

ZİRAAT KATILIM BANKASI ANONİM ŞİRKETİ

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

**(CONVENIENCE TRANSLATION OF UNCONSOLIDATED
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 unconsolidated balance sheet of Ziraat Katılım Bankası Anonim Şirketi (“the Bank”) at 30 June 2024 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders’ equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month period then ended. The Bank management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes “Regulation on Accounting Applications for Banks and Safeguarding of Documents” published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on this interim unconsolidated financial information based on our review.

Scope of Review

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

Basis for the Qualified Conclusion

As mentioned in Section Five Part II.8.c.1 of Explanations and Notes to the Unconsolidated Financial Statements prepared as of 30 June 2024; free provision amounting to TRY 500.000 thousand which was provided by the Bank 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 unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of Ziraat Katılım Bankası Anonim Şirketi at 30 June 2024 and the results of its unconsolidated operations and its unconsolidated cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2024. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

A handwritten signature in blue ink, appearing to read "Didem", written in a cursive style.

Didem Demer Kaya, SMMM
Independent Auditor

Istanbul, 12 August 2024



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

THE UNCONSOLIDATED INTERIM FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş
AS OF 30 JUNE 2024

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

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

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

Alpaslan ÇAKAR
Chairman of the Board

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:

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ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

SECTION ONE

GENERAL INFORMATION ABOUT THE BANK

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

Ziraat Katılım Bankası A.Ş. (“the Bank”) is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 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 September 20, 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 Bank is gathering funds by the accounts named as “Private Current Accounts” and “Participation Accounts to Profit and Loss” from domestic and abroad additional to its own capital and lending these funds to the economy, carrying up every kind of financing operations within the scope of legal legislation, promoting investment operations of real and corporate bodies that are making agricultural, industrial and commercial operations, participating in these operations, making up joint ventures and carrying out all these services and operations within the scope of participation banking fundamentals.

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

Name of Shareholders	30 June 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 BANK

Name	Title
Board of Directors	
Alpaslan ÇAKAR	Chairman
Fikrettin 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

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

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

GENERAL INFORMATION ABOUT THE BANK (Continued)

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

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

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

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

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

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

As of 30 June 2024, the Bank operates with its 200 domestic branches (31 December 2023: 189 domestic branches and 2 foreign) and 202 branches in total, including the Sudan branch, which started operations as of 27 August 2020 abroad and the Somali branch, which started operations as of 5 September 2023 abroad. As of 30 June 2024, the number of employees of the Bank is 2.828 (31 December 2023: 2.430).

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

None.

SECTION TWO

THE BANK'S UNCONSOLIDATED FINANCIAL STATEMENTS

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 JUNE 2024

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
ASSETS	Note (V-I)	Current Period (30 June 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
I. FINANCIAL ASSETS (NET)		49.031.601	52.592.174	101.623.775	38.243.744	56.778.131	95.021.875
1.1 Cash And Cash Equivalents		33.224.633	45.758.792	78.983.425	24.310.294	49.348.784	73.659.078
1.1.1 Cash And Balances with Central Bank	(1)	33.144.595	29.191.018	62.335.613	24.206.770	36.433.541	60.640.311
1.1.2 Banks	(2)	82.088	16.580.770	16.662.858	114.562	12.915.243	13.029.805
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Expected Loss Provision (-)		2.050	12.996	15.046	11.038	-	11.038
1.2 Financial Assets Measured At Fair Value Through Profit/Loss	(3)	-	6.503.699	6.503.699	-	3.812.067	3.812.067
1.2.1 Government Securities		-	6.503.699	6.503.699	-	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)	15.764.333	291.645	16.055.978	13.930.460	3.616.542	17.547.002
1.3.1 Government Securities		10.995.847	291.645	11.287.492	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		4.715.573	-	4.715.573	876.097	-	876.097
1.4 Derivative Financial Assets	(5)	42.635	38.038	80.673	2.990	738	3.728
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		42.635	38.038	80.673	2.990	738	3.728
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)		174.564.372	103.058.620	277.622.992	178.139.272	103.461.708	281.600.980
2.1 Loans	(6)	117.804.591	91.680.975	209.485.566	122.689.489	88.274.149	210.963.638
2.2 Lease Receivables	(6)	38.948.792	11.481.897	50.430.689	41.601.878	11.043.826	52.645.704
2.3 Other Financial Assets Measured at Amortized Cost	(7)	20.564.793	1.347.400	21.912.193	17.374.116	4.456.177	21.830.293
2.3.1 Government Securities		20.462.649	1.347.400	21.810.049	17.374.116	4.456.177	21.830.293
2.3.2 Other Financial Assets		102.144	-	102.144	-	-	-
2.4 Expected Loss Provision (-)		2.753.804	1.451.652	4.205.456	3.526.211	312.444	3.838.655
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (NET)	(8)	511.658	-	511.658	427.229	-	427.229
3.1 Assets Held for Sale		511.658	-	511.658	427.229	-	427.229
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES	(9)	45.100	-	45.100	22.600	-	22.600
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)		100	-	100	100	-	100
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
4.3 Joint Ventures (Net)		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
V. TANGIBLE ASSETS (NET)	(10)	3.248.672	40.681	3.289.353	2.159.859	5.840	2.165.699
VI. INTANGIBLE ASSETS (Net)	(11)	990.300	-	990.300	692.634	-	692.634
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		990.300	-	990.300	692.634	-	692.634
VII. INVESTMENT PROPERTY (NET)	(12)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSETS	(13)	2.951.410	-	2.951.410	2.478.105	-	2.478.105
X. OTHER ASSETS	(14)	1.811.131	323.789	2.134.920	1.505.019	342.464	1.847.483
TOTAL ASSETS		233.154.244	156.015.264	389.169.508	223.668.462	160.588.143	384.256.605

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 30 JUNE 2024

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)							
LIABILITIES	Note (V-II)	Current Period (30 June 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
I. FUNDS COLLECTED	(1)	190.220.047	115.985.943	306.205.990	185.040.926	119.331.448	304.372.374
II. FUNDS BORROWED	(2)	14.941.594	30.067.378	45.008.972	12.087.572	22.801.405	34.888.977
III. MONEY MARKETS DEBTS	(3)	2.048.777	16.068	2.064.845	435.678	10.528.455	10.964.133
IV. SECURITIES ISSUED (Net)	(4)	-	-	-	-	-	-
V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	(5)	-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL LIABILITIES	(6)	-	4.918	4.918	-	153.095	153.095
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	4.918	4.918	-	153.095	153.095
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
VII. LEASE PAYABLES (NET)	(7)	1.418.239	-	1.418.239	785.859	-	785.859
VIII. PROVISIONS	(8)	806.676	1.036.060	1.842.736	1.456.125	1.476.173	2.932.298
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		337.182	-	337.182	247.253	-	247.253
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		469.494	1.036.060	1.505.554	1.208.872	1.476.173	2.685.045
IX. CURRENT TAX LIABILITY	(9)	597.147	360	597.507	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)	1.341.723	7.955.415	9.297.138	1.341.987	4.451.686	5.793.673
12.1 Loans		1.341.723	7.955.415	9.297.138	1.341.987	4.451.686	5.793.673
12.2 Other Debt Instruments		-	-	-	-	-	-
XIII. OTHER LIABILITIES	(13)	2.763.874	387.826	3.151.700	2.408.661	1.259.020	3.667.681
XIV. SHAREHOLDERS' EQUITY	(14)	19.568.896	8.567	19.577.463	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		(129.071)	-	(129.071)	(129.539)	-	(129.539)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(1.768.645)	8.567	(1.760.078)	(761.298)	(31.758)	(793.056)
14.5 Profit Reserves		10.142.629	-	10.142.629	6.138.132	-	6.138.132
14.5.1 Legal Reserves		512.488	-	512.488	312.264	-	312.264
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		9.584.074	-	9.584.074	5.779.801	-	5.779.801
14.5.4 Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6 Profit or (Loss)		712.470	-	712.470	4.004.497	-	4.004.497
14.6.1 Prior Period Profit / Loss		-	-	-	-	-	-
14.6.2 Current Period Profit / Loss		712.470	-	712.470	4.004.497	-	4.004.497
TOTAL LIABILITIES		233.706.973	155.462.535	389.169.508	224.286.883	159.969.722	384.256.605

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

ZİRAAT KATILIM BANKASI A.Ş.

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AS OF 30 JUNE 2024

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED OFF-BALANCE SHEET COMMITMENTS							
	Note (V-III)	Current Period (30 June 2024)			Prior Period (31 December 2023)		
		TRY	FC	Total	TRY	FC	Total
A		68.396.749	57.004.500	125.401.249	44.556.727	56.166.174	100.722.901
I. GUARANTEES AND WARRANTIES	(1)	56.367.929	43.158.766	99.526.695	38.343.405	39.987.128	78.330.533
1.1 Letters of Guarantee		56.323.926	34.843.141	91.167.067	38.324.265	30.767.784	69.092.049
1.1.1 Guarantees Subject to State Tender Law		664.134	23.827.698	24.491.832	652.636	21.831.242	22.483.878
1.1.2 Guarantees Given for Foreign Trade Operations		38.938.370	-	38.938.370	30.182.880	-	30.182.880
1.1.3 Other Letters of Guarantee		16.721.422	11.015.443	27.736.865	7.488.749	8.936.542	16.425.291
1.2 Bank Acceptances		-	279.809	279.809	-	414.759	414.759
1.2.1 Import Letter of Acceptance		-	279.809	279.809	-	414.759	414.759
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		429	7.948.759	7.949.188	-	7.928.282	7.928.282
1.3.1 Documentary Letters of Credit		429	7.948.759	7.949.188	-	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		17.877	87.057	104.934	10.586	876.303	886.889
1.7 Other Collaterals		25.697	-	25.697	8.554	-	8.554
II. COMMITMENTS	(1)	12.010.377	2.106.623	14.117.000	6.163.310	1.289.972	7.453.282
2.1 Irrevocable Commitments		12.010.377	2.106.623	14.117.000	6.163.310	1.289.972	7.453.282
2.1.1 Forward asset purchase commitments		1.656.003	2.106.623	3.762.626	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		2.774.804	-	2.774.804	1.708.702	-	1.708.702
2.1.7 Tax and Fund Liabilities from Export Commitments		451.282	-	451.282	296.293	-	296.293
2.1.8 Commitments for Credit Card Limits		3.921.663	-	3.921.663	2.342.967	-	2.342.967
2.1.9 Commitments for Credit Cards and Banking Services Promotions		2.833	-	2.833	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		3.203.792	-	3.203.792	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		18.443	11.739.111	11.757.554	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		18.443	11.739.111	11.757.554	50.012	14.889.074	14.939.086
3.2.1 Forward Foreign Currency Buy/Sell Transactions		18.443	14.957	33.400	50.012	44.662	94.674
3.2.1.1 Forward Foreign Currency Transactions-Buy		18.443	-	18.443	50.012	-	50.012
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	14.957	14.957	-	44.662	44.662
3.2.2 Other Forward Buy/Sell Transaction		-	11.724.154	11.724.154	-	14.844.412	14.844.412
3.3 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		378.970.891	89.060.744	468.031.635	300.753.601	61.244.711	361.998.312
IV. ITEMS HELD IN CUSTODY		22.921.728	32.508.683	55.430.411	15.313.288	25.398.103	40.711.391
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		8.013.675	50.241	8.063.916	2.998.906	19.107	3.018.013
4.3 Checks Received for Collection		10.725.763	207.104	10.932.867	8.050.832	165.195	8.216.027
4.4 Commercial Notes Received for Collection		940.088	605.371	1.545.459	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		3.242.202	7.450.296	10.692.498	3.240.775	6.942.970	10.183.745
4.8 Custodians		-	24.195.671	24.195.671	-	17.752.497	17.752.497
V. PLEDGES RECEIVED		356.049.163	56.552.061	412.601.224	285.440.313	35.846.608	321.286.921
5.1 Marketable Securities		2.345.172	54.977	2.400.149	2.210.399	63.993	2.274.392
5.2 Guarantee Notes		13.257.954	235.534	13.493.488	10.971.967	214.321	11.186.288
5.3 Commodity		37.309.018	15.929.584	53.238.602	28.617.839	10.953.703	39.571.542
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		270.424.545	34.966.484	305.391.029	200.678.424	20.355.321	221.033.745
5.6 Other Pledged Items		32.712.474	5.365.482	38.077.956	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)		447.367.640	146.065.244	593.432.884	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.

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 JUNE 2024

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS					
INCOME / EXPENSE ITEMS	Note	Current Period 1 January - 30 June 2024	Prior Period 1 January - 30 June 2023	Current Period 1 April - 30 June 2024	Prior Period 1 April - 30 June 2023
	(V-IV)				
I. PROFIT SHARE INCOME	(1)	39.260.544	14.855.460	20.888.339	8.192.594
1.1 Profit Share on Loans		24.836.690	9.668.145	12.890.554	5.129.275
1.2 Profit Share on Reserve Deposits		1.541.846	-	1.541.846	-
1.3 Profit Share on Banks		133.884	168.361	100.436	131.059
1.4 Profit Share on Money Market Placements		-	-	-	-
1.5 Profit Share on Marketable Securities Portfolio		4.978.400	2.619.406	2.435.165	1.363.961
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		65.615	31.316	34.749	17.752
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		2.959.828	2.089.859	1.472.003	976.931
1.5.3 Financial Assets Measured at Amortised Cost		1.952.957	498.231	928.413	369.278
1.6 Financial Lease Income		7.554.175	2.365.292	3.834.832	1.559.300
1.7 Other Profit Share Income		215.549	34.256	85.506	8.999
II. PROFIT SHARE EXPENSE	(2)	39.367.496	12.333.509	21.180.240	7.167.970
2.1 Profit Share Expense on Participation Accounts		34.772.811	11.022.750	18.772.145	6.399.165
2.2 Profit Share Expense on Funds Borrowed		3.947.117	1.092.113	2.038.926	652.077
2.3 Profit Share Expense on Money Market Borrowings		505.173	175.066	291.888	93.854
2.4 Expense on Securities Issued		-	-	-	-
2.5 Lease Profit Share Expense		118.680	41.350	77.142	22.479
2.6 Other Profit Share Expenses		23.715	2.230	139	395
III. NET PROFIT SHARE INCOME/EXPENSE (I - II)		(106.952)	2.521.951	(291.901)	1.024.624
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		1.052.442	581.228	745.781	413.625
4.1 Fees and Commissions Received		1.974.145	1.171.479	1.228.841	475.666
4.1.1 Non-cash Loans		373.890	211.539	199.350	113.997
4.1.2 Other		1.600.255	499.940	1.029.491	361.669
4.2 Fees and commissions paid		921.703	130.251	483.060	62.041
4.2.1 Non-cash Loans		-	-	-	-
4.2.2 Other		921.703	130.251	483.060	62.041
V. DIVIDEND INCOME	(3)	-	-	-	-
VI. NET TRADING INCOME (Net)	(4)	2.230.361	1.116.557	1.079.186	903.417
6.1 Capital Market Transaction Gains / Losses		346.905	(13.452)	(39.605)	(16.188)
6.2 Gains/ Losses From Derivative Financial Instruments		1.060.866	122.815	694.759	56.433
6.3 Foreign Exchange Gains / Losses		822.590	1.007.194	424.032	863.172
VII. OTHER OPERATING INCOME	(5)	3.367.263	1.528.017	1.123.755	284.609
VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)		6.543.114	5.747.753	2.656.821	2.626.275
IX. EXPECTED CREDIT LOSSES EXPENSES (-)	(6)	2.329.663	1.626.622	780.686	682.607
X. OTHER PROVISIONS (-)	(6)	91.213	41.052	30.759	18.583
XI. PERSONNEL EXPENSES (-)		1.803.746	967.085	955.042	552.724
XII. OTHER OPERATING EXPENSES (-)	(7)	1.664.174	1.749.500	874.338	814.160
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		654.318	1.363.494	15.996	558.201
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)	654.318	1.363.494	15.996	558.201
XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	58.152	(204.900)	246.702	(397.687)
18.1 Current Tax Provision		-	-	-	-
18.2 Expense Effect of Deferred Tax (+)		(534.086)	(720.734)	48.258	(274.134)
18.3 Income Effect of Deferred Tax (-)		592.238	515.834	198.444	(123.553)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES(XVII±XVIII)	(10)	712.470	1.158.594	262.698	160.514
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)	712.470	1.158.594	262.698	160.514
Earnings per share income/loss (Full TRY)		0,0688	0,2335	0,0253	(0,0795)

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

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

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

ZİRAAT KATILIM BANKASI A.Ş UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
	Current Period	Prior Period
	1 January-30 June 2024	1 January-30 June 2023
I. CURRENT PERIOD PROFIT/LOSS	712.470	1.158.594
II. OTHER COMPREHENSIVE INCOME	(966.554)	(1.524.349)
2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss	468	853
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	468	853
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	(967.022)	(1.525.202)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(1.382.174)	(2.033.602)
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	415.152	508.400
III. TOTAL COMPREHENSIVE INCOME (I+II)	(254.084)	(365.755)

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

ZİRAAT KATILIM BANKASI A.Ş.

**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED
30 JUNE 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 / (Loss)	Period Net Profit or Loss	Total Equity	
	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3	4	5					6
PRIOR PERIOD														
30 June 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
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
IV. Total Comprehensive Income	-	-	-	-	-	-	853	-	(1.525.202)	-	-	-	1.158.594	(365.755)
V. Capital Increase by Cash	4.700.000	-	-	-	-	-	-	-	-	-	-	-	-	4.700.000
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Other Changes (*)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (III+IV.....+X+XI)	7.350.000	-	-	261.513	-	(94.366)	1.142	-	897.675	-	2.297.860	3.840.272	1.158.594	15.712.690
CURRENT PERIOD														
30 June 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
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
IV. Total Comprehensive Income	-	-	-	-	-	-	468	-	(967.022)	-	-	-	712.470	(254.084)
V. Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/decrease by other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	4.004.497	(4.004.497)	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-	-	-	-	4.004.497	(4.004.497)	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period end Balance (III+IV.....+X+XI)	10.350.000	-	-	261.513	-	(127.913)	(1.158)	-	(1.760.078)	-	10.142.629	-	712.470	19.577.463

- 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.

UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2024

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

ZİRAAT KATILIM BANKASI A.Ş. UNCONSOLIDATED STATEMENT OF CASH FLOWS			
	Note (VI)	Current Period 1 January-30 June 2024	Prior Period 1 January-30 June 2023
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities)		(4.112.329)	5.215.428
1.1.1 Profit Share Income Received		31.917.753	14.759.546
1.1.2 Profit Share Expense Paid		(33.648.728)	(9.796.091)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		1.896.405	1.532.680
1.1.5 Other Income		2.040.491	692.354
1.1.6 Collections from Previously Written-off Loans		518.658	36.818
1.1.7 Payments to Personnel and Service Suppliers		(1.803.746)	(967.085)
1.1.8 Taxes Paid		(3.413.325)	(2.444.250)
1.1.9 Others		(1.619.837)	1.401.456
1.2 Changes in Operating Assets and Liabilities		(232.432)	(760.508)
1.2.1 Net (Increase) / Decrease in Financial Assets at Fair Value Through Profit or Loss		(2.660.432)	(957.784)
1.2.2 Net (Increase) / Decrease in Due From Banks And Other Financial Institutions		(4.058)	(17.453.189)
1.2.3 Net (Increase) / Decrease in Loans		5.259.645	(41.903.001)
1.2.4 Net (Increase) / Decrease in Other Assets		1.929.237	(22.292.638)
1.2.5 Net Increase / (Decrease) in Bank Funds		3.547	374.308
1.2.6 Net Increase / (Decrease) in Other Funds		(5.007.798)	75.874.251
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		9.657.819	2.114.738
1.2.9 Net Increase / (Decrease) in Payables		-	-
1.2.10 Net Increase / (Decrease) in Other Liabilities		(9.410.392)	3.482.807
I. Net Cash Provided from Banking Operations		(4.344.761)	4.454.920
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net Cash Provided from Investing Activities		5.282.407	(9.944.089)
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		(22.500)	(24.000)
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(1.421.704)	(734.037)
2.4 Disposals of Tangible Assets		380	-
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(1.083.393)	(6.627.455)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		7.791.097	3.373.461
2.7 Purchase of Financial Assets Measured at Amortized Cost		(3.399.889)	(5.932.058)
2.8 Sale of Financial Assets Measured at Amortized Cost		3.418.416	-
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net Cash Provided from Financing Activities		3.378.920	4.406.033
3.1 Cash Obtained from Funds Borrowed And Securities Issued		4.044.379	9.209.424
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(540.911)	(9.455.712)
3.3 Issued Equity Instruments		-	4.700.000
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(124.548)	(47.679)
3.6 Other		-	-
IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents	(1)	666.149	1.484.318
V. Net Increase/ (Decrease) In Cash And Cash Equivalents (I+II+III+IV)	(1)	4.982.715	401.182
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)	46.545.138	21.555.573

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 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 unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” (“Regulation”) published in the Official Gazette no. 26333 dated 1 November 2006 and other regulations related to reporting principles on accounting records of Banks published by Banking Regulation and Supervision Agency (“BRSA”) and circulars and interpretations published by BRSA (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, Turkish Accounting Standards 34 (“TAS 34”) Interim Financial Reporting Standard and Turkish Financial Reporting Standards (“TFRS”) and (referred as “Turkish Accounting and Financial Reporting Regulations” or “Reporting Standards”) put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”).

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

In the unconsolidated financial statements, except for the financial assets and liabilities shown at their fair values, all balances in the financial reports and footnotes are presented in Thousand Turkish Lira (“TRY”), unless otherwise stated on the basis of historical cost.

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

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

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

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

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

ZİRAAT KATILIM BANKASI A.Ş.

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

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

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

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Subsidiaries and affiliates denominated in Turkish currency are accounted for at cost in accordance with the "Turkish Accounting Standard for Separate Financial Statements" ("TAS 27") and are reflected in the unconsolidated financial statements after deducting the provision for impairment, if any. As of 22 January 2016, Ziraat Katılım Varlık Kiralama Anonim Şirketi was established as a wholly-owned subsidiary of the Bank with a capital of 50 TRY, and as of 19 July 2017, ZKB Varlık Kiralama Anonim Şirketi was established as a wholly-owned subsidiary of the Bank with a capital of 50 TRY. 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 45.000 TRY on 30 April 2023.

IV. EXPLANATIONS ON FORWARD AND OPTION CONTRACTS AND DERIVATIVE INSTRUMENTS

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

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

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

V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 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 the Bank, if the Bank is a legal party to these instruments.

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

Classification and Measurement under TFRS 9

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

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

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

Fair value through profit or loss are financial assets that are managed by business model other than the business model that aims to “hold to collect” and “hold & sell” the contractual cash flows; acquired for the purpose of generating profit from short-term fluctuations in price, or regardless of this purpose, the financial assets that are a part of a portfolio with evidence of short-time profit-taking; and the financial assets, whose terms do not give rise to cash flows that are solely payments of principal 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 UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Financial assets at fair value through other comprehensive income

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

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

Equity investments

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

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

c. Financial assets measured at amortized cost:

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

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

The Bank's securities portfolios, whose fair value difference is reflected in other comprehensive income and measured at amortized cost, include consumer price (“CPI”) indexed lease certificates. The valuation of the said securities 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 UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 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 Bank. 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.

As of 30 June 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 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 Bank does not allocate impairments in accordance with TFRS 9 from 1 January 2018 for its loans and receivables by taking into consideration the "Regulation on the Classification of Loans and the Procedures and Principles Regarding the Provisions to be Set Aside" (Regulation on Provisions) published in the Official Gazette dated 22 June 2016 and numbered 29750. In this context, the Bank takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

The main principle of the expected credit loss model is to reflect the general outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit losses known as loss provision or provision varies according to the degree of increase in credit risk. There are two measurements according to the general approach:

- 12-Month Expected Loss Provision (Stage 1) applies to all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss Provision (Stage 2 and Stage 3) is applied when there is a significant increase in credit risk.

Impairment

The expected credit loss model includes instruments that are recorded at amortized cost or at fair value in other comprehensive income tables (such as bank deposits, loans and securities) and, in addition, financial lease receivables, contract assets, credit commitments and financial guarantee contracts.

The guiding principle of the expected credit loss model is to reflect the increase in credit risk of financial instruments or the general view of the recovery. The amount of allowance for the loss depends on the extent of the increase in credit risk since the initial issuance of the loan.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 2024**

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Impairment (Continued)

Expected credit loss is an estimate of the expected credit losses over the life of a financial instrument also the following aspects are important for the measurement.

- Probability-weighted and neutral amount determined by taking into account possible outcomes,
- Time value of money,
- Reasonable and supportable information on past events, current conditions and forecast of future economic conditions, at the time of reporting, without excessive cost and effort.

These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Provision for 12 month expected credit loss provision (Stage 1)

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

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

Significant increase in credit risk (Stage 2)

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

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

Default (Stage 3)

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

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

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

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

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 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. 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. 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 analyzing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS (Continued)

Write-off Policy

The amendment with respect to the regulation "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" entered into force with its publication in the Official Gazette No.31533 on 6 July 2021. Pursuant to the regulation, the banks are enabled to write down and move off the balance sheet the portion of a loan which is classified as “Group V Loan” (Loans Classified as Loss) within the period deemed appropriate by the bank specific to the situation of the debtor, if it cannot reasonably be expected to be recovered. Since the reporting period, it can be written-off from the records under TFRS 9. The write-off is an accounting policy and does not result in the waiver of the right to receivable. Within the scope of the said amendment, no credit has been deducted from the records by the Bank as of the current period.

IX. EXPLANATIONS ON OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank has legally enforceable rights to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Türkiye (“CBRT”) made some changes on orders for open market transactions (“OMT”) and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement, a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds. As of 30 June 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 repo agreements are accounted in "Money Markets Borrowing" account and and participation share rediscounts 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 rediscount 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 Bank due to its receivables are accounted for in accordance with “TFRS 5 Turkish Financial Reporting Standard for Non-current Assets Held for Sale and Discontinued Operations” in financial statement of the Bank.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

The assets that meet the criteria of being classified under assets held for sale are measured at the lower of their book values or fair value less costs to be incurred for sale, and depreciation for these assets is ceased and these assets are presented separately in the balance sheet. In order for an asset to be classified as an asset held for sale, the related asset (or the asset group to be disposed) shall be ready to be sold immediately under usual conditions and should have a high possibility to be sold. In order to have a high probability of sales, a plan for the sale of the asset (or group of assets to be disposed of) must have been prepared by an appropriate management team and an active program has been initiated to identify buyers and complete the plan. Various events or circumstances may extend the completion time of the sale transaction beyond one year. Assets continue to be classified as held for sale if there is sufficient evidence that the delay is due to events or conditions beyond the Bank's control and that the Bank's plan to sell the related asset (or disposal group) is in progress is done. The real estates acquired by the Bank due to its receivables are shown in the asset held for sale line in the financial statements, depending on the conclusion of the forward sales contract.

A discontinued operation is a part of a business that is classified as either to be disposed of or held for sale. Results of discontinued operations are presented separately in the income statement. The Bank has no discontinued operations.

As of 30 June 2024, the Bank's non-current assets held for sale are TRY 511.658 (31 December 2023: TRY 427.299).

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

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

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

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

XIII. EXPLANATIONS ON TANGIBLE ASSETS

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

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

Applied depreciation rates are as follows;

Vehicles and Fixtures: 2% - 25%

Operational Lease Improvement Costs (Leasehold Improvements): Leasing Period - 5 years

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON TANGIBLE ASSETS (Continued)

Ordinary maintenance and repair expenses incurred for tangible assets items are recognized as expenses. Investment expenditures that increase the future benefit by enhancing the capacity of property and equipment are capitalized. The investment expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

Gains or losses emerging from the disposal of tangible assets are recognized in the profit or loss account as difference between net revenue of a related intangible asset and its net book value.

The depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end. Operational lease improvement costs (leasehold improvements) are depreciated over their estimated economic useful lives in equal amounts. The estimated economic useful lives cannot exceed the leasing period.

There are no mortgages, pledges or similar precautionary measures on tangible assets or commitments given for the purchase or any restrictions designated for the use of those tangible assets.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

Operational Leasing Transactions

Transactions as a lessee

At the beginning of a contract, the Bank evaluates whether the contract has a lease or does not include a lease. In the event that the contract is transferred for a certain period of time to the right to control the use of the asset defined for a price, this contract is of a rental nature or includes a lease. The Bank reflects the existence of a right of use and a lease liability to the financial statements at the effective date of the lease.

Right of use;

The Bank applies the “IFRS 16 – Leases” standard in the accounting of leasing transactions.

In accordance with the “IFRS 16 - Leases” standard, the Bank calculates the “right of use” amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in “tangible fixed assets”.

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

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

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

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

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

Lease Liabilities:

At the date of the effective leasing of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS (Continued)

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

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

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

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

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Employment termination and vacation benefits

Liabilities related to severance pay and right to leave calculated according to the regulations of the TAS 19 “Accounting Standard of Employee Benefits” and the Bank’s liabilities related to future severance pay and right to leave calculated and reflected to the financial statements on the net present value.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

a. Employment termination and vacation benefits (Continued)

The Bank benefits from independent actuaries on determination of obligation and makes assumptions on discount rate, employee turnover rate, and future raise in salaries. As of 30 June 2024, the Bank’s employee termination benefit is TRY 253.018 (31 December 2023: TRY 202.704).

Communiqué on “Turkish Accounting Standard (“TAS19”) about Benefits for Employee (No:9)” published in Official Gazette by Public Oversight Accounting and Auditing Standards Authority (“POA”) on 12 March 2013 numbered 28585, was entered into force for the account periods starting after 31 December 2012 on accounting treatment of actuarial profit and loss resulting from changes in actuarial assumptions or differences between actual and actuarial assumptions. Actuarial loss amounting to TRY 127.913 was classified under shareholders’ equity in the financials (31 December 2023: TRY 127.913 loss).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 30 June 2024 unused vacation liability of the Bank is TRY 84.000 (31 December 2023: TRY 44.385).

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

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

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

With the publication of the reasoning of the decision, the Grand National Assembly of 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.

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.

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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)

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

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

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

Lastly, 51st article of Law No.6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20th article of Law No.5510 related to the transfer of Bank and Insurance Funds to Social Security Institution; “Council of Ministers is the authority to determine the date of transfer of banks, insurance and reinsurance companies, boards of trade, chambers of industry and stock markets or the participants of funds established for their constitute union personnel and the ones that were endowed salary or income and their beneficiaries within the scope of transient 20th article of Law No.506. As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4th article of this Law. Based on the decision of the Council of Ministers dated 24 February 2014; May 2015 was determined as the transfer period. As a result of the last amendment made in the first paragraph of the provisional article 20 of the Law No. 5510 and the Occupational Health and Safety Law No. 6645 published in the Official Gazette dated 23 April 2015 and numbered 29335; The Council of Ministers has been authorized to determine the transfer date and the President has been authorized to determine the transfer date in the repeated Official Gazette numbered 30473 on 9 July 2018.

The technical balance sheet report as of 31 December 2023 which is prepared in accordance with the new law and the allowance determined as 9,80%, concluded no technical deficit arises in the above mentioned fund. Since the Bank has no legal right to hold the present value of any economic benefits available in the form of refunds from Pension Fund or reductions in future contributions to Pension Fund, no asset is recognized in the Bank’s financial statements.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

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.

Taxes which do not accrue on time because the applying exemption for the transfer of the expented part of revenue to the other accounts with other ways out of capitalizing in five years or withdrawn from company or transferring from limited taxpayer corporations to the headquarters, are considered as tax loss. This is also applicable in the condition of liquidation of business (Except transfers and divisions that make according to this code).

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current tax (Continued)

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

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.

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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

b Deferred tax (Continued)

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 30 June 2024 in accordance with the Tax Procedure Law is included in the deferred tax calculation as of 30 June 2024.

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Bank recognizes its debt instruments in accordance with TFRS 9 “Financial Instruments” and all financial liabilities are carried at amortized cost by using effective the internal rate of return method. The Bank has no borrowings that require hedging techniques for accounting and revaluation of debt instruments and liabilities representing the borrowings. There are no debt securities issued by the Bank. The Bank has issued borrowings as sukuk issuances, this through its subsidiary Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., these sukuk issuances are provided to the qualified investors without being released through an IPO and the bank takes place during this operation as a fund user.

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

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS (Continued)

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 Bank as of balance sheet date (31 December 2023: None).

XX. EXPLANATIONS ON ACCEPTANCES

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

XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

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

XXII. EXPLANATIONS ON CASH AND CASH EQUIVALENTS

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

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

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.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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SECTION FOUR

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY

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

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 12 December 2023 and numbered 10747, the Central Bank’s foreign exchange buying rate of 26 June 2023 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- As of 1 January 2024, in case the net valuation differences of the securities held by banks in the portfolio of “Securities at Fair Value Reflected in Other Comprehensive Income” within the framework of the regulation dated 12 December 2023, and numbered 10747 are negative, these differences are allowed not to be taken into account in the equity amount.

The current period equity amount calculated as of 30 June 2024, taking into account the latest regulations, is TRY 29.874.369 (31 December 2023: TRY 24.251.951), and the capital adequacy standard ratio is 14,29% (31 December 2023: 15,10%). The Bank’s capital adequacy standard ratio is above the minimum ratio determined by the relevant legislation.

Information Related To The Components of Shareholders’ Equity:

	Current Period 30 June 2024	Prior Period 31 December 2023
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	10.350.000	10.350.000
Share issue premiums	-	-
Reserves	10.142.629	6.138.132
Gains recognized in equity as per TAS	315.282	597.284
Profit	712.470	4.004.497
Current Period Profit	712.470	4.004.497
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	21.520.381	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	1.356.440	922.211
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	990.300	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 BANK (Continued)

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

	Current Period 30 June 2024	Prior Period 31 December 2023
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier I Capital	2.346.740	3.454.122
Total Common Equity Tier I Capital	19.173.641	17.635.791
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA (**)	4.523.834	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 Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	4.523.834	3.681.925
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	23.697.475	21.317.716
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA (***)	4.442.469	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)	1.751.581	1.656.901
Tier II Capital Before Deductions	6.194.050	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	6.194.050	2.956.901
Total Capital (The sum of Tier I Capital and Tier II Capital)	29.891.525	24.274.617

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

	Current Period 30 June 2024	Prior Period 31 December 2023
Total of Original Capital and Supplementary Capital (Total Capital)	29.891.525	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	17.156	22.666
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks’ Own Funds	-	-
TOTAL CAPITAL		
Total Capital (The sum of Tier I Capital and Tier II Capital)	29.874.369	24.251.951
Total risk weighted amounts	209.018.139	160.618.174
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	9,17	10,98
Tier I Capital Adequacy Ratio (%)	11,34	13,27
Capital Adequacy Ratio (%)	14,29	15,10
BUFFERS		
Total additional Common Equity Tier I 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 I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4,67	6,48
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.751.581	1.656.901
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.751.581	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 BANK (Continued)

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

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

(*) Profit share for participation banks.

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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 BANK (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 (As of the latest reporting date – Million TRY)	500
Par value of instrument (Milliyon TRY)	500
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons / dividends^(*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	18,00%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with Article number 8
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

(*) Profit share for participation banks.

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

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

(*) Profit share for participation banks.

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (As of the latest reporting date – Million TRY)	3.320
Par value of instrument (Milliyon TRY)	3.433
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 unconsolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with Article number 7
Details of 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 BANK (Continued)

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
Regulatory treatment	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated / consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (As of the latest reporting date – Million TRY)	1.204
Par value of instrument (Milliyon TRY)	1.958
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	09 March 2022
Perpetual or dated	Undated
Original maturity date	09 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 unconsolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with Article number 7
Details of 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 BANK (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 Tier II Capital
Amount recognized in regulatory capital (As of the latest reporting date -Million TRY)	3.202
Par value of instrument (Million TRY)	3.202
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	5 April 2024
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
Coupons/dividends (*)	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	8.5%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or non-convertible	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It grants the holder the right to receive the receivable before the debt instruments to be included in the calculation of additional Tier II capital, and after depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

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

I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY (Continued)

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

	Current Period 30 June 2024	Prior Period 31 December 2023
Equity value of balance sheet	19.577.463	19.831.547
Cost of development of operating lease	(1.356.440)	(922.211)
Goodwill and other intangible assets and related deferred tax liability	(990.300)	(692.634)
Debt instruments and premiums approved by BRSA	4.442.469	1.300.000
Tier II Capital(Provisions)	1.751.581	1.656.901
Debt instruments and premiums approved by BRSA - subordinated loans	4.523.834	3.681.925
Other values deducted from equity	(17.156)	(22.666)
Other	1.942.918	(580.911)
Amount taken into consideration in the calculation of legal equity	29.874.369	24.251.951

II. EXPLANATIONS ON CURRENCY RISK

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

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

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

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

None.

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

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
30.06.2024	32,0247	34,3272	21,2727	4,5802	3,0089	35,5546	23,1702	2,9924	40,4887	8,4725	19,7100
28.06.2024	32,0247	34,3272	21,2727	4,5802	3,0089	35,5546	23,1702	2,9924	40,4887	8,4725	19,7100
27.06.2024	32,0824	34,3644	21,2562	4,5847	3,0101	35,6945	23,2046	2,9979	40,5825	8,4868	19,7790
26.06.2024	32,1154	34,3065	21,2547	4,5767	3,0261	35,7288	23,2172	2,9930	40,5439	8,4964	19,7960
25.06.2024	32,2070	34,4595	21,2724	4,5968	3,0477	35,9333	23,3383	3,0226	40,8087	8,5200	19,9680
24.06.2024	32,1392	34,4853	21,2903	4,6003	3,0549	35,8833	23,2890	3,0308	40,7761	8,5030	19,9220

- 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
31,8395	34,2339	21,0225	4,5667	3,0128	35,5149	22,9928	2,9819	40,4208	8,4241	19,9523

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

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

II. EXPLANATIONS ON CURRENCY RISK (Continued)

Information on the foreign currency risk of the Bank:

	EUR	USD	Other FC(***)	Total
Current Period				
Assets				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Türkiye	8.446.975	13.852.605	6.879.726	29.179.306
Banks	5.442.990	2.061.296	9.075.200	16.579.486
Financial assets at fair value through profit and loss	-	-	6.503.699	6.503.699
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	-	291.645	-	291.645
Loans (*)	50.154.474	51.620.350	1.369	101.776.193
Partnership Investments	-	-	-	-
Financial assets measured at amortized cost	1.347.400	-	-	1.347.400
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	39.081	1.600	40.681
Intangible assets	-	-	-	-
Other assets(****)	85.532	68.274	184.920	338.726
Total assets	65.477.371	67.933.251	22.646.514	156.057.136
Liabilities				
Current account and funds collected from Banks via participation accounts	696	9.201	-	9.897
Current and profit sharing accounts FC	46.174.302	47.867.380	21.934.364	115.976.046
Money market borrowings	-	16.068	-	16.068
Funds provided from other financial institutions	7.015.253	23.052.125	-	30.067.378
Marketable securities issued (*****)	-	-	-	-
Miscellaneous debts	200.949	146.235	3.368	350.552
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (****)	5.361.972	3.642.458	29.597	9.034.027
Total liabilities	58.753.172	74.733.467	21.967.329	155.453.968
Net balance sheet position	6.724.199	(6.800.216)	679.185	603.168
Net off-balance sheet position (**)	(5.835.624)	5.873.573	-	37.949
Financial derivative assets	-	5.888.530	-	5.888.530
Financial derivative liabilities	5.835.624	14.957	-	5.850.581
Non-cash loans	19.390.638	21.973.400	1.794.728	43.158.766
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 64.973 (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.

(***) 89% of the currencies in the other FC column of the assets section consists of Gold, 2% of GBP, 1% of CHF and the remaining 8% of other currencies. In the FC column of the liabilities section, 91% of the currencies are Gold, 2% of GBP, 1% of CHF and the remaining 6% are other currencies.

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

(*****) Prepaid expenses amounting to TRY 23.101 within other assets are not included in the table.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 2024**

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

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

III. EQUITY SHARE POSITION RISK ON BANKING ACCOUNTS

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

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

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

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

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

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

1) Liquidity risk:

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

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

The bank, TRY and FC liquidity meets its needs mostly from the funds collected, internal and external sources that can be used in an emergencies in order to meet the liquidity requirements are monitored periodically, borrowing limits of the markets organized by the Bank and other banks, liquidity levels that can be met. The Bank manages liquidity risk within the regulations of Liquidity Risk and Liquidity and Financial Emergency Management.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

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

IV. EXPLANATIONS ON 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 Bank’s assets average maturity is longer than collected funds, most of the securities, available for sale and held to maturity, make periodic coupon payment which is no longer than six months and monthly credit receivables payments provide cash flow to the Bank.

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

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

2) Liquidity Coverage Ratio:

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

Bank’s premium liquidity asset stock; consists of debt securities which is not subjected to any collateral or repurchase agreement transaction and basically export from the 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.

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

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

The lowest and highest Liquidity Coverage Ratios for the last three months period of 2024 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TRY+FC	270,24	23.05.2024	149,71	02.04.2024
FC	557,29	01.04.2024	304,50	26.06.2024

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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 BANK (Continued)

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

2) Liquidity Coverage Ratio (Continued)

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

Current Period 30 June 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	-	-	88.781.750	39.204.307
CASH OUTFLOWS				
Real person deposits and retail deposits	122.315.615	59.818.211	11.997.254	6.092.840
Stable deposit	10.464.841	-	523.242	-
Deposit with low stability	111.850.774	59.818.211	11.474.012	6.092.840
Unsecured debts except real person deposits and retail deposits	128.167.771	42.055.815	66.769.554	19.968.628
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	128.167.771	42.055.815	66.769.554	19.968.628
Secured debts	-	-	-	-
Other cash outflows	117.106.194	52.118.149	15.997.727	12.310.595
Derivative liabilities and margin obligations	11.416.109	10.035.964	10.083.573	10.035.964
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	2.126.927	745.973	735.996	207.820
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off- balance sheet liabilities	103.563.158	41.336.212	5.178.158	2.066.811
TOTAL CASH OUTFLOWS	-	-	94.764.535	38.372.063
CASH INFLOWS				
Secured receivables	-	-	-	-
Unsecured claims	51.796.918	31.702.408	37.822.927	27.319.404
Other cash inflows	10.680.637	4.096.949	10.680.637	4.096.949
TOTAL CASH INFLOWS	62.477.555	35.799.357	48.503.564	31.416.353
	Upper Limit Applied Values			
TOTAL HIGH QUALITY LIQUID ASSET STOCK	-	-	88.781.750	39.204.307
TOTAL NET CASH OUTFLOWS	-	-	46.260.971	9.593.016
LIQUIDITY COVERAGE RATIO (%)	-	-	192	409

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

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

IV. EXPLANATIONS ON 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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

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

2) Liquidity Coverage Ratio (Continued)

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Undistributed (**)	Total
Current Period								
30 June 2024								
Assets								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Türkiye	29.912.722	32.409.673	-	-	-	-	-	62.322.395
Banks	16.617.370	43.660	-	-	-	-	-	16.661.030
Financial Assets at Fair Value Through Profit and Loss	-	361.253	-	1.488.727	4.653.719	-	-	6.503.699
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets Available-for-Sale	-	33.158	6.797	7.158.853	7.580.541	1.223.716	52.913	16.055.978
Loans Given ^(****)	-	22.652.516	25.158.202	86.201.325	106.532.910	14.679.175	486.671	255.710.799
Financial Assets Measured at Amortised Cost	-	-	-	2.827.894	14.545.026	4.539.273	-	21.912.193
Other Assets	-	-	-	-	-	-	10.003.414	10.003.414
Total Assets^(*)	46.530.092	55.500.260	25.164.999	97.676.799	133.312.196	20.442.164	10.542.998	389.169.508
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	3.557.458	2.713.926	-	-	-	-	-	6.271.384
Current and Participation Accounts	52.128.536	159.223.281	60.776.813	26.535.710	1.270.266	-	-	299.934.606
Funds Provided from Other Financial Instruments	-	2.812.367	7.031.258	14.030.975	19.918.143	1.216.229	-	45.008.972
Money Market Borrowings	-	2.064.845	-	-	-	-	-	2.064.845
Issued Marketable Securities	-	-	-	-	-	-	-	-
Miscellaneous Debts	-	-	-	-	-	-	1.372.115	1.372.115
Other Liabilities ^(**)	-	-	-	-	5.000.384	4.296.754	25.220.448	34.517.586
Total Liabilities	55.685.994	166.814.419	67.808.071	40.566.685	26.188.793	5.512.983	26.592.563	389.169.508
Liquidity Gap	(9.155.902)	(111.314.159)	(42.643.072)	57.110.114	107.123.403	14.929.181	(16.049.565)	-
Net Off-Balance Sheet Position	-	53.055	3.337	-	-	-	-	56.392
Receivables From Derivative Financial Instruments	-	5.889.519	17.454	-	-	-	-	5.906.973
Financial Derivative Liabilities	-	5.836.464	14.117	-	-	-	-	5.850.581
Non-Cash Loans	19.807.762	4.723.357	7.768.940	39.442.487	18.963.383	8.820.766	-	99.526.695

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

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

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

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

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

IV. EXPLANATIONS ON 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
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	-	16.408	646.029	3.283.336	12.031.106	1.517.210	52.913	17.547.002
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	-	-	-	-	-	-	7.637.478	7.637.478
Total Assets(*)	41.553.975	59.226.199	39.763.342	92.482.594	120.887.779	22.393.381	7.949.335	384.256.605
Liabilities								
Funds Collected from Banks Via Current and Participation Accounts	3.553.912	-	2.555.514	-	-	-	-	6.109.426
Current and Participation Accounts	55.898.828	165.885.221	41.458.742	34.178.918	841.239	-	-	298.262.948
Funds Provided from Other Financial Instruments	-	6.749.210	6.809.545	1.999.807	18.108.590	1.221.825	-	34.888.977
Money Market Borrowings	-	10.964.133	-	-	-	-	-	10.964.133
Issued Marketable Securities	-	-	-	-	-	-	-	-
Miscellaneous Debts	-	-	-	-	-	-	1.906.544	1.906.544
Other Liabilities(***)	-	-	-	-	-	1.341.987	30.782.590	32.124.577
Total Liabilities	59.452.740	183.598.564	50.823.801	36.178.725	18.949.829	2.563.812	32.689.134	384.256.605
Liquidity Gap	(17.898.765)	(124.372.365)	(11.060.459)	56.303.869	101.937.950	19.829.569	(24.739.799)	-
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 BANK (Continued)

IV. EXPLANATIONS ON 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 unconsolidated NSFR and the elements constituting NSFR are shown in the table below, and the three-month simple arithmetic average NSFR is 133.10% (First quarter of 2024: 128.95). The average NSFR for the last three months of the current period was 131.52% (First quarter of 2024: 130.59%).

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	26.737.898	-	-	-	26.737.898
2	Regulatory capital	26.737.898	-	-	-	26.737.898
3	Other capital instruments	-	-	-	-	-
4	Deposits (from retail and small business customers)	32.488.197	80.754.195	10.698.194	-	112.175.881
5	Stable Deposits (from retail and small business customers)	2.888.472	9.348.487	350.102	-	11.957.708
6	Less Stable Deposits (from retail and small business customers)	29.599.726	71.405.709	10.348.092	-	100.218.173
7	Wholesale funding	51.460.510	171.927.101	11.585.432	-	107.297.256
8	Operational deposits	-	52.304.559	-	-	-
9	Other wholesale funding	51.460.510	119.622.542	11.585.432	-	107.297.256
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	10.673.495	94.484	-	-	-
12	Net Derivatives Liabilities	-	94.484	-	-	-
13	All other liabilities and equity not included in the above categories	10.673.495	-	-	-	-
14	Total Available Stable Funding					246.211.035
Required Stable Funding						
15	High Quality Liquid Assets (HQLA)	-	-	-	-	1.980.062
16	Deposits held at other financial institutions for operational purposes	-	-	-	19.460.777	19.460.777
17	Performing loan and securities	-	131.763.048	61.319.098	81.429.886	157.062.592
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	496.262	-	248.131
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	19.163.979	-	-	2.874.597
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs	-	112.599.069	60.822.837	70.960.532	146.258.044
21	<i>35% or Lower Risk Weight</i>	-	112.599.069	60.822.837	70.960.532	146.258.044
22	Residential Mortgage Secured Loans	-	-	-	6.085.654	3.955.675
23	<i>35% or Lower Risk Weight</i>	-	-	-	6.085.654	3.955.675
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	4.383.700	3.726.145
25	Assets with matching interdependent liabilities	-	-	-	-	-
26	Other Assets	1.153.360	-	-	-	980.356
27	Physical traded commodities (including gold)	1.153.360	-	-	-	980.356
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	-	24.330.678	26.150.911	36.816.914	5.494.053
33	Total Required Stable Funding					184.977.840
34	Net Stable Funding Ratio (%)					133,10

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

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

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

3) Net Stable Funding Ratio Template (Continued)

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

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

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

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

V. EXPLANATIONS ON LEVERAGE RATIO

As of 30 June 2024, the leverage ratio of the Bank calculated from quarterly average amounts is 4.13% (31 December 2023: 4.38%). The relevant rate is above the minimum rate specified in accordance with the "Regulation on the Measurement and Evaluation of the Leverage Level of Banks". The reason for the change between the leverage ratio in the current period and the previous period is that the average total risk amount increase rate is higher than the increase rate in the average Tier 1 capital. The regulation stipulates the minimum leverage ratio as 3%.

The leverage ratio public disclosure template is as follows

	Current Period ^(*) 30 June 2024	Prior Period ^(*) 31 December 2023
Balance sheet assets		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	386.771.072	366.459.646
(Assets deducted from main capital)	(4.927.640)	(2.841.169)
Total risk amount of the balance sheet assets	381.843.432	363.618.477
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit Derivatives	31.581	20.393
Potential credit risk amount of derivative financial instruments and credit derivatives	41.697	85.902
Total risk amount of derivative financial instruments and credit derivative	73.278	106.295
Security or secured financing transactions		
Risk amount of security or secured financing transactions (Except balance sheet)	4.067.206	12.392.818
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	4.067.206	12.392.818
Off-balance sheet transactions		
Gross nominal amount of off-balance sheet transactions	109.690.029	83.884.553
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	109.690.029	83.884.553
Equity and total risk		
Main capital	20.484.000	20.156.171
Total risk amount	495.820.499	460.044.660
Leverage ratio		
Leverage ratio %	4,13	4,38

(*) 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 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 BANK (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 our bank.

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

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

Overview of Risk-Weighted Amounts

		Risk Weighted Amount		Minimum Capital Requirement
		Current Period 30 June 2024	Prior Period 31 December 2023	Current Period 30 June 2024
1	Credit risk (excluding counterparty credit risk)	190.135.733	149.737.660	15.210.859
2	Standardized approach	190.135.733	149.737.660	15.210.859
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	259.508	107.754	20.761
5	Standardized approach for counterparty credit risk	259.508	107.754	20.761
6	Internal model method	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies - look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	32.080	-	2.566
10	Investments made in collective investment companies - 1250% weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB Supervisory Formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	5.036.854	2.348.348	402.948
17	Standardized approach	5.036.854	2.348.348	402.948
18	Internal model approaches	-	-	-
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)	209.018.139	160.618.173	16.721.451

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations

2.1) General information on credit risk

a) Credit quality of assets

		a	b	c	d
		Valued in accordance with TAS in the financial statements prepared in accordance with the legal consolidation		Allowances/ Amortisation and impairments	Net values (a+b-c)
Current Period					
30 June 2024		Defaulted	Non-defaulted		Defaulted
1	Loans (*)	2.013.005	257.903.251	4.205.456	255.710.800
2	Debt Securities	-	44.948.778	476.910	44.471.868
3	Off-balance sheet exposures	-	113.667.176	23.481	113.643.695
4	Total	2.013.005	416.519.205	4.705.847	413.826.363

(*) Financial lease amounting to TRY 50.430.689 is included in the table.

		a	b	c	d
		Valued in accordance with TAS in the financial statements prepared in accordance with the legal consolidation		Allowances/ Amortisation and impairments	Net values (a+b-c)
Prior Period					
31 December 2023		Defaulted	Non-defaulted		Defaulted
1	Loans (*)	1.940.950	261.668.393	3.838.655	259.770.688
2	Debt Securities	-	43.595.716	406.354	43.189.362
3	Off-balance sheet exposures	-	83.984.992	23.035	83.961.957
4	Total	1.940.950	389.249.101	4.268.044	386.922.007

(*) Financial lease amounting to TRY 52.645.704 is included in the table.

b) Changes in default receivables and stock of debt instruments

Current Period		
30 June 2024		
1	Defaulted loans and debt securities at end of the previous reporting period	1.940.950
2	Loans and debt securities that have defaulted since the last reporting period	664.459
3	Returned to non-defaulted status	73.746
4	Amounts written off	-
5	Other changes	(666.150)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	2.013.005

Prior Period		
31 December 2023		
1	Defaulted loans and debt securities at end of the previous reporting period	1.875.741
2	Loans and debt securities that have defaulted since the last reporting period	731.252
3	Returned to non-defaulted status	13.760
4	Amounts written off	-
5	Other changes	(679.803)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions	1.940.950

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

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Devamı)

2.2) Credit risk mitigation

a) Credit risk mitigation techniques – Overview

Current Period 30 June 2024	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralize d portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralize d portions of receivables protected by credit derivatives
Loans *	213.331.874	23.428.537	10.212.773	1.966.692	1.204.554	-	-
Debt Securities *	37.669.385	-	-	-	-	-	-
Total	251.001.259	23.428.537	10.212.773	1.966.692	1.204.554	-	-
Defaulted *	2.012.545	460	-	-	-	-	-

(*) BRSA has decided that, in accordance with the Board Decision titled "Amendments Regarding the Calculation of Capital Adequacy" dated 12.12.2023, the calculation of the Credit Risk Amount shall continue using the Central Bank's buying exchange rate of 26.06.2023, until a contrary Board Decision is taken. Therefore, an exchange rate difference of 18.950.389 thousand TRY is reflected in the "Loans" section, 6.802.484 thousand TRY in the "Debt Securities" section of the Credit Risk Mitigation Techniques table.

Prior Period 31 December 2023	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralize d portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralize d portions of receivables protected by credit derivatives
Loans *	191.471.751	31.155.501	20.725.537	1.800.576	1.398.348	-	-
Debt Securities *	38.398.364	-	-	-	-	-	-
Total	229.870.115	31.155.501	20.725.537	1.800.576	1.398.348	-	-
Defaulted *	1.824.380	-	-	-	-	-	-

(*) BRSA has decided that, in accordance with the Board Decision titled "Amendments Regarding the Calculation of Capital Adequacy" dated 28.04.2022, the calculation of the Credit Risk Amount as of January 2023 shall continue using the Central Bank's buying exchange rate of 30.12.2022, until a contrary Board Decision is taken. Therefore, an exchange rate difference of 37.143.435 thousand TRY is reflected in the "Loans" section, 4.790.998 thousand TRY in the "Debt Securities" section and an exchange rate difference of 116.570 thousand TRY is reflected in the "Defaulted" section of the Credit Risk Mitigation Techniques table.

a) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach

The Bank uses the ratings given by the Fitch Ratings International Rating Agency in the risk classes of Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments, and Receivables from Administrative Units and Non-Commercial Enterprises. Receivables From Banks In the risk class, Fitch Ratings notes are used for Receivables from Resident Banks, and no rating agency notes are used for receivables from domestic resident Banks. While our country grade used for Receivables from Central Governments or Central Banks, Receivables from Regional Governments or Local Governments and Receivables from Administrative Units and Non-Commercial Enterprises corresponds to 3 in the Credit Quality Level, the notes used in the Receivables from Banks and Intermediary Institutions risk class are from 1 to 6 matched with credit quality tiers.

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VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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

b) Standard Approach – Credit risk exposure and credit risk mitigation effects

	Current Period 30 June 2024	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk weighted amount and risk weighted amount density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
	Risk Classes						
1	Exposures to sovereigns and their central banks	87.804.994	200	88.892.390	259	-	0%
2	Exposures to regional and local governments	12.890	135	-	68	34	50%
3	Exposures to administrative bodies and non-commercial entities	4.103.695	1.121.556	4.074.178	766.607	4.840.785	100%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	13.704.915	2.120.599	13.822.073	255.313	2.883.547	20%
7	Exposures to corporates	97.002.736	77.899.350	89.070.090	46.688.596	122.799.066	90%
8	Retail exposures	16.831.902	16.245.804	14.623.370	6.224.490	15.650.682	75%
9	Exposures secured by residential property	6.690.181	547.994	6.680.677	298.157	2.442.592	35%
10	Exposures secured by commercial property	12.789.750	4.917.623	12.789.812	2.729.320	9.120.390	59%
11	Past-due items	368.324	63.153	368.324	22.450	685.630	175%
12	Exposures in high-risk categories	13.927.643	130.734	13.907.685	48.558	27.673.151	198%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	32.080	-	32.080	-	32.080	100%
16	Other exposures	5.600.487	-	5.600.487	-	3.941.859	70%
17	Equity share investments	98.013	-	98.013	-	98.013	100%
18	Total	258.967.610	103.047.148	249.959.179	57.033.818	190.167.829	62%

	Prior Period 31 December 2023	Exposures before CCF and CRM		Exposures post-CCF and CRM		Risk weighted amount and risk weighted amount density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
	Risk Classes						
1	Exposures to sovereigns and their central banks	78.969.631	-	80.367.979	159	-	0%
2	Exposures to regional and local governments	-	-	-	-	-	0%
3	Exposures to administrative bodies and non-commercial entities	1.798.505	1.147.826	1.798.506	932.825	2.602.572	95%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to banks and brokerage houses	12.327.365	726.808	12.327.365	691.341	2.745.717	21%
7	Exposures to corporates	92.696.737	52.333.643	91.981.196	29.763.312	104.281.760	86%
8	Retail exposures	19.516.146	11.610.401	18.833.340	5.582.271	14.810.282	61%
9	Exposures secured by residential property	7.451.196	303.617	7.451.196	162.622	2.664.836	35%
10	Exposures secured by commercial property	7.707.195	2.771.535	7.707.196	1.516.750	4.611.973	50%
11	Past-due items	191.060	-	191.060	-	145.378	76%
12	Exposures in high-risk categories	7.053.906	9.349	7.053.906	4.675	14.871.269	211%
13	Exposures in the form of bonds secured by mortgages	-	-	-	-	-	0%
14	Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	0%
15	Exposures in the form of collective investment undertakings	-	-	-	-	-	0%
16	Other exposures	6.262.179	-	3.784.075	-	3.003.873	79%
17	Equity share investments	-	-	-	-	-	0%
18	Total	233.973.920	68.903.179	231.495.819	38.653.955	149.737.660	55%

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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 BANK (Continued)

VII. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Credit Risk Explanations (Continued)

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

c) Standard approach: Exposures by risk classes and risk weights

Current Period Risk Classes/ Risk Weight 30 June 2024	0%	10%	20%	35% Collateralized with Real Estate Mortgage	50% Collateralized with Real Estate Mortgage	50% (*)	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	88.892.649	-	-	-	-	-	-	-	-	-	-	88.892.649
Exposures to regional and local government	-	-	-	-	-	68	-	-	-	-	-	68
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	4.840.785	-	-	-	4.840.785
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	13.733.290	-	-	239.791	-	104.305	-	-	-	14.077.386
Exposures to corporates	-	-	5.200.400	-	-	17.598.598	-	112.959.687	-	-	-	135.758.686
Retail exposures	-	-	-	-	-	-	20.788.712	59.148	-	-	-	20.847.860
Exposures secured by residential property	-	-	-	6.978.834	-	-	-	-	-	-	-	6.978.834
Exposures secured by commercial property	-	-	-	-	12.797.485	-	-	2.721.647	-	-	-	15.519.132
Past-due items	-	-	-	-	-	73.489	-	175.080	67.777	-	74.428	390.774
Exposures in high-risk categories	-	-	-	-	-	95.863	-	64.502	1.964.619	11.514.169	317.090	13.956.243
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	32.080	-	-	-	32.080
Equity share investments	-	-	-	-	-	-	-	98.013	-	-	-	98.013
Other exposures	1.658.628	-	-	-	-	-	-	3.941.858	-	-	-	5.600.487
Total	90.551.277	-	18.933.690	6.978.834	12.797.485	18.007.809	20.788.712	124.997.105	2.032.396	11.514.169	391.518	306.992.997

(*) "Receivables collateralized by mortgages on commercial real estate" line excluding all receivables with a risk weight of 50%.

Prior Period Risk Classes/ Risk Weight 31 December 2023	0%	10%	20%	35%	50% (*)	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)	
Exposures to sovereigns and their central banks	80.368.138	-	-	-	-	-	-	-	-	-	-	80.368.138
Exposures to regional and local government	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	112.766	-	19.991	-	-	-	2.598.574	-	-	-	-	2.731.331
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	12.630.345	-	337.426	-	50.935	-	-	-	-	13.018.706
Exposures to corporates	15.840.244	-	983.845	-	1.670.857	-	103.249.562	-	-	-	-	121.744.508
Retail exposures	4.526.467	-	265.896	-	15.554	19.433.473	174.221	-	-	-	-	24.415.611
Exposures secured by residential property	-	-	-	7.613.818	-	-	-	-	-	-	-	7.613.818
Exposures secured by commercial property	-	-	-	-	9.223.946	-	-	-	-	-	-	9.223.946
Past-due items	-	-	-	-	91.365	-	99.695	-	-	-	-	191.060
Exposures in high-risk categories	-	-	-	-	-	-	-	867.077	5.795.622	395.882	-	7.058.581
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-	-
Other exposures	780.200	-	-	-	-	-	3.003.875	-	-	-	-	3.784.075
Total	101.627.815	-	13.900.077	7.613.818	11.339.148	19.433.473	109.176.862	867.077	5.795.622	395.882	-	270.149.774

(*) "Receivables collateralized by mortgages on commercial real estate" line excluding all receivables with a risk weight of 50%.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 2024**

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

VIII. EXPLANATIONS ON HEDGE ACCOUNTING

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

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

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

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

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

Within the scope of the footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosure by the Banks” published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 30 June 2016, it is given annually and quarterly.

The following required tables are not presented as of 30 June 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)

IX. COUNTERPARTY CREDIT RISK DISCLOSURES

a) Qualitative explanations on counterparty credit risk

In an attempt to identify the counter party credit risk that the Bank may face, risk measurement and monitoring activities are performed and their results are considered in strategic decision-making process.

As part of the Bank's counter party credit risk management, the functions of identification, measurement, monitoring and controlling of counter party credit risk are conducted in line with the structure, size, complexity and growth rate of products and activities, and the analysis, including stress test, and its results are reported to the Top Management.

It is essential that the Bank manages the counter party credit risk level in a manner that keeps it above the minimum limits specified in the legal regulations.

Bank risk measurement system; it takes measures to operate in a reliable and integrity manner compatible with legal regulations, fields of activity and product types, and to maintain it accordingly. In this context, as a minimum, for counter party credit risk measurement and monitoring activities; calculation of counter party credit risk weighted asset amount and legal capital requirement, and monitoring of the Bank's compliance level with regard to allocated limits are carried out.

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

IX. COUNTERPARTY CREDIT RISK DISCLOSURES(Continued)

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

	Current Period 30.06.2024	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	Risk Weighted Amount
1	Standardised approach - CCR (for derivatives)	32.293	69.658		1,4	101.951	22.830
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					203.082	152.471
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						175.301

(*) Effective expected positive exposure

	Prior Period 31.12.2023	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) (*)	Alpha used for computing regulatory EAD	Exposure at default post CRM	Risk Weighted Amount
1	Standardised approach - CCR (for derivatives)	3.039	41.934		1,4	62.962	14.173
2	Internal Model Method (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)			-	-	-	-
3	Simple Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					8.692.891	60.621
4	Comprehensive Approach for credit risk mitigation (for derivatives, Repo Transactions, Marketable Securities or Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit)					-	-
5	Commodity lending or borrowing transactions, transactions with a long settlement time, Marketable Security transactions with credit					-	-
6	Total						74.794

(*) Effective expected positive exposure

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

IX. COUNTERPARTY CREDIT RISK DISCLOSURES (Continued)

c) Capital requirement for loan valuation adjustment

	Current Period 30.06.2024	Exposure at default post-CRM	Risk Weighted Amount
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	101.951	84.193
4	Total subject to the CVA capital charge	101.951	84.193

	Prior Period 31.12.2023	Exposure at default post-CRM	Risk Weighted Amount
	Total portfolios subject to the Advanced CVA capital charge	-	-
1	(i) Value at Risk (VaR) component (including the 3×multiplier)		-
2	(ii) Stressed VaR component (including the 3×multiplier)		-
3	All portfolios subject to the Standardised CVA capital charge	62.962	32.950
4	Total subject to the CVA capital charge	62.962	32.950

d) Standardised approach – Counterparty credit risk exposures by risk class and risk weight

Risk weight /Regulatory portfolio (Current Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure ^(*)
Exposures to sovereigns and their central banks	-	-	-	-	-	-	-	-	-
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	251	-	-	251
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	98.496	-	-	-	-	-	98.496
Exposures to corporates	-	-	-	62	-	2.547	-	-	2.609
Retail exposures	-	-	-	-	203.677	-	-	-	203.677
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Total^(*)	-	-	98.496	62	203.677	2.798	-	-	305.033

(*) Total credit risk: The amount related to the capital adequacy calculation after applying the counterparty credit risk measurement techniques.

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

IX. COUNTERPARTY CREDIT RISK DISCLOSURES (Continued)

d) Standardised approach – Counterparty credit risk exposures by risk class and risk weight (Continued)

Risk weight /Regulatory portfolio (Prior Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure (*)
Exposures to sovereigns and their central banks	8.571.649	-	-	-	-	-	-	-	8.571.649
Exposures to regional and local governments	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	60.987	-	-	-	-	-	60.987
Exposures to corporates	-	-	-	121.242	-	1.976	-	-	123.218
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
Total (*)	8.571.649	-	60.987	121.242	-	1.976	-	-	8.755.854

(*) Total credit risk: The amount related to the capital adequacy calculation after applying the counterparty credit risk measurement techniques.

e) Risk classes and counterparty credit risk based on PD

None.

f) Collaterals for Counterparty credit risk

Current Period 30.06.2024	Collateral for derivative transactions				Other transaction collaterals	
	Collaterals provided		Collaterals received		Collaterals provided	Collaterals received
	Separated	Unseparated	Separated	Unseparated		
Cash-domestic currency	-	-	-	-	1.976.498	-
Cash-foreign currency	-	-	-	-	12.956	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	-
Total	-	-	-	-	1.989.454	-

Current Period 30.06.2024	Collateral for derivative transactions				Other transaction collaterals	
	Collaterals provided		Collaterals received		Collaterals provided	Collaterals received
	Separated	Unseparated	Separated	Unseparated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	8.692.891
Total	-	-	-	-	-	8.692.891

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

IX. COUNTERPARTY CREDIT RISK DISCLOSURES (Continued)

g) Credit Derivatives

None.

h) Risk Weight Changes under Counterparty Credit Risk on the Internal Modeling Management Methods.

None

i) Risk related with CCP (Central Counterparties)

		Exposure at default (post- CRM)	RWA
1	Exposure to Qualified Central Counterparties (QCCPs)	704	14
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-
3	(i) OTC Derivatives	-	-
4	(ii) Exchange-traded Derivatives	-	-
5	(iii) Securities financing transactions	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	-
8	Non-segregated initial margin	-	-
9	Pre-funded default fund contributions	704	14
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)	-	-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which)	-	-
13	(i) OTC Derivatives	-	-
14	(ii) Exchange-traded Derivatives	-	-
15	(iii) Securities financing transactions	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	-
18	Non-segregated initial margin	-	-
19	Pre-funded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

4. Explanations on Securitization Disclosure

The Bank does not have any securitization positions as of 30 June 2024 (31 December 2023:None).

5. Explanations on Market Risk

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

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

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

IX. COUNTERPARTY CREDIT RISK DISCLOSURES (Continued)

5. Explanations on Market Risk (Continued)

In this context, as a minimum;

- Follow-up of the Bank's accounts and positions subject to market risk and market developments affecting the value of these accounts and positions on a minimum daily basis,
- Amount calculations based on market risk to which the Bank is exposed within the framework of trading accounts,
- Analysis of the effects of up and down normal and extraordinary movements in the markets on the Bank's accounts and positions subject to market risk,
- Backtest analysis of internal models used for monitoring purposes in calculating the amount subject to market risk,
- Regarding market risk, risk limits are regularly calculated and followed up.

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

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

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

As a minimum within the scope of Market Risk:

- Standard Method: It is made in accordance with the Market Risk Reporting Set statements published by the BRSA.
- Value at Risk Analysis: Historical Simulation is performed using Parametric, Exponentially Weighted Moving Average (EWMA) or a different method deemed appropriate by the Bank.
- Internal Capital Requirement: Parameters determined by the BRSA and/or the Bank that may affect the financial strength of the Bank and the level of capital that will meet the risks the Bank is or may be exposed to, with stress tests and/or scenario analysis related to these parameters, a future perspective it is calculated using appropriate methods.

b) Standard Approach

	Current Period 30.06.2024	Prior Period 31.12.2023
	Risk Weighted Amount	Risk Weighted Amount
Outright products		
1 Profit share rate risk (general and specific)	788	4.025
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	4.595.168	2.019.969
4 Commodity risk	440.898	324.355
Options		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation	-	-
9 Total	5.036.854	2.348.349

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

IX. COUNTERPARTY CREDIT RISK DISCLOSURES (Continued)

Issued quarterly and semi-annually and annually within the scope of the footnotes prepared by the BRSA in accordance with the "Communiqué on the Public Disclosures on Risk Management by Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 and entered into force as of 31 March 2016. The required tables below are not presented as of 31 December 2023, as the standard approach is used in the Bank's market risk calculation:

Quantitative information to be disclosed to the public for banks using the internal model approach
Market risk RAT (Risk Weighted Amounts) change table according to the internal model approach
Internal model approach for trading account

Comparison of VaR (Value at Risk) estimates with profit/loss

6. Explanations on the Operational Risk

The Bank calculates the amount subject to operational risk is calculated with Basic Indicator Approach based on yearly. The parameter which determines the amount subject to operational risk in Basic Indicator Approach is gross revenue. Yearly gross revenue is calculated by adding net profit share incomes to net fees and commission income, dividend income, trading profit/loss (net) and other operating incomes and also by deducting profit/loss gained from sale of securities monitored out of purchase-sale account, extraordinary incomes, operating expense made against support service and amounts compensated from insurance.

Current Period 30.06.2024	31.12.2021	31.12.2022	31.12.2023	Total/Number of positive GI years	Ratio (%)	Total
Gross Income	1.924.105	9.221.586	10.540.651	7.228.781	15	1.084.317
Amount Subject to Operational Risk (Total*12.5)	-	-	-	-	-	13.553.963

Prior Period 31.12.2023	31.12.2020	31.12.2021	31.12.2022	Total/Number of positive GI years	Rate (%)	Total
Gross Income	2.333.366	1.924.105	9.221.586	4.493.019	15	673.953
Amount Subject to Operational Risk (Total*12.5)	-	-	-	-	-	8.424.411

	31.12.2021	31.12.2022	31.12.2023	Number of Total/Positive ROI years	Ratio (%)	Total
Corporate Finance	-	-	-	-	18	-
Trading	-	-	-	-	18	-
Retail Banking	-	-	-	-	12	-
Retail Brokerage	-	-	-	-	12	-
Commercial Banking	-	-	-	-	15	-
Clearing and Payments	-	-	-	-	18	-
Agency Services	-	-	-	-	15	-
Asset Management	-	-	-	-	12	-
Amount Subject to Operational Risk (Total*12.5)	-	-	-	-	-	-

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

X. EXPLANATIONS ON THE OPERATING SEGMENTS

Table for Segment Reporting

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

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

Current Period 1 January – 30 June 2024	Private Banking	Corporate/ Entrepreneuria l Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME / EXPENSES					
Profit Shares Income	897.416	31.493.449	6.654.129	215.550	39.260.544
Profit Shares Expense	(9.511.593)	(24.408.221)	(5.305.287)	(142.395)	(39.367.496)
Net Profit Shares Income/Expense	(8.614.177)	7.085.228	1.348.842	73.155	(106.952)
Net Fees and Commission Income/Expense	234.802	373.890	-	443.750	1.052.442
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	2.230.361	-	2.230.361
Other Operating Income	-	3.346.872	-	20.391	3.367.263
Expected Loss Provisions Expenses	(103.645)	(2.068.132)	-	(157.886)	(2.329.663)
Other expenses	-	(63.013)	-	(3.496.120)	(3.559.133)
Net Operating Profit/Loss	(8.487.338)	8.679.162	3.579.203	(3.116.709)	654.318
Tax Provision	-	-	-	58.152	58.152
Net Profit/Loss	(8.487.338)	8.679.162	3.579.203	(3.058.557)	712.470
SEGMENT ASSETS (*)					
Financial Assets at FV Through P/L	-	-	6.503.699	-	6.503.699
Banks	-	-	16.662.858	-	16.662.858
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	16.055.978	-	16.055.978
Loans (**)	12.091.558	241.275.044	2.344.197	-	255.710.799
Financial Assets Measured at Amortised Cost	-	-	21.912.193	-	21.912.193
Derivative Financial Assets	-	-	80.673	-	80.673
Associates, Subsidiaries and Joint Ventures	-	-	45.100	-	45.100
Other Assets (*)	-	-	-	72.198.208	72.198.208
TOTAL SEGMENT ASSETS	12.091.558	241.275.044	63.604.698	72.198.208	389.169.508
SEGMENT LIABILITIES					
Funds Collected	123.829.691	182.376.299	-	-	306.205.990
Derivative Financial Liabilities	-	-	4.918	-	4.918
Funds Borrowed	-	-	45.008.972	-	45.008.972
Money Market Funds	-	-	2.064.845	-	2.064.845
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	1.842.736	1.842.736
Other Liabilities	-	-	-	14.464.584	14.464.584
Shareholders' Equity	-	-	-	19.577.463	19.577.463
TOTAL SEGMENT LIABILITIES	123.829.691	182.376.299	47.078.735	35.884.783	389.169.508

(*) Includes expected loss provisions.

(**) Includes lease receivables.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

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

X. EXPLANATIONS ON THE OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Continued)

Prior Period 1 January – 30 June 2023	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
OPERATING INCOME / EXPENSES					
Profit Shares Income	755.204	11.278.233	2.787.767	34.256	14.855.460
Profit Shares Expense	(3.088.923)	(7.766.369)	(1.434.637)	(43.580)	(12.333.509)
Net Profit Shares Income/Expense	(2.333.719)	3.511.864	1.353.130	(9.324)	2.521.951
Net Fees and Commission Income/Expense	94.625	211.539	-	275.064	581.228
Dividend Income	-	-	-	-	-
Trading Income/Loss (Net)	-	-	1.116.557	-	1.116.557
Other Operating Income	-	1.521.427	-	6.590	1.528.017
Expected Loss Provisions Expenses	(80.977)	(1.341.103)	-	(204.542)	(1.626.622)
Other expenses	-	(63.734)	-	(2.693.903)	(2.757.637)
Net Operating Profit/Loss	(2.320.071)	3.839.993	2.469.687	(2.626.115)	1.363.494
Tax Provision	-	-	-	(204.900)	(204.900)
Net Profit/Loss	(2.320.071)	3.839.993	2.469.687	(2.831.015)	1.158.594
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	-	-	17.547.002	-	17.547.002
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	-	-	22.600	-	22.600
Other Assets (*)	-	-	-	68.240.423	68.240.423
TOTAL SEGMENT ASSETS	12.277.999	239.059.396	64.678.787	68.240.423	384.256.605
SEGMENT LIABILITIES					
Funds Collected	120.857.108	183.515.266	-	-	304.372.374
Derivative Financial Liabilities	-	-	153.095	-	153.095
Funds Borrowed	-	-	34.888.977	-	34.888.977
Money Market Funds	-	-	10.964.133	-	10.964.133
Securities Issued (Net)	-	-	-	-	-
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	183.515.266	46.006.205	33.878.026	384.256.605

(*) Includes expected loss provisions.

(**) Includes lease receivables.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS

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

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Cash	221.520	870.136	170.718	871.290
Central Bank of the Republic of Türkiye	32.923.075	27.167.522	24.036.052	35.447.767
Other	-	1.153.360	-	114.484
Total	33.144.595	29.191.018	24.206.770	36.433.541

1.a.1) Information on Required Reserves:

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

Banks maintain required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 3% and 12% for Turkish Lira deposits and other liabilities, and between 5% and 30% for foreign currency deposits and other liabilities, for accounts benefiting from exchange/price protection support, the rate applied ranges from 22% and 33%.

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

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	27.923.075	27.167.522	24.036.052	35.447.767
Unrestricted Time Deposit	5.000.000	-	-	-
Restricted Time Deposit	-	-	-	-
Total (*)	32.923.075	27.167.522	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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

2. Information on banks and other financial institutions:

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	82.088	2.998.175	114.562	1.726.491
Foreign Banks	-	13.582.595	-	11.188.752
Foreign Head Office and Branches	-	-	-	-
Total	82.088	16.580.770	114.562	12.915.243

3. Financial assets at fair value through profit or loss

	Current Period 30 June 2024	Prior Period 31 December 2023
Financial Assets at Fair Value Through Profit / Loss	6.463.594	3.790.194
Other Dividends and Income Rediscunts	40.105	21.873
Provision for Impairment (-)	-	-
Total	6.503.699	3.812.067

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

	Current Period 30 June 2024	Prior Period 31 December 2023
Assets Subject to Repurchase Agreements	1.763.301	8.362.369
Assets Blocked/Given as Collateral	-	1.479.501
Total (*)	1.763.301	9.841.870

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

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

	Current Period 30 June 2024	Prior Period 31 December 2023
Debt Securities	16.479.975	17.900.443
Quoted in Stock Exchange	16.479.975	17.900.443
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 (-)**	476.910	406.354
Total	16.055.978	17.547.002

(*) 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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

5. Information on derivative financial assets

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

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Forward Transactions	2.281	-	847	-
Swap Transactions	-	37.220	-	199
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	40.354	818	2.143	539
Total	42.635	38.038	2.990	738

6. Information related to loans:

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

	Current Period 30 June 2024		Prior Period 31 December 2023	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	1.606.019	-	6.184.984	-
Corporate Shareholders	1.606.019	-	6.184.984	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	179.665	-	192.704	-
Total (*)	1.785.684	-	6.377.688	-

(*) Includes rediscount amounts.

6. Information related to loans

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

Current Period 30 June 2024				
	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Not Under the Scope of Restructuring or Rescheduling	Restructured or Rescheduled	
Cash Loans			Loans with revised contract terms	Refinancing
Loans ^(*)				
Export Loans	37.191.475	897.567	-	-
Import Loans	15.511	-	-	-
Commercial Loans	135.317.651	1.638.188	1.279.929	1.280.207
Consumer Loans	10.799.672	148.048	-	-
Credit Cards	895.569	27.158	-	-
Loans Given to Financial Sector	2.593.176	-	-	-
Other ^(**)	15.142.911	245.499	-	-
Other Receivables	-	-	-	-
Total	201.955.965	2.956.460	1.279.929	1.280.207

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

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

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

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

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

	Current Period 30 June 2024		Prior Period 31 December 2023	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
General Provisions				
12 Month Expected Credit Losses	1.377.385	-	1.299.758	-
Significant Increase in Credit Risk	-	1.301.737	-	856.891

	Current Period 30 June 2024		Prior Period 31 December 2023	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
Number of Amendments Made to Extend the Payment Plan				
1 or 2 Times Extended	806.862	2.438.567	257.418	2.910.873
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
Total	806.862	2.438.567	257.418	2.910.873

	Current Period 30 June 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
Extended Period with Payment Plan Amendment				
0 - 6 Months	442.878	677.117	-	974.563
6 Months - 12 Months	5.391	183.847	4.539	157.645
1 - 2 Years	180.945	1.107.986	229.594	1.123.898
2 - 5 Years	39.788	20.149	23.285	22.491
5 Years and Over	137.860	449.468	-	632.276
Total	806.862	2.438.567	257.418	2.910.873

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

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

Current Period 30 June 2024	Short-Term	Medium and Long-Term	Total
Consumer Loans – TRY	140.185	10.642.206	10.782.391
Housing Loans	460	9.755.543	9.756.003
Vehicle Loans	135.254	657.152	792.406
Consumer Loans	4.471	229.511	233.982
Other	-	-	-
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	5.069	5.069
Housing Loans	-	5.069	5.069
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TRY	704.683	1.639	706.322
With Installment	172.091	795	172.886
Without Installment	532.592	844	533.436
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TRY	35.897	124.363	160.260
Housing Loans	-	15.121	15.121
Vehicle Loans	-	3.312	3.312
Consumer Loans	35.897	105.930	141.827
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	19.405	-	19.405
With Installment	5.605	-	5.605
Without Installment	13.800	-	13.800
Personnel Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total (*)	900.170	10.773.277	11.673.447

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

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

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

Prior Period 31 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 UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

d) Information on installment commercial loans and corporate credit cards

Current Period 30 June 2024	Short-Term	Medium and Long-Term	Total
Installment Commercial Loans-TRY	464.133	1.185.927	1.650.060
Business Loans	-	14.654	14.654
Vehicle Loans	464.133	1.171.273	1.635.406
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans-Indexed to FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Installment Commercial Loans -FC	-	73.556	73.556
Business Loans	-	-	-
Vehicle Loans	-	73.556	73.556
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards -TRY	197.000	-	197.000
With Installment	-	-	-
Without Installment	197.000	-	197.000
Corporate Credit Cards -FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TRY (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	661.133	1.259.483	1.920.616

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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

e) Breakdown of domestic and international loans

	Current Period 30 June 2024	Prior Period 31 December 2023
Domestic Loans	205.467.993	206.980.128
Foreign Loans	2.004.568	2.042.560
Total (*)	207.472.561	209.022.688

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

f) Loans granted to subsidiaries and participations

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

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

	Current Period 30 June 2024	Prior Period 31 December 2023
Loans and receivables with limited collectability	41.495	38.715
Loans and receivables with doubtful collectability	159.015	27.959
Uncollectible loans and receivables	1.325.824	1.615.332
Total	1.526.334	1.682.006

h) Information on lease receivables

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

	Current Period 30 June 2024		Prior Period 31 December 2023	
	Gross	Net	Gross	Net
Less than 1 year	405.157	350.878	224.845	214.022
1-5 year	56.753.309	41.485.531	59.978.540	41.201.771
More than 5 years	10.764.352	8.594.280	13.243.798	11.229.911
Total	67.922.818	50.430.689	73.447.183	52.645.704

h.2) Information on Net Investments in Financial Leasing

	Current Period 30 June 2024	Prior Period 31 December 2023
Gross Financial Lease Receivable	67.922.819	73.447.183
Unearned Financial Income from Financial Lease (-)	(17.492.130)	(20.801.479)
Canceled Rental Amounts	-	-
Total	50.430.689	52.645.704

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

i) Information on non-performing receivables (net):

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

As of 30 June 2024, the sum of the Bank's non-performing loans and other receivables restructured by the bank or rescheduled is TRY 25.517 (31 December 2023: TRY 130.382).

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

	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
Current Period 30 June 2024			
Ending balance of prior period	136.753	68.734	1.735.463
Additions in the current period (+)	444.104	114.898	105.457
Transfers from other categories of non-performing loans (+)	-	239.787	-
Transfers to other categories of non-performing loans (-)	239.787	-	-
Collections in the current period (-)*	172.162	7.399	412.843
Write offs (-)**	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
Ending balance of the current period	168.908	416.020	1.428.077
Expected Loss Provision (Stage 3) (-)	41.495	159.015	1.325.824
Net balance on balance sheet	127.413	257.005	102.253

(*) Includes transfers to first and second group loans amounting to TRY 73.746.

(**) 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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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

i) Information on non-performing loans (Continued)

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

	Group III: Loans with limited collectability	Group IV: Loans with doubtful collectability	Group V: Uncollectible Loans
Current Period 30 June 2024			
Ending balance of the current period	-	-	321.394
Provision for Expected Loss (Stage 3) (-)	-	-	317.751
Net balance on balance sheet	-	-	3.643

	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)	127.413	257.005	102.253
Loans to Real Persons and Legal Entities (Gross)	168.908	416.020	1.428.077
Specific Provisions (-)	41.495	159.015	1.325.824
Loans to Real Persons and Legal Entities (Net)	127.413	257.005	102.253
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)	1.429	4.602	2.777
Profit Share Accrual and Valuation Differences Provision	1.911	7.370	24.384
Provision Amount (-)	482	2.768	21.607
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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

6. Information related to loans (Continued)

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

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

l) Explanations on write-off policy:

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

7. Financial assets at amortized cost:

a) Information on government debt securities measured at amortized cost

	Current Period 30 June 2024	Prior Period 31 December 2023
Debt Securities	21.912.193	21.830.293
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	21.912.193	21.830.293
Impairment Provision (-)	-	-
Total	21.912.193	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 30 June 2024, government debt securities measured at amortized cost is TRY 21.912.193 (31 December 2023: TRY 21.830.293).

	Current Period 30 June 2024	Prior Period 31 December 2023
Balances at Beginning of Period	21.830.293	5.323.943
Foreign Currency Differences on Monetary Assets	100.427	1.862.347
Purchases during the Period ^(*)	3.399.889	14.644.003
Disposals through Sales/Redemptions	3.418.416	-
Impairment Provision (-)	-	-
Balances at End of Period	21.912.193	21.830.293

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

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

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

As of 30 June 2024, the Bank's assets held for sale are TRY 511.658 (31 December 2023: TRY 427.229).

	Current Period 30 June 2024	Prior Period 31 December 2023
Beginning Balance (Net)	427.229	274.644
Changes During the Period (Net)	84.429	152.585
Amount of Depreciation	-	-
Provision for Impairment	-	-
Period End Balance (Net) (*)	511.658	427.229

(*) The Bank has fiduciary rights over TRY 305.814 (31 December 2023: TRY 197.860) of assets held for sale.

As of 30 June 2024, the Bank 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. (31 December 2023: 22.500)

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

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.	Istanbul / TÜRKİYE	100	100
2	ZKB Varlık Kiralama A.Ş.	Istanbul / TÜRKİYE	100	100

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

9. Equity Investments (Continued)

b) Information on subsidiaries (Net) (Continued)

b.1) Information on unconsolidated subsidiaries (Continued)

	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 ^(*)	29.632.233	973	-	2.448.622	-	437	469	-	-
2 ^(*)	432.220	849	-	1.088	-	426	357	-	-

(*) 30 June 2024 interim unreviewed financial statements are used.

	Current Period 30 June 2024	Prior Period 31 December 2023
Balance at the beginning of the year	938	515
Movements during the year	884	423
Purchases	-	-
Bonus Share	-	-
Dividends from current year income	863	423
Transfers to available for sale financial assets (-)	-	-
Sales	-	-
Reveluation increase	21	-
Impairment provision (-)	-	-
Balance at the end of the year	1.822	938
Capital commitments	-	-
Share percentage at the end of the year (%)	100%	100%

b.2 Sectoral information on unconsolidated subsidiaries and the related carrying amounts:

	Current Period 30 June 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 on entities under common control (joint ventures):

None (31 December 2023: None).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

10. Explanations on property and equipment

	Immovable	Right of Use of Immovable	Movable	Right of Use of Movable	Operational Leasing Development Costs	Other Tangibles	Total
Prior Period End:							
Cost	-	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)	-	578.233	87.308	23.884	434.229	-	1.123.654
Cost	-	617.894	164.131	54.775	594.095	-	1.430.895
Amortization (Net) (-)	-	39.661	76.823	30.891	159.866	-	307.241
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	1.423.277	835.429	230.041	1.688.547	-	4.177.294
Accumulated Depreciation at Period End (-)	-	243.674	231.476	80.684	332.107	-	887.941
Provision for Impairment (-)	-	-	-	-	-	-	-
Closing Net Book Value	-	1.179.603	603.953	149.357	1.356.440	-	3.289.353

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. Explanations on intangible assets

	Current Period 30 June 2024			Prior Period 31 December 2023		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	1.172.518	182.218	990.300	825.160	132.526	692.634
Total	1.172.518	182.218	990.300	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 unconsolidated: Not applied to the financial statements with consolidation.
- Information on goodwill: None.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

12. Information on the investment properties

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

13. Information on deferred tax asset:

The Bank's deferred tax asset of TRY 5.394.574 (31 December 2023: TRY 4.387.183) and the deferred tax liability of TRY 2.443.164 (31 December 2023: TRY 1.909.078) are offset, resulting in a deferred tax asset of TRY 2.951.410 in the financial statements (31 December 2023: TRY 2.478.105. deferred tax asset).

14. Information on other assets:

As of 30 June 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 LIABILITIES

1. a) Information on funds collected:

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

Current Period 30 June 2024	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts non-trade TRY	3.244.961	-	-	-	-	-	-	-	3.244.961
II. Real persons participation accounts non-trade TRY	-	1.057.540	25.527.920	4.177.856	4.254.495	65.730	25.307.655	-	60.391.196
III. Other current accounts-TRY	12.085.140	-	-	-	-	-	-	-	12.085.140
Public sector	1.196.705	-	-	-	-	-	-	-	1.196.705
Commercial sector	6.875.284	-	-	-	-	-	-	-	6.875.284
Other institutions	458.928	-	-	-	-	-	-	-	458.928
Commercial and other institutions	6.662	-	-	-	-	-	-	-	6.662
Banks and participation banks	3.547.561	-	-	-	-	-	-	-	3.547.561
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	3.001	-	-	-	-	-	-	-	3.001
Foreign banks	3.544.219	-	-	-	-	-	-	-	3.544.219
Participation banks	341	-	-	-	-	-	-	-	341
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TRY	-	21.909.380	51.623.715	28.587.714	3.758.570	139.767	8.479.604	-	114.498.750
Public sector	-	10.117.035	1.379.830	11.135.849	570.369	32.922	85.259	-	23.321.264
Commercial sector	-	11.665.397	45.253.987	14.718.989	2.841.138	66.107	8.271.656	-	82.817.274
Other institutions	-	126.948	4.951.088	18.950	347.063	-	122.689	-	5.566.738
Commercial and other institutions	-	-	38.810	-	-	40.738	-	-	79.548
Banks and participation banks	-	-	-	2.713.926	-	-	-	-	2.713.926
V. Real persons current accounts non-trade FC	14.735.696	-	-	-	-	-	-	-	14.735.696
VI. Real persons participation accounts-FC	-	1.423.716	20.065.916	350.839	-	491.659	2.037.871	-	24.370.001
VII. Other current accounts-FC	12.657.703	-	-	-	-	-	-	-	12.657.703
Commercial residents in Türkiye	11.402.323	-	-	-	-	-	-	-	11.402.323
Commercial residents in Abroad	1.245.483	-	-	-	-	-	-	-	1.245.483
Banks and participation banks	9.897	-	-	-	-	-	-	-	9.897
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	9.896	-	-	-	-	-	-	-	9.896
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	5.734.554	28.961.373	8.416.679	879	1.607	20.866	-	43.135.958
Public sector	-	1.631	2.204.025	208.245	-	-	-	-	2.413.901
Commercial sector	-	5.691.865	25.455.517	8.208.313	825	1.607	1.835	-	39.359.962
Other institutions	-	21.925	1.184.487	121	54	-	7.418	-	1.214.005
Commercial and other institutions	-	19.133	117.344	-	-	-	11.613	-	148.090
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	12.962.496	-	7.296.910	570.125	106.944	-	150.110	-	21.086.585
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) (*)	55.685.996	30.125.190	133.475.834	42.103.213	8.120.888	698.763	35.996.106	-	306.205.990

(*) As of 30 June 2024, it includes amounts of TRY 27.572.312 for CBRT Exchange Rate Hedged Participation Account, TRY 6.336.113 for Treasury Exchange Rate Hedged Participation Account, and TRY 5.636.834 for Yuvam Account.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

1. a) 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	14.460.908	-	-	-	-	-	-	-	14.460.908
Public sector	458.769	-	-	-	-	-	-	-	458.769
Commercial sector	9.887.667	-	-	-	-	-	-	-	9.887.667
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) (*)	59.452.740	41.303.629	151.958.256	9.795.977	2.240.966	521.325	39.099.481	-	304.372.374

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

ZİRAAT KATILIM BANKASI A.Ş.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

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

a.2) Exceeding Amounts of Insurance Limit:

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

	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit	Under the guarantee of saving deposit insurance	Exceeding the limit of saving deposit
	Current Period 30 June 2024	Prior Period 31 December 2023	Current Period 30 June 2024	Prior Period 31 December 2023
Real persons current and profit sharing accounts that are not subject to commercial activities	28.953.763	21.915.098	93.168.612	93.404.253
TRY accounts	12.099.154	10.549.941	51.536.790	50.387.918
FC accounts	16.854.609	11.365.157	41.631.822	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 4.553.519 (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 148.133.063 (31 December 2023: TRY 156.727.806).

ii. Amounts which are not within the scope of insurance:

Current and Profit Share Accounts of the real persons who are not within the scope of Saving Deposits Insurance Fund:

	Current Period 30 June 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	8.888	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	-	-

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

2. Information on funds borrowed:

a) Information on the type of borrowing

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Syndicated Loans	-	1.748.193	4.711.292	1.255.451
Wakala Loans	-	2.183.443	-	-
Funds from Issued Lease Certificates (Sukuk)	13.406.082	16.222.653	5.059.316	14.918.648
Other	1.535.512	9.913.089	2.316.964	6.627.307
Total	14.941.594	30.067.378	12.087.572	22.801.406

b) Information on banks and other financial institutions

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Borrowings from the CBRT	1.200.900	-	1.206.486	-
From Domestic Banks and Institutions	13.740.694	19.110.281	10.881.086	17.251.464
From Foreign Banks, Institutions and Funds	-	10.957.097	-	5.549.941
Total	14.941.594	30.067.378	12.087.572	22.801.405

c) Information on maturity structure of borrowings

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Short-term	13.521.092	2.856.884	10.752.997	1.256.521
Medium and Long-term	1.420.502	27.210.494	1.334.575	21.544.884
Total	14.941.594	30.067.378	12.087.572	22.801.405

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

78,72% of Bank’s liabilities consists of current and share profit account (31 December 2023: 79,31%).

3. Information on funds provided by money market transactions

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Domestic	2.048.777	16.068	435.678	10.528.455
Financial Institutions	2.048.777	16.068	435.678	10.528.455
Abroad	-	-	-	-
Financial Institutions	-	-	-	-
Total	2.048.777	16.068	435.678	10.528.455

4. Information on securities issued:

None (31 December 2023: None).

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

None (31 December 2023: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

6. Information on derivative financial liabilities:

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Forward transactions	-	-	-	-
Swap transactions	-	4.918	-	153.095
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
Total	-	4.918	-	153.095

7. Information on financial lease obligations:

	Current Period 30 June 2024		Prior Period 31 December 2023	
	Gross	Net	Gross	Net
Less than 1 year	16.990	15.797	17.264	16.604
Between 1-5 years	326.536	248.966	152.835	118.660
More than 5 years	2.477.031	1.153.476	1.210.600	650.595
Total	2.820.557	1.418.239	1.380.699	785.859

8. Information on provisions:

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

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

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

The expected credit loss for non-compensated and non-cash loans is TRY 23.481 (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 Bank 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 Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation).

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on provisions (Continued)

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

As of 30 June 2024, TRY 666.443 of other provisions is related to provisions for non-cash loans (December 31, 2023: TRY 534.833), TRY 800.466 of other provisions (31 December 2023: TRY 1.548.811) was allocated from profits to be distributed to participation accounts, TRY 3.080 (31 December 2023: TRY 4.248) was made from provisions for foreign currency purchases and sales, the portion amounting to TRY 3.191 (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 26.803 has been made in the financial statements for the lawsuits that are likely to be concluded against the Bank but are not yet finalized (31 December 2023: TRY 89.976).

d) Information on provisions for employee benefits:

d.1) Employment termination benefits and unused vacation rights

The Bank accounts for its obligations related to severance pay and leave rights in accordance with Turkish Accounting Standard 19, 'Accounting for Benefits Provided to Employees.' It has calculated the future obligations arising from severance and notice pay at their net present value and reflected them in the financial statements. As of 30 June 2024, an amount of TRY 84.000 for leave provision (as of 31 December 2023: TRY 44.385) and TRY 253.018 for severance pay are recorded in the Employee Benefits Provision account in the financial statements (as of 31 December 2023: TRY 202.704).

The Bank uses actuarial method in the calculation and recognition of severance pay with in the standard of TAS 19 - “Turkish Accounting Standard on Employee Benefits”.

The Bank used its own parameters in the calculation of the total liabilities which were calculated with the actuary assumptions.

	Current Period 30 June 2024	Prior Period 31 December 2023
Discount Rate (%)	24,60%	24,60%
Inflation	22,16%	22,16%

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

	Current Period 30 June 2024	Prior Period 31 December 2023
Balance at the 1 January	202.704	125.764
Paid during the period	50.314	46.941
Severance Pay	-	(3.549)
Actuarial loss/(gain)	-	33.548
Balance at the end of the period	253.018	202.704

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

8. Information on provisions: (Continued)

d.2) Retirement Benefits

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

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

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

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

9. Explanations on tax liability:

a) Explanations on current tax liability:

As of 30 June 2024, there is no remaining corporate tax liability after deducting temporary taxes paid for the period (As of 31 December 2023, the remaining corporate tax liability after deducting temporary taxes paid for the period is TRY 536.382).

b) Information on taxes payable:

	Current Period 30 June 2024	Prior Period 31 December 2023
Corporate Tax Payable	-	536.382
Taxation on Income From Securities	228.797	142.164
Property Tax	2.870	1.818
Banking Insurance Transactions Tax (BITT)	187.006	102.122
Foreign Exchange Transactions Tax	3.285	3.662
Value Added Tax Payable	47.742	48.906
Other	116.434	27.199
Total	586.134	862.253

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

9. Explanations on tax liability (Continued):

c) Information on premiums:

	Current Period 30 June 2024	Prior Period 31 December 2023
Social Security Premiums – Employee	524	529
Social Security Premiums – Employer	728	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	3.376	1.153
Unemployment Insurance – Employer	6.745	2.299
Other	-	-
Total	11.373	4.715

10. Information on deferred tax liabilities, if any:

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

11. Information on payables for assets held for sale and discontinued operations:

The Bank has no liabilities for assets held for sale and discontinued operations (31 December 2023: None).

12. Explanations on subordinated debts

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
From Domestic Banks	1.341.723	-	1.341.987	-
From Other Domestic Institutions	-	7.955.415	-	4.451.686
From Foreign Banks	-	-	-	-
From Other Institutions Abroad	-	-	-	-
Total	1.341.723	7.955.415	1.341.987	4.451.686

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
Debt instruments to be included in the additional capital calculation:				
Subordinated Loans (*)	-	7.955.415	-	4.451.686
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:				
Subordinated Loans	1.341.723	-	1.341.987	-
Equity-like Debt Instruments	-	-	-	-
Total	1.341.723	7.955.415	1.341.987	4.451.686

(*) The Bank, from the Türkiye Wealth Fund Market Stability and Balance Sub-Fund, with the approval of the BRSA on 22 April 2019, in the amount of EUR 100.000 on 24 April 2019; With the approval of the BRSA on 9 March 2022, on 9 March 2022, a subordinated loan amounting to EUR 57.039 is provided within the scope of no maturity and non-profit additional tier 1 capital. The Bank calculated the fair value of the loan amount and reflected it to the financial statements by using the prices of similar financial instruments on the date it was included in the balance sheet within the scope of TFRS 9 and TFRS 13 standards. The Bank has obtained a tier 2 capital loan from TC Ziraat Bankası A.Ş. amounting to USD 100.000 on 5 April 2024 with the approval of BRSA dated 5 April 2024.

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

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

14. Information on shareholders' equity:

a) Presentation on paid-in capital

	Current Period 30 June 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 any uncertainty related to profitability and liquidity according to the prior period's indicators (31 December 2023: None).

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

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

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

	Current Period 30 June 2024		Prior Period 31 December 2023	
	TRY	FC	TRY	FC
From Subsidiaries, Associates and Entities under Common Control	-	-	-	-
Revaluation Difference	-	-	-	-
Foreign Exchange Difference	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	(1.768.645)	8.567	(761.298)	(31.758)
Revaluation Difference	(2.754.118)	8.567	(1.331.619)	(31.758)
Deferred Tax Effect	985.473	-	570.321	-
Foreign Exchange Difference	-	-	-	-
Total	(1.768.645)	8.567	(761.298)	(31.758)

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments:

	Current Period 30 June 2024	Prior Period 31 December 2023
Commitments for Credit Card Expenditure Limits	3.762.626	1.798.821
Other Irrevocable Commitments	-	-
Payment Commitments for Cheques	2.774.804	1.708.702
Loan Granting Commitments	451.282	296.293
Asset Purchase Commitments	3.921.663	2.342.967
Tax and Fund Liabilities from Export Commitments	3.203.792	1.304.223
Promotion Commitment Regarding Credit Card and Banking Services	2.833	2.276
Total	14.117.000	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 666.442 (31 December 2023: TRY 534.833).

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

	Current Period 30 June 2024	Prior Period 31 December 2023
Guarantee Letters	91.167.067	69.092.049
Bank Acceptances	279.809	414.759
Letter of Credits	7.949.188	7.928.282
Other Contingencies	130.631	895.443
Total	99.526.695	78.330.533

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

	Current Period 30 June 2024	Prior Period 31 December 2023
Letters of Temporary Guarantees	4.758.525	2.285.988
Letters of Certain Guarantees	48.834.070	41.486.780
Letters of Advance Guarantees	9.837.607	8.893.988
Letters of Guarantees given to Customs Offices	1.516.270	794.150
Other Letters of Guarantees	26.220.595	15.631.143
Total	91.167.067	69.092.049

b.3) Total non-cash loans

	Current Period 30 June 2024	Prior Period 31 December 2023
Non-Cash Loans for Providing Cash Loans	26.215.031	15.625.859
With Original Maturity of One Year or Less	1.198.387	1.572.826
With Original Maturity of More than One Year	25.016.644	14.053.033
Other Non-Cash Loans	73.311.664	62.704.674
Total	99.526.695	78.330.533

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. a) Information on profit share received from loans

	Current Period 30 June 2024		Prior Period 30 June 2023	
	TRY	FC	TRY	FC
Profit share on loans (*)	21.130.516	3.706.174	7.554.268	2.113.877
Short term loans	10.796.482	1.696.660	4.420.990	1.256.899
Medium and long term loans	10.258.821	2.009.514	3.103.111	856.978
Profit share on non-performing loans	75.213	-	30.167	-
Premiums received from resource utilization support fund	-	-	-	-

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

b) Information on profit share income from banks

	Current Period 30 June 2024		Prior Period 30 June 2023	
	TRY	FC	TRY	FC
Central Bank of the Republic of Türkiye	-	-	-	-
Domestic Banks	133.884	-	105.532	62.269
Foreign Banks	-	-	-	560
Head Office and Branches	-	-	-	-
Total	133.884	-	105.532	62.829

c) Information on profit share income from securities portfolio

	Current Period 30 June 2024		Prior Period 30 June 2023	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit and Loss	-	65.615	-	31.316
Financial Assets at Fair Value through Other Comprehensive Income	2.897.203	62.625	1.976.994	112.865
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	1.841.386	111.571	286.067	212.164
Total	4.738.589	239.811	2.263.061	356.345

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

None (30 June 2023: None).

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

2. a) Information on profit share expense on borrowing

	Current Period 30 June 2024		Prior Period 30 June 2023	
	TRY	FC	TRY	FC
Banks	889.967	616.145	136.851	154.975
Central Bank of the Republic of Türkiye	117.524	-	-	-
Domestic Banks	772.443	222.670	136.851	77.703
Foreign Banks	-	254.690	-	77.272
Head Office and Branches	-	-	-	-
Other Institutions	1.658.156	921.634	572.851	227.436
Total	2.548.123	1.398.994	709.702	382.411

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

Profit share expenses given to affiliates and subsidiaries are TRY 2.441.005 (30 June 2023: TRY 572.851).

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

None (30 June 2023: None).

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

Current Period 30 June 2024 Account Name	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	4.726	534.562	313.709	-	-	852.997
Real Person’s Non Commercial Participation Accounts	196.923	4.406.579	551.344	532.270	3.035.865	8.722.981
Public Sector Participation Accounts	2.648.086	585.167	2.272.922	26.936	13.497	5.546.608
Commercial Sector Participation Accounts	2.209.866	12.645.174	1.632.227	294.747	947.058	17.729.072
Other Institutions Participation Accounts	26.676	990.359	45.555	39.546	22.668	1.124.804
Total	5.086.277	19.161.841	4.815.757	893.499	4.019.088	33.976.462
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	1	432	-	-	197	630
Real Person’s Non Commercial Participation Accounts	11.293	139.934	2.492	2.654	15.741	172.114
Public Sector Participation Accounts	6	24.243	873	-	-	25.122
Commercial Sector Participation Accounts	3.311	272.665	109.518	9	8	385.511
Other Institutions Participation Accounts	52.679	152.001	893	234	58	205.865
Precious Metal Inventory	7.107	-	-	-	-	7.107
Total	74.397	589.275	113.776	2.897	16.004	796.349
Grand Total	5.160.674	19.751.116	4.929.533	896.396	4.035.092	34.772.811

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EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Prior Period 30 June 2023	Participation Accounts					
Account Name	1 month	3 months	6 months	1 year	Over 1 year	Total
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	167.458	-	-	-	167.458
Real Person’s Non Commercial Participation Accounts	65.410	1.425.991	204.690	146.115	590.997	2.433.203
Public Sector Participation Accounts	729.670	510.899	82.749	2.287	-	1.325.605
Commercial Sector Participation Accounts	511.378	4.708.843	703.316	218.773	53.087	6.195.397
Other Institutions Participation Accounts	5.849	229.534	1.220	906	2.293	239.802
Total	1.312.307	7.042.725	991.975	368.081	646.377	10.361.465
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	138	1.367	-	-	-	1.505
Real Person’s Non Commercial Participation Accounts	4.939	80.286	632	1.107	15.300	102.264
Public Sector Participation Accounts	2	5	-	-	-	7
Commercial Sector Participation Accounts	427	40.880	8.637	2	7	49.953
Other Institutions Participation Accounts	87.614	304.916	110.874	33	59	503.496
Precious Metal Inventory	4.060	-	-	-	-	4.060
Total	97.180	427.454	120.143	1.142	15.366	661.285
Grand Total	1.409.487	7.470.179	1.112.118	369.223	661.743	11.022.750

3. Information on dividend income

The Bank has no dividend income as of 30 June 2024 (30 June 2023: None).

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

	Current Period 30 June 2024	Prior Period 30 June 2023
Income	8.666.428	4.304.487
Foreign exchange gains	388.695	4.723
Gain on derivative financial instruments	1.199.295	202.334
Gain on capital market transactions	7.078.438	4.097.430
Losses (-)	6.436.067	3.187.930
Foreign exchange losses	41.790	18.175
Losses on derivative financial instruments	138.429	79.519
Losses on capital market transactions	6.255.848	3.090.236
Net	2.230.361	1.116.557

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

b. Information on profit/loss on derivative financial operations

	Current Period 30 June 2024	Prior Period 30 June 2023
Effect of the change in exchange rates on profit/loss	1.060.866	122.815
Total	1.060.866	122.815

5. Information on other operating income

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

	Current Period 30 June 2024	Prior Period 30 June 2023
Correction Account for Previous Years Expenses	3.332.011	1.511.945
Income from the Sale of the Asset	14.496	8.722
Provision for Communication Expenses	13.684	3.809
Checkbook Fees	2.697	381
Other	4.375	3.160
Total	3.367.263	1.528.017

(*) Adjustment to prior year expenses consists of reversal of provision for loan losses of TRY 1.747.329 (30 June 2023: TRY 638.018), reversal of free provision of TRY 500.000 (30 June 2023 : TRY 600.000), reversal of provision for participation accounts of TRY 994.301 (30 June 2023 : TRY 229.382) and reversal of provision for impairment on marketable securities of TRY 999 (30 June 2023 : TRY 3).

6. Provision expenses for impairment on loans and other receivables

	Current Period 30 June 2024	Prior Period 30 June 2023
Expected Credit Loss	2.329.663	1.626.622
12 month expected credit loss (stage 1)	916.176	914.664
Significant increase in credit risk (stage 2)	1.021.140	354.259
Non-performing loans (stage 3)	392.347	357.699
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	91.213	41.052
Total	2.420.876	1.667.674

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on other operating expenses

	Current Period 30 June 2024	Prior Period 30 June 2023
Provision of Employee Termination Benefits	50.314	23.256
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	361.111	111.303
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	49.659	20.028
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	591.520	330.179
Leasing Expenses Related to TFRS 16 Exceptions	3.821	1.172
Maintenance Expenses	85.818	55.695
Advertisement Expenses	113.633	67.522
Other Expenses	388.248	205.790
Loss on Sales of Assets	56	-
Other (*)	611.514	1.264.734
Total	1.664.174	1.749.500

(*) The balance of constituting the other item, TRY 127.428 (30 June 2023: TRY 152.839) consists of SDIF premium and audit and consultancy service expenses, while TRY 293.300 (30 June 2023: TRY 73.166) consists of taxes, fees, funds and other service expenses (30 June 2023, the amount of TRY 1.000 consists of a donation payment to AFAD made in February due to the earthquake disaster in Kahramanmaraş and surrounding provinces).

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

As of 30 June 2024, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	Current Period 30 June 2024	Prior Period 30 June 2023
Net Profit Share Income	(106.952)	2.521.951
Net Fees and Commissions Income	1.052.442	581.228
Dividend Income	-	-
Trading Income/Expense (Net)	2.230.361	1.116.557
Other Operating Income	3.367.263	1.528.017
Expected Loss Provision (-)	2.329.663	1.626.622
Other Provision Expense (-)	91.213	41.052
Personnel Expense	1.803.746	967.085
Other Operating Expenses (-)	1.664.174	1.749.500
Income/(Loss) from Continuing Operations	654.318	1.363.494

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on tax provision for continued and discontinued operations

As of 30 June 2024, the Bank has no tax provision expense (30 June 2023: None.), Deferred tax income TRY 58.152 (30 June 2023: TRY 204.900 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 712.470 (30 June 2023: TRY 1.158.594 net profit).

11. Information on net profit/loss:

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

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

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

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

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

None (30 June 2023: None).

V. EXPLANATIONS AND NOTES RELATED TO THE 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 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.

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

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

Current Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables	-	-	-	-	-	-
Balance at beginning of period	-	-	6.184.984	-	-	-
Balance at end of period	-	-	1.606.019	-	-	-
Profit share and commission income	-	-	701	-	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Prior Period

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

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

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit sharing accounts						
Balance at the beginning of period	1.740	-	-	-	-	-
Balance at the end of period	4.871	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	19.510.499	5.200.000	112.751	284.791	-	-
Balance at the end of period	28.712.346	19.510.499	93.959	112.751	-	-
Participation Accounts Profit Share Expenses	2.446.147	1.442.455	61.343	72.040	-	-

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss	-	-	-	-	-	-
Opening Balance	-	-	14.844.411	5.928.040	-	-
Closing Balance	-	-	11.724.154	14.844.411	-	-
Total Profit/Loss	-	-	32.301	(152.895)	-	-
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Total Profit/Loss	-	-	-	-	-	-

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3) Information on remunerations provided to top management:

The total amount of benefits provided to the Bank's Senior Management is TRY 27.950
(31 December 2023: TRY 29.269).

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

None.

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 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 unconsolidated financial statements for the period ended 30 June 2024 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor’s review report dated 12 August 2024 is presented preceding the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 2024**

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

SECTION SEVEN

INTERIM ACTIVITY REPORT

I. Assessment of Chairman

In the second quarter of 2024, the prominent topics of the global economy included the fight against inflation, efforts to ensure financial stability, and geopolitical risks. During this period, inflation, growth, and labor force data were closely monitored by central banks. A downward movement is expected in inflation data and interest rates within the framework of these data in the second half of the year. In addition to geopolitical risks, the Central Banks of India and China have purchased gold to increase their reserves, as well as expectations of interest rate cuts, which led to gold prices testing their peaks in this quarter.

The US Federal Reserve (FED) did not change the policy interest rate in the second quarter of the year, stating that more confidence was needed that inflation was falling sustainably for a interest rate cut. In the US, headline and core CPI data slowed down more than expected on an annual basis in the second quarter. With the disinflation process entering the second half of the year, a policy interest rate cut is expected in line with the data to come. On the other hand, signs of cooling in unemployment and non-farm employment also reinforce this expectation.

In the Eurozone, interest rates were reduced by 25 basis points in line with expectations in the second quarter of the year. Inflation in the Eurozone decreased in June compared to the previous month, and the European Central Bank (ECB) made progress in disinflation during this process. While inflation is expected to continue its downward trend for the rest of the year, the expectation that interest rates will decrease in the Eurozone in the second half of the year has strengthened. Another data that strengthens this expectation is the increasing risks in the growth outlook.

In developing country economies, the second quarter of the year was marked by efforts to ensure financial stability. In the Chinese economy, a contraction in economic activity in the manufacturing sector was observed in the second quarter of the year. On the other hand, a moderate improvement is observed in the export outlook and the service sector, and it is expected that steps will be taken to support economic growth in the coming period.

In the Turkish economy, the expected peak in inflation was seen in the second quarter, while the disinflation process is considered to have started with the lower-than-expected inflation figure in June. The Monetary Policy Committee kept the policy interest rate unchanged at 50%. The Committee stated that the tight monetary policy stance will be maintained until a significant and permanent decline in inflation is achieved and inflation expectations converge to the forecasted range. With the tight monetary policy stance, the underlying trend of inflation will decline in the upcoming period and disinflation will be more evident in the second half of the year. Türkiye's external outlook has improved with the upward rating upgrades by credit rating agencies. Financial stability, the increase in reserves, the real appreciation of the Turkish lira, the decline in exchange rate-protected deposits and the exit from the grey list have successfully progressed in line with the Medium Term Program (MTP) targets.

As of April 2024, the share of participation banking in the financial sector reached 8.4%. 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 April 2024, Ziraat Katılım Bankası share in the participation banking sector was 18%. 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 UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

INTERIM ACTIVITY REPORT (Continued)

II. Assessment of General Manager

In the second quarter of 2024, Ziraat Katılım Bankası's total assets reached 389.16 billion TRY, while collected funds amounted to 306.2 billion TRY. Cash funds extended reached 257.9 billion TRY, and the total cash and non-cash financing provided by Ziraat Katılım Bankası to the entire sector was 357.4 billion TRY.

Ziraat Katılım, which has rapidly expanded its branch network throughout Türkiye; has reached a total of 202 branches, including 179 retail, 15 commercial, 6 corporate and 2 overseas branches, with the 6 branches we opened in the second quarter of 2024.

OUR LEASE CERTIFICATE ISSUES REACHED 89.2 BILLION TRY TOTAL

Ziraat Katılım Bankası A.Ş. has successfully completed 6 lease certificate issuances in the first quarter of 2024. Ziraat Yatırım Menkul Değerler A.Ş. While 9.2 billion TRY of funding was obtained from these issuances made through the Bank, all of the lease certificate issuances received a high demand from investors above the issuance amount.

Ziraat Katılım, Türkiye's first public capital participation bank, has reached a total volume of 89.2 billion TL with the issuance of 166 lease certificates to investors since it started its operations in 2015.

INSTANT MONEY TRANSFER STARTED FROM ZİRAAT KATILIM BRANCHES TO ALL OVER THE WORLD WITH MONEYGRAM

The integration between Moneygram, which enables instant, safe and easy money sending/receiving transactions to 200 countries around the world, and Ziraat Katılım branches has been completed and all our branches have started to mediate the transfers of our customers.

OUR INSTANT DAILY ACCOUNT PRODUCT IS INTRODUCED

Our Instant Daily Account product, which allows our customers to perform all their daily banking transactions with its special current account feature, has been offered to our customers. In this way, our customers are automatically able to evaluate a portion of their balances in the daily promise product at 04:00 PM and receive returns.

WE CONTINUE TO PROVIDE SERVICES IN A WIDE SCOPE WITH OUR INSURANCE PRODUCTS

We continue to work to ensure that our customers feel safe in every area. In this context, we have added Future Assurance Insurance and Online Agricultural Life Insurance products to our portfolio and offered them to our customers.

SUB-PROTOCOLS REGARDING EQUITY GUARANTEES WERE SIGNED

With the sub-protocol signed between Katılım Finans Kefalet A.Ş. and our Bank regarding equity guarantees, the use of the “Katılım Finans Kefalet A.Ş. Equity Guarantee Support Package”, which was created to support SME and non-SME companies’ access to financing, has been completed.

In this context;

- “Equity Export Support Package” to support access to financing for companies operating in the exporting or foreign exchange earning services sector.
- “Financial Leasing Support Package” to support access to financing for companies that want to expand and modernize their existing facilities, operate in new production areas, and invest in energy savings.

INTERIM ACTIVITY REPORT (Continued)

II. Assessment Of General Manager (Continued)

SUB-PROTOCOLS REGARDING EQUITY GUARANTEES WERE SIGNED (Continued)

- In order to encourage the sustainable growth of SME and non-SME companies, to increase their competitiveness and to increase their economic added value, the “KFK Equity Sustainable Growth Support Package” has been created for the operating expenses of companies (production, raw materials, etc.) and its use continues.

RESOURCES WERE ALLOCATED IN FAVOR OF OUR BANK BY THE MANAGEMENT OF THE ISLAMIC DEVELOPMENT BANK (IDB)

In return for the treasury guarantee of the Government of the Republic of Türkiye, the management of the Islamic Development Bank (IDB) allocated resources in favor of our Bank.

In this context, in order to alleviate the ongoing negative effects of the pandemic, we continue to serve our customers with the "Emergency Working Capital Financing" package to Support SMEs in Türkiye.

WE OFFER EASY AND FAST SOLUTIONS TO OUR INDIVIDUAL CUSTOMERS WITH INSTANT FINANCING

Our “Dealer Contribution Working Model” developments have been completed in order to make our “Instant Financing” product, which allows our individual customers to finance their products easily and quickly through digital channels, more active and useful.

In this way, more suitable profit rates are offered to our customers who want to use Instant Financing from dealers who have agreements with our Bank, and in addition, deepening of dealers’ work with our Bank has begun with campaigns organized by organizing brand and company-based agreements.

WE INCREASE COMPETITIVE POWER BY MEETING YOUR FINANCING NEEDS IN PREPARATION FOR EXPORT

The Export Preparation Support Financing product was created to meet the financial needs of our companies that are in the export preparation phase and increase their competitive power among companies. With the financing support provided, an area was created where our customers can feel safe and take solid steps in this new journey they will embark on.

WE CONTRIBUTE TO TÜRKİYE'S ECONOMIC GROWTH BY INCREASING EXPORT POTENTIAL

Within the scope of the negotiations between Türkiye İhracat Kredi Bankası A.Ş and our Bank, EXIMBANK Financial Leasing Program was created to be offered to the use of SME and non-SME companies.

WE INCREASE THE YIELD AND PRODUCTION OF AGRICULTURAL PRODUCTS WITHIN THE SCOPE OF A SUSTAINABLE ECOSYSTEM

As Ziraat Katılım Bank; in order to increase the efficiency and production of agricultural products together with the development of agriculture in our country within the scope of sustainable ecosystem, ensuring mechanization and modernization; and to realize conscious, high-quality and efficient production, our subsidized and unsubsidized “Agricultural Financing” product for all agricultural needs has been completed in line with the principles of Participation Banking.

In this context; within the scope of developing and realized climate changes, needs and preferences in food consumption, medium and long-term agricultural policies, our new product studies continue and we continue to participate in Agricultural Technologies and Livestock Fairs.

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
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INTERIM ACTIVITY REPORT (Continued)

II. Assessment Of General Manager (Continued)

WE REDUCE WORKLOAD AND INCREASE OUR CUSTOMER SATISFACTION WITH NATURE-FRIENDLY WORK

The “Digital Approval” function, which was prepared for our corporate customers to give their contract approvals remotely via digital channels, was prepared and put into operation.

In this way, an environmentally friendly working order was adopted by saving paper; the burden on the operational area was reduced and customer satisfaction was increased.

WE PROVIDE PROBLEM-FREE SERVICE WITH SECURE PAYMENT SERVICE IN SECOND-HAND VEHICLE PURCHASES/SALES

Our Secure Payment Service, which was developed for the safe purchase/sale of second-hand vehicles, has been completed and has started to serve our customers.

In this context, a reliable and comfortable area has been created that provides our customers with the convenience of payment without hesitation.

WITHIN THE SCOPE OF OUR OPEN BANKING ACTIVITIES, WE MANAGE ALL OF OUR FINANCIAL ACCOUNTS THROUGH A SINGLE PORTAL WITHIN THE SCOPE OF OUR OPEN BANKING ACTIVITIES, WE MANAGE ALL OF OUR FINANCIAL ACCOUNTS THROUGH A SINGLE PORTAL

Within the scope of Open Banking activities, our system developments that enable our customers to easily manage their accounts in our Bank and other financial institutions via our Internet Branch and Mobile Application and to review all their accounts, account transactions and related details have been successfully completed.

WE ARE DEVELOPING OUR SYSTEM WORKS TO ACCELERATE DIGITAL BRANCH TRANSACTIONS

In our Digital Branch, which provides customer acquisition via video calls and digital portfolio services, the automatic call routing algorithm system for calls to our teams has been activated.

In this way, we have increased our service quality and customer satisfaction in our Digital Branches at the same rate.

OUR CARD AND MEMBERSHIP VOLUME INCREASED IN THE 2ND QUARTER OF 2024

In this context;

- Our member business network continues to grow; our POS turnover increased by 2.5 times compared to the second quarter of the previous year, and our POS terminal number increased by 6%,
- Our debit card count increased by 1.5% compared to the previous quarter, and our debit card turnover increased by 22%,
- Our credit card number increased by 8% and our credit card turnover increased by 6% compared to the previous quarter,

**NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF
30 JUNE 2024**

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

INTERIM ACTIVITY REPORT (Continued)

II. Assessment Of General Manager (Continued)

WE PRODUCE SOLUTIONS SUITABLE FOR THE DEMANDS AND NEEDS OF OUR CUSTOMERS BY PRIORITISING THEIR CHARACTERISTIC AND DEMOGRAPHIC FEATURES

We identified new personas and prioritized them within the scope of our Private Banking Value Proposition project, in which we took into account the demands and needs of our customers in terms of their characteristics and demographic features.

In this context;

- “Rent Account” for real estate owners to track and manage their rents more easily,
- Sales of Personal Insurance products to our foreign customers,
- Specialized financing products,
- Providing Family Banking service that will enable our special customers' spouses and children to benefit from private banking services.
- We offered our customers services such as brokerage of stock purchases via mobile and customized investment products such as setting up special funds.

As the Ziraat Katılım family, together with our deep-rooted corporate structure, we continue to work in line with our national-moral values, financial and ethical principles.

With the mission of increasing our contribution to the real economy and providing financial support to our customers, we completed the second quarter of 2024 by continuing our growth with a healthy financial performance.

Best Regards,

Metin ÖZDEMİR
General Manager

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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

INTERIM ACTIVITY REPORT (Continued)

III. Shareholding Structure

The paid in capital of Ziraat Katılım Bankası A.Ş. is TRY 10.350.000.000 and this capital is divided into 10.350.000.000 shares, each of which is worth 1.00 Turkish Liras. The Chairman and Members of the Board of Directors, the Members of the Audit Committee, and the General Manager and his Deputies do not own shares in the Bank.

Title	Share Amounts	Number of Shares
T.C. Ziraat Bankası A.Ş.	10.349.999.996	10.349.999.996
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	1	1
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.	1	1
Ziraat Teknoloji A.Ş.	1	1
Ziraat Yatırım Menkul Değerler A.Ş.	1	1

IV. Amendments to the Articles of Association

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

V. Main Financial Indicators

Among the Bank’s Assets, Loans with TRY 255.710.799 Thousand with 66%, Cash Values and Cash Equivalents with TRY 78.983.425 Thousand with 20%, Securities with TRY 44.418.957 Thousand with 11%, Other Assets with TRY 10.056.327 Thousand with 3%. gets a share.

Assets (Thousand TRY)	30 June 2024	31 December 2023	Variance (%)
Cash Values and Cash Equivalents	78.983.425	73.659.078	7
Securities	44.418.957	43.136.449	3
Loans	255.710.799	259.770.687	(2)
Other Assets	10.056.327	7.690.391	31
Total Assets	389.169.508	384.256.605	1

Funds Collected in Bank Liabilities with TRY 306.205.890 Thousand with 79%, Non-Funds Collected Resources with TRY 52.117.837 Thousand with 14%, Shareholders' Equity with TRY 19.577.463 Thousand with 5% and Other Liabilities with TRY 7.015.100 Thousand with 2%. takes.

Liabilities (Thousand TRY)	30 June 2024	31 December 2023	Variance (%)
Funds Collected	306.205.990	304.372.374	1
Non- Funds Collected Resources	56.370.955	51.646.783	9
Other Liabilities	7.015.100	8.405.901	(17)
Equity	19.577.463	19.831.547	(1)
Total Liabilities	389.169.508	384.256.605	1

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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INTERIM ACTIVITY REPORT (Continued)

V. Main Financial Indicators (Continued)

Selected Income-Expenses (Thousand TRY)	30 June 2024	30 June 2023
Profit Share Income	39.260.544	14.855.460
Profit Share Expense	39.367.496	12.333.509
Net Profit Share Income	(106.952)	2.521.951
Net Fee and Commission Income	1.052.442	581.228
Dividend Income	2.230.361	1.116.557
Other Operating Income	3.367.263	1.528.017
Other Operating Expense	1.664.174	1.749.500
Expected Loss Provision	2.329.663	1.626.622
Other Provision Expense	91.213	41.052
Personel Expense	1.803.746	967.085
Profit / Loss Before Tax	654.318	1.363.494
Tax Provision	58.152	(204.900)
Net Profit/Loss	712.470	1.158.594

RATIOS (%)	30 June 2024	31 December 2023
Capital Adequacy Ratio	14,2	15,1
Equity / Total Assets	5,0	5,2
Total Loans / Total Assets	66,1	66,0
Borrowings/Total Assets	78,7	79,2
Non-Performing Loans (Gross)/Loans	0,8	0,8

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

VI. 2024 II. Interim Activities

CORPORATE BANKING

CORPORATE BRANCH BANKING

Within the scope of our 2024 Corporate Segmentation studies, segmentation transition and customer branch transfer transactions have been successfully completed on the Corporate Branch Banking side.

As Corporate Branch Banking, new Advantage Expense Packages created to increase the profitability of our Bank were offered to our customers in the second quarter of 2024.

Our Corporate Branches have increased SSI collections by approximately 25% compared to the previous period. New DBS agreements have been signed between our Corporate Banking customers and our Bank. In line with our goal of contributing to our country's economy, marketing activities have been carried out for the use of our customers by the "Commercial Credit Card", which allows payment by procuring goods and services without the need for cash, and the "Export Preparation Support Financing" products, which provide financing for raw materials, finished goods, semi-finished goods and other expenses related to production of exporter customers.

On the other hand;

Commercial Flexible Support Financing (TEDEF) has been completed. Development work on the Supplier Finance System (TFS) and efforts to bring new products to our Bank regarding other alternative financing uses are ongoing.

ZİRAAT KATILIM BANKASI A.Ş.

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INTERIM ACTIVITY REPORT (Continued)

VI. 2024 II. Interim Activities (Continued)

CORPORATE BANKING (Continued)

CORPORATE BRANCH BANKING (Continued)

In 2024, in addition to our core banking activities, we will intensify our marketing activities with innovative, sustainable development-supporting investment projects, treasury and cash management products that will increase employment. We will continue to support the public and private sectors with project and investment financing, financial leasing, import-export financing, financing from the Islamic Development Bank, KGF and KFK.

COMMERCIAL BRANCH BANKING

Commercial Branch Banking With 15 Commercial Branches in 10 different provinces, our Bank continues to stand by our branches and customers with a Customer-Focused Service Approach by offering solutions for the needs of all its customers in line with the Business Culture Principles. As of the 2nd quarter of 2024; Work has been initiated for the opening of new commercial branches in 3 different locations. In this context, we plan to open our Gebze Commercial Branch in the 3rd quarter.

The Commercial Banking Value Proposition project has been initiated; a total of 25 meetings were held physically and online. In these meetings, 7 new and 7 existing personas were revised, creating a total of 14 personas. Of the personas created; Green Transformation, Construction and Building, Wholesale Trade and Information Intensive personas were prioritized with the evaluations of our General Manager.

Within the scope of the commercial value proposition project, a total of 25 different customer visits and one-on-one interviews, exceeding 40 hours in total, were completed. New product designs were made by creating need maps. In the 2nd quarter of 2024, activities were carried out to operate our Bank's segmentation system, and branch/customer transfers were successfully implemented. Commercial Branch Banking will continue to support our branches and customers with its Customer-Focused Service Approach.

PRIVATE BANKING

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

Within the scope of the Private Banking Value Proposition project, which we completed in 2023, our customers were examined by taking into account their characteristics and demographic features, demands and needs, and new personas were determined. These were also prioritized within themselves.

Among the products we have prepared for our 4 priority persona and brought to our Bank in 2024 are;

- “Rent Account” for real estate owners to track and manage their rents more easily.
- Sales of Personal Insurance products to our foreign customers
- Specialized Financing Products (Boat/Yacht Financing and Education Financing)
- Family Banking service that will allow our special customers' spouses and children to benefit from private banking services.
- Foreign Currency Housing Loan Usage
- Customized Investment Products
- Brokerage of stock purchases via mobile*
- Establishment of a Special Fund*
- Publication of Weekly Financial Bulletins,
- Mediating stock purchase transactions through our mobile application,

ZİRAAT KATILIM BANKASI A.Ş.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2024

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INTERIM ACTIVITY REPORT (Continued)

VII. 2024 II. Interim Activities

PRIVATE BANKING (Continued)

- There is a “zekat hesaplama” platform that allows our customers to calculate their zekat on a single platform.

Additionally, during this period, Private Banking corner branch activities started in our Istanbul/Osmanbey, Antalya/Alanya and Istanbul/Florya branches.

On the other hand;

- Completion of the Mobile Application Renewal work for our special customers,
- Carrying out Private Banking Website design work,
- Providing and increasing privileged consultancy services,
- Starting the design of Private Banking Credit Card,
- Planning of Private Banking overseas representations,

our efforts to implement our services continue.

This year, our main goals include focusing on our Family Banking activities and the use of Foreign Currency Housing Loans for our Private Banking customers, as well as renewing our mobile application, increasing privileged consultancy services, and launching the Private Banking Credit Card.

RETAIL BANKING

The support we provide to the real sector has been increased with a focus on production and export. In addition, 6 new retail branches were opened, reaching 200 branches in 63 provinces in the country.

Demand for our financial leasing products, which offer many conveniences such as access to long-term financing and payment options suitable for cash flow, continued to increase in the second quarter..

Based on the cooperation agreement signed between Türkiye'nin Otomobili Girişim Grubu A.Ş. (Togg) and our Bank, our Bank also participated in the vehicle financing campaign of the national automobile brand Togg in the 2nd quarter of 2024 and continued to offer the "Togg Vehicle Financing" product to our customers in order to meet their financing demands.

Our Katılım Digital product has been developed to enable our customers to access all the e-transformation products they need and has continued to be offered to our customers with its current and comprehensive version with the assurance of Ziraat Katılım.

As in other business families, the segmentation transition has been successfully completed in the Retail Banking business family.

RESOURCE AND CASH MANAGEMENT

- Integration has been made with MoneyGram, which enables safe and easy sending/receiving of money to 200 countries of the world within minutes; MoneyGram money transfers have started to be mediated through our branches.
- Our Instant Daily Account product, which allows our customers to carry out all banking transactions (such as EFT, money transfer, bill payment, etc.) for their daily needs during the day with its special current account feature and also allows them to receive returns by automatically evaluating a portion of their balance in the Vaat product on a daily basis, has been offered to our customers.
- Future Assurance Insurance and Online Agricultural Life Insurance products have been prepared and added to our Insurance products and are offered to our customers.

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INTERIM ACTIVITY REPORT (Continued)

VII. 2024 II. Interim Activities (Continued)

On the other hand, during the year;

- The Public Offering menu for shares to be offered to the public within the scope of Participation Banking principles will be made available to our customers through our Internet Branch and Participation Mobile channels.
- By adding the “Request Payment” function to our digital channels, our customers will be able to request payment from their creditors.
- With the Site/Apartment Fee Management Application, integration will be made with online management platforms that provide 360-degree service to the managers of living spaces such as sites, residences and business centers, and will be made available to our customers.
- Second phase product development studies regarding the Supplier Financing System will begin.
- We will be offering the Accumulated Savings Account, where our customers who want to make Hajj and Umrah visits and save for Education and Military Service can evaluate their savings, in the second half of 2024.
- A Shared Account will be made available for use, where a portion of our customers' investments can be invested in a Participation Account based on a profit and loss sharing agreement to be opened by the Bank on behalf of the Customer, and a portion can be invested in a Daily Investment Fund.
- Our POS Insurance product work continues. After the relevant integration, it will be added to our Insurance products and offered to our customers.

FINANCING PRODUCTS MANAGEMENT

Within the scope of the main protocol regarding equity guarantees between Katılım Finans Kefalet A.Ş. and our Bank, the sub-protocols detailed below have been signed.;

- The “Katılım Finans Kefalet A.Ş. Equity Guarantee Support Package”, which was created to support SME and non-SME companies’ access to financing, was completed during this period.
- In order to support access to financing for companies operating in the exporting or foreign exchange earning services sector, the “Equity Export Support Package” has been created and its use continues.
- A “Financial Leasing Support Package” has been created and continues to be used to support access to financing for companies that want to expand and modernize their existing facilities, operate in new production areas, and invest in energy savings.
- In order to encourage the sustainable growth of SME and non-SME companies, to increase their competitiveness and to increase their economic added value, the “KFK Equity Sustainable Growth Support Package” has been created for the operating expenses of companies (production, raw materials, etc.) and its use continues.

In return for the treasury guarantee of the Government of the Republic of Türkiye, the management of the Islamic Development Bank (IDB) has allocated resources in favor of our Bank, and within this scope, the “Emergency Working Capital Financing” package to Support SMEs in Türkiye continues to be used.

Work has continued to ensure widespread use of the “Instant Financing” product, which allows our individual customers to easily and quickly finance the products they want to buy from businesses that have an agreement with our Bank, at any time of the day, through digital channels, without having to go to a branch.

Our “Dealer Contribution Working Model” developments have been completed in order to make our Instant Financing product more active and useful. With this development, more suitable profit rates can be offered to our customers who want to use Instant Financing from dealers who have an agreement with our Bank. In addition, deepening of dealers’ work with our Bank can be achieved with brand and company-based campaigns.

INTERIM ACTIVITY REPORT (Continued)

VII. 2024 II. Interim Activities (Continued)

A Special Needs Financing product for Retirees has been created to finance the needs of our retired customers with suitable profit rates and repayment options.

The Export Preparation Support Financing product was created to meet the financing needs of companies in the export preparation phase by increasing their competitive power. The product in question is a financing provided to export customers for raw materials, finished products, semi-finished products and other production-related expenses.

In order to offer pricing options under suitable conditions for the financing demands of our corporate customers, the system development of the “Current Account Discount Financing Model” continues. Within the scope of the negotiations between Türkiye İhracat Kredi Bankası A.Ş and our Bank, the EXIMBANK Financial Leasing Program has been established to be offered to the use of SME and non-SME companies.

Considering the benefits such as reducing the external dependency of the country's economy on energy resources by financing the green transformation, contributing to sustainable development goals and minimizing environmental damage, Environmental Financing Products within the Scope of Sustainability have been offered to our customers in order to support the studies in this direction. Within the scope of the sustainable ecosystem, it is aimed to increase the productivity of agricultural products together with the development of agriculture in our country, mechanization and modernization. In this context, our "Agricultural Financing" usage continues for all agricultural needs in line with the Participation Banking Principles in order to realize conscious, high-quality and efficient production.

DIGITAL BANKING

- The 'Digital Approval' function has been prepared and put into operation so that our corporate customers can give their contract approvals remotely via Digital Channels. Our new service will save paper, reduce operational load and meet customer expectations.
- Our development work has been completed and put into operation to ensure safe purchase and sale of second-hand vehicles with a secure payment service.
- Our compliance work for the Criteria to be Provided for Identity Verification and Transaction Security in Electronic Banking Services and Establishing Contractual Relations in Electronic Environment has been completed and has been put into effect.
- Within the scope of our Open Banking activities, we have successfully completed our development work that allows our customers to view their accounts in other financial institutions via our Internet Branch and Mobile Application and to review their account transactions and related details.
- A structure has been created and put into operation for distributing calls to Digital Branch teams, which provide customer acquisition and digital portfolio services to our customers through video calls, using automatic call routing algorithms (ACD - Automated Call Distribution).
- Infrastructure work has been carried out to ensure that information to be provided to customers can be made as instant notifications.

On the other hand;

- Our efforts to renew our Internet and Mobile Banking channels continue comprehensively. With this project, we aim to update our infrastructure with the latest technologies, optimize user experience and develop front-end technologies.
- With the preparation of our API Developer Portal structure, the basic infrastructure for providing embedded financial services focused on Service/Platform Banking to our customers has been established. In addition, our development work continues in order to provide our embedded financial services more comprehensively and efficiently.

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INTERIM ACTIVITY REPORT (Continued)

VII. 2024 II. Interim Activities (Continued)

FOREIGN TRADE OPERATIONS

- Within the scope of the Organizational Process Improvements Project, work on import letter of credit process automation continued.
- Import letter of credit digital file/archive work has been carried out, eliminating the need to use physical files.
- Work has been completed within the scope of process improvements and legal regulations regarding “Export Price Acceptance Certificate ” (İBKB) transactions.

On the other hand;

- Making the necessary system developments to enable import transfer transactions through digital channels,
- Making the necessary system developments to carry out İBKB transactions through digital channels,
- Completion of artificial intelligence-supported studies,
- Carrying out the necessary work to ensure that the relevant messages are generated and sent by the system in International Payments is planned.

VIII. 2024 II. Expectations fort the Post-Interim Period

The focus of the global economy in the second quarter of 2024 was the point reached in the fight against inflation and expectations regarding monetary policy moves. The first half of the year was completed on a global scale with expectations that tightening steps would give way to easing steps. Continuing price pressures in early 2024 led to an upward revision in the near-term global inflation projection. From a geopolitical perspective, regional issues such as the ongoing tension in the Middle East and the Russia-Ukraine War have maintained their place among the most important geopolitical problems in the relevant period due to their global impact. In an environment of uncertainty brought about by geopolitical issues, central banks continued their efforts to increase gold reserves. The ONS price of gold continued to rise, reaching levels of \$2.330. The World Bank raised its 2024 growth rate expectation for the global economy from 2.4 percent to 2.6 percent, while the OECD raised its global growth expectation from 3 percent to 3.2 percent. Global trade is expected to grow by 2.5 percent in 2024 and then 3.4 percent in 2025-26. The data reflects a significant increase compared to 2023. Despite the ongoing negativities and geopolitical tensions for several years, the global economy is going through a period in which it is beginning to stabilize. However, all expectations point to a global growth rate that will remain below the average of the last 20 years.

The first quarter of 2024 was spent with the agenda of fighting inflation and high interest rates for the US economy, and it was completed with a growth rate of 1.4 percent. Similar policies were followed in the second quarter of the year, and the US Federal Reserve Bank kept the policy interest rate unchanged in its May and June meetings, keeping it at 5.25-5.50 percent, the highest level in 23 years. Thus, the FED kept interest rates constant in seven consecutive meetings, and the view that the right time for interest rate cuts had not yet come prevailed. On the other hand, FED officials, who had indicated three interest rate cuts before March, changed their stance on this point after inflation data above expectations. While one or two interest rate cuts were foreseen for this year in line with different projections, more interest rate cuts were signaled in 2025. FED officials stated that more confidence was needed to reach the 2 percent inflation target for interest rate cuts. While unemployment, wages and non-farm employment data at the end of the second quarter indicated a contraction in the labor market, the possibility of an interest rate cut for this year has become even stronger, and expectations for multiple interest rate cuts in 2025 have increased. Among the economic indicators, the ISM Services PMI value experienced the sharpest contraction since April 2020, reaching a value of 48.8. The Business Activity Index contracted for the first time since May 2020. New orders and employment levels declined, all of which revealed the contraction in the service sector in the US. It is anticipated that the most important agenda item for the US economy in the new period will be to combat inflation while maintaining economic activity. On the other hand, the presidential elections to be held in November continue to be one of the important topics to be followed by the whole world.

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INTERIM ACTIVITY REPORT (Continued)

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

For the Eurozone, which began to recover at the beginning of 2024 after a long recession, the second quarter of the year was the period in which the first step towards relaxation was taken and the first interest rate cut was made after a two-year period of interest rate increases. The European Central Bank (ECB) reduced interest rates by 25 basis points to 4.25 percent at its June meeting. As a result of the determined fight against inflation, Eurozone inflation came very close to the targeted 2 percent rate and completed the quarter at 2.5 percent. New steps towards relaxation are expected to be taken in line with inflation data in the new period. The Euro, the official currency of the European Union, has lost 1 percent of its value due to the recent political uncertainties in the region. On the other hand, the failure to reach any consensus-oriented result regarding the Russia-Ukraine War has caused threats to energy and supply security to continue.

In the past period, developing country economies have been affected by problems such as regional wars, supply problems, and increases in energy and commodity prices around the world. Monetary policy moves and inflation data have maintained their place on the agenda of developing countries in the second quarter of the year. In China, which completed the first quarter of the year with a growth rate of 5.3 percent above expectations, the Services PMI data reached 51.2, the lowest level in the last eight months. Interest rates have been held constant at 3.45 percent, the lowest level in recent years, since August 2023. On the other hand, in Japan, one of the developed countries, the Central Bank (BOJ), which ended the negative interest rate policy it started in 2016 in the first quarter and increased interest rates for the first time in 17 years, kept the policy interest rate constant between 0 percent and 0.1 percent in the second quarter.

The most prominent agenda item for the Turkish economy in the second quarter of 2024 is the fight against inflation. Interest rates were kept constant at 50 percent with the decisions taken at the monetary policy committee meetings in the second quarter. In addition to monetary and fiscal policy moves, statements that structural reforms would be emphasized in the new period had a positive impact on the outlook of the economy, and the Turkish economy entered a recovery process. As a result of all these efforts, Türkiye was removed from the Financial Action Task Force (FATF) gray list in June. On the other hand, as the second quarter of the year ended, the inflation rate decreased on a monthly basis, falling from 3.37 percent the previous month to 1.64 percent. A growth rate of 5.7 percent was achieved in the first quarter of the year. The Organization for Economic Co-operation and Development (OECD) increased its 2024 growth forecast for the Turkish economy from 2.9 percent to 3.4 percent. The growth rate expectation for 2025 is 3.2 percent. It is anticipated that efforts will be made to reduce inflation to desired levels, taking into account growth and unemployment targets in the upcoming period. In our country, which is quite sensitive to global developments due to its geopolitical location, the events in the Middle East and the course of the Russia-Ukraine war are important topics to be followed in the second half of the year.

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