

ZİRAAT KATILIM BANKASI ANONİM ŞİRKETİ

**PUBLICLY ANNOUNCED CONSOLIDATED FINANCIAL
STATEMENTS AND RELATED DISCLOSURES
AT 31 MARCH 2024 WITH AUDITORS' 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.b of Section Three)

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi;

Introduction

We have reviewed the consolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at 31 March 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 three-month period then ended. The Group management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim 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 Part II.8.c.1 of Explanations and Notes to the Consolidated Financial Statements prepared as of 31 March 2024; 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.



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 31 March 2024 and the results of its consolidated operations and its consolidated cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

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 31 March 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 "Zeynep Uras", is written over a light blue circular stamp.

Zeynep Uras, SMMM
Independent Auditor

Istanbul, 14 May 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 31 MARCH 2024

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

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

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

Alpaslan ÇAKAR
Chairman of the Board

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

Metin ÖZDEMİR
Member of the Board,
General Manager

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

Osman KARAKÜTÜK
Vice President of Treasury
Management and
International Banking

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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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 Banking Regulation and Supervision Agency dated 18 January 2019 and numbered 8210 of, with the framework Ziraat Katılım Bankası A.Ş board of directors’ decisions no 6/1 dated 21 February 2019, The Group (Transferee) and Ziraat Finansal Kiralama A.Ş. (Acquired) are merged in accordance with relevant articles of the Turkish Commercial Code No. 6102, the merger was registered on 1 March 2019 by the Istanbul Trade Registry Office.

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2024, and 31 December 2023, main shareholders and capital amounts as follows:

Name of Shareholders	31 March 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	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Ertuğrul İSPAHA	Corporate Banking
Seher Elif EKİCİ	Credit Policies and Risk Liquidation
Mustafa Kürşad ÇETİN	Retail Banking

Chairman and members of the Board of Directors, Audit Committee members and General Managers and Deputies have no Bank’s share capital.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 proxy contracts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to six months (six months included), maturity to one year (one year included) and maturity to one year or more (with dividend payment of one month, 3 months, six months and annually). Participation accounts based on investment proxies can be opened under the entire maturity group, with a maturity of less than one month.

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

As of 31 March 2024, the Bank operates with its 194 domestic branches (31 December 2023: 189 domestic branches and 2 foreign) and 196 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 31 March 2024, the number of employees of the Bank is 2.851 (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 31 MARCH 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 (31 March 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
I. FINANCIAL ASSETS (NET)		31.587.548	57.525.957	89.113.505	37.383.085	56.778.131	94.161.216
1.1 Cash And Cash Equivalents		20.491.826	46.672.301	67.164.127	24.310.294	49.348.784	73.659.078
1.1.1 Cash And Balances with Central Bank	(1)	20.429.266	35.065.922	55.495.188	24.206.770	36.433.541	60.640.311
1.1.2 Banks	(2)	63.874	11.614.700	11.678.574	114.562	12.915.243	13.029.805
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		1.314	8.321	9.635	11.038	-	11.038
1.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	6.906.582	6.906.582	-	3.812.067	3.812.067
1.2.1 Government Securities		-	6.906.582	6.906.582	-	3.812.067	3.812.067
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income	(4)	11.085.114	3.922.040	15.007.154	13.069.801	3.616.542	16.686.343
1.3.1 Government Securities		11.001.943	3.922.040	14.923.983	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		30.258	-	30.258	15.438	-	15.438
1.4 Derivative Financial Assets	(5)	10.608	25.034	35.642	2.990	738	3.728
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		10.608	25.034	35.642	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)		179.717.522	103.286.322	283.003.844	178.139.272	103.461.708	281.600.980
2.1 Loans	(6)	120.617.567	88.391.326	209.008.893	122.689.489	88.274.149	210.963.638
2.2 Lease Receivables	(6)	41.649.887	11.554.916	53.204.803	41.601.878	11.043.826	52.645.704
2.3 Other Financial Assets Measured at Amortized Cost	(7)	19.951.652	4.807.499	24.759.151	17.374.116	4.456.177	21.830.293
2.3.1 Government Securities		19.951.652	4.807.499	24.759.151	17.374.116	4.456.177	21.830.293
2.3.2 Other Financial Assets		-	-	-	-	-	-
2.4 Expected Credit Losses (-)		2.501.584	1.467.419	3.969.003	3.526.211	312.444	3.838.655
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)	(8)	495.138	-	495.138	427.229	-	427.229
3.1 Assets Held for Sale		495.138	-	495.138	427.229	-	427.229
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	45.000	-	45.000	22.500	-	22.500
4.1 Associates (Net)		45.000	-	45.000	22.500	-	22.500
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		45.000	-	45.000	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)	2.564.857	42.382	2.607.239	2.159.859	5.840	2.165.699
VI. INTANGIBLE ASSETS (NET)	(11)	809.967	-	809.967	692.634	-	692.634
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		809.967	-	809.967	692.634	-	692.634
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	2.405.348	-	2.405.348	2.478.105	-	2.478.105
X. OTHER ASSETS	(14)	1.847.909	987.534	2.835.443	1.767.543	342.464	2.110.007
TOTAL ASSETS		219.473.289	161.842.195	381.315.484	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 31 MARCH 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 (31 March 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
I. FUNDS COLLECTED	(1)	184.445.877	116.429.679	300.875.556	185.040.826	119.331.448	304.372.274
II. FUNDS BORROWED	(2)	1.563.019	12.663.613	14.226.632	7.028.256	7.882.757	14.911.013
III. MONEY MARKETS DEBTS	(3)	1.676.049	7.975.698	9.651.747	435.678	10.528.455	10.964.133
IV. SECURITIES ISSUED (NET)	(4)	6.152.291	16.683.618	22.835.909	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)	55	-	55	-	153.095	153.095
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		55	-	55	-	153.095	153.095
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES (NET)	(7)	856.090	-	856.090	785.859	-	785.859
VIII. PROVISIONS	(8)	709.694	1.667.965	2.377.659	1.456.125	1.476.173	2.932.298
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		306.975	-	306.975	247.253	-	247.253
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		402.719	1.667.965	2.070.684	1.208.872	1.476.173	2.685.045
IX. CURRENT TAX LIABILITY	(9)	958.350	217	958.567	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)	1.375.399	4.806.488	6.181.887	1.341.987	4.451.686	5.793.673
12.1 Loans		1.375.399	4.806.488	6.181.887	1.341.987	4.451.686	5.793.673
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	2.505.636	831.768	3.337.404	2.408.661	1.259.020	3.667.681
XIV. SHAREHOLDERS' EQUITY	(14)	20.080.452	(66.474)	20.013.978	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		(129.178)	-	(129.178)	(129.539)	-	(129.539)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(994.284)	(66.474)	(1.060.758)	(761.298)	(31.758)	(793.056)
14.5 Profit Reserves		6.138.132	-	6.138.132	6.138.132	-	6.138.132
14.5.1 Legal Reserves		312.264	-	312.264	312.264	-	312.264
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		5.779.801	-	5.779.801	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)		4.454.269	-	4.454.269	4.004.497	-	4.004.497
14.6.1 Prior Period Profit/Loss		4.004.497	-	4.004.497	-	-	-
14.6.2 Current Period Profit/Loss		449.772	-	449.772	4.004.497	-	4.004.497
TOTAL LIABILITIES		220.322.912	160.992.572	381.315.484	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 31 MARCH 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 (31 March 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
A		59,442.073	50,469.319	109,911.392	44,556.727	56,166.174	100,722.901
I. GUARANTEES AND WARRANTIES	(1)	50,112.453	41,782.505	91,894.958	38,343.405	39,987.128	78,330.533
1.1 Letters of Guarantee		50,077.933	32,855.420	82,933.353	38,324.265	30,767.784	69,092.049
1.1.1 Guarantees Subject to State Tender Law		629.601	23,764.966	24,394.567	652.636	21,831.242	22,483.878
1.1.2 Guarantees Given for Foreign Trade Operations		35,295.792	-	35,295.792	30,182.880	-	30,182.880
1.1.3 Other Letters of Guarantee		14,152.540	9,090.454	23,242.994	7,488.749	8,936.542	16,425.291
1.2 Bank Acceptances		-	395.895	395.895	-	414.759	414.759
1.2.1 Import Letter of Acceptance		-	395.895	395.895	-	414.759	414.759
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	8,458.211	8,458.211	-	7,928.282	7,928.282
1.3.1 Documentary Letters of Credit		-	8,458.211	8,458.211	-	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		9,946	72,979	82,925	10,586	876,303	886,889
1.7 Other Collaterals		24,574	-	24,574	8,554	-	8,554
II. COMMITMENTS	(1)	9,127.218	2,910.838	12,038.056	6,163.310	1,289.972	7,453.282
2.1 Irrevocable Commitments		9,127.218	2,910.838	12,038.056	6,163.310	1,289.972	7,453.282
2.1.1 Forward asset purchase commitments		843.851	2,910.838	3,754.689	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		2,728.535	-	2,728.535	1,708.702	-	1,708.702
2.1.7 Tax and Fund Liabilities from Export Commitments		392.621	-	392.621	296.293	-	296.293
2.1.8 Commitments for Credit Card Limits		3,099.132	-	3,099.132	2,342.967	-	2,342.967
2.1.9 Commitments for Credit Cards and Banking Services Promotions		2,704	-	2,704	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		2,060.375	-	2,060.375	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		202.402	5,775.976	5,978.378	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		202.402	5,775.976	5,978.378	50.012	14,889.074	14,939.086
3.2.1 Forward Foreign Currency Buy/Sell Transactions		202.402	179.843	382.245	50.012	44.662	94.674
3.2.1.1 Forward Foreign Currency Transactions-Buy		202.402	-	202.402	50.012	-	50.012
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	179.843	179.843	-	44.662	44.662
3.2.2 Other Forward Buy/Sell Transaction		-	5,596.133	5,596.133	-	14,844.412	14,844.412
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		346,346.925	86,459.880	432,806.805	300,753.601	61,244.711	361,998.312
IV. ITEMS HELD IN CUSTODY		19,586.006	32,154.767	51,740.773	15,313.288	25,398.103	40,711.391
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		5,868.214	50,452	5,918.666	2,998.906	19,107	3,018.013
4.3 Checks Received for Collection		9,520.872	247,407	9,768.279	8,050.832	165,195	8,216.027
4.4 Commercial Notes Received for Collection		956.145	621,009	1,577.154	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	7,689.110	10,929.885	3,240.775	6,942.970	10,183.745
4.8 Custodians		-	23,546.789	23,546.789	-	17,752.497	17,752.497
V. PLEDGES RECEIVED		326,760.919	54,305.113	381,066.032	285,440.313	35,846.608	321,286.921
5.1 Marketable Securities		2,382.277	62,000	2,444.277	2,210.399	63,993	2,274.392
5.2 Guarantee Notes		12,442.568	186,431	12,628.999	10,971.967	214,321	11,186.288
5.3 Commodity		35,389.100	14,880.809	50,269.909	28,617.839	10,953.703	39,571.542
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		238,021.212	34,196.534	272,217.746	200,678.424	20,355.321	221,033.745
5.6 Other Pledged Items		38,525.762	4,979.339	43,505.101	42,961.684	4,259.270	47,220.954
5.7 Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		405,788.998	136,929.199	542,718.197	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 31 MARCH 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 1 January-31 March 2024	Prior Period 1 January-31 March 2023
I.	PROFIT SHARE INCOME	(1)	18.372.205	6.662.866
1.1	Profit Share on Loans		11.946.136	4.538.870
1.2	Profit Share on Reserve Deposits		-	-
1.3	Profit Share on Banks		33.448	37.302
1.4	Profit Share on Money Market Placements		-	-
1.5	Profit Share on Marketable Securities Portfolio		2.543.235	1.255.445
1.5.1	Financial Assets Measured at Fair Value Through Profit/Loss		30.866	13.564
1.5.2	Financial Assets Measured at Fair Value Through Other Comprehensive Income		1.487.825	1.112.928
1.5.3	Financial Assets Measured at Amortised Cost		1.024.544	128.953
1.6	Financial Lease Income		3.719.343	805.992
1.7	Other Profit Share Income		130.043	25.257
II.	PROFIT SHARE EXPENSE	(2)	18.187.256	5.165.539
2.1	Profit Share Expense on Participation Accounts		16.000.666	4.623.585
2.2	Profit Share Expense on Funds Borrowed		931.648	170.181
2.3	Profit Share Expense on Money Market Borrowings		213.285	81.212
2.4	Expense on Securities Issued		976.543	269.855
2.5	Lease Profit Share Expense		41.538	18.871
2.6	Other Profit Share Expenses		23.576	1.835
III.	NET PROFIT SHARE INCOME/EXPENSE (I - II)		184.949	1.497.327
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		306.661	167.603
4.1	Fees and Commissions Received		745.304	235.813
4.1.1	Non-cash Loans		174.540	97.542
4.1.2	Other		570.764	138.271
4.2	Fees and commissions paid		438.643	68.210
4.2.1	Non-cash Loans		-	-
4.2.2	Other		438.643	68.210
V.	DIVIDEND INCOME	(3)	-	-
VI.	NET TRADING INCOME (Net)	(4)	1.151.175	213.140
6.1	Capital Market Transaction Gains / Losses		386.510	2.736
6.2	Gains/ Losses From Derivative Financial Instruments		366.107	66.382
6.3	Foreign Exchange Gains / Losses		398.558	144.022
VII.	OTHER OPERATING INCOME	(5)	2.243.508	1.243.408
VIII.	TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		3.886.293	3.121.478
IX.	EXPECTED CREDIT LOSSES (-)	(6)	1.548.977	944.015
X.	OTHER PROVISIONS (-)	(6)	60.454	22.469
XI.	PERSONNEL EXPENSES (-)		848.704	414.361
XII.	OTHER OPERATING EXPENSES (-)	(7)	789.836	935.340
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		638.322	805.293
XIV.	INCOME RESULTED FROM MERGERS		-	-
XV.	INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES		-	-
XVI.	GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII.	PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATION (XIII+...+XVI)	(8)	638.322	805.293
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	(188.550)	192.787
18.1	Current Tax Provision		-	-
18.2	Expense Effect of Deferred Tax (+)		(582.344)	(446.600)
18.3	Income Effect of Deferred Tax (-)		393.794	639.387
XIX.	NET OPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	449.772	998.080
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)	449.772	998.080
	Earnings per share income/loss (Full TRY)		0,0435	0,3766

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 31 MARCH 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-31 March 2024	1 January-31 March 2023
I. CURRENT PERIOD PROFIT/LOSS	449.772	998.080
II. OTHER COMPREHENSIVE INCOME	(267.341)	(339.950)
2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss	361	925
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	361	925
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	(267.702)	(340.875)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(383.497)	(454.500)
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	115.795	113.625
III. TOTAL COMPREHENSIVE INCOME (I+II)	182.431	658.130

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 31 MARCH 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	Total Equity
	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	1	2	3	4	5	6						
PRIOR PERIOD 31 March 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	-	-	-	-	-	-	925	-	(340.875)	-	-	-	998.080	658.130	-	658.130
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV.....+X+XI)	2.650.000	-	-	261.513	-	(94.366)	1.214	-	2.082.002	-	2.297.860	3.840.272	998.080	12.036.575	-	12.036.575
CURRENT PERIOD 31 March 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	-	-	-	-	-	-	361	-	(267.702)	-	-	-	449.772	182.431	-	182.431
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end Balance (III+IV.....+X+XI)	10.350.000	-	-	261.513	-	(127.913)	(1.265)	-	(1.060.758)	-	6.138.132	4.004.497	449.772	20.013.978	-	20.013.978

- 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 31 MARCH 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 -31 March 2024	Prior Period 1 January -31 March 2023
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities)		268.353	924.572
1.1.1 Profit Share Income Received		16.242.694	7.097.501
1.1.2 Profit Share Expense Paid		(15.636.997)	(4.853.988)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		748.238	364.993
1.1.5 Other Income		604.550	-
1.1.6 Collections from Previously Written-off Loans		453.620	13.735
1.1.7 Payments to Personnel and Service Suppliers		(848.704)	(414.361)
1.1.8 Taxes Paid		(1.275.573)	(47.758)
1.1.9 Others		(19.475)	(1.235.550)
1.2 Changes in Operating Assets and Liabilities		(19.964.323)	(1.508.190)
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(3.090.647)	(235.400)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(5.577.748)	(1.969.089)
1.2.3 Net (Increase) / Decrease in Loans		5.551.557	(19.633.410)
1.2.4 Net (Increase) / Decrease in Other Assets		(1.292.648)	(7.337.625)
1.2.5 Net Increase / (Decrease) in Bank Funds		1.344.060	106.497
1.2.6 Net Increase / (Decrease) in Other Funds		(9.913.444)	22.979.244
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		(5.286.789)	463.669
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		(1.698.664)	4.117.924
I. Net Cash Provided from Banking Operations		(19.695.970)	(583.618)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		(643.660)	(1.651.901)
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		(22.500)	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(630.944)	(132.973)
2.4 Disposals of Tangible Assets		538	12.865
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(342.140)	(2.720.682)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		2.983.272	1.877.904
2.7 Purchase of Financial Assets Measured at Amortized Cost		(2.631.886)	(689.015)
2.8 Sale of Financial Assets Measured at Amortized Cost		-	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		8.265.528	1.049.804
3.1 Cash Obtained from Funds Borrowed And Securities Issued		12.605.957	5.778.252
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(4.287.791)	(4.688.317)
3.3 Issued Equity Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(52.638)	(40.131)
3.6 Other		-	-
IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	(1)	1.068.724	192.698
V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)	(1)	(11.005.378)	(993.017)
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)	30.557.045	20.161.374

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 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 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”).

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. Within the scope of the decision dated 12 December 2023 and numbered 10744 by the BRSA, banks, financial leasing, factoring, financing, savings financing, and asset management companies are not subject to inflation adjustments required under TAS-29 in their financial statements as of 31 March 2024. Based on the decision Numbered 10825 dated 11 January 2024, inflation accounting will be implemented starting from 1 January 2025.

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

31 March 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 31 March 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
31 MARCH 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
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(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 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 31 March 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 (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
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(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 (Stage 1)

These are the financial assets that do not have a significant increase in credit risk at their initial recognition or after the initial recognition to financial statements. Impairment for credit risk for these assets is recorded in the amount of 12-month expected credit losses. It is valid for all assets unless there is a significant deterioration in the quality of the loan.

The expected 12-month loss values (within 12 months after the reporting date or within a shorter period if the life of a financial instrument is shorter than 12 months) are part of the estimation of loss of life expectancy.

Significant increase in credit risk (Stage 2)

Financial assets are transferred to stage 2 if it is determined that there is a significant increase in credit risk. While the expected loss allowance is calculated for 1 year for loans in stage 1, the expected loss allowance for loans in stage 2 is calculated by taking into account all remaining maturity.

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
31 MARCH 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, 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. As of 31 March 2024 and 31 December 2023, the mainly used macroeconomic variables are GDP and sector default rates.

The Group uses 3 scenarios as base, bad and good for future expectations. All 3 scenarios have predetermined weights. The Bank updates the macroeconomic variables used in the assessment of significant increase in credit risk and in the calculation of expected credit loss, quarterly in March, June, September, and December, and applies them to its models. As of 31 March 2024, 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 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 31 March 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2024, the Bank's non-current assets held for sale are TRY 495.138 (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.

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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:

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

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

- Measures by deducting accumulated depreciation and accumulated impairment losses and
- 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.

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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
31 MARCH 2024**

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 “Accounting Standard of Employee Benefits” and the 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 31 March 2024, the Bank’s employee termination benefit is TRY 227.861 (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 31 March 2024 unused vacation liability of the Bank is TRY 78.950 (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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

b. T.C. Ziraat Bankası and T. Halk Bankası Employee Pension Fund Foundations (TZHEMSAN) Liability (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 March 2024 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION

a. Current tax

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

Taxes which do not accrue on time because the applying exemption for the transfer of the expemted part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also 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 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.

In accordance with Tax Procedure Law General Communiqué numbered 560 published in the Official Gazette dated 30 April 2024 and numbered 32532, it has been declared that it is appropriate not to make inflation adjustment in the first provisional tax period of the 2024 fiscal period.

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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.

However, with the regulation made by the Law No. 7491 on the Amendment of Certain Laws and Decree Laws, it has been regulated that the profit / loss difference arising from the inflation adjustment to be made by the banks in the 2024 and 2025 accounting periods, including the provisional tax periods, will not be taken into account in the determination of earnings. With the Tax Procedure Law General Communiqué numbered 560 published in the Official Gazette dated 30 April 2024 and numbered 32532, it has been declared that it is appropriate not to make inflation adjustment in the first provisional tax period of the 2024 accounting period. 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 31 March 2024 in accordance with the Tax Procedure Law are included in the deferred tax calculation as of 31 March 2024.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Group recognizes its debt instruments in accordance with TFRS 9 "Financial Instruments" and 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 Group received from TC Ziraat Bankası A.Ş. on 28 March 2019 in the amount of TRY 300.000; In the amount of TRY 500.000 on 15 April 2021; On 17 November 2021, it provided a loan of TRY 500.000 as a 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 demand and non-profit additional 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).

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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
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SECTION FOUR

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY

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

- In 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 31 March 2024, taking into account the latest regulations, is TRY 25.625.764 (31 December 2023: TRY 24.251.951), and the capital adequacy standard ratio is 12,97% (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 31 March 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	6.138.132	6.138.132
Gains recognized in equity as per TAS	294.430	597.284
Profit	4.454.269	4.004.497
Current Period Profit	449.772	4.004.497
Prior Period Profit	4.004.497	-
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	21.236.831	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	1.242.514	922.211
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	809.967	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	-	-

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

I. EXPLANATIONS ON SHAREHOLDERS' EQUITY (Continued)

	Current Period 31 March 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	-	-
E 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	2.052.481	3.454.122
Total Common Equity Tier I Capital	19.184.350	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	3.926.802	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	3.926.802	3.681.925
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	23.111.152	21.317.716
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.240.000	1.300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.292.039	1.656.901
Tier II Capital Before Deductions	2.532.039	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	2.532.039	2.956.901
Total Capital (The sum of Tier I Capital and Tier II Capital)	25.643.191	24.274.617

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

	Current Period 31 March 2024	Prior Period 31 December 2023
Total of Original Capital and Supplementary Capital (Total Capital)	25.643.191	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	17.427	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 (Total capital and contribution capital)	25.625.764	24.251.951
Total risk weighted amounts	197.617.444	160.450.268
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	9,71	10,99
Tier 1 Capital Adequacy Ratio (%)	11,69	13,29
Capital Adequacy Ratio (%)	12,97	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 (%)	5,21	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)	1.292.039	1.656.901
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.292.039	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	-	-

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	T.C. Ziraat Bankası A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in ml, as of most recent reporting date)	300
Par value of instrument	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 incompliance with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

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

I. EXPLANATIONS ON 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 (Currency in mil, as of most recent reporting date)	500
Par value of instrument	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.

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

I. EXPLANATIONS ON 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 (Currency in mil, as of most recent reporting date)	500
Par value of instrument	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 defund.)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
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.

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.710
Par value of instrument	3.472
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 incompliances 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.

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.217
Par value of instrument	1.980
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.

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

	Current Period 31 March 2024	Prior Period 31 December 2023
Equity value of balance sheet	20.013.978	19.831.547
Cost of development of operating lease	(1.242.514)	(922.211)
Goodwill and other intangible assets and related deferred tax liability	(809.967)	(692.634)
Debt instruments and premiums approved by BRSA	1.240.000	1.300.000
Tier II Capital (Provisions)	1.292.039	1.656.901
Debt instruments and premiums approved by BRSA - subordinated loans	3.926.802	3.681.925
Other values deducted from equity	(17.427)	(22.666)
Other	1.222.853	(580.911)
Amount taken into consideration in the calculation of legal equity	25.625.764	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
31.03.2024	32,1589	34,7159	20,8823	4,6305	2,9935	35,5900	23,5088	2,9509	40,6417	8,5105	21,0510
29.03.2024	32,1589	34,7159	20,8823	4,6305	2,9935	35,5900	23,5088	2,9509	40,6417	8,5105	21,0510
28.03.2024	32,0951	34,6668	20,8175	4,6247	2,9933	35,5209	23,4500	2,9508	40,5562	8,4933	21,0170
27.03.2024	32,0500	34,6604	20,8179	4,6243	3,0045	35,3308	23,3550	2,9589	40,4563	8,4814	20,9790
26.03.2024	31,9744	34,6640	20,7962	4,6253	3,0075	35,3356	23,3294	2,9631	40,3912	8,4614	20,9080
25.03.2024	31,9310	34,6087	20,7876	4,6174	3,0083	35,5003	23,2856	2,9711	40,3786	8,4504	20,8860

- 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
31.7844	34,5244	20,7257	4,6070	3,0357	35,6795	23,2423	2,9796	40,3767	8,4115	21,0070	

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(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	11.427.404	17.697.269	5.934.429	35.059.102
Banks	670.462	1.663.062	9.279.675	11.613.199
Financial assets at fair value through profit and loss	-	-	6.906.582	6.906.582
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	526.144	3.395.896	-	3.922.040
Loans (*)	45.023.365	53.545.197	1.347	98.569.909
Partnership Investments	-	-	-	-
Financial assets measured at amortized cost	4.807.499	-	-	4.807.499
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	40.808	1.574	42.382
Intangible assets	-	-	-	-
Other assets	86.452	704.050	200.144	990.646
Total assets	62.541.326	77.046.282	22.323.751	161.911.359
Liabilities				
Current account and funds collected from Banks via participation accounts	111.779	20.812	1.225	133.816
Current and profit sharing accounts FC	45.300.555	49.306.330	21.688.978	116.295.863
Money market borrowings	-	7.975.698	-	7.975.698
Funds provided from other financial institutions	6.613.568	22.733.663	-	29.347.231
Marketable securities issued (*****)	-	-	-	-
Miscellaneous debts	424.933	240.223	1.039	666.195
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (****)	5.874.885	732.591	32.767	6.640.243
Total liabilities	58.325.720	81.009.317	21.724.009	161.059.046
Net balance sheet position	4.215.606	(3.963.035)	599.742	852.313
Net off-balance sheet position (**)	(2.786.125)	2.647.871	-	(138.254)
Financial derivative assets	-	2.818.861	-	2.818.861
Financial derivative liabilities	2.786.125	170.990	-	2.957.115
Non-cash loans	16.286.059	23.651.764	1.844.682	41.782.505
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 91.086 (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, 3% of GBP, 1% of CHF and the remaining 6% of other currencies. In the FC column of the liabilities section, 92% of the currencies are Gold, 3% of GBP, 1% of CHF and the remaining 4% are other currencies.

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

(*****) Prepaid expenses amounting to TRY 21.922 within other assets are not included in the table.

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**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 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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

Current Period	Highest	Date	Lowest	Date
TRY+FC	182,16	09.02.2024	137,57	04.02.2024
FC	592,80	29.03.2024	352,44	03.01.2024

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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 day basis time slots.

Current Period 31 March 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	-	-	83.179.853	46.528.526
CASH OUTFLOWS				
Real person deposits and retail deposits	120.330.970	58.948.412	11.781.204	6.009.266
Stable deposit	10.823.432	-	541.172	-
Deposit with low stability	109.507.538	58.948.412	11.240.032	6.009.266
Unsecured debts except real person deposits and retail deposits	147.539.490	50.877.072	73.220.476	23.352.686
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	147.539.490	50.877.072	73.220.476	23.352.686
Secured debts	-	-	-	-
Other cash outflows	100.594.706	47.613.935	12.891.542	9.502.986
Derivative liabilities and margin obligations	8.800.899	7.100.711	7.469.806	7.100.711
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	2.731.472	1.360.540	968.619	444.641
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	89.062.335	39.152.684	4.453.117	1.957.634
TOTAL CASH OUTFLOWS	-	-	97.893.222	38.864.938
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	52.638.254	33.263.405	37.672.819	27.743.492
Other cash inflows	7.512.746	4.026.429	7.512.746	4.026.429
TOTAL CASH INFLOWS	60.151.000	37.289.834	45.185.565	31.769.921
			Upper Limit Applied Values	
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	83.179.853	46.528.526
TOTAL NET CASH OUTFLOWS	-	-	52.707.657	9.716.235
LIQUIDITY COVERAGE RATIO (%)	-	-	158	479

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

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE 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 weekly simple arithmetic average calculated liquidity coverage ratio of the last three months average.

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EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT OF THE 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								
31 March 2024								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	18.873.903	36.613.674	-	-	-	-	-	55.487.577
Banks	11.676.099	451	-	-	-	-	-	11.676.550
Financial Assets at Fair Value Through Profit and Loss	-	1.810.071	462.368	1.779.050	2.855.093	-	-	6.906.582
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	30.258	526.144	620	13.164.471	1.232.748	52.913	15.007.154
Loans Given(***)	-	16.923.575	25.632.896	93.787.020	105.461.510	16.040.250	399.442	258.244.693
Financial Assets Measured at Amortised Cost	-	3.461.316	163.414	2.544.086	14.120.158	4.470.177	-	24.759.151
Other Assets	-	-	-	-	-	-	9.233.777	9.233.777
Total Assets(*)	30.550.002	58.839.345	26.784.822	98.110.776	135.601.232	21.743.175	9.686.132	381.315.484
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	3.680.793	2.812.534	303.041	1.005.929	-	-	-	7.802.297
Current and Participation Accounts	60.718.006	148.113.123	44.689.047	38.250.224	1.302.859	-	-	293.073.259
Funds Provided from Other Financial Instruments	-	1.341.332	533.156	6.649.830	4.490.024	1.212.290	-	14.226.632
Money Market Borrowings	-	9.651.747	-	-	-	-	-	9.651.747
Issued Marketable Securities	-	760.031	4.228.528	1.163.732	16.683.618	-	-	22.835.909
Miscellaneous Debts	-	-	-	-	-	-	1.631.125	1.631.125
Other Liabilities (***)	-	-	-	-	-	1.375.399	30.719.116	32.094.515
Total Liabilities	64.398.799	162.678.767	49.753.772	47.069.715	22.476.501	2.587.689	32.350.241	381.315.484
Liquidity Gap	(33.848.797)	(103.839.422)	(22.968.950)	51.041.061	113.124.731	19.155.486	(22.664.109)	-
Net Off-Balance Sheet Position	-	26.800	33.925	3.423	-	-	-	64.148
Receivables From Derivative Financial Instruments	-	1.797.970	1.204.850	18.443	-	-	-	3.021.263
Financial Derivative Liabilities	-	1.771.170	1.170.925	15.020	-	-	-	2.957.115
Non-Cash Loans	18.139.989	4.409.662	6.958.073	36.287.530	17.944.208	8.155.496	-	91.894.958

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

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

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

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

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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.

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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 129.25% (last quarter of 2023: 127.00).

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	23.710.592	-	-	-	23.710.592
2	Regulatory capital	23.710.592	-	-	-	23.710.592
3	Other capital instruments	-	-	-	-	-
4	Deposits (from retail and small business customers)	35.029.955	79.065.596	10.906.996	-	112.516.509
5	Stable Deposits (from retail and small business customers)	1.200	215.065	68.074	-	270.122
6	Less Stable Deposits (from retail and small business customers)	35.028.754	78.850.531	10.838.922	-	112.246.387
7	Wholesale funding	55.054.020	160.657.872	8.871.690	-	94.907.224
8	Operational deposits	-	64.639.812	-	-	-
9	Other wholesale funding	55.054.020	96.018.059	8.871.690	-	94.907.224
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	11.715.322	68.798	-	-	-
12	Net Derivatives Liabilities	-	-	-	68.798	-
13	All other liabilities and equity not included in the above categories	11.715.322	-	-	-	-
14	Total Available Stable Funding					231.134.324
Required Stable Funding						
15	High Quality Liquid Assets (HQLA)	-	-	-	-	2.324.378
16	Deposits held at other financial institutions for operational purposes	-	-	-	19.122.394	19.122.394
17	Performing loans and securities:	-	132.230.784	54.460.807	79.115.292	151.827.816
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	518.925	-	259.463
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	18.261.134	-	-	2.739.170
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs	-	113.969.650	53.941.882	72.322.077	144.387.110
21	35% or Lower Risk Weight	-	113.969.650	53.941.882	72.322.077	144.387.110
22	Residential Mortgage Secured Loans	-	-	-	6.660.800	4.329.520
23	35% or Lower Risk Weight	-	-	-	6.660.800	4.329.520
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	132.416	112.554
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other assets	652.171	-	-	-	554.346
27	Physical traded commodities (including gold)	652.171	-	-	-	554.346
28	Initial Margin of Derivative Contracts or Default Funds Provided to a Central Counterparty	-	-	-	-	-
29	Net Derivative Assets	-	-	-	-	-
30	Derivatives Liabilities Before Deducting Variation Margin Posted	-	-	-	-	-
31	All other assets not included in the above categories	-	-	-	-	-
32	Off Balance Sheet Liabilities	-	22.516.818	26.452.378	30.340.606	5.008.916
33	Total Required Stable Funding					178.837.849
34	Net Stable Funding Ratio (%)					129,24%

(*) 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 maturity.

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(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		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	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	14.174.227	-	107.138.935
5	Stable Deposits (from retail and small business customers)	1.200	209.863	72.193	-	269.094
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	170.601.175	8.443.273	-	94.428.177
8	Operational deposits	-	70.074.221	-	-	-
9	Other wholesale funding	53.581.068	100.526.955	8.443.273	-	94.428.177
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	11.620.684	-	-	-	-
12	Net Derivatives Liabilities	-	-	-	-	-
13	All other liabilities and equity not included in the above categories	11.620.684	-	-	-	-
14	Total Available Stable Funding					225.841.729
Required Stable Funding						
15	High Quality Liquid Assets (HQLA)	-	-	-	-	2.105.192
16	Deposits held at other financial institutions for operational purposes	-	-	-	18.866.496	18.866.496
17	Performing loans and securities:	-	146.059.623	47.529.229	72.904.414	148.399.454
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	-	23.044.754	-	-	3.456.713
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	47.406.35	65.060.57	139.759.280
21	35% or Lower Risk Weight	-	123.014.869	47.406.35	65.060.57	139.759.280
22	Residential Mortgage Secured Loans	-	-	-	7.726.23	5.022.053
23	35% or Lower Risk Weight	-	-	-	7.726.23	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	24.633.404	4.133.925
33	Total Required Stable Funding					173.729.233
34	Net Stable Funding Ratio (%)					130.00%

(*) 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 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.

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(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 31 March 2024, the leverage ratio of the Bank calculated from quarterly average amounts is 4,37% (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 (*) 31 March 2024	Prior Period (*) 31 December 2023
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	379.258.855	365.393.064
(Assets deducted from main capital)	(3.684.716)	(2.841.169)
Total risk amount of the balance sheet assets	375.574.139	362.551.895
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	4.776	20.393
Potential credit risk amount of derivative financial instruments and credit derivatives	47.906	85.902
Total risk amount of derivative financial instruments and credit derivative	52.682	106.295
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	10.041.147	12.274.793
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	10.041.147	12.274.793
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions (Adjustment amount resulting from multiplying by credit conversion rates)	96.572.511	83.884.553
Risk amount of the off-balance sheet transactions	96.572.511	83.884.553
Equity and total risk		
Main capital	21.072.983	20.156.171
Total risk amount	482.255.453	458.860.054
Leverage ratio		
Leverage ratio %	4,37	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.

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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 Assets:

Overview of Risk-weighted Assets

		Risk Weighted Amount		Minimum capital Requirement
		Current Period 31 March 2024	Prior Period 31 December 2023	Current Period 31 March 2024
1	Credit risk (excluding counterparty credit risk) (CCR)	178.938.036	149.569.755	14.315.043
2	Standardized approach (SA)	178.938.036	149.569.755	14.315.043
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1.875.801	107.754	150.064
5	Standardized approach for counterparty credit risk (SA-CCR)	1.875.801	107.754	150.064
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	RB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	3.249.644	2.348.348	259.972
17	Standardized approach (SA)	3.249.644	2.348.348	259.972
18	Internal model approaches (IMM)	-	-	-
19	Operational risk (*)	13.553.964	8.424.411	1.084.317
20	Basic Indicator approach	13.553.964	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)	197.617.445	160.450.268	15.809.396

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

VIII. EXPLANATIONS ON RISK PROTECTION PROCEDURES

It is essential to limit the risk levels to limits compatible with the risk profile and risk tolerance in order to prevent the Bank from being affected by the adverse events that may occur while conducting its operations.

Risk limits are determined by taking the opinions and suggestions of the General Manager, Audit Committee and relevant Senior Managers and approved by the Board of Directors

Risk limits; it has been determined in accordance with the risk levels, activities, size and complexity of its products and services that the Bank can take. Limits are regularly reviewed and monitored periodically, adapting to changes in market conditions, the Bank's strategy and risk appetite.

In addition, derivative transactions are carried out at the Bank and FC and TRY liquidity risk is limited by the transactions performed.

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

Within the scope of the footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosure by the Banks” published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 30 June 2016, it is given annually and quarterly. The following required tables are not presented as of 31 March 2024 as the standard approach is used in the calculation of the Bank's credit risk:

Qualitative information regarding IRB to be disclosed to the public

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

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

Statement of changes in RWA under IRB approach

IRB - Retrospective testing of default probabilities in each risk class

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

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

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 – 31 March 2024	Private Banking	Corporate/ Entrepreneuria l Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	459.323	15.206.156	2.576.683	130.043	18.372.205
Profit Shares Expense	(4.234.391)	(11.451.627)	(2.436.124)	(65.114)	(18.187.256)
Net Profit Shares Income/Expense	(3.775.068)	3.754.529	140.559	64.929	184.949
Net Fees and Commission Income/Expense	315.959	174.540	-	(183.838)	306.661
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	1.151.175	-	1.151.175
Other Operating Income	-	2.234.543	-	8.965	2.243.508
Expected Loss Provisions	(68.014)	(1.369.577)	-	(111.386)	(1.548.977)
Other Expense	-	(30.691)	-	(1.668.303)	(1.698.994)
Net Operating Profit/Loss	(3.527.123)	4.763.344	1.291.734	(1.889.633)	638.322
Tax Provision	-	-	-	(188.550)	(188.550)
Net Profit/Loss	(3.527.123)	4.763.344	1.291.734	(2.078.183)	449.772
SEGMENT ASSETS (*)					
Financial Assets at FV Through P/L	-	-	6.906.582	-	6.906.582
Banks	-	-	11.678.574	-	11.678.574
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	15.007.154	-	15.007.154
Loans (**)	11.893.185	239.491.059	6.860.449	-	258.244.693
Financial Assets Measured at Amortised Cost	-	-	24.759.151	-	24.759.151
Derivative Financial Assets	-	-	35.642	-	35.642
Associates, Subsidiaries and Joint Ventures	-	-	45.000	-	45.000
Other Assets (*)	-	-	-	64.638.688	64.638.688
TOTAL SEGMENT ASSETS	11.893.185	239.491.059	65.292.552	64.638.688	381.315.484
SEGMENT LIABILITIES					
Funds Collected	128.041.664	172.833.892	-	-	300.875.556
Derivative Financial Liabilities	-	-	55	-	55
Funds Borrowed	-	-	14.226.632	-	14.226.632
Money Market Funds	-	-	9.651.747	-	9.651.747
Securities Issued (Net)	-	-	22.835.909	-	22.835.909
Provisions	-	-	-	2.377.659	2.377.659
Other Liabilities	-	-	-	11.333.948	11.333.948
Shareholders' Equity	-	-	-	20.013.978	20.013.978
TOTAL SEGMENT LIABILITIES	128.041.664	172.833.892	46.714.343	33.725.585	381.315.484

(*) Includes expected loss provisions.

(**) Includes lease receivables.

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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 - 31 March 2023	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME/EXPENSES					
Profit Shares Income	343.984	5.000.878	1.292.747	25.257	6.662.866
Profit Shares Expense	(1.335.670)	(3.232.670)	(576.493)	(20.706)	(5.165.539)
Net Profit Shares Income/Expense	(991.686)	1.768.208	716.254	4.551	1.497.327
Net Fees and Commission Income/Expense	42.190	97.542	-	27.871	167.603
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	213.140	-	213.140
Other Operating Income	-	1.240.665	-	2.743	1.243.408
Expected Loss Provisions	(50.490)	(746.100)	-	(147.425)	(944.015)
Other Expense	-	(32.231)	-	(1.339.939)	(1.372.170)
Net Operating Profit/Loss	(999.986)	2.328.084	929.394	(1.452.199)	805.293
Tax Provision	-	-	-	(192.787)	(192.787)
Net Profit/Loss	(999.986)	2.328.084	929.394	(1.259.412)	998.080
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.

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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 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Cash	203.227	883.991	170.718	871.290
Central Bank of the Republic of Türkiye (*)	20.226.039	33.515.982	24.036.052	35.447.767
Other	-	665.949	-	114.484
Total	20.429.266	35.065.922	24.206.770	36.433.541

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

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 0% and 8% 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 10% and 25%.

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

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	20.226.039	33.515.982	24.036.052	35.447.767
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Total	20.226.039	33.515.982	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.

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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 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	63.874	1.721.679	114.562	1.726.491
Foreign Banks	-	9.893.021	-	11.188.752
Foreign Head Office and Branches	-	-	-	-
Total	63.874	11.614.700	114.562	12.915.243

3. Financial assets at fair value through profit or loss

	Current Period 31 March 2024	Prior Period 31 December 2023
Financial Assets at Fair Value Through Profit / Loss	6.870.249	3.790.194
Other Dividends and Income Rediscounts	36.333	21.873
Provision for Impairment (-)	-	-
Total	6.906.582	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 31 March 2024	Prior Period 31 December 2023
Assets Subject to Repurchase Agreements	4.430.197	8.362.369
Assets Blocked/Given as Collateral	1.185.998	1.479.501
Total (*)	5.616.195	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 31 March 2024	Prior Period 31 December 2023
Debt Securities	15.475.133	17.039.784
Quoted in Stock Exchange	15.475.133	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 (-)**	520.892	406.354
Total	15.007.154	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.

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

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

5. Information on derivative financial assets

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

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Forward Transactions	4.845	-	847	-
Swap Transactions	-	23.530	-	199
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	5.763	1.504	2.143	539
Total	10.608	25.034	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 31 March 2024		Prior Period 31 December 2023	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	5.151.817	-	6.184.984	-
Corporate Shareholders	5.151.817	-	6.184.984	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	202.625	-	192.704	-
Total (*)	5.354.442	-	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 31 March 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	41.656.388	860.593	-	-
Import Loans	28.308	-	-	-
Commercial Loans	127.157.192	857.988	1.282.085	1.672.580
Consumer Loans	11.129.902	131.516	-	-
Credit Cards	623.371	12.441	-	-
Loans Given to Financial Sector	7.085.213	-	-	-
Other (**)	14.538.893	44.106	-	-
Other Receivables	-	-	-	-
Total	202.219.267	1.906.644	1.282.085	1.672.580

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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)

Prior Period 31 December 2023				
Cash Loans	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	Refinancing
Loans (*)		Loans with revised contract terms		
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

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

(**) As of 31 March 2024, TRY 223.475 (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 mudarabah partnership financing method. The bank has accounted for its musharakah finance loans in its financial statements as of December 31, 2023, in accordance with Article 2/3/1 of Interest-Free Finance Accounting Standard 4: musharakah Finance "IFFAS 4", and its mudarabah finance loans in accordance with Article 2/3/1 of Interest-Free Finance Accounting Standard 3: Mudarabah Finance "IFFAS 3", based on their historical cost.

Expected Credit Loss of Stage 1 and Stage 2	Current Period 31 March 2024		Prior Period 31 December 2023	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
12 Month Expected Credit Losses	1.403.492	-	1.299.758	-
Significant Increase in Credit Risk	-	1.036.636	-	856.891

Number of Extensions	Current Period 31 March 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
1 or 2 Times Extended	254.252	2.927.123	257.418	2.910.873
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	254.252	2.927.123	257.418	2.910.873

Extension Periods	Current Period 31 March 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
0 - 6 Months	-	1.078.362	-	974.563
6 Months - 12 Months	2.522	160.881	4.539	157.645
1 - 2 Years	205.666	1.028.411	229.594	1.123.898
2 - 5 Years	20.612	44.455	23.285	22.491
5 Years and Over	25.452	615.014	-	632.276
Total	254.252	2.927.123	257.418	2.910.873

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

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

Current Period 31 March 2024	Short-Term	Medium and Long-Term	Total
Consumer Loans – TRY	18.623	11.052.195	11.070.818
Housing Loans	1.474	10.025.605	10.027.079
Vehicle Loans	11.952	766.046	777.998
Consumer Loans	5.197	260.544	265.741
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	3.541	3.541
Housing Loans	-	3.541	3.541
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TRY	614.677	1.524	616.201
With Installment	195.829	1.013	196.842
Without Installment	418.848	511	419.359
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TRY	35.156	151.903	187.059
Housing Loans	-	16.210	16.210
Vehicle Loans	-	3.741	3.741
Consumer Loans	35.156	131.952	167.108
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	15.566	-	15.566
With Installment	6.196	-	6.196
Without Installment	9.370	-	9.370
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	684.022	11.209.163	11.893.185

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
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**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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

d) Information on installment commercial loans and corporate credit cards

Current Period 31 March 2024	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TRY	531.430	1.271.211	1.802.641
Business Loans	-	17.189	17.189
Vehicle Loans	531.430	1.254.022	1.785.452
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans- Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	89.677	89.677
Business Loans	-	-	-
Vehicle Loans	-	89.677	89.677
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TRY	4.045	-	4.045
With Installment	-	-	-
Without Installment	4.045	-	4.045
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	535.475	1.360.888	1.896.363

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

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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 31 March 2024	Prior Period 31 December 2023
Domestic Loans	204.894.200	206.980.128
Foreign Loans	2.186.376	2.042.560
Total (*)	207.080.576	209.022.688

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

f) Loans granted to subsidiaries and participations

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

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

	Current Period 31 March 2024	Prior Period 31 December 2023
Loans and receivables with limited collectability	98.830	38.715
Loans and receivables with doubtful collectability	50.288	27.959
Uncollectible loans and receivables	1.379.757	1.615.332
Total	1.528.875	1.682.006

h) Information on lease receivables

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

	Current Period 31 March 2024		Prior Period 31 December 2023	
	Gross	Net	Gross	Net
Less than 1 year	147.425	139.708	224.845	214.022
1-5 year	59.348.344	43.736.644	59.978.540	41.201.771
More than 5 years	11.785.793	9.328.451	13.243.798	11.229.911
Total	71.281.562	53.204.803	73.447.183	52.645.704

h.2) Information on Net Investments in Financial Leasing

	Current Period 31 March 2024	Prior Period 31 December 2023
Gross Financial Lease Receivable	71.281.562	73.447.183
Unearned Financial Income from Financial Lease (-)	(18.076.759)	(20.801.479)
Canceled Rental Amounts	-	-
Total	53.204.803	52.645.704

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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 31 March 2024, the Group has loans and other receivables included in non-performing receivables which are restructured or rescheduled amount TRY 138.005 (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 31 March 2024			
Ending balance of prior period	136.753	68.734	1.735.463
Additions in the current period (+)	322.318	35.759	93.818
Transfers from other categories of non-performing loans (+)	-	57.422	20.686
Transfers to other categories of non-performing loans (-)	57.422	20.686	-
Collections in the current period (-) ^(*)	79.837	2.448	382.243
Write offs (-) ^(**)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	321.812	138.781	1.467.724
Expected Loss Provision (Stage 3) (-)	98.830	50.288	1.379.757
Net balance on balance sheet	222.982	88.493	87.967

(*) Includes transfers to first and second group loans amounting to TRY 10.908.

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Prior Period 31 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.

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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 31 March 2024			
Ending balance of the current period	-	191	336.090
Provision for Expected Loss (Stage 3) (-)	-	60	335.474
Net balance on balance sheet	-	131	616

	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)	222.982	88.493	87.967
Loans to Real Persons and Legal Entities (Gross)	321.812	138.781	1.467.724
Specific Provisions (-)	98.830	50.288	1.379.757
Loans to Real Persons and Legal Entities (Net)	222.982	88.493	87.967
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)	24.468	11.010	16.078
Profit Share Accrual and Valuation Differences Provision	35.473	16.765	237.707
Provision Amount (-)	11.005	5.755	221.629
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

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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 31 March 2024	Prior Period 31 December 2023
Debt Securities	24.759.151	21.830.293
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	24.759.151	21.830.293
Provision of Impairment (-)	-	-
Total	24.759.151	21.830.293

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 31 March 2024, government debt securities measured at amortized cost of the Group is TRY 24.759.151 (31 December 2023: TRY 21.830.293).

	Current Period 31 March 2024	Prior Period 31 December 2023
Balances at Beginning of Period	21.830.293	5.323.943
Foreign Currency Differences on Monetary Assets	351.323	1.862.347
Purchases during the Period (*)	2.631.886	14.644.003
Disposals through Sales/Redemptions	54.351	-
Provision of Impairment (-)	-	-
Balances at End of Period	24.759.151	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 31 MARCH 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 31 March 2024, the Bank's assets held for sale are TRY 495.138 (31 December 2023: TRY 427.229).

	Current Period 31 March 2024	Prior Period 31 December 2023
Beginning Balance (Net)	427.229	274.644
Changes During the Period (Net)	67.909	152.585
Amount of Depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net) (*)	495.138	427.229

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

As of 31 March 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 45.000. 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 45.000 will be paid within 2 years. There is a member of the board of directors in the company to represent the Bank's shares.

	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 31 MARCH 2024

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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 ^(*)	26.298.407	685	-	1.185.930	-	156	469	-	-
2 ^(*)	216.569	356	-	124	-	(53)	357	-	-

(*) 31 March 2024 interim unreviewed financial statements are used.

	Current Period 31 March 2024	Prior Period 31 December 2023
Balance at the beginning of the year	938	515
Movements during the year	103	423
Included in the scope of consolidation	-	-
Purchases	-	-
Bonus Share	103	423
Dividends from current year income	-	-
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Balance at the end of the year	1.041	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 31 March 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 31 MARCH 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)	-	58.737	59.312	3.188	320.303	-	441.540
Cost	-	94.893	95.984	16.310	391.953	-	599.140
Amortization (Net) (-)	-	36.156	36.672	13.122	71.650	-	157.600
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	900.276	767.282	191.576	1.486.405	-	3.345.539
Accumulated Depreciation at Period End (-)	-	240.169	191.325	62.915	243.891	-	738.300
Provision for Impairment (-)	-	-	-	-	-	-	-
Closing Net Book Value	-	660.107	575.957	128.661	1.242.514	-	2.607.239

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

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

11. Information on intangible assets:

	Current Period 31 March 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	964.429	154.462	809.967	825.160	132.526	692.634
Total	964.429	154.462	809.967	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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2024, the Bank has no investment property (31 December 2023: None).

13. Information on deferred tax asset:

The Bank has deferred tax assets of TRY 2.405.348 in the financial statements by netting deferred tax liabilities of TRY 2.491.422 (31 December 2023: TRY 1.909.078) and deferred tax assets of TRY 4.896.770 (31 December 2023: TRY 4.387.183). (31 December 2023: TRY 2.478.105, deferred tax asset).

14. Information on other assets:

As of 31 March 2024 and 31 December 2023, the Bank's other assets do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

1. a) Information on funds collected

a.1) Information on maturity structure of funds collected

Current Period 31 March 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	2.729.725	-	-	-	-	-	-	-	2.729.725
II. Real persons participation accounts non-trade TRY	-	1.000.445	20.320.775	2.388.296	2.029.866	85.600	29.043.445	-	54.868.427
III. Other current accounts-TRY	10.506.311	-	-	-	-	-	-	-	10.506.311
Public sector	489.555	-	-	-	-	-	-	-	489.555
Commercial sector	6.067.725	-	-	-	-	-	-	-	6.067.725
Other institutions	396.868	-	-	-	-	-	-	-	396.868
Commercial and other institutions	5.185	-	-	-	-	-	-	-	5.185
Banks and participation banks	3.546.978	-	-	-	-	-	-	-	3.546.978
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	2.954	-	-	-	-	-	-	-	2.954
Foreign banks	3.543.719	-	-	-	-	-	-	-	3.543.719
Participation banks	305	-	-	-	-	-	-	-	305
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TRY	-	16.549.603	72.416.379	17.816.273	661.715	33.844	8.863.600	-	116.341.414
Public sector	-	8.956.826	3.103.628	9.988.710	1.264	-	78.511	-	22.128.939
Commercial sector	-	7.391.954	62.004.059	6.373.662	548.311	33.844	8.650.075	-	85.001.905
Other institutions	-	198.826	4.182.402	447.972	112.140	-	135.014	-	5.076.354
Commercial and other institutions	-	1.997	10.715	-	-	-	-	-	12.712
Banks and participation banks	-	-	3.115.575	1.005.929	-	-	-	-	4.121.504
V. Real persons current accounts non-trade FC	17.566.327	-	-	-	-	-	-	-	17.566.327
VI. Real persons participation accounts-FC	-	2.067.523	23.283.736	429.999	-	453.118	2.175.431	-	28.409.807
VII. Other current accounts-FC	20.742.280	-	-	-	-	-	-	-	20.742.280
Commercial residents in Türkiye	19.339.723	-	-	-	-	-	-	-	19.339.723
Commercial residents in Abroad	1.268.742	-	-	-	-	-	-	-	1.268.742
Banks and participation banks	133.815	-	-	-	-	-	-	-	133.815
Central Bank of Republic of Türkiye	111.075	-	-	-	-	-	-	-	111.075
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	22.739	-	-	-	-	-	-	-	22.739
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts other-FC	-	3.463.210	21.677.155	3.831.709	947	1.610	24.647	-	28.999.278
Public sector	-	-	603.589	-	-	-	-	-	603.589
Commercial sector	-	3.373.231	19.916.281	3.831.644	836	1.610	5.758	-	27.129.360
Other institutions	-	89.979	1.100.865	65	111	-	7.327	-	1.198.347
Commercial and other institutions	-	-	56.420	-	-	-	11.562	-	67.982
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	12.854.156	-	6.878.724	716.839	108.697	-	153.571	-	20.711.987
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)(*)	64.398.799	23.080.781	144.576.769	25.183.116	2.801.225	574.172	40.260.694	-	300.875.556

(*) As of 31 March 2024, it includes amounts of TRY 34.065.266 for CBRT Exchange Rate Hedged Participation Account, TRY 12.782.087 for Treasury Exchange Rate Hedged Participation Account and TRY 4.676.752 for Yuvam Account.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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.

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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.2) Exceeding Amounts of Insurance Limit:

i. Information’s on current and profit share accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund:

	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit
	Current Period 31 March 2024	Prior Period 31 December 2023	Current Period 31 March 2024	Prior Period 31 December 2023
Real persons current and profit-sharing accounts that are not subject to commercial activities	28.967.553	21.915.098	93.334.535	93.404.253
TRY accounts	11.538.644	10.549.941	46.059.499	50.387.918
FC accounts	17.428.909	11.365.157	47.275.036	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 4.541.822 (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 143.378.442 (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 31 March 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	3.988	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 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Syndicated Loans	-	1.628.088	4.711.292	1.255.451
Proxy Loans	-	2.192.994	-	-
Funds from Issued Lease Certificates (Sukuk)	-	-	-	-
Other	1.563.019	8.842.531	2.316.964	6.627.306
Total	1.563.019	12.663.613	7.028.256	7.882.757

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. Information on funds borrowed (Continued)

b) Information on banks and other financial institutions

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Borrowings from the CBRT	1.206.486	-	1.206.486	-
From Domestic Banks and Institutions	356.533	2.398.516	5.821.770	2.332.816
From Foreign Banks, Institutions and Funds	-	10.265.097	-	5.549.941
Total	1.563.019	12.663.613	7.028.256	7.882.757

c) Information on maturity structure of borrowings

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Short-term	154.579	2.552.856	5.693.681	1.256.521
Medium and Long-term	1.408.440	10.110.757	1.334.575	6.626.236
Total	1.563.019	12.663.613	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

78,17 % of The Bank’s liabilities consists of current and share profit account
(31 December 2023: 79,31 %).

3. Funds provided under repurchasing agreements

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Domestic	1.676.049	7.975.698	435.678	10.528.455
Financial Institutions	1.676.049	7.975.698	435.678	10.528.455
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	1.676.049	7.975.698	435.678	10.528.455

4. Information on securities issued

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Bond	-	-	-	-
Asset Backed Securities	6.152.291	16.683.618	4.461.181	14.918.648
Bill	-	-	-	-
Total	6.152.291	16.683.618	4.461.181	14.918.648

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

None (31 December 2023: None).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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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 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Forward transactions	-	-	-	-
Swap transactions	55	-	-	153.095
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	55	-	-	153.095

7. Information on financial lease obligations

	Current Period 31 March 2024		Prior Period 31 December 2023	
	Gross	Net	Gross	Net
Less than 1 year	11.319	11.070	17.264	16.604
Between 1-5 years	153.829	120.662	152.835	118.660
More than 5 years	1.425.385	724.358	1.210.600	650.595
Total	1.590.533	856.090	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 31 March 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 The expected credit loss for non-compensated and non-cash loans is TRY 23.225 (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).

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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 31 March 2024, TRY 1.406.919 of other provisions (31 December 2023: TRY 1.548.811) was allocated from profits to be distributed to participation accounts, TRY 2.618 (31 December 2023: TRY 4.248) was made from provisions for foreign currency purchases and sales, TRY 3.116 The portion amounting to (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 26.250 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 31 March 2024, an amount of TRY 78.950 for leave provision (as of 31 December 2023: TRY 44.385) and TRY 227.861 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 31 March 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 31 March 2024	Prior Period 31 December 2023
Balance at the 1 January	202.704	125.764
Paid during the period	25.157	46.941
Severance Pay	-	(3.549)
Actuarial loss/(gain)	-	33.548
Balance at the end of the period	227.861	202.704

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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 SGK is the estimated amount of payment that will be required to be made during the transfer to SGK. The actuarial parameters and the results used in the measurement of this amount reflect the provisions of Law No. 5754 on the pension and health benefits to be transferred to the SGK (9,80% real discount rate, etc.) published in the Official Gazette dated 8 May 2008 and numbered 26870.

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

The Bank has provisions amounting to 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 31 March 2024, the remaining corporate tax liability after deducting temporary taxes paid for the period is TRY 536.382 (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 31 March 2024	Prior Period 31 December 2023
Corporate Tax Payable	536.382	536.382
Taxation on Income From Securities	159.640	142.164
Property Tax	3.064	1.818
Banking Insurance Transactions Tax (BITT)	166.931	102.122
Foreign Exchange Transactions Tax	15.470	3.662
Value Added Tax Payable	42.328	48.906
Other	28.254	27.199
Total	952.069	862.253

c) Information on premiums:

	Current Period 31 March 2024	Prior Period 31 December 2023
Social Security Premiums – Employee	523	529
Social Security Premiums – Employer	726	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	1.752	1.153
Unemployment Insurance – Employer	3.497	2.299
Other	-	-
Total	6.498	4.715

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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 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
From Domestic Banks	1.375.399	-	1.341.987	-
From Other Domestic Institutions	-	4.806.488	-	4.451.686
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
Total	1.375.399	4.806.488	1.341.987	4.451.686

	Current Period 31 March 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Debt Instruments to be Included in the Additional Capital Calculation:				
Subordinated Loans (*)	-	4.806.488	-	4.451.686
Equity-like Debt Instruments	-	-	-	-
Debt Instruments to be Included in Contribution Capital Calculation:				
Subordinated Loans	1.375.399	-	1.341.987	-
Equity-like Debt Instruments	-	-	-	-
Total	1.375.399	4.806.488	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 demand and non-profit additional capital. The Bank calculated the fair value of the loan amount and reflected it to the financial statements by using the prices of similar financial instruments on the date it was included in the balance sheet within the scope of TFRS 9 and TFRS 13 standards.

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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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 31 March 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 31 March 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 31 March 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	(994.284)	(66.474)	(761.298)	(31.758)
Revaluation Difference	(1.680.400)	(66.474)	(1.331.619)	(31.758)
Deferred Tax Effect	686.116	-	570.321	-
Foreign Exchange Difference	-	-	-	-
Total	(994.284)	(66.474)	(761.298)	(31.758)

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities

a) Nature and amount of irrevocable loan commitments

	Current Period 31 March 2024	Prior Period 31 December 2023
Commitments for Credit Card Expenditure Limits	3.754.689	1.798.821
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	2.728.535	1.708.702
Loan Granting Commitments	392.621	296.293
Asset Purchase Commitments	3.099.132	2.342.967
Tax and Fund Liabilities from Export Commitments	2.060.375	1.304.223
Promotion Commitment Regarding Credit Card and Banking Services	2.704	2.276
Total	12.038.056	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 626.301 (31 December 2021: TRY 534.833).

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

	Current Period 31 March 2024	Prior Period 31 December 2023
Guarantee Letters	82.933.353	69.092.049
Bank Acceptances	395.895	414.759
Letter of Credits	8.458.211	7.928.282
Other Contingencies	107.499	895.443
Total	91.894.958	78.330.533

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

	Current Period 31 March 2024	Prior Period 31 December 2023
Letters of Temporary Guarantees	4.367.206	2.285.988
Letters of Certain Guarantees	45.433.148	41.486.780
Letters of Advance Guarantees	9.890.005	8.893.988
Letters of Guarantees given to Customs Offices	995.408	794.150
Other Letters of Guarantees	22.247.586	15.631.143
Total	82.933.353	69.092.049

b.3) Total non-cash loans

	Current Period 31 March 2024	Prior Period 31 December 2023
Non-Cash Loans for Providing Cash Loans	22.241.959	15.625.859
With Original Maturity of One Year or Less	599.820	1.572.826
With Original Maturity of More than One Year	21.642.139	14.053.033
Other Non-Cash Loans	69.652.999	62.704.674
Total	91.894.958	78.330.533

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. a) Information on profit share received from loans

	Current Period 31 March 2024		Prior Period 31 March 2023	
	TRY	FC	TRY	FC
Profit share on loans (*)	10.088.553	1.857.583	3.738.366	800.504
Short term loans	5.568.200	890.645	2.248.495	450.087
Medium and long term loans	4.482.388	966.938	1.476.438	350.417
Profit share on non-performing loans	37.965	-	13.433	-
Premiums received from resource utilization support fund	-	-	-	-

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

b) Information on profit share income from banks

	Current Period 31 March 2024		Prior Period 31 March 2023	
	TRY	FC	TRY	FC
Central Bank of the Republic of Türkiye	-	-	-	-
Domestic Banks	33.448	-	7.653	29.208
Foreign Banks	-	-	-	441
Head Office and Branches	-	-	-	-
Total	33.448	-	7.653	29.649

c) Information on profit share income from securities portfolio

	Current Period 31 March 2024		Prior Period 31 March 2023	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit and Loss	-	30.866	-	13.564
Financial Assets at Fair Value through Other Comprehensive Income	1.431.713	56.112	1.068.787	44.141
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	921.901	102.643	84.521	44.432
Total	2.353.614	189.621	1.153.308	102.137

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

None (31 March 2023: None).

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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 31 March 2024		Prior Period 31 March 2023	
	TRY	FC	TRY	FC
Banks	630.721	191.003	65.143	57.558
Central Bank of the Republic of Türkiye	58.788	-	-	-
Domestic Banks	571.933	81.800	65.143	34.429
Foreign Banks	-	109.203	-	23.129
Head Office and Branches	-	-	-	-
Other Institutions	-	109.924	-	47.480
Total	630.721	300.927	65.143	105.038

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

None (31 March 2023: None).

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

Profit share expenses on securities issued are TRY 976.543 (31 March 2023: TRY 269.855).

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

Current Period 31 March 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	294.210	15.712	-	-	314.648
Real Person’s Non Commercial Participation Accounts	91.606	2.061.578	175.067	156.393	1.385.526	3.870.170
Public Sector Participation Accounts	1.469.158	421.797	692.347	72	6.749	2.590.123
Commercial Sector Participation Accounts	1.108.111	6.603.445	201.813	40.989	465.881	8.420.239
Other Institutions Participation Accounts	12.830	372.061	36.142	3.922	11.627	436.582
Total	2.686.431	9.753.091	1.121.081	201.376	1.869.783	15.631.762
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	1	386	-	-	98	485
Real Person’s Non Commercial Participation Accounts	7.019	86.227	1.488	1.375	9.295	105.404
Public Sector Participation Accounts	3	2.679	-	-	-	2.682
Commercial Sector Participation Accounts	1.959	61.938	10.274	4	7	74.182
Other Institutions Participation Accounts	33.416	147.406	854	234	43	181.953
Public Sector Participation Accounts	4.198	-	-	-	-	4.198
Total	46.596	298.636	12.616	1.613	9.443	368.904
Grand Total	2.733.027	10.051.727	1.133.697	202.989	1.879.226	16.000.666

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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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 31 March 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	-	55.245	-	-	-	55.245
Real Person’s Non Commercial Participation Accounts	34.629	690.160	76.907	74.122	219.596	1.095.414
Public Sector Participation Accounts	317.421	150.472	81.748	1.846	-	551.487
Commercial Sector Participation Accounts	267.134	1.758.826	387.064	138.088	21.854	2.572.966
Other Institutions Participation Accounts	3.467	101.227	583	499	18	105.794
Total	622.651	2.755.930	546.302	214.555	241.468	4.380.906
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	12	376	-	-	-	388
Real Person’s Non Commercial Participation Accounts	2.532	26.241	447	625	6.616	36.461
Public Sector Participation Accounts	1	3	-	-	-	4
Commercial Sector Participation Accounts	236	4.996	8.622	17	4	13.875
Other Institutions Participation Accounts	38.538	81.499	69.812	33	34	189.916
Public Sector Participation Accounts	2.035	-	-	-	-	2.035
Total	43.354	113.115	78.881	675	6.654	242.679
Grand Total	666.005	2.869.045	625.183	215.230	248.122	4.623.585

3. Information on dividend income

None (31 March 2023: None).

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

	Current Period 31 March 2024	Prior Period 31 March 2023
Income	4.052.154	1.580.181
Foreign exchange gains	387.656	4.416
Gain on derivative financial instruments	520.911	146.660
Gain on capital market transactions	3.143.587	1.429.105
Losses (-)	2.900.979	1.367.041
Foreign exchange losses	1.146	1.680
Losses on derivative financial instruments	154.804	80.278
Losses on capital market transactions	2.745.029	1.285.083
Net	1.151.175	213.140

b. Information on profit/loss on Derivative Financial Operations

	Current Period 31 March 2024	Prior Period 31 March 2023
Effect of the change in exchange rates on profit/loss	366.107	66.382
Total	366.107	66.382

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on other operating income

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

	Current Period 31 March 2024	Prior Period 31 March 2023
Correction Account for Previous Years Expenses	2.224.259	1.239.691
Income from the Sale of the Asset	10.067	560
Provision for Communication Expenses	5.650	1.645
Checkbook Fees	1.435	188
Other	2.097	1.324
Total	2.243.508	1.243.408

(*) Adjustment justment to prior year expenses consists of reversal of provision for loan losses of TRY 587.488 (31 March 2023: TRY 180.136), reversal of free provision of TRY 500.000 (31 March 2023 : None), reversal of provision for participation accounts of TRY 1.071.885 (31 March 2023 : TRY 278.795) and reversal of provision for impairment on marketable securities of TRY 429 (31 March 2023 : TRY 21.610).

6. Provision expenses for impairment on loans and other receivables

	Current Period 31 March 2024	Prior Period 31 March 2023
Expected Credit Loss	1.548.977	944.015
12 month expected credit loss (stage 1)	744.160	522.175
Significant increase in credit risk (stage 2)	563.165	193.923
Non-performing loans (stage 3)	241.652	227.917
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	60.454	22.469
Total	1.609.431	966.484

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EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on other operating expenses

	Current Period 31 March 2024	Prior Period 31 March 2023
Provision of Employee Termination Benefits	25.157	11.628
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	160.833	41.232
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	21.904	9.235
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	278.251	141.361
Leasing Expenses Related to TFRS 16 Exceptions	3.026	728
Maintenance Expenses	35.615	21.459
Advertisement Expenses	31.644	19.209
Other Expenses	207.966	99.965
Loss on Sales of Assets	56	-
Other (*)	303.635	731.884
Total	789.836	935.340

(*) The balance of constituting the other item, TRY 108.811 (31 March 2023: TRY 65.582) consists of SDIF premium and audit and consultancy service expenses, while TRY 110.747 (31 March 2023: TRY 34.856) consists of taxes, fees, funds and other service expenses. (31 March 2023, the amount of TRY 600.000 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 31 March 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 31 March 2024	Prior Period 31 March 2023
Net Profit Share Income	184.949	1.497.327
Net Fees and Commissions Income	306.661	167.603
Dividend Income	-	-
Trading Income/Expense (Net)	1.151.175	213.140
Other Operating Income	2.243.508	1.243.408
Expected Loss Provision (-)	1.548.977	944.015
Other Provision Expense (-)	60.454	22.469
Personnel Expense	848.704	414.361
Other Operating Expenses (-)	789.836	935.340
Income/(Loss) from Continuing Operations	638.322	805.293

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(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

As of March 31,2024, the Bank has no tax provision expense (31 March 2023: TRY 403.888),
Deferred tax expense TRY 188.550 (31 March 2023: TRY 192.787 income).

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

Net profit of the Bank from continuing operations is TRY 449.772 (31 March 2023: TRY 998.080
net profit).

11. Information on net profit/loss

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

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

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

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

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

None (31 March 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
31 MARCH 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	-	-	5.154.068	-	-	-
Profit share and commission income	-	-	-	-	-	-

Prior Period

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

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

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit-sharing accounts						
Balance at the beginning of period	1.740	-	-	-	-	-
Balance at the end of period	1.057	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	-	-	103.355	112.751	-	-
Profit share paid expense	976.543	1.442.455	11.464	72.040	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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	-	-	5.596.134	14.844.411	-	-
Total Profit/Loss	-	-	-	-	-	-
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 10.714. (31 December 2023: TRY 29.269).

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

None.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 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 31 March 2024 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor’s review report dated 14 May 2024 is presented preceding the consolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2024**

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

SECTION SEVEN

CONSOLIDATED INTERIM ACTIVITY REPORT

I. Assessment of Chairman

Among the key highlights of the global economy in the first quarter of 2024 were the fight against inflation and the increase in geopolitical risks. Escalating tensions in the Middle East and potential new developments on the Russia-Ukraine front have led to strong performance in commodity markets as of the end of February. This situation is expected to continue.

Driven by strong consumer spending, the US economy recorded growth exceeding expectations in the last last quarter of 2023. In the first quarter of this year, the US Federal Reserve (FED) kept the policy interest rate unchanged, maintaining it within the range of 5.25% to 5.50%. However, within the anticipated market scenario, two interest rate cuts are expected in 2024. Despite the strong performance of the US economy, the FED has indicated that restrictive policies will remain in place until there is confidence that inflation is sustainably moving towards the targeted level. More assurance is needed that inflation is on a downward trend. Meanwhile, despite the FED's policy interest rate being at its peak, central banks have increased their gold reserves in response to geopolitical risks, leading to record pricing in gold, the most precious of metals.

In the latest meeting on monetary policy in 2024, the main refinancing interest rate in the Eurozone was kept unchanged at 4.50%. With the annual inflation rate coming in below expectations in March, expectations that the European Central Bank (ECB) will cut interest rates in the second quarter of the year have strengthened in line with the data to be released in the coming months.

In the first quarter of the year, emerging market economies focused on efforts to maintain financial stability. Despite weakening demand in the real estate market, the Chinese economy grew by an annual rate of 5.3% in the first quarter of 2024, exceeding expectations. However, economic indicators falling short of expectations suggest that the economy is cooling again after initial signs of recovery at the beginning of the year. Additionally, due to geopolitical risks and expectations of a interest rate cut by the FED, the People's Bank of China has increased its reserves to mitigate risks. As a result, China's official reserves have reached their highest point since 2015. This trend is expected to continue in the coming period.

In the first quarter of the year, the Turkish economy continued its policy of supporting the Turkish Lira and managing risks and expectations related to inflation. Additionally, the gradual exit from Exchange rate-protected deposits persisted during this period. The Monetary Policy Committee raised the policy interest rate from 45% to 50%. The Committee stated that a tight monetary policy would be maintained until a clear and lasting decline in the main trend of monthly inflation is achieved and inflation expectations converge towards the projected range. In the coming period, current policies are expected to be refined and continued to reduce inflation before it becomes persistent and entrenched. Despite geopolitical risks and ongoing efforts to combat inflation, the Turkish economy has continued to grow in line with the Medium-Term Program (OVP).

As of January 2024, the share of participation banking in the financial sector reached 8.70%. Maintaining this positive performance is of great importance for the deepening of our country's financial system and enhancing its resilience against risks.

As of January 2024, Ziraat Katılım Bankası share in the participation banking sector was 19%. In the upcoming period, Ziraat Katılım Bankası will continue to support the economy with a customer-oriented approach, in line with the principles of profitability and efficiency, as well as expanding its service network.

Alpaslan ÇAKAR
Chairman of the Board

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

In the first quarter of 2024, Ziraat Katılım Bankası's total assets reached 384.8 billion TRY, while collected funds amounted to 300.9 billion TRY. Cash funds extended reached 260.3 billion TRY, and the total cash and non-cash financing provided by Ziraat Katılım Bankası to the entire sector was 352.2 billion TRY.

Ziraat Katılım, which has rapidly expanded its branch network throughout Türkiye, has reached 194 branches as of the first quarter of 2024, 196 branches in the country and 2 abroad.

OUR LEASE CERTIFICATE ISSUES REACHED 78.7 BILLION TRY TOTAL

Ziraat Katılım Bankası A.Ş. has successfully completed 7 lease certificate issuances in the first quarter of 2024. Ziraat Yatırım Menkul Değerler A.Ş. While 8.7 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 participation bank with public capital, has reached a total volume of 78.7 billion TRY with the issuance of 160 lease certificates to investors since its inception in 2015.

COMMERCIAL CREDIT CARD LAUNCHED

In line with the Corporate Loans Implementation Principles and Procedures of our Bank, aimed at contributing to our country's economy, a "Commercial Credit Card" has been introduced, allowing customers to procure goods and services and make payments within allocated limits without the need for cash usage. Our product, which offers a special limit management feature, also provides convenience to our commercial customers in optimizing the tracking of company expenses.

WE CONTINUE TO SUPPORT OUR COUNTRY'S ECONOMY WITH EXPORT READINESS SUPPORT FINANCING

We launched our "Export Preparation Support Financing" product in order to increase the competitiveness of companies in the export preparation phase and to meet their financing needs. Our product contains innovations that provide financing for our exporter customers' raw materials, finished goods, semi-finished goods and other expenses subject to production, regulate the financial processes of the exporter before the export price reaches the exporter and accordingly enable the exporter to continue its production processes financially smoothly.

WE LAUNCHED THE KFK EQUITY FINANCIAL LEASING SUPPORT PACKAGE

Our "KFK Equity Leasing Support Package" products were developed and put into the service of our customers in order to support access to financing for companies that want to expand and modernize their existing facilities, operate in new production areas or invest in energy saving.

OUR STATE-BACKED RECEIVABLES INSURANCE (DDAS) BASIC PLAN PRODUCT IS NOW AVAILABLE TO SMEs

Pursuant to the regulation made by the Insurance and Private Pension Regulatory and Supervisory Authority (SEDDK), in the first quarter of 2024, the State-Supported Receivables Insurance (DDAS) Basic Plan product was developed and made available to Small and Medium-Sized Enterprises (SMEs) by our Bank.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

II. Assessment Of General Manager (Continued)

SUPPLIER FINANCING PRODUCT LAUNCHED

The initial phase development work related to the Supplier Financing product, which offers early payment options for suppliers, has been completed and launched.

A PROTOCOL SIGNED WITH MONEYGRAM INSTITUTION

A protocol has been signed with MoneyGram institution, enabling our customers to send and receive money transfers from 200 countries worldwide through Ziraat Katılım branches. The system is targeted to be made available to our customers within this year

OUR CARD AND MERCHANT VOLUME CONTINUES TO INCREASE

Ziraat Katılım's card and merchant volume continued to increase in the first quarter of 2024. Accordingly, while our merchant network continued to grow, our number of POS terminals increased by 20% compared to the first quarter of the previous year, and our POS turnover tripled compared to the first quarter of the previous year. Compared to the previous quarter, our debit card count increased by 7%, and our debit card turnover increased by 20%. Similarly, compared to the previous quarter, our credit card count increased by 8%, and our credit card turnover increased by 26%.

As Ziraat Katılım, we continue to work devotedly to increase our contribution to the real economy in line with our values and ethical principles, which are the reflections of our deep-rooted corporate culture.

Best Regards,

Metin ÖZDEMİR
General Manager

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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

CONSOLIDATED 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

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

V. Main Financial Indicators

Among the Bank's Assets, Loans with TRY 258.244.693 Thousand with 68%, Cash Securities and Cash Equivalents with TRY 67.164.127 Thousand with 18%, Securities with TRY 46.619.974 Thousand with 12%, Other Assets with TRY 9.286.690 Thousand with 2% gets a share.

Assets (Thousand TRY)	31 March 2024	31 December 2023	Variance (%)
Cash Values and Cash Equivalents	67.164.127	73.659.078	(9)
Securities	46.619.974	42.275.790	10
Loans	258.244.693	259.770.687	(1)
Other Assets	9.286.690	7.952.815	17
Total Assets	381.315.484	383.658.370	(1)

Funds Collected in Bank Liabilities with TRY 300.875.556 Thousand with 79%, Funds Other than Funds Collected with TRY 52.896.175 Thousand with 14%, Shareholders' Equity with TRY 20.013.978 Thousand with 5% and Other Liabilities with TRY 7.529.775 Thousand with 2%. takes.

Liabilities (Thousand TRY)	31 March 2024	31 December 2023	Variance (%)
Deposit	300.875.556	304.372.274	(1)
Non- Deposit Resources	52.896.175	51.048.648	4
Other Liabilities	7.529.775	8.405.901	(10)
Equity	20.013.978	19.831.547	1
Total Liabilities	381.315.484	383.658.370	(1)

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators (Continued)

Selected Income-Expenses (Thousand TRY)	31 March 2024	31 March 2023
Profit Share Income	18.372.205	6.662.866
Profit Share Expense	18.187.256	5.165.539
Net Profit Share Income	184.949	1.497.327
Net Fee and Commission Income	306.661	167.603
Dividend Income	1.151.175	213.140
Other Operating Income	2.243.508	1.243.408
Other Operating Expense	789.836	935.340
Expected Loss Provision	1.548.977	944.015
Other Provision Expense	60.454	22.469
Personel Expense	848.704	414.361
Profit / Loss Before Tax	638.322	805.293
Tax Provision	(188.550)	(192.787)
Net Profit/Loss	449.772	998.080

RATIOS (%)	31 March 2024	31 December 2023
Capital Adequacy Ratio	13,0	15,1
Equity / Total Assets	5,2	5,2
Total Loans / Total Assets	66,9	66,1
Borrowings/Total Assets	78,9	79,3
Non-Performing Loans (Gross)/Loans	0,8	0,8

* Includes Leasing Receivables, excluding Non-Performing Receivables.

VI. Information On the Consolidated Subsidiary

ZİRAAT KATILIM VARLIK KİRALAMA A.Ş.:

Ziraat Katılım Varlık Kiralama A.Ş. exclusively within the framework of the Lease Certificates Communiqué (III-61.1) published in the Official Gazette dated 07.06.2013 and numbered 28760, on 22.01.2016, with a capital of TRY 50.000, all of which was paid by Ziraat Katılım, and the permission was obtained from the Banking Regulation and Supervision Agency and the Capital Markets Board. has been established to export lease certificates.

The company's main address is Fatih / İSTANBUL.

As of 31 March 2024, the company has no personnel.

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VI. Information On the Consolidated Subsidiary (Continued)

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

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Rate
Ziraat Katılım Bankası A.Ş.	TRDZKVK42418	700.000.000,00	17.01.2024	30.04.2024	104	42,50%
Ziraat Katılım Bankası A.Ş.	TRDZKVK52425	1.500.000.000,00	07.02.2024	17.05.2024	100	44,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK52433	1.000.000.000,00	15.02.2024	28.05.2024	103	44,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK62416	1.000.000.000,00	06.03.2024	07.06.2024	93	46,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK62424	1.000.000.000,00	15.03.2024	26.06.2024	103	48,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK32518	2.000.000.000,00	22.03.2024	21.03.2025	364	46,00%
Ziraat Katılım Bankası A.Ş.	TRDZKVK72415	1.500.000.000,00	27.03.2024	05.07.2024	100	50,50%

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

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Dividend
Ziraat Katılım Bankası A.Ş.	TRDZKVK12411	500.000.000,00	13.10.2023	17.01.2024	96	43.397.250,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK22410	900.000.000,00	31.10.2023	07.02.2024	99	81.776.700,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK22428	1.000.000.000,00	10.11.2023	15.02.2024	97	102.315.100,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK32419	600.000.000,00	28.11.2023	06.03.2024	99	65.095.920,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK32427	600.000.000,00	08.12.2023	15.03.2024	98	68.465.760,00
Ziraat Katılım Bankası A.Ş.	TRDZKVK32435	700.000.000,00	27.12.2023	27.03.2024	91	73.298.610,00

ZKB VARLIK KIRALAMA A.Ş.:

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

The company's main address is Fatih / İSTANBUL.

As of 31 March 2024, the company has no personnel.

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

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

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Annual Simple Rate
BALSU	TRDZKVB52416	145.000.000,00	01.02.2024	09.05.2024	98	46,00%
FASDAT	TRDZKVB72414	60.000.000,00	28.03.2024	18.07.2024	112	55,00%

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

Fund User	ISIN Code	Issue Amount	Issue Date	Redemption Date	Maturity-Day	Dividend
FASDAT	TRDZKVB12410	50.000.000,00	03.10.2023	19.01.2024	108	5.917.810,00
FASDAT	TRDZKVB22419	45.000.000,00	17.10.2023	16.02.2024	122	6.016.437,00
FASDAT	TRDZKVB32426	40.000.000,00	13.12.2023	28.03.2024	106	5.227.396,00
BALSU	TRDZKVB22427	105.000.000,00	27.10.2023	01.02.2024	97	12.277.807,50
BALSU	TRDZKVB32418	150.000.000,00	07.12.2023	14.03.2024	98	19.734.240,00

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2024

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2024 I. Interim Activities

CORPORATE BANKING

CORPORATE BRANCH BANKING

"Commercial Credit Card", which provides the opportunity to make payments with the supply of goods and services without the need to use cash within the limits allocated in line with the Bank's Corporate Credits Implementation Principles and Procedures in line with our goal of contributing to our country's economy;

"Export Preparation Support Financing" that provides financing for exporter customers' raw materials, finished goods, semi-finished goods and other expenses related to production;

"KFK Equity Leasing Support Package" to support access to finance for companies that want to expand or modernize their existing facilities, operate in new production areas, or make energy saving investments;

Marketing activities were carried out for the use of the products by our customers in our Corporate Branches

What We Achieved in the 1st Quarter of 2024:

- As the Corporate Branch Banking Department, new Advantage Cost Packages were created and put into operation in this period in order to increase the profitability of our Bank
- As a result of the actions we took in financial leasing transactions, which were awaiting finalization for more than a year on average, approximately TRY 1.3 Billion worth of projects were finalized in our Corporate Branch Banking Branches
- New DBS agreements were signed between our Corporate Banking customers and our Bank and collections were realized from our close follow-up customers.

What We Will Achieve in 2024:

- In 2024, in addition to our core banking activities, we will intensify our marketing activities with investment projects, treasury and cash management products that will support innovative, sustainable development and increase employment. On the other hand, support to the public and private sectors will continue through project and investment financing, financial leasing, import-export financing, financing from the Islamic Development Bank, KGF and PFI.
- Commercial flexible Financing (TEDEF) and Consumer Financing System (TFS) sample applications have been started as of the 1st quarter, marketing activities will be carried out with full integration within the year, and new products will be introduced to the Bank in terms of alternative financing utilization.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF
31 MARCH 2024**

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

CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2024 I. Interim Activities (Continued)

COMMERCIAL BANKING

The Department of Commercial Banking, with 14 Commercial Branches in 9 different provinces, continues to be alongside our branches and customers with a Customer-Focused Service Approach, providing solutions tailored to the needs of all its customers in accordance with our Bank's Business Culture Principles.

What We Achieved in the 1st Quarter of 2024:

- As of Q1 2024, efforts have been initiated to open new commercial branches in 8 different locations.
- In November 2023, the Commercial Banking Value Proposition project was launched and 14 different personas were created. Of the personas created, Green Transformation, Construction and Building, Wholesale Trade and Information Intensive personas were prioritized. Within the scope of the commercial value proposition project, 25 different customer visits and one-on-one interviews totaling more than 40 hours were initiated

What We Will Achieve in 2024:

- Within the scope of the project, the design of value proposition houses for our customers has been completed, and product studies to meet the end-to-end needs of our customers will start in 2024.
- By the end of 2024, we target our total number of commercial branches to be 22.

PRIVATE BANKING

As stated in the Bank's 2022-2025 Strategy Plan, our Private Banking target is to differentiate from our competitors and become a dominant player in the sector.

What We Achieved in the 1st Quarter of 2024:

In 2023, within the scope of the Private Banking Value Proposition project we completed, we identified new personas and prioritized them by taking into account the characteristics, demographics, demands and needs of our customers.

Among the products we have prepared for 4 priority personas and introduced to our Bank in the first quarter of 2024;

- "Rent Account" for real estate owners to monitor and manage their rent more easily,
- Sales of Individual Assurance Insurance product for our foreign customers,
- Specialized Financing Products (Boat/Yacht Financing and Education Financing),
- The introduction of the Family Banking service, which will enable the spouses and children of our private customers to benefit from private banking services,
- Foreign Currency Housing Loan Utilization,
- Customized Investment Products
- Intermediation of share purchase transactions on mobile
- Realization of the Special Fund setup
- Realization of private pool installation
- Publishing Weekly Financial Bulletins,
- There is a "Zakat Calculation" platform that allows our customers to calculate their zakat on a single platform

In addition, Private Banking corner branches activities started in Istanbul/Osmanbey and Antalya/Alanya branches.

ZİRAAT KATILIM BANKASI A.Ş.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2024 I. Interim Activities (Continued)

What We Will Achieve in 2024:

- Rental Financing Follow-up Account of our real estate owner customers,
- End-to-end renewal of the Mobile Application for our special customers,
- To ensure that share purchase transactions are intermediated through our mobile application,
- Provision and enhancement of privileged counseling services,
- Launch of the Private Banking Credit Card with mileage earning feature,
- Opening of Private Banking branches and representatives abroad,
- Our main targets include the utilization of Foreign Currency Housing Loans and emphasizing our Family Banking activities.

RETAIL BANKING

In Q1 2024, we continued to increase our support to the real sector with a focus on producers and exports. In addition, 6 new retail branches were opened, reaching 194 branches in 63 provinces.

The first phase of our SME Value Proposition project, which will meet the financial needs of SMEs 360 degrees with our products and services, has been completed and the second phase work has started.

The Kobi Katılım Digital product, which enables our customers to access all e-transformation products they need, was put into the service of our customers with Ziraat Katılım assurance.

By the Bankkart difference, our Commercial Credit Card, which offers card-specific limit management and ease of use in company expenditures, was put into the service of our customers.

RESOURCE AND CASH MANAGEMENT

What We Achieved in the 1st Quarter of 2024:

- Within the scope of e-transformation in SMEs, the SME Participation Digital Product was put into service for our customers.
- The first phase of development work on the Supplier Financing product, which offers early collection opportunities for suppliers, was completed and put into service.
- In 2024, in accordance with the regulation made by the Insurance and Private Pension Regulation and Supervision Agency (SEDDK), the State Supported Receivables Insurance (DDAS) Basic Plan product was developed and offered to Small and Medium-Sized Enterprises (SMEs) by our Bank among our insurance products.

What We Will Achieve in 2024:

- A protocol was signed with MoneyGram, a transfer system that can send money quickly from Ziraat Katılım branches to 200 countries of the world or collect money transfers from these countries. It is planned to be put into service in 2024.
- The first phase of development work on the Supplier Financing product, which offers early collection opportunities for suppliers, was completed and put into service. The second phase of Supplier Finance development work is planned to begin.
- Our new product, Savings Savings Account, will be launched in 2024 so that our customers can make their savings regularly in certain periods. Thus, our customers will be able to make savings in line with their purposes such as Hajj Account, Umrah Account, Education Account and Military Service Account.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2024 I. Interim Activities (Continued)

RESOURCE AND CASH MANAGEMENT (Continued)

- A new product will be offered to our customers, which our customers can use for their daily needs by keeping it in the Instant Account and at the same time utilize the remaining part of the balance with advantageous profit share return on a daily basis. With the Instant Account, our customers will be able to make deposits, withdrawals, bill payments, EFT/Transfer transactions without any loss of maturity when they need it, while having the opportunity to evaluate their savings with advantageous profit share returns.

FINANCING PRODUCTS MANAGEMENT

What We Achieved in the 1st Quarter of 2024:

Between KOSGEB and our Bank to provide financial support to businesses affected by natural disasters;

- Amasya, Kastamonu, Sinop and Samsun Provinces Emergency Support Financing Program,
- Bursa Inegol Emergency Support Financing Program,
- Emergency Support Financing Program for Istanbul, Bursa, Duzce, Diyarbakır, Batman and Zonguldak Provinces,
- 2023 Earthquake Emergency Support Financing Program, protocols were signed and disbursements were completed.

The following sub-protocols were signed between Katılım Finans Kefalet A.Ş. and our Bank within the scope of the main protocol on equity guarantees;

- "Katılım Finans Kefalet A.Ş. Equity Surety Support Package" was established to support SME and non-SME companies' access to Finance.
- "Equity Export Support Package" was established to support the access of exporters or companies operating in the foreign currency earning services sector to financing.
- The "Financial Leasing Support Package" was established to support access to finance for companies wishing to expand or modernize their existing facilities, operate in new production areas, or make energy saving investments.
- Within the framework of the treasury guarantee provided by the Government of the Republic of Türkiye, resource allocation has been made in favor of our Bank by the management of the Islamic Development Bank (IsDB). In this context, to alleviate the ongoing adverse effects of the pandemic, a package called "Emergency Working Capital Financing" has been created to support SMEs in Türkiye.
- In line with the goal of contributing to the country's economy, our bank has continued to provide financing through the "Maturity-Free Export Financing" product to SMEs and non-SME businesses that are members of export unions, enabling them to access favorable profit-sharing rates and long-term finance.
- In order to meet the financing needs of our Private Banking customers within a privileged, advantageous, and prioritized service standard framework, the "Private Banking Education Financing" product has been created. This aims to finance education expenses for students of all schools (pre-school, primary, secondary, and high schools), courses authorized by the Ministry of National Education, private education and rehabilitation centers, etc., as well as undergraduate, graduate, and doctoral students.
- In order to meet the financing needs of our Private Banking customers within a privileged, advantageous, and prioritized service standard framework, the "Private Banking Boat/Yacht Financing" product has been created. This aims to finance the financing needs of customers who are passionate about marine transportation, such as buying boats, yachts, dinghies, sailboats, etc.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2024 I. Interim Activities (Continued)

FINANCING PRODUCTS MANAGEMENT (Continued)

- Efforts continue to promote the widespread use of the "Instant Financing" product, which enables our individual customers to easily and quickly finance products they wish to purchase from businesses affiliated with our bank through digital channels without the need to visit a branch at any time of the day.
- In accordance with the cooperation agreement signed between Türkiye's Automobile Joint Venture Group Inc. (TOGG) and our bank, our branches continue to provide financing for individuals who want to purchase the national automobile brand TOGG through our "TOGG Vehicle Financing" product.
- Developments have been completed for our "Digital Vehicle Financing" product, where the financing application and disbursement process is entirely digital, allowing customers to complete the financing process easily by approving all necessary documents via the mobile application without visiting a branch. This product has been made available to customers who wish to purchase TOGG brand vehicles, enabling their financing requests to be entirely digital through our Participation Mobile application.
- The implementations of the "My First Home Mortgage Financing" and "Extended Home Financing" products, aimed at enabling our customers to become homeowners under favorable financing conditions, have continued.
- In order to finance real estate purchases in Türkiye by individuals residing abroad who do not have citizenship ties to the Republic of Türkiye, the "Home Financing for Foreign Residents" product has been created.
- Continuing the implementation of the "Home Insulation Financing" product within the framework of sustainability, aimed at increasing the efficiency of energy used for heating in areas with residential characteristics and reducing costs through insulation and roof insulation expenses financed under favorable conditions.
- In order to support efforts towards green transformation, which aims to finance sustainable development goals, reduce the country's dependence on energy sources, and minimize environmental damage, products such as "Environmental Financing and Leasing Products within the Scope of Sustainability" have been made available to our customers.
- The "Export Readiness Support Financing" product has been implemented to provide solutions for the financing needs of our exporter customers.
- In celebration of International Women's Day on March 8th, the "Women Entrepreneurs Support Financing Campaign" was launched to support our female entrepreneurs. Under this campaign, financing was provided with the "WESF-Equity" guarantee, and the package concluded on March 31, 2024.
- To meet the short-term business financing needs of commercial customers (such as procurement of goods/services, taxes, social security payments, payroll, etc.) quickly and to provide our bank with dynamic pricing flexibility for easier adaptation to changing market conditions, the Commercial Flexible Support Financing (CFSF) product has been developed.
- As part of the discussions held between Türkiye İhracat Kredi Bankası A.Ş. and our bank, an "EXIMBANK Financial Leasing Program" has been established to be made available for the use of SMEs (Small and Medium Enterprises) and non-SME companies.
- As Ziraat Katılım Bank, within the framework of a sustainable ecosystem, the aim is to promote the development of agriculture, mechanization, and modernization in our country, as well as to increase the efficiency and production of agricultural products. In this context, our "Agricultural Financing" product, subsidized and unsubsidized, addressing all agricultural needs in accordance with the principles of Participation Banking, has been completed to facilitate conscious, high-quality, and efficient production.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2024 I. Interim Activities (Continued)

FINANCING PRODUCTS MANAGEMENT(Continued)

What We Will Achieve in 2024:

- Our participation in Agricultural Technologies and Livestock Fairs will continue, while our new product studies will continue within the scope of developing and realizing climate changes, needs and preferences in food consumption, and agricultural policies in the medium and long term.

PAYMENT SYSTEMS

What We Achieved in the 1st Quarter of 2024:

Our card and merchant volume continued to increase in the first quarter of 2024. Accordingly;

- Our merchant network continued to grow, with the number of POS terminals increasing by 20% compared to the first quarter of the previous year, and our POS turnover showing a threefold increase compared to the same period of the previous year.
- The number of debit cards increased by 7% compared to the previous quarter, while our debit card turnover increased by 20%.
- The number of credit cards increased by 8% compared to the previous quarter, while our credit card turnover increased by 26%.

What We Will Achieve in 2024:

- In addition to the Ziraat Katılım Mobile POS application, efforts are underway to implement the Ziraat Katılım Mobile POS Basic Sales Application, which can be offered to merchants subject to the provisions of Tax Procedure Law Circulars numbered 507 and 509, within the year 2024.
- Payment flow through the TR QR code infrastructure is supported by our cards and POS terminals, with efforts ongoing to expand the usage, particularly for the remaining portion of our widespread POS terminals.
- The issuance of Commercial Credit Cards, enabling business owners to finance their needs and easily track expenses, was completed on 2 March 2024. Efforts are ongoing to add new features to the card.
- Efforts to increase the usage of the domestic and national card scheme TROY in card payments are ongoing through the issuance of TROY credit cards.

DIGITAL BANKING

What We Will Achieve in 2024:

- Compliance efforts are ongoing to meet the criteria for Identity Verification and Transaction Security in Electronic Banking Services and Establishing Contractual Relationships in Electronic Environment.
- Development work continues to ensure the secure conduct of second-hand vehicle purchases and sales through secure payment services.
- Development efforts are underway to enable our customers to view accounts held in other banks, as well as their transaction histories and account details, in our Internet Branch and Mobile Application through Open Banking.
- Infrastructure for the API Developer Portal is being established to facilitate the provision of Service/Platform Banking-based services to our customers.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VII. 2024 I. Interim Activities (Continued)

FOREIGN TRADE OPERATIONS

What We Achieved in the 1st Quarter of 2024:

- Within the scope of the Organizational Process Improvements Project, Import letter of credit process automation 2nd Phase study was carried out.
- Foreign Trade Summary Report based on Product/Branch/Customer/Quantity/Volume was prepared.
- KEP integration of intermediary bank notifications sent to our bank has been provided.
- IBKB Available Balance information has been added to the Incoming Transfer monitoring and report screens.

What We Will Achieve in 2024:

- Necessary systematic improvements will be made to enable import transfer transactions through digital channels.
- Necessary systemic improvements will be made to enable IBKB transactions to be carried out through digital channels.
- Artificial intelligence-supported MX compatible, user-friendly foreign exchange transfer screens work will be completed.
- Within the scope of the ISO 20022 SWIFT Integration in International Payments project, necessary work will be carried out to produce and send outgoing MX messages by the system.
- The end-to-end automation of the process between the Foreign Trade Operations department and the Compliance department will be ensured for foreign currency outgoing transfer transactions.
- Within the scope of the Organizational Process Improvements Project, Import Letter of Credit process automation 3rd Phase work will be carried out.

INFORMATION SYSTEMS MANAGEMENT

Within the scope of Information Systems activities, many projects and studies were completed in the first quarter of 2024.

Highlights of the work that ensures the smooth functioning of Ziraat Katılım's infrastructure and superstructure and the continuity of the service delivery platform are summarized below.

- With the Tarsim System Integration Project, the systemic integration for issuing TARSIM policies to the Bank's customers has been completed and policy production has started.
- The first phase development work on the Supplier Financing product has been completed and put into service.
- Functional improvements have been implemented for the TLREFK Indexed Leasing product.
- Austria Card Chip developments have been completed and possible risks have been prevented.
- The Supporting 8-Digit BINs project was completed and regulatory compliance was ensured.
- The efficiency of our digital channels has been increased with the Document Request from Our Customers Project via Katılım Mobile and Internet Branch.
- LGD Modeling/Macroeconomic Model Update Project was completed in the 1st Quarter.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VIII. Expectations After 2024 I Interim Period

In the first quarter of 2024, the global economic agenda focused on the fight against inflation and the monetary policy actions taken by countries to this end. A period in which interest rate hikes paused for the US and the Euro zone has been left behind. In the upcoming period, it is expected that the current situation will be monitored and easing steps will be taken as of the second half of the year in line with the data, as opposed to additional tightening steps globally. The magnitude of tensions in the Middle East and the global impact of regional conflicts such as the Russia-Ukraine war remained on the agenda as the most important geopolitical events of the period. Geopolitical problems led commodity prices, which were at high levels, to continue to increase. Brent oil prices rose from USD 75 at the beginning of the year to USD 90 at the end of the first quarter due to the escalating tensions. On the other hand, central banks took new steps to increase their gold reserves, and the ounce price of gold broke new records and reached USD 2250 at the end of the quarter, up from USD 2058 at the beginning of the year. In the World Economic Outlook Report published by the International Monetary Fund (IMF), it was stated that the global economy is expected to grow by 3.1 percent in 2024. When the OECD (2.9 percent) and the World Bank (2.4 percent) growth forecasts for 2024 are analyzed, all expectations are for a growth rate that will remain below the average of the last 20 years.

2023 was a year of supply-side recovery for the US economy, struggles against inflation and high interest rates, with growth of 3.1% in the last quarter of the year. In the first quarter of 2024, interest rates remained at their highest level in 23 years. Having decided to keep interest rates unchanged at its January and March meetings, the FED kept interest rates unchanged for the fifth consecutive meeting, and the view that the time was not yet ripe for a interest rate cut prevailed. After the March meeting, the FED stated that more confidence in inflation was needed for a interest rate cut. On the other hand, despite the FED's 2 percent target, the annual inflation rate realized above expectations at 3.5 percent in March, the highest level since September. The year-end inflation expectation rose to 3.1 percent, the highest level in the last four months. Expectations for interest rates to remain high for a while, while the 10-year bond yield rose above 4.5 percent. Forecasts for the first interest rate cut point to September. Presidential elections to be held in November remain on the agenda as one of the most important topics to be followed by the whole world.

For the European economy, 2023 was characterized by efforts to combat inflation in line with the global economic conjuncture, and a similar outlook continued in the first quarter of 2024. In early 2022, cost inflation continued to rise significantly in Europe as a result of the ongoing Russia-Ukraine war and rising energy prices. The European Central Bank (ECB), which raised interest rates as part of the fight against inflation, stated that interest rates will remain at high levels until the 2 percent inflation target is reached and that the time has not yet come for interest rate cuts. With the decisions taken at its January and March meetings, the ECB left interest rates unchanged at a 22-year high for the fifth time in a row. On the other hand, the elimination of supply-side and supply problems is expected to take time due to global uncertainties and geopolitical problems.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

VIII. Expectations After 2024 I Interim Period (Continued)

In 2023, developing country economies were affected by problems such as regional wars, supply problems, and increases in energy and commodity prices around the world. The share of developing countries in world GDP is increasing rapidly compared to developed countries. The manufacturing PMI index, which is an indicator of the latest outlook of economic activity, was 51.1 above the threshold value in China in March. In addition, the service sector PMI index, which signals the course of activities of small and medium-sized companies, increased for the first time in the last three months and reached 52.7. The Chinese economy, which grew by 5.2 percent in 2023, grew above expectations with 5.3 percent in the first quarter of this year, despite the decline in the housing market and weak domestic demand. China's reserves, one of the countries that continue to increase its gold reserves, have reached the highest level since 2015. On the other hand, it is seen that foreign direct investment is moving away from China and towards countries such as Türkiye, India, Indonesia, Brazil, Mexico and Poland. In line with all these developments, the international credit rating agency S&P Global has increased the total economic growth forecast of developing countries from 4.1 percent to 4.2 percent for 2024 and from 4.5 percent to 4.6 percent for 2025. or increased it. On the other hand, in Japan, one of the developed countries, the Central Bank (BOJ) ended the negative interest rate policy that it started in 2016, and increased the interest rate for the first time in 17 years. The policy interest rate increased from the range of -0.1% to 0% to the range of 0% to 0.1%.

Türkiye has left 2023 with a very busy agenda due to its geopolitical position as well as earthquakes and high inflation, while the fight against inflation was one of the most important topics of this year. The new economic policy, which started to be implemented in this period, continued to strengthen in the first quarter of 2024. In the MPC meetings held in the first quarter, the CBRT tightened its current monetary policy stance, maintained the upward trend in interest rates and continued to take decisions to stabilize aggregate demand. Interest rates, which were 42.5% at the start of the new year, reached 50% by the end of the quarter. In 2024, while no easing in the relevant policies is expected, it was stated that time is needed to see the results of the steps taken and that the long-term target is to reduce inflation to single digits. Steps to strengthen the Medium Term Program and structural reforms are expected to accelerate in the new period. Demand for gold continued to increase in Türkiye, as was the case on a global scale. In the related period, consumer confidence increased and the unemployment rate was realized as 8.7%, the lowest level in the last four months. The World Bank's report on the economies of Europe and Central Asia included expectations that the Turkish economy would grow by 3% this year and 3.6% next year.

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