY 50, fully financed by Ziraat Katılım Bankası. The establishment was authorized by the Banking Regulation and Supervision Agency and the Capital Markets Board (CMB) in accordance with the CMB's Communiqué on Lease Certificates (III-61.1), published in the Official Gazette dated 7 June 2013 (No. 28760). The company was set up exclusively for the purpose of issuing lease certificates.

The company's registered address is in Ümraniye/Istanbul.

As of 30 September 2024, the company has no employees.

Shareholders	Address	Number of Shares	Shareholding Percentage
Ziraat Katılım Bankası A.Ş.	Finanskent Mah. Finans Cad. B Blok No:44B İç Kapı No:29 Ümraniye/ İSTANBUL	50.000	50.000

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2024

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

INTERIM ACTIVITY REPORT (Continued)

VI. Information Regarding the Consolidated Subsidiary (Continued)

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

Fund User	ISIN Code	Issuance Amount	Issuance Date	Maturity Date	Days to Maturity	Annual Simple Rate
Ziraat Katılım Bankası A.Ş.	TRDZKVK2427	2.000.000.000,00	05.07.2024	11.10.2024	98	45,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVKK2411	1.500.000.000,00	07.08.2024	06.11.2024	91	46,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVKK2429	1.500.000.000,00	29.08.2024	28.11.2024	91	46,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK2413	1.500.000.000,00	06.09.2024	12.12.2024	97	47,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK2421	1.800.000.000,00	13.09.2024	20.12.2024	98	46,00%

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

Fund User	ISIN Code	Issuance Amount	Issuance Date	Maturity Date	Maturity	Profit Share
Ziraat Katılım Bankası A.Ş.	TRDZKVK72415	1.500.000.000,00	27.03.2024	05.07.2024	100	207.534.300,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK82414	700.000.000,00	30.04.2024	07.08.2024	99	102.526.060,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK82422	1.500.000.000,00	17.05.2024	29.08.2024	104	220.109.550,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK92413	1.500.000.000,00	28.05.2024	06.09.2024	101	207.534.300,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK92421	1.500.000.000,00	07.06.2024	13.09.2024	98	195.328.800,00

ZKB VARLIK KİRALAMA A.Ş.:

ZKB Varlık Kiralama A.Ş. was established on 8 September 2017, with a paid-in capital of TRY 50, fully financed by Ziraat Katılım Bankası. The establishment was authorized by the Banking Regulation and Supervision Agency and the Capital Markets Board (CMB) in accordance with the CMB's Communiqué on Lease Certificates (III-61.1), published in the Official Gazette dated 7 June 2013 (No. 28760). The company was set up exclusively for the purpose of issuing lease certificates.

The company's registered address is in Ümraniye/Istanbul.

As of 30 September 2024, the company has no employees.

Shareholders	Address	Number of Shares	Shareholding Percentage
Ziraat Katılım Bankası A.Ş.	Finanskent Mah. Finans Cad. B Blok No:44B İç Kapı No:29 Ümraniye/ İSTANBUL	50.000	50.000

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

Fund User	ISIN Code	Issuance Amount	Issuance Date	Maturity Date	Days to Maturity	Annual Simple Rate
ARZUM	TRDZKBVK2420	108.000.000,00	06.08.2024	14.11.2024	100	49,00%
FASDAT	TRDZKBVK2412	60.000.000,00	18.07.2024	13.11.2024	118	47,00%
FASDAT	TRDZKBVA2414	75.000.000,00	15.08.2024	11.12.2024	118	46,00%
FASDAT	TRDZKBV12519	100.000.000,00	16.09.2024	16.01.2025	122	48,00%

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

Fund User	ISIN Code	Issuance Amount	Issuance Date	Maturity Date	Maturity	Profit Share
FASDAT	TRDZKBV72414	60.000.000,00	28.03.2024	18.07.2024	112	10.126.026,00
FASDAT	TRDZKBV82413	100.000.000,00	16.05.2024	15.08.2024	91	13.712.330,00
FASDAT	TRDZKBV92412	100.000.000,00	31.05.2024	16.09.2024	108	15.386.300,00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2024 III. Interim Activities

Corporate Banking Pioneering Initiatives: Strategies for Corporate Clients

Our bank stands out with its comprehensive services offered to both public and private sector institutions. In the third quarter of 2024, we achieved a strong growth, reaching a *volume* of 145 million TL through Advantage Fee Packages. Our bank has also processed a total of 10 billion TL in Social Security and tax collections, providing significant convenience to customers in financial transactions. Furthermore, with a specially developed invoice collection system for Organized Industrial Zones, we offer fast and efficient solutions to businesses. Through these developments, our bank strengthens its relationships with public and corporate clients across Türkiye, while continuing its commitment to support sustainable development with financing opportunities backed by KGF and KFK. With these projects, our bank aims to create long-term social and environmental impact.

Expanding Network in Commercial Banking: Strategic Steps at the Heart of the Business World

Our bank operates with 16 commercial branches in 10 cities across Türkiye, focusing on regions with high trade activity. With the opening of the Gebze OSB Commercial Branch this quarter, our bank has expanded its commercial network and is broadening its customer base by offering tailored solutions for Türkiye’s industrial regions. As part of the Commercial Banking Value Proposition Project, 36 sub-projects will be implemented, introducing innovative steps in payment systems, digital solutions, and collection methods. In the third quarter of 2024, our bank increased its operational size by 24.1%, reaching 119.5 billion TL, demonstrating its solid position in commercial banking. Through this project, commercial customers can manage their financial transactions more efficiently and access solutions tailored to their business needs.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2024 III. Interim Activities (Continued)

Innovative Solutions in Private Banking: Tailored Investment Strategies for High-Net-Worth Individuals

In line with the 2022-2025 Strategic Plan, our bank continues to offer innovative solutions in *private* banking. In the third quarter of 2024, we launched:

- ZBI - Ziraat Portfolio Multi-Asset First Participation Fund
- ZCK - Ziraat Portfolio Multi-Asset Second Participation Fund

These funds have been specifically designed to meet the investment needs of high-income clients in compliance with participation financing principles. With these new investment vehicles, we aim to expand our product portfolio for high-net-worth individuals.

Retail Banking Growth and Depth: Branch Network and Support for SMEs

Our bank continues its physical growth strategy by opening four new retail branches in the third quarter of the year. With its expansion in the retail banking sector, our bank is taking an important step towards providing tailored solutions for the financial needs of SMEs. The products offered under the SME Value Proposition Project facilitate financial transactions for small and medium-sized businesses. Increasing its retail branch network to 183, our bank is steadily progressing towards becoming one of the leading banks in retail banking in Türkiye, reaching a wider customer base. Additionally, digital solutions are being offered to support the digitalization processes of SMEs, with the aim of enhancing their efficiency. Furthermore, Togg Vehicle Financing and special financing solutions for retirees have been added to the product portfolio, offering financial support tailored to customer segments.

Product and Service Diversification: Customer-Centric Solutions and Robust Infrastructure

By offering specialized account types such as Hajj, Umrah, and Education Accounts, we enable our customers to manage their long-term savings in line with their goals. Additionally, we provide ease for customers involved in foreign trade through Direct Debit System (DBS) and Foreign Currency Invoice Processing. Our solutions, such as Payment Request, Shared Accounts, and Fee Management Application, aim to enhance customer satisfaction.

Customer Experience in Digital Banking

Our bank continues to develop customer-centric solutions through innovative products in digital banking. With digital infrastructure developments such as the API Developer Portal, we facilitate integration with our business partners, enabling faster resolution of customer inquiries. By continuously updating our technological infrastructure, we ensure reliable services to a wide customer base.

Supportive Steps in Investment Financing and Global Expansions

Our bank, which offers new solutions to its export customers, has created the "Export Preparation Support Financing" product. This financing product enhances our bank's capacity to support export financing. Our bank collaborates with Katılım Finans Kefalet A.Ş. This partnership facilitates businesses' access to financing and meets their collateral needs. Through the projects conducted with Eximbank, export financing is provided to help customers gain a competitive edge in the global market. The primary goal of the cooperation program with the Islamic Development Bank is to meet the financing needs of SMEs, particularly for those in need of operational financing in compliance with the principles of participation banking.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

INTERIM ACTIVITY REPORT (Continued)

VII. 2024 III. Interim Activities (Continued)

Secure and Innovative Steps in Payment Systems: Local Strength with TROY

Our bank is expanding its local solutions in payment systems by offering TROY Credit Card, Türkiye's domestic card system, to its customers, providing a secure and innovative experience in the payment systems sector. As part of the 2024 projects, efforts to enhance customer satisfaction are ongoing, and the bank continues to maintain a strong position in the sector by providing reliable payment solutions to the local market.

Operational Expansion and International Transactions: Somali Branch and Foreign Trade Enhancements

Our bank has completed the SWIFT activation for its Somali Branch, further strengthening its international operations. This step ensures that our bank holds a stronger position within the global financial system. Additionally, innovations such as AI-powered currency transfer screens and tracking applications will make operational processes more efficient, enhancing the overall customer experience and streamlining international transactions.

Strategic Planning: Investing in the Future

Our 2023 Sustainability Report was published in the third quarter of 2024 as a reflection of our commitment to sustainability. The Bank continues to carry out financial analyses in order to ensure sustainable profitability and closely monitors its own financial ratios along with industry benchmarks. Customer segmentation is performed based on customer behaviors and turnover across different periods, and the product and service portfolio resulting from the value propositions worked on continues to drive customer acquisition. Furthermore, committee meetings ensure that IT investments align with our strategy and progress accordingly.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

INTERIM ACTIVITY REPORT (Continued)

VIII. 2024 III. Expectations for the Post-Interim Period

In the third quarter of the year, the main focus of the global economy has been the progress in the fight against inflation and the actions to be taken by central banks, primarily the Federal Reserve (Fed). Another critical point closely monitored has been the impact of the U.S. Presidential elections, which will take place in November 2024, on global economic policies. During this period, the long-standing Russia-Ukraine war and the escalating tensions in the Middle East have remained geopolitically significant. With the increasing geopolitical risks and the commencement of interest rate cuts by central banks, the price of gold reached historic highs. The International Monetary Fund (IMF) in its July 2024 World Economic Outlook Report maintained its global growth forecast at 3.2% for 2024, while revising its forecast for 2025 upwards by 0.1 percentage points to 3.3%. The Organization for Economic Cooperation and Development (OECD) in its Economic Outlook report has revised its global growth forecast for this year upwards by 0.1 percentage points to 3.2%, anticipating continued disinflation, improvement in real incomes, and less restrictive monetary policies in many economies to support demand. The OECD kept its global growth forecast for 2025 at 3.2%

In the U.S. economy, the Federal Reserve’s data-driven approach in fighting inflation and maintaining a healthy labor market has continued, with the second-quarter growth exceeding market expectations, coming in at 3%. Similar policies were followed in the third quarter of the year. The annual inflation rate, announced in August, dropped to its lowest level in 3.5 years, coming in at 2.5%. In line with signs of moderating inflation, the Fed cut interest rates by 50 basis points during its September meeting, bringing the policy rate down to the range of 4.75% - 5%. This was the first rate cut in four years, with the Fed stating that the risks of reaching its employment and inflation targets were roughly balanced, and reaffirming its strong commitment to supporting employment and bringing inflation to the 2% target. Furthermore, based on the Fed’s published interest rate path and macroeconomic projections, it revised its year-end forecast for the federal funds rate down from 5.1% to 4.4%, and for 2025, it lowered the forecast from 4.1% to 3.4%. The U.S. economic growth forecast for this year was revised down from 2.1% to 2%, while the 2025 growth forecast remains at 2%. Sustainable inflation and maintaining the strength of the labor market will remain among the most important issues for the U.S. economy during this period.

The European Central Bank (ECB) began its interest rate reduction cycle in June, after a five-year hiatus, and the Eurozone recorded a growth of 0.2% in the second quarter. In the third quarter, the ECB made a second rate cut, lowering the refinancing rate from 4.25% to 3.65% in September. During this period, the PMI data indicated that the slowdown in economic activity was continuing. Eurozone inflation is expected to remain elevated until the second quarter of 2025. Additionally, other European central banks, including the Bank of England (BOE), also reduced their policy interest rates.

The weakening of economic activity and the rise in geopolitical risks continued to influence global economies during this period. Following a larger-than-expected slowdown in economic growth in the second quarter, the People's Bank of China cut its short-term policy interest rate for the first time in a year. In an effort to achieve its growth targets and stimulate economic activity, China announced a comprehensive stimulus package, including reductions in housing loan interest rates. After ending its expansive monetary policy in March, the Bank of Japan (BOJ) raised its policy interest rate in its meeting in July.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
30 SEPTEMBER 2024**

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

INTERIM ACTIVITY REPORT (Continued)

VIII. 2024 III. Expectations for the Post-Interim Period (Continued)

The Turkish economy has experienced 16 consecutive quarters of growth since the second quarter of 2020, recording an annual growth rate of 2.5% in the second quarter of 2024. In the third quarter, the primary objective of the Turkish economy remained the fight against inflation and the achievement of price stability. The Central Bank of the Republic of Türkiye (CBRT) emphasized that a tight monetary policy would continue until a clear and sustained decline in the core inflation trend is achieved. In its third Inflation Report of the year, the CBRT kept the year-end inflation target for 2024 at 38% and the target for 2025 at 14%. The Medium-Term Program covering the period 2025-2027 revised the year-end inflation forecasts for 2024 to 41.5% and for 2025 to 17.5%, remaining within the range announced in the Inflation Report. While signals of slowdown in domestic demand have helped reduce inflationary pressures, the rigidity in services inflation has had the opposite effect. With growing confidence in the Turkish economy, international credit rating agencies Moody's and Fitch upgraded Türkiye's credit rating during this period. In the World Economic Outlook Report, the International Monetary Fund (IMF) raised its 2024 growth forecast for Türkiye from 3.1% to 3.6%, while lowering its 2025 forecast from 3.2% to 2.7%. Looking ahead, it is expected that the disinflation process, which began in June, will continue, supported by the continuation of tight monetary policy and the improvement of inflation expectations, particularly among market participants and households.

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