

ANNUAL REPORT 2023





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# 8 years

We continued to develop and enrich our product and service range, which is fully compatible with the spirit and principles of participation banking, in line with customer expectations.

We supported our stakeholders to take part in the participation banking system with our strong value proposition and competitive solutions in all segments from retail to commercial and private banking, and we shared what we produced with them.

## OUR MISSION AND VISION

### Our Mission

#### Understanding the expectations and needs of its customers

Our mission is to become a participation bank that understands the expectations and needs of its customers in the best way possible and offering most reliable solutions and value propositions through the most appropriate channel, carries out its activities with world-class sustainable profitability and efficiency being aware of principles of participation banking and ethics, facilitates access to financial services focusing onto the customer satisfaction.

### Our Vision

#### Constantly generating value

At Ziraat Participation, our vision is to become a global, reputable and leading participation bank that strengthens participation banking not only in Turkey, but in the region, constantly generates value, offers customers more the more as they share at every stage.

## OUR STRATEGIES

### Our main strategy was defined as

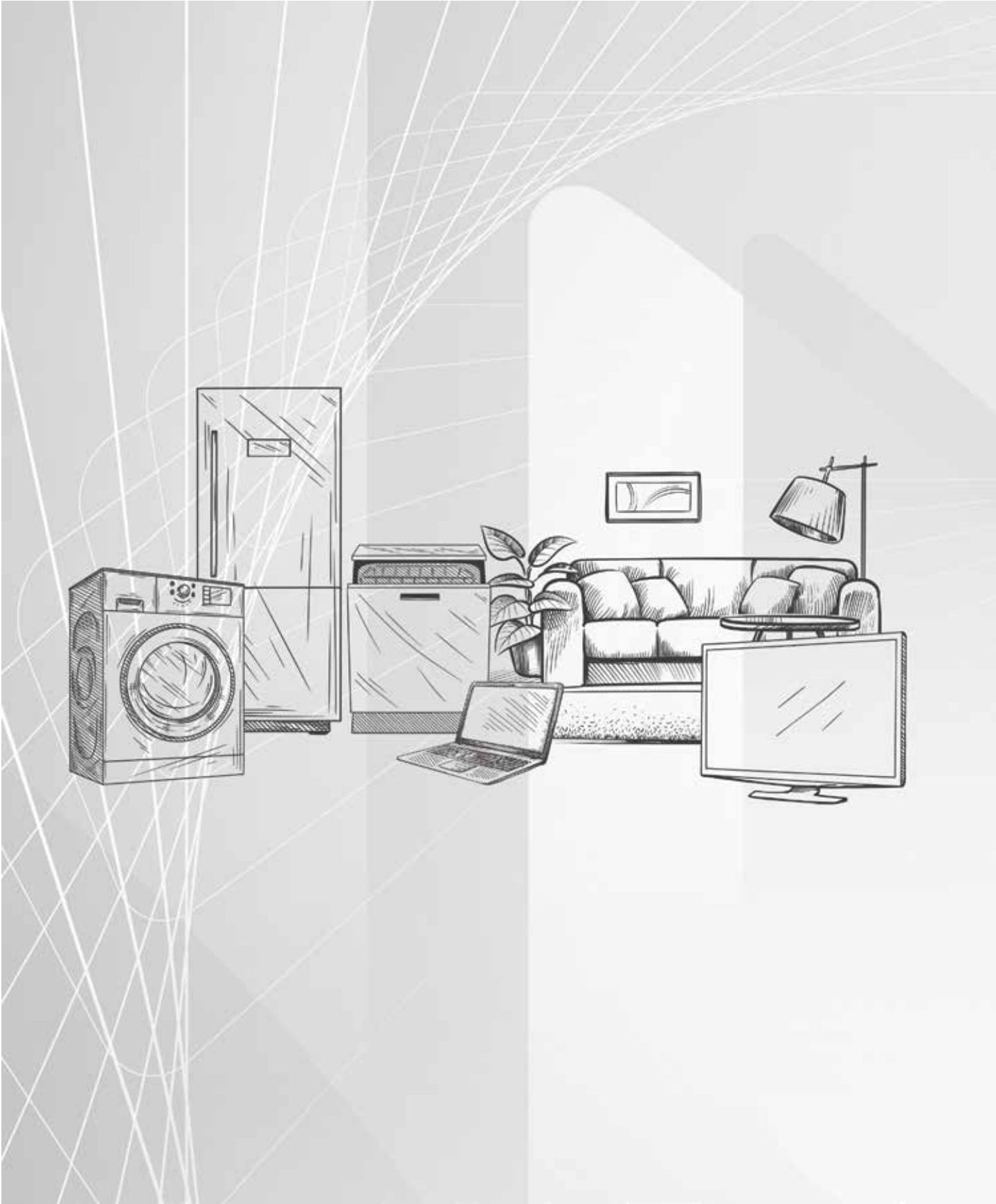
- **Focused Growth,**
- **Sustainable Profitability,**
- **Competence Transformation, Participation Banking and Agricultural Banking.**

In accordance with our focused growth action, while continuing to develop in segments of all sizes, we will focus on SMEs and above SME companies which are also considered a significant size for the country's economy. We aim to achieve sustainable profitability in these segments by application developments and investments.

For the inclusiveness of investments and applications to be developed, we will complete competence transformation of our human resources for the necessity of associating these applications with competent human resources who can make choices in line with objectives.

**Our strategies will support financial development of our country and will serve the entirety that will develop the Participation Banking market, which we are a part of.**

# PRESENTATION



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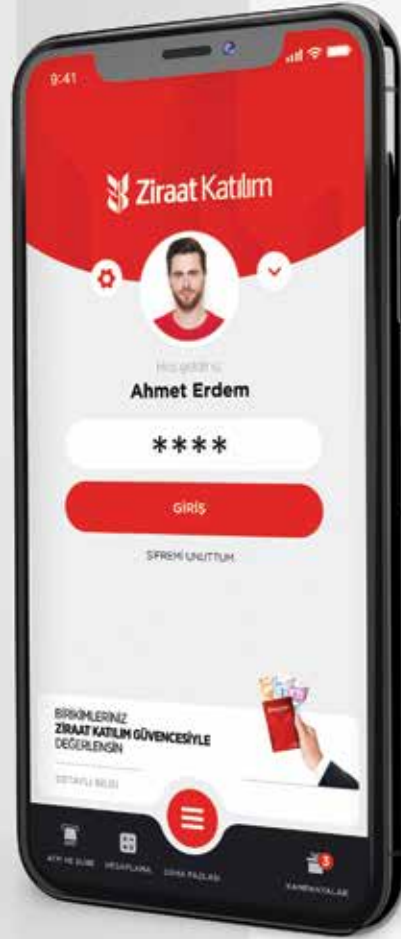
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# CORPORATE PROFILE

**Turkey's first publicly owned participation bank, Ziraat Participation, develops its products, services and channels by providing value creating solutions based on changing needs of its customers from every segment. Ziraat Participation sustains its banking business model successfully with its profitable, healthy and sustainable approach.**

Ziraat Participation was founded with a share capital of TL 675,000,000 fully paid by the Undersecretariat of Treasury in accordance with the approval of Banking Regulation and Supervision Agency dated 10 October 2014 numbered 6046 published at the Official Gazette numbered 29146 dated 15 October 2014. The Bank's trade registration was made on 16 February 2015.

Ziraat Participation obtained its operating license with the decision 6302 of Banking Regulation and Supervision Agency dated 12 May 2015 published at the Official Gazette numbered 29355 dated 14 May 2015. The Bank started its participation banking operations with its principle of "Achieving More by Sharing" as of 29 May 2015.

In accordance with its strategies focused on profitable, healthy and sustainable growth, Ziraat Participation provides products, services and solutions with high added value which are in line with participation banking principles through strong distribution channels and with competent human resources.

The Bank, which has 2,430 personnel who are specialized in their fields as of 2023 year-end, further expanded its geographical coverage during the year with the opening of 35 new branches, increasing the total number of branches to 191. In addition to traditional distribution channels, branches, Ziraat Participation offers its products and services through advanced alternative channels consisting of 121 ATMs, Internet Banking, renewed Mobile Banking, Call Centers and approximately 12,031 POS terminals.

Within the scope of its Digital Banking activities, Ziraat Participation meets the financial needs of its customers with the Ziraat Mobile application at the most convenient points and with an approach focused on high customer satisfaction.

Ziraat Participation's total assets increased by 80% in comparison with 2022 year-end and reached a balance sheet size of TL 384.3 billion. Net profit of Ziraat Participation was realized as TL 4 billion. The Bank's equity size, reaching TL 119.8 billion, provides the strength required for sustainable growth.

With its well-established and solid structure, modern and innovative management approach, and experienced and dynamic personnel, Ziraat Participation works in strong cooperation with Ziraat Bank, which has been the driving force of the Turkish banking sector for 160 years, within the framework of its correspondent agreement.

Behind Ziraat Participation's continuously developing business model lies an approach focused on customer satisfaction, digitalization and efficiency. As it works towards becoming an effective, leading and respected participation bank, the Bank continues to take firm steps without compromising its asset quality, creating added value in line with its disciplined and sustainable growth strategy.

Listening to its customers in every circumstances and providing them tailored solutions are Ziraat Participation's main philosophies and the Bank operates not only for its customers and shareholders but also to conduct activities that add value to the society and all its stakeholders.



## KEY INDICATORS OF 2023

# MILESTONES OF 2023

### NUMBER OF EMPLOYEES

## 2,430 people

The number of employees of Ziraat Participation increased from 1,904 at the end of 2022 to 2,430 by the end of 2023 on the back of the ongoing growth.

### TOTAL ASSETS

## 80% increase

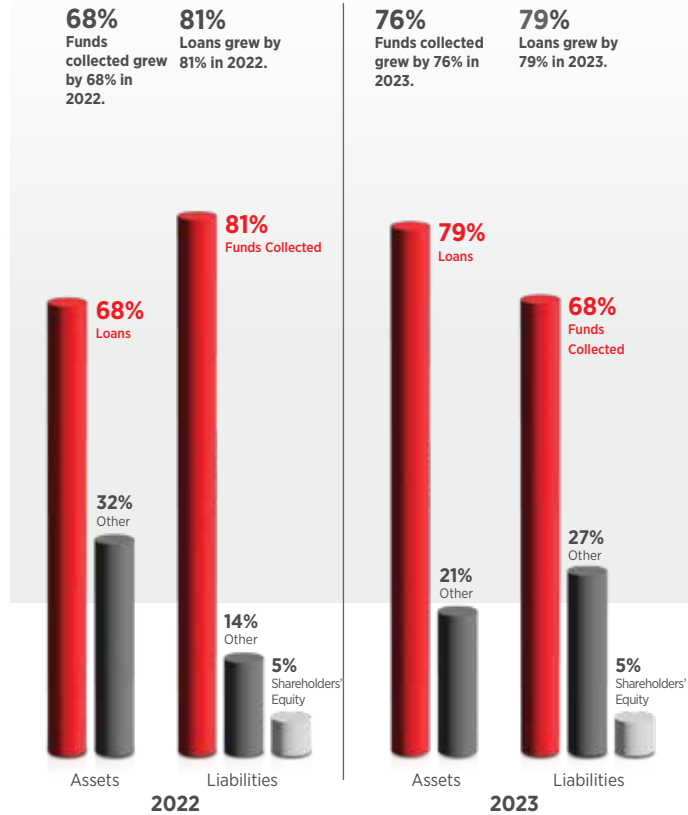
Total assets increased by 80% from TL 213,343 million in 2021 to TL 384.3 billion in 2023.

### LOANS

## 79% increase

The volume of loans increased by 79% from TL 144,858 million in 2022 to TL 259.8 billion in 2023.

### BALANCE SHEET COMPOSITION



# HIGHLIGHTS

## of 2023

### Strategy Workshop 2023

In his speech at the workshop, the Bank's General Manager Metin Özdemir shared his views and opinions of the focus areas included in Ziraat Participation's 2022-2025 Strategy Plan, transformation projects and on developing and strengthening them in line with Ziraat Participation culture. Each of the Deputy General Managers and Group Presidents made a presentation.

In the second part of the meeting, working group studies and three series of sessions were held with all participants with the aim of forming a common business culture and increasing interaction, with discussion centered on determining the issues and seeking solutions.

### A clutch of Social Media Awards for a fifth year

The results of Social the Media Awards Turkey 2023, organized in cooperation with BoomSonar and Marketing Turkey, were announced. Brands, agencies, projects and individuals who left their mark on social media were evaluated and rewarded among over 55,000 social media brand accounts, have been announced. According to the results of the Social Brands brand index, prepared on the basis of impartial data and data analysis in the performance of brands on social media, Ziraat Participation was awarded the "Most Effective Participation Bank in Social Media" in the Participation Banks category of the Data Analytics Awards in 2023 for a fifth year in succession.

### "Corporate Volunteering" Award from Turkish Red Crescent

The Turkish Red Crescent handed out the "Red Vest International Volunteer Awards" in the ceremony in İstanbul, where awards were given to individuals and organizations that had distinguished themselves for their volunteering efforts in difficult conditions such as disasters and had inspired young volunteers with their exemplary personality.

Ziraat Participation was given an award in the "Corporate Volunteer" category in recognition of the volunteering activities carried out with a spirit of unity, solidarity and brotherhood as it sought to heal the wounds in Kahramanmaraş, the epicenter of the 6 February earthquakes, in cooperation with the Turkish Red Crescent.

Acting with a sense of sharing and solidarity, Ziraat Participation Vefa Group volunteers were in Kahramanmaraş to work for a period of one week in teams of approximately 20 people. During the earthquake, a total of 165 employees from the Bank worked in the field for a period of 12 weeks, where daily meals were distributed to those affected by the earthquake under the coordination of the Turkish Red Crescent, with the needs of earthquake victims met.

### **'Ramadan Kindness Table' in Kahramanmaraş**

A Ramadan tent for 1,000 people was set up in Kahramanmaraş, which was affected by the earthquake, by the Turkish Religious Foundation, under the sponsorship of Ziraat Participation. Hot meals were distributed to those affected by the earthquake every day for the sahur and iftar meals with social activities were organized to keep the spirit of Ramadan alive.

General Manager Metin Özdemir visited the earthquake zones and attended the Ramadan tent within the scope of the Kahramanmaraş program. Mr. Özdemir and volunteers from the Vefa Group helped distribute iftar meals to the citizens of Kahramanmaraş.

### **Vefa Group meets Orphaned Children**

Ziraat Participation Vefa Group took part in an important event in cooperation with the Orphan Foundation, where 210 orphan children came together at the Report Card Festival, sponsored by the Bank, and the children, accompanied by Vefa Group volunteers, enjoyed a fun-packed day.

Orphaned children who had completed their education and training term were able to relax and unwind with a wide range of different activities including illusion shows, jugglers and Hacivat Karagöz games. The event, held in Bonjurköy, İstanbul, raised awareness for orphans and vulnerable children.

### **Ziraat Finance Group Vision 2023 Meeting**

The Ziraat Finance Group Vision 2023 meeting, the fourth such Group Meeting, was held in Antalya on 20-22 November 2023.

The Chairman of the Board of Directors, the General Manager of Ziraat Bank, Alpaslan Çakar, the General Manager, Metin Özdemir, Board Members, Ziraat Finance Group Senior Managers, Deputy General Managers, Group Presidents, Department Heads, Head Office Service Managers and Branch Managers attended the Ziraat Finance Group Vision 2023 meeting. The meeting included discussions on our finance group's targets and strategies for the coming period.

Our General Manager, Metin Özdemir, met our bank's managers and held a meeting regarding our bank's goals and policies.

### **Steps Taken towards Agricultural Financing**

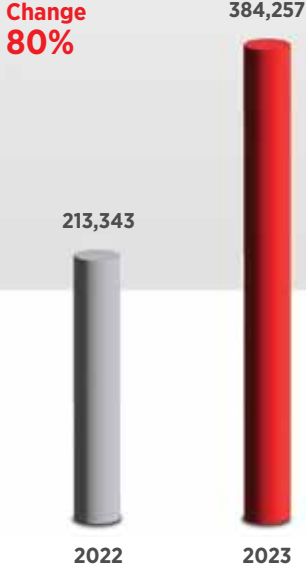
Ziraat Participation became the second participation bank in the sector after Ziraat Bank, and the first participation bank, to implement state-supported agricultural financing at favorable conditions in order to meet the financing needs of our producers in agricultural production.

### **Large-scale Sukuk Issuance**

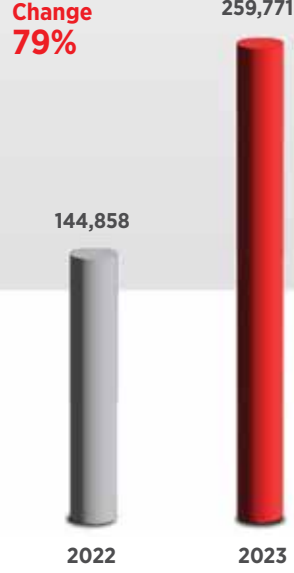
Ziraat Participation was the first public participation bank in Turkey to sign an international sukuk issuance. The USD 500 million issue, described as a strong first issue for Ziraat Participation, attracting interest from 135 investors from 24 different countries, was more than five times oversubscribed.

## PRESENTATION

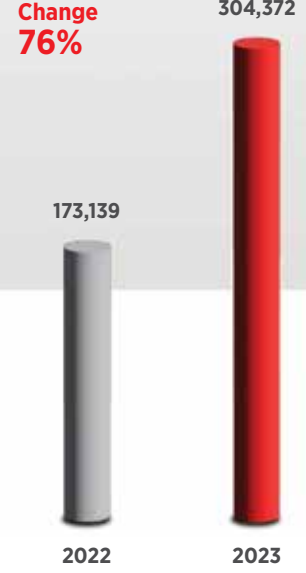
### Total Assets (TL million)



### Loans\* (TL million)



### Funds Collected (TL million)

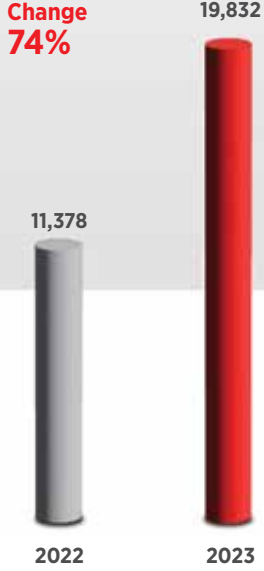


## FINANCIAL INDICATORS

(TL million)	2022	2023	Change (%)
Total Assets	213,343	384,257	80
Liquid Assets and Banks	38,204	73,659	93
Securities Portfolio	27,216	43,136	58
Loans*	144,858	259,771	79
Funds Collected	173,139	304,372	76
Shareholders' Equity	11,378	19,832	74
Profit Shares Income	20,231	43,986	117
Profit Shares Expense	12,489	38,557	209
Profit Before Tax	5,464	4,417	(19)
Net Profit/Loss	3,840	4,004	4

\*Financial Leasing, Expected Loss Provisions and Non-Performing Receivables are included.

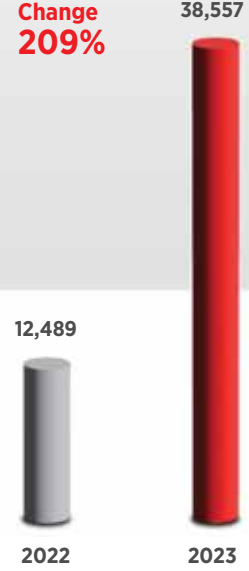
### Shareholders' Equity (TL million)



### Profit Shares Income (TL million)



### Profit Shares Expense (TL million)



## SHAREHOLDING STRUCTURE

The main shareholder of Ziraat Participation is T.C. Ziraat Bankası A.Ş.

### 31 December 2023

Shareholder	Paid-in Capital (TL Thousand)	Share %
T.C. Ziraat Bankası A.Ş.	10,350,000	99.99999996
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	-	0.00000001
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.	-	0.00000001
Ziraat Teknoloji A.Ş.	-	0.00000001
Ziraat Yatırım Menkul Değerler A.Ş.	-	0.00000001
<b>Total</b>	<b>10,350,000</b>	<b>100.00</b>

The TL 10,350,000,000 paid-in capital of Ziraat Participation was fully provided by Undersecretariat of Treasury. Ziraat Participation's capital is divided into 10,350,000,000 shares, each valued at TL 1.00.

The Chairman and members of the Board, members of the Audit Committee, CEO and Assistant General Managers do not own shares.

## PRESENTATION

## CHANGES IN THE ARTICLES OF ASSOCIATION IN 2023

Pursuant to a resolution passed at the first extraordinary annual general assembly of Ziraat Participation held on 31 March 2023, the Bank's paid-in capital was increased to TL 7,350,000,000 million by means of a cash injection in the amount of TL 4,700,000,000, all of which was provided by the Treasury Undersecretariat, and this increase was registered on 3 April 2023. The section of the Bank's articles of association concerning this action was revised as indicated below.

### DRAFT AMENDMENT SHOWING THE OLD AND NEW FORMS OF THE SECTIONS OF ZİRAAT KATILIM BANKASI A.Ş.'S ARTICLES OF ASSOCIATION THAT ARE TO BE CHANGED

OLD VERSION	NEW VERSION																																																								
<b>Article 6</b>	<b>Article 6</b>																																																								
The nominal value of the company's capital is TL 2,650,000,000.00. This capital is divided into 2,650,000,000 shares, each of which has a par value of TL 1.	The nominal value of the company's capital is TL 7,350,000,000.00. This capital is divided into 7,350,000,000 shares, each of which has a par value of TL 1.																																																								
The entire TL 1,750,000,000.00 of the previous capital was paid in cash in a manner free from collusion and unlawful conduct.	The entire TL 2,650,000,000.00 of the previous capital was paid in cash in a manner free from collusion and unlawful conduct.																																																								
The entire TL 900,000,000.00 million cash increase was subscribed to by T.C. Ziraat Bankası A.Ş. and was paid before the date of its registration.	The entire TL 4,700,000,000.00 million cash increase was subscribed to by T.C. Ziraat Bankası A.Ş. and was paid before the date of its registration.																																																								
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**DRAFT AMENDMENT SHOWING THE OLD AND NEW FORMS OF THE SECTIONS OF ZİRAAT KATILIM BANKASI A.Ş.'S ARTICLES OF ASSOCIATION THAT ARE TO BE CHANGED**

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# MILESTONES IN THE HISTORY OF ZIRAAT PARTICIPATION

[www.ziraatkatilim.com.tr](http://www.ziraatkatilim.com.tr)

## 2015

- As the first publicly funded participation bank, the Bank began operations on 29 May 2015, in a grand opening with the participation of President Recep Tayyip Erdoğan.
- Ziraat Participation became the first participation bank to receive Participation Banking Activity Ratification Certificate approving compliance of the general framework of our operations with the Principles of Participation Banking.

## 2016

- Ziraat Participation proudly completed its first year, a full of firsts, with a net profit of TL 30.7 million.
- The first profit-loss sharing partnership was carried out in different sectors.
- The first Sukuk issuance was undertaken by establishing an Asset Leasing company.
- The first Murabaha Syndication took place.

## 2017

- Ziraat Participation continued to take firm steps on its way to reach its goals of sustainable profitability and efficiency and recorded a profit of TL 159 million.
- Ziraat Participation founded its second subsidiary ZKB Varlık Kiralama A.Ş.
- FILIKA (Limited Financing Card) has been offered to customers.
- Transition to TFRS 9 has been completed.
- A project financing transaction has been performed through "İstisna" product in the participation banking sector.
- Ziraat Participation has started the Gold Days.

## 2018

- Ziraat Participation rounded off the year with stable growth and wrote a net profit of TL 323 million.
- Ziraat Participation entered a cooperative agreement that represents a first for the banking sector and our country, with the "Joint Investments Model".
- Ziraat Participation became the first participation bank to mediate in the issuance of the Gold Lease Certificate.
- The number of branches increased to 80 branches in 41 different cities.
- The necessary permits were obtained for the transfer of Ziraat Finansal Kiralama A.Ş. to Ziraat Participation.
- In accordance with the agreement made between all public banks including Ziraat Participation, the "free use of a Common ATM" system was implemented with the protocol signed.

## 2019

- Ziraat Participation continued its healthy growth with its effective and efficient balance sheet management and completed the year with a net profit of TL 516.7 million.
- Ziraat Participation realized a Murabaha Syndication transaction at an amount of USD 250 million for the third time.
- Ziraat Finansal Kiralama A.Ş. was transferred to Ziraat Participation as of 1 March 2019.
- Subordinated loans were obtained from T.C. Ziraat Bankası A.Ş. and Turkey Wealth Fund.
- Virtual POS product was offered to customers.
- "Mobile Financing" option was launched to conduct financing transactions through the Katılım Mobile application.



## 2020

- Ziraat Participation reached an asset size of TL 60.2 billion.
- The Sudan Branch, first foreign branch, entered operation.
- Work on the new payment system, FAST (Instant and Continuous Transfer of Funds), has been completed. The system allows the Bank's customers to perform money transfers between their accounts in different banks 24 hours a day, 7 days a week.
- With its subsidiaries Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., Ziraat Participation realized approximately TL 12.6 billion in lease certificate issuances in TL terms in the local market.

## 2021

- Ziraat Participation's asset size reached TL 98.3 billion in 2021.
- A lease certification issue of TL 300 million was realized through public offering for the first time.
- A subordinated loan of TL 500 million was obtained from the main shareholder T.C. Ziraat Bankası A.Ş.
- A new product, Eli Bol (Generous) account was offered to customers.
- Currency Protected TL Participation Account and Gold Conversion TL Participation Accounts were launched.
- Ziraat Participation obtained three separate lease certificate issuance approvals from Capital Market Board at amounts of TL 12 billion, TL 15 billion and TL 1 billion to realize TL-based lease certificate issuances in domestic market with its subsidiaries Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş.

## 2022

- Asset size of Ziraat Participation increased by 117% and reached TL 213.3 billion.
- Paid-in-capital increased to TL 2.65 billion.
- The Bank provides services in 55 cities in all regions with 155 domestic branches.
- With "Instant Financing" product, customers are given opportunity to finance their purchases made from contracted stores through digital channels easily and rapidly.

- Currency Protected TL Participation Account with Conversion to Physical Gold and My Home (Yuvam) account within the scope of Currency Protected account were implemented.
- Ziraat Participation, together with its subsidiaries Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., obtained four separate lease certificate issuance ceilings, two of them for TL 15 billion, one for TL 1 billion and one for TL 12 billion from Capital Market Board (CMB) to issue lease certificates in TL at domestic market. In this context, a total of TL 16.1 billion of issuances were realized.

## 2023

- Ziraat Participation's asset base expanded by 80% to reach TL 384.3 billion.
- The Bank increased its paid-in capital to TL 10.35 billion.
- The Bank provides services through 189 domestic branches in 61 provinces throughout Turkey.
- The Start-up SME Insurance, Limit Protection Insurance, Corporate Package Insurance, Individual Assurance Insurance, Personal Accident Insurance, Entrepreneurial Support Insurance, Farmer's Support Insurance, Farmer Friendly Insurance, Agricultural Finance Life Insurance and State Supported Credit Insurance products have been added to the insurance product range and offered to customers.
- The "SME Participation Digital" brand was created to facilitate ERP Solutions, Open Banking and Smart Cash Flow financial transactions.
- Ziraat Participation's share in the participation banking sector reached 17.9% by the end of 2022 and 18.8% by the end of 2023. The Bank aims to increase its share in the sector in 2024.
- Ziraat Participation became a financial stakeholder of the New Home Housing Campaign.
- Immediately after the devastating earthquakes which struck Kahramanmaraş on 6 February, work was carried out to meet all needs of the Bank's employees and their families. The situation of Ziraat Participation employees and the branches was closely monitored by keeping in touch with the employees working in the region through Coordination with İSAD.

# MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

**Alpaslan ÇAKAR**

CHAIRMAN OF THE BOARD OF DIRECTORS

“ In the global economy, recession concerns and apprehension about the current course of inflation are expected to be the main items under the spotlight in 2024.



The year 2023 was dominated by the efforts to tackle inflation, heightened geopolitical risks, the energy crisis, bank bankruptcies, the tightening steps taken by central banks and expectations of recession. Central banks continued to tighten their monetary policies throughout the year, while steps towards loosening are expected to begin in 2024, depending on economic indicators. In the global economy, recession concerns and apprehension about the current course of inflation are expected to be the main items under the spotlight in 2024.

While the US economy suffered from a slowdown in growth and high levels of inflation caused by imbalances in supply and demand in 2022, in 2023 attention turned to the swelling general government debt burden and debt dilemmas, economic stagnation and the efforts to fight inflation. The US Federal Reserve (Fed), which continued to raise interest rates until the last quarter of the year, maintained its policy rate at 5.25 - 5.50% in the last meeting of the year. In its most recent guidance, Fed officials indicated the policy rate may be cut in 2024, but warned of the possibility of an additional rate hike despite the continuing decline in the annual rate of inflation.

# 42.50%

**In Turkey, the year was marked by efforts to curb inflation risks and tame expectations, support the Turkish lira and gradually exit exchange rate-protected deposits starting from the second half of the year. The Turkish Central Bank raised the policy interest rate from 40% to 42.50% in December.**

While the spotlight in the European economy was on rising energy prices and the increase in cost inflation following the outbreak of the war between Russia and Ukraine in early 2022, the positive results of the measures taken in 2023 were apparent with lower energy prices in the last quarter. While the European Central Bank (ECB) left the policy rate unchanged at 4.50%, the ECB emphasized that while the interest rate hikes had the desired effect, fiscal tightening would continue with any cuts in interest rates being data-driven.

Developing countries sought to ensure financial stability during 2023. The economic recovery in China continued in the wake of the pandemic, with the country resorting to interest rate cuts in 2023 in a bid to stimulate economic activity. Despite this, there have been mounting concerns in China that fiscal incentives would not be provided to the economy, having a negative impact on the markets.

In Turkey, the year was marked by efforts to curb inflation risks and tame expectations, support the Turkish lira and gradually exit exchange rate-protected deposits starting from the second half of the year. The Turkish Central Bank raised the policy interest rate from 40% to 42.50% in December, while the inflation figures announced in November were consistent with the Central Bank's inflation report.

The share of participation banking in the financial sector increased from 8.3% at the end of last year to 8.64% as of November. Maintaining this positive performance is of tremendous importance in deepening our country's financial system and rendering it more resilient against risk.

Ziraat Participation commanded a share of 18.8% in the participation banking sector at the end of 2023. Ziraat Participation will continue to support the economy with a customer-oriented approach in accordance with the principles of profitability and efficiency, as well as expanding its service network in the coming period.

**Alpaslan ÇAKAR**  
**Chairman of the Board of Directors**

# EVALUATION FROM THE GENERAL MANAGER

**Metin ÖZDEMİR**  
GENERAL MANAGER

“ Ziraat Participation achieved stable growth in 2023 by focusing on profitability and efficiency in line with its strategic goals.



## Dear Stakeholders,

In its eighth year of operation, Ziraat Participation maintained its rapid growth in line with its vision of being the industry's leading participation financial institution, achieving a performance which brought satisfaction to our stakeholders.

As of the end of 2023, our total assets, which represent our balance sheet size, had increased by 80% compared to the previous year to reach TL 384.3 billion. In line with its strategic goals, our bank rounded off the year with steady growth in profitability and efficiency and returned a profit of TL 4 billion.

## Continued support for the real sector

Ziraat Participation meets the needs and expectations of its customers by offering the most appropriate solutions and value propositions through the most appropriate channels.

It continues its work in line with its vision of becoming an effective participation financial institution in the international markets as well as in its region.

Ziraat Participation continued to contribute to the financing of the real sector, especially SMEs, in 2023, with the cash funds provided by Ziraat Participation as of the end of the year marking an increase of 79% when compared to the end of the previous year, to reach TL 259.8 billion, with a 73% increase in non-cash funds to TL 78.3 billion. With these results, the total resources provided by the Bank to the Turkish economy reached TL 338 billion.

As of the end of 2023, the funds collected had increased by 76% compared to the previous year to reach TL 304.4 billion.

## TL 304.4 billion

As of the end of 2023, the funds collected increased by 76% compared to the previous year and reached TL 304.4 billion.

## USD 500 million

Ziraat Participation raised funds worth USD 500 million from international markets with the first international Sukuk issuance by a public participation bank in Turkey.

### **A focus on growth while maintaining asset quality**

Ziraat Participation's strategy is based around achieving growth while maintaining and improving asset quality. In this regard, the existing allocation and fund allocation processes, along with early warning and risk monitoring infrastructure, have been developed by taking account of market dynamics and changing risks and opportunities.

In line with its strategies of sustainable growth and customer focus, the volume of funds provided continued to grow rapidly in 2023. With risk management policies implemented uncompromisingly in this period, the non-performing loans ratio remained at 0.8%, well below the sector average. Our capital adequacy ratio, another important indicator of our financial health, ended 2023 at 15.10%.

### **Lease certificate issuances reach TL 70.3 billion**

Ziraat Participation successfully completed the issuance of 33 lease certificates with a total sum of TL 7.1 billion in 2023. Ziraat Participation, which plays an active role in the capital markets as a part of its strategy to enrich its resource structure, along with its subsidiaries, Ziraat Katılım Varlık Kiralama A.Ş. and ZKB Varlık Kiralama A.Ş., received approval from the CMB to issue lease certificate issuance ceilings of TL 30 billion, TL 15 billion, TL 400 million, TL 250 million and TL 200 million in order to issue lease certificates in TL in the local market. The total amount of issuances of various amounts carried out by the Bank since it entered operation had reached TL 70.3 billion by the end of 2023.

### **A first in international Sukuk issuance**

Ziraat Participation signed the first international sukuk issuance by a public participation bank in Turkey, providing USD 500 million worth of resources from international markets. This Sukuk transaction, which has a three-year maturity, provided a positive contribution both to the Bank's balance sheet structure and its resource diversity and maturity structure. Described as a strong first issue for Ziraat Participation, 135 investors from 24 different countries demonstrated interest in the issuance, which was five times oversubscribed.

### **Our Somalia Branch opens.**

Ziraat Participation, which broke new ground in Turkish banking history with its Sudan Branch which started operating in the African continent in 2020, opened its second foreign branch in Mogadishu, the capital of Somalia, on 29 October 2023, marking the 100<sup>th</sup> anniversary of the founding of our Republic. The Somalia Branch will serve as a bridge in the development of foreign trade between Turkey and Somalia and in strengthening economic relations.

## PRESENTATION

EVALUATION FROM THE  
GENERAL MANAGER**Large scale support for businesses affected by disasters.**

Within the scope of the protocols signed between KOSGEB and Ziraat Participation, Financial support was provided to businesses affected by natural disasters such as rains, floods, storms and landslides in the provinces of Amasya, Kastamonu, Sinop, Samsun, İstanbul (Başakşehir, Şile and Ağva), Bursa (Gemlik), Diyarbakır (Bismil), Batman (Central), Zonguldak (Alaplı and Ereğli) and Düzce, as well as to the businesses damaged by the wildfires in Bursa's İnegöl district.

**Emergency working capital financing for 81 companies**

In 2023, the Islamic Development Bank (IDB) extended resources to Ziraat Participation in return for a Treasury guarantee provided by the Republic of Turkey.

A total of EUR 45 million was provided to 44 companies in the first tranche of the Emergency Working Capital Financing package, created in this context and aimed at supporting SMEs operating in Turkey, with EUR 32 million provided to 37 companies in the second tranche of the resource package.

**On-demand Export financing for members of exporters' associations**

In line with the goal of contributing to the Turkish economy, the on-demand Export Finance product was designed and brought into use to help SME and non-SME member businesses of exporters' associations access long-term financing with appropriate profit share rates. Within the scope of this product package, USD 48 million was made available to resource companies in 2023.

**"Instant Financing" product also made available for the service sector**

Ziraat Participation has also made use of the Instant Financing product in the service sector, which allows individual customers to easily and quickly finance the products they want to buy from businesses that have agreements with the Bank, through digital channels at any time of the day, without having to go to the branch. Thus, individual financing began to be provided within the scope of the ijarah contract for transactions in service sectors such as education, hajj-umrah and tourism.

**TOGG vehicle financing product now available**

Within the scope of the cooperation agreement signed between Turkey's Motor Vehicle Enterprise Group Inc. (TOGG) and Ziraat Participation, the TOGG Vehicle Finance product was developed to meet the financing demands of real persons seeking to purchase the national motor vehicle brand, TOGG. A total of TL 237 million was provided to 352 customers within the context of this product in 2023.

**A range of environmental financing products**

Considering the benefits such as financing the green transformation, reducing the country's economy's dependence on foreign energy resources, contributing to sustainable development goals and minimizing environmental damage, "Environmental Financing Products within the Scope of Sustainability" have been made available to our customers in order to support efforts in this direction.

**Implementation of agricultural financing**

We launched our "Agricultural Finance" product in line with the principles of Participation Banking, becoming the first participation bank to implement state-supported agricultural financing.

With the aim of developing agricultural production activities in our country, various forms of financial support are provided for conscious, high-quality and efficient production by expanding agricultural land, strengthening animal husbandry, minimizing imports and maximizing exports in agriculture. The aim is to develop agriculture in our country, ensure mechanization and modernization and increase the efficiency and production of agricultural products within the scope of a sustainable ecosystem.

**TARSİM policies introduced**

State Supported Agricultural Insurance contracts are issued on a participation basis through member insurance companies and/or agencies which hold a participation insurance license, and all kinds of business and transactions related to state supported agricultural insurance policies issued on a participation basis are carried out within the framework of participation principles under the supervision of the Advisory Committee. In this vein, the systemic integration for issuing TARSİM policies to our bank's customers was completed and the policies were made available.

**An expanding range of insurance products**

In 2023, Start-up SME Insurance, Limit Protection Insurance, Corporate Package Insurance, Individual Assurance Insurance, Personal Accident Insurance, Entrepreneur Support Insurance, Farmer Support Insurance, Farmer Friendly Insurance, Agricultural Finance Life Insurance and State Supported Credit Insurance products were prepared and made available to our customers.

### **Maintaining our leadership in financial leasing products**

Ziraat Participation maintained its leadership in the participation finance sector in financial leasing transactions, which bring a range of advantages in areas such as maturity, guarantee structure, VAT and payment options in line with cash flow.

### **First phase of our SME value proposition project completed**

We continued to increase our support to the real sector, focusing on producers and exports. Work on the first phase of our SME Value Proposition project, which will meet the financial needs of SMEs on a 360 degree basis with our products and services, has been completed. In this vein, a number of innovations have been introduced in the areas of new cash transactions, foreign trade, insurance and energy consultancy in order to bring ease to our customers' financial transactions.

### **The "SME Participation Digital" brand**

The "SME Participation Digital" brand was developed to facilitate our customers "ERP Solutions", "Open Banking" and "Smart Cash Flow" financial transactions. SME Participation Digital allows customers to create e-documents (such as invoice issuances, storage, tracking) while offering preliminary accounting (such as account statements, stock tracking, barcode definition and credit card withdrawals), payments (instant withdrawals, payment link sending and invoice matching) and products and services for bank account transactions.

### **New salary protocol with the Presidency of Religious Affairs**

An additional new salary protocol was signed between the Presidency of Religious Affairs and the Bank in 2023, covering a total of 45,880 personnel in 349 mufti offices. This protocol, which enriches the Bank's customer portfolio, marks an important step towards deepening customer relations.

### **Important innovations in information systems and digital banking**

With the instant market application, our customers were able to perform transactions and place orders based at real-time rates. With the improvements carried out in the Internet Banking module regarding DBS, companies and dealers have been able to perform transactions such as uploading, reporting, cancelling and the payment of invoices in a shorter space of time. Our device activation structure has been updated to enable faster login and transactions using the device identification method through the Katılım Mobile app. Customers may now perform their transactions quickly and safely through Mobile app and

the Internet Branch. The Katılım Mobile Send Document function was offered to our customers for the completion of missing documents or documents which need to be updated, which can now be done through the Katılım Mobile app without going to the branch. The Somalia corporate website is also now available for our customers. The Forgot My Password, Get Password, Sim Card Verification and Mobile Phone Number Update transactions can also be completed over the Katılım Mobile app using the national ID card and facial recognition. Informative boxes (stories) have been added to the Katılım Mobile app for marketing activities. Customers may also monitor their bank accounts from other bank applications and transfer money from these accounts.

### **Even more valuable human resources with our new employees**

In 2023, Ziraat Participation developed its human resources, its most valuable asset, with new entrants. In our rapidly growing organizational structure, 674 new colleagues joined us to meet the growing needs of our branches and head office units, with our number of personnel reaching 2,430 by the end of 2023.

In 2023, a total of 34 domestic branches as well as the Somali branch abroad were added to the Ziraat Participation branch network, raising the number of branches to 191.

### **A big thanks to all of our stakeholders who contributed to Ziraat Participation's performance in 2023**

We continue to work with devotion to increase our contribution to the real economy, in line with our values and ethical principles, which are the reflection of our deeply rooted corporate culture.

While we press ahead determinedly with our projects, strictly adhering to our mission of popularizing participation banking, our ultimate goal is to generate increasing value for the Turkish economy and support sustainable development in all aspects.

On behalf of myself and the management of Ziraat Participation, I would like to thank all of our stakeholders, especially our employees, who walk with us to the future and who contributed to our success in 2023, when we celebrated the 100<sup>th</sup> anniversary of our Republic with great enthusiasm as a nation.

Kind regards,

**Metin ÖZDEMİR**  
**General Manager**

# MACROECONOMIC OUTLOOK

“ **The inflationary trends and the measures taken by central banks to address this situation dominated the global economic agenda in 2023.** ”

## GLOBAL ECONOMY

### Global Fight Against Inflation

The inflationary trends and the measures taken by central banks to address this situation dominated the global economic agenda in 2023. Over the past year, when geopolitical issues were among the most important agenda items, supply chain disruptions led a shortage in meeting demand, resulting in increased energy and commodity prices.

The past year witnessed central banks implementing interest rate increases as part of their efforts to tighten monetary policies, accompanied by weak growth rate projections and potential recession concerns, and ongoing wars and energy crises have emerged as critical topics on the economic agenda.

While a partial easing in monetary policies is projected as of the latter half of 2024, new global trade routes are anticipated to emerge.

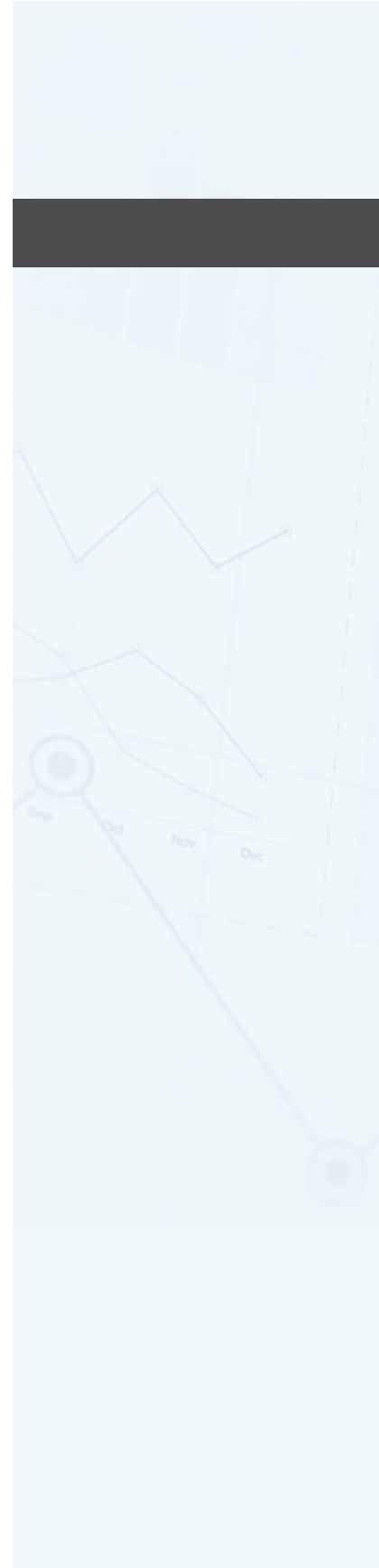
### The fight against inflation was the primary focus for the US economy in 2023.

While the Fed has continued its efforts to sustain economic activity, it has also implemented various tightening measures to fight inflation. The decisions made led to the Fed raising interest rates to their highest levels over the past 22 years.

The value of the dollar index has decreased by over 2% in the past year, following a 15% increase in the two years prior as a result of interest rate hikes. The OECD report forecasted a 2.4% growth rate for the US economy in 2023 and a 1.5% growth rate in 2024.

The U.S. economy spent 2023 in pursuit of solutions to pressing issues, including the debt ceiling challenge and bankruptcies of banks.

Presidential elections will be held in the United States in 2024, which will be closely monitored by the global community. The interest rate





**Whereas no easing in policy implementation is expected in the first half of 2024, it is emphasized that time is needed to observe the outcomes of the measures taken and that the ultimate goal is to bring inflation down to single digits in the long run.**

decisions to be taken by the Fed in 2024 will be monitored in accordance with the data received. It is anticipated that interest rates will remain constant, particularly during the first half of the year, and that they will be reduced in the second half.

**For the European economy, the year 2023 has been characterized by endeavors to address inflation as well as the energy crisis.**

The European Central Bank (ECB) appears to be resolute in its commitment to fighting inflation as we enter 2024. In order to bring down inflation to the target rate of 2%, the ECB increased interest rates as part of this endeavor. The Bank emphasized that it would continue to implement its strict policy until it achieves the target in the new year.

Supply and energy issues brought about by the adverse impacts of the ongoing Russia-Ukraine War have remained the primary impediment to reducing high levels of prices. Besides, the challenges faced in the banking sector in the United States last year also spread to Europe.

The European economy's growth rate is anticipated to be 0.6% in 2023 and 0.9% in 2024, according to the OECD's report.

**Developing economies experience a greater impact from global developments.**

The Chinese economy, which experienced a recovery in the post-epidemic period and implemented interest rate cuts in 2023 to stimulate economic activity, is projected to achieve growth rates of 5.2% in 2023, 4.7% in 2024, and 4.2% in 2025. Meanwhile, the service sector in China maintained its growth momentum towards the end of the year.

**Turkey has been engaged in a busy agenda throughout 2023.**

Intensive efforts were made throughout the year to address the economic and social repercussions of the Kahramanmaraş-centered earthquakes that struck our country on 6 February 2023.

Moreover, the change in economic management led to the adoption of a new policy to fight inflation, and while measures were taken towards tightening, messages of determination were conveyed in this regard. During this process, while interest rates were raised, decisions were made to decrease overall demand by implementing measures on the loan side.

Whereas no easing in policy implementation is expected in the first half of 2024, it is emphasized that time is needed to observe the outcomes of the measures taken and that the ultimate goal is to bring inflation down to single digits in the long run. Considering all these developments, it can be assessed that interest rates will peak at the end of 2023, that, based on the available data, significant increases are not anticipated in the future, and that there may be decisions made to reduce interest rates towards the end of the upcoming year.

While steps are being taken within the scope of the Medium Term Program, the Turkish economy is projected to achieve growth rates of 4.4% in 2023, 4% in 2024, and 4.5% in 2025.

As 2023 ends with an inflation rate of 64.77%, the CBRT's projection for the end of 2024 is a more optimistic 36%, followed by a further decrease to 14% by the end of 2025. It is projected that the primary focus of economic management in the upcoming year will be addressing inflation and ensuring financial stability.

## EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

“ Ziraat Participation managed to make a profit of TL 4 billion in 2023, when it maintained its strong financial and operational performance.

Ziraat Participation has determined its Strategic Roadmap for the period 2022-2025 as “Focused Growth”, “Sustainable Profitability”, “Competency Transformation”, “Exemplary Participation Banking”, and “Agriculture”.

Ziraat Participation provided products, services and diversity of channels which are in compliance with participation banking principles in order to meet the financial needs of its customers through the correct channel, at the right time and with the appropriate value proposition. The Bank continued to be the strong solution partner of its customers with a systematically increasing quality of service in corporate and retail banking business lines.

Ziraat Participation maintained its strong financial and operational performance in 2023, generating a profit of TL 4 billion.

Ziraat Participation is determined to continue to increase the support it provides in financing to the real sector and its contributions to economic growth in the future, in line with Turkey’s 2024 targets.

The Bank aims to expand and develop the interest-free finance system within the country and to represent our country abroad, with its branching efforts. In this direction, in 2023, it has opened up 34 new branches in the country, and one abroad.

### RESOURCE AND CASH MANAGEMENT

#### Activities in 2023:

In 2023, Ziraat Participation expanded its insurance product range to include a variety of offerings such as İlk Ateş SME Insurance, Limit Protection Insurance, Corporate Package Insurance, Individual Assurance Insurance, Personal Accident Insurance, Entrepreneur Support Insurance, Farmer Support Insurance, Farmer Friendly Insurance, Agricultural Finance Life Insurance, and State Supported Receivable Insurance. These new products were thoroughly developed and have been made accessible to customers.



For Sustainability  
Policies



For Privacy Policy



For Compliance  
Policy on Prevention  
of Laundering  
Proceeds of Crime  
and Financing  
of Terrorism/  
Proliferation of  
Weapons of Mass  
Destruction

## Ziraat Participation has completed the systemic integration for issuing TARSİM policies in 2023 and has commenced policy production.

### **Studies on product service innovations and integration**

Ziraat Participation has completed the systemic integration for issuing TARSİM policies in 2023 and has commenced policy production. State Supported Agricultural Insurance contracts are issued on a participation basis through member insurance companies and/or agencies holding a participation insurance license, and all kinds of business and transactions related to state supported agricultural insurance policies issued on a participation basis are conducted in accordance with participation principles under the supervision of the Advisory Committee.

Ziraat Participation has conducted stock trading integration studies with the mentioned company in order to provide intermediary services for stock trading to its customers through Ziraat Yatırım in a structure that adheres to the participation principles, and the 1<sup>st</sup> phase of the project has been completed.

The Bank has signed protocols with numerous companies as part of the Direct Debiting System (DBS). In this particular setting, there has been a 50% increase in the number of parent companies compared to the preceding year. Additionally, the number of DBS dealers recorded a 45% surge.

The ZK SME Participation Digital Product was introduced to customers as part of the e-transformation initiative for SMEs. The advancements in the system are still in progress.

In 2023, Ziraat Participation signed a protocol agreement with MoneyGram. MoneyGram's payment services are scheduled to be made accessible to the Bank's customers by 2024.

## **ONGOING AND PLANNED ACTIVITIES IN 2024:**

### **Daily Account**

It is planned to develop an account customized to meet the specific needs of both real and legal person customers. This account will provide customers with the convenience of accessing a portion of their balance in the Daily Valued Account with the current account feature for their daily needs, while also utilizing the remaining balance in buyback/sale commitment transactions of lease certificates.

### **Accumulating Savings Account**

It is planned to develop a product that will allow Ziraat Participation customers to save their funds for a specific purpose during certain periods. The goal is to strengthen Ziraat Participation's customer base by offering customized products such as Hajj Account, Umrah Account, Education Account, etc.

### **Ziraat Yatırım Stock Trading Integration**

As part of the Ziraat Yatırım Stock Trading Integration, it is planned to conduct the 2<sup>nd</sup> phase studies in addition to the 1<sup>st</sup> phase studies completed in 2023 and make the relevant service module available to customers.

### **Supplier Financing**

Continued progress is being made on the development of the Supplier Financing product, with plans to launch it in the first quarter of 2024.

In 2024, Ziraat Participation will continue to analyze its existing range of products to identify areas for improvement and take necessary actions accordingly.

## PRESENTATION

# EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS



## FINANCING PRODUCTS MANAGEMENT

### Added value generated through collaborations with KGF and KOSGEB

Within the framework of the protocol signed between the Kredi Garanti Fonu (KGF) and Ziraat Participation, businesses are still being provided with financing options through support packages aimed at mitigating the negative effects of the pandemic on businesses and funding their investments.

In order to provide financial support to businesses impacted by heavy rainfalls, floods, and landslides in Amasya, Kastamonu, Sinop, and Samsun provinces in 2023, the “Amasya, Kastamonu, Sinop, and Samsun Provinces Emergency Support Financing” product allocation is ongoing between KOSGEB and the Bank.

A protocol called “İstanbul Başakşehir Emergency Support Financing” was signed between KOSGEB and the Bank in order to provide financial assistance to businesses impacted by the floods in 2023 in the Başakşehir district of Istanbul province.

The allocation of the “Bursa İnegöl Emergency Support Financing” product between KOSGEB and the Bank is ongoing to provide financial assistance to the businesses impacted by the fire in İnegöl district of Bursa province.

In order to provide financial support to businesses impacted by heavy rainfall and storms in İstanbul (Şile and Ağva), Bursa (Gemlik), Diyarbakır (Bismil), Batman (Central), Zonguldak (Alaplı and Ereğli), and Düzce, the “İstanbul, Bursa, Düzce, Diyarbakır, Batman, and Zonguldak Provinces Emergency Support Financing” protocol was signed between KOSGEB and the Bank.

### Wide range of products and services offered

With the goal of supporting the economy of the country, the “Vade-SİZ Export Credit” product was developed to provide both SMEs and non-SME businesses, who are members of exporters’ associations, with access to long-term financing at affordable profit share rates. A total of 48.7 million US dollars has been allocated in this context.

The Bank has initiated integration efforts for the “Mobile Letter of Guarantee” product as part of its digitalization goals. In line with the latest updates to the Takasbank infrastructure, this product provides legal person customers with a more convenient and efficient way to fulfill their letter of guarantee requirements.

The “Instant Financing” product has been expanded to the service sector, allowing retail customers to conveniently finance their desired purchases from businesses that have agreements with the Bank. This product is accessible through digital channels at any time of the day, eliminating the need to visit a branch. This product provides individual financing as part of an ijarah contract, specifically designed for purchases in the service sector, including education, hajj-umrah, and tourism.

Based on the cooperation agreement signed between Türkiye’nin Otomobili Girişim Grubu and the Bank, the “TOGG Vehicle Financing” product has been developed to cater to real persons who want to purchase the national automobile brand TOGG.

The TOGG vehicle financing product is available at Ziraat Participation branches, and TL 237 million was disbursed to 352 customers in 2023.

Systematic developments for TOGG Vehicle Financing to be carried out directly through the mobile application without the need to visit a branch have been completed and will be introduced alongside market expansion.

The implementation of the My First Home Housing Financing and Expanded Housing Financing products, which were introduced to enable customers to own a house with affordable financing conditions, and the My New House Housing Financing product, designed to make home ownership more accessible for customers in the middle income group, continues.

The Bank provides customers with the TLREFK Indexed Leasing option, which offers medium- and long-term leasing financing services that align with participation banking. The payment plan is designed with variable installments based on the Turkish lira Overnight Participation Reference Return Rate (TLREFK) index.

## **Ziraat Participation is committed to contributing to the development of agriculture in our country within the scope of a sustainable eco-system, promoting mechanization and modernization, and increasing the efficiency and production of agricultural products.**

### **Sustainability-oriented products and initiatives**

Ziraat Participation has introduced to its customers “Environmental Financing Products within the Scope of Sustainability”, designed by taking sustainability into consideration with the aim of financing the green transformation, which is of critical importance for the future of the planet and humanity, while also reducing the foreign reliance on energy resources of the country’s economy. The Bank’s goal is to expand and diversify the range of SDG-related products and services in the upcoming period, following the principles of participation banking.

### **Ziraat Participation provides sustainability-themed products to both its individual and commercial customers.**

One of these products, Thermal Insulation Financing in Residences, has been designed by Ziraat Participation within the framework of its sustainability approach and offers real person customers the opportunity to finance their thermal insulation and roof insulation expenses under favorable conditions in order to improve energy efficiency and reduce heating costs in residential areas.

Ziraat Participation is committed to contributing to the development of agriculture in our country within the scope of a sustainable eco-system, promoting mechanization and modernization, and increasing the efficiency and production of agricultural products. In this context, the Agricultural Financing product was developed and made available to customers in order to support conscious, high-quality, and efficient agricultural production.

The Bank continues to work on new products in response to the ongoing climate crisis and its large-scale impacts, as well as the needs and preferences in food consumption and agricultural policies in the medium- and long-term.

### **Financing packages launched**

As part of the protocol regarding equity guarantees signed between KFK and the Bank, the KFK-Equity Export Support Package sub-protocol was signed in order to support the access to financing of companies operating in the exporting or foreign exchange earning services sector. Ongoing preparations are being made for the utilization of the product.

Within the scope of the equity protocol signed between KFK and the Bank, studies are ongoing to develop the KFK-Financial Leasing Package for both SME and non-SME companies.

Studies are currently underway on Commercial Flexible Support Financing (TEDEF) products, which are being considered as a potential alternative to conventional banks’ revolving loan products in line with participation banking principles.

Another product currently being developed is Flexible-Payment Business Financing, which will allow companies to make profit payments in certain periods and make principal payments (without incurring any closing commission) on the desired date. It is intended to be used with contracts such as investment power of attorney and murabaha.

Efforts are underway to improve companies’ competitiveness during the pre-export phase and address their financial needs through Export Preparation Support Financing, which aims to cover expenses related to raw materials, finished products, semi-finished products, and other production costs for export customers.

Development studies are being conducted to facilitate collaboration with the dealers with whom Instant Financing product agreements are made on a Company Contribution basis. Similarly, preparations are ongoing for FC Housing Financing, which offers financing options in foreign currency (USD/EUR) for those who are not Turkish citizens interested in purchasing property in Turkey.

Studies are currently being conducted to develop the Current Account Discounted Financing product, which aims to provide legal/real person customers with the opportunity to secure financing at a favorable rate in exchange for temporarily blocking funds in their current account as collateral.

Progress is being made on the MedCezir Account, designed to address the instant, daily, or up to 30-day maturity financing needs of legal person customers.

Development studies are being conducted to facilitate work with Dealer Contribution Fee with dealers with whom a Financial Leasing product agreement has been reached.

## PRESENTATION

# EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

## DIGITAL BANKING

### Web, Katılım Mobile and Internet Branch

In 2023, the Somali corporate website became accessible to customers.

The device activation structure has been upgraded to facilitate faster login and transactions using the device identification method from Katılım Mobile. Additionally, a new structure has been implemented to allow customers to carry out their transactions with greater speed and security through Mobile and Internet Branch.

The new feature of Katılım Mobile, the Send Document function, which enables customers to conveniently submit missing or updated documents without the need to visit a branch, has been made available for use.

With the new TR ID card and face recognition technology, users can now conveniently carry out transactions such as Forgot My Password, Get Password, Sim Card Verification, and Mobile Phone Number Update using Katılım Mobile.

Enhancements have been made to the user interface and editing features of the Internet Branch. Additionally, informational boxes have been incorporated into Katılım Mobile as part of marketing initiatives.

### In 2024,

Ziraat Participation aims to enrich Katılım Mobile and Internet Branch by introducing innovative solutions and enhancing the value proposition it offers to its customers in 2024. Within this framework,

- It is planned to provide intermediary services for Stock Trading on Katılım Mobile and Internet Branch.
- In addition to accepting individual applications through video calls from Katılım Mobile, it is aimed at providing remote application opportunities through video calls for all segments by receiving commercial customer applications from Katılım Mobile as well.
- The Bank will make front-end arrangements and infrastructure upgrades to enhance the internet/mobile banking user experience.
- Harmonization studies will be conducted for the criteria required for identity verification, transaction security in electronic banking services, and the establishment of contractual relationships in the electronic environment.
- Katılım Mobile and Internet Branch will enable customers to switch between their individual and corporate accounts.



- By opening the Digital Approval structure to corporate customers, it will be possible for Ziraat Participation corporate customers to give contract approvals remotely.
- Private Banking customers will be able to utilize the Katılım Mobile application featuring a customized theme.

### ATM and Open Banking

Ziraat Participation has introduced a convenient feature that allows customers to conveniently monitor their accounts at the Bank through other banking applications, and transfer money from the relevant accounts.

In 2023, the ATM infrastructure of the Bank underwent a transition to the Ocean 2.0 structure, resulting in improved speed and efficiency of control. In addition, all Ziraat Participation ATMs have been integrated into the ATM network of various banks, including Ziraat Bank, Halkbank, VakıfBank, PTT, Vakıf Participation Bank, and Emlak Participation Bank. This has transformed them into "Türkiye's ATM Center (TAM ATM)", providing access to approximately 20,000 ATMs across the country.

### In 2024,

- Customers will have access to the Authorized Payment Service function, enabling them to conveniently monitor and make transfers with other bank accounts through Katılım Mobile and Internet Branch.
- Ziraat Participation services will be provided as APIs to customers or fintechs who serve as interface providers.

**The total number of customers of the Branch, which gained 12,340 new customers in 2023, increased by 18.38% compared to the end of 2022 and reached 79,471. 100% of the customers acquired in 2023 joined the portfolio through video calls.**

#### **Customer Contact Center**

Development studies have been conducted to enhance the Arabic SMS and e-mail sending capabilities within the Contact Center's SMS and e-mail infrastructure. Using this completely built module, it is now possible to send bulk SMS messages in Arabic.

A computational modeling study was conducted to facilitate the analysis of voice conversations between customers and the Ziraat Participation Call Center, specifically focusing on products and services. This analysis was made possible with the use of artificial intelligence.

Within the route notification management system, a structured interface has been developed to enable active and passive management of the main topic/subtopic, notification source, notification location, and notification type fields.

#### **In 2024,**

- It is planned to develop an automated calling system that will fully eliminate the external call operation, which takes an average of 3 minutes per call.
- Legal entity and sole proprietorship accounts will be opened through the remote identity verification method.
- Through the implementation of remote identity verification using video call technology, customers will have the capability to alter their transaction limits without the need to physically visit a branch location.
- It is aimed at establishing the infrastructure necessary for conducting satisfaction surveys on customer product and service usage.
- Efforts will be undertaken to devise techniques through which voice biometrics can be obtained and to use them as an alternate means of authentication in various channels.

#### **Central Banking Branch**

The Central Banking Branch of Ziraat Participation provides services in four different languages: Turkish, Arabic, English, and sign language.

The total number of customers of the Branch, which gained 12,340 new customers in 2023, increased by 18.38% compared to the end of 2022 and reached 79,471. 100% of the customers acquired in 2023 joined the portfolio through video calls.

The Central Banking Branch conducts sales and marketing activities through external calls.

In 2023, a total of 44,088 external calls were made. During the reporting period, total deposits increased by 36% compared to the end of 2022, reaching TL 921 million. Additionally, the number of Katılım Mobile users grew by 9% to 24,892, the number of credit cards increased by 42% to 1,895, and the number of invoice automatic payment orders rose by 37% to 3,192.

Out of the total of 64,244 voice calls received by the Central Banking Branch during the first three quarters of 2023, 94.02% were handled by customer representatives. The service level achieved during this period was 78.09%.

During the specified time frame, the Central Banking Branch received a total of 63,821 applications over video calls. Customer representatives handled 69% of these requests, converting 42,740 into video calls. Customers whose demands could not be met were contacted through external calls on the same day and provided with appropriate guidance.

## PRESENTATION

# EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

**Ziraat Participation broke new ground and introduced state-supported agricultural financing options for its producer customers in the agricultural sector.**

## RETAIL BANKING

Ziraat Participation has consistently supported SMEs, which form the basis of economic growth, with the perspective of “being their primary bank”.

### Assistance provided to customers in earthquake zones

Following the devastating Kahramanmaraş earthquake disaster, which occurred on 6 February 2023 and was deemed the disaster of the century, Ziraat Participation promptly provided all kinds of support to its customers in the affected region and ensured that loan payments were postponed on a regional basis.

Throughout the year, the Bank provided financing and guarantee support packages to its SME customers, in collaboration with KFK, KGF, and KOSGEB. The earthquake-affected regions received priority.

### A “first” in state-supported agricultural financing

Ziraat Participation has introduced state-supported agricultural financing options for its producer customers in the agricultural sector. The Bank is committed to providing comprehensive financial solutions to address all the needs of its producer customers through its range of agricultural products.

Ziraat Participation has been the first participation bank to implement state-supported agricultural financing, making it the second bank in the sector to do so after Ziraat Bank.



### Increasing volume in financial leasing transactions

Retail Banking has accelerated its operations in the financial leasing segment, providing numerous benefits, including maturity, guarantee structure, VAT advantage, and payment options tailored to cash flow. During the reporting period, the Bank’s financial leasing transaction volume increased by 168% and reached TL 21.5 billion.

With this performance, Ziraat Participation has maintained its position as the leader in the participation finance sector, in financial leasing products.

### Providing support to producers and exporters

In 2023, Ziraat Participation further enhanced its support for the real sector, with a strong focus on production and exports.

Work on the first phase of the SME Value Proposition Project, which aims to address the 360-degree financial needs of SMEs through a comprehensive range of products and services, has been completed. In this context, various innovations have been introduced in Cash Transaction, Foreign Trade, Insurance and Energy consulting to facilitate customers’ financial transactions.





In 2023, the focus was on enhancing products and services to attract more SME and individual customers, boosting their engagement and base penetration.



**YOUR DIGITAL  
SOLUTION PARTNER**

Commercial activities, banking and financial transactions  
of SMEs are digitalized under one roof

**KOBİ  
Katılım  
DİJİTAL**

The banner features a smartphone on the right side displaying the KOBİ Katılım Dijital app interface. The app screen shows a user profile at the top, followed by several data cards with numbers: 156, 902, 12, 73, and 128. The background is a solid red color with faint icons of a house, a document, and a smartphone.

The KOBİ Katılım Dijital brand was established with the aim of providing customers with a convenient way to handle their ERP Solutions, Open Banking and Smart Cash Flow financial transactions. Products and services have been made available to customers for various processes, including e-document management (invoicing, storage, tracking, etc.), bookkeeping (account statement, stock tracking, barcode identification, credit card withdrawal, etc.), payment (instant withdrawal, payment link sending, invoice matching, etc.), and bank account transactions.

#### **Growth driven by diversified initiatives**

In 2023, the focus was on enhancing products and services to attract more SME and individual customers, boosting their engagement and base penetration. In this context, 34 new branches were opened, 33 of which were retail branches, in order to facilitate accessibility to the range of products and services offered by Ziraat Participation. As of the end of the year, the Bank's total number of domestic branches reached 189 across 61 provinces, including 169 retail, 14 commercial, and 6 corporate branches.

In 2023, an additional new salary protocol has been signed between the Presidency of Religious Affairs and Ziraat Participation, covering 45,880 personnel working in 349 mufti offices. This collaboration has expanded the customer portfolio and strengthened customer relationships.

Ziraat Participation has become one of the financial stakeholders of the "My New Home with the New Housing Finance Model" campaign, which was launched on 16 January 2023 with the joint efforts of the Ministry of Environment, Urbanization, and Climate Change of the Republic of Türkiye and the Ministry of Treasury and Finance of the Republic of Türkiye and aims to enable citizens to purchase houses with affordable financing conditions.

In accordance with the cooperation agreement signed between Türkiye'nin Otomobili Girişim Grubu A.Ş. (TOGG) and Ziraat Participation, the TOGG Vehicle Finance product was made available to customers in order to meet the financing demands of real persons who would like to purchase the national automobile brand TOGG.

## PRESENTATION

# EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

## CORPORATE BANKING

### CORPORATE BRANCH BANKING

#### Value proposition shaped by Customer-Oriented Service Approach

Ziraat Participation, which is on its way to becoming Turkey's leading and pioneering participation bank, conducts its Corporate Branch Banking operations through 6 corporate branches across 3 provinces.

Ziraat Participation's Customer-Oriented Service Approach ensures that all customer needs are addressed in accordance with the Business Culture Principles in the corporate banking sector.

In 2023, the "Vade-SİZ Export Credit" Package was implemented to facilitate easy access to financing for businesses that are members of exporters' associations, with the objective of contributing to the economy of our country. 5 different companies received USD 15 million in financing within this context. Current average and export cost support were received from all companies in proportion to the amounts disbursed.

Customers who contribute to the country's export revenue and possess high-tech production capabilities now have access to the subject product, and fulfilling the companies' demands further improved customer satisfaction and loyalty.

On 6 November 2023, Ziraat Participation executed an international sukuk issuance worth USD 500 million, with a maturity date of 12 November 2026, providing Ziraat Participation to secure long-term resources amounting to USD 254 million. During the reporting period, Corporate Branch Banking provided its customers with 44% of relevant resources, totaling USD 221 million.

#### Resources from the Islamic Development Bank to SMEs and medium-sized enterprises

EUR 13 million of the second tranche of EUR 46 million for the use of SMEs and medium-sized (mid-cap) enterprises provided by Ziraat Participation from the Islamic Development Bank (IDB) under the guarantee of the Ministry of Treasury and Finance of the Republic of Türkiye, was made available to customers through Branch Banking.



#### Corporate Group Personal Accident Insurance was introduced to customers

On 17 October 2023, Corporate Branch Banking introduced the new Corporate Group Personal Accident Insurance, which was designed to augment Ziraat Participation's insurance revenues. This product achieved a total premium production of TL 60 million in the last quarter of 2023. Although TL 30 million of this premium was generated by branches affiliated with Corporate Branch Banking, this new policy ranks as the insurance product with the highest commission share among the Bank's insurance products, with a commission share of 70%.

#### In 2024...

In 2024, Ziraat Participation will enhance its marketing efforts to raise funds by offering innovative investment, treasury, and cash management products, in addition to its core banking activities. Furthermore, the Bank will continue to provide project and investment financing, financial leasing, import-export financing, and funding from IDB, KGF, and KFK to both the public and private sectors.

## COMMERCIAL BRANCH BANKING

### 14 commercial branches across 9 provinces

Commercial Branch Banking serves corporate and commercial segment customers in provinces where there are commercial branches, as well as in provinces without corporate branches, within the framework of the mission of providing service to Ziraat Participation customers through the most appropriate channels and its customer-oriented banking approach.

**Commercial Branch Banking began 2023 with a total size of TL 43.8 billion, consisting of TL 10.7 billion in funding and TL 33.1 billion in financing. By the end of 2023, it achieved a funding level of 131%, a financing level of 99%, and a working-size development of 107%.**

**A business portfolio managed with a proactive approach**

In 2023, Ziraat Participation prioritized the management of marginal costs and focused on achieving growth as a net exporter in TL loans, investment financing, financial leasing-sale, leaseback products, and loans, in line with securities and growth-provision communiqués.

By closely monitoring the communiqués, the Bank conducted marketing efforts to get widespread and low-cost funds. The aim was to prevent an increase in the Bank's funding costs and optimize the segment and corporate profit.

Commercial Branch Banking began 2023 with a total size of TL 43.8 billion, consisting of TL 10.7 billion in funding and TL 33.1 billion in financing. By the end of 2023, it achieved a funding level of 131%, a financing level of 99%, and a working-size development of 107%.

**Katılım Finans Kefalet (KFK) Collaboration**

As per the protocol signed between KFK (a credit guarantee fund) and Ziraat Participation, the TL 20 million limit allocated in the first tranche was made available by taking immediate action in order to ensure customers' access to finance. In 2024, Ziraat Participation will continue its KFK guaranteed financing operations.

**Diversified contribution with different financing packages and products**

Ziraat Participation provides support to exporting companies that contribute to the country's economy through exporters' associations with its "Vade-SİZ Export Credit" product. During the reporting period, the Bank extended USD 18 million in loans to 15 different customers.

In order to address the adverse impacts of the COVID-19 pandemic, an Emergency Working Capital Loan to Support SMEs in Türkiye Islamic Development Bank (IDB) Sourced Financing product was issued by the management of the Islamic Development Bank (IDB) in favor of Ziraat Participation in return for the treasury guarantee of the Government of the Republic of Türkiye. EUR 9 million was disbursed to 11 SMEs and medium-sized enterprises through branches affiliated with Commercial Branch Banking.

**Commercial Value Proposition Project**

The Commercial Banking Value Proposition project was launched in November 2023, and meetings were conducted with our customers both in person and online until the end of 2023. The interviews resulted in the development of a total of 14 personas, including 7 new ones and 7 revised ones.

By completing our Commercial Banking Value Proposition project in the 1<sup>st</sup> quarter of 2024, we will maintain our position as the solution partner for our customers with our end-to-end holistic value propositions.



## PRESENTATION

# EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

Ziraat Participation has integrated the latest data pattern updates implemented in SWIFT High Frequency Data Reporting in 2023.

## FOREIGN TRADE OPERATIONS

### Added value generated in 2023

Ziraat Participation has integrated the latest data pattern updates implemented in SWIFT High Frequency Data Reporting in 2023.

Within the scope of the ISO 20022 SWIFT Integration Project in International Payments, the necessary integration has been implemented to process the incoming MX messages by the system.

As part of the Bank's strategic plan, the End-to-End Value Proposition Project, Foreign Trade Consultancy and Business Development Service Management system was established for the Outward-Exporter persona selected in the Entrepreneurial Banking Value Proposition Project, and various programs such as branch, customer visits and training programs were initiated.

End-to-end automation of the process between Foreign Trade Operations and Compliance units was implemented for foreign currency transfer transactions received by the Bank. Within the scope of the Organizational Process Improvements Project, the 1<sup>st</sup> Phase study of the import letter of credit process improvement was conducted.

Product Based Foreign Trade report screens were created.

A summary report on Foreign Trade transactions was prepared for year vs quarter comparison with product, branch, customer, filtering option.

### 2024 Targets

In 2024, the Foreign Trade Operations unit will focus on the following projects and studies:

- Systematic improvements required to conduct import transfer transactions through digital channels
- Systematic improvements required for Export Value Acceptance Certificate transactions through digital channels.
- Artificial intelligence-supported MX-compatible, user-friendly foreign exchange transfer screen operation



- Necessary work to ensure that outgoing MX messages are generated and sent by the system as required for the ISO 20022 SWIFT Integration in International Payments project.
- End-to-end automation of the process between the Foreign Trade Operations Department and the Compliance Department for foreign exchange outgoing money transfer transactions
- Registered Electronic Mail (KEP) integration of intermediary bank notifications sent to Ziraat Participation
- Organizational Process Improvements Project/Import Letter of Credit Process Automation, 2<sup>nd</sup> Phase Study will be carried out.

## OPERATIONS CENTERS

### Significant tasks undertaken regarding the earthquake

As part of the Business Continuity Emergency (İSAD) efforts, Ziraat Participation contributed to the mitigation of the adverse impacts caused by the Kahramanmaraş earthquakes, which were deemed the disaster of the century and had profound effect on 11 provinces. The Bank provided accommodation opportunities for its employees and their families by evacuating them to safe areas.

In order to reactivate the service points in the region, container branches were constructed and operationalized.

Fully equipped living container areas have been established to enable Bank employees in the earthquake-stricken region to reside in their respective provinces. As soon as the earthquake was reported, a coordination effort was promptly initiated to address all the needs of the employees and their families in the affected region.



The İSAD Coordination Office maintained consistent communication with the employees in the region, and the status of the branches was closely monitored. The relevant units were provided with guidance to implement the decisions made during the İSAD Committee meetings.

**In 2023, new implementations were introduced to simplify the lives of consumers.**

All real persons, including merchants, have been granted access to account opening transactions with digital document approval through the branch channel. Furthermore, when customers with foreign identification numbers acquire TR citizenship, the creation of duplicate customers is prevented.

**2024 projects**

Projects and studies that the Operations Centers unit will focus on in 2024;

- It will be ensured that legal person customer opening transactions will be conducted using digital document approval, the single partner/single authorized signature circular flow will begin and start at the branch, and mass customer opening transactions will also be conducted using digital document approval.
- Systemic integration is planned with Ziraat Bank Ankes Management in order to manage cash transfers and requests at branches more effectively. Within this framework, money group transactions will be conducted via the barcode application, systemic integration will be established between Ziraat Bank and Ziraat Participation, facilitating reconciliations through the system.
- It is planned to develop a cash limit suggestion structure to establish the daily cash limitations for Ziraat Participation branches.

## PAYMENT SYSTEMS

### Increased activity in payment systems

Ziraat Participation experienced significant growth in its card and member business volume in 2023, with an evident expansion in its member business network.

The number of POS terminals increased by 22%, and POS turnover grew by 2.5 times compared to the end of the previous year. The number of bank cards increased by 24%, and the debit card turnover grew by 54% compared to the end of the previous year. The number of credit cards increased by 52%, and credit card turnover grew by 3 times compared to the end of the previous year.

The TROY debit card has been issued and is now available to customers in order to encourage the widespread use of the domestic and national card scheme TROY in card payments.

### In 2024, Ziraat Participation will persist in carrying out the following endeavors:

- In addition to the Mobile POS application, efforts are made to implement the Ziraat Participation Mobile POS Basic Sales Application, which can be extended to member businesses governed by the communiqués numbered 507 and 509 of the Tax Procedure Law,
- With the TR QR code infrastructure, payment flow is supported on cards and POS devices, and the project to expand it for POS devices,
- Activities regarding the implementation of the Commercial Credit Card product, which enables business owners to secure funding for their needs and conveniently monitor their expenditures.



## PRESENTATION

# EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

## INFORMATION SYSTEMS MANAGEMENT

### Regarding Information Systems activities, numerous projects and studies were completed in 2023.

Highlights of the key works that are essential for the seamless operation of Ziraat Participation's infrastructure and superstructure, as well as the excellence of its service delivery platform, are summarized below.

- With the instant market application in 2023, customers were provided the opportunity to carry out transactions and place orders based on real-time rates.
- The reports created throughout the credit risk monitoring process can now be automatically transferred to the system.
- With the LGD Modeling/Macroeconomic Model Update Project, the calculation of loss given default (LGD) began to be based on data from Ziraat Participation.
- The improvements made to the Internet Banking module regarding the Direct Debiting System (DBS) have enabled companies and dealers to carry out transactions such as uploading, reporting, cancellation, and payment of invoices in a shorter time.
- With the 8-Digit Bank Identification Number (BIN) Support Project, card schemes were updated, and compliance with the requirements communicated by BKM was ensured.
- Within the framework of the Austria Card Chip Development Project, alignment was achieved with a new raw card supplier (Austria Card).
- With the Project of Integrating Correspondence Payment MX (K20) Message Type to the EFT System, compliance with the legal obligation set by the CBRT for end-to-end integration with SWIFT in TL payments has been ensured.
- With the TLREFK Indexed Leasing project, TLREFK indexed leasing financing started to be extended to customers.
- WAF (Web Application Firewall) security service has been commissioned for specified services.
- With the Open Banking - Account Transactions and Payment Order Initiation Project, additional services for displaying other bank account information and initiating payment orders were implemented. Thus, it is possible to control and perform transactions on all accounts using a single mobile application, a single password, and a single security verification.
- The Daily Valued Account (Cash Account) Project reduced the workload of the branches and head office sales teams and prevented customer dissatisfaction due to operational errors.
- With the Katılım Mobile and Internet Branch Document Request from Customers Project, branch personnel are enabled to request documents from customers digitally, and customers can submit their documents to the Bank digitally without the need to visit the branch.
- With the Calculation of Return and Cost Rates for Asset and Liability Items of the Balance Sheet Project, short- and long-term calculations of the Bank's profitability as stock and marginal were ensured. Systematizing manual calculations has mitigated operational risk.
- With the Additional Developments of the Ziraat Audit Internal Control Application, customers under internal control detection can be identified on the "My Inter-Customer" and "My Participation Customer" screens, and enhancements have been made in the Head Office Control Reports.
- With the Project of Integrating the Findings of Branch Audits into Intervision and Creating Business Processes and IS Audit Screens, it was facilitated to identify customers with inspection findings on the "Inter-Customer" and "My Participation Customer" screens, and enhancements have been made in the report outputs.
- The Ocean 2.0 transition has been completed via the Ocean Integration Project.

**You can easily carry out your  
Participation Index stock  
trading transactions  
at Ziraat Katılım.**



**Ziraat Participation experienced an 80% growth in its asset size in 2023. The increase in loans provided to the real sector, particularly the manufacturing and industrial sectors, as well as the loans granted to the earthquake region, mostly contributed to this growth.**

- With the New TR Identity Verification and Self Service Transactions Project, customers have been enabled to update their mobile phone numbers and unblock their SIM cards by using security control and biometric methods on their new ID cards.
- With the Branch Guide Screen Arrangements Project, cards were developed for 16 monitors that branches frequently use. By means of these cards, portfolios can more effectively manage customers and create collections eliminating the need to navigate to a secondary interface.
- With the Katilim Mobile Device Activation Structure Renewal Project, activation has been enabled through devices whose security has been confirmed by verifying the phone number from the device/operator or alternatively by matching with IVN/IVR call.
- With the Central Voice and IVR Project, branch telephone lines were centralized, and an IVR system was established.
- The TOGG and E-Commerce Financing Project enabled customers to submit their TOGG Financing applications via the mobile channel.
- With the TARSİM System Integration Project, the systemic integration for issuing TARSİM policies to the Bank's customers has been completed, and policy production has commenced.
- The 2023 Ziraat Participation Bank Disaster Center User Tests were successfully conducted.
- In order to prevent the disruption of the services of Ziraat Participation branches, which were damaged in the disasters of 6 February 2023, infrastructure installation works were conducted. In this context, the implementation of mobile branches and containers operating on 4.5G lines was completed, and support was provided for critical services that were urgently required in the earthquake region.
- The software application support service reviewed a total of 15,625 incident records throughout the year and finalized 5,845 user authorization requests.

## **TREASURY MANAGEMENT AND INTERNATIONAL BANKING**

Ziraat Participation experienced an 80% growth in its asset size in 2023. The increase in loans provided to the real sector, particularly the manufacturing and industrial sectors, as well as the loans granted to the earthquake region, mostly contributed to this growth.

By efficiently utilizing both domestic and international funds, priority has been given to sectors that hold strategic significance for the Turkish economy and have the potential to generate added value.

In asset-liability management, Ziraat Participation went to resource diversification participation funds being the main source; established the liability side of the balance sheet observing optimal cost and maturity and adopted a strategy of most efficient management of the pools from participation funds. In this context, the Bank expanded its resource opportunities in Turkish lira and foreign currency from domestic and international banks in 2023.

### **Ziraat Participation has been the first public participation bank to issue international sukuk in Turkey.**

Ziraat Participation, which has been the first public participation bank to issue international sukuk in Turkey, has made the first private sector issuance in the Reg S format since September 2021, excluding the Ministry of Treasury and Finance issuances.

The transaction, which was described as “a strong first issue for Ziraat Participation” and garnered significant interest from 135 investors across 24 different countries, was oversubscribed by more than 5 times.

The intense demand for the USD 500 million Ziraat Participation issuance constituted a significant step for the ongoing development of the Sukuk market in Turkey, and the transaction marked the largest demand rate for issuances in Turkey in 2023.

## PRESENTATION

## EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

Ziraat Participation's share in the participation banking sector increased from 17.9% at the end of 2022 to 18.8% at the end of 2023. The Bank aims to increase its share in the sector in 2024.

### Ziraat Participation has successfully achieved its target results in terms of pricing, transaction size, and investor diversity through the Sukuk issuance.

Ziraat Participation ensured resource diversity and bolstered its funding structure in 2023, just as it did in 2022. This was achieved by securing SME support loans from international markets through the Islamic Development Bank and capital-like resources from domestic sources.

The Bank has achieved the ratios set within the scope of the macroprudential measures implemented by the regulatory authority in 2023 in the most effective way through developing proactive solutions and taking the necessary actions.

The Bank's sukuk portfolio was managed efficiently in 2023, contributing greatly to the increase in profitability. The purchase of CPI-indexed lease certificates, made in anticipation of inflation, accounted for the majority of the profit in securities dividend income.

Instant Market, where customers can carry out foreign exchange transactions, is the first and only foreign exchange trading module among public participation banks and was successfully implemented in 2023.

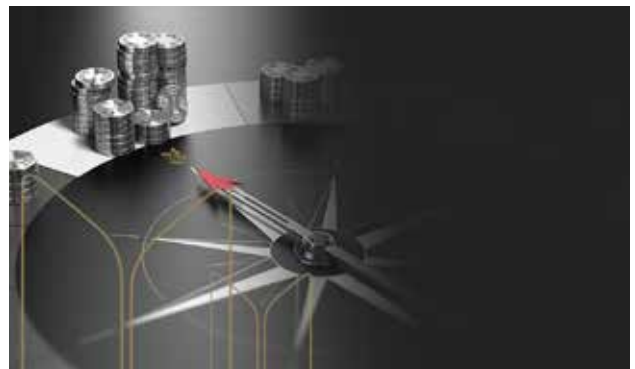
Ziraat Participation achieved a great contribution to increase its profitability figures by effectively managing its sukuk portfolio. Considering the inflation increase, CPI indexed lease certificates obtained made up a large percentage of increase in securities profit share amount.

In 2022, Ziraat Participation Bank held a 17.9% share in the participation banking sector, which increased to 18.8% by the end of 2023. The Bank is committed to increase its share in the sector in 2024.

### Ziraat Participation's solutions, creating value in the international banking sector in 2023

In 2023, Ziraat Participation completed the regulatory compliance process with a substantial number of banks, established SWIFT correspondent relationships, and improved its capacity to meet the demands of foreign trade with greater speed and efficiency.

With its extensive network of 46 correspondent accounts in 20 different currencies, Ziraat Participation has signed mutual wakala/murabaha agreements with numerous banks. As part of these agreements, interbank murabaha and wakala transactions were conducted, and resources contributing to funding diversity were provided.





Ziraat Participation ensured resource diversity and bolstered its funding structure in 2023, just as it did in 2022. This was achieved by securing SME support loans from international markets through the Islamic Development Bank and capital-like resources from domestic sources.



## PRESENTATION

# EVALUATION OF 2023: STRATEGIES, DEVELOPMENTS AND FUTURE TARGETS

## HUMAN RESOURCES

### 2023 Activities

In line with its targets of sustainable development and growth, Ziraat Participation continued to provide effective services to its customers, with 2,430 employees and 189 local branches in 61 provinces and 2 branches abroad as of the end of 2023.

Ziraat Participation continued to support employment by recruiting 674 people in 2023. During the year, 398 candidates were employed after a process of written test and interviews and the Bank supported employment of young and new graduates.

The Bank strives to represent our country by opening branches abroad, while also spreading and developing the interest-free financial system within our country's borders through branching activities. In this regard, it launched 34 new branches throughout the country and 1 new branch in Somalia in 2023.

Having adopted the principle of offering equal opportunities to its employees, Ziraat Participation has prioritized raising the managers of the future from its in-house human resources. Accordingly, those who completed the Manager Candidate Program successfully were promoted to managerial positions in 2023 as well.

By using the performance management system effectively, job position promotions continued in 2023.

Ziraat Participation knows that human resources is has the greatest stake in achieving sustainable growth and effective performance and accordingly, the Bank conducts promotion exams every year for its employees to move forward in their careers in a fair environment. In this context, the Bank continued its collaboration with İstanbul Sabahattin Zaim University in 2023 and held an online professional-title promotion examination. Employees that were successful in the exam were promoted to a higher position.

Activities and operations within the scope of Occupational Health and Safety continued in 2023. Ziraat Participation monitors and manages its employees' occupational developments in a planned way. In this context, classroom, online and video trainings were designed and average of 37.2 hours/man trainings were delivered in 2023.



Employees who were hired through a recruitment exam, Participation Banking School was organized with the collaboration with İstanbul Sabahattin Zaim University to get them prepared for their jobs through face-to-face trainings.

The Corporate Culture Development Project was implemented and training was provided to management groups.

Considering the circumstances of today when international communication is inevitable and its importance increases every day, support for training was provided for employees to learn English and Arabic languages with the objective of increasing the quality of foreign language of its human resources.

Within the context of "Ziraat Participation is Reading Books Project" a total of 3,435 books were sent to 1,010 project members.

With a proper and fair remuneration policy, Ziraat Participation not only increases employee motivation and their corporate loyalty, but also encourages sustainable success which complies with corporate strategy. Salary research is performed by collecting salary data from the sector and observing the internal balance within the Bank, at the same time sustaining its competitive position.

Remuneration structure includes the salary which is based on job position and employees' seniority as well as job place and transportation benefits, performance premium and insurance premium, which are variable, and other fringe benefits. Furthermore, there are individual pension system with company contribution, life insurance, foreign language compensation, nursery fee, maternity benefit, family support benefits (family success, special education support, etc.).

In line with its targets of sustainable development and growth, Ziraat Participation continued to provide effective services to its customers, with 2,430 employees and 189 local branches in 61 provinces and 2 branches abroad as of the end of 2023.



**2,430 Employees  
and 189 Local Branches  
2 Branches Abroad**



## PRESENTATION

## AFFILIATES

**Ziraat Katılım Varlık Kiralama A.Ş.**

Ziraat Katılım Varlık Kiralama A.Ş. was established on 22 January 2016 with a capital of TL 50,000, paid entirely by Ziraat Participation with the authorization obtained from the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB). The foundation purpose of the Company is to exclusively issue lease certificate within the framework of the Communiqué on Lease Certificates (III-61.1) of the CMB, which was published in issue 28760 of the Official Gazette, dated 7 June 2013.

The company's head office is located in Fatih, İstanbul.

As of 31 December 2023, the company had no personnel.

**Lease Certificates Issued by Ziraat Katılım Varlık Kiralama A.Ş.**

Issue Date	Isin Code	Issue Amount (TL)	Simple annual rate of return	Tenor (days)	Redemption Date
25 May 2023	TRDZKVK52417	500,000,000.00	27.00%	364	23 May 2024
13 October 2023	TRDZKVK12411	500,000,000.00	33.00%	96	17 January 2024
31 October 2023	TRDZKVK22410	900,000,000.00	33.50%	99	07 February 2024
10 November 2023	TRDZKVK22428	1,000,000,000.00	38.50%	97	15 February 2024
28 November 2023	TRDZKVK32419	600,000,000.00	40.00%	99	06 March 2024
08 December 2023	TRDZKVK32427	600,000,000.00	42.50%	98	15 March 2024
27 December 2023	TRDZKVK32435	700,000,000.00	42.00%	91	27 March 2024

**Redeemed Lease Certificates**

Fund User	ISIN Code	Issue Amount (TL)	Issue Date	Redemption Date	Tenor (days)
Ziraat Katılım Bankası A.Ş.	TRDZKVK42319	100,000,000.00	08 April 2022	05 April 2023	362
Ziraat Katılım Bankası A.Ş.	TRDZKVK72316	500,000,000.00	07 July 2022	05 July 2023	363
Ziraat Katılım Bankası A.Ş.	TRDZKVK12312	500,000,000.00	05 October 2022	06 January 2023	93
Ziraat Katılım Bankası A.Ş.	TRDZKVK12320	600,000,000.00	13 October 2022	17 January 2023	96
Ziraat Katılım Bankası A.Ş.	TRDZKVK12338	500,000,000.00	26 October 2022	27 January 2023	93
Ziraat Katılım Bankası A.Ş.	TRDZKVK22311	700,000,000.00	11 November 2022	15 February 2023	96
Ziraat Katılım Bankası A.Ş.	TRDZKVK32310	800,000,000.00	29 November 2022	07 March 2023	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK32328	800,000,000.00	09 December 2022	15 March 2023	96
Ziraat Katılım Bankası A.Ş.	TRDZKVK32336	700,000,000.00	28 December 2022	30 March 2023	92
Ziraat Katılım Bankası A.Ş.	TRDZKVK42327	500,000,000.00	06 January 2023	13 April 2023	97
Ziraat Katılım Bankası A.Ş.	TRDZKVK42335	600,000,000.00	17 January 2023	26 April 2023	99
Ziraat Katılım Bankası A.Ş.	TRDZKVK52318	500,000,000.00	27 January 2023	05 May 2023	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK52326	700,000,000.00	15 February 2023	18 May 2023	92
Ziraat Katılım Bankası A.Ş.	TRDZKVK62317	800,000,000.00	07 March 2023	09 June 2023	94
Ziraat Katılım Bankası A.Ş.	TRDZKVK62325	1,000,000,000.00	15 March 2023	20 June 2023	97

Fund User	ISIN Code	Issue Amount (TL)	Issue Date	Redemption Date	Tenor (days)
Ziraat Katılım Bankası A.Ş.	TRDZKVK72324	800,000,000.00	30 March 2023	07 July 2023	99
Ziraat Katılım Bankası A.Ş.	TRDZKVK72332	800,000,000.00	13 April 2023	25 July 2023	103
Ziraat Katılım Bankası A.Ş.	TRDZKVK82315	600,000,000.00	26 April 2023	04 August 2023	100
Ziraat Katılım Bankası A.Ş.	TRDZKVK82323	400,000,000.00	05 May 2023	16 August 2023	103
Ziraat Katılım Bankası A.Ş.	TRDZKVK92314	500,000,000.00	09 June 2023	07 September 2023	90
Ziraat Katılım Bankası A.Ş.	TRDZKVK92322	600,000,000.00	20 June 2023	27 September 2023	99
Ziraat Katılım Bankası A.Ş.	TRDZKVK92310	600,000,000.00	7 July 2023	13 October 2023	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK92328	900,000,000.00	25 July 2023	31 October 2023	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK92312	1,000,000,000.00	04 August 2023	10 November 2023	98
Ziraat Katılım Bankası A.Ş.	TRDZKVK92320	400,000,000.00	16 August 2023	28 November 2023	104
Ziraat Katılım Bankası A.Ş.	TRDZKVK92314	500,000,000.00	07 September 2023	08 December 2023	92
Ziraat Katılım Bankası A.Ş.	TRDZKVK92322	500,000,000.00	27 September 2023	27 December 2023	91

#### ZKB Varlık Kiralama A.Ş.

ZKB Varlık Kiralama A.Ş., which is Ziraat Participation's second partnership with a subsidiary status, was established on 8 September 2017 with a capital of TL 50,000.

ZKB Varlık Kiralama A.Ş. was established on 8 September 2017 with a capital of TL 50,000, paid entirely by Ziraat Participation with the authorization obtained from the Banking Regulation and Supervision Agency (BRSA) and the Capital Markets Board (CMB) to exclusively issue lease certificate within the framework of the Communiqué on Lease Certificates (III-61.1) of the CMB, which was published in issue 28760 of the Official Gazette, dated 7 June 2013.

The company's head office is located in Fatih, İstanbul.

As of 31 December 2023, the company had no personnel.

#### Lease Certificates Issued by ZKB Varlık Kiralama A.Ş.

Issue date	ISIN code	Issue Amount (TL)	Simple annual rate of return	Tenor (days)	Redemption date
03 October 2023	TRDZKBV12410	50,000,000.00	40.00%	108	19 January 2024
17 October 2023	TRDZKBV22419	45,000,000.00	40.00%	122	16 February 2024
13 December 2023	TRDZKBV32426	40,000,000.00	45.00%	106	28 March 2024
27 October 2023	TRDZKBV22427	105,000,000.00	44.00%	97	01 February 2024
07 December 2023	TRDZKBV32418	150,000,000.00	49.00%	98	14 March 2024

#### Redeemed Lease Certificates

Issue date	ISIN code	Issue Amount (TL)	Simple annual rate of return	Tenor (days)	Redemption date
27 July 2023	TRDZKBVK2313	65,000,000.00	33.00%	97	01 November 2023
15 August 2023	TRDZKBVA2315	50,000,000.00	31.00%	120	13 December 2023
20 September 2023	TRDZKBVA2323	75,000,000.00	44.00%	86	15 December 2023

## PRESENTATION

# CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH ON THE BOARD OF DIRECTORS' ANNUAL REPORT

To the General Assembly of Ziraat Katılım Bankası A.Ş.

### 1. QUALIFIED OPINION

We have audited the annual report of Ziraat Katılım Bankası A.Ş. (the "Bank"), and its consolidated subsidiaries for the accounting period of 1 January 2023 - 31 December 2023.

In our opinion, except for the matter described in the Basis for Qualified Opinion section below, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Bank's and position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set unconsolidated and consolidated financial statements and with the information obtained in the course of independent audit.

### 2. BASIS FOR QUALIFIED OPINION

As expressed in Basis for Qualified Opinion section of our auditor's report dated 15 February 2024 on the full set unconsolidated and consolidated financial statements of the Bank for the period between 1 January 2023 - 31 December 2023; unconsolidated financial statements include a free provision amounting to TL 500.000 thousand which consist of TL 1.040.000 thousand provided in prior periods, TL 96.000 thousand provided in current period and TL 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.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including International Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

### 3. OUR AUDIT OPINION ON THE FULL SET UNCONSOLIDATED AND CONSOLIDATED FINANCIAL STATEMENTS

We expressed a qualified opinion in the auditor's report dated 15 February 2024 on the full set unconsolidated and consolidated financial statements for the 1 January 2023 - 31 December 2023 period.

#### **4. BOARD OF DIRECTOR'S RESPONSIBILITY FOR THE ANNUAL REPORT**

The Bank management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102, Capital Markets Board's ("CMB") Communiqué Serial II, No: 14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") and "Regulation on Principles and Procedures Regarding Preparation and Promulgation of Annual Reports by Banks" published in Official Gazette No. 26333 dated 1 November 2006 are as follows:

a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;

b) to prepare the annual report to reflect the Bank's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report, financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Bank may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Bank after the operating year,
- the Bank's research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Banking Regulation and Supervision Agency, Ministry of Trade and other relevant institutions.

#### **5. INDEPENDENT AUDITOR'S RESPONSIBILITY IN THE AUDIT OF THE ANNUAL REPORT**

Our aim is to express an opinion and issue a report comprising our opinion within the framework of the TCC, Communiqué and "Regulation on Independent Audit of Banks" published on the Official Gazette No. 29314 dated 2 April 2015 provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements of the Bank and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the SIAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited unconsolidated and consolidated financial statements and with the information obtained in the course of audit.

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

Zeynep Uras  
SMMM Partner  
İstanbul, 15 March 2024

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

## ZIRAAT PARTICIPATION BOARD OF DIRECTORS


**Alpaslan Çakar**  
**Chairman of the Board**

Mr. Çakar graduated from Ankara University Faculty of Political Sciences Department of Public Administration. He started his career at T.C. Ziraat Bank in 1996 as Assistant Inspector, then became an Inspector and Branch Manager. In 2005, he was appointed as Regional Head Manager. In August 2007, Mr. Çakar was promoted to Chairman of the Department, then worked as Vice President in charge of Individual Banking, Vice President in charge of Operational Transactions, Vice President in charge of Individual Banking and Vice President in charge of Retail Banking, respectively. He worked as Vice President in charge of Distribution Channels between January 2016 and July 2017, as Vice President in charge of Payment Systems between July 2017 and June 2018 and Vice President in charge of Retail Banking between June 2018 and March 2021. At the same time, between 2003 and 2019, Mr. Çakar acted as a member of the Board of Directors/Audit Committees of Ziraat Finansal Kiralama A.Ş., Bileşim Alternatif Dağıtım Kanalları Ödeme Sistemi A.Ş., Ziraat Hayat ve Emeklilik A.Ş., Ziraat Sigorta A.Ş., Kredi Kayıt Bürosu A.Ş., Ziraat Bank (Moscow) JSC, Türkmen Türk Ticaret Bankası, Ziraat Teknoloji A.Ş., Bankalararası Kart Merkezi A.Ş., Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş., Ziraat Bank (Moscow) JSC. Since 16 July 2019, he is the Chairman of the Board of Directors of Ziraat Bank (Moscow) JSC, and as of March 2021 he was appointed as CEO and Member of the Board of Directors of Ziraat Bank. Mr. Çakar also acts as the Chairman of the Turkish Banking Association since 22 April 2021. He is the Chairman of the Board of Directors of Ziraat Participation since 1 February 2022.


**Fikrettin Aksu**  
**Vice Chairman of the Board**

Fikrettin Aksu graduated from Department of Business Management of the Kütahya Management Sciences Faculty at the Eskişehir Academy of Economic and Commercial Sciences, in 1979. After working at various institutions between 1980-1984, he started his career at Ziraat Bank in 1984. After working in various positions at the Bank between 1984-2014, he started working at Ziraat Hayat Emeklilik; having served as the General Manager of Ziraat Sigorta he served as the General Manager of Ziraat Yatırım Menkul Değerler, and served as the President of the Human Resources Group between October 2018 and December 2019. He served as the Head of the Internal Operations Group between December 2019 – August 2020. He has been serving as the Vice Chairman of Ziraat Participation Board of Directors, a member of the Audit Committee and the Corporate Governance Committee since 19 June 2020, and as a member of the Credit Committee since 3 November 2021.


**Metin Özdemir**  
**Member of the Board, CEO**

Metin Özdemir graduated from İstanbul University (Faculty of Business Administration) in 1990. He started his career at Kuveyt-Türk Finans Kurumu in 1992, and from 1996, he carried on with his business life as an executive in the retail sector. Mr. Özdemir functioned as a member of İstanbul Metropolitan Municipal Council between 2004 and 2014. Mr. Özdemir was a member of the Ziraat Bank's Board of Directors and acted as a member of the Corporate Governance Committee and the Remuneration Committee from April 2012 until 27 May 2019. He served as the Chairman of the Board of the Participation Banks Association of Türkiye from May 2018 until May 2021. Mr. Özdemir has been a member of the Board of Directors of Ziraat Participation since 18 February 2015 and was appointed as the CEO on 12 June 2017.





**Ahmet Buçukoğlu**  
**Member of the Board**

Born in Kayseri in 1955, he graduated from the Department of Economics and Finance of the Faculty of Political Sciences at Ankara University in 1980. He started his career at Ziraat Bank in 1982. Between 1982 and 2014, he served as an Assistant Inspector, Inspector, Agricultural Loans Assistant Manager, Head of the Intelligence Department, Branch Manager and Regional Manager. Between 2014 and 2018, he served as the General Manager and Chairman of the Board of Directors at the Development Bank of Turkey. Mr. Buçukoğlu, who has been serving as a Member of the Board of Ziraat Participation since 19 June, 2020, is also a member of our Bank's Credit Committee and Remuneration Committee.

**Mehmet Başibüyük**  
**Member of the Board**

Mehmet Başibüyük was born in Artvin in 1966. He graduated from İstanbul University Faculty of Political Sciences Department of Public Administration in 1988. After working in various institutions between 1988 and 1991, he started to work at Albaraka Türk Katılım Bankası A.Ş. in 1991 at the Fund Extension Department. Between 1995 and 2004, he took different positions at the Headquarters of Albaraka Türk Katılım Bankası A.Ş. and acted as a Branch Manager between 2008 and 2019. As of 25 March 2022, Mr. Başibüyük was appointed as a Member of the Board of Directors at Ziraat Participation and also has been acting as member of the Credit Committee and Corporate Governance Committee. He is also a member of the İstanbul Chamber of Commerce Council and the Representative of the Finance Sector Committee.

**Mahmut Esfa Emek**  
**Member of the Board**

Mahmut Esfa Emek was born in Erzurum in 1965. He graduated from Ankara University Faculty of Economics and Administrative Sciences Department of Business Administration in 1985. He started his career as Assistant Inspector at İmar Bankası in 1988. Between 1990 and 2017, he worked as Inspector, Chairman of the Inspector Board, Department Manager, Senior Department Manager and Vice President in Charge of Operations and Credits at Albaraka Türk Katılım Bankası A.Ş. He worked as the Member of the Board and CEO of a private company. Mr. Emek was the CEO of Birleşik Fon Bankası between 2017 and 2019. Since 21 March 2021, he is a Member of the Board of Directors of Ziraat Participation Bank and also serving as Member of the Audit Committee and Alternate Member of the Credit Committee.

**Dr. Murat Cangül**  
**Member of the Board**

Born in 1974 in Balıkesir, he graduated from Ankara University Faculty of Law in 1996. He completed his master's degree at Gazi University, Department of Labor Economics and Industrial Relations and his doctorate at Selçuk University, Department of Private Law - Commercial Law.

He started his professional career in 1997 as a research and collective bargaining specialist at Belediye İş Trade Union affiliated to Türk-İş Confederation. For many years, he has worked as a freelance lawyer and expert witness in Commercial Courts and Intellectual and Industrial Rights Law Courts and as a manager in various non-governmental associations, and is a trademark attorney before the Turkish Patent and Trademark Office. Between 2016-2019, he served as a member of the Board of Directors of Halk Portfolio Management at Halk Bank of Turkey, between 2018-2020 as a member of the Board of Directors of the Social Security Institution, between 2019-2020 as a consultant at Halk Life and Pension. Until August 2022-2023, he served as Secretary General of TESK and Board Member of the Ministry of Trade-Turkish Tradesmen and Craftsmen Registry Gazette. Since September 2022, he has been teaching as a lecturer at Ankara Medipol University Faculty of Law. Since 03 August 2023, Mr. Cangül has been serving as a member of Ziraat Participation Board of Directors and is also a member of our Bank's Remuneration Committee.



**Ertuğrul İspaha**  
**Executive Vice President -**  
**Corporate Banking**

Ertuğrul İspaha was born in Adana in 1968. He graduated from Ankara University Faculty of Political Sciences Department of Labor Economics and Industrial Relations in 1991. He started his career at Egebank in 1995 as an Inspector. Between 2001 and 2006 he was Branch Manager of Adana and Bursa branches of Family Finans Kurumu A.Ş. In 2006, Mr. İspaha joined Ziraat family as Corporate Branch Manager in İzmir. Afterwards he acted as Regional Director of İzmir 1<sup>st</sup> Region, Executive Vice President responsible for Financial Analysis- Intelligence, Credit Monitoring and Follow-up Gaziantep, Adana 2, Adana 1 and Adana Regional Manager, respectively. Since 1 April 2022 he has been the Executive Vice President - Corporate Banking of Ziraat Participation.

**Mehmet Said Gül**  
**Executive Vice President -**  
**Information Systems and**  
**Operational Affairs**

Mehmet Said Gül was born in Kahramanmaraş in 1973. He graduated from Hacettepe University Faculty of Engineering Department of Computer Engineering in 1995. He started his banking career as a programmer at Anadolu Finans Kurumu in 1997. After serving for many years as system analyst and software development service manager, he continued his career as Software Development Manager at Türkiye Finans Katılım Bankası A.Ş. in 2006. He worked as the Information Systems Coordination Manager as of 2009. In 2014, Mr. Gül worked at the establishment of Ziraat Participation and acted as a consultant at Ziraat Bank and Ziraat Participation's Information Technologies Department Head. In 2015, he was appointed as the Group Director of the Information Technologies and Operational Transactions at Ziraat Participation. Since 23 August 2017 Mr. Gül is the Executive Vice President in charge of Information Systems and Operational Affairs.

**Mustafa Kürşat Çetin**  
**Executive Vice President - Retail**  
**Banking**

Mustafa Kürşat Çetin was born in Yozgat in 1979. He graduated from Selçuk University Faculty of Economics and Administrative Sciences Department of Economics. He received his graduate degree in Banking from İstanbul University Faculty of Social Sciences. He started his career in 2003 at Türkiye Finans Headquarters Leasing Service and from 2005 on, he worked in different positions in Corporate Marketing at İstanbul Osmanbey, Beylikdüzü and İkitelli branches. Between 2012 and 2015 he worked as Türkiye Finans Nişantaşı Branch Manager. In 2015, with the inception of Ziraat Participation he started working at İkitelli Branch as a manager. Between 2016-2019, he worked as the Head of Entrepreneurial Marketing Department, the Head of Corporate and Entrepreneurial Marketing Department, as the Head of Branch Banking and Sales Management Department. He was appointed as the Marketing Group Director as of February 2021. He has been serving as the Head of Retail Banking Group since 13 January 2022. Mr. Çetin has been serving as Executive Vice President in charge of Retail Banking since 29 September 2023.

**Osman Karakütük**  
**Executive Vice President -**  
**Treasury Management and**  
**International Banking**

Born in Ankara in 1975, Osman Karakütük graduated from Ankara University Faculty of Political Science. He completed his undergraduate studies in Sakarya University and worked at the CBRT Headquarters as a clerk between 1998-1999. In 1999, he started working at Ziraat Bank as an Assistant Inspector and then promoted to Inspector, Chief Inspector, Vice President of the Inspection Board, Branch Manager, İzmir 1<sup>st</sup> Region Manager, Head of Branch Operations and Head of Channel Management, respectively. Mr. Karakütük was appointed as Ziraat Participation Vice President in charge of Financial Coordination and Human Resources on 15 August 2017 and he has been serving as the Vice President in charge of Treasury Management and International Banking since 24 August 2017.



**Önder Kirman**  
**Executive Vice President**  
**- Credit Extension and**  
**Management**

Önder Kirman was born in Afyonkarahisar in 1972. He graduated from Dokuz Eylül University Faculty of Economics and Administrative Sciences Department of Business Administration. Mr. Kirman started his banking career as a Service Attendant at Ziraat Bank in 1999. Between 2001 and 2008, he worked as an Internal Controller. Between 2008 and 2015, Mr. Kirman acted as a Supervisor of Agricultural, SME and Commercial Marketing, Commercial Marketing Department Manager and Regional Credit Extension Manager. He joined Ziraat Participation in May 2015 as the Chairman of the Operation Center Department, then he was appointed as the Chairman of Corporate and Entrepreneurial Credit Extension and Management Department in April 2016. Since 30 June 2016, he serves as Executive Vice President-Credit Extension and Management.

**Seher Elif Ekici**  
**Executive Vice President**  
**- Credit Policies and Risk**  
**Liquidation**

Seher Elif Ekici was born in İstanbul in 1981. She graduated from Marmara University Faculty of Business Administration, Department of Business Administration in English. She completed her associate degree at Anadolu University Faculty of Theology and is currently studying for her master's degree on Islamic Economics and Finance at Marmara University. She received her SMMM license in 2009. She started her professional career at KPMG independent audit firm in 2003 and worked as an auditor in 2003-2004. Later, she started her banking career in 2005 at Anadolu Finans Kurumu Financial Control service under Financial Affairs Department. She took a role in the merger of Anadolu Finans and Family Finans. Between 2007 and 2015 she acted as Specialist, Supervisor and Manager at Risk Management Center Department of Türkiye Finans. Ms. Ekici started to work at Ziraat Bank as a Manager on 3 February 2015. She was a part of the establishment of Ziraat Participation and was appointed as Head of Risk Management Division on 23 June 2015. She was appointed as the Head of Credit Policies and Risk Liquidation Group on 2 July 2021. She has been working as Executive Vice President for Credit Policies and Risk Liquidation since 1 April 2022.

**Arif Baştuğ**  
**Head of Strategic**  
**Planning and Human**  
**Resources Group**

Arif Baştuğ was born in Aksaray in 1979. He graduated from Ankara University Faculty of Law. He started his banking career at Ziraat Bank as a Service Clerk. He acted as Assistant Inspector, Inspector and Senior Inspector at the Board of Inspectors at Ziraat Bank. In 2011, he was Department Manager at Ziraat Bank Human Resources Department and afterwards he acted as Head of Department at Training Department. In 2015, at the establishment of Ziraat Participation, he worked as the Head of Department of Human Resources and Organization. Between 2016 and 2022, Mr. Baştuğ acted as the Head of Operation Center Department. As of 9 May 2022, he was appointed as Ziraat Participation Head of Strategic Planning and Human Resources Group and continues to work at this position.

**Osman Çetiner**  
**Head of Internal Systems**  
**Group**

Osman Çetiner was born in Antalya in 1973. He graduated from Uludağ University Faculty of Economics. In 2005, he received his SMMM license and in 2014 he received the Independent Auditor license given by Public Oversight Board. He started his banking career in 1999 as Assistant Accounting Specialist in the Financial Affairs Department of Kuveyt Türk Bankası A.Ş. He worked at different positions in Kuveyt Türk Bankası for 16 years, 7 of them as a Manager. In 2010, he took role in Turkey's first lease certificate issuance by Kuveyt Türk Bankası. Mr. Çetiner worked at the establishment of Ziraat Participation. He started working as Head of Financial Coordination at Ziraat Participation on 8 April 2015 and worked as the Head of Internal Control and Compliance between 2017 and 2022. As of 9 May 2022, he was appointed as Ziraat Participation Head of Internal Systems Group and continues to work at this position.

**Suat Tüccar**  
**Head of Product**  
**Management and Digital**  
**Banking Group**

Suat Tüccar was born in İstanbul in 1974. He graduated from Gazi University Faculty of Economics and Administrative Sciences Department of Public Administration. In 2000, he started his career at Dışbank Commercial Marketing upon completing the MT program. He worked as a portfolio manager at the same bank in Mercan, Bayrampaşa and European Corporate branches, respectively. Upon the merger of Fortis and Türk Ekonomi Bankası, he worked as Branch Manager of Bayrampaşa Mega Center and Güneşli branches. Mr. Tüccar started his career at Ziraat Participation on 2 May 2016 as a Service Manager at Corporate and Entrepreneurial Marketing Department and continued as the Head of Human Resources Department on 23 March 2017. He was appointed as Head of Strategy Planning and Human Resources Group on 10 February 2021. He has been serving as the Head of Product Management and Digital Banking Group since May 2022.

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

### MANAGERS UNDER THE INTERNAL SYSTEMS

Name	Position	Education
Osman Çetiner	Head of Internal Systems Group	Undergraduate
Emin Hocaoğlu	President of the Audit Board	Undergraduate
Semih Turhan	Head of Internal Control Department	Undergraduate
Yasin Kuloğlu	Head of Compliance Department	Undergraduate
Yasin Özbey	Head of Risk Management Department	Graduate

### CVS OF MANAGERS UNDER THE INTERNAL SYSTEMS

#### **Emin Hocaoğlu** **President of the Audit Board**

He was born in 1986 in İstanbul. He graduated from İstanbul University, Faculty of Economics, Department of Economics in 2008. In 2010, he completed Anadolu University Foreign Trade Program. He completed his postgraduate program in Financial Markets and Investment Management at Marmara University in 2022. He started his professional life in the purchasing department of Eczacıbaşı-Monrol Nuclear Products Company, one of the companies in the healthcare group of the Eczacıbaşı Group. In a change of career, he switched to the banking sector and started to work as an Assistant Auditor at Ziraat Bank after working as an Assistant Auditor at Şekerbank for 6 months. Following his 8-year duty in the Ziraat Bank Audit Board, he started to work at Ziraat Participation as the Vice President of the Audit Board on 4 March 2019. He was appointed as the President of the Audit Board on 28 July 2021 and he has been continuing his duty since then.

#### **Semih TURHAN** **Head of Internal Control Department**

He was born in Erzurum in 1980. He obtained his bachelor's degree in Economics from Dokuz Eylül University, Faculty of Economics and Administrative Sciences, and his master's degree in Business Administration from Atatürk University, Social Sciences Institute. Turhan, who is also a graduate of Anadolu University's Department of Justice, commenced his professional career with a private consultancy company specializing in ISO 9001 Certification and Total Quality Management. In 2007, he began his banking career as an Assistant Internal Controller at Ziraat Bank. In 2015, he was transferred to Ziraat Participation, where he played a role in the establishment activities. Following his tenure as the Erzurum and Çayırova Branch Manager, he currently holds the position of Head of the Internal Control Department, a role he assumed in September 2023.

#### **Yasin KULOĞLU** **Head of Compliance Department**

He was born in Bartın in 1972. In 1996, he completed his studies at Boğaziçi University in the Faculty of Economics and Administrative Sciences, where he majored in Political Science and International Relations. In 1996, he commenced his banking profession as an assistant specialist at İhlas Finans Kurumu. He worked in the Research and Development/Product Development, Retail Banking, and Loans Departments. In 2001, he started his job at Kuveyt Türk Katılım Bankası and held positions as an expert, director, and manager in the credit allocation and financial analysis departments, consecutively. In November 2014, he joined Ziraat Finance Group and held the positions of Manager and Head of the Personal Loans Department at our Bank. In May 2019, he assumed the position of Department Head at our bank's newly established Credit Processes Department. Mr. Kuloğlu, who held the position of Head of the Retail Loans Allocation and Management Department from 2021 to 2023, was appointed as the Head of the Compliance Department starting in October 2023 and is currently holding that position.

#### **Yasin Özbey** **Head of Risk Management**

Yasin Özbey was born in İstanbul in 1981. He graduated from Erciyes University Faculty of Economics and Administrative Sciences Department of Economics in 2003. He finished his graduate studies in Business Administration in 2011. In 2012, he received his CPA certificate. Mr. Özbey started his professional career in 2004 at Anadolu Finans Kurumu A.Ş. Financial Affairs Group Directorate, Financial Control service. He served as Financial Control Supervisor between 2004 and 2008. He took place in the merger of Anadolu Finans Kurumu and Family Finans Kurumu. He worked at Türkiye Finans, Financial Control and Reporting Department's Audit and Legal Reporting service between 2008 and 2013. After working at Aktifbank and Albaraka Türk in Regulatory Reporting services he joined Ziraat Bank for the inception of Ziraat Participation on 1 December 2014. At Ziraat Participation, Mr. Özbey worked as Financial Control Office at Financial Coordination Department and as Retail Banking Officer at Kütahya Branch. In April 2018, he was appointed as Balance Sheet and Operational Risk Manager at the Risk Management Department and since 9 May 2022, he is acting the Head of Ziraat Participation Risk Management Department.

# INFORMATION ON THE ACTIVITIES OF THE COMMITTEES

## Credit Committee

Composed of the Bank's General Manager and at least two members to be elected from the Board of Directors who fulfill the requirements for the General Manager (except time); the Credit Committee is established to perform the duties regarding credits, which will be granted by the Board of Directors. Two alternate members are elected among the Board members who fulfill the requirements for the General Manager (except time) to serve in place of a member of the Credit Committee who cannot participate in any meeting. The Board may delegate its powers for the credit allocation to the Credit Committee or to the General Directorate.

### Chairman

Metin Özdemir	Member of the Board, CEO
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### Members

Ahmet Buçukoğlu	Member of the Board
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Mehmet Başbüyük	Member of the Board
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### Alternate Members

Fikretin Aksu	Vice Chairman of the Board
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Mahmut Esfa Emek	Member of the Board
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The Credit Committee took 482 decisions in 17 meetings held in 2023.

## Audit Committee

The Board of Directors appoints at least two members of the Board who do not have executive responsibilities and whose qualifications are determined by the Banking Regulation and Supervision Agency (BRSA) to form the Audit Committee to assist the fulfillment of the Board's audit and supervision activities.

### Members

Fikretin Aksu	Vice Chairman of the Board
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Mahmut Esfa Emek	Member of the Board
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The Audit Committee took 44 decisions in 11 meetings held in 2023.

## Corporate Governance Committee

The Corporate Governance Committee is formed under the Presidency of a member of the Board who will be determined by the Board of Directors. The main task of the committee is to monitor the compliance of the Bank's corporate governance principles, to carry out improvement activities in this regard and to provide recommendations to the Board of Directors.

### Members

Fikretin Aksu	Vice Chairman of the Board
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Mahmut Esfa Emek	Member of the Board
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The Audit Committee took three decisions in one meeting held in 2023.

## Remuneration Committee

The Corporate Governance Committee consists of at least two members who will be determined by the Board of Directors. The Committee monitors and audits remuneration practices on behalf of the Board of Directors. In addition, the Committee performs the tasks specified in the relevant regulations issued by the Banking Regulation and Supervision Agency (BRSA).

### Members

Ahmet Buçukoğlu	Member of the Board
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Murat Cangül	Member of the Board
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## Number of Board Meetings

The Board of Directors took 296 decisions in 37 meetings held in 2023.

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

# EVALUATIONS OF THE ADVISORY COMMITTEE ON THE BANK'S ACTIVITIES IN 2023 AND THE COMPLIANCE OF THE ACTIVITIES WITH THE PRINCIPLES AND STANDARDS OF INTEREST-FREE BANKING

The Advisory Committee carries out its activities under the Board of Directors in accordance with Article 4 of the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking published on 14 September 2019. In the organizational structure, the Advisory Committee, which carries out its activities under the Board of Directors, acts in accordance with the principle of independence while making its decisions.

Within the scope of Compliance with the Principles and Standards of Interest-Free Banking, the organizational structure of Ziraat Participation Bank consists of the Advisory Committee and the Advisory Committee Coordination Service Management departments.

The Advisory Committee Coordination Service Management, operating within the Internal Control Department, is responsible for conducting compliance and secretariat tasks.

The Advisory Committee Coordination Service carried out its 2023 activities within the scope of business plan requirements and interest-free banking principles and standards. Within the scope of the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking, the Advisory Committee Coordination Service prepared its annual program with the Advisory Committee, and in this context, it held meetings at least twice a month.

During the 2023 operating period, 25 Advisory Committee meetings were held and 75 decisions were taken. These decisions taken were announced throughout the Bank by the Advisory Committee Coordination Service. Afterwards, compliance checks were made.

The Advisory Committee met the Audit Committee to discuss the internal audit findings as stipulated in the communiqué and negotiate the actions to be taken. In these meetings, the reports prepared on interest-free banking compliance and audit activities and the actions taken for the findings included in the reports were discussed.

Based on the information and documents presented to the meeting agenda, the Advisory Committee conducted examinations and observations on the following issues within the scope of its powers and duties;

- a) Interest-free banking principles and the standards and their implementation,
- b) Compliance of internal regulations with interest-free finance principles and standards,
- c) To evaluate and approve the standard contracts and annexes regarding the Bank's products and services in terms of interest-free banking principles and standards. In view of the reporting, internal negotiations and other issues regarding the implementation of the Advisory Committee decisions, the following were observed;
  - a) The necessary sensitivity has been demonstrated regarding compliance with the decisions of the Advisory Board and the Advisory Committee,
  - b) The standard contracts and their annexes, transactions and relations regarding Ziraat Participation products and services, which were examined between 1 January 2023 and 31 December 2023, are compliant with the decisions of the Advisory Board and the Advisory Committee,
  - c) Any revenues obtained from any sources and means which are not compliant with the Principles and Standards of Interest-Free Banking are calculated with the technological infrastructure within the framework of the decisions of the Advisory Committee, and this revenue, which is purified, is spent in ways that are considered appropriate by the Advisory Committee
  - d) A sound surveillance and control mechanism was established in order to ensure that participation accounts are managed in line with the interests of the account holders, and the profit distribution system is managed by expert personnel,
  - e) At the point of implementation of the decisions taken, compliance is observed and Internal Audit activities are also carried out,
  - f) It has been observed that training and educational seminars and programs were organized for the Bank's personnel in order for the establish and develop the Interest-Free Banking culture within the Bank.

# THE CVS OF ADVISORY COMMITTEE MEMBERS

## **Mehmet ODABAŐI** **Head of Advisory Committee**

He completed Religious Vocational High School in Sivas in 1993. While in high school, he took Arabic and Islamic sciences lessons. In 1993, he was accepted to Marmara University Faculty of Religious Studies and graduated from that school in 1998. He received his graduate degree in Marmara University Institute of Social Sciences Department of Islamic Law in 2005. Currently, he prepares his thesis for his doctorate degree at the same university in Islamic Law. He took lessons of Arabic and Islamic Sciences from valuable instructors during his undergraduate and graduate studies. He was a part of translation committee of el-Mebsût of İmam Serahsi and İthâfu'l-kârî bihtisârî Fethi'l-bârî. He was part of the translation project of el-Meâyîrû's-şer'iyye published by the Islamic Board of AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) into Turkish with the name Interest-free Financial Standards. In this translation project, the Banking Regulation and Supervision Agency (BRSA) was the Supporting Institution, the Participation Banks Association of Türkiye (TKBB) was the Project Sponsor and İstanbul Zaim University was the Translation Organizer. He translated half of the aforementioned standards. He was the part of establishment of Turkey's first Islamic Financial Consultancy company. Mr. Odabaşı was a part of structuring of establishment processes of Ziraat Participation, Turkey's first public participation bank in accordance with participation finance principles, and has provided consultancy services so far. He was also in the project of implementation of Turkey's first window model participation insurance application within Ziraat Insurance. He was part of Turkey's first sukuk issuance project based on agricultural commodity. He was also a part of establishment of Ziraat Participation Index. During his studies at İSFA Islamic Financing Consultancy, he took part in numerous sukuk issuances, establishment and structuring projects of real estate investment funds, venture capital investment funds, stock market investment funds and pension funds.

## **Prof. Dr. Süleyman KAYA** **Vice Chairman of the Advisory Committee**

Mr. Kaya graduated from the Faculty of Theology at Marmara University in 1998. He completed a Master's degree in the Department of Islamic Law at Marmara University in 2000 and completed his doctorate in 2007. He completed his master's degree in the Department of Economic History of the same university in 2003. He is currently working as a faculty member at the Department of Islamic Law in the Faculty of Theology, at İstanbul University.

## **Prof. Dr. Necmettin KIZILKAYA** **Advisory Committee Member**

He graduated from the Faculty of Theology at Marmara University in 2001 before going on to complete a Master's degree in the Department of Islamic Law at the same university. He completed his doctorate studies at the Social Sciences Institute from Selçuk University in 2011. Mr. Kızılkaya's work is more focused on the Islamic Law and the Economy. He is especially interested in the History of Islamic Law, Modernization and Fiqh, the 19<sup>th</sup> Century Economic and Legal Transformations, Islamic Legal Literature, the Islamic Economy and Contemporary Fiqh Issues. Mr. Kızılkaya, who has published many studies in various languages in the field of Islamic Law, is still working as a faculty member in the Department of Islamic Law, Faculty of Theology at İstanbul University.

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

# INFORMATION ON GENERAL ASSEMBLY HELD IN 2023

Ordinary General Assembly for 2022 was held on 3 August 2023. The Bank held two Extraordinary General Assembly meetings on 31 March 2023 and 6 December 2023. 2022 General Assembly was held to discuss routine topics in accordance with regulations and General Assembly decisions were implemented in 2023.

## ORDINARY GENERAL ASSEMBLY AGENDA

Decision was taken to hold Ordinary General Assembly of Ziraat Participation for 2022 on 3 August 2023 at 14:00 at the Headquarters of Ziraat Bank at Hobyar Mah. Hayri Efendi Cad. No: 12/A Fatih/İSTANBUL to discuss the agenda presented below:

- 1- Opening of the meeting and establishment of the General Assembly Chair.
- 2- Preparation of the General Assembly minutes and authorization of Meeting Chairmanship for signing the minutes.
- 3- Reading and discussion of the Board of Directors Annual Report for 2022 and presentation of Independent Auditor's Report to the General Assembly.
- 4- Discussion and approval of 2022 year-end financial statements
- 5- Discussion and approval of 2022 Profit Distribution Table proposed by the Board of Directors.
- 6- Grant of release to each member of the Board of Directors.
- 7- Selection of the Board of Directors Members.
- 8- Determining and approving the salaries and other rights of the Members of the Board of Directors,
- 9- Approval of the audit company that will carry out independent audit activities in 2023 in accordance with the Article 399 of the Turkish Commercial Code.
- 10- Approval of the Advisory Committee members appointed by the Board of Directors Decision No. 5/1 dated 28.02.2023 within the scope of the Communiqué on Compliance with Interest-Free Banking Principles and Standards,
- 11- Giving authorization for "Recording of provisions which applies to participation accounts as expense, provided that provisions of Turkish Commercial Code are reserved" in accordance with Article 19/2 of the "Regulation on Procedures and Principles for Classification of Loans and Provisions to be Set Aside".
- 12- Authorization of the Board of Directors to take decisions on utilizing the Bank's equity for providing for potential losses which may be incurred in participation fund pools set up to process funds collected in participation accounts in accordance with Article 6 paragraph 10 of "Regulation on Procedures and Principles for the Acceptance and Withdrawal of Deposits and Participation Funds and Deposits, Participation Funds, Custody and Receivables Undergoing Lapse of Time" issued by the BRSA.
- 13- Approval of the decision made by the Board of Directors regarding the transfer of the increase in value resulting from revaluation from the Extraordinary Reserve Funds Account to the special fund account, within the scope of the regulations of Provisional Article 32 of the Tax Procedure Law No. 213 and subparagraph (C) of Repeated Article 298,
- 14- Authorization of the Members of the Board of Directors for subjects within the scope of Articles 395 and 396 of the Turkish Commercial Code.
- 15- Wishes and closing.



# SUMMARY REPORT BY THE BOARD OF DIRECTORS

The year 2023 has been marked by a focus on fighting inflation, addressing geopolitical risks, and implementing tightening policies by central banks in the global economy. Recession concerns and inflation are projected to remain on the agenda in the global economy in 2024.

In Türkiye, 2023 has been a year in which risks and expectations regarding inflation have started to be taken under control. In December, the CBRT raised the policy interest rate from 40% to 42.50%, and it was noted that the inflation data obtained in November was consistent with the CBRT inflation report. In addition, within the framework of the Medium Term Program, it is anticipated that the Turkish economy will achieve growth rates of 4% in 2024 and 4.5% in 2025.

Our Bank continues to provide long-term contribution to the economy of our country and our customers with total assets of TL 384.3 billion which increased by 80% when compared to 2022 and TL 4 billion of period income.

Our Bank has grown its balance sheet by adopting the participation banking approach, which provides effective resource procurement and tailored solutions to varying financing demands, and has continued to maintain the high quality of financing in the Funds Provided. The balance of Funds Provided increased by 79%, reaching TL 259.8 billion, and the balance of Funds Collected reached TL 304.4 billion, with an increase of 76%.

In 2023 operating year, our Bank presented its resources to the use of all sectors compatible with participation banking primarily real sector to contribute to development of the economy of the country as in previous years. In this context, actions have been taken to enrich our branch and non-branch channels in the product and service range we provide to our customers.

Ziraat Participation, with its identity as a public participation bank, is proud of being the first participation bank to step into the agricultural sector.

With the goal of growing in sustainable profitability and efficiency and a customer-oriented structuring, Ziraat Participation is committed to delivering the highest quality service to both its customers and our country.

As the first public-capital participation bank to start its operations in line with the principle of “Achieving More by Sharing”, we persistently pursue our projects, strictly adhering to our mission of disseminating participation banking.

Yours respectfully,

**Ziraat Participation Board of Directors**

## MANAGEMENT AND CORPORATE GOVERNANCE PRACTICES

# HUMAN RESOURCES PRACTICES AND POLICIES, AND EXPECTATIONS FOR 2024

Ziraat Participation supports its employees' development and transformation by providing them the opportunity to work based on principles of efficiency, customer focus and profitability. While providing this support, the Bank follows the technological opportunities offered by the changing world and will continue to implement this technology end-to-end in its career and talent development management processes at an increasing rate.

Ziraat Participation will continue to represent our country by opening branches abroad, as well as expanding and developing the interest-free finance system within the borders of our country through its branch network activities.

To provide its branches with capabilities to offer more effective services, branch visits are planned with the awareness of Human Resources being near branch employees and with the objectives of resolving branch employees' problems and listening to their suggestions.

Communication Strengthening Trainings will be planned for our new branch managers.

Evaluation Center applications are planned to be conducted within the Bank.

Foreign language training support for employees will continue in order to make the foreign language level of human resources more qualified.

Trainings outside the office will be planned to increase team spirit among our employees.

Ziraat Participation started its in-house performance management system in order to achieve fairness, employee efficiency and self-development and plans to launch new award practices in the following period for employees who shine out with the work they perform.

The Bank plans to increase fringe benefit applications (marriage aid, Capital Markets Licensing, compensation for Registry and Training Institution (SPL) etc.) based on employees' expectations and needs.

## TRANSACTIONS CARRIED OUT WITH ZIRAAT PARTICIPATION'S RISK GROUP

Ziraat Participation's relations with the institutions involved in the risk group in which it is included covers all types of banking transactions compliant with the Banking Law and within the framework of regular bank-customer relation and within the market conditions. The transactions consist primarily of lending, current and participation accounts.

The amounts of the transactions that Ziraat Participation carried out with its risk group in 2023 and the explanations regarding this matter are mentioned in the footnote numbered VII of the fifth section of the year-end financial statements, which take place within the annual report.

## COMPANIES FROM WHICH SUPPORT SERVICES ARE OBTAINED

Support Services Received from	Services Received
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	Banking and Peripheral Systems Software and Infrastructure Services
Ziraat Teknoloji A.Ş.	Banking and Peripheral Systems Software and Infrastructure Services
Intertech Bilgi İşlem ve Pazarlama Tic. A.Ş.	Banking and Peripheral Systems Software and Infrastructure Services
Fineksus Bilişim Çözümleri Ticaret A.Ş.	SWIFT Transactions and Black List Control Application Services
Active Bilgisayar Hizm. Tic. Ltd. Şti.	Securities Buying and Selling Application Services
Ekol Grup Güvenlik Koruma ve Eğitim Hizm. Ltd. Şti.	Support Service for Security Service
Güzel Sanatlar Çek Basım Ltd. Şti.	Check Printing Services
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	Call Management Service
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	Cash Center Services
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	Fraud operation management service
Bileşim Alternatif Dağıtım Kanalları ve Ödeme Hizmetleri A.Ş.	Support Service for Card and Printing Office Services
Kartek (Paycore) Kart ve Bilişim Teknolojileri Tic. A.Ş.	Support Service for Card Payment Systems
Kuryenet Motorlu Kuryecilik ve Dağıtım Hizmetleri A.Ş.	Motorcycle Courier and Delivery Services
Servicium Bilgisayar Hizmetleri Sanayi ve Dış Ticaret A.Ş.	FX mobile infrastructure service
AVI Gayrimenkul Yatırım Danışmanlık A.Ş.	Mortgage Processing and Registration Services
BBS Danışmanlık Gayrimenkul ve Eğitim A.Ş.	Mortgage Processing and Registration Services
FU Gayrimenkul Yatırım Danışmanlık A.Ş.	Mortgage Processing and Registration Services
TEM Kuryecilik Tic. Ltd. Şti.	Cheque Courier and Distribution Services
Scsoft Bilişim Teknolojileri Ltd. Şti.	Distance Customer Acquisition Integration Services
Scsoft Bilişim Teknolojileri Ltd. Şti.	Instant Financing Platform Development Services
Bileşim Finansal Teknolojiler ve Ödeme Sistemleri A.Ş.	ATM Clearing and Settlement System
Compay Ödeme Çözümleri Ltd. Şti.	TOGG Digital Vehicle Finance Integration
Loomis Güvenlik Hizmetleri A.Ş.	Precious Goods Transportation, Counting and Safe Services
Austria Card Turkey Kart Operasyonları A.Ş.	Card Printing and Management

## AFFILIATE COMPANY REPORT

The volume of transactions conducted by Ziraat Katılım Bankası A.Ş. with its associated risk group for the year 2023 and the corresponding explanations can be found in footnote VII of the fifth section of the year-end consolidated report within the Annual Report.

In all transactions made by Ziraat Katılım Bankası A.Ş. with its controlling partner, subsidiaries of the controlling partner, and subsidiaries of Ziraat Katılım Bankası A.Ş. in 2023, it has been concluded that, based on the circumstances and conditions known to us at the time the transaction was made or the measure was taken or avoided, an appropriate counter-action was provided in each transaction and that there were no measures taken or avoided that could have negatively impacted the company and that there were no transactions or measures that would require equalization within this framework.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

# THE AUDIT COMMITTEE'S ASSESSMENTS OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL AND COMPLIANCE, AND RISK MANAGEMENT SYSTEMS

The activities of internal audit, internal control, compliance and risk management in our Bank are carried out by the Supervisory Board, The Directorate of Internal Control and the Directorate of Compliance and the Directorate of Risk Management within the Internal Systems Group under the Audit Committee.

The following is aimed with the organization that is established in a way to include all units, branches and subsidiaries subject to auditing:

- To continue banking operations in a secure manner in line with the legislation, policy, principles and objectives,
- To achieve sustainable profitability targets,
- To perform the financial and administrative reporting in a timely, complete and secure manner,
- To define Ziraat Participation's legal, nominal and financial risks, to measure, report, and monitor the risks and to minimize the concerned risks by controlling them.

### Functioning of Internal Audit

The Supervisory Board audits whether the operations carried out by the Bank's all units, local and international branches, and subsidiaries are in accordance with the law and other relevant legislation and the Bank's strategies, policies, principles and objectives; the effectiveness and adequacy of internal control and risk management systems within the framework of risk-based audit approach.

In line with the BRSA's Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks, the Regulation on Audit of Bank Information Systems and Banking Processes to be Performed by Independent Audit Organizations, the Regulation on Information Systems and Electronic Banking Services of Banks, the Communiqué on Compliance with the Principles and Standards of Interest-Free Banking, especially the Law on Banking, and other relevant external legislative provisions and the Bank's in-house regulations, the Bank's activities, transaction steps and work processes, which constitute the primary and secondary processes, were evaluated by the Board of Auditors in terms of accuracy, effectiveness and efficiency.

Activities of the Board of Inspectors in 2023 are presented below:

When 2023 internal audit plan was determined, risk-based audit and internal audit plan provisions of BRSA's Regulation of Internal Systems and Internal Capital Adequacy Assessment Process were observed. When risks the Bank is exposed to in its operations and controls related with those risks are assessed by the Board of Inspectors, information and data were obtained from the departments at Headquarters and managers' opinions were considered. Based on these data and opinions risk assessment report and risk matrix were created. Consequently, departments, branches and business processes, information systems and other audit activities to be included in the scope of internal audit plan were determined.

Audits of branches, banking processes, information systems, Head Office departments, external/support service firms and others included in the internal audit plan were completed.

Internal audit activities and results conducted in accordance with the "internal audit reports" provisions of BRSA's Regulation of Internal Systems and Internal Capital Adequacy Assessment Process were included in quarterly activity reports.

Reviews/investigation activities which were not included in the audit plan due to their nature and content were conducted by the Board of Inspectors in detail when the cases subject to review / investigation were detected by or reported to the Board of Inspectors. Resulting reports were sent to the Head Office departments or related institutions.

Management representation for 2023, which is prepared to give assurance on effectiveness, adequacy and compatibility of controls over information systems and work processes, included reports on work process audits, information systems audits and external/support service companies' audits.

During the audits conducted by the Board of Inspectors, compliance audits for interest-free banking principles and standards were performed as well. Results of these audits and actions taken as a result of outcomes were taken to the agenda of the two meetings of the Audit Committee and the Advisory Committee.

Suspicious transactions which are caught in basic scenarios created within the scope of central audit activities are reviewed. Central audit activities will continue in 2023 with increased number and variety of scenarios.

Internet-based audit module which is being used at some of the subsidiaries within Ziraat Finance Group is being actively used by continuing developments.

The Supervisory Board closely monitored the changes stipulated by the legislative regulations, the decisions of the Banking Regulation and Supervision Agency and the Central Bank of Türkiye, the Bank's Senior Management and the Headquarters units, and regularly revised the audit points.

Regular onsite and external trainings were held to increase our current staff's level of knowledge. Inspectors performing information systems audits received comprehensive training on network security, Windows security, and secure configuration. Additionally, they completed training to audit the ISO 27001 Information Security Management System, a crucial information security standard. Upon passing the exam at the end of the training, the inspectors earned the ISO 27001 Chief Auditor certificate. Furthermore, inspectors underwent training in SQL Server to enhance their ability to conduct audits using data analytics techniques. Moreover, our inspectors who attended Compliance with Interest-free Banking Principles and Standards and Audit certification program organized by TKKB completed the exam at the end of training and received their certificates.

With its activities, the value it generates and its recommendations, the Audit Board aims to contribute positively to the decision making processes of the Bank's Senior Management.

#### **Operation of the Internal Control System**

Internal Control Department Operations have been established as Branches and Central Control, Head Office Control, Information Systems Internal Control, Participation Banking Control, and Compliance, in accordance with the Bank's strategy objectives and policies, as well as legal legislation. In addition to this, a proactive structure is adopted to provide compliance with changing strategy, risk perception and conditions on a timely basis.

The purpose of Internal Control activities is to ensure the protection of the Bank's assets, effective and efficient conduct of the operations, unity and reliability of the accountancy and reporting system and timely access to the information.

The Internal Control system was designed in a way to cover the Head Office Units, domestic branches, foreign branches and the subsidiaries subject to consolidation as per the provision of the Article 9, paragraph 3 of the "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks ", which is the "Internal Control system is designed to cover the domestic and foreign branches, headquarter units, the subsidiaries subject to consolidation and all activities of the Bank".

The branch control activities are carried out remotely, on-site and from the center within the framework of the control programs prepared according to the opening dates of new branches, most recent reporting dates and periodical risk situations of current branches. In order to increase the risk and control awareness during the internal control activities of the branch and to prevent the losses arising from operational risks, the branch personnel were continuously informed.

Central control activities contributed to internal control culture across the Bank and establishment, development of the internal control system, prevention and reduction of risks via early action and continuous monitoring function. In 2024, the Bank will continue to develop central control processes for proactive, effective and more efficient internal control activities.

In order to make control activities in branches more effective and efficient, they are performed over a web-based Control Module. Thanks to the Control Module, the Bank contributed to compliance of the Bank's operations with external legislation and competitive conditions.

Control activities conducted at the Head Office departments are determined based on regulations and other related legislation, bank policies, rules and banking practices, functions of units, risks, their impacts on the Bank's balance sheet and job descriptions.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

### THE AUDIT COMMITTEE'S ASSESSMENTS OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL AND COMPLIANCE, AND RISK MANAGEMENT SYSTEMS

At Ziraat Participation, internal control activities were carried out on the following topics: functional segregation of duties; division of responsibilities; establishment of the accountancy and reporting system, the information system and the Bank's internal communication channels in a manner that they will operate effectively; the creation of work flow charts in which the controls on the Bank's work processes and work steps are indicated.

R&D studies are conducted in order to carry out technology-focused, central, and real-time internal control activities, and to help the relevant business units to take a rapid action against the common shortcomings.

In 2023, Recommendation Reports were continued to be prepared for the improvement of processes regarding the operations carried out in the Bank and the establishment of control points on these processes, which will be complied and implemented by the personnel from all levels, increasing the effectiveness of the controls on the processes, prevention of possible risks, ensuring customer satisfaction and taking cost reducing measures.

In addition to these issues, the compliance of all the activities, which are realized or planned to be realized by the Bank, and new transactions and products of the Bank with the Law and relevant legislation, the Bank's in-house policies and rules and banking practices and customs are controlled. Moreover, the legislation issued or amended is also examined within the Bank within the scope of compliance controls and the opinions formed are shared with the relevant work units.

Internal Control staff attended numerous trainings during the year for their professional development. In order to increase company-wide awareness for internal control activities, various trainings were organized for Bank employees and Internal Control staff has provided support for those trainings.

Advisory Committee Coordination Service: The Advisory Committee Secretariat and Compliance operations were conducted in a manner that was both effective and efficient within the framework of the Communiqué on Compliance with Interest-Free Banking Principles and Standards. The activities that were conducted within this framework were communicated to the relevant company units.

Furthermore, other findings resulting from all these activities were periodically shared with our Bank's relevant business units and Senior Management.

#### Functioning of Compliance System

Operations of the Bank to prevent the laundering of proceeds of crime, the financing of terrorism, and the proliferation of weapons of mass destruction are conducted in strict compliance with national and international regulations.

Within the framework of 18<sup>th</sup> article of Assessment Processes of the Banks' Internal System and Intrinsic Capital Adequacy, compliance controls were carried out in line with the compliance activities. In this context, our Bank's personnel were informed as soon as possible about the provisions of the law and other relevant legislation, and the changes in the Bank's policies and rules.

Our Bank's compliance policy and procedures have been updated and the organizational structure has been strengthened, within the framework of the "Regulation Amending the Regulation on Measures Regarding Prevention of Laundering Proceeds of Crime and Financing of Terrorism" updated in line with the changes in the Law No. 5549 on the Prevention of Laundering Proceeds of Crime and the changes in the organizational structure of our Bank and the Ziraat Finance Group Compliance Policy.

All operations conducted and planned by the Bank, as well as new transactions and products, are thoroughly checked to ensure compliance with the laws, relevant legislation, internal Bank policies, rules, and banking practices. Moreover, the legislation issued or amended is also examined within the Bank within the scope of compliance controls, and the opinions formed are shared with the relevant work units. The Bank develops preventive control mechanisms to ensure that the products and services it offers are not used as a tool for illegal activities and takes immediate action in the fight against the proceeds of crime with proactive measures.

Inspection, monitoring, reporting, analysis, and control functions are performed within the scope of activities established in accordance with the "Regulation On Program Of Compliance With Obligations Of Anti-Money Laundering And Combating The Financing Of Terrorism" and carried out in accordance with the compliance program, with the aim of preventing the

proceeds of crime, the financing of terrorism, and the proliferation of weapons of mass destruction. Moreover, the Bank's employees are provided with face-to-face and online training regarding the prevention of laundering proceeds of crime and financing of terrorism to ensure they adopt compliance culture at global standards and implement this culture at their work and activities.

As a part of the Ziraat Finance Group, the units operating both in Turkey and abroad conduct their operations in accordance with the policies and procedures established by taking local and international regulations into account, in a manner which does not expose the Bank's products and services to any operational and reputational risk in the areas of money laundering or financing acts terrorism in accordance with local and international regulations.

Regular information sharing is carried out within the framework of the coordinated strategy which is executed regarding the compliance activities of foreign branches. In this context, compliance with the legislation on Laundering Proceeds of Crime and Prevention of Financing of Terrorism/ Proliferation of Weapons of Mass Destruction is ensured in our branches abroad.

Controls are being developed to prevent the risk of sanctions, aiming to avoid engaging in business relations with individuals and organizations included in the sanctions programs followed by the Bank, refraining from providing any services related to the activities subject to sanctions, and avoiding intermediating any banking services that would violate the sanctions.

Findings resulting from all these activities related with the operations of Internal Control and Compliance were shared periodically with related business units and Senior Management.

### **Functioning of Risk Management System**

The main purpose of Ziraat Participation's risk management system is to ensure the definition, measurement, monitoring and control of the risks, to which the Bank is exposed, through the policies and the limits determined to monitor, control, and when necessary to change the operations' nature and level in relation to the risk-return structure that the future cash flows will include.

Ziraat Participation Bank's Risk Management Activities are conducted in accordance with "Regulation on Internal Systems and Internal Capital Adequacy Assessment Process of Banks" and other pertinent regulations, as well as BRSA Good Practice Guidelines, with the aim of cultivating a risk culture throughout the Bank and bringing the risk management function closer to best practices by continuously improving the system and human resources. Activities carried out within the framework of the Risk Management System cover the fundamental categories of credit risk, market risk, operational risk, balance sheet risks (interest rate risk arising from banking accounts, net stable funding rate risk, and liquidity risk), and model-process validation.

The main approach in the risk management activities, instilling risk culture across the Bank in accordance with the provisions of "Regulation on Banks' Internal System and Intrinsic Capital Adequacy Assessment Processes", to execute the risk management function with best practices by continuously improving the system and the human resources.

The activities carried out within the framework of risk management system are given care to be carried out simultaneously with the contributions of the units that are included in the business line with which each risk type is related.

The risk management activities cover the basic headings of credit risk, market risk, operational risk, liquidity risk and other risks. The final objective is to comply with the best practices.

Within the framework of credit risk management activities, the activities for the definition, measurement, monitoring and reporting of the credit risk by using the Standard Approach methods in compliance with Basel III. In this context, the calculation of the amount subject to credit risk, which began legally as of 1 July 2012, is monthly reported to the BRSA in unconsolidated and consolidated basis. The measurement of counterparty credit risk, which falls under the purview of credit risk, is also made using the Standard Approach (SA-CCR) method. Senior management receives the results of scenario analyses and stress tests related to credit risk. Also, the compliance activities with the Basel III regulations and the regulations revised by the BRSA within the framework of Basel are continuing.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

### THE AUDIT COMMITTEE'S ASSESSMENTS OF THE OPERATION OF THE INTERNAL AUDIT, INTERNAL CONTROL AND COMPLIANCE, AND RISK MANAGEMENT SYSTEMS

Operational risk management activities comprise the definition, classification, measurement, and analysis of the operational risks. These activities are carried out as part of the Bank's "Operational Risk Management Regulation" that is prepared in accordance with the arrangements issued on 28 June 2012 by the BRSA to comply with Basel II. The amount subject to operational risk is calculated using the Basic Indicator Method in accordance with the Regulation on Measurement and Assessment of Banks' Capital Adequacy.

The operational risk loss database, which is integrated with the Bank and compatible with the accounting system, is established in accordance with a classification that encompasses the loss event type and activity lines of the Basel Banking Supervision and Audit Committee. This database includes data from foreign and domestic branches and subsidiaries, allowing the Bank to monitor its operational risk outlook with effective methods.

The compliance with the operational risk limits approved by the Board, which are determined in order to manage operational risks, is periodically monitored. The risks stem from information technologies and the actions taken are also monitored. The risk assessments are carried out for the companies from which support services are procured within the framework of the BRSA's regulations that are currently in effect.

As part of operational risk, media analysis reports relevant to reputation risk and provided daily from the Bank's Corporate Communication Department are examined.

Within the scope of market and liquidity risks management, measurement, analysis, limiting, reporting and monitoring activities are carried out pertaining to liquidity risk and dividend rate risk stemming from banking calculations. The analyses conducted are supported with stress test.

The consolidated and unconsolidated Liquidity Coverage Ratio and the profit share ratio risk ratio arising from unconsolidated banking accounts are periodically reported to the BRSA. The compliance to the market and liquidity risk limits, which are approved by the Board and determined to manage the concerned risks, is periodically monitored. Also, Value at Risk is calculated daily with the internal models regarding exchange risk as part of market risk and retrospective test analyses are carried out for these models.

In order to facilitate the modeling and validation activities of the internal rating system, the Risk Management Department continues its infrastructure work by participating in the development and formulation of ongoing credit rating models within the Bank. Additionally, our Bank conducts TFRS-9 Expected Credit Loss calculations and performs the development, monitoring, and validation of the Probability of Default, Loss in Case of Default, and Amount of Default models utilized in the calculations. It also undertakes validation studies to assess the performance of the TFRS-9 Expected Credit Loss model and to implement calibrations as required.

In addition to stress test analysis used in periodic reports, Stress Test reports and ICAAP reports are prepared to be sent to BRSA at year-ends and besides BRSA's scenario sets, equity and liquidity adequacy level is analyzed for the following three years in basis, adverse and extreme scenarios.

The results of the analyses carried out within the scope of risk management activities and risk indicators are reported annually to the Board of Directors, at three months periods to the Audit Committee, at weekly and daily periods to the operational units.

In order to increase the internal systems personnel's individual and occupational development, the personnel was ensured to attend internal and external training, conference and seminars, thus, their practical knowledge level is constantly being developed.



# ZIRAAT PARTICIPATION'S FINANCIAL STANDING, PROFITABILITY AND SOLVENCY

Ziraat Participation, which started its activities in 2015 with the principle of “More as We Share”, carries out its activities with the aim of creating value for its customers and ensuring the efficient and sustainable growth of its customers by focusing on its customers with its strategy of increasing the share of participation banking in the sector.

In 2023, the total assets of Ziraat Participation increased by 80% to reach TL 384.3 billion. Loans constitute the highest share with 68% in total assets. At Ziraat Participation Bank, cash loans increased by 79% compared to the previous year to reach TL 259.8 billion while non-cash loans increased by 73% compared to the previous year to stand at TL 78.3 billion. The Bank's equity, on the other hand, increased by 74% to TL 19.8 billion.

In line with the goal of providing widespread and low-cost resources to contribute to the savings balance of the national economy, funds collected increased by 76% in 2023 in comparison with 2022 year-end and reached TL 304.4 billion. Share of funds collected in balance sheet was 79%. Of the funds collected, 20% consists of private current account and 80% of participation account.

Ziraat Participation closed the year 2023 with a profit of TL 4 billion with its principles of balanced growth sustainable financial performance and profitability. Profit share revenue at an amount of TL 44 billion is the most significant revenue item of the Bank. Profit share received from credits is the largest item in profit share revenues.

The Bank sustained its strong capital structure, high liquidity level and funding capability in 2023. Capital adequacy ratio was 15.10% in 2023.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

## RATIOS

%	December 2022	December 2023
<b>Capital</b>		
Capital Adequacy Ratio	15.42	15.10
Shareholders' Equity/Total Assets	5.33	5.16
<b>Asset Quality</b>		
Total Loans*/Total Assets	68.95	66.02
NPL (Gross)/Total Deposit*	1.28	0.77
Total Loans*/Total Deposit	83.88	83.35
<b>Profitability</b>		
Net Profit (Loss)/Average Total Assets	2.46	1.34
Net Profit (Loss)/Average Shareholders' Equity	48.92	25.66
<b>Income-Expense Structure</b>		
Profit Shares Income/Profit Shares Expense	162.00	114.08
Non-Profit Shares Income/Non-Profit Shares Expenses	56.68	88.76
Total Income/Total Expenses	133.57	109.29
Profit Shares Income/Total Income	88.55	84.63
Non-Profit Shares Income/Total Income	11.45	15.37
Profit Shares Expenses/Total Expenses	73.01	81.07
Non-Profit Shares Expenses/Total Expenses	26.99	18.93

\*Excludes Funds Extended to Financial Sector. includes Financial Leasing Receivables.

# INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

## **Information about Risk Management Policies and Activities According to Type of Risk**

Ziraat Participation risk management activities are continued under the basic approach of aligning the risk management function with the best practices by means of instilling risk culture, continuously improvement of the system and the human resources.

The risk management activities cover the main headings of credit risk, market risk, operational risk, balance sheet risks and validation. Policy and application procedures regarding the afore-mentioned risks are governed by regulations approved by the Board of Directors on the basis of each risk type. Care is given to ensure that all risk management system activities are coordinated through the involved participation of the operational branches with which each type of risk is associated.

Within the scope of "Regulation on Banks' Internal System and Intrinsic Capital Adequacy Assessment Processes", an Intrinsic Capital Adequacy Assessment Process was formulated. The purpose of this process is to identify the required capital to cover the exposed/to be exposed risks and to set up a system that will enable the assessment of the capital requirements and levels compatible with strategic goals and the continuity of this system. Analyses are performed in line with BRSA principles and are further supported by means of risk-specific stress tests and scenario analyses. Stress Test and Capital Adequacy (ICAAP) Reports prepared at year-ends with the contribution of other related units are presented to BRSA after their approval by the Board of Directors.

Compliance to Basel III regulations are carried out within the framework of "Regulation on Measurement and Assessment of Banks' Leverage Level" and "Regulation on the Capital Conservation Buffer and Loop Capital". Additionally, the compliance efforts to the regulation amendments made within the scope of Basel by the BRSA and the "Best Practice Guides" published on the Institution's web site are ongoing.

As part of Basel III liquidity criteria, the Liquidity Coverage Ratio Report is prepared within the scope of "Regulation on the Calculation of Banks' Liquidity Coverage Ratio" and conveyed to the BRSA.

## **Credit Risk**

Credit risk pertains to the potential loss that the Bank might incur as a result of the counterparty involved in a transaction failing to meet the contractual obligations outlined with the Bank, either partially or whole, within the specified timeframe.

Credit risk management includes presentation of credit risks of the Bank, definition of those risks, activities related with measurement, monitoring, control and reporting of those risks.

The Bank calculates its risk weighted assets within the scope of 1<sup>st</sup> Structural Block within the framework of Regulation on Measurement and Evaluation of Capital Adequacy of Banks. In this context, amount subject to credit risk is reported to BRSA on a monthly basis as solo and consolidated. Within the scope of 2<sup>nd</sup> Structural Block, the Bank calculates annual general stress test in accordance with the Bank's plans and scenarios and the Internal Capital Evaluation Process Report is prepared in coordination with the Bank Management and other departments.

Counterparty credit risk refers to the risk that the counterparty, which is the addressee of a transaction that imposes obligations on both parties, would default before the final payment in the cash flow of this transaction. Counterparty credit risk, which is considered within the scope of credit risk, is calculated and reported monthly using the Standard Approach (SA-CCR) method in accordance with the provisions of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks and its annexes. Calculation of counterparty credit risk are made for repurchase and derivative transactions. Additionally, capital adequacy is calculated for credit evaluation adjustment of all derivative transactions.

## **Credit provisions were modeled in accordance with IFRS 9 and calculated based on related legislation.**

The Leverage Ratio is conveyed to the BRSA and the CBRT in three-month periods.

The Company Assessment System is used in order to evaluate the credit worthiness of the customers who are in Ziraat Participation's commercial portfolio. Credit risk limits and trigger values on the basis of risk groups and customer segments, which are approved by the Board of Directors, as well as limits and trigger values of non-performing loan ratio have been calculated. All these values are monitored on a weekly basis.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

### INFORMATION ABOUT RISK MANAGEMENT POLICIES AND ACTIVITIES ACCORDING TO TYPE OF RISK

#### Market Risk

Market risk refers to the potential for financial loss resulting from shifts in profit share rates, exchange rates, commodities, and security prices of the Bank's on-balance sheet and off-balance sheet accounts.

Risk measurement and monitoring activities are carried out in order to reveal the market risks to which Ziraat Participation may be exposed. The results of these activities are taken into account in the Bank's strategic decision-making processes. The market risks and potential effects of the factors that create the risks are measured and regularly reported to the BRSA by Ziraat Participation.

The Standardized Approach methodology is used to calculate the Bank's exposure to market risk, the amount of which is included in its mandatory capital adequacy ratio. Within the context of market risk, exchange risk is also calculated on a daily basis using a VaR-based internal model. The effectiveness of the models being used is also analyzed by means of back testing.

In the conduct of its day-to-day operations, trigger values are monitored as part of the early-warning process that is carried out to protect Ziraat Participation's financial strength from being seriously affected by increases in market volatility. Risk exposure levels are kept within prescribed limits.

#### Operational Risk

Operational risk represents probability of loss due to inadequate or unsuccessful internal processes, people and systems or external events, including legal risk. Amount subject to operational risk is calculated using Basic Indicator Approach.

All employees of the Bank perform their duties with a strong sense of responsibility, recognizing that the principles and practices in the Bank's legislation, particularly the operational risk policy, aim to establish a working environment that is highly aware of operational risks and that will minimize the potential for losses by taking into account the control mechanisms of these risks.

Signals and limits approved by the Board of Directors related with operational risks are established within the scope of internal regulations and being monitored periodically.

Works for monitoring operational risks through the Operational Risk Loss Database are ongoing. The mandatory capital needed to cover the Ziraat Participation's operational risk exposure is calculated using the Basic Indicator Approach methodology. In order to create a basic integrated risk framework, IT-associated risks and the actions taken are also monitored. They are part of operational risk reports presented to Board of Directors.

As part of the Business Continuity Plan, "Business Impact Analyses" works are completed in order both to identify the risks that might arise if the Bank's operations are interrupted and to determine their potential consequences.

In order to ensure the continuity of outsourced support services, the risks that might arise from their procurement are assessed in light of "Regulation on the Outsourcing of Support Services by Banks" issued by the BRSA.

### **Balance Sheet Risks**

Within the scope of balance sheet risks, the target is to effectively manage risks from the Bank's assets, liabilities and off-balance sheet accounts.

Within the scope of balance sheet risks management, risk measurement and monitoring activities are carried out in order to reveal the Liquidity and Dividend Ratio arising from Banking Account risks that the Bank may encounter, and the results are taken into account in the strategic decision-making process of Ziraat Participation.

Liquidity risk consists of liquidity risk from funding and liquidity risk from the market.

Liquidity risk associated with funding pertains to the potential for the Bank to incur a financial loss due to its failure to fulfill all anticipated or unanticipated cash flow obligations or daily operations without impacting its financial framework.

Market-related liquidity risk pertains to the potential for the Bank to incur financial losses as it is unable to close out or balance its positions at prevailing market prices due to insufficient market depth or excessive volatility.

Profit share rate risk is defined as possible losses which may result from assets, liabilities and off-balance sheet transactions that are sensitive to profit share changes.

All on-balance sheet and off-balance sheet items sensitive to dividends are monitored in Banking Accounts, except for the items monitored in trading accounts and the items other than subordinated debts taken into account in the equity calculation as outlined in the BRSA's "Regulation on Equity of Banks". The standard ratio of dividend rate risk arising from banking accounts is calculated for the Bank's on-balance sheet and off-balance sheet positions in accordance with the BRSA's "Regulation on Measurement and Evaluation of Interest Rate Risk in the Banking Book with the Standard Shock Method".

Compliance with mandatory ratios pertaining to liquidity and profit share rate risks arising from banking business accounts is also monitored. When carrying out the liquidity risk control; funding and lending maturity mismatches, assets' and liabilities' re-pricing as well as contractual maturities, the level of primary (cash and cash-equivalent) liquidity reserves needed to conduct the Bank's normal day-to-day operations, Central Bank liquidity facilities to which recourse may be had in order to cope with unexpected liquidity requirements are monitored. In addition to the foregoing, scenario and sensitivity analyses regarding liquidity risk are performed.

Signal values are followed and risk levels are limit as part of early warning process to prevent the Bank's financial strength from increased volatility in the markets and mismatch that can be seen on cash inflows and outflows while carrying out daily activities. Risk limits are determined observing liquidity situation, targeted return level and risk appetite and become effective upon approval of the Board of Directors.

### **Modeling and Validation**

The Risk Management Department is in charge of conducting our Bank's TFRS-9 Expected Credit Loss calculations. The models used to calculate the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD) parameters used in this calculation undergo regular reviews. Validation studies were conducted in 2023 to assess the Probability of Default parameter, while the performance of other parameters was closely monitored throughout the year. Furthermore, the Company Evaluation System used in the allocation process and the Revenue Estimation Model used in the credit card limit assignment system underwent validation studies.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

## SUMMARY BALANCE SHEET AND INCOME STATEMENT

(TL thousand)

Assets	December 2019	December 2020	December 2021	December 2022	December 2023
Liquid Assets	3,810,683	10,273,948	18,639,347	38,204,442	73,659,078
Securities Portfolio	2,952,183	6,895,629	11,702,431	27,215,503	43,136,449
Loans*	28,991,184	42,206,410	66,399,920	144,858,268	259,770,687
Other Assets	638,123	811,009	1,570,894	3,065,377	7,690,391
<b>Total Assets</b>	<b>36,392,173</b>	<b>60,186,996</b>	<b>98,312,592</b>	<b>213,343,590</b>	<b>384,256,605</b>

Liabilities	December 2019	December 2020	December 2021	December 2022	December 2023
Funds Collected	25,457,245	46,386,150	77,933,897	173,139,198	304,372,374
Other Funds	6,010,284	8,625,463	12,605,353	21,400,178	51,646,783
Other Liabilities	1,757,817	1,441,110	3,451,607	7,425,769	8,405,901
Shareholders' Equity	3,166,827	3,734,273	4,321,735	11,378,445	19,831,547
<b>Total Liabilities</b>	<b>36,392,173</b>	<b>60,186,996</b>	<b>98,312,592</b>	<b>213,343,590</b>	<b>384,256,605</b>

Selected Income/ Expenses	December 2019	December 2020	December 2021	December 2022	December 2023
Profit Shares Income	3,594,457	4,191,345	6,259,916	20,231,260	43,986,005
Profit Shares Expense	2,225,532	2,122,807	4,745,377	12,488,773	38,557,020
Net Profit Shares Income/ Expense	1,368,925	2,068,538	1,514,539	7,742,487	5,428,985
Net Fees and Commissions Income/Expense	94,452	92,541	147,334	245,945	2,931,888
Dividend Income	17,762	104	-	774	714
Trading Income/Loss (net)	69,478	83,310	214,813	1,214,691	2,158,546
Other Operating Income	159,008	268,144	551,638	876,254	2,113,854
Provision Expense	579,415	1,168,068	988,603	2,931,630	3,318,215
Personnel Expense	183,767	235,155	317,383	798,367	2,086,880
Other Operating Expense	241,143	316,932	392,167	886,388	2,811,685
Income Before Tax	705,300	792,482	730,171	5,463,766	4,417,207
Tax Provision	(188,565)	(153,920)	(171,482)	(1,623,494)	(412,710)
<b>Net Profit/Loss</b>	<b>516,735</b>	<b>638,562</b>	<b>558,689</b>	<b>3,840,272</b>	<b>4,004,497</b>

\*Financial Leasing, Expected Loss Provisions and Non-Performing Receivables are included.

## CREDIT RATING AGENCY'S NOTES

Rating Agency	Category	Credit Note	Date
Fitch Ratings	Long Term Foreign Currency Credit Note	B-	22 September 2023
	Short Term Foreign Currency Credit Note	B	
	Long Term Turkish lira Credit Note	B	
	Short Term Turkish lira Credit Note	B	
	National Long Term Credit Note	AA (tur)	
	Support Note	b-	

# UNCONSOLIDATED FINANCIAL STATEMENTS, RELATED EXPLANATIONS AND NOTES AS OF 31 December 2023 WITH AUDITOR'S REPORT

(Convenience translation of unconsolidated financial statements and related disclosures originally issued in Turkish)

## FINANCIAL INFORMATION AND RISK MANAGEMENT

# INDEPENDENT AUDITOR'S REPORT

### CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH (See Note I b of Section Three)

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi

#### A. Audit of the Unconsolidated Financial Statements

##### 1. Qualified Opinion

We have audited the accompanying unconsolidated financial statements of Ziraat Katılım Bankası Anonim Şirketi (the "Bank"), which comprise the statement of unconsolidated balance sheet as at 31 December 2023, 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 for the year then ended and the notes to the unconsolidated financial statements and a summary of significant accounting policies and unconsolidated financial statement notes.

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for qualified opinion section of our report, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

##### 2. Basis for Qualified Opinion

As explained in Section Five Part II. 8.c.1 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2023 include 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.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

##### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.



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**Key Audit Matters****Expected credit losses for loans and receivables**

The Bank has total expected credit losses for loans amounting to TRY 3,838.655 thousand in respect to total loans and receivables amounting to TRY 263,609.342 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2023. Explanations and notes related to expected credit losses provisions for loans and receivables are presented Section Three VII, Section Three VIII, Section Four II, Section Four IX-3, Section Five I.6 and Section Five II-8 in the accompanying unconsolidated financial statements as at 31 December 2023.

The Bank recognizes provision for impairment in accordance with "TFRS 9 Financial Instruments" ("TFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Bank exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.

The Bank uses complex models to determine significant increase in credit risk and calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.

Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loan balances; the classification of loans as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.

**How the key audit matter was addressed in the audit**

With respect to stage classification of loans and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.

For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions made by the Bank's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations with our financial risk experts.

We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).

Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used and the results of validation studies.

We have checked selected models used in determination of expected loss provisions for various credit portfolios with our financial risk experts by reperforming on a sample selection basis.

We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.

For a selected sample, we checked accuracy of resultant expected credit losses calculations.

To assess appropriateness of the Bank's determination of staging for credit risk within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.

We evaluated the adequacy of the disclosures made in the unconsolidated financial statements regarding the provision for impairment of loans.

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**4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

The Bank management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

**5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

### INDEPENDENT AUDITOR'S REPORT

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **B. Other Responsibilities Arising From Regulatory Requirements**

- No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
- In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

#### **Additional Paragraph for Convenience Translation**

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Zeynep Uras, SMMM  
Independent Auditor

Istanbul, 15 February 2024

## THE UNCONSOLIDATED FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş. AS OF 31 December 2023

The Bank's Headquarter Address : Hobyar Eminönü Mahallesi  
Hayri Efendi Cad. Bahçekapı No: 12 34112 Fatih/İSTANBUL  
Phone : (212) 404 11 00  
Facsimile : (212) 404 10 81  
Website : www.ziraatkatilim.com.tr  
E-mail : bilgi@ziraatkatilim.com.tr

The unconsolidated financial report for the year 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
- INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- EXPLANATIONS AND DISCLOSURES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- AUDITOR'S REPORT

The accompanying unconsolidated financial statements and notes to these financial statements for year 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 audited.

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Alpaslan ÇAKAR  
Chairman of the Board

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

---

Metin ÖZDEMİR  
Member of the Board,  
General Manager

---

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

---

Osman KARAKÜTÜK  
Vice President of Treasury Management  
and International Banking

---

Figen BAHADIR  
Head of Financial Coordination  
Department

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

Name-Surname/Position : Erdem DENİZHAN/Financial Reporting Manager  
Tel No : 0 216 559 22 56  
Facsimile : 0 212 404 10 80

# FINANCIAL INFORMATION AND RISK MANAGEMENT

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## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 November 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 14 May 2015. The Bank has begun its operations by opening its first branch in 29 May 2015. In accordance with the decision of the Bank's Ordinary General Assembly Meeting held on 29 April 2016, the paid-in capital of the Bank has been increased in cash by 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 Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised from TRY 1.250.000 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 March 25, 2022, its paid-in capital was increased by TRY 900.000 in cash to TRY 2.650.000. At the Bank's 2023 Extraordinary General Assembly held on March 31, 2023, its paid-in capital was increased by 4,700,000 TRY in cash to 7.350.000 TRY. At the Bank's Second Extraordinary General Assembly for 2023 held on December 6, 2023, its paid-in capital was increased by 3.000.000 TRY in cash to 10.350.000 TRY.

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

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

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

All of the shares of the of the Bank, Ziraat Katılım Bankası A.Ş. has been transferred from Republic of Turkey Prime Ministry Undersecretariat of Treasury to the Turkey Wealth Fund according to enactment dated 24 January 2017, no 2017/9756 by the Council of Ministry.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 31 December 2023 and 31 December 2022, main shareholders and capital amounts as follows:

Name of Shareholders	31 December 2023		31 December 2022	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş.	10.350.000	99,99999996	2.650.000	99,99999984
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	-	0,00000001	-	0,00000004
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.	-	0,00000001	-	0,00000004
Ziraat Teknoloji A.Ş.	-	0,00000001	-	0,00000004
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,00000001	-	0,00000004
<b>Total</b>	<b>10.350.000</b>	<b>100,00</b>	<b>2.650.000</b>	<b>100,00</b>

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

Name	Title
<b>Board of Directors</b>	
Alpaslan ÇAKAR	Chairman
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, Member of Pricing 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 Credit Committee, Member of Corporate Management Committee
Murat CANGÜL (*)	Member of the BOD, Member of Pricing Committee
<b>Assistant General Manager</b>	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Ertuğrul İSPAHA	Corporate Banking
Seher Elif EKİCİ	Credit Policies and Risk Liquidation
Mustafa Kürşad ÇETİN (**)	Retail Banking

(\*) He was appointed as a member of the Board of Directors as of August 3, 2023.

(\*\*) He was appointed as Deputy General Manager of Retail Banking as of September 27, 2023.

The Bank’s Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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	Share Amount	Shareholding percentage	Paid Shares	Unpaid Shares
T.C. Ziraat Bankası A.Ş.	10.350.000	100,00	10.350.000	-
<b>Total</b>	<b>10.350.000</b>	<b>100,00</b>	<b>10.350.000</b>	<b>-</b>

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

Operation field of Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

The Bank sorts out participation accounts and participation accounts based on investment proxy contracts discretely from the other accounts in its account records in terms of their maturity. Participation accounts are opened in 5 maturity groups as maturity to one month, maturity to three months (three months included), maturity to nine months (nine 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 December 31, 2023, the Bank has 189 branches in the country and a total of 191 branches abroad, including the Sudan branch, which started its operations as of August 27, 2020, and the Somali branch, which started its operations as of September 5, 2023 (December 31, 2022: 155 domestic, 1 foreign). operates as. As of 31 December 2023, the Bank's number of personnel is 2,430 (31 December 2022: 1,904).

#### VI. THE DIFFERENCES BETWEEN THE COMMUNIQUE ON THE REGULATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND THE CONSOLIDATION TRANSACTIONS CONDUCTED IN REQUIREMENT OF TURKISH ACCOUNTING STANDARDS AND THE DIFFERENCES BETWEEN THE COMMUNICATION ON THE REGULATION OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE BANKS AND THE CONSOLIDATED TRANSACTIONS CONDUCTED IN REQUIREMENT OF THE TURKISH ACCOUNTING STANDARDS AND THESE ITEMS THAT ARE SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION, DEMOTED FROM EQUITY OR BRIEF DESCRIPTION ABOUT ORGANIZATIONS NOT INCLUDED IN THE METHOD

Among the consolidation transactions carried out in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards, the Bank's subsidiaries are Ziraat Katılım Varlık Kiralama Şirketi A.Ş., established on 22 January 2016, and ZKB Varlık Kiralama Şirketi A.Ş., established on 8 September 2017. There is no difference since they are included in the scope of full consolidation.

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

None.



Ziraat Katılım Bankası A.Ş.

## **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

### **SECTION TWO**

#### **THE BANK’S UNCONSOLIDATED FINANCIAL STATEMENTS**

- I.** Unconsolidated Balance sheet (Statement of financial position)
- II.** Unconsolidated Statement of off-balance sheet commitments
- III.** Unconsolidated Statement of profit or loss
- IV.** Unconsolidated Statement of profit or loss and other comprehensive income
- V.** Unconsolidated Statements of changes in shareholders’ equity
- VI.** Unconsolidated Statements of cash flow
- VII.** Unconsolidated Statement of profit distribution

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 December 2023

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

AKTİF VASSETLER	Note (V-I)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
<b>I. FINANCIAL ASSETS (NET)</b>		<b>38.243.744</b>	<b>56.778.131</b>	<b>95.021.875</b>	<b>22.622.345</b>	<b>37.540.469</b>	<b>60.162.814</b>
<b>1.1 Cash And Cash Equivalents</b>		<b>24.310.294</b>	<b>49.348.784</b>	<b>73.659.078</b>	<b>6.424.337</b>	<b>31.780.105</b>	<b>38.204.442</b>
1.1.1 Cash And Balances With Central Bank	(1)	24.206.770	36.433.541	60.640.311	6.310.803	18.663.442	24.974.245
1.1.2 Banks	(2)	114.562	12.915.243	13.029.805	134.657	13.116.663	13.251.320
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		11.038	-	11.038	21.123	-	21.123
<b>1.2 Financial Assets Measured At Fair Value Through Profit/Loss</b>	(3)	-	<b>3.812.067</b>	<b>3.812.067</b>	-	<b>2.133.604</b>	<b>2.133.604</b>
1.2.1 Government Securities		-	3.812.067	3.812.067	-	2.133.604	2.133.604
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	(4)	<b>13.930.460</b>	<b>3.616.542</b>	<b>17.547.002</b>	<b>16.183.679</b>	<b>3.626.618</b>	<b>19.810.297</b>
1.3.1 Government Securities		13.001.450	3.616.542	16.617.992	15.139.990	3.626.618	18.766.608
1.3.2 Equity Securities		52.913	-	52.913	52.341	-	52.341
1.3.3 Other Financial Assets		876.097	-	876.097	991.348	-	991.348
<b>1.4 Derivative Financial Assets</b>	(5)	<b>2.990</b>	<b>738</b>	<b>3.728</b>	<b>14.329</b>	<b>142</b>	<b>14.471</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		2.990	738	3.728	14.329	142	14.471
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (NET)</b>		<b>178.139.272</b>	<b>103.461.708</b>	<b>281.600.980</b>	<b>99.369.290</b>	<b>50.812.921</b>	<b>150.182.211</b>
<b>2.1 Loans</b>	(6)	<b>122.689.489</b>	<b>88.274.149</b>	<b>210.963.638</b>	<b>84.712.509</b>	<b>41.627.471</b>	<b>126.339.980</b>
<b>2.2 Lease Receivables</b>	(6)	<b>41.601.878</b>	<b>11.043.826</b>	<b>52.645.704</b>	<b>14.356.192</b>	<b>6.879.132</b>	<b>21.235.324</b>
<b>2.3 Measured at Amortized Cost</b>	(7)	<b>17.374.116</b>	<b>4.456.177</b>	<b>21.830.293</b>	<b>2.715.329</b>	<b>2.608.614</b>	<b>5.323.943</b>
2.3.1 Government Securities		17.374.116	4.456.177	21.830.293	2.715.329	2.608.614	5.323.943
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Credit Losses (-)</b>		<b>3.526.211</b>	<b>312.444</b>	<b>3.838.655</b>	<b>2.414.740</b>	<b>302.296</b>	<b>2.717.036</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(8)	<b>427.229</b>	-	<b>427.229</b>	<b>274.644</b>	-	<b>274.644</b>
3.1 Assets Held for Sale		427.229	-	427.229	274.644	-	274.644
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES</b>	(9)	<b>22.600</b>	-	<b>22.600</b>	<b>100</b>	-	<b>100</b>
<b>4.1 Associates (Net)</b>		<b>22.500</b>	-	<b>22.500</b>	-	-	-
4.1.1 Associates Consolidated Under Equity Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		22.500	-	22.500	-	-	-
<b>4.2 Subsidiaries (Net)</b>		<b>100</b>	-	<b>100</b>	<b>100</b>	-	<b>100</b>
4.2.1 Unconsolidated Financial Investments in Subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		-	-	-	-	-	-
4.3.1 Joint-Ventures Consolidated Under Equity Accounting		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	(10)	<b>2.159.859</b>	<b>5.840</b>	<b>2.165.699</b>	<b>594.099</b>	<b>843</b>	<b>594.942</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(11)	<b>692.634</b>	-	<b>692.634</b>	<b>342.454</b>	-	<b>342.454</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		692.634	-	692.634	342.454	-	342.454
<b>VII. INVESTMENT PROPERTY (NET)</b>	(12)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		-	-	-	-	-	-
<b>IX. DEFERRED TAX ASSETS</b>	(13)	<b>2.478.105</b>	-	<b>2.478.105</b>	<b>788.020</b>	-	<b>788.020</b>
<b>X. OTHER ASSETS</b>	(14)	<b>1.505.019</b>	<b>342.464</b>	<b>1.847.483</b>	<b>925.248</b>	<b>73.157</b>	<b>998.405</b>
<b>TOTAL ASSETS</b>		<b>223.668.462</b>	<b>160.588.143</b>	<b>384.256.605</b>	<b>124.916.200</b>	<b>88.427.390</b>	<b>213.343.590</b>

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

# UNCONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 December 2023

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

LIABILITIES	Note (V-II)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	185.040.926	119.331.448	304.372.374	105.446.174	67.693.024	173.139.198
<b>II. FUNDS BORROWED</b>	(2)	12.087.572	22.801.405	34.888.977	5.722.527	4.182.250	9.904.777
<b>III. MONEY MARKETS DEBTS</b>	(3)	435.678	10.528.455	10.964.133	57.003	7.498.996	7.555.999
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	-	-	-	-	-	-
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(5)	-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(6)	-	153.095	153.095	-	62.998	62.998
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	153.095	153.095	-	62.998	62.998
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	(7)	785.859	-	785.859	335.946	-	335.946
<b>VIII. PROVISIONS</b>	(8)	1.456.125	1.476.173	2.932.298	1.624.034	541.975	2.166.009
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		247.253	-	247.253	154.439	-	154.439
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		1.208.872	1.476.173	2.685.045	1.469.595	541.975	2.011.570
<b>IX. CURRENT TAX LIABILITY</b>	(9)	866.770	198	866.968	1.487.212	2	1.487.214
<b>X. DEFERRED TAX LIABILITY</b>	(10)	-	-	-	-	-	-
<b>XI. LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	1.341.987	4.451.686	5.793.673	1.341.748	2.597.654	3.939.402
12.1 Loans		1.341.987	4.451.686	5.793.673	1.341.748	2.597.654	3.939.402
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(13)	2.408.661	1.259.020	3.667.681	2.056.100	1.317.502	3.373.602
<b>XIV. SHAREHOLDERS' EQUITY</b>	(14)	19.863.305	(31.758)	19.831.547	11.496.416	(117.971)	11.378.445
14.1 Paid-in capital		10.350.000	-	10.350.000	2.650.000	-	2.650.000
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		(129.539)	-	(129.539)	(94.077)	-	(94.077)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(761.298)	(31.758)	(793.056)	2.540.848	(117.971)	2.422.877
14.5 Profit Reserves		6.138.132	-	6.138.132	2.297.860	-	2.297.860
14.5.1 Legal Reserves		312.264	-	312.264	120.251	-	120.251
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		5.779.801	-	5.779.801	2.131.542	-	2.131.542
14.5.4 Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6 Profit or (Loss)		4.004.497	-	4.004.497	3.840.272	-	3.840.272
14.6.1 Prior Period Profit/Loss		-	-	-	-	-	-
14.6.2 Current Period Profit/Loss		4.004.497	-	4.004.497	3.840.272	-	3.840.272
<b>TOTAL LIABILITIES</b>		<b>224.286.883</b>	<b>159.969.722</b>	<b>384.256.605</b>	<b>129.567.160</b>	<b>83.776.430</b>	<b>213.343.590</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 December 2023

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

	Note (V-III)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>		<b>44.556.727</b>	<b>56.166.174</b>	<b>100.722.901</b>	<b>28.889.269</b>	<b>34.877.714</b>	<b>63.766.983</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(1)</b>	<b>38.343.405</b>	<b>39.987.128</b>	<b>78.330.533</b>	<b>21.569.718</b>	<b>23.621.764</b>	<b>45.191.482</b>
1.1 Letters of Guarantee		38.324.265	30.767.784	69.092.049	21.211.314	16.733.373	37.944.687
1.1.1 Guarantees Subject to State Tender Law		652.636	21.831.242	22.483.878	370.605	10.953.388	11.323.993
1.1.2 Guarantees Given for Foreign Trade Operations		30.182.880	-	30.182.880	15.639.249	-	15.639.249
1.1.3 Other Letters of Guarantee		7.488.749	8.936.542	16.425.291	5.201.460	5.779.985	10.981.445
1.2 Bank Acceptances		-	414.759	414.759	-	74.133	74.133
1.2.1 Import Letter of Acceptance		-	414.759	414.759	-	74.133	74.133
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	7.928.282	7.928.282	846	5.650.093	5.650.939
1.3.1 Documentary Letters of Credit		-	7.928.282	7.928.282	846	5.650.093	5.650.939
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Other Guarantees		10.586	876.303	886.889	340.558	1.164.165	1.504.723
1.7 Other Collaterals		8.554	-	8.554	17.000	-	17.000
<b>II. COMMITMENTS</b>	<b>(1)</b>	<b>6.163.310</b>	<b>1.289.972</b>	<b>7.453.282</b>	<b>2.401.997</b>	<b>428.407</b>	<b>2.830.404</b>
2.1 Irrevocable Commitments		6.163.310	1.289.972	7.453.282	2.401.997	428.407	2.830.404
2.1.1 Forward asset purchase commitments		508.849	1.289.972	1.798.821	292.171	428.407	720.578
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		1.708.702	-	1.708.702	748.093	-	748.093
2.1.7 Tax and Fund Liabilities from Export Commitments		296.293	-	296.293	95.161	-	95.161
2.1.8 Commitments for Credit Card Limits		2.342.967	-	2.342.967	544.655	-	544.655
2.1.9 Commitments for Credit Cards and Banking Services Promotions		2.276	-	2.276	458	-	458
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		1.304.223	-	1.304.223	721.459	-	721.459
2.2 Revocable Commitments		-	-	-	-	-	-
2.2.1 Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2 Other Revocable Commitments		-	-	-	-	-	-

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

## UNCONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 December 2023

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

	Note (V-III)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>50.012</b>	<b>14.889.074</b>	<b>14.939.086</b>	<b>4.917.554</b>	<b>10.827.543</b>	<b>15.745.097</b>
3.1 Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1 Fair value hedge		-	-	-	-	-	-
3.1.2 Cash flow hedge		-	-	-	-	-	-
3.1.3 Foreign Net Investment Hedges		-	-	-	-	-	-
3.2 Trading Derivative Financial Instruments		50.012	14.889.074	14.939.086	4.917.554	10.827.543	15.745.097
3.2.1 Forward Foreign Currency Buy/Sell Transactions		50.012	44.662	94.674	-	-	-
3.2.1.1 Forward Foreign Currency Transactions-Buy		50.012	-	50.012	-	-	-
3.2.1.2 Forward Foreign Currency Transactions-Sell		-	44.662	44.662	-	-	-
3.2.2 Other Forward Buy/Sell Transaction		-	14.844.412	14.844.412	4.917.554	10.827.543	15.745.097
3.3 Other		-	-	-	-	-	-
<b>B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>		<b>300.753.601</b>	<b>61.244.711</b>	<b>361.998.312</b>	<b>131.287.786</b>	<b>32.489.349</b>	<b>163.777.135</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>15.313.288</b>	<b>25.398.103</b>	<b>40.711.391</b>	<b>8.152.999</b>	<b>13.565.085</b>	<b>21.718.084</b>
4.1 Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2 Investment Securities Held in Custody		2.998.906	19.107	3.018.013	3.865.882	4.149.611	8.015.493
4.3 Checks Received for Collection		8.050.832	165.195	8.216.027	3.857.006	247.942	4.104.948
4.4 Commercial Notes Received for Collection		1.022.775	518.334	1.541.109	429.039	26.523	455.562
4.5 Other Assets Received for Collection		-	-	-	-	-	-
4.6 Assets Received for Public Offering		-	-	-	-	-	-
4.7 Other Items Under Custody		3.240.775	6.942.970	10.183.745	1.072	2.940.304	2.941.376
4.8 Custodians		-	17.752.497	17.752.497	-	6.200.705	6.200.705
<b>V. PLEDGES RECEIVED</b>		<b>285.440.313</b>	<b>35.846.608</b>	<b>321.286.921</b>	<b>123.134.787</b>	<b>18.924.264</b>	<b>142.059.051</b>
5.1 Marketable Securities		2.210.399	63.993	2.274.392	1.924.744	50.069	1.974.813
5.2 Guarantee Notes		10.971.967	214.321	11.186.288	8.077.568	171.660	8.249.228
5.3 Commodity		28.617.839	10.953.703	39.571.542	8.401.325	3.859.726	12.261.051
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		200.678.424	20.355.321	221.033.745	86.435.593	12.437.005	98.872.598
5.6 Other Pledged Items		42.961.684	4.259.270	47.220.954	18.295.557	2.405.804	20.701.361
5.7 Pledged Items-Depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>345.310.328</b>	<b>117.410.885</b>	<b>462.721.213</b>	<b>160.177.055</b>	<b>67.367.063</b>	<b>227.544.118</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 December 2023

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

INCOME/EXPENSE ITEMS	Note (V-IV)	Current Period 01 January - 31 December 2023	Prior Period 01 January - 31 December 2022
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>43.986.005</b>	<b>20.231.260</b>
1.1 Profit Share on Loans		26.168.052	13.852.733
1.2 Profit Share on Reserve Deposits		-	57.944
1.3 Profit Share on Banks		493.733	177.405
1.4 Profit Share on Money Market Placements		-	-
1.5 Profit Share on Marketable Securities Portfolio		7.576.685	4.848.469
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		71.248	43.356
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		5.659.038	4.557.941
1.5.3 Financial Assets Measured at Amortised Cost		1.846.399	247.172
1.6 Financial Lease Income		9.670.682	1.257.347
1.7 Other Profit Share Income		76.853	37.362
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>38.557.020</b>	<b>12.488.773</b>
2.1 Expense on Profit Sharing Accounts		34.928.340	10.604.501
2.2 Profit Share Expense on Funds Borrowed		2.947.124	1.391.058
2.3 Profit Share Expense on Money Market Borrowings		552.424	431.205
2.4 Expense on Securities Issued		-	-
2.5 Lease Profit Share Expense		108.626	52.128
2.6 Other Profit Share Expenses		20.506	9.881
<b>III. NET PROFIT SHARE INCOME (I - II)</b>		<b>5.428.985</b>	<b>7.742.487</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>2.931.888</b>	<b>245.945</b>
4.1 Fees and Commissions Received		3.701.617	524.704
4.1.1 Non-cash Loans		503.059	292.805
4.1.2 Other		3.198.558	231.899
4.2 Fees and commissions paid		769.729	278.759
4.2.1 Non-cash Loans		-	-
4.2.2 Other		769.729	278.759
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>714</b>	<b>774</b>
<b>VI. NET TRADING INCOME</b>	<b>(4)</b>	<b>2.158.546</b>	<b>1.214.691</b>
6.1 Capital Market Transaction Gains/Losses		(16.693)	909.591
6.2 Gains/Losses From Derivative Financial Instruments		703.477	144.979
6.3 Foreign Exchange Gains/Losses		1.471.762	160.121
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>2.113.854</b>	<b>876.254</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>12.633.987</b>	<b>10.080.151</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	<b>(6)</b>	<b>3.136.003</b>	<b>1.869.894</b>
<b>X. OTHER PROVISIONS (-)</b>	<b>(6)</b>	<b>182.212</b>	<b>1.061.736</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>2.086.880</b>	<b>798.367</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>2.811.685</b>	<b>886.388</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>4.417.207</b>	<b>5.463.766</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		-	-
<b>XV. INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XV)</b>	<b>(8)</b>	<b>4.417.207</b>	<b>5.463.766</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(412.710)</b>	<b>(1.623.494)</b>
18.1 Current Tax Provision		(724.534)	(2.911.395)
18.2 Expense Effect of Deferred Tax (+)		(915.460)	(9.407)
18.3 Income Effect of Deferred Tax (-)		1.227.284	1.297.308
<b>XIX. NETOPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>	<b>(10)</b>	<b>4.004.497</b>	<b>3.840.272</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1 Income from Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses on Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses from Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX-XX)</b>		-	-
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		-	-
23.1 Current Tax Charge		-	-
23.2 Expense Effect of Deferred Tax (+)		-	-
23.3 Income Effect of Deferred Tax (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)</b>		-	-
<b>XXV. NET PROFIT/LOSS (XVIII+XXIII)</b>	<b>(11)</b>	<b>4.004.497</b>	<b>3.840.272</b>
Earnings per share income/loss (Full TRY)		0,6351	1,6279

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

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 December 2023

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

	Current Period 01 January 2023 - 31 December 2023	Prior Period 01 January 2022 - 31 December 2022
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>4.004.497</b>	<b>3.840.272</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(3.251.395)</b>	<b>2.316.438</b>
<b>2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss</b>	<b>(35.462)</b>	<b>(87.182)</b>
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	(43.611)	(109.339)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	(1.915)	289
2.1.5 Deferred Taxes on Other Comprehensive Income not to be Recycled to Profit or Loss	10.064	21.868
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>(3.215.933)</b>	<b>2.403.620</b>
2.2.1 Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(4.594.190)	3.204.826
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 Deferred Taxes on Other Comprehensive Income to be Recycled to Profit or Loss	1.378.257	(801.206)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>753.102</b>	<b>6.156.710</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 December 2023

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		
					1	2	3
<b>PRIOR PERIOD</b>							
<b>31 December 2022</b>							
I. Prior Period End Balance	1.750.000	-	-	261.513	-	(6.895)	-
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)	1.750.000	-	-	261.513	-	(6.895)	-
IV. Total Comprehensive Income	-	-	-	-	-	(87.471)	289
V. Capital Increase by Cash	900.000	-	-	-	-	-	-
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 <sup>(*)</sup>	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
<b>Period End Balance (III+IV.....+X+XI)</b>	<b>2.650.000</b>	<b>-</b>	<b>-</b>	<b>261.513</b>	<b>-</b>	<b>(94.366)</b>	<b>289</b>
<b>CURRENT PERIOD</b>							
<b>31 December 2023</b>							
I. Prior Period End Balance	2.650.000	-	-	261.513	-	(94.366)	289
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)	2.650.000	-	-	261.513	-	(94.366)	289
IV. Total Comprehensive Income	-	-	-	-	-	(33.547)	(1.915)
V. Capital Increase by Cash	7.700.000	-	-	-	-	-	-
VI. Capital Increase by Internal Sources	-	-	-	-	-	-	-
VII. Paid-in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments	-	-	-	-	-	-	-
X. Increase/decrease by other Changes	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
<b>Period end Balance (III+IV.....+X+XI)</b>	<b>10.350.000</b>	<b>-</b>	<b>-</b>	<b>261.513</b>	<b>-</b>	<b>(127.913)</b>	<b>(1.626)</b>

- 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.



**Accumulated Other Comprehensive  
Income or Expense Reclassified  
through Profit or Loss**

4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Shareholders' Equity
-	19.257	-	1.739.171	558.689	-	4.321.735
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	19.257	-	1.739.171	558.689	-	4.321.735
-	2.403.620	-	-	-	3.840.272	6.156.710
-	-	-	-	-	-	900.000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	558.689	(558.689)	-	-
-	-	-	-	-	-	-
-	-	-	558.689	(558.689)	-	-
-	-	-	-	-	-	-
-	2.422.877	-	2.297.860	-	3.840.272	11.378.445
-	2.422.877	-	2.297.860	3.840.272	-	11.378.445
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2.422.877	-	2.297.860	3.840.272	-	11.378.445
-	(3.215.933)	-	-	-	4.004.497	753.102
-	-	-	-	-	-	7.700.000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	3.840.272	(3.840.272)	-	-
-	-	-	-	-	-	-
-	-	-	3.840.272	(3.840.272)	-	-
-	-	-	-	-	-	-
-	(793.056)	-	6.138.132	-	4.004.497	19.831.547

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 December 2023

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

	Note (V-IV)	Current Period 01 January 2023 - 31 December 2023	Prior Period 01 January 2022 - 31 December 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1 Operating profit before changes in operating assets and liabilities)</b>		<b>6.051.687</b>	<b>7.465.717</b>
1.1.1 Profit Share Income Received		37.366.067	17.118.441
1.1.2 Profit Share Expense Paid		(33.095.831)	(9.244.138)
1.1.3 Dividend Received		714	774
1.1.4 Fees and Commissions Received		4.101.817	786.063
1.1.5 Other Income		1.802.999	1.199.956
1.1.6 Collections from Previously Written-off Loans		652.283	380.055
1.1.7 Payments to Personnel and Service Suppliers		(2.086.880)	(798.367)
1.1.8 Taxes Paid		(4.539.129)	(1.854.974)
1.1.9 Others		1.849.647	(122.093)
<b>1.2 Changes in Operating Assets and Liabilities</b>		<b>21.184.214</b>	<b>15.810.639</b>
1.2.1 Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(1.675.070)	(342.655)
1.2.2 Net (Increase)/Decrease in Due From Banks And Other Financial Institutions		(16.286.538)	(6.902.199)
1.2.3 Net (Increase)/Decrease in Loans		(77.399.439)	(63.868.472)
1.2.4 Net (Increase)/Decrease in Other Assets		(32.266.271)	(12.282.737)
1.2.5 Net Increase/(Decrease) in Bank Funds		(209.618)	(3.735.381)
1.2.6 Net Increase/(Decrease) in Other Funds		121.076.205	95.726.345
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		24.711.294	2.506.334
1.2.9 Net Increase/(Decrease) in Payables		-	-
1.2.10 Net Increase/(Decrease) in Other Liabilities		3.233.651	4.709.404
<b>I. Net Cash Provided from Banking Operations</b>		<b>27.235.901</b>	<b>23.276.356</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II. Net Cash Provided from Investing Activities</b>		<b>(17.783.502)</b>	<b>(11.853.666)</b>
2.1 Cash Paid For Purchase Jointly Controlled Operations, Associates And Subsidiaries		(22.500)	-
2.2 Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries		-	-
2.3 Purchases of Tangible Assets		(1.765.053)	(538.972)
2.4 Disposals of Tangible Assets		5.005	182.994
2.5 Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		(6.249.655)	(13.417.799)
2.6 Sale of Financial Assets at Fair Value Through Other Comprehensive Income		4.892.704	5.651.615
2.7 Purchase of Financial Assets Measured at Amortized Cost		(14.644.003)	(3.731.504)
2.8 Sale of Financial Assets Measured at Amortized Cost		-	-
2.9 Other		-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III. Net Cash Provided from Financing Activities</b>		<b>9.705.612</b>	<b>1.304.843</b>
3.1 Cash Obtained from Funds Borrowed And Securities Issued		17.924.844	17.006.646
3.2 Cash Used For Repayment of Funds Borrowed And Securities Issued		(15.754.949)	(16.405.696)
3.3 Issued Equity Instruments		7.666.453	812.529
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(130.736)	(108.636)
3.6 Other		-	-
<b>IV. Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents</b>	(1)	<b>1.250.021</b>	<b>367.400</b>
<b>V. Net Increase/(Decrease) In Cash And Cash Equivalents (I+II+III+IV)</b>	(1)	<b>20.408.032</b>	<b>13.094.933</b>
<b>VI. Cash And Cash Equivalents At The Beginning Of The Period</b>	(1)	<b>21.154.391</b>	<b>8.059.458</b>
<b>VII. Cash And Cash Equivalents At The End Of The Period</b>	(1)	<b>41.562.423</b>	<b>21.154.391</b>

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

# UNCONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE

## AS OF 31 December 2023

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

	Current Period <sup>(1)</sup> (31 December 2023)	Prior Period (31 December 2022)
<b>I. DISTRIBUTION OF PERIOD PROFIT</b>		
1.1 Period Profit	4.417.207	5.463.766
1.2 Taxes Payable and Legal Obligations (-)	412.710	1.623.494
1.2.1 Corporate Tax (Income Tax)	724.534	2.911.395
1.2.2 Income Tax Deduction	-	-
1.2.3 Other Taxes and Legal Obligations	(311.824)	(1.287.901)
<b>A. NET PROFIT (1.1-1.2)</b>	<b>4.004.497</b>	<b>3.840.272</b>
1.3 Previous Periods Loss (-)	-	-
1.4 First Order Legal Reserve (-)	-	-
1.5 Legal Funds Required to Leave and Save at the Bank (-)	-	-
<b>B. DISTRIBUTABLE NET PROFIT [(A- (1.3 + 1.4 + 1.5))]</b>	<b>4.004.497</b>	<b>3.840.272</b>
1.6 First Dividend to Shareholders	-	-
1.6.1 To Shareholders	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 Participation in Redeemed Certificates	-	-
1.6.4 To Profit Participation Bonds	-	-
1.6.5 To Profit and Loss Sharing Certificate Holders	-	-
1.7 Dividend to Personnel (-)	-	-
1.8 Dividend to Board of Directors (-)	-	-
1.9 Second Dividend to Shareholders (-)	-	-
1.9.1 To Shareholders	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 Participation in Dividends	-	-
1.9.4 Profit Participation Bonds	-	-
1.9.5 Profit and Loss Sharing Certificate Holders	-	-
1.10 Second Legal Reserve Fund (-)	-	-
1.11 Statutory Reserves (-)	-	-
1.12 Extraordinary Reserves	-	3.648.260
1.13 Other Reserves	-	-
1.14 Special Funds	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 Reserves Distributed	-	-
2.2 Second Order Legal Reserves (-)	-	-
2.3 Share to Shareholders (-)	-	-
2.3.1 Shareholders	-	-
2.3.2 To Privileged Stock Owners	-	-
2.3.3 Participation in Redeemable Certificates	-	-
2.3.4 To Profit Participation Bonds	-	-
2.3.5 To Profit and Loss Sharing Certificate Holders	-	-
2.4 Share to Personnel (-)	-	-
2.5 Share to the Board of Directors (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 Shareholders	-	1,6279
3.2 Shareholders (%)	-	16,2790
3.3 To Privileged Stock Owners	-	-
3.4 To Owners of Privileged Shares (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 Shareholders	-	-
4.2 Shareholders (%)	-	-
4.3 To Privileged Stock Owners	-	-
4.4 To Privileged Stock Owners	-	-

<sup>(1)</sup> Dividend distribution is realized with the decision of the General Assembly of the Bank, and as of the date the financial statements were prepared, the 2023 Ordinary General Assembly meeting has not been held yet.

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 according to the “Regulation on the Procedures and Principles Regarding Accounting Practices of Banks and Storage of Documents” published in the Official Gazette dated 1 November 2006 and numbered 26333 and other regulations published by the Banking Regulation and Supervision Board regarding the accounting and recording system of banks and the Banking Regulation and Supervision Agency. Circulars and explanations of the Auditing Authority (“BRSA”) and the provisions of the Turkish Financial Reporting Standards (“TFRS”) put into effect by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) on matters not regulated by these (all “BRSA Accounting and Financial Reporting”). It has been prepared in accordance with the “Legislation”.

The format and contents of the unconsolidated financial statements to be disclosed to the public and their explanations and footnotes are determined by the “Communiqué on Financial Statements to be Announced to the Public and Related Disclosures and Footnotes” published in the Official Gazette No. 28337 dated 28 June 2012 and Official Gazette No. 29511 dated 23 October 2015. It has been prepared in accordance with the “Communiqué on Disclosures to be Made to the Public by Banks Regarding Risk Management” published in the Gazette and the communiqués that bring amendments and additions to these communiqués. The Bank keeps 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 as of the balance sheet date or the amounts of contingent assets and liabilities disclosed and the amounts of income and expenses reported to have occurred within the relevant period. While these estimates are based on management’s best judgment and information, actual results may differ from these estimates. The assumptions and estimates used and the impact of changes are explained in the relevant footnotes.

The Benchmark Interest Rate Reform, which brings changes to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, has been published, effective from January 1, 2021. With the changes made, certain exceptions are provided for the basis used in determining contractual cash flows and hedge accounting provisions. These changes did not have a significant impact on the financial position or performance of the Bank. As of December 31, 2023, the Bank does not have any hedging transactions based on the benchmark interest rate.

In the announcement made by the POA on 23 November 2023, it was decided that the enterprises applying TFRS will apply the “TAS 29 Financial Reporting in Economies with High Inflation” standard in their financial statements starting from the reporting period of 31 December 2023, and also that the institutions or organizations authorized to regulate and audit in their fields will apply the TMS Freedom is given to determine different transition dates for the implementation of the provisions of Article 29. In this context, in accordance with the BRSA’s decision dated 12 December 2023 and numbered 10744, the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 will not be subject to the inflation adjustment required within the scope of TMS 29 and will not be subject to the inflation adjustment required as of 11 January 2024. In accordance with the Decision dated 10825, it was decided to implement inflation accounting as of January 1, 2025.

## **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

#### **II. EXPLANATIONS ON USAGE STRATEGY OF FINANCIAL ASSETS AND FOREIGN CURRENCY TRANSACTIONS**

The Bank's main field of activity is; It covers banking services such as opening all kinds of cash and non-cash loans in 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, the majority 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 Bank's liquidity structure is taken into account so that all maturing liabilities can be met.

Foreign currency transactions are reflected in the records based on the Bank's counter foreign exchange buying rates on the date of the transaction. At the end of the period, the balances of foreign currency active and passive accounts were converted into Turkish currency by being evaluated with the end-of-period Bank counter foreign exchange buying rates, and the resulting exchange rate differences were reflected in the records as "foreign exchange transactions profit/loss".

Differences arising from the conversion of securities representing debt and monetary financial assets into Turkish Lira are included in the income statement. There is no exchange rate difference capitalized by the Bank.

The Bank carries out Balance Sheet and Equity management within risk limits by the Asset Liability Committee determined by the Board of Directors, in order to keep liquidity, exchange rate and credit risks within certain limits and to maximize profitability, taking into account market conditions..

#### **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 Individual Financial Statements" ("TMS 27") and are reflected in the unconsolidated financial statements after deducting the provision for impairment, if any. As of January 22, 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 July 19, 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 22.500 TRY on April 30, 2023.

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

The Bank's derivative transactions mainly consist of forward foreign exchange buy-sale contracts.

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

Liabilities and receivables arising from derivative transactions are recorded in the off-balance sheet accounts based on the contract amounts.

#### **V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE**

Dividend income is accounted for according to the internal rate of return method, which equates it to the present net value of the future cash flows of the financial asset determined in TFRS 9, and is reflected in the records on an accrual basis..

The bank started calculating rediscount for its non-performing receivables as of January 1, 2018. Rediscount is calculated based on the net book value of non-performing receivables (Gross Book Value - Expected Loss Provision).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

##### V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE (Continued)

The bank accounts for dividend expenses on an accrual basis. Expense accruals are calculated according to the unit value calculation method through participation accounts, and these amounts are shown in the "Collected Funds" section in the balance sheet.

##### VI. EXPLANATIONS ON FEES AND COMMISSION INCOME AND EXPENSES

From the commission income and expenses, banking, agency and intermediary service income and expenses are recognized as income/expense as soon as they are collected or paid in accordance with TFRS 15 Revenue from Customer Contracts standard. Commission income received from cash loans is transferred to income accounts using the internal yield method on an accrual basis, adhering to the principle of periodicity.

The portions of the commissions received from cash loans for the next period are recorded in the "Unearned Revenues" account and shown in "Other Liabilities" in the balance sheet. Amounts in the nature of prepaid expenses are reflected in the relevant expense accounts on an accrual basis throughout the service period.

##### VII. EXPLANATIONS ON FINANCIAL ASSETS

Financial assets are recorded or removed in accordance with the "Recognition and Derecognition" provisions in the third part of the TFRS 9 standard. Financial assets are measured at fair value when they are first recognized in the financial statements. In the initial measurement of financial assets other than "Financial Assets at Fair Value Reflected in Profit/Loss", transaction costs are added to or deducted from the fair value. Financial instruments are included in the Bank's balance sheet if the Bank is a legal party to these financial instruments.

The Bank classifies and accounts for its financial assets as "Financial Assets at Fair Value Reflected in Profit/Loss", "Financial Assets at Fair Value Reflected in Other Comprehensive Income" or "Financial Assets Measured at Amortized Cost". The classification in question depends on the relevant business model and contractual cash flow characteristics used for the management of financial assets during initial recognition. Financial assets basically constitute the Bank's commercial activities and operations. These tools have the ability to reveal, affect and reduce liquidity and credit risk in financial statements.

##### Classification and Measurement Within the Scope of TFRS 9

Financial assets, within the scope of TFRS 9 Financial Instruments standard; It is classified as measured at amortized cost, measured at fair value difference through other comprehensive income, or measured at fair value difference through profit or loss.

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

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

Financial assets at fair value through profit/loss are financial assets that are managed with a business model other than the business model that aims to hold to collect contractual cash flows and the business model that aims to collect and sell contractual cash flows, based on short-term prices and similar elements in the market. Financial assets that are acquired for the purpose of making a profit from fluctuations or that are part of a portfolio aimed at making profits in the short term, regardless of the reason for acquisition, and financial assets that do not lead to cash flows that include only the principal and dividend payments arising from the principal balance on certain dates.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### a. Financial assets at fair value through profit or loss (Continued):

Financial assets whose fair value difference is reflected in profit/loss are recorded at their fair value and are valued at their fair value following their registration. 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 on the BIST are valued at the weighted average clearing prices on the BIST at the balance sheet date, and financial assets not traded on the BIST are valued at the prices of the Central Bank of the Republic of Turkey. Gains and losses resulting from the valuation are included in the profit/loss accounts.

##### b. Financial assets at fair value through other comprehensive income

In addition to holding the financial asset within the scope of a business model that aims to collect contractual cash flows and sell the financial asset, the financial asset is measured at fair value if the contractual terms of the financial asset lead to cash flows that include only principal and dividend payments arising from the principal balance on certain dates. The difference is classified as reflected in other comprehensive income.

Financial assets at fair value differences are reflected in other comprehensive income are recorded by adding transaction costs to their acquisition costs, which reflect their fair value. Financial assets whose fair value differences are reflected in other comprehensive income are valued at fair value following their recording. Dividend income calculated by the internal return method of securities whose fair value difference is reflected in other comprehensive income and dividend income of securities representing shares in the capital are reflected in the statement of profit or loss. The difference between the fair values of financial assets whose fair value difference is reflected in other comprehensive income and their amortized costs is “Unrealized profits and losses”. It is not reflected in the table and is followed in the “Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss” account under shareholders’ equity. When the securities in question are collected or disposed of, the accumulated fair value differences reflected in equity are reflected in the statement of profit or loss.

##### Equity investments

At the time of initial recording, the Bank considers the fair value of an investment in an equity instrument within the scope of TFRS 9, which is not held for commercial purposes or is not a contingent consideration recognized in the financial statements of the acquirer in a business combination to which TFRS 3, “Business Combinations” standard is applied, and which arises in subsequent periods. An irrevocable election may be made to include the changes in the statement of other comprehensive income. The bank makes this choice separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement cannot be transferred to profit or loss in subsequent periods and are transferred to retained earnings. Dividends from such investments are recognized in the financial statements as profit or loss, unless they are clearly the recovery of a portion of the cost of the investment. Equity instruments whose fair value difference is reflected in other comprehensive income are not subject to impairment calculation.

##### c. Financial assets measured at amortized cost

If the financial asset is held within the scope of a business model that aims to collect contractual cash flows and the contractual terms of the financial asset lead to cash flows that include only principal and dividend payments arising from the principal balance on certain dates, the financial asset is measured at amortized cost. is classified.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### c. Financial assets measured at amortized cost (Continued)

Financial assets measured at amortized cost are first recorded by adding transaction costs to their acquisition cost values, which reflect their fair values, and following their recording, they are measured at "Amortized cost" using the internal rate of return. Dividend income related to financial assets measured at amortized cost is reflected in the statement of profit or loss.

The Bank has lease certificates indexed to consumer prices ("CPI") in its securities portfolio, whose fair value difference is reflected in other comprehensive income and measured at amortized cost. Valuations of these assets during the year are made according to the internal yield method, based on real dividend rates and the index value announced by the treasury.

#### Loans

Loans consist of financial assets created by providing goods or services to the borrower. The initial recording of loans is made at their cost values, and following their recording, they are measured at their amortized value using the "internal rate of return method".

Cash loans; They are accounted for according to their original balances in the accounts specified in the Uniform Chart of Accounts and Prospectus, according to their type, maturity and collateral structures. Foreign currency loans are recorded at a fixed price and are evaluated using the Bank's counter foreign exchange buying rate. Repayments of foreign currency indexed loans, which were disbursed in TRY at the Bank's counter foreign exchange buying rate valid on the date of disbursement, are collected with their TRY equivalents calculated based on the Bank's counter foreign exchange selling rate valid on the installment collection date.

As of December 31, 2023, all of the Bank's loans, including profit-loss sharing (musharakah) and labor-capital partnership (mudaraba) investments, are monitored in the "Measured at Amortized Cost" account. The profit-loss sharing and labor-capital partnership investments that the Bank tracks in the loans account according to the BRSA Uniform Chart of Accounts are those that have been evaluated for the first time as of December 31, 2020, with the BRSA's letter numbered E-43890421-010.07.01-1294, or those that have been evaluated for the first time as of January 1. In accordance with the provision of application of "Interest-Free Finance Accounting Standard 3: Mudaraba Financing" or "Interest-Free Finance Accounting Standard 4: Musharakah Financing" standards for partnership financing in the form of "labor-capital partnership" or "profit-loss partnership" that have been used after 2021. has been accounted for.

#### VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

##### Explanations on Expected Loss Provisions

The Bank has made impairment provisions for its loans and receivables as of January 1, 2018, taking into account the "Regulation on the Procedures and Principles Regarding the Classification of Loans and Provisions to be Set Aside for These" published in the Official Gazette No. 29750 dated June 22, 2016 ("Provisions Regulation"). It allocates in accordance with the provisions of TFRS 9. In this context, the Bank takes into account the general structure of the loan portfolio, customers' financial structures, non-financial data and economic conjuncture when determining its estimates, in line with credit risk policies and the prudence principle.

The main principle of the expected credit loss model is to reflect the overall outlook of deterioration or improvement in the credit quality of financial instruments. The amount of expected credit loss, known as loss allowance or allowance, varies depending on the degree of increase in credit risk. According to the general approach, there are two measurements:



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### Explanations on Expected Loss Provisions (Continued)

- 12-Month Expected Loss Allowance (stage 1) is valid for all assets unless there is a significant deterioration in credit quality.
- Lifetime Expected Loss Provision (2<sup>nd</sup> stage and 3<sup>rd</sup> stage) is applied when a significant increase in credit risk occurs.

##### Impairment

The expected credit loss model applies to instruments recorded in other comprehensive income (such as bank deposits, loans and marketable securities) at amortized cost or fair value, as well as lease receivables, contract assets, loan commitments and financial guarantee agreements.

The guiding principle of the expected credit loss model is to reflect the overall outlook for an increase or improvement in the credit risk of financial instruments. The amount of the loss allowance depends on the degree of increase in credit risk since the loan was first granted.

Although expected credit loss is an estimate of the losses expected from a loan over the life of a financial instrument, the following points are important for measurement:

- A probability-weighted and unbiased amount determined by taking into account possible outcomes,
- The time value of money,
- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions that can be obtained without undue cost and effort as of the reporting date.

These financial assets are divided into the following three categories, depending on the increase in credit risks observed since they were first included in the financial statements:

##### **Provision for 12 month expected credit loss (Stage 1)**

These are financial assets that do not have a significant increase in credit risk at the time they are first included in the financial statements or after they are first included in the financial statements. Credit risk impairment provision for these assets is recognized as 12-month expected credit loss provision. It is valid for all assets unless there is a significant deterioration in credit quality.

12 Month expected loss values (within 12 months after the reporting date or sooner if the life of a financial instrument is less than 12 months) are part of the lifetime expected loss calculation.

##### **Significant increase in credit risk (Stage 2)**

Financial assets are transferred to the 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 the 1<sup>st</sup> stage, the expected loss provision for loans in the stage 2 is calculated by taking into account the entire remaining maturityx

The main criteria taken into consideration in determining whether the credit risk of the financial asset has increased significantly and transferred to the stage 2 are that it is under close monitoring, the number of days of delay is 30 days or more, and the Bank's internal early warning system rating.

##### **Default (Stage 3)**

It includes financial assets that have objective evidence of impairment as of the reporting date. A lifetime expected credit loss allowance is recorded for these assets.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

The bank considers the debt to be in default in the following two situations:

- Objective Default Definition: It means that the debt is overdue for more than 90 days. If the debt is 90 days overdue, the state of default begins on the 91<sup>st</sup> day.
- Subjective Default Definition: It means the belief that the debt will not be paid. If it is determined that the debtor cannot fulfill his debts regarding the loan, the debtor is considered to be in default, regardless of the number of days of delay.

Aggregate evaluation of financial instruments is carried out on the basis of homogeneous group assets resulting from portfolio segmentation based on similar credit risk and product characteristics. This section provides an overview of risk parameter estimation methods related to the approach to calculating expected loss on a common basis for each stage.

Loans with different cash flows or different characteristics than other loans can be evaluated individually instead of collectively. Expected credit loss can be defined as the difference between all contractual cash flows due under the contract and the discounted cash flows expected to be collected.

The following situations are taken into consideration when estimating cash flows.

- All contractual terms of the financial instrument over the expected life of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the expected credit loss calculation, basic parameters expressed as probability of default, loss in case of default and default amount are used.

##### Probability of Default

Probability of Default refers to the probability that the loan will default within a certain time period.

##### Default Amount

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

##### Loss Given Default

Loss Given Default expresses the relationship of the economic net loss resulting from the default of a loan to the default amount in terms of a ratio. In other words, it expresses the ratio of the net loss incurred due to a loan in default to the balance of the loan at the time of default.

##### Future Expectations

By using scenarios linked to macroeconomic factors, the impact of future expectations is included in the credit risk parameters used in the calculation of expected credit losses. When including macroeconomic information, models and forecasts 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 Tracking Rates, etc.) are analyzed, and among these, the variables that best reflect the default probabilities of our Bank's customers are used. As of December 31, 2023 and December 31, 2022, the mainly used macroeconomic variables are GDP and sector tracking rates.

## **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

(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)**

##### **Future Expectations (Continued)**

The bank uses 3 scenarios: base, bad and good in forward-looking expectations. All 3 scenarios have predetermined weights. The bank updates the macroeconomic variables used in the evaluation of a significant increase in credit risk and in the calculation of expected credit loss every 3 months, in March, June, September and December, and applies them to its models. Macroeconomic variables based on expected credit loss calculation as of December 31, 2023 are reflected in the models.

##### **The Methodology of Behavioral Maturity Calculation**

Expected loss provision; For loans in the stage 1, it is calculated until the end of maturity for loans with a remaining maturity of less than one year, for loans with a remaining maturity of more than one year, it is calculated as one year, and for loans in the stage 2, it is calculated for life (until the end of maturity). In this calculation, the remaining maturity information for each loan is taken as basis. While this information is used for products with real maturity information, behavioral maturity is calculated by analyzing historical data for products without real maturity information. Expected loss provision calculations are made over these maturities depending on the type of loan.

##### **Write-off Policy**

Within the scope of the provisions of the “Regulation on Amendments to the Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions to be Set Aside for These” published by the BRSA in the Official Gazette dated 6 July 2021 and numbered 31533, those classified under the Fifth Group - Loans in the Nature of Loss and whose lifespan is due to the default of the debtor. The portion of the loans for which there are no reasonable expectations regarding the recovery of the loans for which provision for expected credit losses or special provisions has been set is deducted from the records within the period deemed appropriate by the bank, specific to the situation of the debtor, within the scope of TFRS 9, starting from the first reporting period following their classification in this Group. Deleting loans from records is an accounting practice and does not result in giving up the right to receivable. Within the scope of the said change, no loans have 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 included in the balance sheet at their net amounts if the Bank has a legal right and sanction for netting and intends to collect/pay the relevant financial assets and liabilities at their net amounts, or if it has the right to settle the relevant financial assets and liabilities simultaneously. is shown.

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

In order for lease certificates to be subject to open market operations of the Central Bank of the Republic of Turkey in accordance with the principles of participation banking, relevant changes have been made and separate framework agreements have been created for participation banks. With these regulations, a transaction type has been created that allows participation banks to carry out transactions with the Central Bank of the Republic of Turkey within the scope of selling with the promise of rent repurchase or purchasing with the promise of resale in their portfolios in case they need funds or in order to evaluate their excess liquidity. By making bids for the purchase tenders opened by the Central Bank of the Republic of Turkey with different maturities, the lease certificates included in the assets of the balance sheet are subject to sales with the promise of repurchase, and funds are provided within this scope. As of December 31, 2023, the Bank does not have any securities that are subject to loan (December 31, 2022: None). Securities sold within the framework of agreements stipulating their repurchase

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

("Promises") are classified as "Fair Value Difference Profit/Loss" according to the purposes of keeping them in the Bank's portfolio. It is classified in the "Reflected", "Financial Assets with Fair Value Differences Reflected in Other Comprehensive Income" or "Financial Assets Valued at Amortized Cost" portfolios and is subject to valuation according to the principles of the portfolio to which it belongs. The funds obtained in return for the promise contract are accounted in the "Debts to Money Markets" account and the participation share accruals for the period are calculated according to the internal yield method.

Securities transactions purchased with resale commitments are accounted under the "Money Market Receivables" item in the balance sheet, and participation share accruals for the period are calculated according to the internal yield method.

#### XI. INFORMATION ON NON-CURRENT ASSETS OR DISPOSAL GROUPS "HELD FOR SALE" AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS

Assets acquired by the Bank due to its receivables are accounted in the financial statements in accordance with the provisions of "IFRS 5, Turkish Financial Reporting Standard on Non-Current Assets Held for Sale and Discontinued Operations". Assets that meet the criteria for being classified as held for sale, their book values and the costs to be incurred for sale. They are measured at the lower of their deducted fair values and depreciation is stopped on the assets in question and these assets are presented separately in the balance sheet. In order for an asset to be held for sale, the relevant asset (or group of assets to be disposed of) must be in a position to be sold immediately and have a high probability of sale, under conditions common and customary for the sale of such assets (or group of assets to be disposed of). In order for the probability of sale to be high, a plan for the sale of the asset (or the group of assets to be disposed of) must be made by an appropriate management level and an active program must be initiated to identify buyers and complete the plan. Various events or circumstances may extend the time it takes to complete a sales transaction beyond one year. If the delay in question has occurred due to events or conditions beyond the Bank's control and there is sufficient evidence that the Bank's sales plan for the sale of the relevant asset (or group of assets to be disposed of) is ongoing, the assets in question will be classified as assets held for sale. continues. Real estates acquired by the Bank due to its receivables are shown in the non-current assets held for sale line in the financial statements, depending on the conclusion of a forward sales contract.

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

As of 31 December 2023, the Bank's fixed assets held for sale are 427.229 TRY (31 December 2022: 274.644 TRY).

#### XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

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

Initial records of other intangible assets are made at cost, which is calculated by adding the acquisition amounts and other direct expenses necessary to make the asset usable. Other intangible assets are valued at their remaining amounts after deducting accumulated depreciation and accumulated value decreases, if any, from their cost in the period following their recording.

Other intangible assets are amortized using the straight-line method over their estimated useful lives. The determination of the useful life of other intangible assets is made by evaluating issues such as the expected useful life of the asset, technical, technological or other types of obsolescence and maintenance costs required to obtain the expected economic benefit from the asset. There has been no change in the depreciation method applied in the current period.

The bank monitors the costs it incurs for computer software in the other intangible assets-intangible rights account and amortizes the development expenses over 3 to 15 years by adding them to the initial cost of the software and taking into account their useful life.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XIII. EXPLANATIONS ON TANGIBLE ASSETS

The initial records of tangible fixed assets are made based on the cost, which is calculated by adding the acquisition amount and other direct expenses necessary to make the asset usable.

Tangible assets are shown in the financial statements at their remaining amounts after deducting accumulated depreciation and any decrease in value from their cost in the period following their recording. Tangible assets are depreciated over their estimated useful lives using the straight-line depreciation method. There has been no change in the depreciation method applied in the current period.

Applied depreciation rates are as follows;

Vehicles and Fixtures:	2% - 25%
Operational Lease Improvement Costs (Leasehold Improvements):	Leasing Period - 5 years

Ordinary maintenance and repair expenses incurred on a tangible asset are recognized as expenses. Investment expenditures that increase the future benefits to be obtained from the tangible asset by expanding its capacity are added to the cost of the tangible asset. Investment expenditures consist of cost elements such as expenses that extend the useful life of the asset, increase the service capacity of the asset, increase the quality of the goods or services produced or reduce their cost.

Gains or losses arising from the disposal of tangible assets are reflected in the profit or loss accounts as the difference between the net disposal proceeds of the relevant tangible asset and its net book value.

As of the balance sheet date, for tangible assets that have been in existence for less than one accounting period, depreciation is allocated in the amount calculated by proportioning the depreciation amount foreseen for one full year to the duration of the asset’s stay in the balance sheet. Operating lease development costs (leasehold costs) are amortized in equal amounts, taking into account the benefit period. However, in any case, the utilization period cannot exceed the rental period.

There are no pledges, mortgages or other measures on tangible fixed assets, or commitments given for their purchase, or anything restricting the exercise of disposition rights over them.

#### XIV. EXPLANATIONS ON LEASING TRANSACTIONS

##### *Operational Leasing Transactions*

##### *Transactions as a lessee*

At the beginning of a contract, the bank evaluates whether the contract is a lease or contains a lease. If the contract transfers the right to control the use of the identified asset for a certain period of time in exchange for a consideration, the contract is a lease or includes a lease. The bank reflects a right-of-use asset and a lease liability in its financial statements on the date the lease actually begins.

##### *Right of use;*

The bank applies the “IFRS 16 - Leases” standard in accounting for leasing transactions.

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

#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### *Operational Leasing Transactions (Continued)*

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

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

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

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

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

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

##### *Lease Liabilities*

At the date of the effective leasing of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed rate of interest in the lease if they can be easily determined. If this rate cannot be easily determined, the Bank uses the Bank's alternative borrowing rate. Lease payments that are included in the measurement of the lease liability at the date the lease is commenced consist of the unpaid payments to be made for the right of use during the lease term of the underlying asset and the date on which the lease has actually begun.

After the effective date of the lease, the Bank measures the leasing liability as follows:

- Increases the book value to reflect the rate of profit in the lease obligation,
- Reduces the book value to reflect the rent payments made and
- 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 ASSET AND LIABILITIES

Provisions other than the specific and general provisions set for loans and other receivables and provisory liabilities are accounted in accordance with TAS 37 "Turkish Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets Corresponding".

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES (Continued)

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.

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 31 December 2023, the Bank’s employee termination benefit is TRY 202.704 (31 December 2022: TRY 125.674).

Communiqué on “Turkish Accounting Standard (“TAS 19”) 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 2022: TRY 94.366 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 December 2023 unused vacation liability of the Bank is TRY 44.385 (31 December 2022: TRY 28.175).

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

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 20<sup>th</sup> provisional article of Social Security Law Act numbered 506. In accordance with 23<sup>rd</sup> 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 1<sup>st</sup> paragraph of the 1<sup>st</sup> article of the 23<sup>rd</sup> provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 30 June 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

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

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

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

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20<sup>th</sup> 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 20<sup>th</sup> 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, 51<sup>st</sup> article of Law No. 6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20<sup>th</sup> 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 20<sup>th</sup> article of Law No.506.



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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

As from the transfer date, the participants are considered as insured within the scope of clause (a), first paragraph and 4<sup>th</sup> 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

As of December 31, 2023, the corporate tax rate was applied as 30% in the financial statements. In accordance with Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and valid for the taxation period starting from January 1, 2021. and this rate was determined as 23% for the 2022 taxation period. However, with the publication of Law No. 7394 in the Official Gazette dated 15 April 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions and insurance and reinsurance companies. The corporate tax rate for pension companies has been permanently increased to 25%, and this change will be valid for declarations submitted after July 1, 2022. Therefore, the tax rate to be taken into account in the corporate tax calculation as of the first quarter of 2022 is 23%, and the tax rate to be applied to the cumulative earnings of 2022 in the second quarter of 2022 and subsequent periods is taken into account as 25%. 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 1/10/2023; The corporate tax rate to be applied to the earnings of institutions in 2023 and subsequent taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law. As of December 31, 2023, the corporate tax rate was applied as 30% in the financial statements.

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductions in accordance with the tax laws to the commercial profits of the institutions, and deducting the exemptions (such as the participation earnings exemption) and deductions in the tax laws. No further tax is paid if the profit is not distributed.

There is no withholding tax on dividends paid to non-limited taxpayer institutions that generate income through a workplace or permanent representative in Turkey and to institutions resident in Turkey. Dividend payments made to individuals and institutions other than these are subject to 15% withholding tax. The addition of profit to capital is not considered profit distribution and withholding tax is not applied.

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### a. Current tax (Continued)

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

Corporate Tax Law, which is one of the important tax exemptions applied by the bank, 5. 1. e. According to the article; 75% of the profits arising from the sale of participation shares that have been in the assets of corporations for at least two full years (730 days), as well as founding shares, usufruct shares and preemptive rights that they have held for the same period, are exempt from corporate tax (as amended by Article 89 of the Law No. 7061). and is effective as of December 5, 2017. According to Article 3 of the KVK Communiqué No. 14 dated December 23, 2017, it will be applied as 75% for sales made until December 5, 2017 for 2017, and as 50% thereafter).

This exception is applied in the period in which the sale is made, and the part of the sale proceeds benefiting from the exemption is kept in the special funds account in liability until the end of the fifth year following the year in which the sale is made. However, the sales price must be collected by the end of the second calendar year following the year in which the sale was made. Taxes not accrued on time due to the exemption for the sales price not collected within this period are deemed to have been lost.

Taxes that are not accrued on time due to the exemption applied to the part of the exempted income that is transferred to another account in any way other than adding to the capital within five years, or that is withdrawn from the business, or transferred to the head office by non-resident taxpayer institutions, are deemed to have been lost. This provision also applies in case of liquidation of the business within the same period (except for transfers and divisions made in accordance with this Law).

Additionally, Corporate Tax Law 5.1.f. According to the article; In the liquidation of these debts, the revenue obtained from the transfer of immovable properties, participation shares, founder's shares, usufruct shares and priority rights owned by institutions that are under legal follow-up due to their debts to banks or are indebted to the Savings Deposit Insurance Fund and their guarantors and mortgage lenders, to banks or this Fund in return for these debts. All of the profits corresponding to the used part and 50% of the profits arising from the sale of the assets obtained by the banks in this way are exempt from corporate tax.

According to Turkish tax legislation, financial losses shown on the declaration can be deducted from the period corporate income for a period not exceeding 5 years. However financial losses can not be offsetted from last year's profits. Corporate tax returns are submitted to the relevant tax office by the end of the fourth month following the month in which the accounting period closes, and the accrued tax is paid by the end of the same month. However, the authorities authorized for tax inspection may examine the accounting records until the end of the fifth year, and if a faulty transaction is detected, the tax amounts to be paid will be re-assessed. On the other hand, within the framework of the provision of Article 298/A of the Tax Procedure Law, the conditions required for inflation adjustment in the corporate tax calculation have been met as of the end of the 2021 calendar year. However, with the "Law on Amendments to the Tax Procedure Law and the Corporate Tax Law" numbered 7352, published in the Official Gazette numbered 31734 dated January 29, 2022, the temporary article 33 was added to the Tax Procedure Law numbered 213, including provisional tax periods. Financial statements will not be subject to inflation correction, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met for the 2021 and 2022 accounting periods (as of the accounting periods ending in 2022 and 2023 for those assigned a special accounting period) and the 2023 accounting period provisional tax periods.

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### a. Current tax (Continued)

It has become law that the financial statements dated 2023 will be subject to inflation adjustment regardless of whether the conditions for inflation adjustment are met or not, and the profit/loss differences resulting from the inflation adjustment will be shown in the previous years' profit/loss account.

As a result of these transactions, the Tax Procedure Law depreciation figures that will be subject to corporate tax will be calculated based on the revalued current amounts. In accordance with the relevant legislation, the resulting value increase amounts are shown in a special fund account under shareholders' equity.

##### b. Deferred tax

The Bank calculates and accounts for deferred taxes in accordance with TMS 12 "Turkish Accounting Standard on Income Taxes" for temporary differences between the applied accounting policies and valuation principles and the tax basis determined in accordance with tax legislation. Law No. 7394 on the Valuation of Immovable Properties Owned by the Treasury and Amendments to the Value Added Tax Law, which entered into force after being published in the Official Gazette No. 31810 dated April 15, 2022, and Article 26 of the Law No. 5520 on Amending Certain Laws and Decree Laws. With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate has been rearranged for corporate earnings for the 2022 taxation period and it has been stated that the tax rate for banks will be applied as 25%. In accordance with Article 21 of the Law, starting from the declarations that must be submitted as of October 1, 2023; The corporate tax rate to be applied to the earnings of institutions in 2023 and subsequent taxation periods has been increased from 25% to 30% for banks and other institutions mentioned in the law.

Deferred tax liability or asset is determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the legal tax base calculation, according to the balance sheet method, taking into account the legal tax rates. In calculating deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses legal tax rates valid as of the balance sheet date in accordance with the applicable tax legislation. Since deferred tax assets or liabilities within the scope of TMS 12 are calculated by using the tax rates (and tax laws) that are in effect or almost certain to come into force as of the end of the reporting period (balance sheet date), and the tax rates expected to be applied in the periods when the assets are converted into income or the debts are paid, the Bank, 31 As of December 2023, it has calculated deferred tax based on a 30% rate on its 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 profits in the future. Deferred tax liabilities or assets are not calculated for temporary timing differences that arise from the initial recognition of assets or liabilities other than goodwill or business combinations and that do not affect both commercial and financial profit or loss.

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

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

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

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

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

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#### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

The Bank accounts for its debt instruments in accordance with the provisions of TFRS 9 “Financial Instruments” standard and evaluates all its financial liabilities using the internal return method in the periods following their recording. There are no debts that require the application of risk hedging techniques in terms of accounting and valuation methods of debt instruments and liabilities representing debt. There are no instruments representing debt issued by the Bank itself. Ziraat Katılım Varlık Kiralama A.Ş., a subsidiary of the Bank. and ZKB Varlık Kiralama A.Ş. Lease certificate issuances are made by the Bank in the form of sales to qualified investors without public offering, with the Bank as the fund user.

The Bank received an amount of 300.000 TRY from T.C. Ziraat Bankası A.Ş. on 28 March 2019; In the amount of 500.000 TRY on April 15, 2021; On 17 November 2021, it provided a loan in the form of contribution capital in the amount of 500.000 TRY.

The Bank received an amount of EUR 100.000 from the Turkey Wealth Fund Market Stability and Balance Sub-Fund on 24 April 2019, with the approval of the BRSA dated 22 April 2019; With the approval of BRSA dated March 9, 2022, a subordinated loan was provided within the scope of additional core capital in the amount of EUR 57.039 on March 9, 2022, with no demand or dividends.

Within the framework of the Capital Markets Board’s decision dated 25 October 2023 and numbered 63/1380, the issue certificate for the lease certificate with a nominal amount of 500.000 USD and a three-year maturity to be issued abroad was approved by the Capital Markets Board on 3 November 2023. The maturity of the said issuance has been determined as 12 November 2026. In this context, the sale of the lease certificate was completed on November 6, 2023 and the issuance amount was transferred to our accounts.

#### XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

As of the balance sheet date, the Parent Bank has not issued any shares. (December 31, 2022: 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

As of the balance sheet date, the Group does not have any government incentives. (December 31, 2022: None).

#### XXII. EXPLANATION ON CASH AND CASH EQUIVALENTS

Cash and cash equivalent items are cash on hand, special current accounts and other short-term investments with high liquidity, with maturities of 3 months or less from the date of purchase, that can be converted into cash immediately and do not carry the risk of significant changes in value. The book value of these assets is their fair value.

“Cash”, which is the basis for the preparation of cash flow statements, is defined as cash, cash deposits, gold, money in transit, and special current accounts and participation accounts in banks, including the Central Bank of the Republic of Turkey. “Cash Equivalent Assets” are interbank money market placements and They are defined as time deposits in banks.

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

#### **XXIII. EXPLANATION ON SEGMENT REPORTING**

Information regarding the Bank’s organizational and internal reporting structure and areas of activity determined in accordance with the provisions of TFRS 8 “Activity Segments” are in Chapter Four, XII. It is presented in footnote no.

#### **XXIV. EXPLANATIONS ON OTHER MATTERS**

None.

### **SECTION FOUR**

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

##### **I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY**

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

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank’s foreign exchange buying rate of 31 December 2022 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk. In case the net valuation differences of the securities held by banks in the “Securities at Fair Value through Other Comprehensive Income” portfolio within the framework of the regulation dated
- 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount. The exception in question was not used in the 31 December 2023 equity calculation.

The current period equity amount calculated as of 31 December 2022, taking into account the latest regulations, is TRY 24.251.951 (31 December 2022: TRY 15.901.345), and the capital adequacy standard ratio is 15,10% (31 December 2022: 15,42%). The capital adequacy standard ratio of the Bank is above the minimum ratio determined by the relevant legislation.

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

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

###### Information related to the components of shareholders' equity:

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Common Equity Tier 1 Capital</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	10.350.000	2.650.000
Share issue premiums	-	-
Reserves	6.138.132	2.297.860
Gains recognized in equity as per TAS	597.284	3.673.072
Profit	4.004.497	3.840.272
Current Period Profit	4.004.497	3.840.272
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>21.089.913</b>	<b>12.461.204</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> 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	282.676
Improvement costs for operating leasing	922.211	98.174
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	692.634	342.454
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 4 <sup>th</sup> clause of the 56 <sup>th</sup> 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 2 <sup>nd</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 related to the components of shareholders' equity: (Continued)

	Current Period 31 December 2023	Prior Period 31 December 2022
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier I Capital</b>	<b>3.454.122</b>	<b>723.304</b>
<b>Total Common Equity Tier I Capital</b>	<b>17.635.791</b>	<b>11.737.900</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	3.681.925	2.257.081
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	<b>-</b>	<b>-</b>
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>3.681.925</b>	<b>2.257.081</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>21.317.716</b>	<b>13.994.981</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.300.000	1.300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.656.901	615.573
<b>Tier II Capital Before Deductions</b>	<b>2.956.901</b>	<b>1.915.573</b>
<b>Deductions From Tier II Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>2.956.901</b>	<b>1.915.574</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>24.274.617</b>	<b>15.910.555</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Total of Original Capital and Supplementary Capital (Total Capital)</b>	<b>24.274.617</b>	<b>15.910.555</b>
Deductions from Capital Loans granted contrary to the 50 <sup>th</sup> and 51 <sup>th</sup> 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	22.666	9.210
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>TOTAL CAPITAL</b>		
<b>Total Capital (Total of Original Capital and Supplementary Capital)</b>	<b>24.251.951</b>	<b>15.901.345</b>
Total risk weighted amounts	160.618.174	103.126.415
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio	10,98	11,38
Tier 1 Capital Adequacy Ratio	13,27	13,57
Capital Adequacy Ratio	15,10	15,42
<b>BUFFERS</b>		
<b>Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)</b>	<b>2,50</b>	<b>2,50</b>
a) Capital conservation buffer requirement	2,50	2,50
b) Bank specific counter-cyclical buffer requirement	0,00	0,00
c) Systemic significant bank buffer ratio	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	6,48	6,88
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.656.901	615.573
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.656.901	615.573
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>	<b>-</b>	<b>-</b>
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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

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

<sup>(1)</sup> Profit share for participation banks.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	500
Par value of instrument	500
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
<b>Coupons/dividends <sup>(*)</sup></b>	
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	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In compliance with article number 8
Details of incompliance with article number 7 and 8 of “Own fund regulation”	-

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.541
Par value of instrument	3.255
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, (no conditional refund)
Subsequent call dates, if applicable	-
<b>Coupons/dividends <sup>(*)</sup></b>	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	-
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)	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”	It meets the conditions stated in Article 8.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	-

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at unconsolidated/consolidated	Unconsolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.141
Par value of instrument	1.857
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	9 March 2022
Perpetual or dated	Undated
Original maturity date	9 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
<b>Coupons/dividends <sup>(1)</sup></b>	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or unconsolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other Equal-Level Liabilities without order of preference, and iii. Before all payments within the scope of Low-Level Liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	It meets the conditions stated in Article 7.
Details of incompliances with article number 7 and 8 of “Own fund regulation”	It meets the conditions stated in Article 7.

<sup>(1)</sup> Profit share for participation banks.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Balance sheet equity value</b>	<b>19.831.547</b>	<b>11.378.445</b>
Equity value of balance sheet	(922.211)	(98.174)
Cost of development of operating lease	(692.634)	(342.454)
Goodwill and other intangible assets and related deferred tax liability	1.300.000	1.300.000
Debt instruments and premiums approved by BRSA	1.656.901	615.573
Debt instruments deemed appropriate by the Agency and their related issue premiums- Subordinated debts	3.681.925	2.257.081
Debt instruments and premiums approved by BRSA - subordinated loans	(22.666)	(9.210)
Other values deducted from equity	(580.911)	800.084
<b>Amount taken into consideration in the calculation of legal equity</b>	<b>24.251.951</b>	<b>15.901.345</b>

##### II. EXPLANATIONS ON CREDIT RISK

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The authority to allocate loans mainly belongs to the Board of Directors, and the limits of the loan customers are determined within the framework of the credit authorization limits of the Head Office Credit Committee and the Board of Directors pursuant to the authority given by the Board of Directors. Limits are allocated by evaluating many factors such as financial and non-financial data of loan customers, loan needs, sectoral and geographical characteristics.

In terms of credit risk, the debtor or group of debtors are subject to risk limitations. The debtor and group of debtors and the risk limitations of the sectors are monitored weekly within the scope of their risk appetite.

The limits for the loan portfolio are determined with the approval of the Board of Directors and revised when necessary. The determined limits are distributed by the relevant Head Office units, taking into account the existing portfolio structure, customer and loan potential, regional and sectoral characteristics, and the competence of the staff.

After the limit is allocated to customers in the commercial portfolio, companies continue to be monitored, and changes in the financial structures and market relations of the companies with funds are monitored.

Documents to be obtained during limit allocation and fund utilization are clearly stated in the legislation, and whether the said documents are obtained in accordance with the legislation is controlled by the inspection units. The Bank considers the collateral important in terms of minimizing the risk and its liquidation. As a result of the credit policies and processes based on obtaining reliable and robust guarantees, the Bank is believed to significantly reduce the credit risk.

The Bank implements the internal rating procedures for the analysis of the credit worthiness of its Corporate/Entrepreneurial loan customers as a decision support system in loan allocation.

The Bank makes provision in conformity with the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions".

## **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

(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 CREDIT RISK (Continued)**

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries.

Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored.

The expected loss provision (third stage) is calculated for loans belonging to customers classified as non-performing loans in accordance with the the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”, taking into account the guarantees received from the relevant customer.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 39,17% and 50,05% respectively (31 December 2022: 44,48% and 56,41%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 46,46% and 56,75% respectively (31 December 2022: 46,44% and 57,74%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 35,43% and 45,75% respectively (31 December 2022: 39,59% and 50,82%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TRY 2.156.5649 (31 December 2022: TRY 1.121.590)

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

##### The Profile of Important Risks of Important Regions

Current Period 31.12.2023	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Condi- tional and unconditional corporate receivables	Conditional and unconditional retail receivables
Domestic	78.969.631	-	2.731.331	-	-	6.152.897	121.501.437	25.069.109
European Union Countries	-	-	-	-	-	6.057.356	162.169	25.604
OECD Countries <sup>(*)</sup>	-	-	-	-	-	46.407	-	1
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	349.829	-	35
Other Countries	-	-	-	-	-	412.217	796.443	3.828
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities <sup>(**)</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>78.969.631</b>	<b>-</b>	<b>2.731.331</b>	<b>-</b>	<b>-</b>	<b>13.018.706</b>	<b>122.460.049</b>	<b>25.098.577</b>

Prior Period 31.12.2022	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Condi- tional and unconditional corporate receivables	Conditional and unconditional retail receivables
Domestic	39.418.257	-	353.890	-	-	8.765.418	73.578.416	13.634.937
European Union Countries	-	-	-	-	-	1.578.899	1.180	26.763
OECD Countries <sup>(*)</sup>	-	-	-	-	-	212.669	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	107.874	-	94
Other Countries	-	-	-	-	-	49.760	455.828	7.331
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities <sup>(**)</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>39.418.257</b>	<b>-</b>	<b>353.890</b>	<b>-</b>	<b>-</b>	<b>10.714.620</b>	<b>74.035.424</b>	<b>13.669.125</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

<sup>(\*)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(\*\*)</sup> Assets and liabilities that could not be distributed on a consistent basis.



<b>Conditional and unconditional receivables secured by mortgages</b>	<b>Past due receivables</b>	<b>Receivables defined in high risk category by BRSA</b>	<b>Securities collateralised by mortgages</b>	<b>Securitisation positions</b>	<b>Short-term receivables from banks, brokerage houses and corporates</b>	<b>Investments similar to collective investment funds</b>	<b>Other receivables</b>	<b>Total</b>
16.790.198	191.059	6.681.193	-	-	-	-	3.761.475	261.848.330
10.545	1	97	-	-	-	-	-	6.255.772
359	-	-	-	-	-	-	-	46.767
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	349.864
36.662	-	377.291	-	-	-	-	-	1.626.441
-	-	-	-	-	-	-	22.600	22.600
-	-	-	-	-	-	-	-	-
<b>16.837.764</b>	<b>191.060</b>	<b>7.058.581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.784.075</b>	<b>270.149.774</b>

<b>Conditional and unconditional receivables secured by mortgages</b>	<b>Past due receivables</b>	<b>Receivables defined in high risk category by BRSA</b>	<b>Securities collateralised by mortgages</b>	<b>Securitisation positions</b>	<b>Short-term receivables from banks, brokerage houses and corporates</b>	<b>Investments similar to collective investment funds</b>	<b>Other receivables</b>	<b>Total</b>
10.570.286	209.536	5.632.639	-	-	-	-	2.163.774	154.327.153
14.272	1	14	-	-	-	-	-	1.621.129
-	-	-	-	-	-	-	-	212.669
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	107.968
6.517	-	261.706	-	-	-	-	-	781.142
-	-	-	-	-	-	-	100	100
-	-	-	-	-	-	-	-	-
<b>10.591.075</b>	<b>209.537</b>	<b>5.894.359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.163.874</b>	<b>157.050.161</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

##### Risk Profile by Sectors or Counterparties

Current Period 31.12.2023	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
<b>Sectors/Counter Parties</b>								
Agriculture	-	-	-	-	-	-	1.544.430	808.482
Farming and Stockbreeding	-	-	-	-	-	-	1.492.859	678.478
Forestry	-	-	-	-	-	-	46.508	110.794
Fishing	-	-	-	-	-	-	5.063	19.210
Manufacturing	-	-	938.578	-	-	-	61.444.806	7.755.180
Mining and Quarrying Production	-	-	-	-	-	-	2.842.771	161.862
Manufacturing Industry	-	-	938.578	-	-	-	54.198.436	7.446.007
Electric, Gas and Water	-	-	-	-	-	-	4.403.599	147.311
Construction	-	-	11	-	-	-	18.694.807	3.771.292
Services	78.969.631	-	1.789.263	-	-	13.018.706	39.873.886	9.849.740
Wholesale and Retail Trade	-	-	1.087	-	-	-	26.432.292	7.360.335
Hotel Food and Beverage Services	-	-	-	-	-	-	1.778.081	319.401
Transportation and Telecommunication	-	-	1.472.168	-	-	-	1.808.308	651.787
Financial Institutions	78.969.631	-	187	-	-	13.018.706	2.053.979	21.467
Real Estate and Leasing Services	-	-	258.890	-	-	-	6.242.887	1.195.466
Self Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	95	-	-	-	319.227	51.449
Health and Social Services	-	-	56.836	-	-	-	1.239.112	249.835
Other	-	-	3.479	-	-	-	902.120	2.913.883
<b>Total</b>	<b>78.969.631</b>	<b>-</b>	<b>2.731.331</b>	<b>-</b>	<b>-</b>	<b>13.018.706</b>	<b>122.460.049</b>	<b>25.098.577</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TRY	FC	Total
634.592	281	41.674	-	-	-	-	-	2.767.385	262.074	3.029.459
620.465	280	28.327	-	-	-	-	-	2.562.722	257.687	2.820.409
9.448	1	-	-	-	-	-	-	162.741	4.010	166.751
4.679	-	13.347	-	-	-	-	-	41.922	377	42.299
3.668.637	88.302	1.927.678	-	-	-	-	-	40.714.754	35.108.427	75.823.181
162.493	85	79.417	-	-	-	-	-	1.996.417	1.250.211	3.246.628
3.453.577	78.497	1.692.134	-	-	-	-	-	36.557.362	31.249.867	67.807.229
52.567	9.720	156.127	-	-	-	-	-	2.160.975	2.608.349	4.769.324
3.093.511	35.102	1.687.262	-	-	-	-	-	20.224.547	7.057.438	27.281.985
3.941.789	65.523	2.888.860	-	-	-	-	780.200	100.980.435	50.197.163	151.177.598
2.547.140	51.354	1.856.208	-	-	-	-	-	31.268.938	6.979.478	38.248.416
195.061	801	63.280	-	-	-	-	-	1.968.150	388.474	2.356.624
302.808	9.615	54.278	-	-	-	-	-	2.101.320	2.197.644	4.298.964
179	-	377.291	-	-	-	-	780.200	56.019.673	39.201.967	95.221.640
729.249	3.713	491.697	-	-	-	-	-	7.728.648	1.193.254	8.921.902
-	-	-	-	-	-	-	-	-	-	-
88.089	2	504	-	-	-	-	-	442.866	16.500	459.366
79.263	38	45.602	-	-	-	-	-	1.450.840	219.846	1.670.686
5.499.235	1.852	513.107	-	-	-	-	3.003.875	9.680.050	3.157.501	12.837.551
<b>16.837.764</b>	<b>191.060</b>	<b>7.058.581</b>	-	-	-	-	<b>3.784.075</b>	<b>174.367.171</b>	<b>95.782.603</b>	<b>270.149.774</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

##### Risk Profile by Sectors or Counterparties (Continued)

Prior Period 31.12.2022	Risk Classes							
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional corporate receivables	Conditional and unconditional retail receivables
<b>Sectors/Counter Parties</b>								
Agriculture	-	-	-	-	-	-	463.775	270.596
Farming and Stockbreeding	-	-	-	-	-	-	358.405	197.899
Forestry	-	-	-	-	-	-	33.832	67.028
Fishing	-	-	-	-	-	-	71.538	5.669
Manufacturing	-	-	271.833	-	-	-	42.055.506	4.145.362
Mining and Quarrying Production	-	-	-	-	-	-	1.546.978	90.293
Manufacturing Industry	-	-	118.042	-	-	-	36.126.307	3.979.163
Electric, Gas and Water	-	-	153.791	-	-	-	4.382.221	75.906
Construction	-	-	11	-	-	-	10.268.715	1.852.258
Services	38.628.919	-	80.140	-	-	10.714.620	21.056.521	4.972.698
Wholesale and Retail Trade	-	-	161	-	-	-	11.962.553	3.674.240
Hotel Food and Beverage Services	-	-	-	-	-	-	1.170.005	128.824
Transportation and Telecommunication	-	-	-	-	-	-	1.556.151	405.415
Financial Institutions	38.628.919	-	133	-	-	10.708.624	1.238.452	4.076
Real Estate and Leasing Services	-	-	27.783	-	-	5.996	4.279.925	563.949
Self Employment Services	-	-	-	-	-	-	35.863	41.064
Education Services	-	-	53	-	-	-	52.660	36.094
Health and Social Services	-	-	52.010	-	-	-	760.912	119.036
Other	789.338	-	1.906	-	-	-	190.907	2.428.211
<b>Total</b>	<b>39.418.257</b>	<b>-</b>	<b>353.890</b>	<b>-</b>	<b>-</b>	<b>10.714.620</b>	<b>74.035.424</b>	<b>13.669.125</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TRY	FC	Total
81.260	597	75	-	-	-	-	-	755.893	60.410	816.303
75.245	594	75	-	-	-	-	-	611.649	20.569	632.218
3.807	3	-	-	-	-	-	-	103.452	1.218	104.670
2.208	-	-	-	-	-	-	-	40.792	38.623	79.415
2.159.074	27.791	2.743.668	-	-	-	-	-	29.214.659	22.188.575	51.403.234
66.853	59	38.869	-	-	-	-	-	1.039.886	703.166	1.743.052
2.073.245	20.125	2.419.663	-	-	-	-	-	25.412.867	19.323.678	44.736.545
18.976	7.607	285.136	-	-	-	-	-	2.761.906	2.161.731	4.923.637
1.396.645	77.513	592.660	-	-	-	-	-	9.552.530	4.635.272	14.187.802
2.504.529	101.997	2.491.052	-	-	-	-	-	50.514.030	30.036.446	80.550.476
1.634.780	91.826	1.337.377	-	-	-	-	-	16.335.315	2.365.622	18.700.937
231.491	3.901	19.560	-	-	-	-	-	1.315.954	237.827	1.553.781
109.555	3.625	46.785	-	-	-	-	-	828.559	1.292.972	2.121.531
157	-	389.233	-	-	-	-	-	26.006.183	24.963.411	50.969.594
427.726	2.626	614.063	-	-	-	-	-	5.034.464	887.604	5.922.068
28.355	-	19	-	-	-	-	-	96.270	9.031	105.301
41.687	19	371	-	-	-	-	-	114.185	16.699	130.884
30.778	-	83.644	-	-	-	-	-	783.100	263.280	1.046.380
4.449.567	1.639	66.904	-	-	-	-	-	6.972.975	3.119.371	10.092.346
<b>10.591.075</b>	<b>209.537</b>	<b>5.894.359</b>	-	-	-	-	-	<b>97.010.087</b>	<b>60.040.074</b>	<b>157.050.161</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

##### Analysis of maturity-bearing exposures according to remaining maturities:

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	43.734.387	-	-	-	35.235.244
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	2.731.331
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	7.867.604	62.788	16.238	329.880	4.742.196
Conditional and unconditional exposures to corporates	-	-	-	-	122.460.049
Conditional and unconditional retail exposures	-	-	-	-	25.098.577
Conditional and unconditional exposures secured by real estate property	-	-	-	-	16.837.764
Past due receivables	191.060	-	-	-	-
Receivables defined in high risk category by BRSA	372.617	-	-	-	6.685.963
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	3.784.075	-	-	-	-
<b>Grand Total</b>	<b>55.949.743</b>	<b>62.788</b>	<b>16.238</b>	<b>329.880</b>	<b>213.791.124</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
Exposure Classifications:					
Conditional and unconditional exposures to central governments or central banks	16.591.284	266.243	362.832	2.282.495	19.915.403
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	231	19.822	196.145	31.176	106.516
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	10.691.293	-	11.197	883	11.247
Conditional and unconditional exposures to corporates	14.658.943	10.410.927	9.544.206	14.911.035	24.510.313
Conditional and unconditional retail exposures	1.822.919	1.068.392	1.517.479	4.187.067	5.073.268
Conditional and unconditional exposures secured by real estate property	562.736	445.205	467.280	1.583.067	7.532.787
Past due receivables	209.537	-	-	-	-
Receivables defined in high risk category by BRSA	1.438.429	1.100.496	1.611.721	1.287.363	456.350
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Other receivables	2.163.874	-	-	-	-
<b>Grand Total</b>	<b>48.139.246</b>	<b>13.311.085</b>	<b>13.710.860</b>	<b>24.283.086</b>	<b>57.605.884</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counter parties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

Rating grades;

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Governments
3. Receivables from Administrative Units and Non-Commercial Enterprises
4. Receivables from Banks and Intermediary Institutions

are used in risk classes.

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 Initiatives, the grade given by Fitch Ratings International Rating Agency corresponds to the credit quality level 3, while the grades used in the Credit from Banks and Intermediary Institutions risk class match with all credit quality levels from 1 to 6.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

#### Exposures by risk weights:

Risk Weights	Current Period										Other Risk Weights	Deductions from Equity
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%		
1 Exposures before Credit Risk Mitigation	88.321.480	-	12.771.948	7.613.818	10.557.702	24.908.802	127.673.296	867.077	5.795.622	-	395.882	1.614.845
2 Exposures after Credit Risk Mitigation	110.199.464	-	13.961.064	7.613.818	11.460.391	19.433.473	109.178.837	867.077	5.795.622	-	395.882	1.614.845

Prepared with the numbers after conversion rate to credit.

Risk Weights	Prior Period										Other Risk Weights	Deductions from Equity
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%		
1 Exposures before Credit Risk Mitigation	55.193.139	-	10.088.701	5.378.280	5.445.517	13.653.511	76.407.094	324.150	5.566.567	-	3.642	440.628
2 Exposures after Credit Risk Mitigation	61.333.990	-	10.987.130	5.378.280	5.445.517	11.730.807	71.290.518	324.150	5.566.567	-	3.642	440.628

Prepared with the numbers after conversion rate to credit.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

##### Information in terms of major sectors and type of counter parties

**Impaired Loans;** These are loans that are overdue for more than 90 days as of the end of the reporting period or are deemed to be impaired due to their credibility. For these loans, “Expected Credit Loss” (Third Stage) calculation is made within the scope of TFRS 9.

**Non-Performing Loans;** Loans that are overdue up to 90 days as of the end of the reporting period, but are not impaired. For these loans, “Expected Credit Loss” (Second Stage) calculation is made within the scope of TFRS 9.

Current Period 31.12.2023	Loans		Provisions
	Impaired (TFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	2 <sup>nd</sup> and 3 <sup>rd</sup> Stage Loan Provisions
<b>Agriculture</b>	34.400	14.615	15.712
Farming and Stockbreeding	28.661	10.882	11.139
Forestry	5.739	3.151	4.050
Fishery	-	582	523
<b>Manufacturing</b>	2.311.500	769.856	1.004.542
Mining and Quarrying	648.899	18.514	107.141
Production	1.464.699	735.191	852.123
Electricity, Gas and Water	197.902	16.151	45.278
<b>Construction</b>	1.366.726	570.208	705.600
<b>Services</b>	1.040.217	579.589	782.551
Wholesale and Retail Trade	498.956	511.145	665.069
Accommodation and Dining	190.849	2.400	30.450
Transportation and Telecom.	11.896	33.297	28.500
Financial Institutions	99.243	1.238	1.090
Real Estate and Rental Services	233.778	22.038	54.285
Professional Services	70	140	101
Educational Services	4.753	37	941
Health and Social Services	672	9.294	2.115
<b>Other</b>	160.116	6.682	30.492
<b>Total</b>	<b>4.912.959</b>	<b>1.940.950</b>	<b>2.538.897</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

Prior Period 31.12.2022	Loans		Provisions
	Impaired (IFRS 9)		2 <sup>nd</sup> and 3 <sup>rd</sup> Stage Loan Provisions
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
<b>Agriculture</b>	5.613	17.124	13.850
Farming and Stockbreeding	5.507	12.293	9.627
Forestry	-	4.371	3.763
Fishery	106	460	460
<b>Manufacturing</b>	1.153.464	617.186	749.774
Mining and Quarrying	736.560	12.474	114.361
Production	416.904	590.702	629.011
Electricity, Gas and Water	-	14.010	6.402
<b>Construction</b>	543.390	711.116	638.706
<b>Services</b>	818.150	526.559	612.052
Wholesale and Retail Trade	347.139	473.099	515.633
Accommodation and Dining	165.262	2.828	26.422
Transportation and Telecom.	9.390	24.362	21.063
Financial Institutions	126.355	5.577	22.554
Real Estate and Rental Services	120.746	20.533	19.196
Professional Services	331	90	100
Educational Services	6.089	26	876
Health and Social Services	42.838	44	6.208
<b>Other</b>	86.576	3.756	19.651
<b>Total</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>2.034.033</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

##### Information about Value Adjustment and Change in Provisions:

<b>Current Period <sup>(*)</sup> 31.12.2023</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1 Stage 3 Provisions	1.595.446	404.148	(317.588)	-	1.682.006
2 Stage 1 and 2 Provisions	1.121.590	1.376.373	(341.314)	-	2.156.649
<b>Prior Period <sup>(*)</sup> 31.12.2022</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments</b>	<b>Closing Balance</b>
1 Stage 3 Provisions	1.337.712	426.273	(168.539)	-	1.595.446
2 Stage 1 and 2 Provisions	397.184	812.062	(87.656)	-	1.121.590

<sup>(\*)</sup> Provisions for expected losses allocated for financial lease receivables are included.

The table below shows the maximum credit sensitivity of the financial statement items.

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Financial Assets at Fair Value Through Profit/Loss	3.812.067	2.133.604
Banks	13.029.805	13.251.320
Money Markets Receivables	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	17.494.089	19.757.956
Financial Assets Measured at Amortised Cost	21.830.293	5.323.943
Loans Given	207.124.983	123.622.944
Financial lease receivables	52.645.704	21.235.324
Other Assets	68.319.664	28.018.499
<b>Credit risk sensitivity of balance sheet items</b>	<b>384.256.605</b>	<b>213.343.590</b>
Guarantees and Sureties	78.330.533	45.191.482
Commitments	7.453.282	2.830.404
<b>Credit risk sensitivity of off-balance sheet items</b>	<b>85.783.815</b>	<b>48.021.886</b>
<b>Total credit risk sensitivity</b>	<b>470.040.420</b>	<b>261.365.476</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CREDIT RISK (Continued)

##### Information on credit quality by financial asset class:

Financial Assests	Current Period 31.12.2023			Prior Period 31.12.2022		
	Not Overdue and Not Impaired	Overdue and Not Impaired	Total	Not Overdue and Not Impaired	Overdue and Not Impaired	Total
Banks	13.029.805	-	13.029.805	13.251.320	-	13.251.320
Financial Assets at Fair Value Through Profit/Loss	3.812.067	-	3.812.067	2.133.604	-	2.133.604
Loans Given:	256.755.432	4.912.960	261.668.392	143.092.370	2.607.193	145.699.563
Corporate/Entrepreneurial Loans	243.756.361	4.757.337	248.513.698	133.618.887	2.523.906	136.142.793
Personal Loans	12.999.071	155.623	13.154.694	9.473.483	83.287	9.556.770
Specialized Loans	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	17.547.002	-	17.547.002	19.810.297	-	19.810.297
Financial Assets Measured at Amortised Cost	21.830.293	-	21.830.293	5.323.943	-	5.323.943

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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. RISKS INCLUDED CAPITAL CAPACITY BUFFER CALCULATIONS

According to the Board decision published by the BRSA, the transactions between banks are not included in the Cyclical Capital Buffer rate calculation. In this context, as of December 31, 2023, the cyclical capital buffer ratio, which is calculated as a result of the Bank’s receivables from abroad, other than Banks, is 0%. The geographical distribution of receivables from the private sector, which is taken into account in the calculation of the cyclical capital buffer specific to the bank, is explained in the table below:

<b>Current Period 31.12.2023</b>			
<b>Country</b>	<b>Banking accounts RWA</b>	<b>Trading accounts RWA</b>	<b>Total</b>
Marshall Island	529.617	-	529.617
Liberia	98.501	-	98.501
United Arab Emirates	21.982	-	21.982
Germany	14.413	-	14.413
England	6.475	-	6.475
Holland	4.937	-	4.937
Saudi Arabia	4.515	-	4.515
Macedonia	1.333	-	1.333
Kazakhstan	888	-	888
Bosnia and Herzegovina	523	-	523
Other	1.597	-	1.597
<b>Prior Period 31.12.2022</b>			
<b>Country</b>	<b>Banking accounts RWA</b>	<b>Trading accounts RWA</b>	<b>Total</b>
Marshall Island	339.350	-	339.350
United Arab Emirates	21.602	-	21.602
Germany	15.448	-	15.448
England	7.259	-	7.259
Holland	3.950	-	3.950
Saudi Arabia	3.353	-	3.353
Bosnia and Herzegovina	2.370	-	2.370
Macedonia	1.232	-	1.232
Kazakhstan	975	-	975
Qatar	467	-	467
Other	1.503	-	1.503

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### IV. 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. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the "Value at Risk" ("VAR") is calculated for the purpose of monitoring the foreign currency position at the Bank.

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:

Periodic "Liquidity Gap Analysis" is carried out to determine liquidity risks in US Dollar and Euro, the most important foreign currencies in which the Bank operates. In addition, Foreign Currency Net General Position/Equity ratio and Foreign Currency Liquidity Position are regularly monitored within the scope of daily VaR analyzes and legal reporting to monitor exchange rate risk.

##### 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
31.12.2023	29,4201	32,5510	19,9384	4,3464	2,9107	35,0134	22,0229	2,8884	37,4496	7,7867	20,5800
29.12.2023	29,4201	32,5510	19,9384	4,3464	2,9107	35,0134	22,0229	2,8884	37,4496	7,7867	20,5800
28.12.2023	29,3427	32,5729	19,9758	4,3489	2,9349	35,0623	22,0175	2,8840	37,4643	7,7664	20,6390
27.12.2023	29,3350	32,5586	19,9677	4,3460	2,9245	34,4226	22,0134	2,8866	37,4721	7,7636	20,3660
26.12.2023	29,2739	32,2741	19,8358	4,3082	2,8991	34,1661	21,9393	2,8531	37,1892	7,7466	20,3550
25.12.2023	28,8167	31,7354	19,5145	4,2362	2,8611	33,5775	21,5201	2,8066	36,5852	7,6248	20,0380

##### 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
28,8680	31,5198	19,2382	4,2074	2,8028	33,3457	21,3280	2,7324	36,5390	7,6384	19,8800

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 CURRENCY RISK (Continued)

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

	EUR	USD	Other FC <sup>(*)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	12.953.165	19.932.499	3.547.877	36.433.541
Banks	2.404.978	1.227.671	9.282.594	12.915.243
Financial assets at fair value through profit and loss	-	-	3.812.067	3.812.067
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	489.671	3.126.871	-	3.616.542
Loans <sup>(*)</sup>	44.211.373	54.901.088	1.228	99.113.689
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	4.456.177	-	-	4.456.177
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	4.405	1.435	5.840
Intangible assets	-	-	-	-
Other assets <sup>(****)</sup>	86.827	41.252	181.651	309.730
<b>Total assets</b>	<b>64.602.191</b>	<b>79.233.786</b>	<b>16.826.852</b>	<b>160.662.829</b>
<b>Liabilities</b>				
Current account and funds collected from Banks via participation accounts	660	8.154	-	8.814
Current and profit sharing accounts FC	47.424.771	55.534.535	16.363.328	119.322.634
Money market borrowings	-	10.528.455	-	10.528.455
Funds provided from other financial institutions	5.389.913	17.411.492	-	22.801.405
Marketable securities issued	-	-	-	-
Miscellaneous Payables	718.487	338.764	3.573	1.060.824
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities <sup>(****)</sup>	5.420.801	660.897	197.650	6.279.348
<b>Total liabilities</b>	<b>58.954.632</b>	<b>84.482.297</b>	<b>16.564.551</b>	<b>160.001.480</b>
<b>Net balance sheet position</b>	<b>5.647.559</b>	<b>(5.248.511)</b>	<b>262.301</b>	<b>661.349</b>
<b>Net off-balance sheet position <sup>(**)</sup></b>	<b>(5.533.670)</b>	<b>5.358.368</b>	<b>-</b>	<b>(175.302)</b>
Financial derivative assets	976.530	6.380.356	-	7.356.886
Financial derivative liabilities	6.510.200	1.021.988	-	7.532.188
<b>Non cash loans</b>	<b>17.170.349</b>	<b>21.151.158</b>	<b>1.665.621</b>	<b>39.987.128</b>
<b>Prior Period</b>				
Total assets	34.862.521	46.065.145	7.663.457	88.591.123
Total liabilities	31.644.082	44.780.856	7.469.463	83.894.401
<b>Net balance sheet position</b>	<b>3.218.439</b>	<b>1.284.289</b>	<b>193.994</b>	<b>4.696.722</b>
<b>Net off-balance sheet position</b>	<b>(2.993.145)</b>	<b>(1.964.608)</b>	<b>-</b>	<b>(4.957.753)</b>
Financial derivative assets	-	2.934.895	-	2.934.895
Financial derivative liabilities	2.993.145	4.899.503	-	7.892.648
<b>Non cash loans</b>	<b>10.299.536</b>	<b>12.324.700</b>	<b>997.528</b>	<b>23.621.764</b>

<sup>(\*)</sup> Foreign currency indexed loans amounting to 108,158 TRY (31 December 2022: 163,733 TRY) followed in TRY in the unconsolidated financial statements are shown with the relevant foreign currency code. Includes receivables from leasing transactions.

<sup>(\*\*)</sup> Represents the net of receivables from derivative financial instruments and payables from derivative financial instruments.

<sup>(\*\*\*)</sup> 88% of the currencies in the other FC column of the Assets section consist of Gold, 2% consists of GBP, 1% consists of CHF and the remaining 9% consists of other currencies. 89% of the foreign currencies in the FC column of the Liabilities section consists of Gold, 2% consists of GBP, 1% consists of CHF and the remaining 8% consists of other currencies.

<sup>(\*\*\*\*)</sup> Provisions and liabilities from lease transactions are included.

<sup>(\*\*\*\*\*)</sup> Prepaid expenses amounting to 33,472 TRY within other assets are not included in the table.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### V. 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 2022: TRY 52.341).

##### VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

The Bank performs Remaining Maturity Analysis for the observation of the maturity structure of the balance sheet, Liquidity Gap 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. The main subject of the liquidity stress test is "Sudden Participation Fund Draws" and "Exchange Rate Changes". 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 be paid back to the holder of account, and participation rates to profit or loss that results from funds to be operated are reflected to the related accounts. For this reason, the assets and liabilities of the Bank are compatible with the dividend rates.

The 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.



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

##### 1) LIQUIDITY RISK (Continued)

##### b) Payments, whether assets and liabilities are compatible with the rate of profit, whether the measurement of the probable effects of the actual inconsistency on profitability is done or not:

Payments, assets and liabilities and profit rates are monitored regularly by the management to track whether it is compatible or not and there is no dissonance whatsoever.

##### c) The banks internal and external sources to meet the short and long-term liquidity needs, unused significant liquidity sources:

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

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

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

##### 2) LIQUIDITY COVERAGE RATIO

The “Liquidity Coverage Ratio”, which was established to ensure that banks maintain a high-quality liquid asset stock sufficient to cover their net cash outflows, is calculated within the framework of the “Regulation on the Calculation of the Liquidity Coverage Ratio of Banks” published by the BRSA. Liquidity Coverage Ratio is directly affected by the level of liquid assets of the Bank that can be converted into cash at any time and not subject to any collateral, and the possible net cash inflows and outflows arising from the Bank’s assets, liabilities and off-balance sheet transactions.

The Bank’s high quality liquid asset stock; In addition to cash assets and accounts at the CBRT, it mainly consists of debt securities issued by the Turkish Treasury and Finance Bank and not subject to sales with the promise of repurchase or collateral.

The Bank’s main funding source is the participation fund. Among non-participation fund borrowing items; Funds obtained from sales transactions with promise of repurchase and borrowings obtained from financial institutions are included.

Effective management of liquidity risk is possible by preventing concentrations in liquidity-related asset and liability items. The participation fund, which constitutes the Bank’s main source of funds, is obtained from many different customers.

The lowest and highest Liquidity Coverage Ratios in the fourth quarter of 2023 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TRY+FC	175,76	15.12.2023	102,66	05.11.2023
FC	454,47	12.12.2023	179,98	15.10.2023

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

#### 2) LIQUIDITY COVERAGE RATIO (Continued)

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

Current Period 31 December 2023	Consideration Ratio Not Applied Total Value <sup>(*)</sup>		Consideration Ratio Applied Total Value <sup>(*)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High quality liquid assets	-	-	70.703.465	42.033.221
<b>CASH OUTFLOWS</b>				
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
<b>TOTAL CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>98.023.253</b>	<b>42.286.449</b>
<b>CASH INFLOWS</b>				
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
<b>TOTAL CASH INFLOWS</b>	<b>59.362.327</b>	<b>33.806.703</b>	<b>44.846.289</b>	<b>28.757.898</b>
			<b>Applied maximum rate values</b>	
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	<b>-</b>	<b>-</b>	<b>70.703.465</b>	<b>42.033.221</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>53.176.965</b>	<b>13.528.552</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>311</b>

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

##### 2) LIQUIDITY COVERAGE RATIO (Continued)

Prior Period 31 December 2022	Consideration Ratio Not Applied Total Value <sup>(*)</sup>		Consideration Ratio Applied Total Value <sup>(*)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High quality liquid assets	-	-	35.399.664	20.894.954
<b>CASH OUTFLOWS</b>				
Real person deposits and retail deposits	54.779.081	30.878.410	5.491.139	3.199.219
Stable deposit	5.247.141	-	262.357	-
Deposit with low stability	49.531.940	30.878.410	5.228.782	3.199.219
Unsecured debts except real person deposits and retail deposits	77.363.285	31.097.487	36.300.319	13.932.045
Operational deposit	-	-	-	-
Non-operational deposits	-	-	-	-
Other unsecured debts	77.363.285	31.097.487	36.300.319	13.932.045
Secured debts	-	-	-	-
Other cash outflows	47.951.276	26.986.674	7.527.606	6.128.931
Derivative liabilities and margin obligations	5.782.112	4.479.030	4.828.082	4.479.030
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	1.738.426	1.829.199	677.987	615.979
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	40.430.738	20.678.445	2.021.537	1.033.922
<b>TOTAL CASH OUTFLOWS</b>	-	-	<b>49.319.064</b>	<b>23.260.195</b>
<b>CASH INFLOWS</b>				
Secured receivables	-	-	-	-
Unsecured claims	25.309.625	14.469.279	17.867.325	12.302.886
Other cash inflows	4.893.249	2.500.647	4.893.249	2.500.647
<b>TOTAL CASH INFLOWS</b>	<b>30.202.874</b>	<b>16.969.926</b>	<b>22.760.574</b>	<b>14.803.533</b>
			<b>Applied maximum rate values</b>	
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	-	-	<b>35.399.664</b>	<b>20.894.954</b>
<b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>26.558.490</b>	<b>8.456.663</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	-	-	<b>133</b>	<b>247</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

### VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

#### 2) LIQUIDITY COVERAGE RATIO (Continued)

#### Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>31 December 2023</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	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 at Fair Value Through Other Comprehensive Income	-	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
<b>Total Assets (*)</b>	<b>41.553.975</b>	<b>59.226.199</b>	<b>39.763.342</b>	<b>92.482.594</b>	<b>120.887.779</b>	<b>22.393.381</b>	<b>7.949.335</b>	<b>384.256.605</b>
<b>Liabilities</b>								
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 Payables	-	-	-	-	-	-	1.906.544	1.906.544
Other Liabilities	-	-	-	-	-	1.341.987	30.782.590	32.124.577
<b>Total Liabilities</b>	<b>59.452.740</b>	<b>183.598.564</b>	<b>50.823.801</b>	<b>36.178.725</b>	<b>18.949.829</b>	<b>2.563.812</b>	<b>32.689.134</b>	<b>384.256.605</b>
<b>Liquidity Gap</b>	<b>(17.898.765)</b>	<b>(124.372.365)</b>	<b>(11.060.459)</b>	<b>56.303.869</b>	<b>101.937.950</b>	<b>19.829.569</b>	<b>(24.739.799)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(796)</b>	<b>(129.591)</b>	<b>5.097</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(125.290)</b>
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
<b>Non-Cash Loans</b>	<b>16.599.290</b>	<b>6.620.773</b>	<b>6.937.164</b>	<b>25.513.580</b>	<b>15.004.322</b>	<b>7.655.404</b>	<b>-</b>	<b>78.330.533</b>

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

(\*\*) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

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

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

### VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

#### 2) LIQUIDITY COVERAGE RATIO (Continued)

##### Presentation of assets and liabilities according to their remaining maturities (Continued)

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Undistributed <sup>(*)</sup>	Total
<b>Prior Period</b>								
<b>31 December 2022</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	10.739.314	14.214.562	-	-	-	-	-	24.953.876
Banks	10.393.954	2.856.612	-	-	-	-	-	13.250.566
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	2.133.604	-	-	2.133.604
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	30.499	627.092	3.681.833	13.146.001	2.272.531	52.341	19.810.297
Loans Given <sup>(****)</sup>	-	11.892.416	22.170.993	48.174.367	47.655.682	14.684.515	280.295	144.858.268
Financial Assets Measured at Amortised Cost	-	-	-	-	2.037.537	3.286.406	-	5.323.943
Other Assets	-	-	-	-	-	-	3.013.036	3.013.036
<b>Total Assets <sup>(*)</sup></b>	<b>21.133.268</b>	<b>28.994.089</b>	<b>22.798.085</b>	<b>51.856.200</b>	<b>64.972.824</b>	<b>20.243.452</b>	<b>3.345.672</b>	<b>213.343.590</b>
<b>Liabilities</b>								
Funds Collected from Banks Via Current and Participation Accounts	4.139.193	654.156	-	-	-	-	-	4.793.349
Current and Participation Accounts	34.372.356	76.477.299	46.038.191	11.347.111	110.892	-	-	168.345.849
Funds Provided from Other Financial Instruments	-	2.854.424	3.357.591	2.184.951	1.507.811	-	-	9.904.777
Money Market Borrowings	-	7.555.999	-	-	-	-	-	7.555.999
Issued Marketable Securities <sup>(**)</sup>	-	-	-	-	-	-	-	-
Miscellaneous Payables	-	-	-	-	-	-	2.059.991	2.059.991
Other Liabilities	-	-	-	-	-	1.341.748	19.341.877	20.683.625
<b>Total Liabilities</b>	<b>38.511.549</b>	<b>87.541.878</b>	<b>49.395.782</b>	<b>13.532.062</b>	<b>1.618.703</b>	<b>1.341.748</b>	<b>21.401.868</b>	<b>213.343.590</b>
<b>Liquidity Gap</b>	<b>(17.378.281)</b>	<b>(58.547.789)</b>	<b>(26.597.697)</b>	<b>38.324.138</b>	<b>63.354.121</b>	<b>18.901.704</b>	<b>(18.056.196)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(40.199)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40.199)</b>
Receivables From Derivative Financial Instruments	-	7.852.449	-	-	-	-	-	7.852.449
Financial Derivative Liabilities	-	7.892.648	-	-	-	-	-	7.892.648
<b>Non-Cash Loans</b>	<b>7.551.694</b>	<b>3.602.090</b>	<b>4.642.768</b>	<b>18.453.750</b>	<b>9.017.797</b>	<b>1.923.383</b>	<b>-</b>	<b>45.191.482</b>

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

(\*\*) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

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

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

##### Presentation of liabilities according to their remaining maturities

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
Banks special current account and participation accounts	3.553.912	2.555.514	-	-	-	6.109.426
Other special current account and participation accounts	221.784.049	41.458.742	34.178.918	841.239	-	298.262.948
Funds borrowed from other financial institutions	6.749.210	6.809.545	1.999.807	18.108.590	1.221.825	34.888.977
Funds borrowed from Interbank money market	10.964.133	-	-	-	-	10.964.133
<b>Total</b>	<b>243.051.304</b>	<b>50.823.801</b>	<b>36.178.725</b>	<b>18.949.829</b>	<b>1.221.825</b>	<b>350.225.484</b>
<b>Prior Period</b>						
Banks special current account and participation accounts	4.793.349	-	-	-	-	4.793.349
Other special current account and participation accounts	110.849.655	46.038.191	11.347.111	110.892	-	168.345.849
Funds borrowed from other financial institutions	2.854.424	3.357.591	2.184.951	1.507.811	-	9.904.777
Funds borrowed from Interbank money market	7.555.999	-	-	-	-	7.555.999
<b>Total</b>	<b>126.053.427</b>	<b>49.395.782</b>	<b>13.532.062</b>	<b>1.618.703</b>	<b>-</b>	<b>190.599.974</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 LEVERAGE RATIO

As of 31 December 2023, the leverage ratio of the Bank calculated from the average of three months is 4,38% (31 December 2021: 5,39%). The relevant ratio is above the minimum rate specified by the Regulation on Measurement and Assessment of Leverage Level of Banks. The reason for the change between the current period and the previous period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital. The regulation stipulated the minimum leverage ratio as 3%.

#### Leverage ratio disclosure as follows:

	Current Period <sup>(*)</sup> 31 December 2023	Prior Period <sup>(*)</sup> 31 December 2022
<b>Balance sheet assets</b>		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	366.459.646	201.004.200
(Assets deducted from main capital)	(2.841.169)	(665.966)
Total risk amount of the balance sheet assets	363.618.477	200.338.234
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	20.393	9.749
Potential credit risk amount of derivative financial instruments and credit derivatives	85.902	42.533
Total risk amount of derivative financial instruments and credit derivative	106.295	52.282
<b>Security or secured financing transactions</b>		
Risk amount of security or secured financing transactions (Except balance sheet)	12.392.818	6.848.604
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	12.392.818	6.848.604
<b>Off-balance sheet transactions</b>		
Gross nominal amount of off-balance sheet transactions	83.884.553	45.415.562
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	83.884.553	45.415.562
<b>Equity and total risk</b>		
Main capital	20.156.171	13.603.083
Total risk amount	460.044.660	252.675.595
<b>Leverage ratio</b>		
Leverage ratio %	4,38	5,39

<sup>(\*)</sup> Three month average of the amounts in the table are taken into account

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

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

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

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

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

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

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



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

##### 1. Explanations on Risk Management and Risk Weighted Assets

##### Overview of Risk Weighted Assets

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period 31 December 2023	Prior Period 31 December 2022	Current Period 31 December 2023
1 Credit risk (excluding counter party credit risk)	149.737.660	98.465.952	11.979.013
2 Standardized approach	149.737.660	98.465.952	11.979.013
3 Internal rating-based approach	-	-	-
4 Counter party credit risk	107.754	108.268	8.620
5 Standardized approach for counter party credit risk	107.754	108.268	8.620
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	-	-	-
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	2.348.348	918.455	187.868
17 Standardized approach	2.348.348	918.455	187.868
18 Internal model approaches	-	-	-
19 Operational risk	8.424.411	3.633.740	673.953
20 Basic indicator approach	8.424.411	3.633.740	673.953
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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>160.618.173</b>	<b>103.126.415</b>	<b>12.849.454</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 2. Connections Between Financial Statements and the Risk Amounts

##### a) Differences between accounting consolidation and legal consolidation and matching of the subject

Current Period 31.12.2023	Valued amount according to TAS within legal consolidation <sup>(1)</sup>	Subject to credit risk framework	Carrying values of items		Not subject to capital requirements or subject to deduction from capital
			Subject to counter party credit risk framework	Subject to the market risk framework	
<b>Assets</b>					
Cash and Balances at Central Bank	60.629.273	60.629.273	-	36.433.541	-
Derivative Financial Assets	3.728	-	3.728	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	3.812.067	-	-	3.812.067	-
Banks	13.029.805	13.029.805	-	12.915.243	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	17.547.002	17.547.002	8.362.367	3.616.542	-
Loans and Receivable	207.124.983	207.124.983	-	87.961.705	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	21.830.293	21.830.293	502.977	4.456.177	-
Investments in Associates (Net)	22.500	22.500	-	-	-
Investments in Subsidiaries (Net)	100	100	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables form Leasing Transactions	52.645.704	52.645.704	-	11.043.826	-
Derivative Financial Assets for Hedging Purposes	-	-	-	738	-
Tangible Assets (Net)	2.165.699	2.165.699	-	5.840	922.211
Intangible Assets (Net)	692.634	-	-	-	692.634
Investment Properties (Net)	-	-	-	-	-
Tax Asset	2.478.105	2.478.105	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	427.229	427.229	-	-	-
Other Assets	1.847.483	1.847.485	-	342.464	-
<b>Total Assests</b>	<b>384.256.605</b>	<b>379.748.178</b>	<b>8.869.072</b>	<b>160.588.143</b>	<b>1.614.845</b>
<b>Liabilities</b>					
Deposits	304.372.374	-	-	119.331.448	-
Derivative Financial Liabilities	153.095	-	-	153.095	-
Funds Borrowed	34.888.977	-	-	22.801.405	-
Money Markets	10.964.133	-	10.964.133	10.528.455	-
Securities Issued (Net)	-	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	3.667.681	-	-	1.259.020	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	785.859	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	2.932.298	-	-	1.476.173	-
Tax Liability	866.968	-	-	198	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	5.793.673	-	-	4.451.686	-
Equity	19.831.547	-	-	(31.758)	-
<b>Total Liabilities</b>	<b>384.256.605</b>	<b>-</b>	<b>10.964.133</b>	<b>159.969.722</b>	<b>-</b>

<sup>(1)</sup> It represents the Bank's unconsolidated financial statements.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 2. Connections Between Financial Statements and the Risk Amounts (Continued)

##### a) Differences between accounting consolidation and legal consolidation and matching of the subject (Continued)

Prior Period 31.12.2022	Valued amount according to TAS within legal consolidation <sup>(1)</sup>	Subject to credit risk framework	Carrying values of items		Not subject to capital requirements or subject to deduction from capital
			Subject to counter party credit risk framework	Subject to the market risk framework	
<b>Assets</b>					
Cash and Balances at Central Bank	24.953.122	24.953.122	-	18.663.442	-
Derivative Financial Assets	14.471	-	14.471	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	2.133.604	-	-	2.133.604	-
Banks	13.251.320	13.251.320	-	13.116.663	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	19.810.297	19.810.297	14.928.992	3.626.618	-
Loans and Receivable	123.622.944	123.622.944	-	41.325.175	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	5.323.943	5.323.943	-	2.608.614	-
Investments In Associates (Net)	-	-	-	-	-
Investments In Subsidiaries (Net)	100	100	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables Form Leasing Transactions	21.235.324	21.235.324	-	6.879.132	-
Derivative Financial Assets for Hedging Purposes	-	-	-	142	-
Tangible Assets (Net)	594.942	594.942	-	843	98.174
Inangible Assets (Net)	342.454	-	-	-	342.454
Investment Properties (Net)	-	-	-	-	-
Tax Asset	788.020	788.020	-	-	-
Non-Currents Assets Or Disposal Groups “Held For Sale” And “From Discontinued Operations (Net)	274.644	274.644	-	-	-
Other Assets	998.405	998.405	-	73.157	-
<b>Total Assests</b>	<b>213.343.590</b>	<b>210.853.061</b>	<b>14.943.463</b>	<b>88.427.390</b>	<b>440.628</b>
<b>Liabilities</b>					
Deposits	173.139.198	-	-	67.693.024	-
Derivative Financial Liabilities	62.998	-	-	62.998	-
Funds Borrowed	9.904.777	-	-	4.182.250	-
Money Markets	7.555.999	-	-	7.498.996	-
Securities Issued (Net)	-	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	3.373.601	-	-	1.317.502	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	335.946	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	2.166.009	-	-	541.975	-
Tax Liability	1.487.215	-	-	2	-
Non-Currents Liabilities Or Disposal Groups “Held For Sale” And “From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	3.939.402	-	-	2.597.654	-
Equity	11.378.445	-	-	(117.971)	-
<b>Total Liabilities</b>	<b>213.343.590</b>	<b>-</b>	<b>-</b>	<b>83.776.430</b>	<b>-</b>

<sup>(1)</sup> It represents the Bank's unconsolidated financial statements

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 2. Connections Between Financial Statements and the Risk Amounts (Continued)

#### b) The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

<b>Current Period</b> <b>31.12.2023</b>	<b>Total</b>	<b>Subject to credit risk framework</b>	<b>Securitization position</b>	<b>Subject to counter party credit risk framework</b>	<b>Subject to the market risk framework</b>
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>384.256.605</b>	<b>379.748.174</b>	-	<b>8.869.072</b>	<b>160.588.143</b>
Liabilities carrying value amount under regulatory scope of consolidation	10.964.134	-	-	10.964.134	159.969.722
<b>Total net amount under regulatory scope of consolidation</b>	<b>373.292.471</b>	<b>379.748.174</b>	-	<b>(2.095.061)</b>	<b>618.421</b>
Differences in valuations	100.722.899	47.754.656	-	16.737.907	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
<b>Amount of risk</b>	<b>474.015.370</b>	<b>427.502.830</b>	-	<b>14.642.846</b>	<b>618.421</b>

<b>Prior Period</b> <b>31.12.2022</b>	<b>Total</b>	<b>Subject to credit risk framework</b>	<b>Securitization position</b>	<b>Subject to counter party credit risk framework</b>	<b>Subject to the market risk framework</b>
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>213.343.590</b>	<b>210.853.059</b>	-	<b>14.943.464</b>	<b>88.427.391</b>
Liabilities carrying value amount under regulatory scope of consolidation	7.555.999	-	-	-	-
<b>Total net amount under regulatory scope of consolidation</b>	<b>205.787.591</b>	<b>210.853.059</b>	-	<b>14.943.464</b>	<b>88.427.391</b>
Differences in valuations	63.766.983	47.301.309	-	16.465.675	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
<b>Amount of risk</b>	<b>269.554.574</b>	<b>258.154.368</b>	-	<b>31.409.139</b>	<b>88.427.391</b>

#### Explanations on differences between risk amounts and valued amounts in accordance with the

#### Turkish Accounting Standards

There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures

##### 3.1) General information on credit risk

##### a) General qualitative information on credit risk

Effective management of credit risk is one of the important elements of a comprehensive approach to risk management. Corporate, retail and SME loans, financial lease receivables, other elements of bank assets and non-cash transactions, which are provided in connection with the activities of our bank, constitute the basis of the items that constitute credit risk. It is important to take into account the risk appetite of our bank in the activities carried out in this direction, in terms of effective credit risk management.

Credit risk limits; It has been designed in accordance with the risk levels the Bank may take, its activities, the size and complexity of its products and services, and was determined by taking the opinions and suggestions of the General Manager, the Audit Committee and the relevant Senior Managers. Limits are regularly reviewed and monitored periodically, adapted according to changes in market conditions, Bank strategy and risk appetite. In addition to taking into account our legal requirements while creating credit risk policies, our current credit performance was reviewed and a policy was created in line with the Bank's strategies and objectives.

Credit risk calculations are made carefully and meticulously and controls are carried out in accordance with the legislation. Currently, calculations are made with the standard method, and infrastructure studies are ongoing for the use of advanced methods. Credit risk calculations and applied methods are also monitored by internal control and audit units, and legal requirements are taken into account at every stage.

Detailed reports including the credit risk exposure and its relations with other risks are periodically shared with the Board of Directors and Senior Managers, and the credit risk is effectively monitored by the risk management unit.

##### b) Credit quality of assets

<b>Current Period 31.12.2023</b>		<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/ Amortisation and impairments</b>	<b>Net values</b>
1	Loans <sup>(*)</sup>	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
<b>4</b>	<b>Total</b>	<b>1.940.950</b>	<b>389.249.101</b>	<b>4.268.044</b>	<b>386.922.007</b>

<sup>(\*)</sup> Financial lease amounting to TRY 52.645.70 is included in the table.

<b>Prior Period 31.12.2022</b>		<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/ Amortisation and impairments</b>	<b>Net values</b>
1	Loans <sup>(*)</sup>	1.875.741	145.699.564	2.717.036	144.858.269
2	Debt securities	-	27.402.140	134.295	27.267.845
3	Off-balance sheet exposures	-	47.301.309	23.253	47.278.056
<b>4</b>	<b>Total</b>	<b>1.875.741</b>	<b>220.403.013</b>	<b>2.874.584</b>	<b>219.404.170</b>

<sup>(\*)</sup> Financial lease amounting to TRY 21.235.324 is included in the table.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.1) General information on credit risk (Continued)

#### c) Changes on defaulted loans and debt securities

<b>Current Period</b>		
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>1.875.741</b>
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)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions</b>	<b>1.940.950</b>
<b>Prior Period</b>		
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>1.698.976</b>
2	Loans and debt securities that have defaulted since the last reporting period	621.007
3	Returned to non-defaulted status	45.171
4	Amounts written off	19.016
5	Other changes	(470.397)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions</b>	<b>1.875.741</b>

#### i. Differences between definitions and explanations of "deferred" receivables and receivables for which "provision was allocated", and definitions of "deferred" and "provision of allocation", if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the "Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions" published in the Official Gazette no. 29750 dated 22 June 2016. The term "Deferred Receivables" is used for credits named "Loans under Close Monitoring" whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named "Non-Performing Loans" whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as "Standard Credits" and "Under Close Monitoring" and expected loss provisions for the loans for the stage 3 for credits classified as "Non-Performing Loans".

#### ii. The portion that is not considered within the scope of "allocation of provision" among deferred receivables (over 90 days) and reasons for this practice

The Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

##### 3.1) General information on credit risk (Continued)

##### iii. Definitions of methods used for determining provision amount

The Bank allocates provisions for expected losses for loans and other receivables within the framework of the “Regulation on the Procedures and Principles for the Classification of Loans and Provisions to be Set Aside for These” published in the Official Gazette dated 22 June 2016 and numbered 29750. However, there is no provision in the relevant Regulation and the relevant statements of the BRSA that prevents the setting aside of more provisions than required by the minimum amounts.

##### iv. Definitions of restructured receivable

Natural/legal persons using credit may, from time to time, due to reasons beyond the control of other businesses they do business with or their own businesses; It may encounter the usual risks of commercial life, such as excessive increases in costs not being reflected in sales prices, market loss and decrease in turnover, unexpected expenses occurring, problems in the collection of receivables, and as a result, it may experience temporary liquidity difficulties. It is the re-maturity of the loan repayment terms in line with the cash flows of our businesses that do not have a significant credit worthiness problem and continue their income-generating activities, but cannot make their loan repayments on time due to the temporary liquidity shortage, or it is already known that they will not be able to do so.

##### v. Breakdown of receivables according to geographical regions, sector and remaining maturity, amount of receivables provided on the basis of geographical regions and sector, related provisions and amount written off from assets.

Current Period 31.12.2023	Credits		
	Impaired (IFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Significant Increase in Credit Risk (Stage 2)	Significant Increase in Credit Risk (Stage 2)
Domestic	4.908.795	1.940.950	3.822.323
European Union Countries	4.164	-	2.514
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	13.818
<b>Total</b>	<b>4.912.959</b>	<b>1.940.950</b>	<b>3.838.655</b>

Prior Period 31.12.2022	Credits		
	Impaired (IFRS 9)		
	Significant Increase in Credit Risk (Stage 2)	Significant Increase in Credit Risk (Stage 2)	Significant Increase in Credit Risk (Stage 2)
Domestic	2.606.211	1.875.741	2.716.709
European Union Countries	947	-	299
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	35	-	28
<b>Total</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>2.717.036</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.1) General information on credit risk (Continued)

Current Period 31.12.2023	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	8.702.740	14.615	49.215	8.668.140
Farming and Stockbreeding	5.706.558	10.882	39.669	5.677.771
Forestry	2.850.179	3.151	8.700	2.844.630
Fishing	146.003	582	846	145.739
Manufacturing	145.823.243	769.856	1.798.087	144.795.012
Mining and Quarrying	11.343.983	18.514	153.913	11.208.584
Production	131.234.673	735.191	1.559.234	130.410.630
Electric, Gas and Water	3.244.587	16.151	84.940	3.175.798
Construction	33.368.177	570.208	850.986	33.087.399
Services	59.694.803	579.589	1.060.700	59.213.692
Wholesale and Retail Trade	23.305.085	511.145	788.439	23.027.791
Hotel Food and Beverage Services	2.783.731	2.400	45.623	2.740.508
Transportation and Telecommunication	2.762.033	33.297	48.667	2.746.663
Financial Institutions	18.727.711	1.238	49.468	18.679.481
Real Estate and Leasing Services	9.241.174	22.038	96.220	9.166.992
Self Employment Services	752.315	140	11.344	741.111
Education Services	366.433	37	3.931	362.539
Health and Social Services	1.756.321	9.294	17.008	1.748.607
Other	14.079.429	6.682	79.667	14.006.444
<b>Total</b>	<b>261.668.392</b>	<b>1.940.950</b>	<b>3.838.655</b>	<b>259.770.687</b>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

##### 3. Credit Risk Disclosures (Continued)

##### 3.1) General information on credit risk (Continued)

Prior Period 31.12.2022	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	5.500.021	17.124	26.798	5.490.347
Farming and Stockbreeding	3.467.038	12.293	17.495	3.461.836
Forestry	1.917.281	4.371	8.310	1.913.342
Fishing	115.702	460	993	115.169
Manufacturing	78.284.845	617.186	1.139.122	77.762.909
Mining and Quarrying	9.630.350	12.474	154.099	9.488.725
Production	66.446.221	590.702	956.522	66.080.401
Electric, Gas and Water	2.208.274	14.010	28.501	2.193.783
Construction	22.346.045	711.116	757.067	22.300.094
Services	29.076.496	526.559	751.952	28.851.103
Wholesale and Retail Trade	17.354.589	473.099	588.358	17.239.330
Hotel Food and Beverage Services	1.093.204	2.828	32.525	1.063.507
Transportation and Telecommunication	3.971.980	24.362	44.867	3.951.475
Financial Institutions	1.101.143	5.577	24.962	1.081.758
Real Estate and Leasing Services	4.503.220	20.533	42.597	4.481.156
Self Employment Services	279.921	90	5.401	274.610
Education Services	72.386	26	1.433	70.979
Health and Social Services	700.053	44	11.809	688.288
Other	10.492.156	3.756	42.097	10.453.815
<b>Total</b>	<b>145.699.563</b>	<b>1.875.741</b>	<b>2.717.036</b>	<b>144.858.268</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.1) General information on credit risk (Continued)

#### Aging analysis for overdue receivables

Current Period 31 December 2023	Up to 1 Month	1-2 Month	2-3 Month	3+ Month	Total
Loans and Receivables <sup>(*)</sup>					
Corporate/Entrepreneurial Loans	593.357	470.023	820.222	140.480	2.024.082
Consumer Loans	99.573	26.448	7.534	967	134.522
<b>Total</b>	<b>692.930</b>	<b>496.471</b>	<b>827.756</b>	<b>141.447</b>	<b>2.158.604</b>

<sup>(\*)</sup> The Bank's loan amounting to TRY 2.241.610, which is under close monitoring, has no delay.

Prior Period 31 December 2022	Up to 1 Month	1-2 Month	2-3 Month	3+ Month	Total
Loans and Receivables <sup>(*)</sup>					
Corporate/Entrepreneurial Loans	165.929	19.596	488.005	140.860	814.390
Consumer Loans	79.287	16.686	3.208	238	99.419
<b>Total</b>	<b>245.216</b>	<b>36.282</b>	<b>491.213</b>	<b>141.098</b>	<b>913.809</b>

<sup>(\*)</sup> The Bank's loan amounting to TRY 1.472.544, which is under close monitoring, has no delay.

#### Breakdown of restructured receivables by allocation of provision

Of the Bank's total restructured loans amounting to 3.212.990 TRY, 3.199.230 TRY consists of live loans and 13.760 TRY consists of restructured non-performing loans. The total of the first and second stage expected loss provisions allocated for restructured live loans is 483.196 TRY, and the third stage expected loss provision allocated for restructured non-performing loans is 348 TRY. (December 31, 2022: Of the Bank's total restructured loans amounting to 1.715.422 TRY, 1.670.251 TRY consists of live loans and 45.171 TRY consists of restructured non-performing loans. The total of the first and second stage expected loss provisions allocated for restructured live loans is 149.960 TRY The third stage expected loss provision allocated for restructuring and non-performing receivables is 6.762 TRY.

#### 3.2) Credit risk mitigation

#### a) Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

In the collateralization transactions related to the lending processes of the Bank, the issues that may pose a risk from now on are taken into consideration. In the bank collateral policy, risks are now managed by taking into account all risks such as failure to seize the received collateral in time or not being able to convert it into cash, refusal or delay of payment by the guarantor, failure of credit documents whose legal validity has not been sufficiently investigated to achieve the desired legal result.

Transactions carried out by the Bank within the scope of market risk are not subject to collateral. Financial collaterals are taken into consideration in credit risk mitigation in the Bank, and real estate mortgages are not considered as collateral as a rule. Mortgage-backed receivables are a separate risk class, and the financial collaterals used in the Bank consist of cash blockage, loan guarantee fund and assignment of arising public receivables.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.2) Credit risk mitigation (Continued)

#### b) Credit risk mitigation techniques - Overview

Current Period 31.12.2023	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized 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	-	-	-	-	-	-
<b>Total</b>	<b>229.870.115</b>	<b>31.155.501</b>	<b>20.725.537</b>	<b>1.800.576</b>	<b>1.398.348</b>	-	-
Of which defaulted *	1.824.380	-	-	-	-	-	-

<sup>(\*)</sup> Based on the article titled "Changes Regarding the Calculation of Capital Adequacy" dated 28.04.2022 by BRSA, it has been decided to continue calculating the Amount Subject to Credit Risk by using the Central Bank foreign exchange buying rate of 30.12.2022, starting from January 2023, until a Board Decision to the contrary is taken. For this reason, the figures in the Credit Risk Mitigation Techniques table show an exchange rate difference of 37.143.435 Thousand TRY in "Loans", 4.790.998 Thousand TRY in "Debt Instruments" and 116.570 Thousand TRY in the "Default" class..

Priond Period 31.12.2022	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans *	121.871.510	10.188.687	5.123.813	1.920.658	1.285.374	-	-
Debt Securities *	25.343.446	-	-	-	-	-	-
<b>Total</b>	<b>147.214.956</b>	<b>10.188.687</b>	<b>5.123.813</b>	<b>1.920.658</b>	<b>1.285.374</b>	-	-
Of which defaulted *	1.790.512	-	-	-	-	-	-

<sup>(\*)</sup> Based on the article titled "Changes Regarding the Calculation of Capital Adequacy" dated 28.04.2022 by BRSA, it has been decided to continue the calculation of the Amount Subject to Credit Risk by using the Central Bank foreign exchange buying rate of 31.12.2021 until a Board Decision to the contrary is taken. For this reason, the figures in the Credit Risk Mitigation Techniques table show an exchange rate difference of 12.798.072 Thousand TRY in "Loans", 1.924.399 Thousand TRY in "Debt Instruments" and 85.229 Thousand TRY in the "Default" class.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.3) Credit risk if standard approach is used

#### 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

##### 3. Credit Risk Disclosures (Continued)

##### 3.3) Credit risk if standard approach is used (Continued)

##### b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique

Risk Classes	Current Period 31.12.2023	Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off- balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On- balance sheet amount
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%	
<b>18 Total</b>	<b>233.973.920</b>	<b>68.903.179</b>	<b>231.495.819</b>	<b>38.653.955</b>	<b>149.737.660</b>	<b>55%</b>	

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.3) Credit risk if standard approach is used (Continued)

#### b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique (Continued)

Risk Classes	Prior Period 31.12.2022	Exposures before CCF and CRM		Exposures post- CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off- balance sheet amount	On-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	On- balance sheet amount
1 Exposures to sovereigns and their central banks	39.418.258	-	40.703.630	5.330	-	0%	
2 Exposures to regional and local governments	-	-	-	-	-	0%	
3 Exposures to administrative bodies and non-commercial entities	506.093	39.777	334.150	19.740	349.156	99%	
4 Exposures to multilateral development banks	-	-	-	-	-	0%	
5 Exposures to international organizations	-	-	-	-	-	0%	
6 Exposures to banks and brokerage houses	9.897.952	834.557	9.897.952	816.668	2.680.534	25%	
7 Exposures to corporates	53.968.188	32.395.335	53.351.328	20.065.010	69.045.730	94%	
8 Retail exposures	10.603.931	6.593.559	9.935.418	3.062.090	8.850.408	68%	
9 Exposures secured by residential property	5.321.207	121.913	5.321.206	57.074	1.882.398	35%	
10 Exposures secured by commercial property	4.637.552	979.974	4.637.553	575.242	2.606.397	50%	
11 Past-due items	209.537	-	209.537	-	121.651	58%	
12 Exposures in high-risk categories	5.891.027	6.665	5.891.027	3.332	11.637.568	197%	
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	2.953.213	-	2.163.874	-	1.292.111	60%	
17 Equity share investments	-	-	-	-	-	0%	
<b>18 Total</b>	<b>133.406.958</b>	<b>40.971.780</b>	<b>132.445.675</b>	<b>24.604.486</b>	<b>98.465.953</b>	<b>63%</b>	

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.3) Credit risk if standard approach is used (Continued)

#### c) Standard approach: Receivables related with risk classes and risk weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	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
<b>Total</b>	<b>101.627.815</b>	<b>-</b>	<b>13.900.077</b>	<b>7.613.818</b>	<b>11.339.148</b>	<b>19.433.473</b>	<b>109.176.862</b>	<b>867.077</b>	<b>5.795.622</b>	<b>395.882</b>	<b>270.149.774</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

#### 3. Credit Risk Disclosures (Continued)

#### 3.3) Credit risk if standard approach is used (Continued)

#### c) Standard approach: Receivables related with risk classes and risk weights (Continued)

Prior Period Risk Classes/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Other	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	40.708.960	-	-	-	-	-	-	-	-	-	40.708.960
Exposures to regional and local government	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	4.708	-	33	-	-	-	349.149	-	-	-	353.890
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	10.006.939	-	57.068	-	650.613	-	-	-	10.714.620
Exposures to corporates	3.777.737	-	741.089	-	-	-	68.897.512	-	-	-	73.416.338
Retail exposures	1.067.643	-	183.444	-	-	11.730.807	15.614	-	-	-	12.997.508
Exposures secured by residential property	-	-	-	5.378.280	-	-	-	-	-	-	5.378.280
Exposures secured by commercial property	-	-	-	-	5.212.795	-	-	-	-	-	5.212.795
Past-due items	59	-	-	-	175.654	-	33.824	-	-	-	209.537
Exposures in high-risk categories	-	-	-	-	-	-	-	324.150	5.566.567	3.642	5.894.359
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	871.142	-	776	-	-	-	1.291.956	-	-	-	2.163.874
<b>Total</b>	<b>46.430.249</b>	<b>-</b>	<b>10.932.281</b>	<b>5.378.280</b>	<b>5.445.517</b>	<b>11.730.807</b>	<b>71.238.668</b>	<b>324.150</b>	<b>5.566.567</b>	<b>3.642</b>	<b>157.050.161</b>



## **NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

### **X. EXPLANATIONS ON RISK PROTECTION PROCEDURES**

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

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

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

In addition, derivative transactions are carried out at the Bank and FX and 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 31 March 2016, it is given annually and quarterly. The following required tables are not presented as of 31 December 2023 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)

### **XI . COUNTER PARTY CREDIT RISK EXPLANATIONS**

#### **a) Qualitative explanations on counter party 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.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

##### b) Evaluation of counter party credit risk in accordance with the measurement methods

Current Period 31.12.2023	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
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					-	-
<b>6 Total</b>						<b>74.794</b>

<sup>(1)</sup> Effective expected positive exposure

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

##### b) Evaluation of counter party credit risk in accordance with the measurement methods (Continued)

Prior Period 31.12.2022	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) <sup>(*)</sup>	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1 Standardised approach - CCR (for derivatives)	14.277	43.901		1,4	81.448	37.568
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)					14.928.992	25.253
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					-	-
<b>6 Total</b>						<b>62.821</b>

(\*) Effective expected positive exposure

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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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)

##### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

###### c) Capital requirement for loan valuation adjustment

<b>Current Period 31.12.2023</b>	<b>Exposure at default post-CRM</b>	<b>RWA</b>
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
<b>4 Total subject to the CVA capital charge</b>	<b>62.962</b>	<b>32.950</b>
<hr/>		
<b>Prior Period 31.12.2022</b>	<b>Exposure at default post-CRM</b>	<b>RWA</b>
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	81.448	45.438
<b>4 Total subject to the CVA capital charge</b>	<b>81.448</b>	<b>45.438</b>

###### d) Standardised approach - CCR exposures by risk class and risk weight

<b>Risk weight/Regulatory portfolio (Current Period)</b>	<b>0%</b>	<b>10%</b>	<b>20%</b>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>150%</b>	<b>Other</b>	<b>Total credit exposure<sup>(*)</sup></b>
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	-	-	-	-	-	-	-	-	-
<b>Total<sup>(*)</sup></b>	<b>8.571.649</b>	<b>-</b>	<b>60.987</b>	<b>121.242</b>	<b>-</b>	<b>1.976</b>	<b>-</b>	<b>-</b>	<b>8.755.854</b>

<sup>(\*)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

##### d) Standardised approach - CCR 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 <sup>(*)</sup>
Exposures to sovereigns and their central banks	14.903.739	-	-	-	-	-	-	-	-
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	-	-	54.849	-	-	26.599	-	-	37.569
Exposures to corporates	-	-	-	-	-	25.252	-	-	25.252
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
<b>Total<sup>(*)</sup></b>	<b>14.903.739</b>	<b>-</b>	<b>54.849</b>	<b>-</b>	<b>-</b>	<b>51.851</b>	<b>-</b>	<b>-</b>	<b>62.821</b>

<sup>(\*)</sup> Total credit exposure: the amount relevant for the capital requirements calculation, having applied CRM techniques.

##### e) Risk classes and counter party credit risk explanation

None

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

## XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

## f) Collaterals for CCR

Current Period 31.12.2023	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral received		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securitities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	8.692.891
<b>Total</b>	-	-	-	-	-	<b>8.692.891</b>

Prior Period 31.12.2022	Collateral for derivative transactions				Collateral for other transactions	
	Collateral received		Collateral received		Collateral received	Collateral given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securitities	-	-	-	-	-	-
Other collateral	-	-	-	-	14.928.992	14.928.992
<b>Total</b>	-	-	-	-	<b>14.928.992</b>	<b>14.928.992</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

#### g) Credit Derivatives

None.

#### h) Risk Weight changes under CCR on the Internal Modeling Management Methods.

None.

#### i) Risks related with Central Counter parties

	Exposure at default (post-CRM)	RWA
1 <b>Exposure to Qualified Central Counterparties (QCCPs)</b>	<b>498</b>	<b>10</b>
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	498	10
10 Unfunded default fund contributions	-	-
11 <b>Exposures to non-QCCPs (total)</b>	-	-
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 31 December 2023. (31 December 2022: None).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

##### 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.

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

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.



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

#### 5. Explanations on Market Risk (Continued)

##### b) Standard Approach

	Current Period 31.12.2023	Prior Period 31.12.2022
	RWA	RWA
<b>Outright products</b>		
1 Profit share rate risk (general and specific)	4.025	-
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	2.019.969	786.420
4 Commodity risk	324.355	132.035
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation	-	-
<b>9 Total</b>	<b>2.348.349</b>	<b>918.455</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XI. COUNTER PARTY CREDIT RISK EXPLANATIONS (Continued)

##### 6. Explanations on the Operational Risk

In the Bank, 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 interest 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.

<b>Current Period</b> <b>31.12.2023</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>Total/Number of Positive GI years</b>	<b>Ratio (%)</b>	<b>Total</b>
Gross Income	2.333.366	1.924.105	9.221.586	4.493.019	15	<b>673.953</b>
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	<b>8.424.411</b>
<b>Prior Period</b> <b>31.12.2022</b>	<b>31.12.2018</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>Total/Number of Positive GI years</b>	<b>Ratio (%)</b>	<b>Total</b>
Gross Income	1.556.512	2.333.366	1.924.105	1.937.995	15	<b>290.699</b>
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	3.633.740
	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>Total/Number of Positive GI years</b>	<b>Ratio (%)</b>	<b>Total</b>
Corporate Finance	-	-	-	-	18	-
Purchase and sale	-	-	-	-	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)	-	-	-	-	-	-

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XII. EXPLANATIONS ON THE OPERATING SEGMENTS

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

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

#### Table for segment reporting:

Current Period 1 January - 31 December 2023	Private Banking	Corporate/ Commercial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSES</b>					
Profit Shares Income	1.683.405	34.155.329	8.070.418	76.853	43.986.005
Profit Shares Expense	(9.989.641)	(24.411.704)	(4.026.543)	(129.132)	(38.557.020)
Net Profit Shares Income/Expense	(8.306.236)	9.743.625	4.043.875	(52.279)	5.428.985
Net Fees and Commission Income/Expense	320.793	503.059	-	2.108.036	2.931.888
Dividend Income	-	-	714	-	714
Trading Income/Loss (Net)	-	-	2.158.546	-	2.158.546
Other Operating Income	-	2.090.763	-	23.091	2.113.854
Provision for Expected Losses	(127.882)	(2.489.927)	-	(518.194)	(3.136.003)
Other Expense	-	(129.126)	-	(4.951.651)	(5.080.777)
Personnel Expenses	(8.113.325)	9.718.393	6.203.135	(3.390.996)	4.417.207
Other Operating Expense	-	-	-	(412.710)	(412.710)
Net Operating Profit/Loss	(8.113.325)	9.718.393	6.203.135	(3.803.706)	4.004.497
<b>SEGMENT ASSETS</b>					
Financial Assets at FV Through P/L Banks <sup>(*)</sup>	-	-	3.812.067	-	3.812.067
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	13.029.805	-	13.029.805
Loans <sup>(**)</sup>	12.277.999	239.059.396	17.547.002	-	259.770.687
Financial Assets Measured at Amortised Cost	-	-	8.433.292	-	21.830.293
Derivative Financial Assets	-	-	3.728	-	3.728
Partnership Investment	-	-	22.600	-	22.600
Other Assets <sup>(*)</sup>	-	-	-	68.240.423	68.240.423
<b>Total Segment Assets</b>	<b>12.277.999</b>	<b>239.059.396</b>	<b>64.678.787</b>	<b>68.240.423</b>	<b>384.256.605</b>
<b>SEGMENT LIABILITIES</b>					
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
<b>TOTAL SEGMENT LIABILITIES</b>	<b>120.857.108</b>	<b>183.515.266</b>	<b>46.006.205</b>	<b>33.878.026</b>	<b>384.256.605</b>

<sup>(\*)</sup> Includes expected loss provisions.

<sup>(\*\*)</sup> Includes lease receivables.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

## XII. EXPLANATIONS ON THE OPERATING SEGMENTS (Continued)

Table for segment reporting (Continued)

Prior Period 1 January - 31 December 2022	Private Banking	Corporate/ Commercial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSES</b>					
Profit Shares Income	1.011.164	14.098.916	5.083.818	37.362	20.231.260
Profit Shares Expense	(3.691.403)	(6.810.928)	(1.924.433)	(62.009)	(12.488.773)
Net Profit Shares Income/Expense	(2.680.239)	7.287.988	3.159.385	(24.647)	7.742.487
Net Fees and Commission Income/Expense	100.727	292.805	-	(147.587)	245.945
Dividend Income	-	-	774	-	774
Trading Income/Loss (Net)	-	-	1.214.691	-	1.214.691
Other Operating Income	-	862.404	-	13.850	876.254
Provision for Expected Losses	(105.771)	(1.533.388)	-	(230.735)	(1.869.894)
Other Expense	-	(85.494)	-	(2.660.997)	(2.746.491)
Personnel Expenses	(2.683.645)	6.822.678	4.374.850	(3.050.117)	5.463.766
Other Operating Expense	-	-	-	(1.623.494)	(1.623.494)
Net Operating Profit/Loss	(2.683.645)	6.822.678	4.374.850	(4.673.611)	3.840.272
<b>SEGMENT ASSETS</b>					
Financial Assets at FV Through P/L Banks (*)	-	-	2.133.604	-	2.133.604
Financial Assets Measured at Fair Value Through Other Comprehensive Income Loans (**)	9.316.981	135.071.172	470.115	-	144.858.268
Financial Assets Measured at Amortised Cost Derivative Financial Assets	-	-	5.323.943	-	5.323.943
Partnership Investment	-	-	14.471	-	14.471
Other Assets (*)	-	-	100	-	100
Other Assets (*)	-	-	-	27.951.587	27.951.587
<b>Total Segment Assets</b>	<b>9.316.981</b>	<b>135.071.172</b>	<b>41.003.850</b>	<b>27.951.587</b>	<b>213.343.590</b>
<b>SEGMENT LIABILITIES</b>					
Funds Collected	72.592.476	100.546.722	-	-	173.139.198
Derivative Financial Liabilities	-	-	62.998	-	62.998
Funds Borrowed	-	-	9.904.777	-	9.904.777
Money Market Funds	-	-	7.555.999	-	7.555.999
Securities Issued (Net)	-	-	-	-	-
Provisions	-	-	-	2.166.009	2.166.009
Other Liabilities	-	-	-	9.136.164	9.136.164
Shareholders' Equity	-	-	-	11.378.445	11.378.445
<b>TOTAL SEGMENT LIABILITIES</b>	<b>72.592.476</b>	<b>100.546.722</b>	<b>17.523.774</b>	<b>22.680.618</b>	<b>213.343.590</b>

(\*) Includes expected loss provisions.

(\*\*) Includes lease receivables.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XIII. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES

##### a) Information regarding the fair value of financial assets and liabilities:

<b>Current Period</b> <b>31.12.2023</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>316.016.443</b>	<b>308.319.029</b>
Due from Interbank Money Market	-	-
Banks	13.029.805	13.029.805
Financial Assets Measured at Fair Value Through Other Comprehensive Income	17.547.002	17.547.002
Financial Assets Measured at Amortised Cost	21.830.294	13.246.397
Loans	263.609.342	264.495.825
<b>Financial Liabilities</b>	<b>341.167.896</b>	<b>339.697.785</b>
Bank Deposits	6.109.425	6.109.425
Other Deposits	298.262.949	298.262.949
Funds Borrowed from Other Financial Institutions	34.888.978	33.418.867
Issued Marketable Securities	-	-
Miscellaneous Payables	1.906.544	1.906.544
<b>Prior Period</b> <b>31.12.2022</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>185.960.864</b>	<b>183.201.517</b>
Due from Interbank Money Market	-	-
Banks	13.251.320	12.933.668
Financial Assets Measured at Fair Value Through Other Comprehensive Income	19.810.297	19.810.297
Financial Assets Measured at Amortised Cost	5.323.943	4.212.737
Loans	147.575.304	146.244.815
<b>Financial Liabilities</b>	<b>185.194.364</b>	<b>185.103.964</b>
Bank Deposits	4.793.348	4.793.348
Other Deposits	168.345.849	168.345.849
Funds Borrowed from Other Financial Institutions	9.995.177	9.904.777
Issued Marketable Securities	-	-
Miscellaneous Payables	2.059.990	2.059.990

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XIII. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES (Continued)

##### b) Information on fair value measurements recognized in the financial statement:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below.

<b>Current Period</b> <b>31.12.2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	-	<b>3.815.795</b>	-	<b>3.815.795</b>
Government Debt Securities		3.812.067	-	3.812.067
Marketable Securities	-	3.728	-	3.728
Other Marketable Securities	-	-	-	-
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>13.877.547</b>	<b>3.616.542</b>	<b>52.913</b>	<b>17.547.002</b>
Marketable Securities	-	-	52.913	52.913
Government Debt Securities	13.001.450	3.616.542	-	16.617.992
Other Marketable Securities	876.097	-	-	876.097
<b>Derivative Financial Assets</b>	<b>2.990</b>	<b>738</b>	-	<b>3.728</b>
<b>Total Assets</b>	<b>13.880.537</b>	<b>7.433.075</b>	<b>52.913</b>	<b>21.366.525</b>
<b>Derivative Financial Liabilities</b>	-	<b>153.095</b>	-	<b>153.095</b>
<b>Total Liabilities</b>	-	<b>153.095</b>	-	<b>153.095</b>
<b>Prior Period</b> <b>31.12.2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	-	<b>2.133.604</b>	-	<b>2.133.604</b>
Government Debt Securities		2.133.604	-	2.133.604
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>16.131.338</b>	<b>3.626.618</b>	<b>52.341</b>	<b>19.810.297</b>
Marketable Securities	-	-	52.341	52.341
Government Debt Securities	15.139.990	3.626.618	-	18.766.608
Other Marketable Securities	991.348	-	-	991.348
<b>Derivative Financial Assets</b>	-	<b>14.471</b>	-	<b>14.471</b>
<b>Total Assets</b>	<b>16.131.338</b>	<b>5.774.693</b>	<b>52.341</b>	<b>21.958.372</b>
<b>Derivative Financial Liabilities</b>	-	<b>62.998</b>	-	<b>62.998</b>
<b>Total Liabilities</b>	-	<b>62.998</b>	-	<b>62.998</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

#### XIV. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

The Bank does not provide trading, custody and fund management services on behalf and account of its customers. The bank does not make faith-based transaction contracts.

#### SECTION FIVE

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

##### I. EXPLANATIONS AND NOTES RELATED TO ASSETS

##### 1.a) Information on cash and balances with Central Bank of the Republic of Turkey

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Cash/Foreign Currency	170.718	871.290	121.498	827.299
Central Bank of the Republic of Turkey <sup>(*)</sup>	24.036.052	35.447.767	6.189.305	17.634.063
Other	-	114.484	-	202.080
<b>Total</b>	<b>24.206.770</b>	<b>36.433.541</b>	<b>6.310.803</b>	<b>18.663.442</b>

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

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

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

Banks establish required reserves at the Central Bank of the Republic of Türkiye for their Turkish Lira and foreign currency liabilities specified in the aforementioned communiqué. Establishment of required reserves begins on Friday, two weeks after the liability calculation date, and lasts for 14 days. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the Central Bank of the Republic of Türkiye. Required reserve ratios vary according to the maturity structure of the liabilities and are applied between 0% and 8% for Turkish Lira deposits and other liabilities, and between 5% and 30% for foreign currency deposits and other liabilities.

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	24.036.052	35.447.767	6.189.305	17.634.063
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
<b>Total</b>	<b>24.036.052</b>	<b>35.447.767</b>	<b>6.189.305</b>	<b>17.634.063</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	114.562	1.726.491	134.657	10.334.683
Foreign Banks	-	11.188.752	-	2.781.980
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>114.562</b>	<b>12.915.243</b>	<b>134.657</b>	<b>13.116.663</b>

##### Information on Foreign Bank Accounts

	Unrestricted Amount		Restricted Amount	
	Current Period 31.12.2023	Prior Period 31.12.2022	Current Period 31.12.2023	Prior Period 31.12.2022
European Union Countries	9.866.979	1.970.439	-	-
USA, Canada	550.441	151.058	-	-
OECD Countries*	35.959	275.693	-	-
Off-Shore Banking Regions	-	-	-	-
Other Countries	735.373	384.790	-	-
<b>Total</b>	<b>11.188.752</b>	<b>2.781.980</b>	<b>-</b>	<b>-</b>

\* OECD Countries other than EU countries, USA and Canada.

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Financial Assets at Fair Value Through Profit/Loss	3.790.194	2.121.486
Other Dividends and Income Rediscouts	21.873	12.118
Provision for Impairment (-)	-	-
<b>Total</b>	<b>3.812.067</b>	<b>2.133.604</b>

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Assets Subject to Repurchase Agreements	8.362.369	5.876.865
Assets Blocked/Given as Collateral	1.479.501	5.640.357
<b>Total (*)</b>	<b>9.841.870</b>	<b>11.517.222</b>

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



# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Debt Securities	17.900.443	19.892.250
Quoted in Stock Exchange	17.900.443	19.892.250
Not Quoted in Stock Exchange	-	-
Share Certificates	52.913	52.341
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	52.913	52.341
Provision for Impairment (-) (**)	406.354	134.294
<b>Total</b>	<b>17.547.002</b>	<b>19.810.297</b>

(\*) The afore-mentioned amounts in question consist of the amounts paid to 41.101 TRY İhracatı Gelişim A.Ş., 7.659 TRY Credit Guarantee Fund and 4.153 TRY to JCR Avrasya Değerleme A.Ş. and are shown in the not traded on the stock exchange line (31 December 2022: 41.101 TRY İhracatı Gelişim A.Ş., 7.659 TRY Credit Guarantee Fund and 3,581 JCR Avrasya Rating A.Ş.).

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

### 5. Information on derivative financial assets

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Forward Transactions	847	-	-	-
Swap Transactions	-	199	14.218	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	2.143	539	111	142
<b>Total</b>	<b>2.990</b>	<b>738</b>	<b>14.329</b>	<b>142</b>

### 6. Information related to loans

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	6.184.984	-	2.374	-
Corporate Shareholders	6.184.984	-	2.374	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	192.704	-	101.173	-
<b>Total (*)</b>	<b>6.377.688</b>	<b>-</b>	<b>103.547</b>	<b>-</b>

(\*) Includes rediscount amounts.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 Close Monitored (First and Second Group Loans) and Restructured Close Monitored Loans

<b>Current Period</b>		<b>Loans Under Close Monitoring</b>			
<b>31 December 2023</b>		<b>Restructured</b>			
<b>Cash Loans</b>	<b>Standard Loans and Other Receivables</b>	<b>Not Under the Scope of Restructuring</b>	<b>Loans with revised contract terms</b>	<b>Refinancing</b>	
Loans <sup>(*)</sup>					
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 <sup>(**)</sup>	12.711.995	80.025	-	-	-
Other Receivables	-	-	-	-	-
Profit Share Income Accruals and Rediscounts	204.622.474	1.302.075	1.232.299	1.865.840	
<b>Total</b>	<b>46.795.959</b>	<b>82.734</b>	<b>-</b>	<b>-</b>	<b>-</b>
<hr/>					
<b>Prior Period</b>		<b>Loans Under Close Monitoring</b>			
<b>31 December 2022</b>		<b>Restructured</b>			
<b>Cash Loans</b>	<b>Standard Loans and Other Receivables</b>	<b>Not Under the Scope of Restructuring</b>	<b>Loans with revised contract terms</b>	<b>Refinancing</b>	
Loans <sup>(*)</sup>					
Export Loans	25.027.366	5.961	-	-	-
Import Loans	68.569	-	-	-	-
Commercial Loans	80.164.497	1.113.367	389.136	774.366	
Consumer Loans	9.134.498	78.648	-	-	-
Credit Cards	103.556	301	-	-	-
Loans Given to Financial Sector	495.353	-	-	-	-
Other <sup>(**)</sup>	7.084.047	24.574	-	-	-
Other Receivables	-	-	-	-	-
<b>Total</b>	<b>122.077.886</b>	<b>1.222.851</b>	<b>389.136</b>	<b>774.366</b>	

<sup>(\*)</sup> Related amounts do not include finance lease receivables.

<sup>(\*\*)</sup> As of 31 December 2023, TRY 23.475 (31 December 2022: TRY 36.525) of the related balance consists of funds provided by the musharakah partnership financing method. As of 31 December 2022, the Bank has accounted for these fixed musharakah financing loans, which it carries in its statement of financial position, at historical cost in accordance with Interest-Free Finance Accounting Standard 4: Musharakah Financing "FFMS 4" Article 2/3/1.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 Close Monitored (First and Second Group Loans) and Restructured Close Monitored Loans (Continued)

	Current Period 31 December 2023		Prior Period 31 December 2022	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
<b>Expected Credit Loss of Stage 1 and Stage 2</b>				
12 Month Expected Credit Losses	1.299.758	-	683.003	-
Significant Increase in Credit Risk	-	856.891	-	438.587

	Current Period 31.12.2023		Prior Period 31.12.2022	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
<b>Number of Extensions</b>				
1 or 2 Times Extended	257.418	2.910.873	619.977	1.095.445
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
<b>Total</b>	<b>257.418</b>	<b>2.910.873</b>	<b>619.977</b>	<b>1.095.445</b>

	Current Period 31.12.2023		Prior Period 31.12.2022	
	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under close monitoring and Other Receivables
<b>Extension Periods</b>				
0 - 6 Months	-	974.563	10.092	183.452
6 Months - 12 Months	4.539	157.645	3.703	11.816
1 - 2 Years	229.594	1.123.898	196.105	729.732
2 - 5 Years	23.285	22.491	50.014	14.235
5 Years and Over	-	632.276	360.063	156.210
<b>Total</b>	<b>257.418</b>	<b>2.910.873</b>	<b>619.977</b>	<b>1.095.445</b>

# FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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. Loans according to maturity structure

Current Period 31.12.2023	Loans under Close Monitoring		
	Standard Loans and Other Receivables	Loans Not Subject to Restructuring	Refinancing
<b>Cash Loans</b>			
Short-term Loans	103.605.766	846.450	723.235
Medium and Long-term Loans	101.016.708	455.625	509.064
<b>Total</b>	<b>204.622.474</b>	<b>1.302.075</b>	<b>1.232.299</b>
<b>Prior Period 31.12.2022</b>			
	Loans under Close Monitoring		
	Standard Loans and Other Receivables	Loans Not Subject to Restructuring	Refinancing
<b>Cash Loans</b>			
Short-term Loans	66.333.697	881.296	308.341
Medium and Long-term Loans	55.744.189	341.555	80.795
<b>Total</b>	<b>122.077.886</b>	<b>1.222.851</b>	<b>389.136</b>

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 consumer loans, individual credit cards, personnel loans and personnel credit cards

Current Period			
31 December 2023	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans - TRY</b>	<b>62.737</b>	<b>11.556.368</b>	<b>11.619.105</b>
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	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TRY</b>	<b>463.842</b>	<b>1.984</b>	<b>465.826</b>
With Installment	160.566	1.500	162.066
Without Installment	303.276	484	303.760
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TRY</b>	<b>21.534</b>	<b>155.825</b>	<b>177.359</b>
Housing Loans	-	18.093	18.093
Vehicle Loans	-	4.170	4.170
Consumer Loans	21.534	133.562	155.096
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>15.345</b>	<b>-</b>	<b>15.345</b>
With Installment	6.214	-	6.214
Without Installment	9.131	-	9.131
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TRY (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (*)</b>	<b>563.458</b>	<b>11.714.177</b>	<b>12.277.635</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 consumer loans, individual credit cards, personnel loans and personnel credit cards (Continued)

Prior Period			
31 December 2022	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans - TRY</b>	<b>30.527</b>	<b>9.083.584</b>	<b>9.114.111</b>
Housing Loans	4.733	8.045.837	8.050.570
Vehicle Loans	7.261	717.975	725.236
Consumer Loans	18.533	319.772	338.305
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TRY</b>	<b>101.677</b>	<b>42</b>	<b>101.719</b>
With Installment	25.743	14	25.757
Without Installment	75.934	28	75.962
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TRY</b>	<b>3.824</b>	<b>95.211</b>	<b>99.035</b>
Housing Loans	-	14.988	14.988
Vehicle Loans	-	3.161	3.161
Consumer Loans	3.824	77.062	80.886
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>2.131</b>	<b>7</b>	<b>2.138</b>
With Installment	701	-	701
Without Installment	1.430	7	1.437
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Installment based	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TRY (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (*)</b>	<b>138.159</b>	<b>9.178.844</b>	<b>9.317.003</b>

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

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 consumer loans, individual credit cards, personnel loans and personnel credit cards (Continued)

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 consumer loans, individual credit cards, personnel loans and personnel credit cards (Continued)

Prior Period			
31 December 2022	Short-Term	Medium and Long-Term	Total
<b>Installment Commercial Loans-TRY</b>	<b>1.272.278</b>	<b>1.112.990</b>	<b>2.385.268</b>
Business Loans	1.839	36.816	38.655
Vehicle Loans	1.270.439	1.076.174	2.346.613
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans-Indexed to FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans -FC</b>	<b>1.135</b>	<b>59.458</b>	<b>60.593</b>
With Installment	-	-	-
Without Installment	1.135	59.458	60.593
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -TRY</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TRY (Legal Entity)</b>	-	-	-
<b>Overdraft Account-FC (Legal Entity)</b>	-	-	-
<b>Total</b>	<b>1.273.413</b>	<b>1.172.448</b>	<b>2.445.861</b>



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### f) Loans according to types of borrower:

	Current Period 31 December 2023	Prior Period 31 December 2022
Public	9.274.657	10.336.517
Private	199.748.031	114.127.722
<b>Total (*)</b>	<b>209.022.688</b>	<b>124.464.239</b>

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

##### g) Breakdown of domestic and international loans

	Current Period 31 December 2023	Prior Period 31 December 2022
Domestic Loans	206.980.128	123.607.634
Foreign Loans	2.042.560	856.605
<b>Total (*)</b>	<b>209.022.688</b>	<b>124.464.239</b>

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

##### h) Loans granted to subsidiaries and participations

As of 31 December 2023, the Bank has no loans granted to subsidiaries and participations (31 December 2022: None).

##### i) Expected Loss Provisions for Loans (Third Stage)

	Current Period 31 December 2023	Prior Period 31 December 2022
Loans and receivables with limited collectability	38.715	6.432
Loans and receivables with doubtful collectability	27.959	94.372
Uncollectible loans and other receivables	1.615.332	1.494.642
<b>Total</b>	<b>1.682.006</b>	<b>1.595.446</b>

##### j) Information on lease receivables

##### j.1) Analysis of investments made in financial leasing by remaining maturity

	Current Period 31 December 2023		Prior Period 31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	224.845	214.022	189.351	179.909
1-5 year	59.978.540	41.201.771	16.491.827	14.005.363
More than 5 years	13.243.798	11.229.911	8.160.207	7.050.052
<b>Total</b>	<b>73.447.183</b>	<b>52.645.704</b>	<b>24.841.385</b>	<b>21.235.324</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### j.2) Information on net investments in financial leasing

	Current Period 31 December 2023	Prior Period 31 December 2022
Gross Financial Lease Receivable	73.447.183	24.841.385
Unearned Financial Income from Financial Lease (-)	(20.801.479)	(3.606.061)
Canceled Rental Amounts	-	-
<b>Total</b>	<b>52.645.704</b>	<b>21.235.324</b>

##### k) Information on non-performing receivables (net)

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

As of 31 December 2023, the sum of the Bank's non-performing loans restructured or rescheduled for a new redemption plan and other receivables is TRY 130.382 (31 December 2021: 167.624).

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

Current Period 31 December 2023	Group III: Loans and other receivables with limited collectability	Group IV: Loans and other receivables with doubtful collectability	Group V: Uncollectible loans and other receivables
<b>Ending balance of prior period</b>	<b>23.334</b>	<b>178.305</b>	<b>1.674.102</b>
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
Sold <sup>(*)</sup> (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>136.753</b>	<b>68.734</b>	<b>1.735.463</b>
Expected Loss Provision (Stage 3) (-)	38.715	27.959	1.615.332
<b>Net balance on balance sheet</b>	<b>98.038</b>	<b>40.775</b>	<b>120.131</b>

<sup>(\*)</sup> Includes transfers to first and second group loans amounting to TRY 13.760.

<sup>(\*\*)</sup> 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### k.2) Information on the movement of total non-performing loans (Continued)

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans and other receivables with limited collectability</b>	<b>Loans and other receivables with doubtful collectability</b>	<b>Uncollectible loans and other receivables</b>
<b>Prior Period</b>			
<b>31 December 2022</b>			
<b>Ending balance of prior period</b>	<b>41.467</b>	<b>391.196</b>	<b>1.266.313</b>
Additions in the current period (+)	283.521	26.482	311.004
Transfers from other categories of non-performing loans (+)	-	263.830	464.576
Transfers to other categories of non-performing loans (-)	263.830	464.576	-
Collections in the current period (-)	37.824	38.627	348.775
Sold (*) (-)	-	-	19.016
Corporate and commercial loans	-	-	19.016
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>23.334</b>	<b>178.305</b>	<b>1.674.102</b>
Expected Loss Provision (Stage 3) (-)	6.432	94.372	1.494.642
<b>Net balance on balance sheet</b>	<b>16.902</b>	<b>83.933</b>	<b>179.460</b>

(\*) Includes transfers to first and second group loans amounting to TRY 45.171.

##### k.3) Information on foreign currency non-performing loans

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

	<b>Group III:</b>	<b>Group IV:</b>	<b>Group V:</b>
	<b>Loans with limited collectability</b>	<b>Loans with doubtful collectability</b>	<b>Uncollectible Loans</b>
<b>Prior Period</b>			
<b>31 December 2022</b>			
<b>Ending balance of the current period</b>	<b>-</b>	<b>-</b>	<b>316.515</b>
Expected Loss Provision (Stage 3) (-)	-	-	302.296
<b>Net balance on balance sheet</b>	<b>-</b>	<b>-</b>	<b>14.219</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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) 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
<b>Current Period (Net)</b>	<b>98.038</b>	<b>40.775</b>	<b>120.131</b>
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)	-	-	-
<b>Prior Period (Net)</b>	<b>16.902</b>	<b>83.933</b>	<b>179.460</b>
Loans to Real Persons and Legal Entities (Gross)	23.334	178.305	1.674.102
Specific Provisions (-)	6.432	94.372	1.494.642
Loans to Real Persons and Legal Entities (Net)	16.902	83.933	179.460
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
<b>Current Period (Net)</b>	<b>7.303</b>	<b>3.556</b>	<b>19.379</b>
Profit Share Accrual and Valuation Differences Provision	9.946	6.208	255.061
Provision Amount (-)	2.643	2.652	235.682
<b>Prior Period (Net)</b>	<b>1.108</b>	<b>8.692</b>	<b>26.287</b>
Profit Share Accrual and Valuation Differences Provision	1.592	18.930	234.022
Provision Amount (-)	484	10.238	207.735

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### Provision changes according to TFRS 9

	Current Period 31.12.2023			
	1. Stage	2. Stage	3. Stage	Total
<b>Balance at the Beginning of the Period</b>	<b>683.003</b>	<b>438.587</b>	<b>1.595.446</b>	<b>2.717.036</b>
Addition	807.346	560.950	381.520	1.749.816
Disposals (-)	(186.115)	(124.628)	(317.454)	(628.197)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	1.949	(1.949)	-	-
Transfer to Stage 2	(5.994)	6.128	(134)	-
Transfer to Stage 3	(431)	(22.197)	22.628	-
<b>Balance at the Closing of the Period</b>	<b>1.299.758</b>	<b>856.891</b>	<b>1.682.006</b>	<b>3.838.655</b>

	Prior Period 31.12.2022			
	1. Stage	2. Stage	3. Stage	Total
<b>Balance at the Beginning of the Period</b>	<b>228.215</b>	<b>168.969</b>	<b>1.337.712</b>	<b>1.734.896</b>
Addition	485.668	317.304	416.379	1.219.351
Disposals (-)	(34.775)	(43.055)	(140.365)	(218.195)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	(19.016)	(19.016)
Transfer to Stage 1	5.922	(5.922)	-	-
Transfer to Stage 2	(1.908)	3.168	(1.260)	-
Transfer to Stage 3	(119)	(1.877)	1.996	-
<b>Balance at the Closing of the Period</b>	<b>683.003</b>	<b>438.587</b>	<b>1.595.446</b>	<b>2.717.036</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### Cash loan changes according to TFRS 9

	Current Period 31.12.2023			Total
	1. Stage	2. Stage	3. Stage	
<b>Balance at the Beginning of the Period</b>	<b>143.092.370</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>147.575.304</b>
Addition	156.480.140	1.634.533	192.701	158.307.374
Disposals (-)	(41.636.436)	(278.603)	(358.297)	(42.273.336)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	257.591	(257.591)	-	-
Transfer to Stage 2	(1.306.837)	1.308.208	(1.371)	-
Transfer to Stage 3	(131.395)	(100.781)	232.176	-
<b>Balance at the Closing of the Period</b>	<b>256.755.433</b>	<b>4.912.959</b>	<b>1.940.950</b>	<b>263.609.342</b>

<sup>ç)</sup> Includes TRY 52.132.959 in the first stage and TRY 512.745 in the second stage.

	Prior Period 31.12.2022			Total
	1. Stage	2. Stage	3. Stage	
<b>Balance at the Beginning of the Period</b>	<b>64.138.232</b>	<b>2.297.608</b>	<b>1.698.976</b>	<b>68.134.816</b>
Addition	92.459.463	670.448	302.147	93.432.058
Disposals (-)	(13.464.181)	(311.245)	(197.128)	(13.972.554)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	(19.016)	(19.016)
Transfer to Stage 1	595.057	(595.057)	-	-
Transfer to Stage 2	(591.586)	603.326	(11.740)	-
Transfer to Stage 3	(44.615)	(57.887)	102.502	-
<b>Balance at the Closing of the Period</b>	<b>143.092.370</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>147.575.304</b>

<sup>ç)</sup> Includes TRY 21.014.484 in the first stage and TRY 220.840 in the second stage.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### m) 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's. 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.

##### n) Explanations on write-off policy

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

#### 7. Financial assets at amortized cost

##### a) Information on government debt securities measured at amortized cost

	Current Period 31 December 2023	Prior Period 31 December 2022
Debt Securities	21.830.293	5.323.943
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	21.830.293	5.323.943
Provision of Impairment (-)	-	-
<b>Total</b>	<b>21.830.293</b>	<b>5.323.943</b>

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

None (31 December 2022: None).

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

As of 31 December 2023, government debt securities measured at amortized cost of the Bank is TRY 21.830.293 (31 December 2022: TRY 5.323.943).

	Current Period 31 December 2023	Prior Period 31 December 2022
Balances at Beginning of Period	5.323.943	1.327.957
Foreign Currency Differences on Monetary Assets	1.862.347	264.482
Purchases during the Period <sup>(*)</sup>	14.644.003	3.731.504
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
<b>Balances at End of Period</b>	<b>21.830.293</b>	<b>5.323.943</b>

<sup>(\*)</sup> Rediscounts are shown in "Purchases during the period" line.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

As of 31 December 2023, the amount of assets due to trading is TRY 427.229 (31 December 2021: TRY 274.644).

	<b>Current Period 31 December 2023</b>	<b>Prior Period 31 December 2022</b>
Beginning Balance (Net)	274.644	307.881
Changes During the Period (Net)	152.585	(33.237)
Amount of Depreciation	-	-
Provision for Impairment	-	-
<b>Period End Balance (Net)*</b>	<b>427.229</b>	<b>274.644</b>

<sup>1)</sup> The bank has a right of fidelity of over TRY 197.860 of assets held for sale (31 December 2022: 211.940).

As of 31 December 2023, the Bank has no discontinued operations (31 December 2022: 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 22.500 TRY on April 30, 2023. The total capital of the company is 600.000 TRY and the Bank's total participation amount is 90.000 TRY, which corresponds to 15%. The remaining 67.500 TRY will be paid within 2 years. There is a board member in the company representing the Bank's shares. (December 31, 2022: None).

	<b>Title</b>	<b>Address (City/Country)</b>	<b>Bank's Share Ratio - If Different, Voting Ratio (%)</b>	<b>Bank Risk Group Share Ratio (%)</b>
1	Katılım Finans Kefalet A.Ş.	İstanbul/TÜRKİYE	15	-



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### b.1) Information on unconsolidated subsidiaries

Ziraat Katılım Varlık Kiralama A.Ş. (“Company”), with a capital of TRY 50.000 fully paid by Ziraat Katılım Bankası Anonim Şirketi, on 22 January 2016 with the permission of the Banking Regulation and Supervision Agency and the Capital Markets Board, as per the Capital Markets Board (“CMB”) dated 7 June 2013 and It was established to issue lease certificates exclusively within the framework of the Communiqué on Lease Certificates (III-61.1) published in the Official Gazette No. 28760.

ZKB Varlık Kiralama A.Ş. (“Company”), with its capital of TRY 50.000 fully paid by Ziraat Katılım Bankası Anonim Şirketi, on 8 September 2017 with the permission of the Banking Regulation and Supervision Agency and the Capital Markets Board, as per the Capital Markets Board (“CMB”) dated 7 June 2013 and It was established to issue lease certificates exclusively within the framework of the Communiqué on Lease Certificates (III-61.1) published in the Official Gazette No. 28760

Name	Address (City/Country)	Bank's share percentage - if different voting percentage (%)		Risk share percentage of other shareholders (%)	
1 Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100		100	
2 ZKB Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100		100	

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/Loss	Prior period Income/Loss <sup>(*)</sup>	Fair Value	Needed Shareholders Equity
1 <sup>(*)</sup>	19.979.495	529	-	1.442.455	-	131	55	-	-
2 <sup>(*)</sup>	263.035	409	-	1.017	-	292	30	-	-

<sup>(\*)</sup> Independently audited financial statements of 31 December 2023 are used.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Balance at the beginning of the year</b>	<b>515</b>	<b>430</b>
<b>Movements during the year</b>	<b>423</b>	<b>85</b>
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	423	85
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Revaluation/Impairment	-	-
<b>Balance at the end of the year</b>	<b>938</b>	<b>515</b>
Capital commitments	-	-
Share percentage at the end of the year (%)	100%	100%

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

	Current Period 31.12.2023	Prior Period 31.12.2022
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 2022: None).

##### c) Information on entities under common control (joint ventures):

None (31 December 2022: None).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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
<b>Prior Period End:</b>							
Cost	-	393.654	273.376	49.622	152.781	-	869.433
Accumulated Depreciation (-)	-	115.610	81.850	22.424	54.607	-	274.491
<b>Net Book Value</b>	-	<b>278.044</b>	<b>191.526</b>	<b>27.198</b>	<b>98.174</b>	-	<b>594.942</b>
<b>Current Period End:</b>							
Net Book Value at the Beginning of the Period	-	278.044	191.526	27.198	98.174	-	594.942
Change During the Period (Net)	-	323.326	325.119	98.275	824.037	-	1.570.757
Cost	-	411.729	397.922	125.644	941.671	-	1.876.966
Amortization (Net) (-)	-	88.403	72.803	27.369	117.634	-	306.209
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	805.383	671.298	175.266	1.094.452	-	2.746.399
Accumulated Depreciation at Period End (-)	-	204.013	154.653	49.793	172.241	-	580.700
Provision for Impairment (-)	-	-	-	-	-	-	-
<b>Closing Net Book Value</b>	-	<b>601.370</b>	<b>516.645</b>	<b>125.473</b>	<b>922.211</b>	-	<b>2.165.699</b>

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

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

# FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### 11. Explanations on intangible assets:

	Current Period 31 December 2023			Prior Period 31 December 2022		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	825.160	132.526	692.634	426.161	83.707	342.454
<b>Total</b>	<b>825.160</b>	<b>132.526</b>	<b>692.634</b>	<b>426.161</b>	<b>83.707</b>	<b>342.454</b>

- In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- Book value of intangible assets with restrictions on use or pledged: None.
- Amount of commitments given for acquisition of intangible asset: None.
- Intangible assets based on revalued asset type: None.
- Total amount of research and development expenses recorded in the period, if any: None.
- Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are unconsolidated: Not applied to the financial statements with consolidation.
- Information on goodwill: None.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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 31 December 2023, the Bank has no investment properties (31 December 2022: None).

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

As at 31 December 2023, deferred tax liabilities of TRY 1.909.078 (31 December 2022: TRY 993.620) and deferred tax assets of TRY 4.387.183 (31 December 2022 TRY 1.781.640) have been offset and TRY 2.478.105 deferred tax asset (31 December 2022: TRY 788.020 deferred tax asset) is reflected in the financial statements.

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Deferred Tax Assets	4.387.183	1.781.640
Deferred Tax Liabilities	1.909.078	993.620
Net Deferred Tax Assets	2.478.105	788.020
Net Deferred Tax Income	311.824	1.287.901
	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Reserve for Employee Benefits	96.331	42.460
Short-term Employee Benefits	333.118	121.752
Financial Assets Valuation Differences	787.122	(968.522)
Other	1.261.534	1.592.330
<b>Net Deferred Tax Asset</b>	<b>2.478.105</b>	<b>788.020</b>

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

As of 31 December 2023 and as of 31 December 2022, other assets do not exceed 10% of the total assets excluding off-balance sheet commitments.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

## EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

## II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES

## 1. a) Information on funds collected

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

Current Period 31.12.2023	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 Participation Account	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 Turkey	-	-	-	-	-	-	-	-	-
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 Turkey	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 Turkey	-	-	-	-	-	-	-	-	-
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 Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+....+IX+X+XI)</b>	<b>59.452.740</b>	<b>41.303.629</b>	<b>151.958.256</b>	<b>9.795.977</b>	<b>2.240.966</b>	<b>521.325</b>	<b>39.099.481</b>	<b>-</b>	<b>304.372.374</b>

(\*) As of 31 December 2023, it includes TRY 32.845.870 of CBRT Currency Protected Participation Account and TRY 21.340.933 of Treasury Currency Protected Participation Account products.ve 3.640.392 TRY Yuvam account.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

## EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

#### 1. a) Information on funds collected (Continued)

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

Prior Period 31.12.2022	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TRY	3.157.181	-	-	-	-	-	-	-	3.157.181
II. Real persons participation accounts non-trade TRY	-	1.109.309	20.384.240	1.164.467	780.322	1.221	5.114.040	-	28.553.599
III. Other current accounts-TRY	13.758.914	-	-	-	-	-	-	-	13.758.914
Public sector	242.590	-	-	-	-	-	-	-	242.590
Commercial sector	9.249.982	-	-	-	-	-	-	-	9.249.982
Other institutions	112.603	-	-	-	-	-	-	-	112.603
Commercial and other institutions	20.660	-	-	-	-	-	-	-	20.660
Banks and participation banks	4.133.079	-	-	-	-	-	-	-	4.133.079
Central Bank of Republic of Turkey	291	-	-	-	-	-	-	-	291
Domestic banks	690	-	-	-	-	-	-	-	690
Foreign banks	4.132.074	-	-	-	-	-	-	-	4.132.074
Participation banks	24	-	-	-	-	-	-	-	24
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TRY	-	20.007.109	32.682.191	5.022.993	1.449.717	65.648	748.875	-	59.976.533
Public sector	-	13.083.148	721.929	3.851.938	51.323	2.576	-	-	17.710.914
Commercial sector	-	6.875.077	29.914.497	1.138.904	1.398.141	47.325	748.071	-	40.122.015
Other institutions	-	48.884	1.391.609	32.151	253	15.747	804	-	1.489.448
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	654.156	-	-	-	-	-	654.156
V. Real persons current accounts-FC	7.899.340	-	-	-	-	-	-	-	7.899.340
VI. Real persons participation accounts non-trade FC	-	1.582.540	8.749.485	125.947	-	248.468	1.943.881	-	12.650.321
VII. Other current accounts non-trade FC	10.149.564	-	-	-	-	-	-	-	10.149.564
Commercial residents in Turkey	9.297.062	-	-	-	-	-	-	-	9.297.062
Commercial residents in Abroad	846.388	-	-	-	-	-	-	-	846.388
Banks and participation banks	6.114	-	-	-	-	-	-	-	6.114
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	6.113	-	-	-	-	-	-	-	6.113
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	6.484.676	13.668.959	10.159.883	17.361	-	11.341	-	30.342.220
Public sector	-	952	203.478	-	-	-	-	-	204.430
Commercial sector	-	6.441.267	13.003.990	10.028.864	17.361	-	7.136	-	29.498.618
Other institutions	-	6.612	336.809	131.019	-	-	4.205	-	478.645
Commercial and other institutions	-	35.845	124.682	-	-	-	-	-	160.527
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	3.546.550	-	2.986.678	16.268	37.973	-	64.057	-	6.651.526
X. Participation accounts special funds - TRY	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI)</b>	<b>38.511.549</b>	<b>29.183.634</b>	<b>78.471.553</b>	<b>16.489.558</b>	<b>2.285.373</b>	<b>315.337</b>	<b>7.882.194</b>	<b>-</b>	<b>173.139.198</b>

As of 31 December 2023, it includes TRY 22.216.406 of CBRT Currency Protected Participation Account and TRY 10.167.641 of Treasury Currency Protected Participation Account products.ve 1.710.983 TRY Yuvam account.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 1. a) Information on funds collected (Continued)

##### a.2) Exceeding Amounts of Insurance Limit:

##### i. Information's on current and participation accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund

	Under the	Under the	Exceeding	Exceeding
	guarantee of saving deposit insurance	guarantee of saving deposit insurance	the limit of saving deposit	the limit of saving deposit
	Current Period 31 December 2023	Prior Period 31 December 2022	Current Period 31 December 2023	Prior Period 31 December 2022
Real persons current and participation accounts that are not subject to commercial activities	21.915.098	12.569.522	93.404.253	44.932.868
TRY accounts	10.549.941	7.239.479	50.387.918	24.471.301
FC accounts	11.365.157	5.330.043	43.016.335	20.461.567
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

<sup>(\*)</sup> 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 3,239.462 TRY (31 December 2022: TRY 1.817.963) within the scope of insurance are not included in the table. The portion of the said deposits exceeding the insurance limit is 156.727.806 TRY. (31 December 2022: 90.381.181 TRY)

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

##### Participation fund of the real persons who are not within the scope of Saving Deposits Insurance Fund

	Current Period 31 December 2023	Prior Period 31 December 2022
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	2.258	1.223
Profit sharing account and other accounts within the scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No: 5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### 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 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Syndicated Loans	4.711.292	1.255.451	150.067	1.300.767
Proxy Loans	-	-	-	297.209
Funds Provided from Issued Lease Certificates (Sukuk)	5.059.316	14.918.648	5.380.808	-
Other	2.316.964	6.627.307	191.652	2.584.274
<b>Total</b>	<b>12.087.572</b>	<b>22.801.406</b>	<b>5.722.527</b>	<b>4.182.250</b>

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Borrowings from the CBRT	1.206.486	-	-	-
From Domestic Banks and Institutions	10.881.086	17.251.464	5.722.527	2.405.748
From Foreign Banks, Institutions and Funds	-	5.549.941	-	1.776.502
<b>Total</b>	<b>12.087.572</b>	<b>22.801.405</b>	<b>5.722.527</b>	<b>4.182.250</b>

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

	Current Perio 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Short-term	10.752.997	1.256.521	5.566.519	1.369.438
Medium and Long-term	1.334.575	21.544.884	156.008	2.812.812
<b>Total</b>	<b>12.087.572</b>	<b>22.801.405</b>	<b>5.722.527</b>	<b>4.182.250</b>

###### d) Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations

79.31% of liabilities consists of current and participation account. (31 December 2022: 81.16%)

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 3. Information on funds obtained from money market transactions

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
<b>Domestic</b>	<b>435.678</b>	<b>10.528.455</b>	<b>57.003</b>	<b>7.498.996</b>
Financial Institutions	435.678	10.528.455	57.003	7.498.996
<b>Abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Institutions	-	-	-	-
<b>Total</b>	<b>435.678</b>	<b>10.528.455</b>	<b>57.003</b>	<b>7.498.996</b>

##### 4. Information on securities issued

None (31 December 2022: None).

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

None (31 December 2022: None).

##### 6. Information on derivative financial liabilities

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Forward transactions	-	-	-	-
Swap transactions	-	153.095	-	62.998
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>153.095</b>	<b>-</b>	<b>62.998</b>

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	Gross	Net	Gross	Net
Less than 1 year	17.264	16.604	43.715	24.347
Between 1-5 years	152.835	118.660	130.103	100.305
More than 5 years	1.210.600	650.595	422.202	211.294
<b>Total</b>	<b>1.380.699</b>	<b>785.859</b>	<b>596.020</b>	<b>335.946</b>

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 8. Information on provisions:

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

There is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2022: None).

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

The expected credit loss provision for non-compensated and non-cash loans is TRY 23.032 (31 December 2022: TRY 23.278).

##### c) Information on other provisions

##### c.1) Information on free provisions for possible risks

As at 31 December 2023 include 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. (31 December 2022: Except for the BRSA Accounting and Financial Reporting Legislation requirements, a total of TRY 1.004.000 has been set aside by the bank management, of which TRY 20.000 has been reserved in prior periods and TRY 984.000 has been reserved in the current year).

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

As of 31 December 2023 TRY 1.548.811 (31 December 2022: TRY 701.266) of other provisions was allocated from the profits to be distributed to participation accounts, TRY 4.248 (31 December 2022: TRY 632) of the provisions for foreign currency purchases and sales transactions, 2.180 The portion amounting to TRY (31 December 2021: 213) consists of the provision for promotional practices regarding credit cards and banking services.

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

A provision of TRY 89.976 has been set aside in the financial statements for lawsuits that have not yet been finalized against the bank (31 December 2021: TRY 86.915).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

#### 8. Information on provisions (Continued)

#### d) Information on provisions for employee benefits

#### d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of the date of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TRY 44.385 (full TRY) (31 December 2022: TRY 125.764 (full TRY)) for each year of service.

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.

	<b>Current Period 31 December 2023</b>	<b>Prior Period 31 December 2022</b>
Discount Rate (%)	24,60%	9,20%
Inflation (%)	22,16%	8,66%

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

	<b>Current Period 31 December 2023</b>	<b>Prior Period 31 December 2022</b>
Balance at the 1 January	125.764	26.259
Total Provisions During the Period	46.941	266.967
Paid During the Period	(3.549)	(834)
Actuarial loss/(gain)	33.548	(166.628)
<b>Balance at the end of the period</b>	<b>202.704</b>	<b>125.764</b>

#### d.2) Retirement Benefits

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

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

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

The Bank has a total of 164 TRY provision in the current period, based on the additional bonus to be paid to the personnel (31 December 2021: TRY 500).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 9. Explanations on tax liability

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

As of 31 December 2023, the remaining corporate tax liability after deducting temporary taxes paid for the period is TRY 536.382 (As of 31 December 2022, the remaining corporate tax liability after deducting temporary taxes paid for the period is TRY 1.338.031)

###### b) Information on taxes payable

	<b>Current Period 31 December 2023</b>	<b>Prior Period 31 December 2022</b>
Corporate Tax Payable	536.382	1.338.031
Taxation on Income From Securities	142.164	46.059
Property Tax	1.818	876
Banking Insurance Transactions Tax (BITT)	102.122	51.030
Foreign Exchange Transactions Tax	3.662	6.512
Value Added Tax Payable	48.906	15.992
Other	27.199	26.404
<b>Total</b>	<b>862.253</b>	<b>1.484.904</b>

###### c) Information on premiums:

	<b>Current Period 31 December 2023</b>	<b>Prior Period 31 December 2022</b>
Social Security Premiums - Employee	529	20
Social Security Premiums - Employer	734	-
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee	1.153	764
Unemployment Insurance - Employer	2.299	1.526
Other	-	-
<b>Total</b>	<b>4.715</b>	<b>2.310</b>

##### 10) Information on deferred tax liabilities

The Bank has no deferred tax liability as of the balance sheet date (31 December 2022: None).

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

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2022: None).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 12. Explanations on subordinated debts

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
From Domestic Banks	1.341.987	-	1.341.748	-
Domestic Other Organizations	-	4.451.686	-	2.597.654
From Foreign Banks	-	-	-	-
Overseas Other Organizations	-	-	-	-
<b>Total</b>	<b>1.341.987</b>	<b>4.451.686</b>	<b>1.341.748</b>	<b>2.597.654</b>

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Debt instruments to be included in the additional capital calculation	-	4.451.686	-	2.597.654
Subordinated Loans <sup>(*)</sup>	-	4.451.686	-	2.597.654
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:				
Subordinated Loans	1.341.987	-	1.341.748	-
Equity-like Debt Instruments	-	-	-	-
<b>Total</b>	<b>1.341.987</b>	<b>4.451.686</b>	<b>1.341.748</b>	<b>2.597.654</b>

<sup>(\*)</sup> The Bank provided subordinated loan from Turkey Wealth Funds Market Stability and Equalization Fund in the scope of additional main capital amounting to EUR 100.000 without demand and profit share which is approved by BRSA dated 22 April 2019. The Bank has calculated the fair value of the loan in accordance with TFRS 9 and TFRS 13 using the prices of similar financial instruments on the balance sheet date and reflected them to the financial statements.

##### 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	Prior Period
Stock Provision	10.350.000	2.650.000
Provision for 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.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

##### 14. Information on shareholders' equity (Continued)

##### c) Other information regarding the capital increases made in the current period and their sources and the increased capital shares

At the 2023 Extraordinary General Assembly Meeting of the Bank held on 31 March 2023, it was approved to increase the paid-in capital by 4.700.000 TRY in cash, and the capital increase and the related amendment to the relevant article of the Articles of Association was registered on 1 April 2023 and became effective on 3 April 2023. It was announced in the Trade Registry Gazette No. 10803.

At the Second Extraordinary General Assembly Meeting of the Bank for 2023, held on 6 December 2023, it was approved to increase the paid-in capital by 3.000.000 TRY in cash, and the capital increase and the resulting amendment to the relevant article of the Articles of Association was registered on 7 December 2023 and It was announced in the Trade Registry Gazette dated 2023 and numbered 10974.

##### 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

There is no capital commitments for the last financial year and the end of the following interim period (31 December 2022: None).

##### f) Indicators of the Bank's income, profitability and liquidity for the previous 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 2022: None).

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

As of 31 December 2022, the Bank has no preferred shares (31 December 2022: None).

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	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	(761.298)	(31.758)	2.540.848	(117.971)
Revaluation Difference	(1.331.619)	(31.758)	3.348.782	(117.971)
Deferred Tax Effect	570.321	-	(807.934)	-
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(761.298)</b>	<b>(31.758)</b>	<b>2.540.848</b>	<b>(117.971)</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

#### 14. Information on shareholders' equity (Continued)

##### i) Profit reserves and profit distribution

Legal reserves are divided into first and second reserves in the Turkish Commercial Code ("TCC"). Primary legal reserves are allocated at the rate of 5% from profits until the total reserves reach 20% of the paid-in capital. Secondary legal reserves are allocated at the rate of 10% on cash profit distributions exceeding 5% of the paid-in capital.

At the Bank's Ordinary General Assembly meeting held on 3 August 2023, it was decided to distribute the profit for 2022 as follows:

##### Profit distribution table for 2022:

<b>Profit for the year 2022</b>	<b>3.840.272</b>
A - 1 <sup>st</sup> Tier general legal reserves (TTK 519/A) 5%	192.013
B - First dividend to shareholders	-
C - Extraordinary reserves	3.648.259
D - Special funds	-

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

#### 1. Explanations on off-balance sheet liabilities

##### a) Nature and amount of irrevocable loan commitments

	<b>Current Period 31 December 2023</b>	<b>Prior Period 31 December 2022</b>
Forward Asset Value Trading Commitments	1.798.821	720.578
Guaranteed Loan Allocation Commitments	-	-
Payment Commitments for Cheques	1.708.702	748.093
Tax and Fund Liabilities from Export Commitments	296.293	95.161
Commitments for Credit Card Expenditure Limits	2.342.967	544.655
Other Irrevocable Commitments	1.304.223	721.459
Commitment to Implementation of Promotions for Credit Card and Banking Services	2.276	458
<b>Total</b>	<b>7.453.282</b>	<b>2.830.404</b>

##### 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 534.833 (31 December 2021: TRY 218.066).



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

##### 1. Explanations on off-balance sheet liabilities (Continued)

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

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Guarantee Letters	69.092.049	37.944.687
Bank Acceptances	414.759	74.133
Letter of Credits	7.928.282	5.650.939
Other Contingencies	895.443	1.521.723
<b>Total</b>	<b>78.330.533</b>	<b>45.191.482</b>

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Letters of Temporary Guarantees	2.285.988	2.854.152
Letters of Certain Guarantees	41.486.780	19.331.234
Letters of Advance Guarantees	8.893.988	4.777.857
Letters of Guarantees given to Customs Offices	794.150	429.313
Other Letters of Guarantees	15.631.143	10.552.131
<b>Total</b>	<b>69.092.049</b>	<b>37.944.687</b>

##### b.3) Total non-cash loans

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>15.625.859</b>	<b>10.548.853</b>
With Original Maturity of One Year or Less	1.572.826	500.931
With Original Maturity of More than One Year	14.053.033	10.047.922
<b>Other Non-Cash Loans</b>	<b>62.704.674</b>	<b>34.642.629</b>
<b>Total</b>	<b>78.330.533</b>	<b>45.191.482</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

##### 1. Explanations on off-balance sheet liabilities (Continued)

##### c) Information on sectoral risk concentrations of non-cash loans

	Current Period 31.12.2023				Prior Period 31.12.2022			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	376.582	1	24.037	-	286.958	1	50.947	-
Farming and Raising Livestock	293.577	1	24.037	-	161.125	1	12.555	-
Forestry	70.970	-	-	-	89.628	1	-	-
Fishing	12.035	-	-	-	36.205	-	38.392	-
Manufacturing	11.422.927	30	25.075.793	63	6.250.652	29	15.609.408	66
Mining and Quarrying	178.717	-	528.968	1	90.693	-	25.360	-
Production	9.984.970	26	24.209.408	61	5.636.602	26	15.487.165	66
Electric, Gas and Water	1.259.240	3	337.417	1	523.357	2	96.883	-
Construction	16.449.392	43	7.076.223	18	8.770.686	41	3.470.933	15
Services	10.089.266	26	7.420.871	18	6.261.084	29	4.207.615	18
Wholesale and Retail Trade	7.079.837	18	3.146.391	8	4.210.695	20	1.801.731	8
Hotel, Food and Beverage Services	313.751	1	280.074	-	599.821	3	162.223	1
Transportation and Telecommunication	743.429	2	1.590.958	4	382.725	2	498.498	2
Financial Institutions	122.219	-	1.172.953	3	121.033	1	1.174.092	5
Real Estate and Leasing Services	1.394.445	4	1.081.553	3	751.447	3	412.663	2
Self-employment Services	264.776	1	120.817	-	116.786	1	117.934	1
Education Services	46.871	-	28.125	-	4.658	-	22.910	-
Health and Social Services	123.938	-	-	-	73.919	-	17.564	-
Other	5.238	-	390.204	1	338	-	282.861	1
<b>Total</b>	<b>38.343.405</b>	<b>100</b>	<b>39.987.128</b>	<b>100</b>	<b>21.569.718</b>	<b>100</b>	<b>23.621.764</b>	<b>100</b>

##### d) Information on non-cash loans classified in groups I and II:

	I. Group		II. Group	
	TRY	FC	TRY	FC
<b>Non-cash Loans</b>	<b>38.165.375</b>	<b>38.232.679</b>	<b>178.030</b>	<b>1.754.449</b>
Letters of Guarantee	38.146.235	29.013.335	178.030	1.754.449
Aval and Acceptance Loans	-	414.759	-	-
Letters of credit	-	7.928.282	-	-
Turnover	-	-	-	-
Our Guarantees for Purchase in Securities Issue	-	-	-	-
From Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	19.140	876.303	-	-

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

##### 2. Explanations on derivative transactions:

	Current Period 31.12.2023	Prior Period 31.12.2022
<b>Types of Trading Transactions</b>		
Foreign Currency Related Derivative Transactions: (I)	14.939.086	15.745.097
Forward Foreign Exchange Transactions	94.674	-
Swap Money Exchange Transactions	14.844.412	15.745.097
Futures Money Transactions	-	-
Money Trading Options	-	-
Other Trading Derivative Transactions: (II)	-	-
<b>A. Total Trading Derivative Transactions (I+II)</b>	<b>14.939.086</b>	<b>15.745.097</b>
<b>Types of Hedging Derivative Transactions</b>		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
<b>B. Derivative Transactions for Total Hedging Purposes</b>	-	-
<b>Total Derivative Transactions (A + B)</b>	<b>14.939.086</b>	<b>15.745.097</b>

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions, those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized, or expense and income from agreements in the income statement in the current period.

Current Period 31.12.2023	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives:	(796)	(129.592)	5.098	-	-	(125.290)
- Inflow	976.530	6.388.495	41.873	-	-	7.406.898
- Outflow	(977.326)	(6.518.087)	(36.775)	-	-	(7.532.188)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	976.530	6.388.495	41.873	-	-	7.406.898
<b>Total Outflow</b>	(977.326)	(6.518.087)	(36.775)	-	-	(7.532.188)

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### III. EXPLANATIONS AND NOTES RELATED TO THE OFF-BALANCE SHEET ACCOUNTS (Continued)

##### 2. Explanations on derivative transactions: (Continued)

Prior Period 31.12.2022	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
<b>Derivatives held for trading</b>						
Foreign exchange derivatives:	18.051	(58.250)	-	-	-	(40.199)
- Inflow	4.917.554	2.934.895	-	-	-	7.852.449
- Outflow	(4.899.503)	(2.993.145)	-	-	-	(7.892.648)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	4.917.554	2.934.895	-	-	-	7.852.449
<b>Total Outflow</b>	(4.899.503)	(2.993.145)	-	-	-	(7.892.648)

##### 3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

Payment obligation of the Parent Bank due to checks given to its customers is TRY 1.708.702 (31 December 2021: TRY 748.093).

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

##### 4. Explanations on services in the name of others:

The Bank provides safe deposit box services on behalf of real and legal persons. The Bank does not provide consultancy and management services.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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

##### 1. a) Information on profit share received from loans

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
<b>Profit share on loans <sup>(1)</sup></b>	<b>20.568.191</b>	<b>5.599.861</b>	<b>11.844.448</b>	<b>2.008.285</b>
Short term loans	12.677.077	3.437.665	6.042.992	750.115
Medium and long term loans	7.834.010	2.162.196	5.734.297	1.258.170
Profit share on non-performing loans	57.104	-	67.159	-
Premiums received from resource utilization support fund	-	-	-	-

<sup>(1)</sup> Includes fees and commissions income on cash loans.

##### b) Information on profit share income from banks

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	424.880	68.213	123.554	51.809
Foreign Banks	-	640	-	2.042
Head Office and Branches	-	-	-	-
<b>Total</b>	<b>424.880</b>	<b>68.853</b>	<b>123.554</b>	<b>53.851</b>

##### c) Information on profit share income from securities portfolio

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit and Loss	-	71.248	-	43.356
Financial Assets at Fair Value through Other Comprehensive Income	5.440.368	218.670	4.385.549	172.392
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	1.445.798	400.601	82.317	164.855
<b>Total</b>	<b>6.886.166</b>	<b>690.519</b>	<b>4.467.866</b>	<b>380.603</b>

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

None (31 December 2022: None).

# FINANCIAL INFORMATION AND RISK MANAGEMENT

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## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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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 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Banks	706.719	368.762	297.399	65.882
Central Bank of the Republic of Turkey	5.325		272	-
Domestic Banks	701.394	177.704	297.127	41.723
Foreign Banks	-	191.058	-	24.159
Head Office and Branches	-	-	-	-
Other Institutions	1.234.305	637.338	851.132	176.645
<b>Total</b>	<b>1.941.024</b>	<b>1.006.100</b>	<b>1.148.531</b>	<b>242.527</b>

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

The amount of profit share expense given to associates and subsidiaries is TRY 1.442.455 (31 December 2022: TRY 851.132).

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

None (31 December 2022: None).

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

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

<b>Current Period 31 December 2023</b>	<b>Participation Accounts</b>					
<b>Account Name</b>	<b>1 month</b>	<b>3 months</b>	<b>6 months</b>	<b>1 year</b>	<b>Over 1 year</b>	<b>Total</b>
<b>Turkish Lira</b>						
Funds Collected from Banks via Current and Participation Accounts	6.455	518.374	2.166	-	-	526.995
Real Person's Non Commercial Participation Accounts	182.139	4.609.590	452.638	350.990	2.340.982	7.936.339
Public Sector Participation Accounts	2.338.721	1.503.411	205.321	2.379	372	4.050.204
Commercial Sector Participation Accounts	1.991.000	15.656.463	1.074.611	315.879	612.538	19.650.491
Other Institutions Participation Accounts	18.725	644.089	14.114	12.008	5.420	694.356
<b>Total</b>	<b>4.537.040</b>	<b>22.931.927</b>	<b>1.748.850</b>	<b>681.256</b>	<b>2.959.312</b>	<b>32.858.385</b>
<b>Foreign Currency</b>						
Funds Collected from Banks via Current and Participation Accounts	170	2.832	-	-	-	3.002
Real Person's Non Commercial Participation Accounts	20.559	383.961	4.685	3.618	39.339	452.162
Public Sector Participation Accounts	7	18	-	-	-	25
Commercial Sector Participation Accounts	1.258	95.064	86.633	5	22	182.982
Other Institutions Participation Accounts	231.726	1.064.700	121.278	296	133	1.418.133
Public Sector Participation Accounts	13.651	-	-	-	-	13.651
<b>Total</b>	<b>267.371</b>	<b>1.546.575</b>	<b>212.596</b>	<b>3.919</b>	<b>39.494</b>	<b>2.069.955</b>
<b>Grand Total</b>	<b>4.804.411</b>	<b>24.478.502</b>	<b>1.961.446</b>	<b>685.175</b>	<b>2.998.806</b>	<b>34.928.340</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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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)

Account Name	Participation Accounts					Total
	1 month	3 months	6 months	1 year	Over 1 year	
<b>Prior Period</b>						
<b>31 December 2022</b>						
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	-	102.170	-	-	-	102.170
Real Person's Non Commercial Participation Accounts	130.106	1.906.995	107.199	74.085	338.138	2.556.523
Public Sector Participation Accounts	839.705	270.887	318.589	11.540	-	1.440.721
Commercial Sector Participation Accounts	641.812	3.372.261	736.605	206.221	68.427	5.025.326
Other Institutions Participation Accounts	6.608	289.957	22.566	1.365	590	321.086
<b>Total</b>	<b>1.618.231</b>	<b>5.942.270</b>	<b>1.184.959</b>	<b>293.211</b>	<b>407.155</b>	<b>9.445.826</b>
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	149	13.155	-	471	-	13.775
Real Person's Non Commercial Participation Accounts	17.671	220.876	13.153	5.609	42.016	299.325
Public Sector Participation Accounts	8	18	-	-	-	26
Commercial Sector Participation Accounts	1.837	209.361	111.595	3.222	736	326.751
Other Institutions Participation Accounts	70.550	296.704	114.167	259	27.098	508.778
Public Sector Participation Accounts	10.020	-	-	-	-	10.020
<b>Total</b>	<b>100.235</b>	<b>740.114</b>	<b>238.915</b>	<b>9.561</b>	<b>69.850</b>	<b>1.158.675</b>
<b>Grand Total</b>	<b>1.718.466</b>	<b>6.682.384</b>	<b>1.423.874</b>	<b>302.772</b>	<b>477.005</b>	<b>10.604.501</b>

#### 3. Information on dividend income:

As of 31 December 2023, the Bank has TRY 774 dividend income (31 December 2022: 714).



## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### 4. a. Information on trading income/loss (net)

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Income</b>	<b>10.125.896</b>	<b>4.931.258</b>
Foreign exchange gains	6.530	915.790
Gain on derivative financial instruments	790.478	172.142
Gain on capital market transactions	9.328.888	3.843.326
<b>Losses (-)</b>	<b>7.967.350</b>	<b>3.716.567</b>
Foreign exchange losses	23.223	6.199
Losses on derivative financial instruments	87.001	27.163
Losses on capital market transactions	7.857.126	3.683.205
<b>Net</b>	<b>2.158.546</b>	<b>1.214.691</b>

##### b. Information on Profit/Loss on Derivative Financial Operations

	Current Period 31 December 2023	Prior Period 31 December 2022
Effect of the change in exchange rates on profit/loss	703.477	144.979
<b>Total</b>	<b>703.477</b>	<b>144.979</b>

#### 5. Information on other operating income

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Correction Account for Previous Years Expenses <sup>(*)</sup>	2.066.827	787.951
Income from the Sale of the Asset	22.665	73.218
Provision for Communication Expenses	10.614	6.929
Checkbook Fees	1.268	734
Other	12.480	7.422
<b>Total</b>	<b>2.113.854</b>	<b>876.254</b>

<sup>(\*)</sup> 1.127.776 TL of the adjustment account for previous year expenses consists of loan provision cancellations (31 December 2022: 485.197 TL), 600.000 TL from free provision cancellations (31 December 2022: None), 294.049 TL from participation account provision cancellations (31 December 2022: 278.795 TL) and 3 TL consists of securities impairment provision cancellations (31 December 2022: 21.610 TL).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### 6. Provision expenses for impairment on loans and other receivables

	Current Period 31 December 2023	Prior Period 31 December 2022
Expected Credit Loss	3.136.003	1.869.894
12 month expected credit loss (Stage 1)	1.413.476	821.530
Significant increase in credit risk (Stage 2)	904.072	471.526
Non-performing loans (Stage 3)	818.455	576.838
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control (Joint Ventures)	-	-
Other	182.212	1.061.736
<b>Total</b>	<b>3.318.215</b>	<b>2.931.630</b>

##### 7. Information on other operating expenses

	Current Period 31 December 2023	Prior Period 31 December 2022
Reserve for Employee Termination Benefits	43.392	12.752
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	326.634	103.533
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	49.850	27.132
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	828.703	487.643
Leasing Expenses Related to TFRS 16 Exceptions	3.050	1.410
Maintenance Expenses	139.971	56.850
Advertisement Expenses	185.162	82.905
Other Expenses	500.520	346.478
Loss on Sales of Assets	546	286
Other (*)	1.562.560	255.042
<b>Total</b>	<b>2.811.685</b>	<b>886.388</b>

(\*) Of the balance comprising the other item, 326.663 TRY (31 December 2022 86.533 TRY) consists of SDIF premium and audit and consultancy service expenses, 177.752 TRY (31 December 2022 88.093 TRY) consists of taxes, fees and funds and 1.000.000 TL from other service expenses. It consists of the donation payment made to AFAD due to the earthquake disaster in Kahramanmaraş and surrounding provinces in February.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### 8. Fees for Services Received from Independent Auditor/Independent Audit Firm

In accordance with the decision of the POA dated March 26, 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Independent audit fee for the reporting period	7.753	1.811
Fees for tax advisory services	-	-
Fee for other assurance services	437	269
Fees for services other than independent auditing	-	-
<b>Total (*)</b>	<b>8.190</b>	<b>2.080</b>

(\*) Relevant amounts are presented on a consolidated basis, including the Bank's subsidiaries.

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

As of 31 December 2023, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	<b>Current Period 31 December 2023</b>	<b>Prior Period 31 December 2022</b>
Net Profit Share Income	5.428.985	7.742.487
Net Fees and Commissions Income	2.931.888	245.945
Dividend Income	714	774
Trading Income/Expense (Net)	2.158.546	1.214.691
Other Operating Income	2.113.854	876.254
Expected Loss Provision (-)	3.136.003	1.869.894
Other Provision Expense (-)	182.212	1.061.736
Personnel Expense	2.086.880	798.367
Other Operating Expenses (-)	2.811.685	886.388
<b>Income/(Loss) from Continuing Operations</b>	<b>4.417.207</b>	<b>5.463.766</b>

##### 10. Information on tax provision for continued and discontinued operations

As of 31 December 2023, 724.534 TRY (31 December 2022: 2.911.395 TRY) of the Bank's total tax provision expense amounting to 412.710 TRY (31 December 2022: 1.623.494 TRY) is from current tax expense, 311.824 TRY (31 December 2022: The portion amounting to 1.287.901 TRY consists of deferred tax expense.

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

The net profit of the Bank from its ongoing activities is 4.004.497 TRY (31 December 2022: 3.840.272 TRY net profit).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### 12. Explanation 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.

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

None (31 December 2022: None).

#### V. EXPLANATION AND NOTES RELATED TO THE CHANGES IN SHAREHOLDERS' EQUITY

##### a) Explanations on Profit Distribution:

In accordance with the profit distribution decision taken at the Bank's 2022 Ordinary General Assembly meeting held on 3 August 2023, 192.013 TRY was allocated as a general legal reserve fund at the rate of 5% from the balance sheet profit of 3.840.272 TRY for 2022, and the remaining 3.648.258 TRY after the distributions was allocated to the Bank.

It was decided to leave it within. No decision has been taken regarding the distribution of the Bank's profits in 2022 as of the date of preparation of these unconsolidated financial statements.

##### b) Explanations on Financial Assets at Fair Value through Other Comprehensive Income:

Information on financial assets at fair value through other comprehensive income is presented in the fifth section, footnote 1.4-b.

##### c) Profit Reserves:

As of the balance sheet date, profit reserves are 6.138.132 TRY (31 December 2022: 2.297.860 TRY), legal reserves are 312.264 TRY (31 December 2022: 120.251 TRY), extraordinary reserves are 5.779.801 TRY (31 December 2022: 2.131.542 TRY), Other profit reserves amounted to 46.067 TRY (31 December 2022: 46.067 TRY).

##### d) Explanations on Previous Period Profit/Loss:

As of 31 December 2023, the Bank has no prior period profit or loss. (31 December 2022: None)

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

#### VI. EXPLANATIONS ON CASH FLOW STATEMENTS

##### 1. Explanations on the “Other” items and “The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement:

37.366.067 TRY (31 December 2022: 17.118.441 TRY) of the amount of 6.051.687 TRY (31 December 2022: 7.465.717 TRY) related to the operating profit before changes in the banking activity assets and liabilities are mainly derived from loans, securities and financial instruments. Of the profit share income received from leases, 33.095.831 TRY (31 December 2022: 9.244.138 TRY) consists mostly of profit share expenses given to deposits and loans used.

Other earnings mainly include net fee and commission income and commercial profit and loss income. The effect of the change in foreign exchange rate on cash and cash equivalent assets has been determined as 1.250.021 TRY (31 December 2022: 367.400 TRY) as of December 31, 2023.

Cash, cash deposits, free accounts of the Central Bank of the Republic of Turkey, money in transit, purchased bank checks, money market transactions and term bank deposits with an original maturity of up to 3 months are defined as cash and cash equivalent assets.

##### Period opening and end cash and cash equivalents balance

	Current Period 31.12.2023	Prior Period 31.12.2022
Cash in TRY and in Foreign Currency	1.156.493	1.150.876
Central Bank of the Republic of Turkey and Other Banks	40.405.930	20.003.515
Money Market Operations	-	-
<b>Total Cash and Cash Equivalents</b>	<b>41.562.423</b>	<b>21.154.391</b>

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

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

##### Current Period

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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
<b>Loans and other receivables</b>	-	-	-	-	-	-
Balance at beginning of period	-	-	1.646	-	-	-
Balance at end of period	-	-	2.374	-	-	-
<b>Profit share and commission income</b>	-	-	-	-	-	-

## b) Current and participation 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	Current and participation accounts	Current Period	Prior Period
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	1.740	-	-	-	-	-
<b>Participation Accounts Profit</b>	-	-	-	-	-	-
<b>Share Expenses</b>	-	-	-	-	-	-

## c) Information on loans taken from the risk group of the Bank

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	Current and participation accounts	Current Period	Prior Period
Balance at the beginning of period	5.200.000	4.050.000	284.791	484.397	-	-
Balance at the end of period	19.510.499	5.200.000	112.751	284.791	-	-
<b>Participation Accounts Profit</b>	-	-	-	-	-	-
<b>Share Expenses</b>	<b>1.442.455</b>	<b>851.132</b>	<b>72.040</b>	<b>21.214</b>	-	-

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

(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)

##### 2) Information on forward transactions, option contracts and other similar contracts with 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
Transactions at Fair Value Through Profit or Loss	-	-	-	-	-	-
Balance at the beginning of period	-	-	5.928.040	1.708.791	-	-
Balance at the end of period	-	-	14.844.411	5.928.040	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-
Hedging transactions	-	-	-	-	-	-
Balance at the beginning of period	-	-	-	-	-	-
Balance at the end of period	-	-	-	-	-	-
<b>Total Profit/Loss</b>	-	-	-	-	-	-

##### 3) Information on the fees paid to the top management of the bank

The total amount of benefits provided to the Parent Bank’s Senior Management is TRY 29.269 (31 December 2022: TRY 12.688).

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

None.

#### IX. EXPLANATIONS CONCERNING THE BANK’S DOMESTIC, FOREIGN, OFFSHORE BANKING REGIONS AND BRANCHES OR AFFILIATES AND REPRESENTATIVES ABROAD

##### 1) Information on the Bank’s Domestic and International Branches and Representative Offices

	Number	Number of Employees			
<b>Domestic Branch</b> <sup>(*)</sup>	189	2.430			
			<b>Country of Location</b>		
<b>Foreign Representatives</b>	-	-	-		
				<b>Total Assets</b>	<b>Legal Capital</b>
<b>Foreign Branch</b> <sup>(**)</sup>	1	-	Sudan	1.129.408	6.479
	1	5	Somalia	809.458	1.704
<b>Branches in the Offshore Banking Region</b>	-	-	-	-	-

<sup>(\*)</sup> The number of head office branch personnel is included in the number of domestic branch employees.

<sup>(\*\*)</sup> Local personnel working in overseas units are excluded.

##### 2) Explanations Regarding the Bank’s Opening or Closing of Branches or Representative Offices Domestically and Abroad, and Significantly Changing Its Organization:

In 2023, 34 new branches were opened in the country and 1 new branch abroad.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### SECTION SIX

#### OTHER EXPLANATIONS AND NOTES

##### I. INFORMATION ON THE BANK’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

<b>Fitch Ratings: 22 September 2023</b>	<b>Not</b>
Foreign Currency Long Term Credit Rating	B-
Foreign Currency Short Term Credit Rating	B
Local Currency Long Term Credit Rating	B
Local Currency Short Term Credit Rating	B
National Long Term Credit Rating	AA (tur)
Support Rating	b-

##### II. OTHER EXPLANATIONS ON THE BANK’S OPERATIONS

None.

### SECTION SEVEN

#### EXPLANATIONS ON INDEPENDENT AUDIT REPORT

##### I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements prepared as of 31 December 2023 and for the fiscal period ending on the same date have been audited by PwC Bağımsız Denetim ve SMMM A.Ş. and presented preceding the unconsolidated financial statements of independent auditors’ report dated 15 February 2024.

##### II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.



# CONSOLIDATED FINANCIAL STATEMENTS, RELATED EXPLANATIONS AND NOTES AS OF 31 DECEMBER 2023 WITH AUDITOR'S REPORT

(Convenience translation of unconsolidated financial statements and related disclosures originally issued in Turkish)

## FINANCIAL INFORMATION AND RISK MANAGEMENT

# INDEPENDENT AUDITOR'S REPORT

### CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH (See Note I b of Section Three)

To the General Assembly of Ziraat Katılım Bankası Anonim Şirketi

#### A. Audit of the Consolidated Financial Statements

##### 1. Qualified Opinion

We have audited the accompanying consolidated financial statements of Ziraat Katılım Bankası Anonim Şirketi (the "Bank"), and its subsidiaries (collectively referred to as the "Group") which comprise the statement of consolidated balance sheet as at 31 December 2023, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effect of the matter on the consolidated financial statements described in the basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended 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 Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

##### 2. Basis for Opinion

As explained in Section Five Part II. 8.c.1 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2023 include a free provision amounting to TRY 500.000 thousand which consist of TRY 1.004.000 thousand provided in prior periods, TRY 96.000 thousand recognized in the current year and TRY 600.000 thousand reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

##### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Expected credit losses for loans and receivables</b></p> <p>The Group has total expected credit losses for loans and receivables amounting to TRY 3.838.655 thousand in respect to total loans and receivables amounting to TRY 263.609.342 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2023. Explanations and notes related to expected credit losses provisions for loans and receivables are presented Section Three VII, Section Three VIII, Section Four II, Section Four IX-3, Section Five I-6 and Section Five II-8 in the accompanying consolidated financial statements as at 31 December 2023.</p> <p>The Group recognizes provision for impairment in accordance with "IFRS 9 Financial Instruments" ("IFRS 9") requirements effective in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 numbered 29750. The Group exercises significant decisions using subjective judgement, interpretation and assumptions over when and how much to record as loan impairment.</p> <p>The Group uses complex models derived from more than one system to calculate the expected loan loss provision. Information including past events, current conditions and macroeconomic estimates which are taken into account in expected loss provision accounting should be reasonable and supportable.</p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macro-economic expectations, current conditions, historical loss experiences; the significance of the loans and receivables balances; the classification of loans and receivables as per their credit risk (staging) and the importance of determination of the associated expected credit loss. Timely and correct identification of default event and significant increase in credit risk and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans and receivables. Therefore, this area is considered as key audit matter.</p>	<p>With respect to stage classification of loans and receivables and calculation of expected credit losses, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We tested the design and the operating effectiveness of relevant systems and processes implemented in accordance with these principles.</p> <p>For important loan portfolios, we checked appropriateness of matters considered in methodology applied by the Group with IFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions made by the Group's management in its expected credit losses calculations, we held discussions with management and evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, loss given default model, and approaches in relation to projection of macroeconomic expectations with our financial risk experts.</p> <p>We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors).</p> <p>Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology made within the year and the performance of the impairment models used.</p> <p>We have checked selected models used in determination of expected loss provisions for various loans and receivables portfolios with our financial risk experts by reperforming on a sample selection basis.</p> <p>We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</p> <p>For a selected sample, we checked accuracy of resultant expected credit losses calculations.</p> <p>To assess appropriateness of the Group's determination of staging for credit risk for loans and receivables within the framework of current regulations, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</p> <p>We evaluated the adequacy of the disclosures made in the consolidated financial statements regarding the provision for impairment of loans and receivables.</p>

#### 4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### 5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

### INDEPENDENT AUDITOR'S REPORT

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No. 29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

#### **Additional Paragraph for Convenience Translation**

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 December 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Zeynep Uras, SMMM  
Independent Auditor

Istanbul, 15 February 2024

## THE CONSOLIDATED FINANCIAL REPORT OF ZİRAAT KATILIM BANKASI A.Ş. AS OF 31 DECEMBER 2023

The Bank's Headquarter Address : Hobyar Eminönü Mahallesi  
Hayri Efendi Cad. Bahçekapı No: 12 34112 Fatih/İSTANBUL  
Phone : (212) 404 11 00  
Facsimile : (212) 404 10 81  
Website : www.ziraatkatilim.com.tr  
E-mail : bilgi@ziraatkatilim.com.tr

The consolidated financial report for the year ended prepared in accordance with the "Communiqué on the Financial Statements and Related Explanation and Notes that will be Publicly Announced" as sanctioned by the Banking Regulation and Supervision Agency, is comprised of the following sections:

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

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

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

The accompanying consolidated financial statements and notes to these financial statements for the year 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 audited.

Alpaslan ÇAKAR  
Chairman of the Board

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

Metin ÖZDEMİR  
Member of the Board,  
General Manager

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

Osman KARAKÜTÜK  
Vice President of Treasury Management  
and International Banking

Figen BAHADIR  
Head of Financial Coordination  
Department

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

Name-Surname/Position : Erdem DENİZHAN/Financial Reporting Manager  
Tel No : 0 216 559 22 56  
Facsimile : 0 212 404 10 80

# FINANCIAL INFORMATION AND RISK MANAGEMENT

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## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### SECTION ONE

#### GENERAL INFORMATION ABOUT THE GROUP

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

Ziraat Katılım Bankası A.Ş. ("Group") is founded by permission of Banking Regulation and Supervision Agency numbered as 6046 at 10 October 2014 which was published in the Official Gazette numbered as 29146 at 15 November 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 Ordinary General Assembly Meeting held on 20 September 2018, the paid-in capital of the Bank has been raised to TRY 1.750.000 by increasing the amount of cash by TRY 500.000. At the Parent 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 Ordinary 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 Ordinary General Assembly held on 6 December 2023, the paid-in capital of the Bank has been increased by TRY 3.000.000 in cash and raised to TRY 10.350.000.

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

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### GENERAL INFORMATION ABOUT THE GROUP (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 THE GROUP OF THE BANK

As of 31 December 2023 and 31 December 2022, main shareholders and capital amounts as follows:

Name of Shareholders	31 December 2023		31 December 2022	
	Paid-in Capital	%	Paid-in Capital	%
T.C. Ziraat Bankası A.Ş.	10.350.000	99,99999996	2.650.000	99,99999984
Ziraat Gayrimenkul Yatırım Ortaklığı A.Ş.	-	0,00000001	-	0,00000004
Ziraat İşletme Yönetimi ve Gayrimenkul Geliştirme A.Ş.	-	0,00000001	-	0,00000004
Ziraat Teknoloji A.Ş.	-	0,00000001	-	0,00000004
Ziraat Yatırım Menkul Değerler A.Ş.	-	0,00000001	-	0,00000004
<b>Total</b>	<b>10.350.000</b>	<b>100,00</b>	<b>2.650.000</b>	<b>100,00</b>

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

Name	Title
<b>Board of Directors</b>	
Alpaslan ÇAKAR	Chairman
Fikretin AKSU	Vice chairman of the BOD, Member of the Audit Committee, Member of Corporate Management Committee, 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, Member of Pricing 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
<b>Assistant General Manager</b>	
Mehmet Said GÜL	Information Technologies and Operational Processes
Osman KARAKÜTÜK	Treasury Management and International Banking
Önder KIRMAN	Loan Allocation and Management
Ertuğrul İSPAHA	Corporate Banking
Seher Elif EKİCİ	Credit Policies and Risk Liquidation
Mustafa Kürşad ÇETİN (**)	Retail Banking

(\*) Appointed to the member of the BOD as of 3 August 2023.

(\*\*) Appointed as Deputy General Manager of Retail Banking as of 27 September 2023.

The Bank’s Chairman and Members of the Board of Directors, Members of the Audit Committee, General Manager and Deputy General Managers do not own any shares of the Bank.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### GENERAL INFORMATION ABOUT THE GROUP (Continued)

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

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

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

Operation field of Bank was declared in the prime contract within the scope of Banking Law and other legislation codes. The bank collects funds with the scope of Banking Principles and provide all type of cash, non-cash funds within the scope of Islamic banking principles in any case. Moreover, the Bank operates its participation banking operations to the extent permitted by the Legal Code, for the benefit of the society within the principles of the participation banking such as for the purpose of society.

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

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

As of 31 December 2023, the Bank operates a total of 191 branches domestically and abroad, with 189 branches within the country and, as of 27 August 2020, the branch in Sudan and, as of 5 September 2023, the branch in Somalia (31 December 2022: 155 domestic, 1 abroad). As of 31 December 2023, the Bank's personnel count is 2.430 (31 December 2022: 1.904).

#### VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

There is no difference between consolidated financial statements prepared in accordance with BRSA regulation on the preparation of consolidated financial statements and consolidated financial statements prepared in accordance with Turkish Accounting Standards for the Bank. The Bank's subsidiary Ziraat Katılım Varlık Kiralama A.Ş. which is established on 22 January 2016 and ZKB Varlık Kiralama A.Ş. which is established in 8 September 2017 are consolidated within the scope of full consolidation.

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

None.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

## SECTION TWO

### CONSOLIDATED FINANCIAL STATEMENTS

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- IV. Consolidated statement of profit or loss and other comprehensive income
- V. Consolidated statement of changes in shareholders' equity
- VI. Consolidated statement of cash flows
- VII. Consolidated profit distribution

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 December 2023

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

AKTİF VASSETS	Notes (V-I)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
<b>I. FINANCIAL ASSETS (Net)</b>		<b>37.383.085</b>	<b>56.778.131</b>	<b>94.161.216</b>	<b>21.635.778</b>	<b>37.540.469</b>	<b>59.176.247</b>
<b>1.1 Cash And Cash Equivalents</b>		<b>24.310.294</b>	<b>49.348.784</b>	<b>73.659.078</b>	<b>6.424.337</b>	<b>31.780.105</b>	<b>38.204.442</b>
1.1.1 Cash And Balances With Central Bank	(1)	24.206.770	36.433.541	60.640.311	6.310.803	18.663.442	24.974.245
1.1.2 Banks	(2)	114.562	12.915.243	13.029.805	134.657	13.116.663	13.251.320
1.1.3 Money Markets Placements		-	-	-	-	-	-
1.1.4 Provision for Expected Losses (-)		11.038	-	11.038	21.123	-	21.123
<b>1.2 Financial Assets Measured At Fair Value Through Profit/Loss</b>	(3)	-	<b>3.812.067</b>	<b>3.812.067</b>	-	<b>2.133.604</b>	<b>2.133.604</b>
1.2.1 Government Securities		-	3.812.067	3.812.067	-	2.133.604	2.133.604
1.2.2 Equity Securities		-	-	-	-	-	-
1.2.3 Other Financial Assets		-	-	-	-	-	-
<b>1.3 Financial Assets Measured at Fair Value Through Other Comprehensive Income</b>	(4)	<b>13.069.801</b>	<b>3.616.542</b>	<b>16.686.343</b>	<b>15.197.112</b>	<b>3.626.618</b>	<b>18.823.730</b>
1.3.1 Government Securities		13.001.450	3.616.542	16.617.992	15.139.990	3.626.618	18.766.608
1.3.2 Equity Securities		52.913	-	52.913	52.341	-	52.341
1.3.3 Other Financial Assets		15.438	-	15.438	4.781	-	4.781
<b>1.4 Derivative Financial Assets</b>	(5)	<b>2.990</b>	<b>738</b>	<b>3.728</b>	<b>14.329</b>	<b>142</b>	<b>14.471</b>
1.4.1 Derivative Financial Assets Measured at Fair Value Through Profit and Loss		2.990	738	3.728	14.329	142	14.471
1.4.2 Derivative Financial Assets Measured at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>		<b>178.139.272</b>	<b>103.461.708</b>	<b>281.600.980</b>	<b>99.369.290</b>	<b>50.812.921</b>	<b>150.182.211</b>
<b>2.1 Loans</b>	(6)	<b>122.689.489</b>	<b>88.274.149</b>	<b>210.963.638</b>	<b>84.712.509</b>	<b>41.627.471</b>	<b>126.339.980</b>
<b>2.2 Lease Receivables</b>	(6)	<b>41.601.878</b>	<b>11.043.826</b>	<b>52.645.704</b>	<b>14.356.192</b>	<b>6.879.132</b>	<b>21.235.324</b>
<b>2.3 Measured at Amortized Cost</b>	(7)	<b>17.374.116</b>	<b>4.456.177</b>	<b>21.830.293</b>	<b>2.715.329</b>	<b>2.608.614</b>	<b>5.323.943</b>
2.3.1 Government Securities		17.374.116	4.456.177	21.830.293	2.715.329	2.608.614	5.323.943
2.3.2 Other Financial Assets		-	-	-	-	-	-
<b>2.4 Expected Credit Losses (-)</b>		<b>3.526.211</b>	<b>312.444</b>	<b>3.838.655</b>	<b>2.414.740</b>	<b>302.296</b>	<b>2.717.036</b>
<b>III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(8)	<b>427.229</b>	-	<b>427.229</b>	<b>274.644</b>	-	<b>274.644</b>
3.1 Assets Held for Sale		427.229	-	427.229	274.644	-	274.644
3.2 Assets of Discontinued Operations		-	-	-	-	-	-
<b>IV. INVESTMENTS IN ASSOCIATES SUBSIDIARIES AND JOINT VENTURES</b>	(9)	<b>22.500</b>	-	<b>22.500</b>	-	-	-
<b>4.1 Associates (Net)</b>		<b>22.500</b>	-	<b>22.500</b>	-	-	-
4.1.1 Associates Consolidated Under Equity Method Accounting		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		22.500	-	22.500	-	-	-
<b>4.2 Subsidiaries (Net)</b>		-	-	-	-	-	-
4.2.1 Unconsolidated Financial Investments in Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments in Subsidiaries		-	-	-	-	-	-
<b>4.3 Joint Ventures (Net)</b>		-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint-Ventures		-	-	-	-	-	-
<b>V. TANGIBLE ASSETS (NET)</b>	(10)	<b>2.159.859</b>	<b>5.840</b>	<b>2.165.699</b>	<b>594.099</b>	<b>843</b>	<b>594.942</b>
<b>VI. INTANGIBLE ASSETS (Net)</b>	(11)	<b>692.634</b>	-	<b>692.634</b>	<b>342.454</b>	-	<b>342.454</b>
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		692.634	-	692.634	342.454	-	342.454
<b>VII. INVESTMENT PROPERTY (NET)</b>	(12)	-	-	-	-	-	-
<b>VIII. CURRENT TAX ASSET</b>		-	-	-	-	-	-
<b>IX. DEFERRED TAX ASSETS</b>	(13)	<b>2.478.105</b>	-	<b>2.478.105</b>	<b>788.020</b>	-	<b>788.020</b>
<b>X. OTHER ASSETS</b>	(14)	<b>1.767.543</b>	<b>342.464</b>	<b>2.110.007</b>	<b>925.248</b>	<b>73.157</b>	<b>998.405</b>
<b>TOTAL ASSETS</b>		<b>223.070.227</b>	<b>160.588.143</b>	<b>383.658.370</b>	<b>123.929.533</b>	<b>88.427.390</b>	<b>212.356.923</b>

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

# CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS OF 31 December 2023

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

LIABILITIES	Notes (V-II)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
<b>I. FUNDS COLLECTED</b>	(1)	185.040.826	119.331.448	304.372.274	105.446.074	67.693.024	173.139.098
<b>II. FUNDS BORROWED</b>	(2)	7.028.256	7.882.757	14.911.013	341.719	4.182.250	4.523.969
<b>III. MONEY MARKETS DEBTS</b>	(3)	435.678	10.528.455	10.964.133	57.003	7.498.996	7.555.999
<b>IV. SECURITIES ISSUED (Net)</b>	(4)	4.461.181	14.918.648	19.379.829	4.394.241	-	4.394.241
<b>V. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>	(5)	-	-	-	-	-	-
<b>VI. DERIVATIVE FINANCIAL LIABILITIES</b>	(6)	-	153.095	153.095	-	62.998	62.998
6.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	153.095	153.095	-	62.998	62.998
6.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income		-	-	-	-	-	-
<b>VII. LEASE PAYABLES</b>	(7)	785.859	-	785.859	335.946	-	335.946
<b>VIII. PROVISIONS</b>	(8)	1.456.125	1.476.173	2.932.298	1.624.034	541.975	2.166.009
8.1 Restructuring Provisions		-	-	-	-	-	-
8.2 Reserve for Employee Benefits		247.253	-	247.253	154.439	-	154.439
8.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
8.4 Other Provisions		1.208.872	1.476.173	2.685.045	1.469.595	541.975	2.011.570
<b>IX. CURRENT TAX LIABILITY</b>	(9)	866.770	198	866.968	1.487.212	2	1.487.214
<b>X. DEFERRED TAX LIABILITY</b>	(10)	-	-	-	-	-	-
<b>XI. LIABILITIES FROM PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
11.1 Held for Sale Purpose		-	-	-	-	-	-
11.2 Related to Discontinued Operations		-	-	-	-	-	-
<b>XII. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	1.341.987	4.451.686	5.793.673	1.341.748	2.597.654	3.939.402
12.1 Loans		1.341.987	4.451.686	5.793.673	1.341.748	2.597.654	3.939.402
12.2 Other Debt Instruments		-	-	-	-	-	-
<b>XIII. OTHER LIABILITIES</b>	(13)	2.408.661	1.259.020	3.667.681	2.056.100	1.317.502	3.373.602
<b>XIV. SHAREHOLDERS' EQUITY</b>	(14)	19.863.305	(31.758)	19.831.547	11.496.416	(117.971)	11.378.445
14.1 Paid-in capital		10.350.000	-	10.350.000	2.650.000	-	2.650.000
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		(129.539)	-	(129.539)	(94.077)	-	(94.077)
14.4 Accumulated Other Comprehensive Income or Loss That will not be Reclassified in Profit or Loss		(761.298)	(31.758)	(793.056)	2.540.848	(117.971)	2.422.877
14.5 Profit Reserves		6.138.132	-	6.138.132	2.297.860	-	2.297.860
14.5.1 Legal Reserves		312.264	-	312.264	120.251	-	120.251
14.5.2 Status Reserves		-	-	-	-	-	-
14.5.3 Extraordinary Reserves		5.779.801	-	5.779.801	2.131.542	-	2.131.542
14.5.4 Other Profit Reserves		46.067	-	46.067	46.067	-	46.067
14.6 Profit or (Loss)		4.004.497	-	4.004.497	3.840.272	-	3.840.272
14.6.1 Prior Period Profit/Loss		-	-	-	-	-	-
14.6.2 Current Period Profit/Loss		4.004.497	-	4.004.497	3.840.272	-	3.840.272
<b>TOTAL LIABILITIES</b>		<b>223.688.648</b>	<b>159.969.722</b>	<b>383.658.370</b>	<b>128.580.493</b>	<b>83.776.430</b>	<b>212.356.923</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 December 2023

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

	Note (V-III)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
<b>A OFF-BALANCE SHEET COMMITMENTS (I+II+III)</b>							
		<b>44.556.727</b>	<b>56.166.174</b>	<b>100.722.901</b>	<b>28.889.269</b>	<b>34.877.714</b>	<b>63.766.983</b>
<b>I. GUARANTEES AND WARRANTIES</b>	<b>(1)</b>	<b>38.343.405</b>	<b>39.987.128</b>	<b>78.330.533</b>	<b>21.569.718</b>	<b>23.621.764</b>	<b>45.191.482</b>
1.1 Letters of Guarantee		38.324.265	30.767.784	69.092.049	21.211.314	16.733.373	37.944.687
1.1.1 Guarantees Subject to State Tender Law		652.636	21.831.242	22.483.878	370.605	10.953.388	11.323.993
1.1.2 Guarantees Given for Foreign Trade Operations		30.182.880	-	30.182.880	15.639.249	-	15.639.249
1.1.3 Other Letters of Guarantee		7.488.749	8.936.542	16.425.291	5.201.460	5.779.985	10.981.445
1.2 Bank Acceptances		-	414.759	414.759	-	74.133	74.133
1.2.1 Import Letter of Acceptance		-	414.759	414.759	-	74.133	74.133
1.2.2 Other Bank Acceptances		-	-	-	-	-	-
1.3 Letters of Credit		-	7.928.282	7.928.282	846	5.650.093	5.650.939
1.3.1 Documentary Letters of Credit		-	7.928.282	7.928.282	846	5.650.093	5.650.939
1.3.2 Other Letters of Credit		-	-	-	-	-	-
1.4 Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2 Other Endorsements		-	-	-	-	-	-
1.6 Other Guarantees		10.586	876.303	886.889	340.558	1.164.165	1.504.723
1.7 Other Collaterals		8.554	-	8.554	17.000	-	17.000
<b>II. COMMITMENTS</b>	<b>(1)</b>	<b>6.163.310</b>	<b>1.289.972</b>	<b>7.453.282</b>	<b>2.401.997</b>	<b>428.407</b>	<b>2.830.404</b>
2.1 Irrevocable Commitments		6.163.310	1.289.972	7.453.282	2.401.997	428.407	2.830.404
2.1.1 Forward asset purchase commitments		508.849	1.289.972	1.798.821	292.171	428.407	720.578
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		1.708.702	-	1.708.702	748.093	-	748.093
2.1.7 Tax and Fund Liabilities from Export Commitments		296.293	-	296.293	95.161	-	95.161
2.1.8 Commitments for Credit Card Limits		2.342.967	-	2.342.967	544.655	-	544.655
2.1.9 Commitments for Credit Cards and Banking Services Promotions		2.276	-	2.276	458	-	458
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		1.304.223	-	1.304.223	721.459	-	721.459
2.2 Revocable Commitments		-	-	-	-	-	-

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

## CONSOLIDATED STATEMENT OF OFF BALANCE SHEET COMMITMENTS AS OF 31 December 2023

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

	Note (V-III)	Current Period (31 December 2023)			Prior Period (31 December 2022)		
		TRY	FC	Total	TRY	FC	Total
2.2.1	Revocable Loan Granting Commitments	-	-	-	-	-	-
2.2.2	Other Revocable Commitments	-	-	-	-	-	-
<b>III.</b>	<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>50.012</b>	<b>14.889.074</b>	<b>14.939.086</b>	<b>4.917.554</b>	<b>10.827.543</b>	<b>15.745.097</b>
3.1	Hedging Derivative Financial Instruments	-	-	-	-	-	-
3.1.1	Fair value hedge	-	-	-	-	-	-
3.1.2	Cash flow hedge	-	-	-	-	-	-
3.1.3	Foreign Net Investment Hedges	-	-	-	-	-	-
3.2	Trading Derivative Financial Instruments	50.012	14.889.074	14.939.086	4.917.554	10.827.543	15.745.097
3.2.1	Forward Foreign Currency Buy/Sell Transactions	50.012	44.662	94.674	-	-	-
3.2.1.1	Forward Foreign Currency Transactions-Buy	50.012	-	50.012	-	-	-
3.2.1.2	Forward Foreign Currency Transactions-Sell	-	44.662	44.662	-	-	-
3.2.2	Other Forward Buy/Sell Transaction	-	14.844.412	14.844.412	4.917.554	10.827.543	15.745.097
3.3	Other	-	-	-	-	-	-
<b>B.</b>	<b>CUSTODY AND PLEDGES RECEIVED (IV+V+VI)</b>	<b>300.753.601</b>	<b>61.244.711</b>	<b>361.998.312</b>	<b>131.287.786</b>	<b>32.489.349</b>	<b>163.777.135</b>
<b>IV.</b>	<b>ITEMS HELD IN CUSTODY</b>	<b>15.313.288</b>	<b>25.398.103</b>	<b>40.711.391</b>	<b>8.152.999</b>	<b>13.565.085</b>	<b>21.718.084</b>
4.1	Customer Fund and Portfolio Balances	-	-	-	-	-	-
4.2	Investment Securities Held in Custody	2.998.906	19.107	3.018.013	3.865.882	4.149.611	8.015.493
4.3	Checks Received for Collection	8.050.832	165.195	8.216.027	3.857.006	247.942	4.104.948
4.4	Commercial Notes Received for Collection	1.022.775	518.334	1.541.109	429.039	26.523	455.562
4.5	Other Assets Received for Collection	-	-	-	-	-	-
4.6	Assets Received for Public Offering	-	-	-	-	-	-
4.7	Other Items Under Custody	3.240.775	6.942.970	10.183.745	1.072	2.940.304	2.941.376
4.8	Custodians	-	17.752.497	17.752.497	-	6.200.705	6.200.705
<b>V.</b>	<b>PLEDGES RECEIVED</b>	<b>285.440.313</b>	<b>35.846.608</b>	<b>321.286.921</b>	<b>123.134.787</b>	<b>18.924.264</b>	<b>142.059.051</b>
5.1	Marketable Securities	2.210.399	63.993	2.274.392	1.924.744	50.069	1.974.813
5.2	Guarantee Notes	10.971.967	214.321	11.186.288	8.077.568	171.660	8.249.228
5.3	Commodity	28.617.839	10.953.703	39.571.542	8.401.325	3.859.726	12.261.051
5.4	Warranty	-	-	-	-	-	-
5.5	Properties	200.678.424	20.355.321	221.033.745	86.435.593	12.437.005	98.872.598
5.6	Other Pledged Items	42.961.684	4.259.270	47.220.954	18.295.557	2.405.804	20.701.361
5.7	Pledged Items-Depository	-	-	-	-	-	-
<b>VI.</b>	<b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>	-	-	-	-	-	-
<b>TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)</b>		<b>345.310.328</b>	<b>117.410.885</b>	<b>462.721.213</b>	<b>160.177.055</b>	<b>67.367.063</b>	<b>227.544.118</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 December 2023

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

	Notes (V-IV)	Current Period 01 January- 31 December 2023	Prior Period 01 January- 31 December 2022
<b>INCOME/EXPENSE ITEMS</b>			
<b>I. PROFIT SHARE INCOME</b>	<b>(1)</b>	<b>43.986.005</b>	<b>20.231.260</b>
1.1 Profit Share on Loans		26.168.052	13.852.733
1.2 Profit Share on Reserve Deposits		-	57.944
1.3 Profit Share on Banks		493.733	177.405
1.4 Profit Share on Money Market Placements		-	-
1.5 Profit Share on Marketable Securities Portfolio		7.576.685	4.848.469
1.5.1 Financial Assets Measured at Fair Value Through Profit/Loss		71.248	43.356
1.5.2 Financial Assets Measured at Fair Value Through Other Comprehensive Income		5.659.038	4.557.941
1.5.3 Financial Assets Measured at Amortised Cost		1.846.399	247.172
1.6 Financial Lease Income		9.670.682	1.257.347
1.7 Other Profit Share Income		76.853	37.362
<b>II. PROFIT SHARE EXPENSE</b>	<b>(2)</b>	<b>38.557.020</b>	<b>12.488.773</b>
2.1 Profit Share Expense on Participation Accounts		34.928.340	10.604.501
2.2 Profit Share Expense on Funds Borrowed		1.504.669	539.926
2.3 Profit Share Expense on Money Market Borrowings		552.424	431.205
2.4 Expense on Securities Issued		1.442.455	851.132
2.5 Lease Profit Share Expense		108.626	52.128
2.6 Other Profit Share Expenses		20.506	9.881
<b>III. NET PROFIT SHARE INCOME/EXPENSE (I - II)</b>		<b>5.428.985</b>	<b>7.742.487</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSE</b>		<b>2.931.888</b>	<b>245.945</b>
4.1 Fees and Commissions Received		3.701.617	524.704
4.1.1 Non-cash Loans		503.059	292.805
4.1.2 Other		3.198.558	231.899
4.2 Fees and commissions paid (-)		769.729	278.759
4.2.1 Non-cash Loans		-	-
4.2.2 Other		769.729	278.759
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>714</b>	<b>774</b>
<b>VI. NET TRADING INCOME (Net)</b>	<b>(4)</b>	<b>2.158.546</b>	<b>1.214.691</b>
6.1 Capital Market Transaction Gains/Losses		(16.693)	909.591
6.2 Gains/Losses From Derivative Financial Instruments		703.477	144.979
6.3 Foreign Exchange Gains/Losses		1.471.762	160.121
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>2.113.854</b>	<b>876.254</b>
<b>VIII. TOTAL OPERATING PROFIT (III+IV+V+VI+VII)</b>		<b>12.633.987</b>	<b>10.080.151</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	<b>(6)</b>	<b>3.136.003</b>	<b>1.869.894</b>
<b>X. OTHER PROVISIONS (-)</b>	<b>(6)</b>	<b>182.212</b>	<b>1.061.736</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>2.086.880</b>	<b>798.367</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>2.811.685</b>	<b>886.388</b>
<b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>		<b>4.417.207</b>	<b>5.463.766</b>
<b>XIV. INCOME RESULTED FROM MERGERS</b>		-	-
<b>XV. INCOME/LOSS FROM EQUITY METHOD APPLIED SUBSIDIARIES</b>		-	-
<b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XVII. PROFIT/LOSS BEFORE TAX FROM CONTINUED OPERATIONS (XII+...+XVI)</b>	<b>(8)</b>	<b>4.417.207</b>	<b>5.463.766</b>
<b>XVIII. TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>(412.710)</b>	<b>(1.623.494)</b>
18.1 Current Tax Provision		(724.534)	(2.911.395)
18.2 Expense Effect of Deferred Tax (+)		(915.460)	(9.407)
18.3 Income Effect of Deferred Tax (-)		1.227.284	1.297.308
<b>XIX. NETOPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>(10)</b>	<b>4.004.497</b>	<b>3.840.272</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1 Income from Assets Held for Sale		-	-
20.2 Profit from Sales of Associates, Subsidiaries and Joint Ventures		-	-
20.3 Income from Other Discontinued Operations		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses on Assets Held for Sale		-	-
21.2 Loss from Sales of Associates, Subsidiaries and Joint Ventures		-	-
21.3 Expenses from Other Discontinued Operations		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX-XXI)</b>		-	-
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		-	-
23.1 Current Tax Charge		-	-
23.2 Expense Effect of Deferred Tax (+)		-	-
23.3 Income Effect of Deferred Tax (-)		-	-
<b>XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV. NET PROFIT/LOSS (XVIII+XXIII)</b>	<b>(11)</b>	<b>4.004.497</b>	<b>3.840.272</b>
Earnings per share income/loss (Full TRY)		0,6351	1,6279

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



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AS OF 31 December 2023

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

	Current Period 01 January- 31 December 2023	Prior Period 01 January- 31 December 2022
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>4.004.497</b>	<b>3.840.272</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>(3.251.395)</b>	<b>2.316.438</b>
<b>2.1 Other Income/Expense Items not to be Reclassified to Profit or Loss</b>	<b>(35.462)</b>	<b>(87.182)</b>
2.1.1 Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2 Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3 Defined Benefit Plans’ Actuarial Gains/Losses	(43.611)	(109.339)
2.1.4 Other Income/Expense Items not to be Recycled to Profit or Loss	(1.915)	289
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	10.064	21.868
<b>2.2 Other Income/Expense Items to be Recycled to Profit or Loss</b>	<b>(3.215.933)</b>	<b>2.403.620</b>
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(4.594.190)	3.204.826
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	1.378.257	(801.206)
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>753.102</b>	<b>6.156.710</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 December 2023

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Paid-in Capital	Share Premium	Share Certificate		Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss		
			Cancellation Profits	Other Capital Reserves	1	2	3
<b>PRIOR PERIOD</b>							
<b>31 December 2022</b>							
<b>I. Prior Period End Balance</b>	1.750.000	-	-	261.513	-	(6.895)	-
<b>II. Adjustments in Accordance with TAS 8</b>	-	-	-	-	-	-	-
2.1 Effects of Corrections	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	1.750.000	-	-	261.513	-	(6.895)	-
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	(87.471)	289
<b>V. Capital Increase by Cash</b>	900.000	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds to Shares</b>	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-
<b>X. Increase/Decrease by Other Changes <sup>(*)</sup></b>	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
<b>Period End Balance (III+IV.....+X+XI)</b>	2.650.000	-	-	261.513	-	(94.366)	289
<b>CURRENT PERIOD</b>							
<b>31 December 2023</b>							
<b>I. Prior Period End Balance</b>	2.650.000	-	-	261.513	-	(94.366)	289
<b>II. Adjustments in Accordance with TAS 8</b>	-	-	-	-	-	-	-
2.1 Effect of Correction of Errors	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies	-	-	-	-	-	-	-
<b>III. Adjusted Beginning Balance (I+II)</b>	2.650.000	-	-	261.513	-	(94.366)	289
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	(33.547)	(1.915)
<b>V. Capital Increase by Cash</b>	7.700.000	-	-	-	-	-	-
<b>VI. Capital Increase by Internal Sources</b>	-	-	-	-	-	-	-
<b>VII. Paid-in Capital Inflation Adjustment Difference</b>	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-
<b>IX. Subordinated Debt Instruments</b>	-	-	-	-	-	-	-
<b>X. Increase/decrease by other Changes</b>	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-
11.1 Dividends Paid	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-
<b>Period end Balance (III+IV.....+X+XI)</b>	10.350.000	-	-	261.513	-	(127.913)	(1.626)

- 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.

Accumulated Other Comprehensive  
Income or Expense Reclassified through  
Profit or Loss

4	5	6	Profit Reserves	Prior Period Profit or (Loss)	Current Period Profit or Loss	Total Equity Excluding Minority Shares	Minority Shares	Total Shareholders' Equity
-	19.257	-	1.739.171	558.689	-	4.321.735	-	4.321.735
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	19.257	-	1.739.171	558.689	-	4.321.735	-	4.321.735
-	2.403.620	-	-	-	3.840.272	6.156.710	-	6.156.710
-	-	-	-	-	-	900.000	-	900.000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	558.689	(558.689)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	558.689	(558.689)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2.422.877	-	2.297.860	-	3.840.272	11.378.445	-	11.378.445
-	2.422.877	-	2.297.860	3.840.272	-	11.378.445	-	11.378.445
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	2.422.877	-	2.297.860	3.840.272	-	11.378.445	-	11.378.445
-	(3.215.933)	-	-	-	4.004.497	753.102	-	753.102
-	-	-	-	-	-	7.700.000	-	7.700.000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3.840.272	(3.840.272)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	3.840.272	(3.840.272)	-	-	-	-
-	-	-	-	-	-	-	-	-
-	(793.056)	-	6.138.132	-	4.004.497	19.831.547	-	19.831.547

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# CONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 December 2023

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

	Notes (V-IV)	Current Period 01 January- 31 December 2023	Prior Period 01 January- 31 December 2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>			
<b>1.1</b>	<b>Operating profit before changes in operating assets and liabilities</b>	<b>6.061.687</b>	<b>7.465.717</b>
1.1.1	Profit Share Income Received	37.366.067	17.118.441
1.1.2	Profit Share Expense Paid	(33.085.831)	(9.244.138)
1.1.3	Dividend Received	714	774
1.1.4	Fees and Commissions Received	4.101.817	786.063
1.1.5	Other Income	1.802.999	1.199.956
1.1.6	Collections from Previously Written-off Loans	652.283	380.055
1.1.7	Payments to Personnel and Service Suppliers	(2.086.880)	(798.367)
1.1.8	Taxes Paid	(4.539.129)	(1.854.974)
1.1.9	Others	1.849.647	(122.093)
<b>1.2</b>	<b>Changes in Operating Assets and Liabilities</b>	<b>5.924.534</b>	<b>16.013.785</b>
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss	(1.675.070)	(342.655)
1.2.2	Net (Increase)/Decrease in Due From Banks And Other Financial Institutions	(16.286.538)	(6.902.199)
1.2.3	Net (Increase)/Decrease in Loans	(77.399.439)	(63.868.472)
1.2.4	Net (Increase)/Decrease in Other Assets	(32.528.795)	(12.079.591)
1.2.5	Net Increase/(Decrease) in Bank Funds	(209.618)	(3.735.381)
1.2.6	Net Increase/(Decrease) in Other Funds	121.076.205	95.726.345
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	9.714.138	2.506.334
1.2.9	Net Increase/(Decrease) in Payables	-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities	3.233.651	4.709.404
<b>I.</b>	<b>Net Cash Provided from Banking Operations</b>	<b>11.986.221</b>	<b>23.479.502</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>II.</b>	<b>Net Cash Provided from Investing Activities</b>	<b>(17.909.410)</b>	<b>(10.867.099)</b>
2.1	Cash Paid for Acquisition of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	(22.500)	-
2.2	Cash Obtained from Disposal of Associates, Subsidiaries and Entities under Common Control (Joint Ventures)	-	-
2.3	Purchases of Property and Equipment	(1.765.053)	(538.972)
2.4	Disposals of Property and Equipment	5.005	182.994
2.5	Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(6.375.563)	(12.431.232)
2.6	Sale of Financial Assets at Fair Value Through Other Comprehensive Income	4.892.704	5.651.615
2.7	Purchase of Financial Assets Measured at Amortized Cost	(14.644.003)	(3.731.504)
2.8	Sale of Financial Assets Measured at Amortized Cost	-	-
2.9	Other	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>III.</b>	<b>Net Cash Provided from Financing Activities</b>	<b>25.081.200</b>	<b>115.130</b>
3.1	Cash Obtained from Funds Borrowed And Securities Issued	33.490.432	16.220.079
3.2	Cash Used For Repayment of Funds Borrowed And Securities Issued	(15.944.949)	(16.808.842)
3.3	Issued Equity Instruments	7.666.453	812.529
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	(130.736)	(108.636)
3.6	Other	-	-
<b>IV.</b>	<b>Effect Of Change In Foreign Exchange Rate On Cash And Cash Equivalents</b>	<b>(1)</b>	<b>367.400</b>
<b>V.</b>	<b>Net Increase/(Decrease) In Cash And Cash Equivalents (I+II+III+IV)</b>	<b>(1)</b>	<b>13.094.933</b>
<b>VI.</b>	<b>Cash And Cash Equivalents At The Beginning Of The Period</b>	<b>(1)</b>	<b>8.059.458</b>
<b>VII.</b>	<b>Cash And Cash Equivalents At The End Of The Period</b>	<b>(1)</b>	<b>21.154.391</b>

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

# CONSOLIDATED STATEMENT OF PROFIT DISTRIBUTION TABLE

## AS OF 31 December 2023

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

	Current Period <sup>(1)</sup> (31 December 2023)	Prior Period <sup>(1)</sup> (31 December 2022)
<b>I. DISTRIBUTION OF PERIOD PROFIT</b>		
1.1 Period Profit	4.417.207	5.463.766
1.2 Taxes Payable and Legal Obligations (-)	412.710	1.623.494
1.2.1 Corporate Tax (Income Tax) <sup>(**)</sup>	724.534	2.911.395
1.2.2 Income Tax Deduction	-	-
1.2.3 Other Taxes and Legal Obligations	(311.824)	(1.287.901)
<b>A. NET PROFIT (1.1-1.2)</b>	<b>4.004.497</b>	<b>3.840.272</b>
1.3 Previous Periods Loss (-)	-	-
1.4 First Order Legal Reserve (-)	-	-
1.5 Legal Funds Required to Leave and Save at the Bank (-)	-	-
<b>B. DISTRIBUTABLE NET PROFIT [(A- (1.3 + 1.4 + 1.5))]</b>	<b>4.004.497</b>	<b>3.840.272</b>
1.6 First Dividend To Shareholders (-)	-	-
1.6.1 To Shareholders	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 Participation in Redeemed Certificates	-	-
1.6.4 To Profit Participation Bonds	-	-
1.6.5 To Profit and Loss Sharing Certificate Holders	-	-
1.7 Dividend to Personnel (-)	-	-
1.8 Dividend to Board of Directors (-)	-	-
1.9 Second Dividend to Shareholders (-)	-	-
1.9.1 To Shareholders	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 Participation in Dividends	-	-
1.9.4 Profit Participation Bonds	-	-
1.9.5 Profit and Loss Sharing Certificate Holders	-	-
1.10 Second Legal Reserve Fund (-)	-	-
1.11 Statutory Reserves (-)	-	-
1.12 Extraordinary Reserves <sup>(***)</sup>	-	3.648.260
1.13 Other Reserves	-	-
1.14 Special Funds	-	-
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 Reserves Distributed	-	-
2.2 Second Order Legal Reserves (-)	-	-
2.3 Share to Shareholders (-)	-	-
2.3.1 Shareholders	-	-
2.3.2 To Privileged Stock Owners	-	-
2.3.3 Participation in Redeemable Certificates	-	-
2.3.4 To Profit Participation Bonds	-	-
2.3.5 To Profit and Loss Sharing Certificate Holders	-	-
2.4 Share to Personnel (-)	-	-
2.5 Share to the Board of Directors (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 Shareholders <sup>(****)</sup>	-	1,6279
3.2 Shareholders (%)	-	16,2790
3.3 To Owners of Privileged Shares	-	-
3.4 To Owners of Privileged Shares (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 Shareholders	-	-
4.2 Shareholders (%)	-	-
4.3 To To Owners of Privileged Shares	-	-
4.4 To Owners of Privileged Shares (%)	-	-

<sup>(1)</sup> Profit distribution is decided by the General Assembly of the Parent Bank. As of the preparation date of the consolidated financial statements, the General Assembly meeting for 2023 has not been held yet.

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### SECTION THREE

#### EXPLANATIONS ON ACCOUNTING POLICIES

##### I. EXPLANATIONS ON BASIS OF PRESENTATION

Ziraat Katılım Bankası A.Ş. (“Bank” or “Parent Bank”) and its subsidiaries subject to consolidation (Together referred to as the “Group”), are prepared according to the “Regulation on the Procedures and Principles Regarding Accounting Practices of Banks and Storage of Documents” published in the Official Gazette dated 1 November 2006 and numbered 26333 and other regulations published by the Banking Regulation and Supervision Board regarding the accounting and recording system of banks and the Banking Regulation and Supervision Agency. Circulars and explanations of the Auditing Authority (“BRSA”) and the provisions of the Turkish Financial Reporting Standards (“TFRS”) put into effect by the Public Oversight, Accounting and Auditing Standards Authority (“POA”) on matters not regulated by these (all “BRSA Accounting and Financial Reporting”). It has been prepared in accordance with the “Legislation”.

The format and contents of the consolidated financial statements to be disclosed to the public and their explanations and footnotes are determined by the “Communiqué on Financial Statements to be Announced to the Public and Related Disclosures and Footnotes” published in the Official Gazette No. 28337 dated 28 June 2012 and Official Gazette No. 29511 dated 23 October 2015. It has been prepared in accordance with the “Communiqué on Disclosures to be Made to the Public by Banks Regarding Risk Management” published in the Gazette and the communiqués that bring amendments and additions to these communiqués. The Bank keeps its accounting records in Turkish currency, in accordance with the Banking Law, Turkish Commercial Code and Turkish tax legislation.

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

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

Benchmark Interest Rate Reform - Phase 2, which brings amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective 1 January 2021 was published. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. These changes did not have a significant impact on the financial position or performance of the Bank. As of 31 December 2023, the Bank has no hedging transactions based on benchmark interest rate.

In the announcement made by the Public Oversight Authority, Accounting and Auditing Standards Authority (KGK) on 23 November 2023, it was decided that entities applying the Turkish Financial Reporting Standards (TFRS) shall implement the “TAS 29 Financial Reporting in Hyperinflationary Economies” standard in their financial statements from the reporting period ending on 31 December 2023. Furthermore, institutions or organizations authorized to regulate and audit in their respective fields were granted flexibility to determine different transition dates for the application of TAS 29. In this context, in accordance with the Banking Regulation and Supervision Agency’s decision dated 12 December 2023, and numbered 10744, it was decided that the financial statements of banks, financial leasing, factoring, financing, savings finance, and asset management companies as of 31 December 2023, shall not be subject to inflation adjustments under TAS 29. Additionally, in accordance with the decision dated 11 January 2024, and numbered 10825, it was decided that these entities would transition to inflation accounting as of 1 January 2025.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

## EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

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

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

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

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

### III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES

#### Consolidation principles applied:

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

#### 1. Consolidation principles for subsidiaries:

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

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

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

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

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### III. EXPLANATIONS ON CONSOLIDATED SUBSIDIARIES (Continued)

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

31 December 2023				
Title	Address (City/Country)	Main Activities	Group's Share Percentage (%)	Direct and Indirect Partnership Rates (%)
Ziraat Katılım Varlık Kiralama A.Ş.	Istanbul/Turkey	Issuance of Lease Certificate	100	100
ZKB Varlık Kiralama A.Ş.	Istanbul/Turkey	Issuance of Lease Certificate	100	100

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

#### 2. Consolidation principles of associates and joint ventures:

As of 31 December 2023, the subsidiary of the Parent Bank is Katılım Finans Kefalet A.Ş.

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

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

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

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

#### V. EXPLANATIONS ON PROFIT SHARE INCOME AND EXPENSE

Dividend income is accounted for according to the internal rate of return method, which equates it to the present net value of the future cash flows of the financial asset determined in TFRS 9, and is reflected in the records on an accrual basis.

The Parent Bank started calculating rediscount for its non-performing receivables as of January 1, 2018. Rediscount is calculated based on the net book value of non-performing receivables (Gross Book Value - Expected Loss Provision).

The Parent Bank accounts for dividend expenses on an accrual basis. Expense accruals are calculated according to the unit value calculation method through participation accounts, and these amounts are shown in the “Collected Funds” section in the balance sheet.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

The Bank categorizes 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 Within the Scope of 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 of interest at certain dates.

Financial assets at the fair value through profit or loss are initially recognized at fair value. All gains and losses arising from these valuations are reflected in the profit or loss statement.

Among the financial assets whose fair value difference is reflected in profit or loss, lease certificates traded in BIST are valued at the weighted average clearing prices formed in BIST at the balance sheet date, and financial assets not traded in BIST are valued with the prices of the Central Bank of Turkey. Gains and losses resulting from the valuation are included in the profit/loss accounts.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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### 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 of interest at certain dates.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with internal rate of return method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to the profit or loss 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 profit or loss 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 the time of initial recording, the Bank recognizes that the fair value of an investment in an equity instrument within the scope of TFRS 9 is not held for commercial purposes or is a contingent consideration recognized in the financial statements of the acquirer in a business combination to which TFRS 3, "Business Combinations" applies. An irrevocable choice may be made to include the changes in the other comprehensive income statement. The Bank makes the said choice separately for each financial instrument.

The relevant fair value differences recognized in the other comprehensive income statement cannot be transferred to profit or loss in the following periods, but are transferred to previous years' profit/loss. Dividends from such investments, on the other hand, are recognized as profit or loss, unless they clearly represent a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income are not subject to impairment calculation.

##### c. Financial assets measured at amortized cost:

The financial asset is considered a financial asset measured at amortized cost if the financial asset is held within the scope of a business model that aims to collect contractual cash flows and the contractual terms of the financial asset result in cash flows that only include the principal and dividend payments arising from the principal balance on certain dates are classified.

Financial assets measured at amortized cost are initially recorded by adding transaction costs to their acquisition costs, which reflect their fair values, and are then measured at "amortized cost" using the internal rate of return. Profit share income related to financial assets measured at amortized cost is reflected in the profit or loss statement.

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 mentioned assets during the year is made according to the internal yield method, based on the index created by taking into account the real profit share rates, the treasury reference index and the estimated inflation rate.

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## EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

#### Loans

Loans consist of financial assets created by providing goods or services to a borrower. The initial recording of loans is made at their cost values, and after being recorded, they are measured using the “internal rate of return method” based on the amortized values.

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

As of 31 December 2023, all loans of the Group, including profit-loss sharing (musharakah) and labor-capital partnership (mudaraba) investments, are followed in the “Measured by Amortized Cost” account. Profit-loss sharing and labor-capital partnership investments followed by the Parent Bank in the loans account according to the BRSA Uniform Chart of Accounts, those to be valued for the first time as of 31 December 2020, with the letter of the BRSA numbered E-43890421-010.07.01-1294, or in accordance with the provisions of the “Interest-Free Finance Accounting Standard 3: Mudaraba Financing” or “Interest-Free Finance Accounting Standard 4: Musharakah Financing” standards for partnership financing funds in the form of “labor-capital partnership” or “profit-loss sharing” that are newly made available after 1 January 2021 was accounted for.

### VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

#### Explanations on expected loss provisions

The Parent Bank sets aside the expected loss provision 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. As of 1 January 2018, provision for impairment has been allocated in accordance with the provisions of TFRS 9. In this context, the Group takes into consideration the general structure of the loan portfolio, the financial structure of the customers, the non-financial data and the economic conjuncture in line with the credit risk policies and prudence principle when determining its estimates.

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

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

#### Impairment loss

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.

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### Impairment loss (Continued)

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.

While expected credit loss is an estimate of expected losses from a loan over the life of a financial instrument, the following considerations are important for measurement.

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

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

##### **Provision for 12 month expected credit loss (Stage 1)**

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

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

##### **Significant increase in credit risk (Stage 2)**

Financial assets are transferred to stage 2 if there is a significant increase in credit risk. While 1-year expected credit loss is calculated for at stage 1, all remaining maturity expected credit loss is calculated for loans at stage 2.

The main criteria taken into account in determining the significant increase in the credit risk of the financial asset and its transfer to the 2<sup>nd</sup> stage; being watch list, the number of days of delay being 30 days or more and the internal early warning system rating of the Bank.

##### **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 being overdue by 90 days, the default starts on the 91<sup>st</sup> 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.

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## EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

#### Impairment loss (Continued)

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

Credits that differ in cash flows or have different characteristics with other credits may be subject to individual valuation instead of aggregate valuation. An expected credit loss can be defined as the difference between all contractual cash flows that are outstanding under the contract and the original effective dividend and discounted cash flows.

When cash flows are estimated, the following situations are considered:

- During the expected life of the financial instrument, all contractual terms of the financial instrument,
- Cash flows expected to be obtained from collateral sales.

In the calculation of the expected credit loss, the basic parameters which are expressed as probability of default, loss in default and default amount are used.

#### Probability of Default

Probability of default refers to the likelihood that a loan will default at a certain time.

#### Default Amount

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

#### Loss Given Default

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

#### Future Expectations

The effect of future expectations is included in the credit risk parameters used in the calculation of expected credit losses by using scenarios related to macroeconomic factors. When including macroeconomic information, models and estimations that reflect the relationships between model risk parameters and macroeconomic variables are taken into account. While creating the relevant models, the effects of many macroeconomic variables (Credit Default Swap (CDS), CPI, Unemployment rate, GDP, Industry Tracking Rates, Deposit Interest Turkey, etc.) are analyzed, among which variables that best reflect the default probabilities of our Bank’s customers are used. As of 31 December 2022 and 31 December 2023, the primarily used macroeconomic variables are GDP (Gross Domestic Product) and sector-specific delinquency rates.

The Bank uses 3 scenarios for forward-looking expectations: base, bad and good. All 3 scenarios have predetermined weights. The Group applies macroeconomic variables to its models by updating them every 3 months in March, June, September and December, which is used in the evaluation of the significant increase in credit risk and in the calculation of expected credit loss. As of 31 December 2023, macroeconomic variables, which are taken as a basis in the calculation of expected credit losses are reflected in the models.

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### The Methodology of Behavioral Maturity Calculation

The loans in Stage 1, expected loss provision is calculated until their maturity for the ones which have less than one year to due date and for 1 year which have more than one year to due date. The loans in Stage 2, expected loss provision is calculated for lifetime (until maturity date) of the loan. In this calculation, the remaining maturity information of the loan is taken as basis for each loan. While this information is used for products with real maturity information, behavioral maturity is calculated by analysing historical data for products with no maturity information. Expected loss provisions are calculated based on these maturities depending on the type of loan.

##### Write-off Policy

Within the scope of the provisions of the "Regulation on Amendments to the Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions to be Set Aside for These" published by the BRSA in the Official Gazette dated 6 July 2021 and numbered 31533, those classified under the Fifth Group - Loans in the Nature of Loss and whose lifespan is due to the default of the debtor. The portion of the loans for which there are no reasonable expectations regarding the recovery of the loans for which provision for expected credit losses or special provisions has been set is deducted from the records within the period deemed appropriate by the bank, specific to the situation of the debtor, within the scope of TFRS 9, starting from the first reporting period following their classification in this Group. Deleting loans from records is an accounting practice and does not result in giving up the right to receivable. Within the scope of the said change, no loans have 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 Parent Bank has legally enforceable rights to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

As of the balance sheet date, there are no securities lending transactions. Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement; a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they are in need of funding or in attempt to evaluate the excess liquidity. The Bank performs purchase tenders which are held by CBRT of which maturities are weekly; in return for rent certificates that are reported as assets in balance sheet in order to raise funds. As of 31 December 2023, there are no securities lending transactions (31 December 2022: None). Securities sold under agreements for repurchase agreements ("Repos") are classified as "Fair Value Through Profit or Loss", "Fair Value Through Other Comprehensive Income" and "Financial Asset Measured at Amortized Cost" in the portfolio of the bank, according to the purposes of the Bank, and they are subject to valuation according to the portfolio which are belong. Funds obtained in return for repo agreements are accounted in "Money Markets Receivables" account and interest expense accruals for the period are calculated with the effective interest rate method.

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

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

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

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

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

A discontinued operation is a division of a business that is classified as disposed or held for sale. The results related to discontinuing operations are presented separately in the profit or loss statement. The Parent Bank does not have any discontinued operations.

As of 31 December 2023, non-current assets of the Parent Bank held for sale are TRY 427.229 (31 December 2022: TRY 274.644).

#### **XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS**

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

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

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

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

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XIII. EXPLANATIONS ON TANGIBLE ASSETS

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

Subsequent to recognition, tangible fixed assets are presented in financial statements at cost less any accumulated depreciation and impairment loss, if any. Tangible fixed assets are amortized by using the straight-line method over their estimated useful lives.

Applied depreciation rates are as follows;

Vehicles and fixtures:	2% - 25%
Operational Lease Improvement Costs (Leasehold Improvements):	Leasing Period - 5 years

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

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. 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 pledges, mortgages and other measures on tangible fixed assets, or commitments made for their purchase, or there is no restriction on the exercise of the right of disposition on them.

#### XIV. EXPLANATIONS ON LEASING TRANSACTIONS

##### *Operational Leasing Transactions*

##### *Transactions as a lessee*

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

##### *Right of use;*

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

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



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

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

The right of use asset is recognized first by cost method and includes below:

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

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

#### *Lease Liabilities:*

At the date of the effective leasing of the lease, the Bank measures its leasing liability at the present value of the lease payments not paid at the time. Lease payments are discounted using the imputed rate of interest in the lease if they can be easily determined. If this rate cannot be easily determined, the Bank uses the Bank’s alternative borrowing rate. Lease payments that are included in the measurement of the lease liability at the date the lease is commenced consist of the unpaid payments to be made for the right of use during the lease term of the underlying asset and the date on which the lease has actually begun:

After the effective date of the lease, the Bank measures the leasing liability as follows:

- a) Increases the book value to reflect the rate of profit in the lease obligation,
- b) Reduces the book value to reflect the rent payments made and
- c) Re-assess the book value to reflect re-evaluations and reconstructions, or to reflect the lease payments that are fixed on the revised basis.

The profit for the lease obligation for each period in the lease term is the amount calculated by applying a fixed periodic rate of profit to the remaining balance of the lease obligation. The Participation Bank takes part as a lessor in leasing transactions. The Participation Bank indicates the assets subject to leasing as a receivable equal to the net lease investment amount in the balance sheet. The total of the lease payments is gross in the leasing receivables account including the dividends and principal amounts. The profit share, which is the difference between the total of the lease payments and the cost of the related fixed assets, is included in the unearned finance lease income account. As the lease payments are realized, the rent amount is deducted from the lease receivables account; the profit share is reflected in the statement of profit or loss by deducting from the unearned profit share income account.

#### **XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET 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”.

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

#### XV. EXPLANATIONS ON PROVISIONS, CONTINGENT ASSET AND LIABILITIES (Continued)

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

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

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

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

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

##### a. Employment termination and vacation benefits

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

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

The Group makes assumptions on issues such as discount rate, employee turnover, future salary increases while determining the liability. As of 31 December 2023, the Group's severance pay liability is TRY 202.704 (31 December 2022: TRY 125.764).

Communiqué on "Turkish Accounting Standard ("TAS 19") 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 2022: TRY 94.366 missing).

Unused vacation liability is calculated based on number of unused vacation days which is calculated by subtracting used vacation days of all personnel from legally deserved vacation days. As of 31 December 2023 unused vacation liability of the Bank is TRY 44.385 (31 December 2022: TRY 28.175).

The Group does not employ personnel on fixed-term contracts.

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN)

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 20<sup>th</sup> provisional article of Social Security Law Act numbered 506. In accordance with 23<sup>rd</sup> 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 1<sup>st</sup> paragraph of the 1<sup>st</sup> article of the 23<sup>rd</sup> provisional clause of Banking Law numbered 5411 allowing pension funds to be transferred to Social Security Institution ("SSI") is annulled following the resolution of Constitutional Court declared in the Official Gazette dated 30 June 2007 numbered 26479 E.2005/139, K.2007/13 and K.2007/33.

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

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

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

Based on the Council of Ministers' decree numbered 2011/1559 and issued in the Official Gazette numbered 27900, dated 9 April 2011, and 20<sup>th</sup> 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 20<sup>th</sup> 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.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### b. Liability of T.C. Ziraat Bankası and T. Halk Bankası Members Pension and Relief Fund (TZHEMSAN) (Continued)

Lastly, 51<sup>st</sup> article of Law No. 6645 dated 23 April 2015, published on Official Gazette and the first paragraph of the transient 20<sup>th</sup> 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 20<sup>th</sup> 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 4<sup>th</sup> 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

As of 31 December 2023, the corporate tax rate applied in financial statements is 30%. According to Law No. 7316 published in the Official Gazette on 22 April 2021, the corporate tax rate was increased to 25% for the 2021 tax period, starting from 1 July 2021, and for the taxation period starting from 1 January 2021. Subsequently, for the 2022 tax period, the rate was set at 23%. However, with the publication of Law No. 7394 in the Official Gazette on 15 April 2022, the corporate tax rate for banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies was permanently increased to 25%. This change will be effective for declarations submitted after 1 July 2022. Therefore, as of the first quarter of 2022, the corporate tax rate to be considered in corporate tax calculations is 23%, and for the second quarter of 2022 and subsequent periods, the tax rate applied to the cumulative earnings of 2022 is 25%. Furthermore, according to Article 21 of Law No. 7456 published in the Official Gazette on 15 July 2023, starting from 1 October 2023, for declarations to be submitted, the corporate tax rate for gains obtained by corporations in the 2023 tax year and subsequent tax periods has been increased from 25% to 30% for banks and other institutions mentioned in the law. As of 31 December 2023, the corporate tax rate in financial statements is applied at 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 Turkey or to resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as profit distribution and no withholding tax incurs in such a case.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### a. Current tax (Continued)

Corporations declare and pay provisional tax based on the prevailing rate on their quarterly financial profits until a new determination is made in accordance with Circular No. 115 of the Tax Procedure Law dated 29 March 2019. The declaration and payment must be made by the 17<sup>th</sup> day of the second month following the end of 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, that belong to the corporations at least two years (730 days), 75% of revenues that occur from selling their founding bonds that are belong to the corporations as long as time of participation stocks, redeemed shares and option to call are exempted from Corporation Tax (It was changed with 89<sup>th</sup> article of code 7061 that entries into force in 5 December 2017. According to dated 23 December 2017 3<sup>rd</sup> article of Corporation Tax Code (CTC) 14 annunciation this exemption will apply as ratio of 75% for selling that made till the 5 December 2017, after this date it will apply as ratio of 50%).

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

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

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

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 previous 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 2023 financial statements will be subject to inflation adjustment regardless of whether the conditions for the inflation adjustment are met, and the profit/loss differences arising from the inflation adjustment to be made will be shown in the previous years profit/loss account.

As a result of these transactions, VUK depreciation figures that will be subject to corporate tax will be calculated based on the revalued current amounts. In accordance with the relevant legislation, the resulting value increase amounts are shown in a special fund account under shareholders' equity.

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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### EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

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

##### b. Deferred tax

The Parent Bank calculates and records deferred taxes in accordance with the Turkish Accounting Standard for Income Taxes (TMS 12), for temporary differences between the accounting policies and valuation principles applied and the tax base values determined in accordance with tax legislation. According to Law No. 7394, published in the Official Gazette dated 15 April 2022, and numbered 31810, which entered into force, and the Law Amending the Assessment of Immovable Properties Belonging to the Treasury and Making Amendments to the Value Added Tax Law, with Additional Provisions in Certain Laws and Decree Laws No. 7456 published in the Official Gazette dated 15 July 2023, and numbered 32249, it was stated that the corporate tax rate for banks would be increased from 25% to 30% starting from the declarations to be submitted as of 1 October 2023, for the profits obtained in the tax year 2023 and subsequent tax years. However, it was previously mentioned that the corporate tax rate for banks for the tax year 2022 would be 25% according to the temporary Article 13 added to Law No. 5520 by Article 26 of the Law Amending Certain Laws and Decree Laws.

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. In the calculation of deferred tax, the Bank estimates the time when temporary differences will be taxable/deductible and uses enacted tax rates as of the balance sheet date in accordance with the current tax legislation. As the deferred tax assets or liabilities within the scope of TAS 12 are calculated based on the tax rates (and tax laws) that are in effect or nearly effective as of the end of the reporting period (balance sheet date), using the tax rates expected to be applied in the periods when the assets are converted into income or the liabilities are paid, the Parent Bank As of 31 December 2023, deferred tax calculations were made on its assets and liabilities at a rate of 30%. 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.

Carrying amount of deferred tax asset is reviewed as of each balance sheet date. Carrying value of deferred tax asset is reduced to the extent that it is not probable that a financial profit will be obtained to allow some or all of the deferred tax asset to be benefited.

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

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

The deferred tax effects of transactions accounted for directly in equity are also presented in equity.

As of 1 January 2018, deferred tax assets have been started to be calculated over the expected loss provisions that constitute temporary difference within the framework of TFRS 9 provisions. Deferred tax calculations are not made for free provisions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

## EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

### XVIII. EXPLANATIONS ON ADDITIONAL DISCLOSURES ON BORROWINGS

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

The Group received from TC Ziraat Bankası A.Ş. on 28 March 2019 in the amount of 300.000 TRY; In the amount of TRY 500.000 on 15 April 2021; On 17 November 2021, it provided a loan of TRY 500.000 as a contribution capital.

On 24 April 2019, with the approval of the BRSA on 22 April 2019, the Group obtained EUR 100.000 from Turkey Wealth Fund Market Stability and Balance Sub-Fund; With the approval of the BRSA dated 9 March 2022, on 9 March 2022, an additional capital-like loan of 57.039 Euros has been provided as non-maturing and non-dividend additional core capital.

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

### XIX. EXPLANATIONS ON SHARE CERTIFICATES ISSUED

As of the balance sheet date, the Parent Bank has not issued any shares. (31 December 2022: None)

### XX. EXPLANATIONS ON ACCEPTANCES

The Group’s debt commitments regarding bills and acceptances are accounted for under “Off-balance sheet Liabilities”.

### XXI. EXPLANATIONS ON GOVERNMENT INCENTIVES

As of the balance sheet date, the Group does not have any government incentives. (31 December 2022: None)

### XXII. EXPLANATION ON CASH AND CASH EQUIVALENTS

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

None.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### SECTION FOUR

#### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT

##### I. EXPLANATIONS ON SHAREHOLDERS’ EQUITY

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

- In accordance with the Decision of the Banking Regulation and Supervision Agency dated 28 April 2022 and numbered 10188, the Central Bank’s foreign exchange buying rate of 31 December 2022 was used while calculating the valued amounts in foreign currency in calculating the amount subject to credit risk.
- In case the net valuation differences of the securities held by banks in the “Securities at Fair Value through Other Comprehensive Income” portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount. In case the net valuation differences of the securities held by banks in the “Securities at Fair Value through Other Comprehensive Income” portfolio within the framework of the regulation dated 21 December 2021 and numbered 9996 are negative, these differences may not be taken into account in the equity amount. The mentioned exemption has not been utilized in the equity calculation as of 31 December 2023.

The current period equity amount calculated as of 31 December 2023, taking into account the latest regulations, is TRY 24.251.951 (31 December 2022: TRY 15.901.345), and the capital adequacy standard ratio is 15,12% (31 December 2022: 15,57%). The capital adequacy standard ratio of the Parent Bank is above the minimum ratio determined by the relevant legislation.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### Information related to the components of shareholders' equity:

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Common Equity Tier 1 Capital</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	10.350.000	2.650.000
Share issue premiums	-	-
Reserves	6.138.132	2.297.860
Gains recognized in equity as per TAS	597.284	3.673.072
Profit	4.004.497	3.840.272
Current Period Profit	4.004.497	3.840.272
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	-	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>21.089.913</b>	<b>12.461.204</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1 <sup>st</sup> 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	282.676
Improvement costs for operating leasing	922.211	98.174
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	692.634	342.454
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 4 <sup>th</sup> clause of the 56 <sup>th</sup> 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 2 <sup>nd</sup> clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>3.454.122</b>	<b>723.304</b>
<b>Total Common Equity Tier 1 Capital</b>	<b>17.635.791</b>	<b>11.737.900</b>
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	3.681.925	2.257.081
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>-</b>	<b>-</b>
<b>Deductions from Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Consolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Consolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>	<b>-</b>	<b>-</b>
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>3.681.925</b>	<b>2.257.081</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>21.317.716</b>	<b>13.994.981</b>
<b>TIER II CAPITAL</b>		
Debt instruments and share issue premiums deemed suitable by the BRSA	1.300.000	1.300.000
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1.656.901	615.573
<b>Tier II Capital Before Deductions</b>	<b>2.956.901</b>	<b>1.915.573</b>
<b>Deductions From Tier II Capital</b>	<b>-</b>	<b>-</b>
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>2.956.901</b>	<b>1.915.574</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>24.274.617</b>	<b>15.910.555</b>

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

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

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Total of Original Capital and Supplementary Capital (Total Capital)</b>	<b>23.853.430</b>	<b>15.910.555</b>
Deductions from Capital Loans granted contrary to the 50 <sup>th</sup> and 51 <sup>th</sup> 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	22.666	9.210
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
<b>TOTAL CAPITAL</b>		
Total Capital (Total capital and contribution capital)	<b>24.251.951</b>	<b>15.901.345</b>
Total risk weighted amounts	160.450.268	102.160.655
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	10,99	11,49
Tier 1 Capital Adequacy Ratio (%)	13,29	13,70
Capital Adequacy Ratio (%)	15,12	15,57
<b>BUFFERS</b>		
<b>Total additional Common Equity Tier 1 Capital requirement ratio (a+b+c)</b>	<b>2,50</b>	<b>2,50</b>
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,00
c) Systemic significant bank buffer ratio (%)	0,00	0,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	6,49	6,99
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of Consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of consolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1.656.901	615.573
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1.656.901	615.573
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between 1 January 2018 and 1 January 2022)</b>	-	-
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

## EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (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
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	500
Par value of instrument	500
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	16 April 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
<b>Coupons/dividends <sup>(*)</sup></b>	
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	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8
Details of noncompliances with article number 7 and 8 of “Own fund regulation”	-

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS RELATED TO THE FINANCIAL POSITION AND RISK MANAGEMENT (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
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Subordinated Murabaha Loan as Secondary Capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	500
Par value of instrument	500
Accounting classification	Liabilities/Subordinated loan
Original date of issuance	17 November 2021
Perpetual or dated	Dated
Original maturity date	10 (ten) years
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (no conditional refund)
Subsequent call dates, if applicable	-
<b>Coupons/dividends <sup>(*)</sup></b>	
Fixed or floating dividend/coupon	Fixed
Coupon rate and any related index	17,75%
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write-down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	It gives the owner the right to be credited before the borrowing instruments to be included in the additional capital calculation, after the depositors and all other creditors.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 8
Details of incompliance with article number 7 and 8 of “Own fund regulation”	-

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	2.541
Par value of instrument	3.255
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	-
<b>Coupons/dividends <sup>(*)</sup></b>	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7
Details of incompliances with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

Issuer	Türkiye Varlık Fonu Yönetimi A.Ş.
Unique identifier (CUSIP, ISIN etc.)	-
Governing Law(s) of the instrument	Implementing Regulation on Equities of Banks in the Official Gazette dated 5 September 2013
<b>Regulatory treatment</b>	
From 1/1/2015, 10% reduction by being subject to the application	No
Eligible at consolidated/consolidated	Consolidated/Consolidated
Instrument type (types to be specified by each jurisdiction)	Additional capital
Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	1.141
Par value of instrument	1.857
Accounting classification	Liabilities/Subordinated Loan
Original date of issuance	9 March 2022
Perpetual or dated	Undated
Original maturity date	9 March 2022
Issuer call subject to prior supervisory approval	Yes
Optional call date, contingent call dates and redemption amount	Option date 5 years, (Subject to BRSA permission.)
Subsequent call dates, if applicable	-
<b>Coupons/dividends <sup>(1)</sup></b>	
Fixed or floating dividend/coupon	None
Coupon rate and any related index	None
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	None
Noncumulative or cumulative	-
<b>Convertible or non-convertible</b>	
If convertible, conversion trigger (s)	-
If convertible, fully or partially	-
If convertible, conversion rate	-
If convertible, mandatory or optional conversion	-
If convertible, specify instrument type convertible into	-
If convertible, specify issuer of instrument it converts into	-
<b>Write-down feature</b>	
If write-down, write-down trigger(s)	In case the Core Capital adequacy ratio or consolidated Core Capital adequacy ratio falls below 5,125 percent
If write-down, full or partial	Yes
If write-down, permanent or temporary	Temporary
If temporary write-down, description of write-up mechanism	It is possible to increase the value after temporary reduction.
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	i. After payments within the scope of priority liabilities, ii. Equal among themselves and with all other equal-level Liabilities without order of preference, and iii. Before all payments within the scope of low-level liabilities.
In compliance with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7
Details of incompliances with article number 7 and 8 of “Own fund regulation”	In Compliance with Article number 7

<sup>(1)</sup> Profit share for participation banks.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Balance sheet equity value</b>	<b>19.831.547</b>	<b>11.378.445</b>
Equity value of balance sheet	(922.211)	(98.174)
Cost of development of operating lease	(692.634)	(342.454)
Goodwill and other intangible assets and related deferred tax liability	1.300.000	1.300.000
Debt instruments and premiums approved by BRSA	1.656.901	615.573
Tier II Capital	3.681.925	2.257.081
Debt instruments and premiums approved by BRSA - subordinated loans	(22.666)	(9.210)
Other values deducted from equity	(580.911)	800.084
<b>Amount taken into consideration in the calculation of legal equity</b>	<b>24.251.951</b>	<b>15.901.345</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK

Credit risk is the possibility of loss that the bank may be exposed due to the partial or complete default of the debtor by not complying to the obligations of the agreement made, or due to the decrease in credit worthiness.

The authority to allocate loans mainly belongs to the Board of Directors, and the limits of the loan customers are determined within the framework of the credit authorization limits of the Head Office Credit Committee and the Board of Directors pursuant to the authority given by the Board of Directors. Limits are allocated by evaluating many factors such as financial and non-financial data of loan customers, loan needs, sectoral and geographical characteristics.

In terms of credit risk, the debtor or group of debtors are subject to risk limitations. The debtor and group of debtors and the risk limitations of the sectors are monitored weekly within the scope of their risk appetite.

The limits for the loan portfolio are determined with the approval of the Board of Directors and revised when necessary. The determined limits are distributed by the relevant Head Office units, taking into account the existing portfolio structure, customer and loan potential, regional and sectoral characteristics, and the competence of the staff.

After the limit is allocated to customers in the commercial portfolio, companies continue to be monitored, and changes in the financial structures and market relations of the companies with funds are monitored.

Documents to be obtained during limit allocation and fund utilization are clearly stated in the legislation, and whether the said documents are obtained in accordance with the legislation is controlled by the inspection units. The Bank considers the collateral important in terms of minimizing the risk and its liquidation. As a result of the credit policies and processes based on obtaining reliable and robust guarantees, the Bank is believed to significantly reduce the credit risk.

The Bank implements the internal rating procedures for the analysis of the credit worthiness of its Corporate/Entrepreneurial loan customers as a decision support system in loan allocation.

The Bank makes provision in conformity with the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023**

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

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

#### **II. EXPLANATIONS ON CREDIT RISK (Continued)**

Identification of limits for domestic and foreign banks are done by rating which is determined by considering the needs of clients and departments together with financial and economic conditions of the banks and their countries.

Treasury operations are executed in the frame of pre-determined authorization and limits, these authorization and limits are monitored.

The expected loss provision (third stage) is calculated for loans belonging to customers classified as non-performing loans in accordance with the the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions”, taking into account the guarantees received from the relevant customer.

The percentage of top 100 and top 200 cash loans in the total cash loan portfolio is 39,17% and 50,05% respectively (31 December 2022: 44,48% and 56,41%).

The percentage of top 100 and top 200 non-cash loans in the total non-cash loan portfolio is 46,46% and 56,75% respectively (31 December 2022: 46,44% and 57,74%).

The percentage of top 100 and top 200 cash and non-cash loans in the total cash and non-cash loan portfolio is 35,43% ve 45,75% respectively (31 December 2022: 39,59% and 50,82%).

TFRS 9 expected loss provisions for the loans for the Stage 1 and Stage 2 are amounted TRY 2.156.649 (31 December 2022: TRY 1.121.590)

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK (Continued)

##### The Profile of Important Risks of Important Regions

	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Condi- tional and unconditional corporate receivables	Conditional and unconditional retail receivables
<b>Current Period 31.12.2023</b>								
Domestic	78.969.632	-	2.731.331	-	-	6.152.897	120.640.779	25.069.109
European Union Countries	-	-	-	-	-	6.057.356	162.169	25.604
OECD Countries <sup>(*)</sup>	-	-	-	-	-	46.407	-	1
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	349.829	-	35
Other Countries	-	-	-	-	-	412.217	796.443	3.828
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities <sup>(**)</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>78.969.632</b>	<b>-</b>	<b>2.731.331</b>	<b>-</b>	<b>-</b>	<b>13.018.706</b>	<b>121.599.391</b>	<b>25.098.577</b>
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Condi- tional and unconditional corporate receivables	Conditional and unconditional retail receivables
<b>Prior Period 31.12.2022</b>								
Domestic	39.418.257	-	353.890	-	-	8.765.418	72.591.847	13.634.937
European Union Countries	-	-	-	-	-	1.578.899	1.180	26.763
OECD Countries <sup>(*)</sup>	-	-	-	-	-	212.669	-	-
Off-shore Banking Regions	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	107.874	-	94
Other Countries	-	-	-	-	-	49.760	455.828	7.331
Subsidiaries, Associates and Joint Ventures	-	-	-	-	-	-	-	-
Unallocated Assets/ Liabilities <sup>(**)</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>39.418.257</b>	<b>-</b>	<b>353.890</b>	<b>-</b>	<b>-</b>	<b>10.714.620</b>	<b>73.048.855</b>	<b>13.669.125</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

<sup>(\*)</sup> OECD Countries other than EU countries, USA and Canada.

<sup>(\*\*)</sup> Assets and liabilities that could not be distributed on a consistent basis.

<b>Conditional and unconditional receivables secured by mortgages</b>	<b>Past due receivables</b>	<b>Receivables defined in high risk category by BRSA</b>	<b>Securities collateralised by mortgages</b>	<b>Securitisation positions</b>	<b>Short-term receivables from banks, brokerage houses and corporates</b>	<b>Investments similar to collective investment funds</b>	<b>Equity share investments</b>	<b>Other receivables</b>	<b>Total</b>
16.790.198	191.059	6.681.193	-	-	-	-	-	4.023.998	261.250.196
10.545	1	97	-	-	-	-	-	-	6.255.772
359	-	-	-	-	-	-	-	-	46.767
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	349.864
36.662	-	377.291	-	-	-	-	-	-	1.626.441
-	-	-	-	-	-	-	-	22.500	22.500
-	-	-	-	-	-	-	-	-	-
<b>16.837.764</b>	<b>191.060</b>	<b>7.058.581</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.046.498</b>	<b>269.551.540</b>

<b>Conditional and unconditional receivables secured by mortgages</b>	<b>Past due receivables</b>	<b>Receivables defined in high risk category by BRSA</b>	<b>Securities collateralised by mortgages</b>	<b>Securitisation positions</b>	<b>Short-term receivables from banks, brokerage houses and corporates</b>	<b>Investments similar to collective investment funds</b>	<b>Equity share investments</b>	<b>Other receivables</b>	<b>Total</b>
10.570.286	209.536	5.632.639	-	-	-	-	-	2.163.774	153.340.584
14.272	1	14	-	-	-	-	-	-	1.621.129
-	-	-	-	-	-	-	-	-	212.669
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	107.968
6.517	-	261.706	-	-	-	-	-	-	781.142
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>10.591.075</b>	<b>209.537</b>	<b>5.894.359</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.163.774</b>	<b>156.063.492</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

## II. EXPLANATIONS ON CREDIT RISK (Continued)

## Risk Profile by Sectors or Counterparties

Current Period 31.12.2023	Risk Classes								
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporate receivables	Conditional and unconditional receivables from retail receivables	Conditional and unconditional receivables secured by mortgages
<b>Sectors/Counterparties</b>									
Agriculture	-	-	-	-	-	-	1.544.430	808.482	634.592
Farming and Stockbreeding	-	-	-	-	-	-	1.492.859	678.478	620.465
Forestry	-	-	-	-	-	-	46.508	110.794	9.448
Fishing	-	-	-	-	-	-	5.063	19.210	4.679
Manufacturing	-	-	938.578	-	-	-	61.444.806	7.755.180	3.668.637
Mining and Quarrying Production	-	-	-	-	-	-	2.842.771	161.862	162.493
Manufacturing Industry	-	-	938.578	-	-	-	54.198.436	7.446.007	3.453.577
Electric, Gas and Water	-	-	-	-	-	-	4.403.599	147.311	52.567
Construction	-	-	11	-	-	-	18.694.807	3.771.292	3.093.511
Services	78.969.632	-	1.789.263	-	-	13.018.706	39.013.228	9.849.740	3.941.789
Wholesale and Retail Trade	-	-	1.087	-	-	-	26.432.292	7.360.335	2.547.140
Hotel Food and Beverage Services	-	-	-	-	-	-	1.778.081	319.401	195.061
Transportation and Telecommunication	-	-	1.472.168	-	-	-	1.808.308	651.787	302.808
Financial Institutions	78.969.632	-	187	-	-	13.018.706	1.193.321	21.467	179
Real Estate and Leasing Services	-	-	258.890	-	-	-	6.242.887	1.195.466	729.249
Self Employment Services	-	-	-	-	-	-	-	-	-
Education Services	-	-	95	-	-	-	319.227	51.449	88.089
Health and Social Services	-	-	56.836	-	-	-	1.239.112	249.835	79.263
Other	-	-	3.479	-	-	-	902.120	2.913.883	5.499.235
<b>Total</b>	<b>78.969.632</b>	<b>-</b>	<b>2.731.331</b>	<b>-</b>	<b>-</b>	<b>13.018.706</b>	<b>121.599.391</b>	<b>25.098.577</b>	<b>16.837.764</b>

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.

Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisations positions	Short-term from banks, brokerage houses and corporate	Investments similar to collective investment funds	Other receivables	Equity share investments	TRY	FC	Total
281	41.674	-	-	-	-	-	-	2.767.385	262.074	3.029.459
280	28.327	-	-	-	-	-	-	2.562.722	257.687	2.820.409
1	-	-	-	-	-	-	-	162.741	4.010	166.751
-	13.347	-	-	-	-	-	-	41.922	377	42.299
88.302	1.927.678	-	-	-	-	-	-	40.714.754	35.108.427	75.823.181
85	79.417	-	-	-	-	-	-	1.996.417	1.250.211	3.246.628
78.497	1.692.134	-	-	-	-	-	-	36.557.362	31.249.867	67.807.229
9.720	156.127	-	-	-	-	-	-	2.160.975	2.608.349	4.769.324
35.102	1.687.262	-	-	-	-	-	-	20.224.547	7.057.438	27.281.985
65.523	2.888.860	-	-	-	-	-	780.200	100.119.776	50.197.165	150.316.941
51.354	1.856.208	-	-	-	-	-	-	31.268.938	6.979.478	38.248.416
801	63.280	-	-	-	-	-	-	1.968.150	388.474	2.356.624
9.615	54.278	-	-	-	-	-	-	2.101.320	2.197.644	4.298.964
-	377.291	-	-	-	-	-	780.200	55.159.014	39.201.969	94.360.983
3.713	491.697	-	-	-	-	-	-	7.728.648	1.193.254	8.921.902
-	-	-	-	-	-	-	-	-	-	-
2	504	-	-	-	-	-	-	442.866	16.500	459.366
38	45.602	-	-	-	-	-	-	1.450.840	219.846	1.670.686
1.852	513.107	-	-	-	-	-	3.266.298	9.680.049	3.419.925	13.099.974
<b>191.060</b>	<b>7.058.581</b>	-	-	-	-	-	<b>4.046.498</b>	<b>173.506.511</b>	<b>96.045.029</b>	<b>269.551.540</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

## II. EXPLANATIONS ON CREDIT RISK (Continued)

## Risk Profile by Sectors or Counterparties (Continued)

Prior Period 31.12.2022	Risk Classes									
	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non- commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organisations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables Corporate receivables	Conditional and unconditional receivables Retail receivables	Conditional and unconditional receivables Secured by mortgages	
<b>Sectors/Counterparties</b>										
Agriculture	-	-	-	-	-	-	463.775	270.596	81.260	
Farming and Stockbreeding	-	-	-	-	-	-	358.405	197.899	75.245	
Forestry	-	-	-	-	-	-	33.832	67.028	3.807	
Fishing	-	-	-	-	-	-	71.538	5.669	2.208	
Manufacturing	-	-	271.833	-	-	-	42.055.506	4.145.362	2.159.074	
Mining and Quarrying Production	-	-	-	-	-	-	1.546.978	90.293	66.853	
Manufacturing Industry	-	-	118.042	-	-	-	36.126.307	3.979.163	2.073.245	
Electric, Gas and Water	-	-	153.791	-	-	-	4.382.221	75.906	18.976	
Construction	-	-	11	-	-	-	10.268.715	1.852.258	1.396.645	
Services	38.628.919	-	80.140	-	-	10.714.620	20.069.952	4.972.698	2.504.529	
Wholesale and Retail Trade	-	-	161	-	-	-	11.962.553	3.674.240	1.634.780	
Hotel Food and Beverage Services	-	-	-	-	-	-	1.170.005	128.824	231.491	
Transportation and Telecommunication	-	-	-	-	-	-	1.556.151	405.415	109.555	
Financial Institutions	38.628.919	-	133	-	-	10.708.624	251.883	4.076	157	
Real Estate and Leasing Services	-	-	27.783	-	-	5.996	4.279.925	563.949	427.726	
Self Employment Services	-	-	-	-	-	-	35.863	41.064	28.355	
Education Services	-	-	53	-	-	-	52.660	36.094	41.687	
Health and Social Services	-	-	52.010	-	-	-	760.912	119.036	30.778	
Other	789.338	-	1.906	-	-	-	190.907	2.428.211	4.449.567	
<b>Total</b>	<b>39.418.257</b>	<b>-</b>	<b>353.890</b>	<b>-</b>	<b>-</b>	<b>10.714.620</b>	<b>73.048.855</b>	<b>13.669.125</b>	<b>10.591.075</b>	

Prepared with the numbers after conversion rate to credit and before Credit Risk Reduction.



Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralised by mortgages	Securitisation positions	Short-term from banks, brokerage houses and corporatse	Investments similar to collective investment funds	Other receivables	Equity share investments	TRY	FC	Total
597	75	-	-	-	-	-	-	755.893	60.410	816.303
594	75	-	-	-	-	-	-	611.649	20.569	632.218
3	-	-	-	-	-	-	-	103.452	1.218	104.670
-	-	-	-	-	-	-	-	40.792	38.623	79.415
27.791	2.743.668	-	-	-	-	-	-	29.214.659	22.188.575	51.403.234
59	38.869	-	-	-	-	-	-	1.039.886	703.166	1.743.052
20.125	2.419.663	-	-	-	-	-	-	25.412.867	19.323.678	44.736.545
7.607	285.136	-	-	-	-	-	-	2.761.906	2.161.731	4.923.637
77.513	592.660	-	-	-	-	-	-	9.552.530	4.635.272	14.187.802
101.997	2.491.052	-	-	-	-	-	-	49.527.461	30.036.446	79.563.907
91.826	1.337.377	-	-	-	-	-	-	16.335.315	2.365.622	18.700.937
3.901	19.560	-	-	-	-	-	-	1.315.954	237.827	1.553.781
3.625	46.785	-	-	-	-	-	-	828.559	1.292.972	2.121.531
-	389.233	-	-	-	-	-	-	25.019.614	24.963.411	49.983.025
2.626	614.063	-	-	-	-	-	-	5.034.464	887.604	5.922.068
-	19	-	-	-	-	-	-	96.270	9.031	105.301
19	371	-	-	-	-	-	-	114.185	16.699	130.884
-	83.644	-	-	-	-	-	-	783.100	263.280	1.046.380
1.639	66.904	-	-	-	-	-	2.163.774	6.972.975	3.119.271	10.092.246
<b>209.537</b>	<b>5.894.359</b>	-	-	-	-	-	<b>2.163.774</b>	<b>96.023.518</b>	<b>60.039.974</b>	<b>156.063.492</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK (Continued)

##### Analysis of maturity-bearing exposures according to remaining maturities:

Current Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
<b>Exposure Classifications:</b>					
Conditional and unconditional exposures to central governments or central banks	43.734.387	-	-	-	35.235.244
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	2.731.331
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	7.867.604	62.788	16.238	329.880	4.742.196
Conditional and unconditional exposures to corporates	-	-	-	-	121.599.391
Conditional and unconditional retail exposures	-	-	-	-	25.098.577
Conditional and unconditional exposures secured by real estate property	-	-	-	-	16.837.764
Past due receivables	191.060	-	-	-	-
Receivables defined in high risk category by BRSA	372.617	-	-	-	6.685.963
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Investments in Equity Instruments	4.046.498	-	-	-	-
<b>Grand Total</b>	<b>56.212.166</b>	<b>62.788</b>	<b>16.238</b>	<b>329.880</b>	<b>212.930.466</b>

It is prepared by using the figures after KRA and before Credit Risk Reduction.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK (Continued)

Prior Period	Term to Maturity				
	1 Month	1-3 Months	3-6 Months	6-12 Months	Over 1 Year
<b>Exposure Classifications:</b>					
Conditional and unconditional exposures to central governments or central banks	16.591.284	266.243	362.832	2.282.495	19.915.403
Conditional and unconditional exposures to regional governments or local authorities	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	231	19.822	196.145	31.176	106.516
Conditional and unconditional exposures to multilateral development banks	-	-	-	-	-
Conditional and unconditional exposures to international organisations	-	-	-	-	-
Conditional and unconditional exposures to banks and brokerage houses	10.691.293	-	11.197	883	11.247
Conditional and unconditional exposures to corporates	14.633.224	10.050.077	9.444.206	14.411.035	24.510.313
Conditional and unconditional retail exposures	1.822.919	1.068.392	1.517.479	4.187.067	5.073.268
Conditional and unconditional exposures secured by real estate property	562.736	445.205	467.280	1.583.067	7.532.787
Past due receivables	209.537	-	-	-	-
Receivables defined in high risk category by BRSA	1.438.429	1.100.496	1.611.721	1.287.363	456.350
Exposures in the form of bonds secured by mortgages	-	-	-	-	-
Securitization Positions	-	-	-	-	-
Short term exposures to banks, brokerage houses and corporates	-	-	-	-	-
Exposures in the form of collective investment undertakings	-	-	-	-	-
Investments in Equity Instruments	2.163.774	-	-	-	-
<b>Grand Total</b>	<b>48.113.427</b>	<b>12.950.235</b>	<b>13.610.860</b>	<b>23.783.086</b>	<b>57.605.884</b>

It is prepared by using the figures after KRA and before Credit Risk Reduction.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK (Continued)

For the foreign banks, the ratings of the Fitch Ratings International Rating Agency is used for determining the risk weights for the risk classes by using a rating grade from the risk classes specified in Article 6 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks. While the international rating score is taken into consideration for the entire risk class receivables from central governments or central banks, the ratings of the Islamic International Rating Agency (IIRA) are used. The country risk classification published by the Organization for Economic Cooperation and Development (OECD) is taken as basis for unclassified central government and central banks. The counterparties residing domestically are accepted as "Gradeless" and take the risk weight which is appropriate for the "Gradeless" category in the related risk class.

Rating Grades;

1. Receivables from Central Governments or Central Banks
2. Receivables from Regional Governments or Local Governments
3. Receivables from Administrative Units and Non-Commercial Enterprises
4. Receivables from Banks and Intermediary Institutions

are used in risk classes.

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 Initiatives, the grade given by Fitch Ratings International Rating corresponds to the credit quality level 3. The grades used in the Credit from Banks and Intermediary Institutions risk class match with all credit quality levels from 1 to 6.

In order to determine the risk weight of regarding items that export or issuer rating not included to purchase/sale accounts is firstly considered to export rating, and also issuer's credit rating is considered in the absence of export rating.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### II. EXPLANATIONS ON CREDIT RISK (Continued)

#### Exposures by risk weights:

Risk Weights	Current Period										Other Risk Weights	Deductions from Equity
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%		
1 Exposures before Credit Risk Mitigation	88.321.481	-	12.771.948	7.613.818	10.557.702	24.908.802	127.075.061	867.077	5.795.622	-	395.882	1.614.845
2 Exposures after Credit Risk Mitigation	110.199.465	-	13.961.063	7.613.818	10.599.733	19.433.473	109.441.260	867.077	5.795.622	-	395.882	1.614.845

Prepared with the numbers after conversion rate to credit.

Risk Weights	Prior Period										Other Risk Weights	Deductions from Equity
	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%		
1 Exposures before Credit Risk Mitigation	55.193.139	-	10.088.701	5.378.280	5.445.517	13.653.511	76.406.994	324.150	5.566.567	-	3.642	440.628
2 Exposures after Credit Risk Mitigation	61.333.990	-	10.987.130	5.378.280	5.445.517	11.730.807	71.290.418	324.150	5.566.567	-	3.642	440.628

Prepared with the numbers after conversion rate to credit.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK (Continued)

##### Information in terms of major sectors and type of counterparties:

**Impaired Loans;** These are loans that are overdue for more than 90 days as of the end of the reporting period or are deemed to be impaired due to their credibility. For these loans, the "Expected Credit Loss" (Third Stage) calculation is made within the scope of TFRS

**Non-Performing Loans;** Loans that are overdue up to 90 days as of the end of the reporting period, but are not impaired. For these loans, "Expected Credit Loss" (Second Stage) calculation is made within the scope of TFRS 9.

Current Period 31.12.2023	Loans		Provisions
	Impaired (TFRS 9)		2 <sup>nd</sup> and 3 <sup>rd</sup> Stage Loan Provisions
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
<b>Agriculture</b>	34.400	14.615	15.712
Farming and Stockbreeding	28.661	10.882	11.139
Forestry	5.739	3.151	4.050
Fishery	-	582	523
<b>Manufacturing</b>	2.311.500	769.856	1.004.542
Mining and Quarrying	648.899	18.514	107.141
Production	1.464.699	735.191	852.123
Electricity, Gas and Water	197.902	16.151	45.278
<b>Construction</b>	1.366.726	570.208	705.600
<b>Services</b>	1.040.217	579.589	782.551
Wholesale and Retail Trade	498.956	511.145	665.069
Accommodation and Dining	190.849	2.400	30.450
Transportation and Telecom.	11.896	33.297	28.500
Financial Institutions	99.243	1.238	1.090
Real Estate and Rental Services	233.778	22.038	54.285
Professional Services	70	140	101
Educational Services	4.753	37	941
Health and Social Services	672	9.294	2.115
<b>Other</b>	160.116	6.682	30.492
<b>Total</b>	<b>4.912.959</b>	<b>1.940.950</b>	<b>2.538.897</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK (Continued)

Prior Period 31.12.2022	Loans		Provisions
	Impaired (IFRS 9)		2 <sup>nd</sup> and 3 <sup>rd</sup> Stage Loan Provisions
	Significant Increase in Credit Risk (Stage 2)	Non-performing loans (Stage 3)	
<b>Agriculture</b>	5.613	17.124	13.850
Farming and Stockbreeding	5.507	12.293	9.627
Forestry	-	4.371	3.763
Fishery	106	460	460
<b>Manufacturing</b>	1.153.464	617.186	749.774
Mining and Quarrying	736.560	12.474	114.361
Production	416.904	590.702	629.011
Electricity, Gas and Water	-	14.010	6.402
<b>Construction</b>	543.390	711.116	638.706
<b>Services</b>	818.150	526.559	612.052
Wholesale and Retail Trade	347.139	473.099	515.633
Accommodation and Dining	165.262	2.828	26.422
Transportation and Telecom.	9.390	24.362	21.063
Financial Institutions	126.355	5.577	22.554
Real Estate and Rental Services	120.746	20.533	19.196
Professional Services	331	90	100
Educational Services	6.089	26	876
Health and Social Services	42.838	44	6.208
<b>Other</b>	86.576	3.756	19.651
<b>Total</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>2.034.033</b>

#### Information about Value Adjustment and Change in Provisions:

Current Period <sup>(*)</sup> 31.12.2023	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1 Stage 3 Provisions	1.595.446	404.148	(317.588)	-	1.682.006
2 Stage 1 and 2 Provisions	1.121.590	1.376.373	(341.314)	-	2.156.649
Prior Period <sup>(*)</sup> 31.12.2022	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
1 Stage 3 Provisions	1.337.712	426.273	(168.539)	-	1.595.446
2 Stage 1 and 2 Provisions	397.184	812.062	(87.656)	-	1.121.590

(\*) Provisions for expected losses allocated for financial lease receivables are included.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### II. EXPLANATIONS ON CREDIT RISK (Continued)

The table below shows the maximum credit sensitivity of the financial statement items.

	Current Period 31.12.2023	Prior Period 31.12.2022
Financial Assets at Fair Value Through Profit/Loss	3.812.067	2.133.604
Banks	13.029.805	13.251.320
Money Markets Receivables	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	16.633.430	18.771.389
Financial Assets Measured at Amortised Cost	21.830.293	5.323.943
Loans Given	207.124.983	123.622.944
Financial lease receivables	52.645.704	21.235.324
Other Assets	68.582.088	28.018.399
<b>Credit risk sensitivity of balance sheet items</b>	<b>383.658.370</b>	<b>212.356.923</b>
Guarantees and Sureties	78.330.533	45.191.482
Commitments	7.453.282	2.830.404
<b>Credit risk sensitivity of off-balance sheet items</b>	<b>85.783.815</b>	<b>48.021.886</b>
<b>Total credit risk sensitivity</b>	<b>469.442.185</b>	<b>260.378.809</b>

#### Information on credit quality by financial asset class:

	Current Period 31.12.2023			Prior Period 31.12.2022		
	Not Overdue and Not Impaired	Overdue and Not Impaired	Total	Not Overdue and Not Impaired	Overdue and Not Impaired	Total
<b>Financial Assests</b>						
Banks	13.029.805	-	13.029.805	13.251.320	-	13.251.320
Financial Assets at Fair Value Through Profit/Loss	3.812.067	-	3.812.067	2.133.604	-	2.133.604
Loans Given:	256.755.432	4.912.960	261.668.392	143.092.370	2.607.193	145.699.563
Corporate/Entrepreneurial Loans	243.756.361	4.757.337	248.513.698	133.618.887	2.523.906	136.142.793
Personal Loans	12.999.071	155.623	13.154.694	9.473.483	83.287	9.556.770
Specialized Loans	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	16.686.343	-	16.686.343	18.823.730	-	18.823.730
Financial Assets Measured at Amortised Cost	21.830.293	-	21.830.293	5.323.943	-	5.323.943



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### III. RISKS INCLUDED CAPITAL CAPACITY BUFFER CALCULATIONS

According to the Board decision published by the BRSA, the transactions between banks are not included in the Cyclical Capital Buffer rate calculation. In this context, as of 31 December 2023, the cyclical capital buffer rate formed as a result of the calculations made as a result of the Bank's receivables from abroad other than Banks is 0%. The geographical distribution of receivables from the private sector, which is taken into account in the calculation of the circular capital buffer specific to the bank, is explained in the table below:

<b>Current Period 31.12.2023</b>			
<b>Country</b>	<b>Banking accounts RWA</b>	<b>Trading accounts RWA</b>	<b>Total</b>
Marshall Island	529.617	-	529.617
Liberia	98.501	-	98.501
United Arab Emirates	21.982	-	21.982
Germany	14.413	-	14.413
England	6.475	-	6.475
Holland	4.937	-	4.937
Saudi Arabia	4.515	-	4.515
Macedonia	1.333	-	1.333
Kazakhstan	888	-	888
Bosnia Herzegovina	523	-	523
Other	1.597	-	1.597
<b>Prior Period 31.12.2022</b>			
<b>Country</b>	<b>Banking accounts RWA</b>	<b>Trading accounts RWA</b>	<b>Total</b>
Marshall Island	339.350	-	339.350
United Arab Emirates	21.602	-	21.602
Germany	15.448	-	15.448
England	7.259	-	7.259
Holland	3.950	-	3.950
Saudi Arabia	3.353	-	3.353
Bosnia Herzegovina	2.370	-	2.370
Macedonia	1.232	-	1.232
Kazakhstan	975	-	975
Qatar	467	-	467
Other	1.503	-	1.503

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

#### IV. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK

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

The Parent Bank’s policy is to avoid carrying significant position by means of foreign currency management. Therefore, the Bank is not exposed to significant currency risks. In addition to monitoring the currency risk through the currency risk table created within the scope of the standard method, the “Value at Risk” (“VAR”) is calculated for the purpose of monitoring the foreign currency position at the Bank.

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:

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

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

	USD	EUR	AUD	DKK	SEK	CHF	CAD	NOK	GBP	SAR	100 JPY
31.12.2023	29,4201	32,5510	19,9384	4,3464	2,9107	35,0134	22,0229	2,8884	37,4496	7,7867	20,5800
29.12.2023	29,4201	32,5510	19,9384	4,3464	2,9107	35,0134	22,0229	2,8884	37,4496	7,7867	20,5800
28.12.2023	29,3427	32,5729	19,9758	4,3489	2,9349	35,0623	22,0175	2,8840	37,4643	7,7664	20,6390
27.12.2023	29,3350	32,5586	19,9677	4,3460	2,9245	34,4226	22,0134	2,8866	37,4721	7,7636	20,3660
26.12.2023	29,2739	32,2741	19,8358	4,3082	2,8991	34,1661	21,9393	2,8531	37,1892	7,7466	20,3550
25.12.2023	28,8167	31,7354	19,5145	4,2362	2,8611	33,5775	21,5201	2,8066	36,5852	7,6248	20,0380

##### e) Simple arithmetic average of the Parent 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
	28,8680	31,5198	19,2382	4,2074	2,8028	33,3457	21,3280	2,7324	36,5390	7,6384	19,8800

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### IV. EXPLANATIONS ON THE CONSOLIDATED CURRENCY RISK (Continued)

#### Information on the foreign currency risk of the Group

	EUR	USD	Other FC <sup>(**)</sup>	Total
<b>Current Period</b>				
<b>Assets</b>				
Cash (Cash in vault, effectives, money in transit, cheques purchased) and balances with Central Bank of the Republic of Turkey	12.953.165	19.932.499	3.547.877	36.433.541
Banks	2.404.978	1.227.671	9.282.594	12.915.243
Financial assets at fair value through profit and loss <sup>(****)</sup>	-	-	3.812.067	3.812.067
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	489.671	3.126.871	-	3.616.542
Loans <sup>(*)</sup>	44.211.373	54.901.088	1.228	99.113.689
Partnership Investments	-	-	-	-
Financial assets measured at amortised cost	4.456.177	-	-	4.456.177
Derivative financial assets for hedging purposes	-	-	-	-
Tangible fixed assets	-	4.405	1.435	5.840
Intangible assets	-	-	-	-
Other assets <sup>(****)</sup>	86.827	41.252	181.651	309.730
<b>Total assets</b>	<b>64.602.191</b>	<b>79.233.786</b>	<b>16.826.852</b>	<b>160.662.829</b>
<b>Liabilities</b>				
Current account and funds collected from Banks via participation accounts	660	8.154	-	8.814
Current and participation accounts FC	47.424.771	55.534.535	16.363.328	119.322.634
Money market borrowings	-	10.528.455	-	10.528.455
Funds provided from other financial institutions	5.389.913	2.492.844	-	7.882.757
Marketable securities issued	-	14.918.648	-	14.918.648
Miscellaneous Payables	718.487	338.764	3.573	1.060.824
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-
Other liabilities <sup>(***)</sup>	5.420.801	660.897	197.650	6.279.348
<b>Total liabilities</b>	<b>58.954.632</b>	<b>84.482.297</b>	<b>16.564.551</b>	<b>160.001.480</b>
<b>Net balance sheet position</b>	<b>5.647.559</b>	<b>(5.248.511)</b>	<b>262.301</b>	<b>661.349</b>
<b>Net off-balance sheet position<sup>(**)</sup></b>	<b>(5.533.670)</b>	<b>5.358.368</b>	<b>-</b>	<b>(175.302)</b>
Financial derivative assets	976.530	6.380.356	-	7.356.886
Financial derivative liabilities	6.510.200	1.021.988	-	7.532.188
<b>Non cash loans</b>	<b>17.170.349</b>	<b>21.151.158</b>	<b>1.665.621</b>	<b>39.987.128</b>
<b>Prior Period</b>				
Total assets	34.862.521	46.065.145	7.663.457	88.591.123
Total liabilities	31.644.082	44.780.856	7.469.463	83.894.401
<b>Net balance sheet position</b>	<b>3.218.439</b>	<b>1.284.289</b>	<b>193.994</b>	<b>4.696.722</b>
<b>Net off-balance sheet position</b>	<b>(2.993.145)</b>	<b>(1.964.608)</b>	<b>-</b>	<b>(4.957.753)</b>
Financial derivative assets	-	2.934.895	-	2.934.895
Financial derivative liabilities	2.993.145	4.899.503	-	7.892.648
<b>Non-cash loans</b>	<b>10.299.536</b>	<b>12.324.700</b>	<b>997.528</b>	<b>23.621.764</b>

<sup>(\*)</sup> Foreign currency indexed loans amounting to TRY 108.158 (31 December 2022: TRY 163.733), which are displayed as TRY in the unconsolidated financial statements, are shown with the relevant foreign currency code. Includes receivables from lease transactions.

<sup>(\*\*)</sup> Shows net receivables and debts from derivative financial instruments.

<sup>(\*\*\*)</sup> The currencies in the other FC column of the assets section consist of 88% Gold, 2% GBP, CHF 1%, and the remaining 9% other currencies. The currencies in the FC column of liabilities section consist of 89% Gold, 2% GBP, CHF 1%, and the remaining 8% other currencies.

<sup>(\*\*\*\*)</sup> Provisions, lease liabilities and subordinated loans are included.

<sup>(\*\*\*\*\*)</sup> The pre-paid expenses amounting to TRY 33.472 within other assets are not included in the table.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### V. 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 2022: TRY 52.341).

#### VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO

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

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

The Parent Bank performs Remaining Maturity Analysis for the observation of the maturity structure of the balance sheet, 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. The main subject of the liquidity stress test is "Sudden Participation Fund Draws" and "Exchange Rate Changes". 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 weekly on consolidated basis and monthly on consolidated 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. Liquidity Coverage Ratio is above the limit value specified in the regulation.

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

#### 1) Liquidity Risk

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

##### 1) Liquidity Risk (Continued)

##### b) Payments, whether assets and liabilities are compatible with the rate of profit, whether the measurement of the probable effects of the actual inconsistency on profitability is done or not:

Payments, assets and liabilities and profit rates are monitored regularly by the management to track whether it is compatible or not and there is no dissonance whatsoever.

##### c) The banks internal and external sources to meet the short and long-term liquidity needs, unused significant liquidity sources:

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

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

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

##### 2) Liquidity coverage ratio

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

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

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

Managing liquidity risk effectively can be possible with preventing the concentrated liquidity asset and liability items. Participation fund, constitutes Bank’s main fund source, is provided from numerous customers.

The lowest and highest Liquidity Coverage Ratios in the fourth quarter of 2023 are listed in the table below.

Current Period	Highest	Date	Lowest	Date
TRY+FC	175,76	15.12.2023	102,66	05.11.2023
FC	454,47	12.12.2023	179,98	15.10.2023

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

##### 2) Liquidity coverage ratio (Continued)

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

Current Period 31 December 2023	Consideration Ratio Not Applied Total Value <sup>(*)</sup>		Consideration Ratio Applied Total Value <sup>(*)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High quality liquid assets	-	-	70.703.465	42.033.221
<b>CASH OUTFLOWS</b>				
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-operating 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
<b>TOTAL CASH OUTFLOW</b>	<b>-</b>	<b>-</b>	<b>98.023.253</b>	<b>42.286.449</b>
<b>CASH INFLOWS</b>				
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
<b>TOTAL CASH INFLOWS</b>	<b>59.362.327</b>	<b>33.806.703</b>	<b>44.846.289</b>	<b>28.757.898</b>
Applied maximum rate values				
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	<b>-</b>	<b>-</b>	<b>70.703.465</b>	<b>42.033.221</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>53.176.965</b>	<b>13.528.552</b>
<b>LIQUIDITY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>311</b>

<sup>(\*)</sup> The monthly simple arithmetic average calculated liquidity coverage ratio of the last three months average

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

##### 2) Liquidity Coverage Ratio (Continued)

Prior Period 31 December 2022	Consideration Ratio Not Applied Total Value <sup>(*)</sup>		Consideration Ratio Applied Total Value <sup>(*)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
High quality liquid assets	-	-	35.399.664	20.894.954
<b>CASH OUTFLOWS</b>				
Real person deposits and retail deposits	54.779.081	30.878.410	5.491.139	3.199.219
Stable deposits	5.247.141	-	262.357	-
Deposit with low stability	49.531.940	30.878.410	5.228.782	3.199.219
Unsecured debts except real person deposits and retail deposits	77.363.285	31.097.487	36.300.319	13.932.045
Operational deposit	-	-	-	-
Non operating deposits	-	-	-	-
Other unsecured debts	77.363.285	31.097.487	36.300.319	13.932.045
Secured debts	-	-	-	-
Other cash outflows	47.951.276	26.986.674	7.527.606	6.128.931
Derivative liabilities and margin obligations	5.782.112	4.479.030	4.828.082	4.479.030
Debt from structured financial instruments	-	-	-	-
Other off-balance sheet liabilities and commitments for the payment owed to financial markets	1.738.426	1.829.199	677.987	615.979
Revocable off-balance sheet obligations regardless of any other requirement and other contractual obligations	-	-	-	-
Other irrevocable or provisory revocable off-balance sheet liabilities	40.430.738	20.678.445	2.021.537	1.033.922
<b>TOTAL CASH OUTFLOW</b>	<b>-</b>	<b>-</b>	<b>49.319.064</b>	<b>23.260.195</b>
<b>CASH INFLOW</b>				
Secured receivables	-	-	-	-
Unsecured claims	25.309.625	14.469.279	17.867.325	12.302.886
Other cash inflows	4.893.249	2.500.647	4.893.249	2.500.647
<b>TOTAL CASH INFLOWS</b>	<b>30.202.874</b>	<b>16.969.926</b>	<b>22.760.574</b>	<b>14.803.533</b>
			<b>Applied maximum rate values</b>	
<b>TOTAL HIGH QUALITY LIQUID ASSET STOCK</b>	<b>-</b>	<b>-</b>	<b>35.399.664</b>	<b>20.894.954</b>
<b>TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>26.558.490</b>	<b>8.456.663</b>
<b>LIQUIDTY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>133</b>	<b>247</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

#### 2) Liquidity Coverage Ratio (Continued)

#### Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Year	5 Years and Over	Undistributed (*)	Total
<b>Current Period</b>								
<b>31 December 2023</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	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 at Fair Value Through Other Comprehensive Income	-	15.438	366.969	2.702.707	12.031.106	1.517.210	52.913	16.686.343
Loans Given (***)	-	27.104.688	38.666.646	83.201.885	93.869.002	16.669.522	258.944	259.770.687
Financial Assets Measured at Amortised Cost	-	-	54.350	3.364.067	14.205.227	4.206.649	-	21.830.293
Other Assets	-	-	-	-	-	-	7.899.902	7.899.902
<b>Total Assets (*)</b>	<b>41.553.975</b>	<b>59.225.229</b>	<b>39.484.282</b>	<b>91.901.965</b>	<b>120.887.779</b>	<b>22.393.381</b>	<b>8.211.759</b>	<b>383.658.370</b>
<b>Liabilities</b>								
Funds Collected from Banks Via Current and Participation Accounts	3.553.912	-	2.555.514	-	-	-	-	6.109.426
Current and Participation Accounts	55.898.728	165.885.221	41.458.742	34.178.918	841.239	-	-	298.262.848
Funds Provided from Other Financial Instruments	-	6.213.298	2.864.025	1.421.923	3.189.942	1.221.825	-	14.911.013
Money Market Borrowings	-	10.964.133	-	-	-	-	-	10.964.133
Issued Marketable Securities	-	534.942	3.926.239	-	14.918.648	-	-	19.379.829
Miscellaneous Payables	-	-	-	-	-	-	1.906.544	1.906.544
Other Liabilities (***)	-	-	-	-	-	1.341.987	30.782.590	32.124.577
<b>Total Liabilities</b>	<b>59.452.640</b>	<b>183.597.594</b>	<b>50.804.520</b>	<b>35.600.841</b>	<b>18.949.829</b>	<b>2.563.812</b>	<b>32.689.134</b>	<b>383.658.370</b>
<b>Liquidity Gap</b>	<b>(17.898.665)</b>	<b>(124.372.365)</b>	<b>(11.320.238)</b>	<b>56.301.124</b>	<b>101.937.950</b>	<b>19.829.569</b>	<b>(24.477.375)</b>	<b>-</b>
<b>Net Off Balance Sheet Position</b>	<b>-</b>	<b>(796)</b>	<b>(129.591)</b>	<b>5.097</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(125.290)</b>
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
<b>Non-Cash Loan</b>	<b>16.599.290</b>	<b>6.620.773</b>	<b>6.937.164</b>	<b>25.513.580</b>	<b>15.004.322</b>	<b>7.655.404</b>	<b>-</b>	<b>78.330.533</b>

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

(\*\*) From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

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

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



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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 (Continued)

### VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

#### 2) Liquidity Coverage Ratio (Continued)

##### Presentation of assets and liabilities according to their remaining maturities (Continued)

	Demand	Up to 1 Month	1-3 Month	3-12 Month	1-5 Years	5 Years and Over	Undistributed <sup>(*)</sup>	Total
<b>Prior Period</b>								
<b>31 December 2022</b>								
<b>Assets</b>								
Cash (Cash in Vault, Effectives, Money in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey <sup>(*)</sup>	10.739.314	14.214.562	-	-	-	-	-	24.953.876
Banks <sup>(*)</sup>	10.393.954	2.856.612	-	-	-	-	-	13.250.566
Financial Assets at Fair Value Through Profit and Loss	-	-	-	-	2.133.604	-	-	2.133.604
Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	4.781	266.243	3.081.833	13.146.001	2.272.531	52.341	18.823.730
Loans Given <sup>(***)</sup>	-	11.892.416	22.170.993	48.174.367	47.655.682	14.684.515	280.295	144.858.268
Financial Assets Measured at Amortised Cost	-	-	-	-	2.037.537	3.286.406	-	5.323.943
Other Assets <sup>(*)</sup>	-	-	-	-	-	-	3.012.936	3.012.936
<b>Total Assets</b>	<b>21.133.268</b>	<b>28.968.371</b>	<b>22.437.236</b>	<b>51.256.200</b>	<b>64.972.824</b>	<b>20.243.452</b>	<b>3.345.572</b>	<b>212.356.923</b>
<b>Liabilities</b>								
Funds Collected from Banks Via Current and Participation Accounts	4.139.193	654.156	-	-	-	-	-	4.793.349
Current and Participation Accounts	34.372.256	76.477.299	46.038.191	11.347.111	110.892	-	-	168.345.749
Funds Provided from Other Financial Instruments	-	1.185.619	310.605	1.519.934	1.507.811	-	-	4.523.969
Money Market Borrowings	-	7.555.999	-	-	-	-	-	7.555.999
Issued Marketable Securities	-	1.643.087	2.686.137	65.017	-	-	-	4.394.241
Miscellaneous Payables	-	-	-	-	-	-	2.059.991	2.059.991
Other Liabilities <sup>(***)</sup>	-	-	-	-	-	1.341.748	19.341.877	20.683.625
<b>Total Liabilities</b>	<b>38.511.449</b>	<b>87.516.160</b>	<b>49.034.933</b>	<b>12.932.062</b>	<b>1.618.703</b>	<b>1.341.748</b>	<b>21.401.868</b>	<b>212.356.923</b>
<b>Liquidity Gap</b>	<b>(17.378.181)</b>	<b>(58.547.789)</b>	<b>(26.597.697)</b>	<b>38.324.138</b>	<b>63.354.121</b>	<b>18.901.704</b>	<b>(18.056.296)</b>	<b>-</b>
<b>Net Off-Balance Sheet Position</b>	<b>-</b>	<b>(40.199)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(40.199)</b>
Receivables From Derivative Financial Instruments	-	7.852.449	-	-	-	-	-	7.852.449
Financial Derivative Liabilities	-	7.892.648	-	-	-	-	-	7.892.648
<b>Non-Cash Loans</b>	<b>7.551.694</b>	<b>3.602.090</b>	<b>4.642.768</b>	<b>18.453.750</b>	<b>9.017.797</b>	<b>1.923.383</b>	<b>-</b>	<b>45.191.482</b>

<sup>(\*)</sup> The expected loss provisions for financial assets and other assets are reflected in the related accounts.

<sup>(\*\*)</sup> From the active accounts that make up the balance sheet, other assets that are required for the continuation of banking activities and that do not have the opportunity to turn into cash in a short time, such as securities representing the share in the capital and fixed assets, subsidiaries, subsidiaries, jointly controlled partnerships, stocks, prepaid expenses and net NPLs. accounts; among the liability accounts that make up the balance sheet, other liability accounts such as non-debt provisions and total equity are shown in this column.

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

<sup>(\*\*\*\*)</sup> Includes receivables from lease transactions

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### VI. EXPLANATIONS RELATED TO CONSOLIDATED LIQUIDITY RISK MANAGEMENT AND LIQUIDITY COVERAGE RATIO (Continued)

##### Presentation of liabilities according to their remaining maturities

Current Period	Up to 1 Month	1-3 Month	3-12 Month	1-5 Years	Over 5 Years	Total
Banks special current account and participation accounts	3.553.912	2.555.514	-	-	-	6.109.426
Other special current account and participation accounts	221.783.949	41.458.742	34.178.918	841.239	-	298.262.848
Funds borrowed from other financial institutions	6.213.298	2.864.025	1.421.923	3.189.942	1.221.825	14.911.013
Funds borrowed from Interbank money market	10.964.133	-	-	-	-	10.964.133
<b>Total</b>	<b>242.515.292</b>	<b>46.878.281</b>	<b>35.600.841</b>	<b>4.031.181</b>	<b>1.221.825</b>	<b>330.247.420</b>
<b>Prior Period</b>						
Banks special current account and participation accounts	4.793.349	-	-	-	-	4.793.349
Other special current account and participation accounts	110.849.555	46.038.191	11.347.111	110.892	-	168.345.749
Funds borrowed from other financial institutions	1.185.619	310.605	1.519.934	1.507.811	-	4.523.969
Funds borrowed from Interbank money market	7.555.999	-	-	-	-	7.555.999
<b>Total</b>	<b>124.384.522</b>	<b>46.348.796</b>	<b>12.867.045</b>	<b>1.618.703</b>	<b>-</b>	<b>185.219.066</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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### VII. EXPLANATIONS ON CONSOLIDATED LEVERAGE RATIO

As of 31 December 2023, the leverage ratio of the Group's calculated from the average of three months is 4,40% (31 December 2022: 5,39%). The relevant ratio is above the minimum rate specified by the Regulation on Measurement and Assessment of Leverage Level of Banks. The reason for the change between the current period and the previous period's leverage ratio is that the average total risk increase rate is higher than the increase in average capital. The regulation stipulated the minimum leverage ratio as 3%.

Leverage ratio disclosure as follows:

	Current Period <sup>(*)</sup> 31.12.2023	Prior Period <sup>(*)</sup> 31.12.2022
<b>Balance sheet assets</b>		
Balance sheet assets (Except for derivative financial instruments and credit derivatives, including warranties)	365.393.064	201.004.100
(Assets deducted from main capital)	(2.841.169)	(665.966)
Assets deducted from main capital	362.551.895	200.338.134
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	20.393	9.749
Potential credit risk amount of derivative financial instruments and credit derivatives	85.902	63.445
Total risk amount of derivative financial instruments and credit derivative	106.295	73.194
<b>Security or secured financing transactions</b>		
Risk amount of security or secured financing transactions (Except balance sheet)	12.274.793	6.714.510
Risk amount due to intermediated transactions	-	-
Total risk amount of security or secured financing transactions	12.274.793	6.714.510
<b>Off-balance sheet transactions</b>		
Gross nominal amount of off-balance sheet transactions	83.884.553	45.415.562
(Adjustment amount resulting from multiplying by credit conversion rates)	-	-
Risk amount of the off-balance sheet transactions	83.884.553	45.415.562
<b>Equity and total risk</b>		
Main Capital	20.156.171	13.603.083
Total risk amount	458.860.054	252.541.401
<b>Leverage ratio</b>		
Leverage ratio %	4,40	5,39

<sup>(\*)</sup> Three month average of the amounts in the table are taken into account

## FINANCIAL INFORMATION AND RISK MANAGEMENT

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

##### VIII. EXPLANATIONS ON SECURITIZATION POSITIONS

None.

##### IX. EXPLANATIONS ON RISK MANAGEMENT

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

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

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

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 1. Explanations on Risk Management and Risk-Weighted Assets

##### Overview of Risk Weighted Assets

	Risk Weighted Amount		Minimum Capital Requirement
	Current Period	Prior Period	Current Period
	31.12.2023	31.12.2022	31.12.2023
1 Credit risk (excluding counterparty credit risk)	149.569.755	97.500.193	11.965.580
2 Standardized approach	149.569.755	97.500.193	11.965.580
3 Internal rating-based approach	-	-	-
4 Counterparty credit risk	107.754	108.268	8.620
5 Standardized approach for counterparty credit risk	107.754	108.268	8.620
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	-	-	-
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	2.348.348	918.455	187.868
17 Standardized approach	2.348.348	918.455	187.868
18 Internal model approaches	-	-	-
19 Operational risk	8.424.411	3.633.740	673.953
20 Basic indicator approach	8.424.411	3.633.740	673.953
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	-	-	-
<b>25 Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>160.450.268</b>	<b>102.160.656</b>	<b>12.836.021</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 2. Connections Between Financial Statements and the Risk Amounts

##### a) Differences between accounting consolidation and legal consolidation and matching of the subject

Current Period 31.12.2023	Carrying value of items				
	Valued amount according to TAS within legal consolidation <sup>(1)</sup>	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>					
Cash and Balances at Central Bank	60.629.273	60.629.273	-	36.433.541	-
Derivative Financial Assets	3.728	-	3.728	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	3.812.067	-	-	3.812.067	-
Banks	13.029.805	13.029.805	-	12.915.243	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	16.686.343	16.686.343	8.241.127	3.616.542	-
Loans and Receivable	207.124.983	207.124.983	-	87.961.705	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	21.830.293	21.830.293	502.977	4.456.177	-
Investments in Associates (Net)	22.500	22.500	-	-	-
Investments in Subsidiaries (Net)	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables form Leasing Transactions	52.645.704	52.645.704	-	11.043.826	-
Derivative Financial Assets for Hedging Purposes	-	-	-	738	-
Tangible Assets (Net)	2.165.699	2.165.699	-	5.840	922.211
Inangible Assets (Net)	692.634	-	-	-	692.634
Investment Properties (Net)	-	-	-	-	-
Tax Asset	2.478.105	2.478.105	-	-	-
Non-Currents Assets Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	427.229	427.229	-	-	-
Other Assets	2.110.007	2.110.006	-	342.464	-
<b>Total Assests</b>	<b>383.658.370</b>	<b>379.149.940</b>	<b>8.747.832</b>	<b>160.588.143</b>	<b>1.614.845</b>
<b>Liabilities</b>					
Deposits	304.372.274	-	-	119.331.448	-
Derivative Financial Liabilities	153.095	-	-	153.095	-
Funds Borrowed	14.911.013	-	-	7.882.757	-
Money Markets	10.964.133	-	10.964.133	10.528.455	-
Securities Issued (Net)	19.379.829	-	-	14.918.648	-
Funds	-	-	-	-	-
Other Liabilities	3.667.681	-	-	1.259.020	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	785.859	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	2.932.298	-	-	1.476.173	-
Tax Liability	866.968	-	-	198	-
Non-Currents Liabilities Or Disposal Groups "Held For Sale" And "From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	5.793.673	-	-	4.451.686	-
Equity	19.831.547	-	-	(31.758)	-
<b>Total Liabilities</b>	<b>383.658.370</b>	<b>-</b>	<b>10.964.133</b>	<b>159.969.722</b>	<b>-</b>

<sup>(1)</sup> It represents the Bank consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 2. Differences between accounting consolidation and legal consolidation and matching of the subject (Continued)

##### a) Differences between accounting consolidation and legal consolidation and matching of the subject (Continued)

Prior Period 31.12.2022	Carrying values of items				
	Valued amount according to TAS within legal consolidation <sup>(1)</sup>	Subject to credit risk framework	Subject to counterparty credit risk framework	Subject to the market risk framework	Not subject to capital requirements or subject to deduction from capital
<b>Assets</b>					
Cash and Balances at Central Bank	24.953.122	24.953.122	-	18.663.442	-
Derivative Financial Assets	14.471	-	14.471	-	-
Financial Assets Measured At Fair Value To Profit Or Loss	2.133.604	-	-	2.133.604	-
Banks	13.251.320	13.251.320	-	13.116.663	-
Receivables From Money Markets	-	-	-	-	-
Financial Assets Measured At Fair Value To Other Comprehensive Income	18.823.730	18.823.730	14.928.992	3.626.618	-
Loans and Receivable	123.622.944	123.622.944	-	41.325.175	-
Factoring Receivable	-	-	-	-	-
Financial Assets Measured At Amortised Cost	5.323.943	5.323.943	-	2.608.614	-
Investments In Associates (Net)	-	-	-	-	-
Investments In Subsidiaries (Net)	-	-	-	-	-
Jointly Controlled Partnerships (Joint Ventures) (Net)	-	-	-	-	-
Receivables Form Leasing Transactions	21.235.324	21.235.324	-	6.879.132	-
Derivative Financial Assets for Hedging Purposes	-	-	-	142	-
Tangible Assets (Net)	594.942	594.942	-	843	98.174
Inangible Assets (Net)	342.454	-	-	-	342.454
Investment Properties (Net)	-	-	-	-	-
Tax Asset	788.020	788.020	-	-	-
Non-Currents Assets Or Disposal Groups “Held For Sale” And “From Discontinued Operations (Net)	274.644	274.644	-	-	-
Other Assets	998.405	998.405	-	73.157	-
<b>Total Assests</b>	<b>212.356.923</b>	<b>209.866.394</b>	<b>14.943.463</b>	<b>88.427.390</b>	<b>440.628</b>
<b>Liabilities</b>					
Deposits	173.139.098	-	-	67.693.024	-
Derivative Financial Liabilities	62.998	-	-	62.998	-
Funds Borrowed	4.523.969	-	-	4.182.250	-
Money Markets	7.555.999	-	-	7.498.996	-
Securities Issued (Net)	4.394.241	-	-	-	-
Funds	-	-	-	-	-
Other Liabilities	3.373.601	-	-	1.317.502	-
Factoring Liabilities	-	-	-	-	-
Leasing Liabilities	335.946	-	-	-	-
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Provisions	2.166.009	-	-	541.975	-
Tax Liability	1.487.215	-	-	2	-
Non-Currents Liabilities Or Disposal Groups “Held For Sale” And “From Discontinued Operations (Net)	-	-	-	-	-
Subordinated Debt Instruments	3.939.402	-	-	2.597.654	-
Equity	11.378.445	-	-	(117.971)	-
<b>Total Liabilities</b>	<b>212.356.923</b>	<b>-</b>	<b>-</b>	<b>83.776.430</b>	<b>-</b>

<sup>(1)</sup> It represents the Bank’s consolidated financial statements.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT

#### 2. Connections Between Financial Statements and the Risk Amount (Continued)

b) The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements

<b>Current Period 31.12.2023</b>	<b>Total</b>	<b>Subject to credit risk framework</b>	<b>Securitization position</b>	<b>Subject to counterparty credit risk framework</b>	<b>Subject to the market risk framework</b>
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>383.658.370</b>	<b>379.149.940</b>	<b>-</b>	<b>8.747.832</b>	<b>160.588.143</b>
Liabilities carrying value amount under regulatory scope of consolidation	10.964.134	-	-	10.964.134	159.969.722
<b>Total net amount under regulatory scope of consolidation</b>	<b>372.694.236</b>	<b>379.149.940</b>	<b>-</b>	<b>(2.216.302)</b>	<b>618.421</b>
Differences in valuations	100.722.899	47.754.656	-	16.737.907	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
<b>Amount of Risk</b>	<b>473.417.135</b>	<b>426.904.596</b>	<b>-</b>	<b>14.521.605</b>	<b>618.421</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### IX. EXPLANATIONS ON RISK MANAGEMENT

##### 2. Connections Between Financial Statements and the Risk Amount (Continued)

##### b) The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements (Continued)

Prior Period 31.12.2022	Total	Subject to credit risk framework	Securitization position	Subject to counterparty credit risk framework	Subject to the market risk framework
<b>Asset carrying value amount under scope of regulatory consolidation</b>	<b>212.356.923</b>	<b>209.866.391</b>	-	<b>14.943.464</b>	<b>88.427.391</b>
Liabilities carrying value amount under regulatory scope of consolidation	7.555.999	-	-	-	-
<b>Total net amount under regulatory scope of consolidation</b>	<b>204.800.924</b>	<b>209.866.391</b>	-	<b>14.943.464</b>	<b>88.427.391</b>
Differences in valuations	63.045.066	46.579.392	-	16.465.675	-
Valuation Differences	-	-	-	-	-
Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
Differences due to consideration of provisions	-	-	-	-	-
Differences due to prudential filters	-	-	-	-	-
<b>Amount of Risk</b>	<b>267.845.990</b>	<b>256.445.783</b>	-	<b>31.409.139</b>	<b>88.427.391</b>

##### *Explanations on differences between risk amounts and valued amounts in accordance with the*

##### *Turkish Accounting Standards*

*There is no significant difference between financial statement values of assets and liabilities and values included in capital adequacy calculation.*

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 3. Credit Risk Explanations

##### 3.1) General information on credit risk

##### a) General qualitative information on credit risk

Effective management of credit risk is one of the important elements of a comprehensive approach to risk management. Corporate, retail and SME loans, financial lease receivables, other elements of bank assets and non-cash transactions, which are provided in connection with the activities of our bank, constitute the basis of the items that constitute credit risk. It is important to take into account the risk appetite of our bank in the activities carried out in this direction, in terms of effective credit risk management.

Credit risk limits; It has been designed in accordance with the risk levels the Bank may take, its activities, the size and complexity of its products and services, and was determined by taking the opinions and suggestions of the General Manager, the Audit Committee and the relevant Senior Managers. Limits are regularly reviewed and monitored periodically, adapted according to changes in market conditions, Bank strategy and risk appetite. In addition to taking into account our legal requirements while creating credit risk policies, our current credit performance was reviewed and a policy was created in line with the Bank's strategies and objectives.

Credit risk calculations are made carefully and meticulously and controls are carried out in accordance with the legislation. Currently, calculations are made with the standard method, and infrastructure studies are ongoing for the use of advanced methods. Credit risk calculations and applied methods are also monitored by internal control and audit units, and legal requirements are taken into account at every stage.

Detailed reports including the credit risk exposure and its relations with other risks are periodically shared with the Board of Directors and Senior Managers, and the credit risk is effectively monitored by the risk management unit.

##### b) Credit quality of assets

<b>Current Period 31.12.2023</b>		<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/Amortisation and impairments</b>	<b>Net values</b>
1	Loans <sup>(*)</sup>	1.940.950	261.668.393	3.838.655	259.770.688
2	Debt Securities	-	42.735.057	406.354	42.328.703
3	Off-balance sheet exposures	-	83.984.992	23.035	83.961.957
<b>4</b>	<b>Total</b>	<b>1.940.950</b>	<b>388.388.442</b>	<b>4.268.044</b>	<b>386.061.348</b>

<sup>(\*)</sup> Financial lease amounting to TRY 52.645.704 is included in the table.

<b>Prior Period 31.12.2022</b>		<b>Defaulted</b>	<b>Non-defaulted</b>	<b>Allowances/Amortisation and impairments</b>	<b>Net values</b>
1	Loans <sup>(*)</sup>	1.875.741	145.699.564	2.717.036	144.858.269
2	Debt Securities	-	26.415.572	134.295	26.281.277
3	Off-balance sheet exposures	-	47.301.309	23.253	47.278.056
<b>4</b>	<b>Total</b>	<b>1.875.741</b>	<b>219.416.445</b>	<b>2.874.584</b>	<b>218.417.602</b>

<sup>(\*)</sup> Financial lease amounting to TRY 21.235.324 is included in the table.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 3. Credit Risk Explanations (Continued)

##### 3.1) General Information on Credit Risk (Continued)

##### c) Changes on defaulted loans and debt securities

<b>Current Period</b>		
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>1.875.741</b>
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 <sup>(*)</sup>	(679.803)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions</b>	<b>1.940.950</b>
<b>Prior Period</b>		
<b>1</b>	<b>Defaulted loans and debt securities at end of the previous reporting period</b>	<b>1.698.976</b>
2	Loans and debt securities that have defaulted since the last reporting period	621.007
3	Returned to non-defaulted status	45.171
4	Amounts written off	19.016
5	Other changes <sup>(*)</sup>	(470.397)
<b>6</b>	<b>Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5) definitions</b>	<b>1.875.741</b>

#### i. Differences between definitions and explanations of “deferred” receivables and receivables for which “provision was allocated”, and definitions of “deferred” and “provision of allocation”, if any

The Bank classifies its credits and other receivables and allocates expected loss provisions pursuant to the “Communiqué on Methods and Principles for Determining the Nature of Loans and Other Receivables and Allocation of Provisions” published in the Official Gazette no. 29750 dated 22 June 2016. The term “Deferred Receivables” is used for credits named “Loans under Close Monitoring” whose maturity is deferred for up to 90 days as of the end of period without any impairments as well as for credits named “Non-Performing Loans” whose maturity is deferred for more than 90 days or subject to impairment. In practice, the Bank sets expected credit loss provisions for the stage 1 and stage 2 for credits classified as “Standard Credits” and “Under Close Monitoring” and expected loss provisions for the loans for the stage 3 for credits classified as “Non-Performing Loans”.

#### ii. The portion that is not considered within the scope of “allocation of provision” among deferred receivables (over 90 days) and reasons for this practice

The Bank automatically transfers the loans over 90 days past due to the follow-up accounts in accordance with the provisions of the Regulation on Provisions and allocates the provision for the relevant class.

#### iii. Definitions of methods used for determining provision amount

The Bank sets expected loss provisions for loans and other receivables in accordance with the regulations stated by the Communiqué published on the Official Gazette numbered 29750 and dated 22 June 2016 on “Methods and Principles on Determining the Nature of Loans and Other Receivables and Allocation of Provisions”. However, there is no provision in the relevant Regulation and the relevant explanations of the BRSA that prevents the provision of more than the minimum amounts required.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 3. Credit Risk Explanations (Continued)

##### 3.1) General Information on Credit Risk (Continued)

##### iv. Definitions of restructured receivable

Real/legal persons using credit, from time to time due to reasons beyond the control of other businesses with which they do business or their own businesses; It may face the usual risks of commercial life such as not being able to reflect excessive increases in costs to sales prices, loss of market and decrease in turnover, unexpected expenses, and problems in the collection of receivables. It is the repayment terms of our businesses that do not have a significant problem in their credit worthiness, that continue their income-generating activities, but cannot or will not be able to make their loan repayments on time due to the temporary liquidity shortage, in accordance with their cash flows.

##### v. Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets

Current Period 31.12.2023	Credits		
	Impaired (IFRS 9)	Default (Stage 3)	Expected Credit Loss Provisions
Domestic	4.908.795	1.940.950	3.822.323
European Union Countries	4.164	-	2.514
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	-	-	13.818
<b>Total</b>	<b>4.912.959</b>	<b>1.940.950</b>	<b>3.838.655</b>

Prior Period 31.12.2022	Credits		
	Impaired (IFRS 9)	Default (Stage 3)	Expected Credit Loss Provisions
Domestic	2.606.211	1.875.741	2.716.709
European Union Countries	947	-	299
USA, Canada	-	-	-
OECD Countries	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	35	-	28
<b>Total</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>2.717.036</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 3. Credit Risk Explanations (Continued)

##### 3.1) General Information on Credit Risk (Continued)

v. Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets (Continued)

Current Period 31.12.2023	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	8.702.740	14.615	49.215	8.668.140
Farming and Stockbreeding	5.706.558	10.882	39.669	5.677.771
Forestry	2.850.179	3.151	8.700	2.844.630
Fishing	146.003	582	846	145.739
Manufacturing	145.823.243	769.856	1.798.087	144.795.012
Mining and Quarrying	11.343.983	18.514	153.913	11.208.584
Production	131.234.673	735.191	1.559.234	130.410.630
Electric, Gas and Water	3.244.587	16.151	84.940	3.175.798
Construction	33.368.177	570.208	850.986	33.087.399
Services	59.694.803	579.589	1.060.700	59.213.692
Wholesale and Retail Trade	23.305.085	511.145	788.439	23.027.791
Hotel Food and Beverage Services	2.783.731	2.400	45.623	2.740.508
Transportation and Telecommunication	2.762.033	33.297	48.667	2.746.663
Financial Institutions	18.727.711	1.238	49.468	18.679.481
Real Estate and Leasing Services	9.241.174	22.038	96.220	9.166.992
Self Employment Services	752.315	140	11.344	741.111
Education Services	366.433	37	3.931	362.539
Health and Social Services	1.756.321	9.294	17.008	1.748.607
Other	14.079.429	6.682	79.667	14.006.444
<b>Total</b>	<b>261.668.392</b>	<b>1.940.950</b>	<b>3.838.655</b>	<b>259.770.687</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 3. Credit Risk Explanations (Continued)

#### 3.1) General Information on Credit Risk (Continued)

v. Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets (Continued)

Prior Period 31.12.2022	Loans	Non Performing Loans	Expected Loss Provisions	Total
Agriculture	5.500.021	17.124	26.798	5.490.347
Farming and Stockbreeding	3.467.038	12.293	17.495	3.461.836
Forestry	1.917.281	4.371	8.310	1.913.342
Fishing	115.702	460	993	115.169
Manufacturing	78.284.845	617.186	1.139.122	77.762.909
Mining and Quarrying	9.630.350	12.474	154.099	9.488.725
Production	66.446.221	590.702	956.522	66.080.401
Electric, Gas and Water	2.208.274	14.010	28.501	2.193.783
Construction	22.346.045	711.116	757.067	22.300.094
Services	29.076.496	526.559	751.952	28.851.103
Wholesale and Retail Trade	17.354.589	473.099	588.358	17.239.330
Hotel Food and Beverage Services	1.093.204	2.828	32.525	1.063.507
Transportation and Telecommunication	3.971.980	24.362	44.867	3.951.475
Financial Institutions	1.101.143	5.577	24.962	1.081.758
Real Estate and Leasing Services	4.503.220	20.533	42.597	4.481.156
Self Employment Services	279.921	90	5.401	274.610
Education Services	72.386	26	1.433	70.979
Health and Social Services	700.053	44	11.809	688.288
Other	10.492.156	3.756	42.097	10.453.815
<b>Total</b>	<b>145.699.563</b>	<b>1.875.741</b>	<b>2.717.036</b>	<b>144.858.268</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 3. Credit Risk Explanations (Continued)

##### 3.1) General Information on Credit Risk (Continued)

**v. Breakdown of receivables by geographic regions, sectors and remaining maturity; receivable amounts subject to allocation of provision by geographic regions and sectors and their respective provisions; amounts removed from the assets (Continued)**

<b>Current Period</b>					
<b>31 December 2023</b>	<b>1 month</b>	<b>1-2 month</b>	<b>2-3 month</b>	<b>3+ month</b>	<b>Total</b>
Loans and Receivables <sup>(1)</sup>					
Corporate/Entrepreneurial Loans	593.357	470.023	820.222	140.480	2.024.082
Personal Credit	99.573	26.448	7.534	967	134.522
<b>Total</b>	<b>692.930</b>	<b>496.471</b>	<b>827.756</b>	<b>141.447</b>	<b>2.158.604</b>

<sup>(1)</sup> The Bank's loan amounting to TRY 2.241.610 is under close monitoring, has no delay.

<b>Prior Period</b>					
<b>31 December 2022</b>	<b>1 month</b>	<b>1-2 month</b>	<b>2-3 month</b>	<b>3+ month</b>	<b>Total</b>
Loans and Receivables <sup>(1)</sup>					
Corporate/Entrepreneurial Loans	165.929	19.596	488.005	140.860	814.390
Personal Credit	79.287	16.686	3.208	238	99.419
<b>Total</b>	<b>245.216</b>	<b>36.282</b>	<b>491.213</b>	<b>141.098</b>	<b>913.809</b>

<sup>(1)</sup> The Bank's loan amounting to TRY 1.472.544 is under close monitoring, has no delay.

#### **Breakdown of restructured receivables by allocation of provision**

Out of the Group's total restructured loans amounting to TRY 3.212.990, a portion of TRY 3.199.230 consists of performing loans and remaining portion of TRY 13.760 consists of non-performing loans. The total amount of first and second stage expected loss provisions allocated for non-performing loans is TRY 483.196 and the third stage expected loss provision for non-performing loans is TRY 348. (31 December 2022: Out of the Group's total restructured loans amounting to TRY 1.715.422 a portion of TRY 1.670.251 consists of performing loans and remaining portion of TRY 45.171 consists of non-performing loans. Total first and second stage expected loss provision for structured loans is TRY 149.960 and third stage expected loss provision amount allocated for non-performing loans is TRY 6.762.)

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 3. Credit Risk Explanations (Continued)

##### 3.2) Credit risk mitigation

##### a) Qualitative requirements to be disclosed to public regarding credit risk mitigation techniques

In the collateralization transactions related to the lending processes of the Bank, the issues that may pose a risk from now on are taken into consideration. In the bank collateral policy, risks are now managed by taking into account all risks such as failure to seize the received collateral in time or not being able to convert it into cash, refusal or delay of payment by the guarantor, failure of credit documents whose legal validity has not been sufficiently investigated to achieve the desired legal result.

Transactions carried out by the Bank within the scope of market risk are not subject to collateral.

Financial collaterals are taken into consideration in credit risk mitigation in the Bank, and real estate mortgages are not considered as collateral as a rule. Mortgage-backed receivables are a separate risk class, and the financial collaterals used in the Bank consist of cash blockage, loan guarantee fund and assignment of arising public receivables.

##### b) Credit risk mitigation techniques - Overview

Current Period 31.12.2023	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans <sup>(*)</sup>	191.471.751	31.155.501	20.725.537	1.800.576	1.398.348	-	-
Debt Securities <sup>(*)</sup>	37.537.705	-	-	-	-	-	-
<b>Total</b>	<b>229.009.456</b>	<b>31.155.501</b>	<b>20.725.537</b>	<b>1.800.576</b>	<b>1.398.348</b>	-	-
Of which defaulted <sup>(*)</sup>	1.824.380	-	-	-	-	-	-

<sup>(\*)</sup> Based on the BRSA's article on “Pandemic Measures Time Extension” dated 28.04.2022, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 37.143.435 Thousand TRY in “Loans”, 4.790.998 Thousand TRY in “Borrowing Instruments” and 116.570 Thousand TRY in the “Defaulted” category.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 3. Credit Risk Explanations (Continued)

##### 3.2) Credit risk mitigation (Continued)

Prion Period 31.12.2022	Unsecured receivables: Amount assessed pursuant to TAS	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Receivables protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
Loans <sup>(*)</sup>	121.871.510	10.188.687	5.123.813	1.920.658	1.285.374	-	-
Debt Securities <sup>(*)</sup>	24.356.878	-	-	-	-	-	-
<b>Total</b>	<b>146.228.388</b>	<b>10.188.687</b>	<b>5.123.813</b>	<b>1.920.658</b>	<b>1.285.374</b>	<b>-</b>	<b>-</b>
Of which defaulted <sup>(*)</sup>	1.790.512	-	-	-	-	-	-

<sup>(\*)</sup> Based on the BRSA's article on “Pandemic Measures Time Extension” dated 08.12.2020, the simple arithmetic average of the Central Bank's foreign exchange buying rates of the last 252 business days before the calculation date has been used in the calculation of the Credit Risk Subject Amount. Therefore, the figures in the Credit Risk Mitigation Techniques table show a foreign exchange difference of 12.798.072 Thousand TRY in “Loans”, 1.924.399 Thousand TRY in “Borrowing Instruments” and 85.229 Thousand TRY in the “Defaulted” category.

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

##### a) Qualitative explanations to be made about the rating grades used by banks when calculating credit risk with a standard approach

The Parent 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.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 3. Credit Risk Explanations (Continued)

#### 3.3) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach (Continued)

#### b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique

Current Period 31.12.2023	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA amount	RWA density amount
<b>Risk Classes</b>						
1 Exposures to sovereigns and their central banks	78.969.632	-	80.367.980	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	91.836.079	52.333.643	91.120.538	29.763.312	103.851.431	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	6.524.603	-	4.046.498	-	3.266.296	81%
17 Equity share investments	-	-	-	-	-	0%
<b>18 Total</b>	<b>233.375.687</b>	<b>68.903.179</b>	<b>230.897.585</b>	<b>38.653.955</b>	<b>149.569.754</b>	<b>55%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 3. Credit Risk Explanations (Continued)

##### 3.3) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach (Continued)

##### b) Standard Approach - Loan risk exposure and the effects of loan risk reduction technique (Continued)

Prior Period 31.12.2022	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	On-balance sheet amount	RWA amount	RWA density amount
<b>Risk sınıfları</b>						
1 Exposures to sovereigns and their central banks	39.418.258	-	40.703.630	5.330	-	0%
2 Exposures to regional and local governments	-	-	-	-	-	0%
3 Exposures to administrative bodies and non-commercial entities	506.093	39.777	334.150	19.740	349.156	99%
4 Exposures to multilateral development banks	-	-	-	-	-	0%
5 Exposures to international organizations	-	-	-	-	-	0%
6 Exposures to banks and brokerage houses	9.897.952	834.557	9.897.952	816.668	2.680.534	25%
7 Exposures to corporates	52.981.620	32.395.335	52.364.759	20.065.010	68.080.070	94%
8 Retail exposures	10.603.931	6.593.559	9.935.418	3.062.090	8.850.408	68%
9 Exposures secured by residential property	5.321.207	121.913	5.321.206	57.074	1.882.398	35%
10 Exposures secured by commercial property	4.637.552	979.974	4.637.553	575.242	2.606.397	50%
11 Past-due items	209.537	-	209.537	-	121.651	58%
12 Exposures in high-risk categories	5.891.027	6.665	5.891.027	3.332	11.637.568	197%
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	2.953.113	-	2.163.774	-	1.292.011	60%
17 Equity share investments	-	-	-	-	-	0%
<b>18 Total</b>	<b>132.420.290</b>	<b>40.971.780</b>	<b>131.459.006</b>	<b>24.604.486</b>	<b>97.500.193</b>	<b>62%</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 3. Credit Risk Explanations (Continued)

##### 3.3) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach (Continued)

##### c) Standard Approach: Receivables related with risk classes and risk weights

Current Period Risk Classes/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	80.368.139	-	-	-	-	-	-	-	-	-	80.368.139
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 corporate	15.840.244	-	983.844	-	810.199	-	103.249.563	-	-	-	120.883.850
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 in investment undertakings	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-
Other exposures	780.200	-	-	-	-	-	3.266.298	-	-	-	4.046.498
<b>Total</b>	<b>101.627.816</b>	<b>-</b>	<b>13.900.076</b>	<b>7.613.818</b>	<b>10.478.490</b>	<b>19.433.473</b>	<b>109.439.286</b>	<b>867.077</b>	<b>5.795.622</b>	<b>395.882</b>	<b>269.551.540</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 3. Credit Risk Explanations (Continued)

##### 3.3) Qualitative explanations on ratings used by banks while calculating credit risk with standard approach (Continued)

##### c) Standard Approach: Receivables related with risk classes and risk weights (Continued)

Prior Period Risk Classes/ Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	Others	Total risk amount (post-CCF and CRM)
Exposures to sovereigns and their central banks	40.708.960	-	-	-	-	-	-	-	-	-	40.708.960
Exposures to regional and local government	-	-	-	-	-	-	-	-	-	-	-
Exposures to administrative bodies and non-commercial entities	4.708	-	33	-	-	-	349.149	-	-	-	353.890
Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-	-
Exposures to international organizations	-	-	-	-	-	-	-	-	-	-	-
Exposures to banks and brokerage houses	-	-	10.006.939	-	57.068	-	650.613	-	-	-	10.714.620
Exposures to corporate	3.777.737	-	714.953	-	-	-	67.937.079	-	-	-	72.429.769
Retail exposures	1.067.643	-	183.444	-	-	11.730.807	15.614	-	-	-	12.997.508
Exposures secured by residential property	-	-	-	5.378.280	-	-	-	-	-	-	5.378.280
Exposures secured by commercial property	-	-	-	-	5.212.795	-	-	-	-	-	5.212.795
Past-due items	59	-	-	-	175.654	-	33.824	-	-	-	209.537
Exposures in high risk categories	-	-	-	-	-	-	-	324.150	5.566.567	3.642	5.894.359
Exposures in the form of bonds secured by mortgages	-	-	-	-	-	-	-	-	-	-	-
Short term exposures to banks brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
Exposures in the form of collective in investment undertakings	-	-	-	-	-	-	-	-	-	-	-
Equity share investments	-	-	-	-	-	-	-	-	-	-	-
Other exposures	871.142	-	776	-	-	-	1.291.856	-	-	-	2.163.774
<b>Total</b>	<b>46.430.249</b>	<b>-</b>	<b>10.906.145</b>	<b>5.378.280</b>	<b>5.445.517</b>	<b>11.730.807</b>	<b>70.278.135</b>	<b>324.150</b>	<b>5.566.567</b>	<b>3.642</b>	<b>156.063.492</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### X. EXPLANATIONS ON RISK PROTECTION PROCEDURES

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

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

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

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

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

Within the scope of the footnotes and related explanations prepared in accordance with the "Communiqué on Public Disclosure by the Banks" published in the Official Gazette dated 23 October 2015 and numbered 29511 by the BRSA and entered into force as of 31 March 2016, it is given annually and quarterly. The following required tables are not presented as of 31 December 2023 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)

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK

##### a) Qualitative explanations on counter party credit risk

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

As part of the Parent 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 Parent Bank manages the counter party credit risk level in a manner that keeps it above the minimum limits specified in the legal regulations.

Parent 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

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

Current Period 31.12.2023	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
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					-	-
<b>6 Total</b>						<b>74.794</b>

<sup>(1)</sup> Effective expected positive exposure

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

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

Prior Period 31.12.2022	Replacement cost	Potential future exposure	EEPE (Effective Expected Positive Exposure) <sup>(1)</sup>	Alpha used for computing regulatory EAD	Exposure at default post CRM	RWA
1 Standardised approach - CCR (for derivatives)	14.277	43.901		1,4	81.448	37.568
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)					14.928.992	25.253
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					-	-
<b>6 Total</b>						<b>62.821</b>

<sup>(1)</sup> Effective expected positive exposure



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

##### c) Capital requirement for loan valuation adjustment

<b>Current Period 31.12.2023</b>	<b>Exposure at default post-CRM</b>	<b>RWA</b>
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
<b>4 Total subject to the CVA capital charge</b>	<b>62.962</b>	<b>32.950</b>
<hr/>		
<b>Prior Period 31.12.2022</b>	<b>Exposure at default post-CRM</b>	<b>RWA</b>
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	81.448	45.438
<b>4 Total subject to the CVA capital charge</b>	<b>81.448</b>	<b>45.438</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

##### d) Standardised approach - CCR exposures by risk class and risk weight

Risk weight/Regulatory portfolio (Current Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit exposure <sup>(*)</sup>
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	-	-	-	-	-	-	-	-	-
<b>Total <sup>(*)</sup></b>	<b>8.571.649</b>	<b>-</b>	<b>60.987</b>	<b>121.242</b>	<b>-</b>	<b>1.976</b>	<b>-</b>	<b>-</b>	<b>8.755.854</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

##### d) Standardised approach - CCR exposures by risk class and risk weight (Continued)

Risk weight/Regulatory portfolio (Prior Period)	0%	10%	20%	50%	75%	100%	150%	Other	Total credit risk <sup>(*)</sup>
Exposures to sovereigns and their central banks	14.903.739	-	-	-	-	-	-	-	-
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	-	-	54.849	-	-	26.599	-	-	37.569
Exposures to corporates	-	-	-	-	-	25.252	-	-	25.252
Retail exposures	-	-	-	-	-	-	-	-	-
Exposures in high-risk categories	-	-	-	-	-	-	-	-	-
Other exposures	-	-	-	-	-	-	-	-	-
<b>Total <sup>(*)</sup></b>	<b>14.903.739</b>	<b>-</b>	<b>54.849</b>	<b>-</b>	<b>-</b>	<b>51.851</b>	<b>-</b>	<b>-</b>	<b>62.821</b>

<sup>(\*)</sup> 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 explanation

None.

# FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

##### f) Collaterals for CCR

Current Period 31.12.2023	Collateral for derivative transactions				Collateral for derivative transactions	
	Collateral received		Collateral received		Collateral received	Collateral received
	Segregated	Segregated	Segregated	Segregated		
Cash-domestic currency	-	-	-	-	-	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	8.692.891
<b>Total</b>	-	-	-	-	-	<b>8.692.891</b>

Prior Period 31.12.2022	Collateral for derivative transactions				Collateral for derivative transactions	
	Collateral received		Collateral received		Collateral received	Collateral received
	Segregated	Segregated	Segregated	Segregated		
Cash-domestic currency	-	-	-	-	2.498.503	-
Cash-foreign currency	-	-	-	-	-	-
Domestic sovereign debts	-	-	-	-	-	-
Other sovereign debts	-	-	-	-	-	-
Government agency debts	-	-	-	-	-	-
Corporate Debts	-	-	-	-	-	-
Equity Securities	-	-	-	-	-	-
Other collateral	-	-	-	-	-	14.928.992
<b>Total</b>	-	-	-	-	-	<b>14.928.992</b>

##### g) Credit Derivatives

None.

##### h) Risk Weight changes under CCR on the Internal Modeling Management Methods

None.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

#### i) Risks related with Central Counter parties

	Exposure at default (post-CRM)	RWA
1 <b>Exposure to Qualified Central Counterparties (QCCPs)</b>	<b>498</b>	<b>10</b>
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	498	10
10 Unfunded default fund contributions	-	-
11 <b>Exposures to non-QCCPs (total)</b>	<b>-</b>	<b>-</b>
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 31 December 2023. (31 December 2022: None).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

##### 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 Parent 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

The Parent Bank ensures that measurement, monitoring, limitation, stress test and scenario analysis studies are carried out in accordance with the structure and complexity of its positions regarding market risk management and the results are reported. It is essential that new products and services are evaluated in terms of market risk.

In this context, as a minimum;

- Follow-up of the Parent 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, risks limits are regularly calculates and followed up.

In the Parent 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 Parent 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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

##### 5. Explanations on Market Risk (Continued)

##### b) Standard Approach

	Current Period 31.12.2023	Prior Period 31.12.2022
	RWA	RWA
<b>Outright products</b>		
1 Profit share rate risk (general and specific)	4.025	-
2 Equity risk (general and specific)	-	-
3 Foreign exchange risk	2.019.969	786.420
4 Commodity risk	324.355	132.035
<b>Options</b>		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation	-	-
<b>9 Total</b>	<b>2.348.349</b>	<b>918.455</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XI. EXPLANATIONS ON COUNTERPARTY CREDIT RISK (Continued)

##### 6. Explanations on the Operational Risk

In the Parent Bank, 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 interest 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.

<b>Current Period</b>				<b>Total/Number of</b>	<b>Ratio</b>	
<b>31.12.2023</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>Positive GI years</b>	<b>(%)</b>	<b>Total</b>
Gross-Income	2.333.366	1.924.105	9.221.584	4.493.019	15	<b>673.953</b>
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	8.424.410
<b>Prior Period</b>				<b>Total/Number of</b>	<b>Ratio (%)</b>	<b>Total</b>
<b>31.12.2022</b>	<b>31.12.2019</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>Positive GI years</b>		
Gross-Income	1.556.512	2.333.366	1.924.105	1.937.995	15	<b>290.699</b>
Amount Subject to Operational Risk (Total*12,5)	-	-	-	-	-	3.633.740
	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>	<b>Number of Total/ Positive ROI years</b>	<b>Ratio (%)</b>	<b>Total</b>
Corporate Finance	-	-	-	-	18	-
Purchase-Sale	-	-	-	-	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)	-	-	-	-	-	-



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### XII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS

Organizational and internal reporting structure of the Group is determined in line with TFRS 8 “Turkish Accounting Standard about Operating Segments.

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

#### Table for Segment Reporting

Current Period 1 January - 31 December 2023	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>					
Profit Shares Income	1.683.405	34.155.329	8.070.418	76.853	43.986.005
Profit Shares Expense	(9.989.641)	(24.411.704)	(4.026.543)	(129.132)	(38.557.020)
Net Profit Shares Income/Expense	(8.306.236)	9.743.625	4.043.875	(52.279)	5.428.985
Net Fees and Commission Income/Expense	320.793	503.059	-	2.108.036	2.931.888
Dividend Income	-	-	714	-	714
Trading Income/Loss (Net)	-	-	2.158.546	-	2.158.546
Other Operating Income	-	2.090.763	-	23.091	2.113.854
Provision for Expected Losses	(127.882)	(2.489.927)	-	(518.194)	(3.136.003)
Other Operating Expense	-	(129.126)	-	(4.951.651)	(5.080.777)
Net Operating Profit/Loss	(8.113.325)	9.718.393	6.203.135	(3.390.996)	4.417.207
Tax Provision	-	-	-	(412.710)	(412.710)
Net Profit/Loss	(8.113.325)	9.718.393	6.203.135	(3.803.706)	4.004.497
<b>SEGMENT ASSETS</b>					
Financial Assets at FV Through P/L Banks <sup>(*)</sup>	-	-	3.812.067	-	3.812.067
Financial Assets Measured at Fair Value Through Other Comprehensive Income	-	-	13.029.805	-	13.029.805
Loans <sup>(**)</sup>	12.277.999	239.059.396	16.686.343	-	259.770.687
Financial Assets Measured at Amortised Cost	-	-	8.433.292	-	21.830.293
Derivative Financial Assets	-	-	3.728	-	3.728
Partnership Investment	-	-	22.500	-	22.500
Other Assets <sup>(*)</sup>	-	-	-	68.502.947	68.502.947
<b>Total Segment Assets</b>	<b>12.277.999</b>	<b>239.059.396</b>	<b>63.818.028</b>	<b>68.502.947</b>	<b>383.658.370</b>
<b>SEGMENT LIABILITIES</b>					
Funds Collected	120.857.108	183.515.166	-	-	304.372.274
Derivative Financial Liabilities	-	-	153.095	-	153.095
Funds Borrowed	-	-	14.911.013	-	14.911.013
Money Market Funds	-	-	10.964.133	-	10.964.133
Securities Issued (Net)	-	-	19.379.829	-	19.379.829
Provisions	-	-	-	2.932.298	2.932.298
Other Liabilities	-	-	-	11.114.181	11.114.181
Shareholders' Equity	-	-	-	19.831.547	19.831.547
<b>Total Segment Liabilities</b>	<b>120.857.108</b>	<b>183.515.166</b>	<b>45.408.070</b>	<b>33.878.026</b>	<b>383.658.370</b>

<sup>(\*)</sup> Includes expected loss provisions.

<sup>(\*\*)</sup> Includes lease receivables

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

## XII. EXPLANATIONS ON CONSOLIDATED OPERATING SEGMENTS (Continued)

Table for Segment Reporting (Contineud)

Prior Period 1 January - 31 December 2022	Private Banking	Corporate/ Entrepreneurial Banking	Treasury/ Investment Banking	Other/ Undistributed	Total
<b>OPERATING INCOME/EXPENSE</b>					
Profit Shares Income	1.011.164	14.098.916	5.083.818	37.362	20.231.260
Profit Shares Expense	(3.691.403)	(6.810.928)	(1.924.433)	(62.009)	(12.488.773)
Net Profit Shares Income/Expense	(2.680.239)	7.287.988	3.159.385	(24.647)	7.742.487
Net Fees and Commission Income/ Expense	100.727	292.805	-	(147.587)	245.945
Dividend Income	-	-	774	-	774
Trading Income/Loss (Net)	-	-	1.214.691	-	1.214.691
Other Operating Income	-	862.404	-	13.850	876.254
Provision for Expected Losses	(104.133)	(1.535.025)	-	(230.736)	(1.869.894)
Other Operating Expense	-	(85.494)	-	(2.660.997)	(2.746.491)
Net Operating Profit/Loss	(2.683.645)	6.822.678	4.374.850	(3.050.117)	5.463.766
Tax Provision	-	-	-	(1.623.494)	(1.623.494)
Net Profit/Loss	(2.683.645)	6.822.678	4.374.850	(4.673.611)	3.840.272
<b>SEGMENT ASSETS</b>					
Financial Assets at FV Through P/L Banks <sup>(*)</sup>	-	-	2.133.604	-	2.133.604
Financial Assets Measured at Fair Value Through Other Comprehensive Income Loans <sup>(**)</sup>	9.316.981	135.071.172	470.115	-	144.858.268
Financial Assets Measured at Amortised Cost	-	-	5.323.943	-	5.323.943
Derivative Financial Assets	-	-	14.471	-	14.471
Partnership Investment	-	-	-	-	-
Other Assets <sup>(*)</sup>	-	-	-	27.951.587	27.951.587
<b>Total Segment Assets</b>	<b>9.316.981</b>	<b>135.071.172</b>	<b>40.017.183</b>	<b>27.951.587</b>	<b>212.356.923</b>
<b>SEGMENT LIABILITIES</b>					
Funds Collected	72.592.476	100.546.622	-	-	173.139.098
Derivative Financial Liabilities	-	-	62.998	-	62.998
Funds Borrowed	-	-	4.523.969	-	4.523.969
Money Market Funds	-	-	7.555.999	-	7.555.999
Securities Issued (Net)	-	-	4.394.241	-	4.394.241
Provisions	-	-	-	2.166.009	2.166.009
Other Liabilities	-	-	-	9.136.164	9.136.164
Shareholders' Equity	-	-	-	11.378.445	11.378.445
<b>Total Segment Liabilities</b>	<b>72.592.476</b>	<b>100.546.622</b>	<b>16.537.207</b>	<b>22.680.618</b>	<b>212.356.923</b>

<sup>(\*)</sup> Includes expected loss provisions<sup>(\*\*)</sup> Includes lease receivables.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS RELATED TO THE FINANCIAL POSIITON AND RISK MANAGEMENT (Continued)

#### XIII. EXPLANATIONS ON THE FAIR VALUSE REALIZATION OF FINANCIAL ASSETS AND LIABILITES

##### a) Information regarding the fair value of Financial assets and liabilities:

<b>Current Period</b> <b>31.12.2023</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>315.155.784</b>	<b>307.458.370</b>
Due from Interbank Money Market	-	-
Banks	13.029.805	13.029.805
Financial Assets Measured at Fair Value Through Other Comprehensive Income	16.686.343	16.686.343
Financial Assets Measured at Amortised Cost	21.830.294	13.246.397
Loans	263.609.342	264.495.825
<b>Financial Liabilities</b>	<b>340.569.660</b>	<b>339.697.685</b>
Bank Deposits	6.109.325	6.109.325
Other Deposits	298.262.949	298.262.949
Funds Borrowed from Other Financial Institutions	14.911.013	14.039.038
Issued Marketable Securities	19.379.829	19.379.829
Miscellaneous Payables	1.906.544	1.906.544
<b>Prior Period</b> <b>31.12.2022</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>185.960.864</b>	<b>183.201.517</b>
Due from Interbank Money Market	-	-
Banks	13.251.320	12.933.668
Financial Assets Measured at Fair Value Through Other Comprehensive Income	19.810.297	19.810.297
Financial Assets Measured at Amortised Cost	5.323.943	4.212.737
Loans	147.575.304	146.244.815
<b>Financial Liabilities</b>	<b>185.194.264</b>	<b>185.103.964</b>
Bank Deposits	4.793.348	4.793.348
Other Deposits	168.345.749	168.345.849
Funds Borrowed from Other Financial Institutions	9.995.177	9.904.777
Issued Marketable Securities	-	-
Miscellaneous Payables	2.059.990	2.059.990

Receivables from money markets, receivables from banks and bank deposits are of short term nature, therefore carrying values are considered as fair value.

In determination of book and fair value of available-for-sale securities, market prices are taken into consideration. If these securities are not traded in an active market, the indicator prices calculated by CBRT are taken into account.

The fair value of loans and other deposits represent the sum of the cost and the accrued interest

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XIII. EXPLANATIONS ON THE FAIR VALUE REALIZATION OF FINANCIAL ASSETS AND LIABILITIES (Continued)

##### b) Information on fair value measurements recognized in the financial statements:

According to TFRS 7 "Financial Instruments: Explanations" Standard, the accounts recognized with the fair value in the balance sheet should be presented and classified sequentially in the related notes. Respectively, such financial instruments are classified in three levels representing the importance of the data used during for the measurement of fair values. At level one, the financial instruments whose fair values are determined with the recorded prices in the active markets for the assets and liabilities with identical fair values; at level two, the financial instruments whose fair value is based on the directly or indirectly observable market indicators and at level three; the financial instruments whose fair value is not based on the directly or indirectly observable market indicators are considered. The financial instruments which are recognized with their fair values at the Bank's balance sheet, are presented with respect to such basis of classification in the table below.

<b>Current Period</b> <b>31.12.2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	-	<b>3.815.795</b>	-	<b>3.815.795</b>
Government Debt Securities	-	3.812.067	-	3.812.067
Marketable Securities	-	3.728	-	3.728
Other Marketable Securities	-	-	-	-
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>13.016.888</b>	<b>3.616.542</b>	<b>52.913</b>	<b>16.686.343</b>
Marketable Securities	-	-	52.913	52.913
Government Debt Securities	13.001.450	3.616.542	-	16.617.992
Other Marketable Securities	15.438	-	-	15.438
<b>Derivative Financial Assets</b>	<b>2.990</b>	<b>738</b>	-	<b>3.728</b>
<b>Total Assets</b>	<b>13.019.878</b>	<b>7.433.075</b>	<b>52.913</b>	<b>20.505.866</b>
<b>Derivative Financial Liabilities</b>	-	<b>153.095</b>	-	<b>153.095</b>
<b>Total Liabilities</b>	-	<b>153.095</b>	-	<b>153.095</b>
<b>Prior Period</b> <b>31.12.2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets at Fair Value Through Profit or (Loss)</b>	-	<b>2.133.604</b>	-	<b>2.133.604</b>
Government Debt Securities	-	2.133.604	-	2.133.604
Marketable Securities	-	-	-	-
Other Marketable Securities	-	-	-	-
<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>15.144.771</b>	<b>3.626.618</b>	<b>52.341</b>	<b>18.823.730</b>
Marketable Securities	-	-	52.341	52.341
Government Debt Securities	15.139.990	3.626.618	-	18.766.608
Other Marketable Securities	4.781	-	-	4.781
<b>Derivative Financial Assets</b>	-	<b>14.471</b>	-	<b>14.471</b>
<b>Total Assets</b>	<b>15.144.771</b>	<b>5.774.693</b>	<b>52.341</b>	<b>20.971.805</b>
<b>Derivative Financial Liabilities</b>	-	<b>62.998</b>	-	<b>62.998</b>
<b>Total Liabilities</b>	-	<b>62.998</b>	-	<b>62.998</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### XIV. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ON ACCOUNT OF OTHER PARTIES

The Bank does not provide trading, custody and fund management services on behalf and account of its customers. The bank does not make faith-based transaction contracts.

#### SECTION FIVE

#### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

##### I. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED ASSETS

##### 1.a) Information on cash and balances with Central Bank of the Republic of Turkey

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Cash/Foreign Currency	170.718	871.290	121.498	827.299
Central Bank of the Republic of Turkey <sup>(*)</sup>	24.036.052	35.447.767	6.189.305	17.634.063
Other	-	114.484	-	202.080
<b>Total</b>	<b>24.206.770</b>	<b>36.433.541</b>	<b>6.310.803</b>	<b>18.663.442</b>

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

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

According to the CBRT’s “Communiqué No 2013/15 on Required Reserves”, the Parent Bank maintains required reserves at the CBRT for its Turkish and foreign currency liabilities. Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the “Communiqué on Required Reserves” at the CBRT.

Banks establish 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 8% for Turkish Lira deposits and other liabilities, and between 5% and 26% for foreign currency deposits and other liabilities.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira as of the obligation date of 2/9/2022 It has been decided not to apply an annual commission of 5% to the banks that have reached the 5% level and the 50% level as of the 2/9/2022 obligation date, up to the amount to be kept for their liabilities until the end of 2022

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Unrestricted Demand Deposit	24.036.052	35.447.767	6.189.305	17.634.063
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
<b>Total</b>	<b>24.036.052</b>	<b>35.447.767</b>	<b>6.189.305</b>	<b>17.634.063</b>

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

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 2. Information on banks and other financial institutions

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Banks				
Domestic Banks	114.562	1.726.491	134.657	10.334.683
Foreign Banks	-	11.188.752	-	2.781.980
Foreign Head Office and Branches	-	-	-	-
<b>Total</b>	<b>114.562</b>	<b>12.915.243</b>	<b>134.657</b>	<b>13.116.663</b>

##### Information on foreign bank accounts

	Free Amount		Non-Free Amount	
	Current Period 31.12.2023	Prior Period 31.12.2022	Current Period 31.12.2023	Prior Period 31.12.2022
EU-Countries	9.866.979	1.970.439	-	-
USA-CANADA	550.441	151.058	-	-
OECD Countries*	35.959	275.693	-	-
Offshore Banking Regions	-	-	-	-
Other	735.373	384.790	-	-
<b>Total</b>	<b>11.188.752</b>	<b>2.781.980</b>	<b>-</b>	<b>-</b>

\* OECD countries other than EU countries, USA and Canada.

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Financial Assets at Fair Value Through Profit/Loss	3.790.194	2.121.486
Other Dividends and Income Rediscounts	21.873	12.118
Provision for Impairment (-)	-	-
<b>Total</b>	<b>3.812.067</b>	<b>2.133.604</b>

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Assets Subject to Repurchase Agreements	8.362.369	5.876.865
Assets Blocked/Given as Collateral	1.479.501	5.640.357
<b>Total (*)</b>	<b>9.841.870</b>	<b>11.517.222</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

	Current Period 31 December 2023	Prior Period 31 December 2022
Debt Securities	17.039.784	18.905.683
Quoted in Stock Exchange	17.039.784	18.905.683
Not Quoted in Stock Exchange	-	-
Share Certificates	52.913	52.341
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange (*)	52.913	52.341
Provision for Impairment (-)**	406.354	134.294
<b>Total</b>	<b>16.686.343</b>	<b>18.823.730</b>

(\*) The afore-mentioned amounts consist of payments made to Export Development Inc. amounting to TRY 41.101, Credit Guarantee Fund amounting to TRY 7.659, and JCR Eurasia Rating A.Ş. amounting to TRY 4.153. These amounts are indicated in the line related to non-traded on the stock exchange. (31 December 2022: TRY 41.101 Export Development Inc., TRY 7.659 Credit Guarantee Fund, TRY 3.581 JCR Eurasia Rating A.Ş.)

\*\* Includes negative differences between the acquisition costs of financial assets and market prices.

### 5. Information on derivative financial assets

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	TRY	FC	TRY	FC
Forward Transactions	847	-	-	-
Swap Transactions	-	199	14.218	-
Futures Transactions	-	-	-	-
Options	-	-	-	-
Other	2.143	539	111	142
<b>Total</b>	<b>2.990</b>	<b>738</b>	<b>14.329</b>	<b>142</b>

### 6. Information related to loans

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

	Current Period 31 December 2023		Prior Period 31 December 2022	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	6.184.984	-	2.374	-
Corporate Shareholders	6.184.984	-	2.374	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	192.704	-	101.173	-
<b>Total (*)</b>	<b>6.377.688</b>	<b>-</b>	<b>103.547</b>	<b>-</b>

(\*) Includes rediscount amounts.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### b) Information on the first and second group loans and other receivables including restructured loans

<b>Current Period</b>				
<b>31 December 2023</b>				
	<b>Standard Loans and Other Receivables</b>	<b>Loans Under Close Monitoring</b>		
		<b>Not Under the Scope of Restructuring</b>	<b>Restructured Loans with revised contract terms</b>	<b>Refinancing</b>
<b>Cash Loans</b>				
Loans <sup>(*)</sup>				
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 <sup>(**)</sup>	12.711.995	80.025	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>204.622.474</b>	<b>1.302.075</b>	<b>1.232.299</b>	<b>1.865.840</b>
<b>Prior Period</b>				
<b>31 December 2022</b>				
	<b>Standard Loans and Other Receivables</b>	<b>Loans Under Close Monitoring</b>		
		<b>Not Under the Scope of Restructuring</b>	<b>Restructured Loans with revised contract terms</b>	<b>Refinancing</b>
<b>Cash Loans</b>				
Loans				
Export Loans	25.027.366	5.961	-	-
Import Loans	68.569	-	-	-
Commercial Loans	80.164.497	1.113.367	389.136	774.366
Consumer Loans	9.134.498	78.648	-	-
Credit Cards	103.556	301	-	-
Loans Given to Financial Sector	495.353	-	-	-
Other	7.084.047	24.574	-	-
Other Receivables	-	-	-	-
<b>Total</b>	<b>122.077.886</b>	<b>1.222.851</b>	<b>389.136</b>	<b>774.366</b>

<sup>(\*)</sup> Related amounts do not include financial lease receivables.

<sup>(\*\*)</sup> As of 31 December 2023, TRY 23.475 (31 December 2022: TRY 36.525) of the related balance consists of funds provided by the musharakah partnership financing method. As of 31 December 2023, the Bank has accounted for these fixed musharakah financing loans, which it carries in its statement of financial position, at historical cost in accordance with Interest-Free Finance Accounting Standard 4: Musharakah Financing "FFMS 4" Article 2/3/1.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 6. Information related to loans (Continued)

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

	Current Period 31.12.2023		Prior Period 31.12.2022	
	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
<b>Expected Credit Loss of Stage 1 and Stage 2</b>				
12 Month Expected Credit Losses	1.299.758	-	683.003	-
Significant Increase in Credit Risk	-	856.891	-	438.587

	Current Period 31.12.2023		Prior Period 31.12.2022	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
<b>No. of extensions</b>				
1 or 2 Times Extended	257.418	2.910.873	619.977	1.095.445
3 - 4 or 5 Times Extended	-	-	-	-
Over 5 Times Extended	-	-	-	-
<b>Total</b>	<b>257.418</b>	<b>2.910.873</b>	<b>619.977</b>	<b>1.095.445</b>

	Current Period 31.12.2023		Prior Period 31.12.2022	
	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables	Standard Loans and Other Receivables	Loans Under Close Monitoring and Other Receivables
<b>Extension Periods</b>				
0 - 6 Months	-	974.563	10.092	183.452
6 Months - 12 Months	4.539	157.645	3.703	11.816
1 - 2 Years	229.594	1.123.898	196.105	729.732
2 - 5 Years	23.285	22.491	50.014	14.235
5 Years and Over	-	632.276	360.063	156.210
<b>Total</b>	<b>257.418</b>	<b>2.910.873</b>	<b>619.977</b>	<b>1.095.445</b>

# FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 6. Information related to loans (Continued)

##### c) Loans According to maturity structure

<b>Current Period</b>		<b>Loans Under Close Monitoring</b>		
<b>31.12.2023</b>		<b>Standard Loans and Other Receivables</b>	<b>Loans Not Subject to Restructuring</b>	<b>Restructured</b>
<b>Cash Loans</b>				
Short-term Loans	103.605.766	846.450	723.235	
Medium and Long-term Loans	101.016.708	455.625	509.064	
<b>Total</b>	<b>204.622.474</b>	<b>1.302.075</b>	<b>1.232.299</b>	
<b>Prior Period</b>		<b>Loans Under Close Monitoring</b>		
<b>31.12.2022</b>		<b>Standard Loans and Other Receivables</b>	<b>Loans Not Subject to Restructuring</b>	<b>Restructured</b>
<b>Cash Loans</b>				
Short-term Loans	66.333.697	881.296	308.341	
Medium and Long-term Loans	55.744.189	341.555	80.795	
<b>Total</b>	<b>122.077.886</b>	<b>1.222.851</b>	<b>389.136</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 6. Information related to loans (Continued)

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

Current Period 31.12.2023	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans - TRY</b>	<b>62.737</b>	<b>11.556.368</b>	<b>11.619.105</b>
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	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TRY</b>	<b>463.842</b>	<b>1.984</b>	<b>465.826</b>
With Installment	160.566	1.500	162.066
Without Installment	303.276	484	303.760
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TRY</b>	<b>21.534</b>	<b>155.825</b>	<b>177.359</b>
Housing Loans	-	18.093	18.093
Vehicle Loans	-	4.170	4.170
Consumer Loans	21.534	133.562	155.096
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>15.345</b>	<b>-</b>	<b>15.345</b>
With Installment	6.214	-	6.214
Without Installment	9.131	-	9.131
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TRY (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total <sup>(*)</sup></b>	<b>563.458</b>	<b>11.714.177</b>	<b>12.277.635</b>

(\*) Dividend accrual is included in the table.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

## 6. Information related to loans (Continued)

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

Prior Period 31.12.2022	Short-Term	Medium and Long-Term	Total
<b>Consumer Loans - TRY</b>	<b>30.527</b>	<b>9.083.584</b>	<b>9.114.111</b>
Housing Loans	4.733	8.045.837	8.050.570
Vehicle Loans	7.261	717.975	725.236
Consumer Loans	18.533	319.772	338.305
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Retail Credit Cards-TRY</b>	<b>101.677</b>	<b>42</b>	<b>101.719</b>
With Installment	25.743	14	25.757
Without Installment	75.934	28	75.962
<b>Retail Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Personnel Loans-TRY</b>	<b>3.824</b>	<b>95.211</b>	<b>99.035</b>
Housing Loans	-	14.988	14.988
Vehicle Loans	-	3.161	3.161
Consumer Loans	3.824	77.062	80.886
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>2.131</b>	<b>7</b>	<b>2.138</b>
With Installment	701	-	701
Without Installment	1.430	7	1.437
<b>Personnel Credit Cards-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TRY (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Overdraft Account-FC (Real Person)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total <sup>(*)</sup></b>	<b>138.159</b>	<b>9.178.844</b>	<b>9.317.003</b>

(\*) Dividend accrual is included in the table.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 6. Information related to loans (Continued)

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

<b>Current Period</b>			
<b>31.12.2023</b>	<b>Short-Term</b>	<b>Medium and Long-Term</b>	<b>Total</b>
<b>Installment Commercial Loans-TRY</b>	<b>690.006</b>	<b>980.790</b>	<b>1.670.796</b>
Business Loans	-	14.818	14.818
Vehicle Loans	690.006	965.972	1.655.978
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans-Indexed to FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans -FC</b>	-	<b>91.937</b>	<b>91.937</b>
With Installment	-	-	-
Without Installment	-	91.937	91.937
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -TRY</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TRY (Legal Entity)</b>	-	-	-
<b>Overdraft Account-FC (Legal Entity)</b>	-	-	-
<b>Total</b>	<b>690.006</b>	<b>1.072.727</b>	<b>1.762.733</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

## 6. Information related to loans (Continued)

## e) Information on installment commercial loans and corporate credit cards (Continued)

Prior Period 31.12.2022	Short-Term	Medium and Long-Term	Total
<b>Installment Commercial Loans-TRY</b>	<b>1.272.278</b>	<b>1.112.990</b>	<b>2.385.268</b>
Business Loans	1.839	36.816	38.655
Vehicle Loans	1.270.439	1.076.174	2.346.613
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans-Indexed to FC</b>	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
<b>Installment Commercial Loans -FC</b>	<b>1.135</b>	<b>59.458</b>	<b>60.593</b>
With Installment	-	-	-
Without Installment	1.135	59.458	60.593
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -TRY</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Corporate Credit Cards -FC</b>	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
<b>Overdraft Account-TRY (Legal Entity)</b>	-	-	-
<b>Overdraft Account-FC (Legal Entity)</b>	-	-	-
<b>Total</b>	<b>1.273.413</b>	<b>1.172.448</b>	<b>2.445.861</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 6. Information relates to loans (Continued)

##### f) Loans according to types of borrower:

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Public	9.274.657	10.336.517
Private	199.748.031	114.127.722
<b>Total (*)</b>	<b>209.022.688</b>	<b>124.464.239</b>

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

##### g) Breakdown of domestic and international loans

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Domestic Loans	206.980.128	123.607.634
Foreign Loans	2.042.560	856.605
<b>Total (*)</b>	<b>209.022.688</b>	<b>124.464.239</b>

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

##### h) Loans granted to subsidiaries and participations

As of 31 December 2023, the Bank has no loans granted to subsidiaries and participations (31 December 2022: None).

##### i) Provision for default (Stage 3/Specific Provision)

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Loans and receivables with limited collectability	38.715	6.432
Loans and receivables with doubtful collectability	27.959	94.372
Uncollectible loans and other receivables	1.615.332	1.494.642
<b>Total</b>	<b>1.682.006</b>	<b>1.595.446</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

## 6. Information relates to loans (Continued)

## j) Information on lease receivables

## j.1) Analysis of investment made in financial leasing by remaining maturity

	Current Period 31.12.2023		Prior Period 31.12.2022	
	Gross	Net	Gross	Net
Less than 1 year	224.845	214.022	189.351	179.909
1-5 year	59.978.540	41.201.771	16.491.827	14.005.363
More than 5 years	13.243.798	11.229.911	8.160.207	7.050.052
<b>Total</b>	<b>73.447.183</b>	<b>52.645.704</b>	<b>24.841.385</b>	<b>21.235.324</b>

## j.2) Information on Net Investments Made in Financial Leasing

	Current Period 31.12.2023	Prior Period 31.12.2022
Gross Lease Receivable	73.447.183	24.841.385
Financial Income Unearned From Financial Leasing (-)	(20.801.479)	(3.606.061)
Canceled Rental Amounts	-	-
<b>Total</b>	<b>52.645.704</b>	<b>21.235.324</b>

## k) Information on non-performing receivables (net)

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

As of 31 December 2023, the sum of the Bank's non-performing loans restructured or rescheduled for a new redemption plan and other receivables is TRY 130.382 (31 December 2022: TRY 167.624).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 6. Information related to loans (Continued)

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

	Group III	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Current Period</b>			
<b>31.12.2023</b>			
<b>Ending balance of prior period</b>	<b>23.334</b>	<b>178.305</b>	<b>1.674.102</b>
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 (-) <sup>(*)</sup>	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>136.753</b>	<b>68.734</b>	<b>1.735.463</b>
Expected Loss Provision (Stage 3) (-)	38.715	27.959	1.615.332
<b>Net balance on balance sheet</b>	<b>98.038</b>	<b>40.775</b>	<b>120.131</b>

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

(\*\*) 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	Group IV	Group V
	Loans and other receivables with limited collectability	Loans and other receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Prior Period</b>			
<b>31.12.2022</b>			
<b>Ending balance of prior period</b>	<b>41.467</b>	<b>391.196</b>	<b>1.266.313</b>
Additions in the current period (+)	283.521	26.482	311.004
Transfers from other categories of non-performing loans (+)	-	263.830	464.576
Transfers to other categories of non-performing loans (-)	263.830	464.576	-
Collections in the current period (-)	37.824	38.627	348.775
Write offs (-) <sup>(*)</sup>	-	-	19.016
Corporate and commercial loans	-	-	19.016
Retail loans	-	-	-
Credit cards	-	-	-
Other	-	-	-
<b>Ending balance of the current period</b>	<b>23.334</b>	<b>178.305</b>	<b>1.674.102</b>
Expected Loss Provision (Stage 3) (-)	6.432	94.372	1.494.642
<b>Net balance on balance sheet</b>	<b>16.902</b>	<b>83.933</b>	<b>179.460</b>

(\*) Includes transfers to first and second group loans amounting to TRY 45.171.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

## 6. Information related to loans (Continued)

## k) Information on non-performing receivables (net) (Continued)

## k.3) Information on foreign currency non-performing loans

	III. Grup Allocated for Loans with Limited Collection	IV. Grup Allocated for Doubtful Loans	V. Grup Allocated for Loss Loans
<b>Current Period 31.12.2023</b>			
<b>Ending Balance</b>	-	2.038	312.721
Provision for Expected Loss (Stage 3) (-)	-	783	311.661
<b>Net Balance in the Balance Sheet</b>	-	1.255	1.060
	III. Grup Allocated for Loans with Limited Collection	IV. Grup Allocated for Doubtful Loans	V. Grup Allocated for Loss Loans
<b>Prior Period 31.12.2022</b>			
<b>Ending Balance</b>	-	-	316.515
Provision for Expected Loss (Stage 3) (-)	-	-	302.296
<b>Net Balance in the Balance Sheet</b>	-	-	14.219

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

	III. Grup: Loans and other receivables with limited collectability	IV. Grup: Loans and other receivables with doubtful collectability	V. Grup: Uncollectible loans and other receivables
<b>Current Period (Net)</b>	<b>98.038</b>	<b>40.775</b>	<b>120.131</b>
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 (Gross)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>16.902</b>	<b>83.933</b>	<b>179.460</b>
Loans to Real Persons and Legal Entities (Gross)	23.334	178.305	1.674.102
Specific Provisions (-)	6.432	94.372	1.494.642
Loans to Real Persons and Legal Entities (Net)	16.902	83.933	179.460
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 6. Information related to loans (Continued)

Information on accruals, valuation differences and related provisions calculated for non performing loans for Banks which are providing expected credit loss according to TFRS 9:

	III. Grup: Loans with limited collectability	IV. Grup: Loans with doubtful collectability	V. Grup: Uncollectible loans
<b>Current Period (Net)</b>	<b>7.303</b>	<b>3.556</b>	<b>19.379</b>
Profit Share Accrual and Valuation Differences Provision	9.946	6.208	255.061
Provision Amount (-)	2.643	2.652	235.682
<b>Prior Period (Net)</b>	<b>1.108</b>	<b>8.692</b>	<b>26.287</b>
Profit Share Accrual and Valuation Differences Provision	1.592	18.930	234.022
Provision Amount (-)	484	10.238	207.735

#### Provision changes according to TFRS 9

	Current Period 31.12.2023			
	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the Beginning of the Period</b>	<b>683.003</b>	<b>438.587</b>	<b>1.595.446</b>	<b>2.717.036</b>
Addition	807.346	560.950	381.520	1.749.816
Disposals (-)	(186.115)	(124.628)	(317.454)	(628.197)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	1.949	(1.949)	-	-
Transfer to Stage 2	(5.994)	6.128	(134)	-
Transfer to Stage 3	(431)	(22.197)	22.628	-
<b>Balance at the Closing of the Period</b>	<b>1.299.758</b>	<b>856.891</b>	<b>1.682.006</b>	<b>3.838.655</b>
	Prior Period 31.12.2022			
	Stage 1	Stage 2	Stage 3	Total
<b>Balance at the Beginning of the Period</b>	<b>228.215</b>	<b>168.969</b>	<b>1.337.712</b>	<b>1.734.896</b>
Addition	485.668	317.304	416.379	1.219.351
Disposals (-)	(34.775)	(43.055)	(140.365)	(218.195)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	(19.016)	(19.016)
Transfer to Stage 1	5.922	(5.922)	-	-
Transfer to Stage 2	(1.908)	3.168	(1.260)	-
Transfer to Stage 3	(119)	(1.877)	1.996	-
<b>Balance at the Closing of the Period</b>	<b>683.003</b>	<b>438.587</b>	<b>1.595.446</b>	<b>2.717.036</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 6. Information related to loans (Continued)

##### Cash loan changes according to TFRS 9

	Current Period 31.12.2023			Total
	Stage 1	Stage 2	Stage 3	
<b>Balance at the Beginning of the Period</b>	<b>143.092.370</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>147.575.304</b>
Addition	156.480.140	1.634.533	192.701	158.307.374
Disposals (-)	(41.636.436)	(278.603)	(358.297)	(42.273.336)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	-	-
Transfer to Stage 1	257.591	(257.591)	-	-
Transfer to Stage 2	(1.306.837)	1.308.208	(1.371)	-
Transfer to Stage 3	(131.395)	(100.781)	232.176	-
<b>Balance at the Closing of the Period</b>	<b>256.755.433</b>	<b>4.912.959</b>	<b>1.940.950</b>	<b>263.609.342</b>

<sup>ç)</sup> Includes TRY 52.132.959 in the first stage and TRY 512.745 in the second stage.

	Prior Period 31.12.2022			Total
	Stage 1	Stage 2	Stage 3	
<b>Balance at the Beginning of the Period</b>	<b>64.138.232</b>	<b>2.297.608</b>	<b>1.698.976</b>	<b>68.134.816</b>
Addition	92.459.463	670.448	302.147	93.432.058
Disposals (-)	(13.464.181)	(311.245)	(197.128)	(13.972.554)
Sold (-)	-	-	-	-
Deleted From Actual (-)	-	-	(19.016)	(19.016)
Transfer to Stage 1	595.057	(595.057)	-	-
Transfer to Stage 2	(591.586)	603.326	(11.740)	-
Transfer to Stage 3	(44.615)	(57.887)	102.502	-
<b>Balance at the Closing of the Period</b>	<b>143.092.370</b>	<b>2.607.193</b>	<b>1.875.741</b>	<b>147.575.304</b>

<sup>ç)</sup> Includes TRY 21.014.484 in the first stage and TRY 220.840 in the second stage.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 6. Information related to loans (Continued)

##### m) Information on liquidating policy of uncollectible loans and other receivables

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

##### n) Explanations on write-off policy

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

#### 7. Financial assets at amortized cost

##### a) Information on government debt securities measured at amortized cost

	Current Period 31.12.2023	Prior Period 31.12.2022
Debt Securities	21.830.293	5.323.943
Quoted in Stock Exchange	-	-
Not Quoted in Stock Exchange	21.830.293	5.323.943
Provision of Impairment (-)	-	-
<b>Total</b>	<b>21.830.293</b>	<b>5.323.943</b>

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

None (31 December 2022: None).

##### c) Information on government debt securities measured at amortized cost

As of 31 December 2023, the Group's government debt securities measured at amortized cost is TRY 21.830.293 (31 December 2022: TRY 5.323.943).

	Current Period 31.12.2023	Prior Period 31.12.2022
Balances at Beginning of Period	5.323.943	1.327.957
Foreign Currency Differences on Monetary Assets	1.862.347	264.482
Purchases during the Period <sup>(*)</sup>	14.644.003	3.731.504
Disposals through Sales/Redemptions	-	-
Provision of Impairment (-)	-	-
<b>Balances at End of Period</b>	<b>21.830.293</b>	<b>5.323.943</b>

<sup>(\*)</sup> Rediscounts are shown in "Purchases during the Period" line.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

As of 31 December 2023, the Group's assets held for sale are TRY 427.229 (31 December 2022: TRY 274.644).

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
<b>Beginning Balance (Net)</b>	274.644	307.881
Changes During the Period (Net)	152.585	(33.237)
Amount of depreciation	-	-
Provision for Impairment	-	-
<b>Period End Balance (Net) <sup>(*)</sup></b>	<b>427.229</b>	<b>274.644</b>

<sup>(\*)</sup> The Group has fiduciary rights over TRY 197.860 (31 December 2022: TRY 211.940) of assets held for sale.

As of 31 December 2023, the Bank has no discontinued operations (31 December 2022: None)

##### 9. Equity Investments

###### a) Information on investments in associates (net)

###### a.1) Information on non-consolidated associates:

On 30 April 2023, the Bank became a shareholder in Katılım Finans Kefalet A.Ş. with a capital contribution of TRY 22.500, aiming to establish a guarantee system in accordance with the principles and rules of Participation Banking. The total capital of the company is TRY 600.000, and the Bank's total participation amount is TRY 90.000, representing a 15% share. The remaining portion of TRY 67.500 will be paid within the next 2 years. The Bank has a board member representing its shares in the company (As of 31 December 2022: None).

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

###### a.2) Information about consolidated associates:

The Bank does not have any consolidated associates as of the balance sheet date (31 December 2022: None).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 9. Equity Investments (Continued)

##### 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 50 TRY 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 - Risk share percentage	
		if different voting percentage (%)	of other shareholders (%)
1 Ziraat Katılım Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100
2 ZKB Varlık Kiralama A.Ş.	İstanbul/TÜRKİYE	100	100

	Total Assets	Shareholders Equity	Total Fixed Assets	Dividend or profit share income	Income from marketable securities	Current Period Income/Loss	Prior Period Income/Loss	Fair Value	Needed Shareholders Equity
1 <sup>(*)</sup>	19.979.495	529	-	1.442.455	-	131	55	-	-
2 <sup>(*)</sup>	263.035	409	-	1.017	-	292	30	-	-

<sup>(\*)</sup> Independently audited financial statements of 31 December 2023 are used.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 9. Equity Investments (Continued)

##### b) Information on subsidiaries (net) (Continued)

##### b.1) Information on unconsolidated subsidiaries (Continued)

	Current Period 31 December 2023	Prior Period 31 December 2022
<b>Balance at the beginning of the year</b>	<b>515</b>	<b>430</b>
<b>Movements during the year</b>	<b>423</b>	<b>85</b>
Additions	-	-
Bonus Share Certificates	-	-
Shares of Current Year Profits	423	85
Transfers to available for sale financial assets	-	-
Sales	-	-
Revaluation increase	-	-
Revaluation/Impairment (-)	-	-
<b>Balance at the end of the year</b>	<b>938</b>	<b>515</b>
Capital commitments	-	-
Share percentage at the end of the year (%)	100%	100%

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

	Current Period 31.12.2023	Prior Period 31.12.2022
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 2022: None).

##### c) Information on entities under common control (joint ventures)

None (31 December 2022: None).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 10. Explanations on property and equipment

	Immovables	Right of Use Immovables	Movable	Right of Use Movable	Operational Leasing Development Costs	Other Tangibles	Total
<b>Prior Period End:</b>							
Cost	-	393.654	273.376	49.622	152.781	-	869.433
Accumulated Depreciation (-)	-	115.610	81.850	22.424	54.607	-	274.491
<b>Net Book Value</b>	-	<b>278.044</b>	<b>191.526</b>	<b>27.198</b>	<b>98.174</b>	-	<b>594.942</b>
<b>Current Period End:</b>							
Net Book Value at the Beginning of the Period	-	278.044	191.526	27.198	98.174	-	594.942
Change During the Period (Net)	-	323.326	325.119	98.275	824.037	-	1.570.757
Cost	-	411.729	397.922	125.644	941.671	-	1.876.966
Amortization (Net) (-)	-	88.403	72.803	27.369	117.634	-	306.209
Provision for Impairment (-)	-	-	-	-	-	-	-
Net Currency Translation from Foreign Subsidiaries (-)	-	-	-	-	-	-	-
Cost at Period End	-	805.383	671.298	175.266	1.094.452	-	2.746.399
Accumulated Depreciation at Period End (-)	-	204.013	154.653	49.793	172.241	-	580.700
Provisions for losses	-	-	-	-	-	-	-
<b>Closing Net Book Value</b>	-	<b>601.370</b>	<b>516.645</b>	<b>125.473</b>	<b>922.211</b>	-	<b>2.165.699</b>

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

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

##### 11. Information on intangible assets:

	Current Period 31.12.2023			Prior Period 31.12.2022		
	Book Value	Accumulated Depreciation	Net Value	Book Value	Accumulated Depreciation	Net Value
Leasehold Improvements	-	-	-	-	-	-
Establishment Costs	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-
Intangible Rights	825.160	132.526	692.634	426.161	83.707	342.454
<b>Total</b>	<b>825.160</b>	<b>132.526</b>	<b>692.634</b>	<b>426.161</b>	<b>83.707</b>	<b>342.454</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 11. Information on intangible assets: (Continued)

- In case an intangible asset that is significant for the financial statements as a whole, its book value, definition and remaining depreciation period: None.
- Information on intangible assets acquired under government incentives and recorded with fair value at initial recognition: None.
- The method in which intangible assets acquired under government incentives and recorded with fair value at initial recognition are valued after the first registration date: None.
- Book value of intangible assets with restrictions on use or pledged: None.
- Amount of commitments given for acquisition of intangible asset: None.
- Intangible assets based on revalued asset type: None.
- Total amount of research and development expenses recorded in the period, if any: None.
- Positive or negative consolidation goodwill that are originated from partnerships which their financial statements are consolidated: Not applied to the financial statements with consolidation.
- Information on goodwill: None

##### 12. Information on the investment properties:

As of 31 December 2023, the Group has no investment property (31 December 2022: None)

##### 13. Information on the current period assets related to tax:

As at 31 December 2023, the Bank's deferred tax liabilities of TRY 1.909.078 (31 December 2022: TRY 993.620) and deferred tax assets of TRY 4.387.183 (31 December 2022 TRY 1.781.640) have been offset and TRY 2.478.105 deferred tax asset (31 December 2022: TRY 788.020 deferred tax asset) is reflected in the financial statements.

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Deferred Tax Assets	4.387.183	1.781.640
Deferred Tax Liabilities	1.909.078	993.620
Net Deferred Tax Assets	2.478.105	788.020
Net Deferred Tax Income	311.824	1.287.901
	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Reserve for Employee Benefits	96.331	42.460
Short-term Employee Benefits	333.118	121.752
Financial Assets Valuation Differences	787.122	(968.522)
Other	1.261.534	1.592.330
<b>Net Deferred Tax Asset</b>	<b>2.478.105</b>	<b>788.020</b>

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

As of 31 December 2023 and 31 December 2022, the Bank's total other assets do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### II. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED LIABILITIES

#### 1. a) Information on funds collected

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

Current Period 31.12.2023	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 Participation Account	Total
I. Real persons current accounts non-trade TRY	2.490.516	-	-	-	-	-	-	-	2.490.516
II. Real persons participation accounts non-trade TRY	-	1.171.519	24.776.793	2.112.120	1.772.214	77.830	28.536.868	-	58.447.344
III. Other current accounts-TRY	14.460.808	-	-	-	-	-	-	-	14.460.808
Public sector	458.769	-	-	-	-	-	-	-	458.769
Commercial sector	9.887.567	-	-	-	-	-	-	-	9.887.567
Other institutions	564.251	-	-	-	-	-	-	-	564.251
Commercial and other institutions	5.123	-	-	-	-	-	-	-	5.123
Banks and participation banks	3.545.098	-	-	-	-	-	-	-	3.545.098
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
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 Turkey	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 Turkey	-	-	-	-	-	-	-	-	-
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 Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds	-	-	-	-	-	-	-	-	-
- FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+....+IX+X+XI) <sup>(*)</sup></b>	<b>59.452.640</b>	<b>41.303.629</b>	<b>151.958.256</b>	<b>9.795.977</b>	<b>2.240.966</b>	<b>521.325</b>	<b>39.099.481</b>	<b>-</b>	<b>304.372.274</b>

<sup>(\*)</sup> As of 31 December 2023, it includes TRY 32.845.870 of CBRT Currency Protected Participation Account and TRY 21.340.933 of Treasury Currency Protected Participation Account products.ve 3.640.392 TRY Yuvam account.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

## 1. a) Information on funds collected (Continued)

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

Prior Period 31.12.2022	Demand	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 9 Months	Up to 1 Year	1 Year and over	Accumulated Participation Account	Total
I. Real persons current accounts non-trade TRY	3.157.181	-	-	-	-	-	-	-	3.157.181
II. Real persons participation accounts non-trade TRY	-	1.109.309	20.384.240	1.164.467	780.322	1.221	5.114.040	-	28.553.599
III. Other current accounts-TRY	13.758.814	-	-	-	-	-	-	-	13.758.814
Public sector	242.590	-	-	-	-	-	-	-	242.590
Commercial sector	9.249.882	-	-	-	-	-	-	-	9.249.882
Other institutions	112.603	-	-	-	-	-	-	-	112.603
Commercial and other institutions	20.660	-	-	-	-	-	-	-	20.660
Banks and participation banks	4.133.079	-	-	-	-	-	-	-	4.133.079
Central Bank of Republic of Turkey	291	-	-	-	-	-	-	-	291
Domestic banks	690	-	-	-	-	-	-	-	690
Foreign banks	4.132.074	-	-	-	-	-	-	-	4.132.074
Participation banks	24	-	-	-	-	-	-	-	24
Others	-	-	-	-	-	-	-	-	-
IV. Participation accounts-TRY	-	20.007.109	32.682.191	5.022.993	1.449.717	65.648	748.875	-	59.976.533
Public sector	-	13.083.148	721.929	3.851.938	51.323	2.576	-	-	17.710.914
Commercial sector	-	6.875.077	29.914.497	1.138.904	1.398.141	47.325	748.071	-	40.122.015
Other institutions	-	48.884	1.391.609	32.151	253	15.747	804	-	1.489.448
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	-	-	654.156	-	-	-	-	-	654.156
V. Real persons current accounts-FC	7.899.340	-	-	-	-	-	-	-	7.899.340
VI. Real persons participation accounts non-trade FC	-	1.582.540	8.749.485	125.947	-	248.468	1.943.881	-	12.650.321
VII. Other current accounts non-trade FC	10.149.564	-	-	-	-	-	-	-	10.149.564
Commercial residents in Turkey	9.297.062	-	-	-	-	-	-	-	9.297.062
Commercial residents in Abroad	846.388	-	-	-	-	-	-	-	846.388
Banks and participation banks	6.114	-	-	-	-	-	-	-	6.114
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	1	-	-	-	-	-	-	-	1
Foreign banks	6.113	-	-	-	-	-	-	-	6.113
Participation banks	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
VIII. Participation accounts- FC	-	6.484.676	13.668.959	10.159.883	17.361	-	11.341	-	30.342.220
Public sector	-	952	203.478	-	-	-	-	-	204.430
Commercial sector	-	6.441.267	13.003.990	10.028.864	17.361	-	7.136	-	29.498.618
Other institutions	-	6.612	336.809	131.019	-	-	4.205	-	478.645
Commercial and other institutions	-	35.845	124.682	-	-	-	-	-	160.527
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	3.546.550	-	2.986.678	16.268	37.973	-	64.057	-	6.651.526
X. Participation accounts special funds - TRY	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
XI. Participation accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
<b>Total (I+II+.....+IX+X+XI) <sup>(*)</sup></b>	<b>38.511.449</b>	<b>29.183.634</b>	<b>78.471.553</b>	<b>16.489.558</b>	<b>2.285.373</b>	<b>315.337</b>	<b>7.882.194</b>	<b>-</b>	<b>173.139.098</b>

<sup>(\*)</sup> As of 31 December 2022, it includes TRY 22.216.406 of CBRT Currency Protected Participation Account and TRY 10.167.641 of Treasury Currency Protected Participation Account products.ve 1.710.983 TRY Yuvam account.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 1. a) Information on funds collected (Continued)

##### a.2) Exceeding amounts of insurance limit

#### i. Information's on current and participation accounts within the scope of Saving Deposit/Saving Deposit Insurance Fund

	Under the	Under the	Exceeding the limit	Exceeding the limit
	guarantee of saving deposit insurance	guarantee of saving deposit insurance	of saving deposit	of saving deposit
	Current Period 31.12.2023	Prior Period 31.12.2022	Current Period 31.12.2023	Prior Period 31.12.2022
Real persons current and profit sharing accounts that are not subject to commercial activities	21.915.098	12.569.522	93.404.253	44.932.868
TRY accounts	10.549.941	7.239.479	50.387.918	24.471.301
FC accounts	11.365.157	5.330.043	43.016.335	20.461.567
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

<sup>(\*)</sup> 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 3.239.462 within the scope of insurance are not included in the table. (31 December 2022: TRY 1.817.963). The portion of the said deposits exceeding the insurance limit is TRY 156.727.806 (31 December 2022: TRY 90.381.181).

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

##### Participation fund of the real persons who are not within the scope of Saving Deposits Insurance Fund

	Current Period 31.12.2023	Prior Period 31.12.2022
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	2.258	1.223
Profit sharing account and other accounts within the scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No: 5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Turkey in order to engage in off-shore banking activities solely	-	-

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 2. Information on funds borrowed

##### a) Information on banks and other financial institutions

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Borrowings from the CBRT	4.711.292	1.255.451	150.067	1.300.767
From Domestic Banks and Institutions	-	-	-	297.209
From Foreign Banks, Institutions and Funds	-	-	-	-
Other	2.316.964	6.627.306	191.652	2.584.274
<b>Total</b>	<b>7.028.256</b>	<b>7.882.757</b>	<b>341.719</b>	<b>4.182.250</b>

##### b) Information on maturity structure of borrowings

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Borrowings from the CBRT	1.206.486	-	-	-
From Domestic Banks and Institutions	5.821.770	2.332.816	341.719	2.405.748
From Foreign Banks, Institutions and Funds	-	5.549.941	-	1.776.502
<b>Total</b>	<b>7.028.256</b>	<b>7.882.757</b>	<b>341.719</b>	<b>4.182.250</b>

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

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Short-term	5.693.681	1.256.521	185.711	1.369.438
Medium and Long-term	1.334.575	6.626.236	156.008	2.812.812
<b>Total</b>	<b>7.028.256</b>	<b>7.882.757</b>	<b>341.719</b>	<b>4.182.250</b>

##### d) Concentrations of the Bank's major liabilities, funder customer, segments or other criteria which are seen risk concentrations

79.31% of the Bank's liabilities are composed of current and participation accounts. (31 December 2022: 81,16%)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 3. Information on funds obtained from market transactions

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
<b>Domestic</b>	<b>435.678</b>	<b>10.528.455</b>	<b>57.003</b>	<b>7.498.996</b>
Financial Institutions	435.678	10.528.455	57.003	7.498.996
<b>Abroad</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Institutions	-	-	-	-
<b>Total</b>	<b>435.678</b>	<b>10.528.455</b>	<b>57.003</b>	<b>7.498.996</b>

##### 4. Information on securities issued

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Bond	-	-	-	-
Asset Backed Securities	4.461.181	14.918.648	4.394.241	-
Bill	-	-	-	-
<b>Total</b>	<b>4.461.181</b>	<b>14.918.648</b>	<b>4.394.241</b>	<b>-</b>

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

None (31 December 2022: None).

##### 6. Information on derivative financial liabilities

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Forward transactions	-	-	-	-
Swap transactions	-	153.095	-	62.998
Futures transaction	-	-	-	-
Options transaction	-	-	-	-
Other	-	-	-	-
<b>Total</b>	<b>-</b>	<b>153.095</b>	<b>-</b>	<b>62.998</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

	Current Period 31.12.2023		Prior Period 31.12.2022	
	Gross	Net	Gross	Net
Less than 1 year	17.264	16.604	43.715	24.347
Between 1-5 years	152.835	118.660	130.103	100.305
More than 5 years	1.210.600	650.595	422.202	211.294
<b>Total</b>	<b>1.380.699</b>	<b>785.859</b>	<b>596.020</b>	<b>335.946</b>

##### 8. Information on provisions

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

As of 31 December 2023, there is no foreign exchange loss provisions on foreign currency indexed loans and financial lease receivables (31 December 2022: None).

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

The expected credit loss provision for non-compensated and non-cash loans is TRY 23.032 (31 December 2022: TRY 23.278).

###### c) Information on other provisions

###### c.1) Information on free provisions for possible risks

As at 31 December 2023 include a free provision amounting to TRY 500.000 thousand which consist of TRY 1.004.000 thousand provided in prior periods, TRY 96.000 thousand recognized in the current year and TRY 600.000 thousand reversed in the current year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation. (31 December 2022: Except for the BRSA Accounting and Financial Reporting Legislation requirements, a total of TRY 1.004.000 has been set aside by the bank management, of which TRY 20.000 has been reserved in prior periods and TRY 984.000 has been reserved in the current year).

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

As of 31 December 2023 TRY 1.548.811 (31 December 2022: TRY 701.266) of other provisions was allocated from the profits to be distributed to participation accounts, TRY 4.248 (31 December 2022: TRY 632) of the provisions for foreign currency purchases and sales transactions, TRY 2.180 (31 December 2022: TRY 213) consists of the provision for promotional practices regarding credit cards and banking services.

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

A provision of TRY 89.976 has been set aside in the financial statements for lawsuits that have not yet been finalized against the bank (31 December 2022 TRY 86.915).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 8. Information on provisions (Continued)

##### d) Information on provisions for employee benefits

##### d.1) Employment termination benefits and unused vacation rights

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service, excluding resignation or misconduct, whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire. As of 31 December 2023, leave provision amounting to TRY 44.385 (31 December 2022: 28.175 TRY) and severance pay provision of TRY 202.704 were recorded in the Employee Rights Provision account in the financial statements (31 December 2022: 125.764 TRY).

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.

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Discount Rate (%)	24,60%	9,20%
Inflation (%)	22,16%	8,66%

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

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Balance at the 1 January	125.764	26.259
Total Provisions During the Period	46.941	266.967
Paid During the Period	(3.549)	(834)
Actuarial loss/(gain)	33.548	(166.628)
<b>Balance at the end of the period</b>	<b>202.704</b>	<b>125.764</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### d) Information on provisions for employee benefits (Continued)

##### d.2) Retirement Benefits

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

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

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

The Bank has a total of 164 TRY provision in the current period, based on the additional bonus to be paid to the personnel (31 December 2022: TRY 500).

#### 9. Explanations on tax liability

##### a) Information on tax provisions

As of 31 December 2023, the Bank's remaining corporate tax debt after deducting the provisional taxes paid during the period from the tax provisions is 536.382 TRY. (As of 31 December 2022, the remaining corporate tax debt after deducting the provisional taxes paid during the period from the tax provisions is 1.338.031 TRY).

##### b) Information on taxes payable

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Corporate Tax Payable	536.382	1.338.031
Taxation on Income From Securities	142.164	46.059
Property Tax	1.818	876
Banking Insurance Transactions Tax (BITT)	102.122	51.030
Foreign Exchange Transactions Tax	3.662	6.512
Value Added Tax Payable	48.906	15.992
Other	27.199	26.404
<b>Total</b>	<b>862.253</b>	<b>1.484.904</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 9. Explanations on tax liability (Continued)

##### c) Information on premiums:

	Current Period 31.12.2023	Prior Period 31.12.2022
Social Security Premiums - Employee	529	20
Social Security Premiums - Employer	734	-
Bank Social Aid Pension Fund Premium - Employee	-	-
Bank Social Aid Pension Fund Premium - Employer	-	-
Pension Fund Membership Fees and Provisions - Employee	-	-
Pension Fund Membership Fees and Provisions - Employer	-	-
Unemployment Insurance - Employee	1.153	764
Unemployment Insurance - Employer	2.299	1.526
Other	-	-
<b>Total</b>	<b>4.715</b>	<b>2.310</b>

##### 10. Information on deferred tax liabilities

The Bank has no deferred tax liability as of the balance sheet date (31 December 2022: None)

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

The Bank does not have any payables for assets held for sale and discontinued operations (31 December 2022: None).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 12. Explanations on subordinated debts

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
From Domestic Banks	1.341.987	-	1.341.748	-
Domestic Other Organizations	-	4.451.686	-	2.597.654
From Foreign Banks	-	-	-	-
Overseas Other Organizations	-	-	-	-
<b>Total</b>	<b>1.341.987</b>	<b>4.451.686</b>	<b>1.341.748</b>	<b>2.597.654</b>

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Debt instruments to be included in the additional capital calculation:				
Subordinated Loans <sup>(*)</sup>	-	4.451.686	-	2.597.654
Equity-like Debt Instruments	-	-	-	-
Debt instruments to be included in Contribution Capital Calculation:				
Subordinated Loans <sup>(*)</sup>	1.341.987	-	1.341.748	-
Equity-like Debt Instruments	-	-	-	-
<b>Total</b>	<b>1.341.987</b>	<b>4.451.686</b>	<b>1.341.748</b>	<b>2.597.654</b>

<sup>(\*)</sup> The Bank received an amount of EUR 100.000 from the Turkey Wealth Fund Market Stability and Balance Sub-Fund on 24 April 2019, with the approval of the BRSA dated 22 April 2019; With the approval of BRSA dated 9 March 2022, a subordinated loan was provided within the scope of additional core capital in the amount of EUR 57.039 on 9 March 2022, with no demand or dividends. The Bank has calculated the fair value of the loan in accordance with TFRS 9 and TFRS 13 using the prices of similar financial instruments on the balance sheet date and reflected them to the financial statements

#### 13. If the other liabilities of the balance exceed 10% of the balance sheet total the names and amount 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

## EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### 14. Information on shareholders’ equity

##### a) Presentation on paid in capital

	Current Period	Prior Period
Common stock	10.350.000	2.650.000
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. (31 December 2022: None)

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

During the Ordinary General Assembly Meeting held on 31 March 2023, the Bank’s paid-in capital was approved to be increased by TRY 4.700.000 in cash for the year 2023. The capital increase and the related amendment to the Articles of Association were registered on 1 April 2023, and announced in the Trade Registry Gazette with the issue number 10803 on 3 April 2023.

During the Second Ordinary General Assembly Meeting held on 6 December 2023, the Bank’s paid-in capital was approved to be increased by TRY 3.000.000 in cash for the year 2023. The capital increase and the related amendment to the Articles of Association were registered on 7 December 2023, and announced in the Trade Registry Gazette with the issue number 10974 on 7 December 2023.

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

None.

##### f) 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.

##### g) Indicators of the Bank’s income, profitability and liquidity for the previous 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 2022: None).

##### h) Summary information on privileges given to shares representing the capital

As of 31 December 2023, the Bank has no preferred shares (31 December 2022: None).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

### EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED FINANCIAL STATEMENTS

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

##### 14. Information on shareholders' equity (Continued)

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

	Current Period 31.12.2023		Prior Period 31.12.2022	
	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	(761.298)	(31.758)	2.540.848	(117.971)
Revaluation Difference	(1.331.619)	(31.758)	3.348.782	(117.971)
Deferred Tax Effect	570.321	-	(807.934)	-
Foreign Exchange Difference	-	-	-	-
<b>Total</b>	<b>(761.298)</b>	<b>(31.758)</b>	<b>2.540.848</b>	<b>(117.971)</b>

##### j) Profit reserves and profit distribution

Legal reserves are divided into first and second reserves in the Turkish Commercial Code ("TCC"). Primary legal reserves are separated from profit at the rate of 5% until the total reserves reach 20% of the paid-in capital. Secondary legal reserves are set aside at the rate of 10% over cash profit distributions exceeding 5% of the paid-in capital

At the Bank's Ordinary General Assembly meeting held on 3 August 2023, it was decided to distribute the profit for 2022 as follows:

##### Profit distribution table for 2022:

	<b>3.840.272</b>
<b>Profit for the year 2022</b>	
A - 1 <sup>st</sup> Tier general legal reserves (TTK 519/A) 5%	192.013
B - First dividend to shareholders	-
C - Extraordinary reserves	3.648.259
D - Special funds	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 1. Information on off-balance sheet liabilities

##### a) Nature and amount of irrevocable loan commitments

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Forward Asset Value Trading Commitments	1.798.821	720.578
Guaranteed Loan Allocation Commitments	-	-
Payment Commitments for Cheques	1.708.702	748.093
Tax and Fund Liabilities from Export Commitments	296.293	95.161
Commitments for Credit Card Expenditure Limits	2.342.967	544.655
Other Irrevocable Commitments	1.304.223	721.459
Commitment to Implementation of Promotions for Credit Card and Banking Services	2.276	458
<b>Total</b>	<b>7.453.282</b>	<b>2.830.404</b>

##### 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 534.833 (31 December 2022: TRY 218.066)

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

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Guarantee Letters	69.092.049	37.944.687
Bank Acceptances	414.759	74.133
Letter of Credits	7.928.282	5.650.939
Other Contingencies	895.443	1.521.723
<b>Total</b>	<b>78.330.533</b>	<b>45.191.482</b>

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

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Letters of Temporary Guarantees	2.285.988	2.854.152
Letters of Certain Guarantees	41.486.780	19.331.234
Letters of Advance Guarantees	8.893.988	4.777.857
Letters of Guarantees given to Customs Offices	794.150	429.313
Other Letters of Guarantees	15.631.143	10.552.131
<b>Total</b>	<b>69.092.049</b>	<b>37.944.687</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued)

#### 1. Information on off-balance sheet liabilities (Continued)

##### b.3) Total non-cash loans

	Current Period 31.12.2023	Prior Period 31.12.2022
<b>Non-Cash Loans for Providing Cash Loans</b>	<b>15.625.859</b>	<b>10.548.853</b>
With Original Maturity of One Year or Less	1.572.826	500.931
With Original Maturity of More than One Year	14.053.033	10.047.922
<b>Other Non-Cash Loans</b>	<b>62.704.674</b>	<b>34.642.629</b>
<b>Total</b>	<b>78.330.533</b>	<b>45.191.482</b>

##### c) Information on sectoral risk concentrations of non-cash loans:

	Current Period 31.12.2023				Prior Period 31.12.2022			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	376.582	1	24.037	-	286.958	1	50.947	-
Farming and Raising Livestock	293.577	1	24.037	-	161.125	1	12.555	-
Forestry	70.970	-	-	-	89.628	1	-	-
Fishing	12.035	-	-	-	36.205	-	38.392	-
Manufacturing	11.422.927	30	25.075.793	63	6.250.652	29	15.609.408	66
Mining and Quarrying	178.717	-	528.968	1	90.693	-	25.360	-
Production	9.984.970	26	24.209.408	61	5.636.602	26	15.487.165	66
Electric, Gas and Water	1.259.240	3	337.417	1	523.357	2	96.883	-
Construction	16.449.392	43	7.076.223	18	8.770.686	41	3.470.933	15
Services	10.089.266	26	7.420.871	18	6.261.084	29	4.207.615	18
Wholesale and Retail Trade	7.079.837	18	3.146.391	8	4.210.695	20	1.801.731	8
Hotel, Food and Beverage Services	313.751	1	280.074	-	599.821	3	162.223	1
Transportation and Telecommunication	743.429	2	1.590.958	4	382.725	2	498.498	2
Financial Institutions	122.219	-	1.172.953	3	121.033	1	1.174.092	5
Real Estate and Leasing Services	1.394.445	4	1.081.553	3	751.447	3	412.663	2
Self-employment Services	264.776	1	120.817	-	116.786	1	117.934	1
Education Services	46.871	-	28.125	-	4.658	-	22.910	-
Health and Social Services	123.938	-	-	-	73.919	-	17.564	-
Other	5.238	-	390.204	1	338	-	282.861	1
<b>Total</b>	<b>38.343.405</b>	<b>100</b>	<b>39.987.128</b>	<b>100</b>	<b>21.569.718</b>	<b>100</b>	<b>23.621.764</b>	<b>100</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### III. EXPLANATIONS AND NOTES RELATED TO THE CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued)

#### 1. Information on off-balance sheet liabilities (Continued)

##### d) Information on non-cash loans classified in groups I and II:

	Group I		Group II	
	TRY	FC	TRY	FC
<b>Non-cash Loans</b>	<b>38.165.375</b>	<b>38.232.679</b>	<b>178.030</b>	<b>1.754.449</b>
Letters of Guarantee	38.146.235	29.013.335	178.030	1.754.449
Aval and Acceptance Loans	-	414.759	-	-
Letters of credit	-	7.928.282	-	-
Turnover	-	-	-	-
Our Guarantees for Purchase in Securities Issue	-	-	-	-
From Factoring Guarantees	-	-	-	-
Other Guarantees and Sureties	19.140	876.303	-	-

#### 2. Explanations on derivative transactions:

	Current Period 31.12.2023	Prior Period 31.12.2022
<b>Types of Trading Transactions</b>		
<b>Foreign Currency Related Derivative Transactions: (I)</b>	14.939.086	15.745.097
Forward Foreign Exchange Transactions	94.674	-
Swap Money Exchange Transactions	14.844.412	15.745.097
Futures Money Transactions	-	-
Money Trading Options	-	-
<b>Other Trading Derivative Transactions: (II)</b>	-	-
<b>A. Total Trading Derivative Transactions (I+II)</b>	<b>14.939.086</b>	<b>15.745.097</b>
<b>Types of Hedging Derivative Transactions</b>		
Fair Value Hedges	-	-
Cash Flow Hedges	-	-
Foreign Currency Investment Hedges	-	-
<b>B. Derivative Transactions for Total Hedging Purposes</b>	-	-
<b>Total Derivative Transactions (A + B)</b>	<b>14.939.086</b>	<b>15.745.097</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

## III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued)

The Bank has no derivative instruments for hedging purposes. There are no unrealized transactions, those are estimated in the prior period and recognized based on this assumption however; it is clear that those transactions would not be realized, or expense and income from agreements in the income statement in the current period..

<b>Current Period 31.12.2023</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<b>Derivatives held for trading</b>						
Foreign exchange derivatives:	(796)	(129.592)	5.098	-	-	(125.290)
- Inflow	976.530	6.388.495	41.873	-	-	7.406.898
- Outflow	(977.326)	(6.518.087)	(36.775)	-	-	(7.532.188)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	976.530	6.388.495	41.873	-	-	7.406.898
<b>Total Outflow</b>	(977.326)	(6.518.087)	(36.775)	-	-	(7.532.188)
<b>Prior Period 31.12.2022</b>						
<b>Derivatives held for trading</b>						
Foreign exchange derivatives:	18.051	(58.250)	-	-	-	(40.199)
- Inflow	4.917.554	2.934.895	-	-	-	7.852.449
- Outflow	(4.899.503)	(2.993.145)	-	-	-	(7.892.648)
<b>Derivatives held for hedging</b>						
Foreign exchange derivatives:	-	-	-	-	-	-
- Inflow	-	-	-	-	-	-
- Outflow	-	-	-	-	-	-
<b>Total Inflow</b>	4.917.554	2.934.895	-	-	-	7.852.449
<b>Total Outflow</b>	(4.899.503)	(2.993.145)	-	-	-	(7.892.648)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### III. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED OFF-BALANCE SHEET ACCOUNTS (Continued)

#### 3. Explanations on contingent assets and liabilities:

Provision is allocated for transactions with complete and accurate data that may have an effect on the financial structure of the Bank and otherwise, provision is provided based on the estimations.

Payment obligation of the Parent Bank due to checks given to its customers is TRY 1.708.702 (31 December 2022: TRY 748.093).

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

#### 4. Explanations on services in the name of others::

The Bank provides safe deposit box services on behalf of real and legal persons. The Bank does not provide consultancy and management services..

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

#### 1. a) Information on profit share received from loans

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
<b>Profit share on loans <sup>(*)</sup></b>	<b>20.568.191</b>	<b>5.599.861</b>	<b>11.844.448</b>	<b>2.008.285</b>
Short term loans	12.677.077	3.437.665	6.042.992	750.115
Medium and long term loans	7.834.010	2.162.196	5.734.297	1.258.170
Profit share on non-performing loans	57.104	-	67.159	-
Premiums received from resource utilization support fund	-	-	-	-

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

#### b) Information on profit share received from banks

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Central Bank of the Republic of Turkey	-	-	-	-
Domestic Banks	424.880	68.213	123.554	51.809
Foreign Banks	-	640	-	2.042
Head Office and Branches	-	-	-	-
<b>Total</b>	<b>424.880</b>	<b>68.853</b>	<b>123.554</b>	<b>53.851</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### c) Information on profit share income from securities portfolio

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Financial Assets at Fair Value through Profit and Loss	-	71.248	-	43.356
Financial Assets at Fair Value through Other Comprehensive Income	5.440.368	218.670	4.385.549	172.392
Investments Held-to-Maturity Financial Assets Measured by Amortized Cost	1.445.798	400.601	82.317	164.855
<b>Total</b>	<b>6.886.166</b>	<b>690.519</b>	<b>4.467.866</b>	<b>380.603</b>

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

None (31 December 2022: None).

##### 2. a) Information on profit share expense or borrowing

	Current Period 31.12.2023		Prior Period 31.12.2022	
	TRY	FC	TRY	FC
Banks	706.719	368.762	297.399	65.882
Central Bank of the Republic of Turkey	5.325	-	272	-
Domestic Banks	701.394	177.704	297.127	41.723
Foreign Banks	-	191.058	-	24.159
Head Office and Branches	-	-	-	-
Other Institutions	-	429.188	-	176.645
<b>Total</b>	<b>706.719</b>	<b>797.950</b>	<b>297.399</b>	<b>242.527</b>

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

None (31 December 2022: None)

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

Profit share expenses given to securities issued are TRY 1.442.455 (31 December 2022: TRY 851.132).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

Current Period 31.12.2023	Participation Accounts					Total
	1 Month	3 Months	6 Months	1 Year	Over 1 Year	
Turkish Lira						
Funds Collected from Banks via Current and Participation Accounts	6.455	518.374	2.166	-	-	526.995
Real Person's Non Commercial Participation Accounts	182.139	4.609.590	452.638	350.990	2.340.982	7.936.339
Public Sector Participation Accounts	2.338.721	1.503.411	205.321	2.379	372	4.050.204
Commercial Sector Participation Accounts	1.991.000	15.656.463	1.074.611	315.879	612.538	19.650.491
Other Institutions Participation Accounts	18.725	644.089	14.114	12.008	5.420	694.356
<b>Total</b>	<b>4.537.040</b>	<b>22.931.927</b>	<b>1.748.850</b>	<b>681.256</b>	<b>2.959.312</b>	<b>32.858.385</b>
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	170	2.832	-	-	-	3.002
Real Person's Non Commercial Participation Accounts	20.559	383.961	4.685	3.618	39.339	452.162
Public Sector Participation Accounts	7	18	-	-	-	25
Commercial Sector Participation Accounts	1.258	95.064	86.633	5	22	182.982
Other Institutions Participation Accounts	231.726	1.064.700	121.278	296	133	1.418.133
Public Sector Participation Accounts	13.651	-	-	-	-	13.651
<b>Total</b>	<b>267.371</b>	<b>1.546.575</b>	<b>212.596</b>	<b>3.919</b>	<b>39.494</b>	<b>2.069.955</b>
<b>Grand Total</b>	<b>4.804.411</b>	<b>24.478.502</b>	<b>1.961.446</b>	<b>685.175</b>	<b>2.998.806</b>	<b>34.928.340</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

Prior Period 31.12.2022	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	-	102.170	-	-	-	102.170
Real Person's Non Commercial Participation Accounts	130.106	1.906.995	107.199	74.085	338.138	2.556.523
Public Sector Participation Accounts	839.705	270.887	318.589	11.540	-	1.440.721
Commercial Sector Participation Accounts	641.812	3.372.261	736.605	206.221	68.427	5.025.326
Other Institutions Participation Accounts	6.608	289.957	22.566	1.365	590	321.086
<b>Total</b>	<b>1.618.231</b>	<b>5.942.270</b>	<b>1.184.959</b>	<b>293.211</b>	<b>407.155</b>	<b>9.445.826</b>
Foreign Currency						
Funds Collected from Banks via Current and Participation Accounts	149	13.155	-	471	-	13.775
Real Person's Non Commercial Participation Accounts	17.671	220.876	13.153	5.609	42.016	299.325
Public Sector Participation Accounts	8	18	-	-	-	26
Commercial Sector Participation Accounts	1.837	209.361	111.595	3.222	736	326.751
Other Institutions Participation Accounts	70.550	296.704	114.167	259	27.098	508.778
Public Sector Participation Accounts	10.020	-	-	-	-	10.020
<b>Total</b>	<b>100.235</b>	<b>740.114</b>	<b>238.915</b>	<b>9.561</b>	<b>69.850</b>	<b>1.158.675</b>
<b>Grand Total</b>	<b>1.718.466</b>	<b>6.682.384</b>	<b>1.423.874</b>	<b>302.772</b>	<b>477.005</b>	<b>10.604.501</b>

### 3. Information on dividend income

The Bank's dividend income as of 31 December 2023 is TRY 714 (31 December 2022: TRY 774).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 4. a. Information on trading income/loss (net)

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
<b>Income</b>	<b>10.125.896</b>	<b>4.931.258</b>
Foreign exchange gains	6.530	915.790
Gain on derivative financial instruments	790.478	172.142
Gain on capital market transactions	9.328.888	3.843.326
<b>Losses (-)</b>	<b>7.967.350</b>	<b>3.716.567</b>
Foreign exchange losses	23.223	6.199
Losses on derivative financial instruments	87.001	27.163
Losses on capital market transactions	7.857.126	3.683.205
<b>Net</b>	<b>2.158.546</b>	<b>1.214.691</b>

#### b. Information on Profit/Loss on Derivative Financial Operations

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Effect of the change in exchange rates on profit/loss	703.477	144.979
<b>Total</b>	<b>703.477</b>	<b>144.979</b>

#### 5. Information on other operating income

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

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Correction Account for Previous Years Expenses <sup>(*)</sup>	2.066.827	787.951
Income from the Sale of the Asset	22.665	73.218
Provision for Communication Expenses	10.614	6.929
Checkbook Fees	1.268	734
Other	12.480	7.422
<b>Total</b>	<b>2.113.854</b>	<b>876.254</b>

<sup>(\*)</sup> 1.127.776 TL of the adjustment account for previous year expenses consists of loan provision cancellations (31 December 2022: 485.197 TL), 600.000 TL from free provision cancellations (31 December 2022: None), 294.049 TL from participation account provision cancellations (31 December 2022: 278.795 TL) and 3 TL consists of securities impairment provision cancellations (31 December 2022: 21.610 TL).

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### 6. Provision expenses for impairment on loans and other receivables

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Expected Credit Loss	3.136.003	1.869.894
12 month expected credit loss (Stage 1)	1.413.476	821.530
Significant increase in credit risk (Stage 2)	904.072	471.526
Non-performing loans (Stage 3)	818.455	576.838
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value through Profit or Loss	-	-
Available-for-sale Financial Assets Fair Value Through Other Comprehensive Income	-	-
Subsidiaries, Associates and Entities Under Common Control Impairment Provision	-	-
Associates	-	-
Subsidiaries	-	-
Entities Under Common Control (Joint Ventures)	-	-
Other	182.212	1.061.736
<b>Total</b>	<b>3.318.215</b>	<b>2.931.630</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

#### 7. Information on other operating expenses

	Current Period 31.12.2023	Prior Period 31.12.2022
Reserve for Employee Termination Benefits	43.392	12.752
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Tangible Assets	-	-
Depreciation Expenses of Tangible Fixed Assets	326.634	103.533
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expense	-	-
Amortization Expenses of Intangible Assets	49.850	27.132
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	828.703	487.643
Leasing Expenses Related to TFRS 16 Exceptions	3.050	1.410
Maintenance Expenses	139.971	56.850
Advertisement Expenses	185.162	82.905
Other Expenses	500.520	346.478
Loss on Sales of Assets	546	286
Other <sup>(*)</sup>	1.562.560	255.042
<b>Total</b>	<b>2.811.685</b>	<b>886.388</b>

<sup>(\*)</sup> Of the balance constituting the other item, TRY 326.663 (31 December 2022: TRY 86.533) consists of SDIF premium and audit and consultancy service expenses, and TRY 177.752 (31 December 2022: TRY 88.093) consists of taxes, fees, funds and other service expenses, and the portion of TRY 1.000.000 is related to the donation payment made to AFAD (Disaster and Emergency Management Authority) in February due to the earthquake disaster in Kahramanmaraş and surrounding provinces.

#### 8. Fees for Services Received from Independent Auditor/Independent Audit Firm

In accordance with the decision of the POA dated 26 March 2021, the fee information for the reporting period regarding the services received from the independent auditor or independent audit firm is given in the table below over VAT excluded amounts.

	Current Period 31.12.2023	Prior Period 31.12.2022
Independent audit fee for the reporting period	7.753	1.811
Fees for tax advisory services	-	-
Fee for other assurance services	437	269
Fees for services other than independent auditing	-	-
<b>Total <sup>(*)</sup></b>	<b>8.190</b>	<b>2.080</b>

<sup>(\*)</sup> Relevant amounts are presented on a consolidated basis, including the Bank's subsidiaries.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

As of 31 December 2023, the Bank does not have any discontinuing operations. The compositions of the profit/loss before tax from the continuing operations are following:

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Net Profit Share Income	5.428.985	7.742.487
Net Fees and Commissions Income	2.931.888	245.945
Dividend Income	714	774
Trading Income/Expense (Net)	2.158.546	1.214.691
Other Operating Income	2.113.854	876.254
Expected Loss Provision (-)	3.136.003	1.869.894
Other Provision Expense	182.212	1.061.736
Personnel Expense	2.086.880	798.367
Other Operating Expenses (-)	2.811.685	886.388
<b>Income/(Loss) from Continuing Operations</b>	<b>4.417.207</b>	<b>5.463.766</b>

##### 10. Information on tax provision for continued and discontinued operations

As of 31 December 2023, the Bank's tax provision expense amounting to TRY 412.710 (31 December 2022: TRY 1.623.494) amounting to TRY 724.534 (31 December 2022: TRY 2.911.395) is from current tax expense, TRY 311.824 (31 December 2022: TRY 1.287.901 expense) amount of it consists of deferred tax expense.

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

The Bank's net profit from continuing operations is TRY 4.004.497 (31 December 2022: TRY 3.840.272 net income).

##### 12. 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.

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

None. (31 December 2022: None).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

### V. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED THE CHANGES IN SHAREHOLDERS EQUITY

#### a) Explanations on Profit Distribution:

In accordance with the profit distribution decision taken at the Ordinary General Assembly meeting of the Parent Bank for the year 2022 held on 3 August 2023, 5% of the balance sheet profit of TRY 3.840.272 for 2022 will be set aside as general legal reserves of TRY 192.013, and the remaining TRY 3.648.258 after the distributions will be left within the Bank.

No decision has been taken regarding the distribution of the Bank’s profits in 2022 as of the date of preparation of these consolidated financial statements.

#### b) Explanations on Financial Assets at Fair Value through Other Comprehensive Income:

Information on financial assets at fair value through other comprehensive income is presented in the fifth section, footnote 1.4-b.

#### c) Profit Reserves:

As of the balance sheet date, profit reserves amounted to TRY 6.138.132 (31 December 2022: TRY 2.297.869), legal reserves amounted to TRY 312.264 (31 December 2022: TRY 120.251) extraordinary reserves amounted to TRY 5.779.801 (31 December 2022: TRY 2.131.542), and other profit reserves amounted to TRY 46.067 (31 December 2022: TRY 46.067).

#### d) Explanations on Previous Period Profit/Loss:

As of 31 December 2023, the Group has no prior period profit or loss. (31 December 2022: None)

## VI. EXPLANATIONS AND NOTES RELATED TO CONSOLIDATED CASH FLOW STATEMENTS

### 1. Explanations on the “Other” items and “The Effect Of The Change in Foreign Currency on Cash and Cash Equivalent” item in the Cash Flow Statement:

TRY 6.061.687 (31 December 2022: TRY 7.465.717) of the TRY 37.366.067 (31 December 2022: TRY 17.118.441) amount related to the operating profit before the change in the assets and liabilities of the banking activity, mainly from loans and profit share income from securities and financial leases, TRY 33.085.831 (31 December 2022: TRY 9.244.138) mostly from deposits and profit share given to loans used. consists of expenses. Other earnings mainly include net fee and commission income and commercial profit and loss income.

The effect of the change in the exchange rate on cash and cash equivalents has been determined as TRY 1.250.021 as of 31 December 2023 (31 December 2022: TRY 367.400).

Cash and cash equivalents are defined as cash and cash equivalents, such as cash, effective deposits, free accounts of the Central Bank of the Republic of Turkey, money in transit, purchased bank checks, money market transactions and time deposits with an original maturity of up to 3 months.

#### Period opening and end cash and cash equivalents balance

	<b>Current Period 31.12.2023</b>	<b>Prior Period 31.12.2022</b>
Cash in TRY and in Foreign Currency	1.156.493	1.150.876
Central Bank of the Republic of Turkey and Other Banks	40.405.930	20.003.515
Money Market Operations	-	-
<b>Total Cash and Cash Equivalents</b>	<b>41.562.423</b>	<b>21.154.391</b>

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

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

##### Current Period

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

##### Prior Period

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and other receivables</b>	-	-	-	-	-	-
Balance at beginning of period	-	-	1.646	-	-	-
Balance at end of period	-	-	2.374	-	-	-
<b>Profit share and commission income</b>	-	-	-	-	-	-

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

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

##### c) Information on loans taken from the risk group of the Bank

Risk group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct and indirect shareholders of the bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Credits Received</b>						
Balance at the beginning of period	-	-	284.791	484.397	-	-
Balance at the end of period	-	-	112.751	284.791	-	-
<b>Dividend Expenses Paid</b>	<b>1.442.455</b>	<b>851.132</b>	<b>72.040</b>	<b>21.214</b>	-	-

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

Risk Group of the Bank	Subsidiaries, Associates and Entities Under Common Control (Joint Ventures)		Direct or Indirect Shareholders of the Bank		Other Real and Legal Persons in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
The Fair Value Differences Through Profit and Loss	-	-	-	-	-	-
Opening Balance	-	-	5.928.040	1.708.791	-	-
Closing Balance	-	-	14.844.411	5.928.040	-	-
<b>Total Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Risk Protection Oriented Processes	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
<b>Total Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### 3) Information on the fees paid to the top management of the bank

The total amount of benefits provided to the Bank's Senior Management is TRY 29.269 (31 December 2022: TRY 12.688).

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

None.

## FINANCIAL INFORMATION AND RISK MANAGEMENT

Ziraat Katılım Bankası A.Ş.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023

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

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

#### IX. EXPLANATIONS REGARDING THE BANK’S DOMESTIC, FOREIGN, OFFSHORE BRANCHES, OR ASSOCIATES AND REPRESENTATIVES ABROAD

##### 1. Information on the Bank’s Domestic and International Branches and Representatives

	Number	Number of Employees		Total Assets	Legal Capital
<b>Domestic Branch</b> <sup>(*)</sup>	189	2.430			
			<b>Country of Location</b>		
<b>Foreign Representatives</b>	-	-	-		
<b>Foreign Branch</b> <sup>(**)</sup>	1	-	Sudan	1.129.408	6.479
	1	5	Somalia	809.458	1.704
<b>Branches in the Offshore Banking Region</b>	-	-	-	-	-

<sup>(\*)</sup> The number of head office branch personnel is included in the number of domestic branch employees.

<sup>(\*\*)</sup> Local personnel working in overseas units are excluded.

##### 2. Explanations Regarding the Bank’s Opening or Closing of Branches or Representative Offices Domestically and Abroad, and Significant Changes in its Organization:

In 2023, 34 new branches were opened domestically, and 1 new branch was opened abroad.

### SECTION SIX

#### OTHER EXPLANATIONS AND NOTES

##### I. INFORMATION ON THE GROUP’S RATING THAT HAS BEEN DETERMINED BY INTERNATIONAL RATING AGENCIES

<b>Fitch Ratings: 22 September 2023</b>	<b>Not</b>
Foreign Currency Long Term Credit Rating	B-
Foreign Currency Short Term Credit Rating	B
Local Currency Long Term Credit Rating	B
Local Currency Short Term Credit Rating	B
National Long Term Credit Rating	AA (tur)
Support Rating	b-

##### II. OTHER EXPLANATIONS ON THE GROUP’S OPERATIONS

None.

### SECTION SEVEN

#### EXPLANATIONS ON INDEPENDENT AUDIT REPORT

##### I. MATTERS TO BE EXPLAINED ON THE INDEPENDENT AUDITOR’S REPORT

The consolidated financial statements prepared as of 31 December 2023 and for the fiscal period ending on the same date have been audited by PwC Bağımsız Denetim ve SMMM A.Ş. and presented preceding the consolidated financial statements of independent auditors’ report dated 15 February 2024.

##### II. EXPLANATIONS AND NOTES PREPARED BY THE INDEPENDENT AUDITORS

None.

# DIRECTORY

## ZİRAAT PARTICIPATION HEAD OFFICE

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Supplementary Service Building	+90 216 559 20 58	Girne Mahallesi, Narlıdere Caddesi, No: 55 Maltepe, İstanbul

## ZİRAAT PARTICIPATION INTERNATIONAL BRANCHES

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Sudan Branch	+249 183 460 208	Northern Extension 1/60, Block 9/10 G 15. Street Al Amarat, Khartoum
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