

**KUVEYT TRK KATILIM BANKASI A.Ő.
INDEPENDENT REVIEW REPORT,
CONSOLIDATED FINANCIAL STATEMENTS AND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 31 MARCH 2024**

**(CONVENIENCE TRANSLATION OF CONSOLIDATED
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITORS' REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Kuveyt Türk Katılım Bankası A.Ş.

Introduction

We have reviewed the accompanying consolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. ("the Bank") and its consolidated subsidiaries (together will be referred as "the Group") as at 31 March 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Bank management is responsible for the preparation and fair presentation of the accompanying consolidated interim financial information in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Regulations" including the regulation on "The Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated 1 November 2006 with No. 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Board and circulars and pronouncements published by the BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" principles for the matters not legislated by the aforementioned regulations. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position as of 31 March 2024, and of the results of their operations and their cash flows for the three-month period then ended in accordance with the BRSA Accounting and Financial Reporting Regulations.

Other Matter

The independent audit of the consolidated financial statements of the Group for the year ended 31 December 2023 and the review of the consolidated financial information for the three-month interim period ended 31 March 2023 have been performed by another independent auditor who expressed an unqualified opinion and an unqualified conclusion in the independent auditor's report dated 15 February 2024 and the review report dated 15 May 2023, respectively.

Report on Other Regulatory Requirements Arising from Legislation

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information provided in the Management's interim report included in section seven of the accompanying consolidated financial statements, is not presented fairly, in all material respects, and is not consistent with the reviewed consolidated interim financial statements and the explanatory notes.

Additional paragraph for convenience translation to English

BRSA Accounting and Reporting Regulations explained in detail in Section 3 differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Sunay Anıktar
Partner

İstanbul, 13 May 2024

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**THE CONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2024**

Address of The Parent Bank’s Head Office : Büyükdere Cad. No: 129/1 34394 Esentepe Şişli / ISTANBUL
The Parent Bank’s Phone and Fax Number : 0 212 354 11 11 – 0 212 354 12 12
The Parent Bank’s Web page : www.kuveytturk.com.tr
Contact E-mail address : kuveytturk@kuveytturk.com.tr

The consolidated interim financial report for the three-month period prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by 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 Accounting Policies Applied in The Period
- Information on Financial Structure of the Group Which Is Under Consolidation
- Disclosures and Explanations on Consolidated Financial Statements
- Other Explanations
- Independent Auditors’ Limited Review Report
- Consolidated Interim Activity Report

The subsidiaries, associates and jointly controlled partners which are consolidated within the framework of this financial report are as follows.

	Subsidiaries	Associates	Jointly Controlled Partners	Mutual Funds
1.	KT Sukuk Varlık Kiralama A.Ş.		Katılım Emeklilik ve Hayat A.Ş.	Kuveyt Türk Portföy Kuveyt Türk Yabancı Katılım Serbest Özel Fon
2.	KT Kira Sertifikaları Varlık Kiralama A.Ş.			Kuveyt Türk Portföy Birinci Katılım Serbest(TL) Fon
3.	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.			Kuveyt Türk Portföy Birinci Katılım Serbest(Döviz-Avro) Özel Fon
4.	KT Bank AG.			Kuveyt Türk Portföy Yönetimi A.Ş. Kobi Girişim Sermayesi Yatırım Fonu
5.	Kuveyt Türk Portföy Yönetimi A.Ş.			Kuveyt Türk Portföy Loneca Girişim Sermayesi Yatırım Fonu
6.	Neova Katılım Sigorta A.Ş.			Kuveyt Türk Portföy Neova Katılım Serbest Özel(TL) Fon
7.	Kuveyt Türk Yatırım Menkul Değerler A.Ş.			Kuveyt Türk Portföy Neova Katılım Sigorta Özel Girişim Sermayesi Yatırım Fonu
8.				Kuveyt Türk Portföy NKS Katılım Serbest(TL) Özel Fon
9.				Kuveyt Türk Portföy Birinci Katılım Serbest(Döviz-Abd Doları) Özel Fon

The consolidated financial statements for the three-month period and related disclosures and footnotes that are subject to independent review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance, and in compliance with the financial records of our Bank and, unless stated otherwise, presented in thousands of Turkish Lira.

Hamad Abdulmohsen AL-MARZOUQ
Chairman of the Board of Directors

Shadi Ahmed Yacoub ZAHARAN
Chairman of the Audit
Committee

Nadir ALPASLAN
Member of the Audit Committee

Mohamed Hedi MEJAI
Member of the Audit
Committee

Ufuk UYAN
General Manager

Ahmet KARACA
Chief Financial Officer

Mehmed Tahir KAPLAN
Budget and Reporting Group
Manager

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

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KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

1. History of the Parent Bank including its incorporation date, initial legal status and amendments to legal status

Kuveyt Türk Katılım Bankası A.Ş. (“The Parent Bank”) was incorporated with the approval of the Central Bank of the Republic of Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Parent Bank has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Parent Bank’s equity, to collect funds from domestic and foreign customers through “Current Accounts” and “Profit/ Loss Sharing Accounts” and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment. The Parent Bank and its consolidated financial subsidiaries are named together as “Group”.

2. Shareholding structure, shareholders jointly or individually having direct or indirect control over the management and supervision of the Parent Bank and the disclosures on any related changes in the current period, if any, and information about the Group that the Parent Bank belongs to

As of 31 March 2024, 62.24% of the Parent Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

3. Explanations regarding the chairman and the members of board of directors, audit committee members, general manager and assistant general managers and their shares in the Parent Bank

Name	Title	Date of Assignment	Date of Audit Committee Assignments	Audit Committee End Date	Educational Degree	Ownership Percentage
Hamad A H D MARZOUQ	Head of the BOD	25/06/2014			Master	-
Shadi Ahmed YACOUB ZAHARAN	Member of BOD and chairman of the Audit Committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E ALMUDHAF	Member of BOD	07/10/2019			Bachelor	-
Ahmad S A A ALKHARJI	Member of BOD	26/03/2014	24/09/2014	09/09/2020	Master	-
Mohamed Hedi MEJAI	Member of BOD and Audit Committee	25/03/2021	04/05/2021		Master	-
Gehad Mohamed ELBENDARY ANANY	Member of BOD	25/09/2020	09/09/2020	04/11/2020	Bachelor	-
Sinan AKSU	Member of BOD	08/05/2023			Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999			Master	0.057%
Ahmet KARACA	Assistant General Manager, Financial Control.	12/07/2006			Master	0.001%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003			Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003			Bachelor	0.004%
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005			Bachelor	0.020%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Treasury and International Banking.	05/05/2005			Doctorate	0.008%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010			Bachelor	0.001%
Aslan DEMİR	Assistant General Manager, Retail Banking	08/10/2012			Bachelor	0.006%
Mehmet ORAL	Assistant General Manager, SME Banking	01/10/2012			Bachelor	0.005%
Abdurrhman DELİPOYRAZ	Assistant General Manager, SME Banking	09/01/2015			Bachelor	0.005%
Hüseyin Cevdet YILMAZ	Head of the Risk, Control and Compliance Group	16/12/2003			Bachelor	0.001%
Bahattin Akca	Head of the Inspection Board	01/08/2007			Bachelor	0.001%

Chairman and members of the Board of Directors, members of auditing committee, general manager and assistant general managers own 0.11% of the Parent Bank’s share capital (31 December 2023 - 0.11%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATIONS AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR
THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

4. Information on qualified shareholders

Name / Commercial Name	Share amount (Nominal)	Shareholding percentage	Paid shares (Nominal)	Unpaid shares
Kuwait Finance House	2,863,098	62.24%	2,863,098	-
Vakıflar Genel Müdürlüğü Mazbut Vakıfları	861,086	18.72%	861,086	-
Total	3,724,184	80.96%	3,724,184	-

As of 31 March 2024, the shareholding structure of Kuwait Finance House, the main shareholder of the Bank, is as follows.

Name / Commercial Name	Share Amount
Kuwait Investment Authority	15.67%
The Public Institution for Social Security & Group	9.05%
The Public Authority for Minors Affairs	6.82%
Public Shares	68.46%
Total	100.00%

5. Explanations of the Parent Bank's services and field of operations

The Parent Bank's field of operations includes corporate banking, international banking services, and retail banking and credit card services. The Parent Bank's core business is operating in accordance with the principles of interest-free banking as a participation bank by collecting funds through current and profit/loss sharing accounts and lending such funds to its customers.

As of 31 March 2024, the Group is operating through 452 domestic branches (31 December 2023 – 450) with 6,935 employees (31 December 2023 – 6,844). Summary of some of the Parent Bank's operations described in the Articles of Association are as follows;

- To collect funds through "Current Accounts" and "Profit/Loss Sharing Accounts" and special fund pools in line with the regulations,
- To allocate funds to the economy and provide all kinds of cash, non-cash loans within the principles of non-interest banking,
- To offer financial and operational leasing,
- To handle all kinds of deposits and payments, including travellers' checks, credit cards and other payment instruments, provide member business services (POS), consulting, advisory, and safe deposit box services,
- To purchase financial instruments on money and capital markets in cash or installments, sell and mediate the sale and trade on the stock exchange in accordance with legislation and principles of non-interest banking,
- To purchase, acquire and construct any kind of real estate and if necessary, lease or transfer ownership to other persons,
- To act as a representative, deputy or agent for corporations and enterprises (including insurance companies),
- To provide socially purposed assistance within the scope of the legislation within the principles of the Parent Bank for the order and benefit of the society.

The Parent Bank's activities are not limited to the list above. If another transaction is decided to be beneficial to the Parent Bank, the transaction must be recommended by the Board of Directors, approved by the General Assembly, and authorized by relevant legal authorities after whom it also needs to be approved by the Ministry of Trade since it constitutes an amendment of the Article of Association. Decisions that have been approved through all these channels will be included to the Article of Association. Disclosures on the differences between the Communiqué on the Preparation of Consolidated Financial Statements of Banks and the consolidation transactions made in accordance with the Turkish Accounting Standards and the entities subject to full or proportionate consolidation, deducted from equity or not included in these three methods: According to the Communiqué on the Preparation of the Consolidated Financial Statements of Banks, only While financial partnerships are included in the scope of consolidation, all financial and non-financial partnerships should be included in the scope of consolidation in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards.

6. Current or likely actual legal barriers to immediate transfer of equity or repayment of debts between Parent Bank and its subsidiaries

None.

SECTION TWO
THE CONSOLIDATED FINANCIAL STATEMENTS

- I. Consolidated Balance Sheet- Assets (Statement of Financial Position)
- II. Consolidated Statement of Off-Balance Sheet Items
- III. Consolidated Statement of Profit or Loss (Income Statement)
- 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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Notes	Reviewed Current Period 31.03.2024			Audited Prior Period 31.12.2023		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		91,937,836	204,519,352	296,457,188	86,492,919	193,023,795	279,516,714
1.1.	Cash and Cash Equivalents		48,377,666	167,167,174	215,544,840	37,113,775	131,797,225	168,911,000
1.1.1.	Cash and Balances with Central Bank	(5.1.1.)	40,550,948	123,818,509	164,369,457	29,736,696	114,450,066	144,186,762
1.1.2.	Banks	(5.1.3.)	7,827,349	43,350,604	51,177,953	7,076,730	17,349,222	24,425,952
1.1.3.	Money Markets Placements		-	-	-	300,805	-	300,805
1.1.4.	Expected Credit Loss (-)		631	1,939	2,570	456	2,063	2,519
1.2.	Financial Assets at Fair Value Through Profit or Loss		8,154,225	17,941,615	26,095,840	18,171,320	33,927,233	52,098,553
1.2.1.	Government Debt Securities		296,561	12,920,405	13,216,966	825,151	32,033,674	32,858,825
1.2.2.	Equity Instruments		1,845,868	41,130	1,886,998	1,416,750	-	1,416,750
1.2.3.	Other Financial Assets		6,011,796	4,980,080	10,991,876	15,929,419	1,893,559	17,822,978
1.3.	Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4.)	32,166,412	18,746,260	50,912,672	29,797,862	26,835,736	56,633,598
1.3.1.	Government Debt Securities		32,035,616	15,779,831	47,815,447	29,689,566	26,216,660	55,906,226
1.3.2.	Equity Instruments		130,796	282,427	413,223	108,296	241,172	349,468
1.3.3.	Other Financial Assets		-	2,684,002	2,684,002	-	377,904	377,904
1.4.	Derivative Financial Assets		3,239,533	664,303	3,903,836	1,409,962	463,601	1,873,563
1.4.1.	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	3,239,533	664,303	3,903,836	1,409,962	463,601	1,873,563
1.4.2.	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.11.)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)	(5.1.5.)	265,670,917	191,555,291	457,226,208	242,154,496	153,342,373	395,496,869
2.1.	Loans		217,988,252	149,343,260	367,331,512	198,311,575	118,134,608	316,446,183
2.2.	Leasing Receivables	(5.1.10.)	18,743,566	23,795,507	42,539,073	17,428,625	19,691,158	37,119,783
2.3.	Financial Assets Measured at Amortized Cost	(5.1.6.)	39,062,155	25,003,609	64,065,764	37,465,206	22,461,091	59,926,297
2.3.1.	Government Debt Securities		37,307,599	24,207,141	61,514,740	37,278,552	21,809,774	59,088,326
2.3.2.	Other Financial Assets		1,754,556	796,468	2,551,024	186,654	651,317	837,971
2.4.	Expected Credit Loss (-)	(5.1.16.)	10,123,056	6,587,085	16,710,141	11,050,910	6,944,484	17,995,394
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)		435,871	-	435,871	428,585	-	428,585
3.1.	Held for Sale		435,871	-	435,871	428,585	-	428,585
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		501,558	-	501,558	437,664	-	437,664
4.1.	Investments in Associates (Net)	(5.1.7.)	-	-	-	-	-	-
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	Investment in Subsidiaries (Net)	(5.1.8.)	123,680	-	123,680	123,680	-	123,680
4.2.1.	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2.	Unconsolidated Non-Financial Subsidiaries		123,680	-	123,680	123,680	-	123,680
4.3.	Investment in Joint Ventures (Net)	(5.1.9.)	377,878	-	377,878	313,984	-	313,984
4.3.1.	Joint Ventures Valued Based on Equity Method		377,878	-	377,878	313,984	-	313,984
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.12.)	3,812,633	73,401	3,886,034	3,456,931	75,311	3,532,242
VI.	INTANGIBLE ASSETS (Net)	(5.1.13.)	1,413,990	169,269	1,583,259	1,054,933	170,542	1,225,475
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		1,413,990	169,269	1,583,259	1,054,933	170,542	1,225,475
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14.)	41,605	-	41,605	41,605	-	41,605
VIII.	CURRENT TAX ASSETS		884	-	884	-	-	-
IX.	DEFERRED TAX ASSETS	(5.1.15.)	6,941,808	186,989	7,128,797	5,865,421	185,135	6,050,556
X.	OTHER ASSETS	(5.1.17.)	5,849,101	683,601	6,532,702	4,406,998	720,729	5,127,727
	TOTAL ASSETS		376,606,203	397,187,903	773,794,106	344,339,552	347,517,885	691,857,437

The accompanying notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

1. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

			Reviewed Current Period 31.03.2024			Audited Prior Period 31.12.2023		
	LIABILITIES	Notes	TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(5.2.1.)	219,970,089	312,284,731	532,254,820	240,190,712	277,945,733	518,136,445
II.	FUNDS BORROWED	(5.2.3.)	2,522,359	110,391,150	112,913,509	674,934	63,762,439	64,437,373
III.	MONEY MARKETS		5,732,596	-	5,732,596	4,487,806	-	4,487,806
IV.	SECURITIES ISSUED (Net)	(5.2.4.)	5,152,575	-	5,152,575	3,380,842	-	3,380,842
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		289,477	847,000	1,136,477	97,395	877,794	975,189
6.1.	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	289,477	847,000	1,136,477	97,395	877,794	975,189
6.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.7.)	-	-	-	-	-	-
VII.	LEASE PAYABLES	(5.2.6.)	1,014,697	52,318	1,067,015	889,259	51,174	940,433
VIII.	PROVISIONS	(5.2.8.)	16,478,161	1,523,410	18,001,571	15,089,734	1,698,231	16,787,965
8.1.	Restructuring Provision		-	-	-	-	-	-
8.2.	Reserves for Employee Benefits		2,195,059	330,496	2,525,555	2,604,726	236,120	2,840,846
8.3.	Insurance for Technical Provision (Net)		12,669,663	3,417	12,673,080	10,921,751	5,801	10,927,552
8.4.	Other Provisions		1,613,439	1,189,497	2,802,936	1,563,257	1,456,310	3,019,567
IX.	CURRENT TAX LIABILITIES	(5.2.9.1.)	6,804,131	-	6,804,131	3,603,049	-	3,603,049
X.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.10.)	-	-	-	-	-	-
11.1.	Held for Sale		-	-	-	-	-	-
11.2.	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(5.2.11.)	-	19,673,737	19,673,737	-	17,967,564	17,967,564
12.1.	Loans		-	-	-	-	-	-
12.2.	Other Debt Instruments		-	19,673,737	19,673,737	-	17,967,564	17,967,564
XIII.	OTHER LIABILITIES	(5.2.5.)	6,140,714	4,326,190	10,466,904	5,335,596	2,832,095	8,167,691
XIV.	SHAREHOLDERS' EQUITY	(5.2.12.)	60,340,826	249,945	60,590,771	52,729,013	244,067	52,973,080
14.1.	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2.	Capital Reserves		26,399	-	26,399	26,399	-	26,399
14.2.1.	Share Premiums		24,525	-	24,525	24,525	-	24,525
14.2.2.	Share Cancellation Profits		1,874	-	1,874	1,874	-	1,874
14.2.3.	Other Capital Reserves		-	-	-	-	-	-
14.3.	Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss		(513,980)	-	(513,980)	(513,980)	-	(513,980)
14.4.	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		(835,188)	267,212	(567,976)	(308,700)	233,137	(75,563)
14.5.	Profit Reserves		18,967,831	-	18,967,831	18,336,113	-	18,336,113
14.5.1.	Legal Reserves		1,429,140	-	1,429,140	1,396,225	-	1,396,225
14.5.2.	Statutory Reserves		-	-	-	-	-	-
14.5.3.	Extraordinary Reserves		17,299,480	-	17,299,480	16,674,091	-	16,674,091
14.5.4.	Other Profit Reserves		239,211	-	239,211	265,797	-	265,797
14.6.	Profit or Loss		38,042,484	(17,267)	38,025,217	30,506,928	10,930	30,517,858
14.6.1.	Prior Years' Profit or Loss		29,898,992	10,930	29,909,922	1,753,213	(62,252)	1,690,961
14.6.2.	Net Profit or Loss for the Period		8,143,492	(28,197)	8,115,295	28,753,715	73,182	28,826,897
14.7.	Minority Shares	(5.2.13.)	58,149	-	58,149	87,122	-	87,122
	TOTAL LIABILITIES		324,445,625	449,348,481	773,794,106	326,478,340	365,379,097	691,857,437

The accompanying notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OFF-BALANCE SHEET ITEMS AS OF 31 MARCH 2024
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

2. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS

	Notes	Reviewed Current Period 31.03.2024			Audited Prior Period 31.12.2023		
		TL	FC	Total	TL	FC	Total
A. COMMITMENTS AND CONTINGENCIES (I+II+III)		231,014,397	174,378,310	405,392,707	167,180,742	145,166,467	312,347,209
I. GUARANTEES AND WARRANTIES (5.3.1.)		45,712,298	29,525,766	75,238,064	37,860,524	23,725,548	61,586,072
1.1. Letters of Guarantee		41,881,823	15,823,039	57,704,862	35,104,562	14,400,676	49,505,238
1.1.1. Guarantees Subject to State Tender Law		666,971	18,474	685,445	732,597	24,480	757,077
1.1.2. Guarantees Given for Foreign Trade Operations		1,966,402	92,049	2,058,451	1,774,567	86,137	1,860,704
1.1.3. Other Letters of Guarantee		39,248,450	15,712,516	54,960,966	32,597,398	14,290,059	46,887,457
1.2. Bank Loans		25,468	394,754	420,222	18,769	164,427	183,196
1.2.1. Import Letter of Acceptances		25,468	394,754	420,222	18,769	164,427	183,196
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		88,013	12,951,910	13,039,923	49,354	8,836,973	8,886,327
1.3.1. Documentary Letters of Credit		37,677	2,841,236	2,878,913	18,355	1,805,046	1,823,401
1.3.2. Other Letters of Credit		50,336	10,110,674	10,161,010	30,999	7,031,927	7,062,926
1.4. Guaranteed Refinancing		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		3,716,994	356,063	4,073,057	2,687,839	323,472	3,011,311
1.7. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS (5.3.1.)		108,567,020	13,375,436	121,942,456	99,196,596	8,230,233	107,426,829
2.1. Irrevocable Commitments		53,098,247	13,375,436	66,473,683	43,894,580	8,230,233	52,124,813
2.1.1. Forward Asset Purchase and Sales Commitments		1,389,203	13,245,785	14,634,988	1,955,404	7,359,385	9,314,789
2.1.2. Share Capital Commitment to Associates and Subsidiaries		45,000	-	45,000	67,500	-	67,500
2.1.3. Loan Granting Commitments		4,572,313	-	4,572,313	3,871,287	-	3,871,287
2.1.4. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.5. Commitments For Reserve Deposits Requirements		-	-	-	-	-	-
2.1.6. Payment Commitments for Checks		5,934,698	-	5,934,698	3,861,133	-	3,861,133
2.1.7. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.8. Commitments For Credit Card Expenditure Limits		40,931,195	129,651	41,060,846	33,913,418	136,772	34,050,190
2.1.9. Commitments For Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.10. Receivables From Short Sale Commitments		-	-	-	-	-	-
2.1.11. Payables For Short Sale Commitments		-	-	-	-	-	-
2.1.12. Other Irrevocable Commitments		225,838	-	225,838	225,838	734,076	959,914
2.2. Revocable Commitments		55,468,773	-	55,468,773	55,302,016	-	55,302,016
2.2.1. Revocable Loan Granting Commitments		55,468,773	-	55,468,773	55,302,016	-	55,302,016
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS (5.3.2.)		76,735,079	131,477,108	208,212,187	30,123,622	113,210,686	143,334,308
3.1. Derivative Financial Instruments Held for Risk Management		-	-	-	-	-	-
3.1.1. Fair Value Hedges		-	-	-	-	-	-
3.1.2. Cash Flow Hedges		-	-	-	-	-	-
3.1.3. Hedge of Net Investment in Foreign Operations		-	-	-	-	-	-
3.2. Held For Trading Transactions		76,735,079	131,477,108	208,212,187	30,123,622	113,210,686	143,334,308
3.2.1. Forward Foreign Currency Buy/Sell Transactions		12,221,753	16,545,016	28,766,769	1,966,099	7,546,320	9,512,419
3.2.1.1. Forward Foreign Currency Buy Transactions		3,550,725	10,789,558	14,340,283	1,965,934	2,900,611	4,866,545
3.2.1.2. Forward Foreign Currency Sell Transactions		8,671,028	5,755,458	14,426,486	165	4,645,709	4,645,874
3.2.2. Other Forward Buy/Sell Transactions		64,513,326	114,932,092	179,445,418	28,157,523	105,664,366	133,821,889
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		2,962,478,828	4,074,416,295	7,036,895,123	2,381,937,721	2,900,613,677	5,282,551,398
IV. ITEMS HELD IN CUSTODY		161,671,522	3,268,814,904	3,430,486,426	80,900,680	2,201,236,887	2,282,137,567
4.1. Customers' Securities Held		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		20,803,898	3,212,324,108	3,233,128,006	19,584,500	2,141,385,286	2,160,969,786
4.3. Checks Received for Collection		68,824,795	1,840,291	70,665,086	56,183,252	1,430,053	57,613,305
4.4. Commercial Notes Received for Collection		5,904,853	2,560,866	8,465,719	5,132,928	1,862,477	6,995,405
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		66,137,976	52,089,639	118,227,615	-	56,559,071	56,559,071
V. PLEDGED ITEMS		2,799,971,486	805,084,309	3,605,055,795	2,300,424,666	698,929,858	2,999,354,524
5.1. Marketable Securities		3,667,999	3,890,635	7,558,634	3,152,926	235,462	3,388,388
5.2. Guarantee Notes		100,977	13,688,180	13,789,157	100,977	11,889,942	11,990,919
5.3. Commodity		103,714,823	38,810,576	142,525,399	67,498,620	3,423,389	70,922,009
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		632,031,804	34,664,592	666,696,396	523,785,679	31,954,004	555,739,683
5.6. Other Pledged Items		2,060,455,883	714,030,326	2,774,486,209	1,705,886,464	651,427,061	2,357,313,525
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		835,820	517,082	1,352,902	612,375	446,932	1,059,307
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		3,193,493,225	4,248,794,605	7,442,287,830	2,549,118,463	3,045,780,144	5,594,898,607

The accompanying notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2024
(INCOME STATEMENT)

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS (INCOME STATEMENT)

			Reviewed Current Period 01.01.2024-31.03.2024	Reviewed Prior Period 01.01.2023-31.03.2023
	INCOME AND EXPENSE ITEMS	Notes		
I.	PROFIT SHARE INCOME	(5.4.1.)	29,125,892	12,146,907
1.1.	Profit Share on Loans		18,956,164	6,928,793
1.2.	Profit Share on Reserve Deposits		-	-
1.3.	Profit Share on Banks		1,587,695	479,951
1.4.	Profit Share on Money Market Placements		-	-
1.5.	Profit Share on Marketable Securities Portfolio		6,360,675	4,012,490
1.5.1.	Fair Value Through Profit or Loss		674,593	91,706
1.5.2.	Fair Value Through Other Comprehensive Income		2,763,978	3,124,353
1.5.3.	Measured at Amortized Cost		2,922,104	796,431
1.6.	Finance Lease Income		2,132,622	704,290
1.7.	Other Profit Share Income		88,736	21,383
II.	PROFIT SHARE EXPENSE (-)		17,307,652	4,221,592
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	13,817,055	3,589,287
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	1,743,989	405,493
2.3.	Profit Share Expense on Money Market Borrowings		759,101	44,184
2.4.	Expense on Securities Issued	(5.4.2.)	743,400	150,158
2.5.	Profit Share Expense on Lease		244,107	32,470
2.6.	Other Profit Share Expense		-	-
III.	NET PROFIT SHARE INCOME (I - II)		11,818,240	7,925,315
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		1,782,336	167,845
4.1.	Fees and Commissions Received		3,986,305	1,073,877
4.1.1.	Non-Cash Loans		156,859	80,926
4.1.2.	Other	(5.4.13)	3,829,446	992,951
4.2.	Fees and Commissions Paid (-)		2,203,969	906,032
4.2.1.	Non-Cash Loans		932	497
4.2.2.	Other	(5.4.13.)	2,203,037	905,535
V.	DIVIDEND INCOME	(5.4.3.)	431	21,760
VI.	NET TRADING INCOME / LOSS	(5.4.5.)	1,563,034	2,205,391
6.1.	Capital Market Transaction Gains/Losses		324,236	545,895
6.2.	Gains/Losses from Derivative Financial Instruments		2,804,393	74,839
6.3.	Foreign Exchange Gains/Losses		(1,565,595)	1,584,657
VII.	OTHER OPERATING INCOME	(5.4.6.)	5,745,684	2,036,432
VIII.	GROSS OPERATING INCOME/LOSS (III+IV+V+VI+VII)		20,909,725	12,356,743
IX.	EXPECTED LOSS PROVISIONS (-)	(5.4.7.)	1,916,621	2,701,576
X.	OTHER PROVISIONS (-)	(5.4.7.)	364,062	63,552
XI.	PERSONNEL EXPENSES (-)		3,043,956	1,376,038
XII.	OTHER OPERATING EXPENSES (-)	(5.4.8.)	4,995,721	2,342,600
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI-XII)		10,589,365	5,872,977
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		63,894	12,462
XVI.	INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XIII+...+XVI)	(5.4.9.)	10,653,259	5,885,439
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10)	(2,535,879)	(1,502,811)
18.1.	Current Tax Provision		3,223,628	1,371,763
18.2.	Deferred Tax Expense Effect (+)		353,507	256,347
18.3.	Deferred Tax Income Effect (-)		1,041,256	125,299
XIX.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XVII±XVIII)	(5.4.11.)	8,117,380	4,382,628
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1.	Income on Non-Current Assets Held for Sale		-	-
20.2.	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
20.3.	Income on Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1.	Expenses from Non-Current Assets Held for Sale		-	-
21.2.	Expenses from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
21.3.	Expenses From Other Discontinued Operations		-	-
XXII.	PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XX-XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1.	Current Tax Provision		-	-
23.2.	Deferred Tax Expense Effect (+)		-	-
23.3.	Deferred Tax Income Effect (-)		-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV.	NET PROFIT/LOSS (XIX+XXIV)	(5.4.12.)	8,117,380	4,382,628
25.1.	Group's Income/Loss		8,115,295	4,382,241
25.2.	Minority Interest Income/Loss (-)		2,085	387
	Earnings Per Share Income/Loss (Full TL)		1,7646	0.9527

The accompanying notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Reviewed Current Period 01.01.2024-31.03.2024	Reviewed Prior Period 01.01.2023-31.03.2023
I.	CURRENT PROFIT/LOSS	8,117,380	4,382,628
II.	OTHER COMPREHENSIVE INCOME	(492,413)	(392,746)
2.1	Other Comprehensive Income Not Reclassified Through Profit or Loss	-	-
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2	Other Comprehensive Income Reclassified Through Profit or Loss	(492,413)	(392,746)
2.2.1	Foreign Currency Translation Difference	388,796	153,201
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(894,743)	(580,714)
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	(364,087)	(147,196)
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Taxes Related Other Comprehensive Income Items Reclassified Through Profit or Loss	377,621	181,963
III.	TOTAL COMPREHENSIVE INCOME (I+II)	7,624,967	3,989,882

The accompanying notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Paid-in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss			Accumulated Other Income or Loss That Will Be Reclassified to Profit or Loss			Profit Reserves	Prior Period Profit / (Loss)	Net Profit/Loss for the Period	Total Shareholders' Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity	
						1	2	3	4	5	6							
I.	Prior Period (01/01/2023 – 31/03/2023)																	
	Prior Period Ending Balance		4,595,131	24,525	1,874	-	-	(294,407)	-	1,643,243	4,683,273	(1,301,833)	5,674,664	757,179	14,918,773	30,702,422	67,913	30,770,335
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Beginning Balance (I+II)		4,595,131	24,525	1,874	-	-	(294,407)	-	1,643,243	4,683,273	(1,301,833)	5,674,664	757,179	14,918,773	30,702,422	67,913	30,770,335
IV.	Total Comprehensive Income		-	-	-	-	-	-	-	153,201	(435,550)	(110,397)	-	4,382,241	3,989,495	387	3,989,882	
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid in Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Increase / Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	(103,898)	8,987	(94,911)	203	(94,708)	
XL	Profit Distribution		-	-	-	-	-	-	-	-	-	-	12,744,216	774,557	(1,400,000)	-	(1,400,000)	
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	(1,400,000)	(1,400,000)	-	(1,400,000)	
11.2	Transfers to Legal Reserves		-	-	-	-	-	-	-	-	-	-	12,744,216	(12,744,216)	-	-	-	
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	14,918,773	(14,918,773)	-	-	
	Balances at end of the period (III+IV+.....+X+XI)	(5.2.12.)	4,595,131	24,525	1,874	-	-	(294,407)	-	1,796,444	4,247,723	(1,412,230)	18,314,982	1,540,723	4,382,241	33,197,006	68,503	33,265,509
I.	Current Period (01/01/2024 – 31/03/2024)																	
	Prior Period Ending Balance		4,595,131	24,525	1,874	-	-	(513,980)	-	3,657,676	(1,044,709)	(2,688,530)	18,336,113	1,690,961	28,826,897	52,885,958	87,122	52,973,080
II.	Corrections and Accounting Policy Changes Made According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		4,595,131	24,525	1,874	-	-	(513,980)	-	3,657,676	(1,044,709)	(2,688,530)	18,336,113	1,690,961	28,826,897	52,885,958	87,122	52,973,080
IV.	Total Comprehensive Income		-	-	-	-	-	-	-	388,796	(626,348)	(254,861)	-	8,115,295	7,622,882	2,085	7,624,967	
V.	Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase by Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Paid in Capital Inflation Adjustment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Increase / Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	(20,005)	43,787	23,782	(31,058)	(7,276)	
XL	Profit Distribution		-	-	-	-	-	-	-	-	-	-	651,723	28,175,174	(28,826,897)	-	-	
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Legal Reserves		-	-	-	-	-	-	-	-	-	-	651,723	(651,723)	-	-	-	
11.3	Other		-	-	-	-	-	-	-	-	-	-	-	28,826,897	(28,826,897)	-	-	
	Balances at End of the Period (III+IV+.....+X+XI)	(5.2.12.)	4,595,131	24,525	1,874	-	-	(513,980)	-	4,046,472	(1,671,057)	(2,943,391)	18,967,831	29,909,922	8,115,295	60,532,622	58,149	60,590,771

1. Accumulated revaluation increase / decrease of fixed assets.
2. Accumulated remeasurement gain / loss of defined benefit pension plan.
3. Other (shares of investments valued by equity method in other comprehensive income not classified through profit or loss and other accumulated amounts of other comprehensive income items not reclassified through other profit or loss)
4. Foreign currency translation differences.
5. Accumulated revaluation and/or reclassification gains/losses of financial assets at fair value through other comprehensive income
6. Other (cash flow hedge gains/losses, shares of other comprehensive income of investments accounted through equity method that will be reclassified to profit or loss and accumulated amounts of other comprehensive income items that will be reclassified to other profit or loss)

The accompanying notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

6. STATEMENT OF CASH FLOWS

	Notes	Reviewed	Reviewed
		Current Period	Prior Period
		01.01.2024-31.03.2024	01.01.2023-31.03.2023
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Assets and Liabilities from Banking Operations	8,560,545	4,867,140
1.1.1	Profit Share Income Received	25,239,265	9,130,380
1.1.2	Profit Share Expense Paid	(14,213,124)	(3,937,231)
1.1.3	Dividends Received	431	21,760
1.1.4	Fees and Commissions Received	3,986,305	965,678
1.1.5	Other Income	10,740,853	5,744,164
1.1.6	Collections from Previously Written Off Loans	164,946	264,918
1.1.7	Payments to Personnel and Service Suppliers	(3,368,248)	(1,692,615)
1.1.8	Taxes Paid	(6,600,456)	(3,154,625)
1.1.9	Others	(7,389,427)	(2,475,289)
1.2	Changes in Assets and Liabilities from Banking Operations	(11,821,485)	(1,643,306)
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	26,700,640	(2,032,210)
1.2.2	Net (Increase) Decrease in Due from Banks and Other Financial Institutions	(30,873,657)	4,241,749
1.2.3	Net (Increase) Decrease in Loans	(51,193,750)	(44,401,480)
1.2.4	Net (Increase) Decrease in Other Assets	(15,681,191)	1,589,871
1.2.5	Net Increase (Decrease) in Bank Deposits	579,607	516,970
1.2.6	Net Increase (Decrease) in Other Deposits	956,428	21,482,578
1.2.7	Net Increase (Decrease) in Financial Liabilities Measured at Financial Assets at Fair Value Through Profit or Loss	-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	43,904,252	5,997,696
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	13,786,186	10,961,520
I.	Net Cash Provided From Banking Operations	(3,260,940)	3,223,834
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	6,791,113	(10,866,205)
2.1	Cash Paid for Purchase Jointly Controlled Operations, Associates and Subsidiaries	(22,500)	(22,500)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries	-	-
2.3	Fixed Assets Purchases	(635,492)	(351,978)
2.4	Fixed Assets Sales	98,918	46,679
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(2,868,158)	(10,297,031)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	12,405,436	7,874,057
2.7	Cash Paid for Purchase of Investment Securities	(4,049,979)	(7,909,809)
2.8	Cash Obtained from Sale of Investment Securities	2,323,925	-
2.9	Other	(461,037)	(205,623)
C.	CASH FLOWS FROM FINANCING ACTIVITIES	-	-
III.	Net Cash Provided from Financing Activities	1,391,404	(2,019,689)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	5,400,000	1,550,000
3.2	Cash Used for Repayments of Funds Borrowed and Securities Issued	(3,937,952)	(2,265,707)
3.3	Equity Instruments Issued	-	-
3.4	Dividends Paid	-	(1,274,000)
3.5	Payments for Finance Leases	(70,644)	(29,982)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	10,900,801	1,492,888
V.	Net Increase in Cash and Cash Equivalents	15,822,378	(8,169,172)
VI.	Cash and Cash Equivalents at the Beginning of the Period	81,563,193	51,426,420
VII.	Cash and Cash Equivalents at the End of the Period	97,385,571	43,257,248

The accompanying notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

1. Explanations on basis of presentation

1.1. The preparation of the consolidated financial statements and related notes and explanations in accordance with The Turkish accounting standards and regulation on accounting applications for banks and safeguarding of documents

The Parent Bank prepares its financial statements in accordance with the “Regulation on The Procedures and Principles for Accounting Practices and Retention of Documents by Banks” published in the Official Gazette dated 1 November 2006 with numbered 26333, and other regulations on accounting records of banks published by the Banking Regulation and Supervision Agency (“BRSA”) as well as the circulars and pronouncements published by the BRSA. For matters not regulated by the aforementioned legislations, the Bank prepares its financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, which comprises the terms of the Turkish Financial Reporting Standards issued by the Public Oversight Accounting and Auditing Standards Authority.

1.2 Accounting policies and valuation principles applied in the preparation of financial statements

The financial statements have been prepared on the historical cost basis except for the financial instruments at fair value through profit or loss, and the financial assets and liabilities at fair value through other comprehensive income that are measured at fair values.

The preparation of consolidated financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Group management to make assumptions and estimates with respect to the assets and liabilities on the balance sheet and contingent issues outstanding as of the balance sheet date. These assumptions and estimates mainly consist of calculations of the fair values of financial instruments and the impairment on assets. The assumptions and estimates are reviewed regularly and, when necessary, appropriate corrections are made and the effects of such corrections are reflected on the income statement.

TAS 29 "Financial Reporting in Hyperinflationary Economies" requires entities whose functional currency is the currency of a hyperinflationary economy to report their financial statements in terms of the purchasing power of money at the end of the reporting period. Based on the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying Turkish Financial Reporting Standards (TFRS) are required to present their financial statements for the annual reporting period ending on or after 31 March 2024, adjusted for the effects of inflation in accordance with the accounting principles in "TAS 29 Financial Reporting in Hyperinflationary Economies". In the same statement, it is stated that the institutions or organizations authorized to regulate and supervise in their fields may determine different transition dates for the application of inflation accounting, and in this context, the Banking Regulation and Supervision Agency (BRSA); In accordance with the Board decision dated 12 December 2023; banks and financial leasing, factoring, financing, savings financing and asset management companies announced that their financial statements as of 31 December 2023 will not be subject to inflation adjustment. Accordingly, "TAS 29 Financial Reporting in Hyperinflationary Economies" has not been applied in the financial statements of the Bank as of 31 March 2024.

1.3. Changes in accounting estimates, errors and classifications

If changes in accounting estimates are related to only one period, they are applied in the current period in which the change is made, and if they are related to future periods, they are applied both prospectively and in the future periods. Significant accounting errors are applied retrospectively and prior period financial statements are restated. There were no significant changes in the accounting estimates of the Group in the current year.

Comparative information is rearranged when deemed necessary in order to comply with the presentation of the current period financial statements.

1.4 Preparation of the financial statements as regards to the current purchasing power of money

In accordance with the BRSA decision dated 11 January 2024 and numbered 10825, banks, financial leasing, factoring, financing, savings financing and asset management companies are required to apply inflation accounting as of 1 January 2025. Therefore, no inflation adjustment has been made in accordance with TAS 29 in the preparation of the financial statements as at 31 March 2024. Inflation accounting will be applied on 1 January 2025.

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1.5 TFRS 3 explanations on business combinations standard

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Business combinations are accounted in accordance with TFRS 3 "Business Combinations" except for the assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

The interests of non-controlling shareholders in the acquire is initially measured at the non-controlling's proportion of the fair value of the assets, liabilities and contingent liabilities recognized.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

- Explanations on the accounting policy applied due to the acquisition of Neova Katılım Sigorta A.Ş:

Following the necessary legal permissions on 5 May 2020, the Parent Bank finalized the purchase of Neova Katılım Sigorta A.Ş. by completing the share transfer process. The Parent Bank purchased 78,864,212 shares by paying TL 745,860 and increased the partnership share in Neova Katılım Sigorta A.Ş. from 7% to 100% by owning all the shares.

This acquisition has been evaluated as a merger of entities under common control and has been accounted for using the aggregation method (Pooling of interest). According to this method, the assets and liabilities of Neova Katılım Sigorta A.Ş. are included in the financial statements over the book values determined in accordance with TFRS at the merger date, and no goodwill has arisen in the financial statements as a result of the merger.

1.6 Disclosures regarding TFRS 9 financial instruments

TFRS 9 "Financial Instruments", which is effective as of 1 January 2018 is published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in the Official Gazette numbered 29953 dated 19 January 2017. As of 1 January 2018, the application of TFRS 9 replaced "TAS 39 Financial Instruments: Recognition and Measurement." standard.

TFRS 9 also includes new principles for general hedge accounting which aims to harmonize hedge accounting with risk management applications. In the admission of the accounting policies, TFRS 9 presents the option of postponing the adoption of TFRS 9 hedge accounting and continuing to apply the hedge accounting provisions of TAS 39.

All recognized financial assets that are within the scope of TFRS 9 are required to be initially measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount outstanding, are generally measured at Fair Value Through Other Comprehensive Income ("FVTOCI"). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under TFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment in other comprehensive income, with only dividend income generally recognized in profit or loss.

Dividends obtained from such investments are accounted in the financial statements as profit or loss unless they are evidently a part of the recoverable cost of investment. As a result of the combination of contractual cash flow characteristics and business models, the differences in the classification of financial assets are reflected in the financial statements compared to the current classification in TAS 39.

During the first recognition of a financial asset into the financial statements, business model determined by the Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

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Classification and measurement of financial instruments

According to TFRS 9 requirements, classification and measurement of financial assets will depend on the business model within which financial assets are managed and their contractual cash flow characteristics whether the cash flows represent solely payments of principal and profit share.

Upon initial recognition each financial asset shall be classified as either fair value through profit or loss (“FVTPL”) amortized cost or fair value through other comprehensive income (“FVTOCI”). As for the classification and measurement of financial liabilities, the application of the existing terms of TAS 39 remain largely unchanged under TFRS 9.

Explanations on expected credit loss

As of 1 January 2018, the Parent Bank will recognize provisions for impairment in accordance with the TFRS 9 requirements according to the “Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside” published in the Official Gazette dated 22 June 2016 numbered 29750. The expected credit loss estimates are required to be unbiased, probability-weighted and should include supportable information about past events, current conditions, and forecasts of future economic conditions.

Modelling studies were carried out on the principal components of the Expected Loan Loss calculation and the default probability (PD) models were developed on various loan portfolios. Credit portfolios are determined according to customer segments that form the basis of banking activities. The cyclical default probabilities generated by these models developed for use in the Internal Rating Based Approach (IDD) are translated into the Instantaneous Default Probabilities and these instantaneous default probabilities are used when calculating the Expected Loan Loss on TFRS 9 Calculation on Default (LGD) calculation reflects the legal deduction rates and the Bank’s past collection performance on unsecured loans. Default Amount (EAD) corresponds to the balance used in cash at the reporting date for cash loans, non-cash loans and balance after application of the loan to commitment risks.

Macroeconomic scenarios affect PD values. The expected credit loss amount is calculated by weighting 3 different scenarios as Base, Good and Bad scenarios. The probability of default of the debtors and the loss rates in default vary with each scenario.

As of 31 March 2024, the Group has been exposed to recession, geopolitical risks, inflation, unemployment, exchange rate risk, etc. with the effect of current internal and external conditions. In order to reflect the macroeconomic outlook and the upward risks that factors may pose on the bank’s loan portfolio, it has revised its macroeconomic expectations and its calculations made considering the change in PD along with the update in the EDF model have been reflected in the financial statements. By its nature, the model effects are reflected in the financial statements with a delay due to the occurrence of the events and their effects at different times. For this reason, the Group is establishing additional provisions for the Wholesale and Retail Trade, Build, Construction, Contracting and Tourism sectors, whose PD is more sensitive to the current macroeconomic and geopolitical conjuncture among the sectors that are declining. The Group maintains this approach as of 31 March 2024. When deemed necessary, the future will review these assumptions according to the course of economic and geopolitical risks.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecast of future economic conditions.

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The Group applies a ‘three-stage’ impairment model depending on the gradual increase in credit risk observed since initial recognition

Stage 1: Includes financial assets not having significant increase in their credit risk from initial recognition till the following reporting date or financial assets having low credit risk at the reporting date. It is recognized 12-month expected credit losses for such financial assets.

Stage 2: Includes financial assets having significant increase in their credit risk subsequent to the initial recognition, but not having objective evidence about impairment. It is recognized lifetime expected credit losses for such financial assets.

In this context, the basic considerations that are considered in determining the significant increase in the credit risk of a financial asset and its transfer to Phase 2 are, but are not limited to, the following.

- Delayed by more than 30 days as of the reporting date
- Restructuring
- Close Monitoring
- Evaluation of distortion in Rating Note

The definition of the deterioration in the rating is the comparison of the credit rating at the opening date and the rating date at the reporting date by using the Parent Bank's internal rating-based credit rating models. If the rating calculated for the loan at the reporting date exceeds the specified threshold values, the rating is deemed as deterioration.

Stage 3: Includes financial assets having objective evidence about impairment at the reporting date. It is recognized lifetime expected credit losses for such financial assets.

The Parent Bank periodically evaluates the provisions of loans and other receivables in accordance with TFRS 9 retrospectively on the basis of their results and, if deemed necessary, revises the basketing rules and the parameters used in the calculation of the related provision balances.

1.7 Revenue from TFRS 15 disclosures regarding the standard of revenue from customer contracts

TFRS 15 Revenue from Customer Contracts provides a single, comprehensive model and guidance on the recognition of revenue and is recorded in accordance with income with TFRS 15 Revenue from Customer Contracts.

1.8 Explanations on TFRS 16 leases standard

The leasing transactions are presented by the lessees as assets (right-of-use assets) and liabilities from leasing transactions. TFRS 16 Standard eliminates the dual accounting model of leasing transactions on balance sheet and operational leasing transactions as direct expense except balance sheet.

Within the scope of TFRS 16, the Group reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Group measures the leasing liability on the present value of the remaining lease payments, discounted at their present value using the alternative borrowing cost ratio at the date of initial application of the Parent Bank. In addition, the Parent Bank measures the existence of the right to use of such right at an amount equal to the lease obligation, which is reflected in the statement of financial position immediately after the first application date, adjusted for the amount of all prepaid or accrued lease payments.

As of 31 March 2024, the right-of-use assets classified tangible assets gross amounting to TL 1,465,663 in the balance sheet of The Parent Bank and lease liabilities classified in the item of liabilities from lease transactions amounting to gross TL 1,624,857. In the three-month period that ended as of the same date, financial expenses amounting to TL 48,645 and depreciation expenses amounting to TL 95,029 were incurred.

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2. Explanations on strategy of using financial instruments and foreign currency transactions

The Group follows an asset-liability management strategy that mitigates risk and increases earnings by balancing the funds borrowed and the investments in various financial assets. The main objective of asset-liability management is to limit the Parent Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the Parent Bank's equity. The assets-liabilities committee (ALC) manages the assets and liabilities within the trading limits on the level of exposure placed by the Executive Risk Committee.

Gains and losses arising from foreign currency transactions have been recorded in the period in which the transaction took place. Foreign currency denominated monetary assets and liabilities are valued with the period end exchange rates published by the Central Bank of Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

The foreign currency exchange differences resulting from the translation of debt securities issued and monetary financial instruments into Turkish Lira are included in the income statement. There are no foreign currency differences capitalized by the Group.

3. Investments in associates and subsidiaries

Consolidated and Financial Statements " Turkey Accounting Standard for Consolidated Financial Statements" (TFRS 10) has been prepared in accordance with the provisions.

The Parent Bank and Neova Katılım Sigorta A.Ş accounted for the mutual funds that KT Portföy Yönetimi A.Ş., a subsidiary of the Parent Bank, is "the fund founder and that the Group controls according to the methods, procedures and principles stated in ("TFRS 10") "Turkish Financial Reporting Standard for Consolidated Financial Statements" are accounted as per full consolidation method.

Titles, locations of the headquarters, main operations and Group's shares relating the consolidated entities are as follows:

Title	Address (City/Country)	Main Operation	31.03.2024	31.12.2023	Consolidation method
KT Bank AG	Frankfurt/Germany	Banking	100.00%	100.00%	Full consolidation
Neova Katılım Sigorta A.Ş.	İstanbul/Türkiye	Financial Institution	100.00%	100.00%	Full consolidation
KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Türkiye	Financial Institution	100.00%	100.00%	Full consolidation
KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Türkiye	Financial Institution	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Yönetimi A.Ş.	İstanbul/Türkiye	Financial Institution	100.00%	100.00%	Full consolidation
Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	Financial Institution	75.50%	75.50%	Full consolidation
Katılım Emeklilik ve Hayat A.Ş.	İstanbul/Türkiye	Financial Institution	50.00%	50.00%	Accounted with equity pick-up
Kuveyt Türk Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Kuveyt Türk Yabancı Katılım Serbest Özel Fon	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Birinci Katılım Serbest (TL) Fon	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Birinci Katılım Serbest (Döviz-Avro) Özel Fon	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Yönetimi A.Ş. Kobi Girişim Sermayesi Yatırım Fonu	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Lonca Girişim Sermayesi Yatırım Fonu	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Neova Katılım Serbest Özel (TL) Fon	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Yönetimi A.Ş. Neova Katılım Sigorta Özel Girişim Sermayesi Yatırım Fonu	İstanbul/Türkiye	Investment Fund	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy Birinci Katılım Serbest(Döviz-Abd Doları) Özel Fon	İstanbul/Türkiye	Banking	100.00%	100.00%	Full consolidation
Kuveyt Türk Portföy NKS Katılım Serbest (TL) Özel Fon	İstanbul/Türkiye	Financial Institution	100.00%	100.00%	Full consolidation

Parent Bank and the subsidiaries, the financial tables of which are consolidated along with the Parent Bank, are collectively referred as "the Group."

Consolidation basis of subsidiaries

Subsidiaries are entities whose capital and management are directly or indirectly controlled by the Parent Bank. Subsidiaries are consolidated by the full consolidation method, within the framework of significance on the basis of operational outcomes, assets sizes and equity sizes. The financial statements of the relevant subsidiaries are included in the consolidated financial statements as of the date that control is transferred to Parent Bank.

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Control denotes any of the following circumstances the Parent Bank directly or indirectly through subsidiaries has over 50% of the voting rights or, dominance over the voting rights as described afore does not exist but the Parent Bank owns the preferred shares, or; the Parent Bank has voting rights appropriating more than 50% percent of all voting rights due to the agreements signed with other shareholders, or; the Parent Bank has the authority to manage the operational and financial policies of the entity due to certain arrangements or agreements, or; the Parent Bank has the power to influence the majority of the votes within the Board of Directors or any other executive organ vested with similar rights, or; the Parent Bank by any means has the power to appoint or dismiss the majority of the Board of Directors.

In accordance with the full consolidation, all of the assets, liabilities, income, expense and off-balance sheet liabilities of the subsidiaries are consolidated with the assets, liabilities, income, expense and off-balance sheet liabilities of the Parent Bank. The carrying value of the Group's investment in each subsidiary is offset with the cost value of the subsidiary's capital owned by the Group. Balances regarding the transactions between the subsidiaries in the scope of the consolidation and the unrealized gains/losses are reciprocally offset. Minority shares within the net income of the consolidated subsidiaries are determined provided that the net income of the Group shall be calculated, and these minority shares are presented as a separate item in the income statement. Minority shares are presented under the equity in the consolidated balance sheet.

In the case where the accounting policies implemented by the subsidiary are different than the Parent Bank, the accounting policies are reconciled.

4. Explanations on forward transactions and option contracts and derivative instruments

The Group engages in foreign currency futures transactions in order to reduce foreign currency position risk and manage foreign currency liquidity. The Group's derivatives are classified as "Hedging Purposes" and "Financial Asset with Fair Value (GUD) Reflected in Profit/Loss". Accordingly, although some derivative transactions provide effective protection against risks for the Group economically, those that cannot be defined accountably for hedging purposes are recognized as "Financial Assets Reflected in Fair Value (GUD) Profit/Loss" and tracked in the "Derivative Financial Assets/Liabilities" account on the balance sheet with their fair value.

Obligations and receivables arising from derivative transactions are recorded in the accounts based on the contract amounts. The fair value of currency futures and swaps is calculated using the discounted cash flow model. Differences in the fair value of derivative transactions for trading purposes are recognized in the " Trading Income/Loss " item in the income statement.

Embedded derivatives are separated from the host contract if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Embedded derivatives are accounted as derivative instruments in-line with TFRS 9. If the embedded derivatives are closely related with the host contract, embedded derivatives are accounted for in-line with the relevant standard applicable for the host contract.

As of 31 March 2024, the Group's has no cash flow hedging transaction.

Benchmark Rate Reform - Stage 2, which introduces amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16, effective from January 2021, was published in December 2020 and early application of the changes is permitted. With the amendments made, certain exceptions are provided in the basis used in determining the contractual cash flows and in the hedge accounting provisions. The changes came into effect from 1 January 2021. Loans given from items indexed to benchmark interest rates in the Parent Bank's financial statements and securities assets; Securities issued, derivative transactions and loans obtained through repo constitute liabilities. These changes do not have a significant impact on the Parent Bank's financial position or performance. As of 31 March 2024, the Group has no hedging transactions based on the benchmark interest rate.

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5. Explanations on profit share income and expense

Profit share income is recognized in the income statement on an accrual basis by using the method of internal rate of return and is accounted under profit share income account in the financial statements. While applying the internal rate of return method, the Group amortizes the fees included in the account of the effective profit rate over the expected life of the financial instrument. If the financial asset is impaired and classified as a non-performing loan, profit accruals and rediscount calculations for these customers within the scope of TFRS 9 Financial Instruments Standard.

The Group calculates expense accrual in accordance with the unit value calculation method on profit/loss sharing accounts and reflects these amounts in "Funds Collected" account on the balance sheet.

6. Explanations on fees and commission income and expenses

Other than fees and commission income and expenses received from certain banking transactions that are recorded as income or expense in the period they are collected, fees and commission income and expenses are recognized in the income statement depending on the duration of the transaction. Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers.

Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

In accordance with the provisions of TAS, commission and fees collected in advance for loans used by the Group granted are deferred and reflected to the income statement by using the internal rate of return method. Unearned portion of the commission and fees relating to the future periods are recorded to the "Unearned Revenues" account under "Other Liabilities" on the balance sheet.

7. Explanations on financial assets

The Group classifies and accounts for its financial assets as 'Fair Value Through Profit/Loss', 'Fair Value Through Other Comprehensive Income,' or 'Amortized Cost.' Such financial assets are recognized and derecognized as per the terms of "Recognition and Derecognition in Financial Statements" under the section three of the "TFRS 9 Financial Instruments" regarding the classification and measurements of financial instruments, published in the Official Gazette numbered 29953 and dated 19 January 2017 by Public Oversight, Accounting and Auditing Standards Authority ("POA"). When financial assets are included in the financial statements for the first time, they are measured at fair value. Transaction costs are initially added to fair value or deducted from fair value at the initial measurement of financial assets other than the "Fair Value at Fair Value Through Profit or Loss".

The Group recognizes a financial asset in the financial statements only when it becomes a party to the contractual terms of a financial instrument. During the initial recognition of a financial asset, the business model determined by Parent Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the Parent Bank management is changed, all affected financial assets are reclassified and this reclassification is applied prospectively. In such cases, no adjustments are made to gains, losses or profit shares that were previously recorded in the financial statements.

7.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are managed within a business model other than the business model whose objective is achieved by holding contractual cashflows for collection and the business model whose objective is achieved by collecting and selling contractual cash flows. Also, in case that the contractual terms of financial assets do not give rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount, such assets are those that are, obtained with the aim of providing profit from the short-term price or other factor fluctuations in the market or are part of a portfolio aiming to obtain short-term profit, regardless of the reason of acquisition. Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently remeasured at fair value. Gains and losses arising from the valuation are recognised in profit or loss.

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7.2 Financial assets at fair value through other comprehensive income

A financial asset is classified as at fair value through other comprehensive income when the asset is managed within a business model whose objective is achieved by collecting contractual cash flows and selling the financial asset, as well as when the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and profit share on the principal amount.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition costs that reflect 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 effective profit share method regarding the financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses," which is the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income, are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, or the impairment of the asset. "Unrealized gains and losses" are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, are carried at fair value, in the case that the securities have a quoted market price in an active market and/or the fair values of the securities can be reliably measured. In contrary case, the securities are carried at cost, less provision for impairment.

During initial recognition an entity can make an irrevocable election regarding the presentation of the subsequent changes in the fair value of the investment in an equity instrument, that is not held for trading purposes, in the other comprehensive income. In the case that the entity elects to present the changes as described, dividends arising from the investment is accounted in the financial statements as profit or loss.

7.3 Financial assets measured at amortized cost

In the case that a financial asset is held within a business model whose objective is achieved both by collecting contractual cash flows and that the contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal and profit share on the principal amount, the financial asset is classified as financial asset measured at amortized cost.

Financial Assets Measured at Amortized Cost; are financial assets, other than loans and receivables, which are held for the purpose of custody until maturity, with conditions necessary for such assets to be held until contractual maturity met, including funding ability; and which have fixed or determinable payments and fixed maturities. Financial assets measured at amortized cost are initially recognized at cost and subsequently measured at amortized cost using the internal rate of return method. Profit share income related to Financial Assets measured at amortized cost is reflected in the income statement.

7.4 Derivative financial assets

The major derivative instruments utilized by the Group are foreign currency swaps, cross currency swaps and currency forwards.

Payables and receivables arising from the derivative instruments are recorded in the off-balance sheet accounts at their contractual values.

Derivative transactions are valued at their fair values subsequent to their acquisition. In accordance with the classification of derivative financial instruments, the fair value amounts are classified as "Derivative Financial Assets Designated at Fair Value Through Profit or Loss." The fair value differences of derivative financial instruments are recognized in the income statement under trading profit/loss line in profit/loss from derivative financial transactions. The fair value of derivative instruments is calculated by considering the market value of the derivatives or by using the discounted cash flow model.

7.5 Loans

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortized cost using the "Effective Profit Share Rate (internal rate of return) Method".

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8. 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's has a legally enforceable right 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.

9. Explanations on sale and repurchase agreements and lending of securities

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 need funding or in attempt to evaluate the excess liquidity. In this context, OMT were carried out with the CBRT for the first time on 14 June 2013, by subjecting the Treasury Lease Certificates, which were include in assets, to the repurchase transactions. From this date, the Bank performs sale transactions of treasury lease certificates that are recognized in the assets of the balance sheet in return for conditional repurchasing by tendering to purchase auctions held by CBRT with various maturities; and thusly raises funds.

As of 31 March 2024, the Group has repurchased agreement amounting to TL 5,732,596 (31 December 2023 – TL 4,487,806).

10. Explanations on assets held for sale and discontinued operations and related liabilities

As mandated by the Banking Act 5411 Article 57 "banks cannot participate in commercial real-estate and commodity trade with the exception of real-estate and commodity based agreements within the scope of Capital Markets Act No. 2499, and precious metal trade as seen appropriate by the board, and cannot participate in partnerships with firms whose main business activity is commercial real-estate, with the exception of real-estate investment partnerships and companies that finance mortgaged residential estates. The rules and procedures regarding the sales of real-estate and commodities that were acquired due to receivables and debtors' obligations to the bank are determined by the board."

Assets that meet the criteria for classification as assets held for sale are measured at the lower of the carrying amount of assets and fair value less any costs to be incurred for disposal. Assets held for sale are not amortized and presented in the financial statements separately. In order to classify an asset as held for sale, the sale should be highly probable and the asset (or disposal group) should be available for immediate sale in its present condition. Highly saleable condition requires a plan by the management regarding the sale of the asset (or the disposal group) together with an active program for the determination of buyers as well as for the completion of the plan. Also, the asset (or the disposal group) should be actively in the market at a price consistent with its fair value. In addition, the sale is expected to be recognized as a completed sale within one year after the classification date and the necessary transactions and procedures to complete the plan should demonstrate the fact that there is remote possibility of making any significant changes in the plan or cancellation of the plan. Various events and conditions may extend the completion period of the disposal over one year. If such delay arises from any events and conditions beyond the control of the entity and there is sufficient evidence that the entity has an ongoing disposal plan for these assets, such assets (or disposal group) can remain to be classified as assets (or disposal group) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal group) to be classified as asset held for sale.

A discontinued operation is a part of the Group's that either has been disposed of or is classified as held for sale. Discontinued operations are presented separately in the income statement. The Group's has no discontinued operations.

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11. Explanations on goodwill and other intangible assets

Intangible assets are stated at cost adjusted for inflation until 31 December 2004, less provision for impairment, if any, and accumulated amortization and amortized with straight-line method.

The other intangible assets of the Group comprise mainly computer software. The useful lives of such assets acquired prior to 2004 have been determined as 5 years and for the year 2004 and forthcoming years, as 3 years. The amortization period of the licenses is determined on the basis of the duration of the license agreements.

There is no goodwill related to associates and subsidiaries.

12. Explanations on tangible assets

Fixed assets are stated at cost adjusted for inflation until 31 December 2004, less accumulated depreciation and provision for impairment, if any.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates used for amortization are as follows:

Property	2%
Movables, leased assets	6.67% - 20%

Depreciation is calculated on a pro-rata basis for the assets that have been placed in use for less than one year as of the balance sheet date. Leasehold improvements are depreciated over the term of the lease agreements by straight-line method.

If the recoverable amount (the higher of value in use and fair value) of a tangible asset is less than it is carrying value, impairment loss is provided and the carrying value is written down to its recoverable amount.

Gains or losses resulting from disposals of the fixed assets are recorded in the income statement as the difference between the net proceeds and net book value of the asset.

Expenses for repair costs are capitalized if the expenditure increases economic life of the asset; other repair costs are expensed as incurred.

The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalized on the cost of the tangible asset. The capital 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.

Property held for long-term rental yields and/or capital appreciation is classified as investment property. Investment properties are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the properties.

13. Explanations on leasing transactions

For contracts concluded prior to 1 January 2019, the Group assesses whether the contract has a lease qualification or include a lease transaction.

- The right to obtain almost all of the economic benefits from the use of the leased asset and,
- Whether the leased asset which has the right to manage its use is evaluated

The Group has started implementing the TFRS 16 - Leases standard from 1 January 2019, the first date of the TFRS 16 standard. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments are discounted by using the Parent Bank's alternative borrowing profit rate. The Parent Bank recognizes right-of-use assets equal to the lease liability, adjusted for any prepaid or accrued lease payments.

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The right of the use asset

The Group reflects the existence of a right of use and a lease obligation to the financial statements at the date the lease is commenced.

The right to use asset is recognized first by cost method and includes the following:

- (a) The first measurement amount of the lease obligation,
- (b) The amount obtained by deducting all rental incentives received from all lease payments made at or before the date of the rental,

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

- (a) Accumulated depreciation and accumulated impairment losses are deducted and
- (b) Measures the restatement of the lease obligation over the adjusted cost.

The Group applies the depreciation liabilities in TAS 16 Tangible Fixed Assets while depreciating the right of use asset.

The Group determines whether the right of use has been impaired and recognizes any identified impairment losses in accordance with TAS 36 – Impairment of Assets.

Lease Obligation

At the effective date of the lease, the Group measures the leasing liability at the present value of the lease payments not paid at that time. Lease payments are discounted using the Group’s alternative borrowing profit share rate.

The profit share on the lease liability for each period of the lease term is the amount found by applying a fixed periodic profit share rate to the remaining balance of the lease liability. Periodic profit share rate is the Group’s borrowing profit share rate.

After the beginning of a contract, the Group remeasures its lease liability to reflect changes in lease payments. The Group reflects the restatement amount of the lease obligation to the financial statements as revised in the presence of the right of use.

14. Explanations related to insurance technical provisions

IFRS 4 specifies that all contracts issued by insurance companies must be classified as insurance contracts or investment contracts. Contracts that carry a significant insurance risk are classified as insurance contracts. Insurance risk is defined as the risks that the party holding the insurance contract (insured) transfers to the insured party, other than the financial risk. Contracts that do not carry a significant insurance risk are classified as investment contracts. Investment contracts are accounted for within the framework of TAS 39 “Financial Instruments: Recognition and Measurement”.

In the consolidated financial statements, insurance technical provisions consist of the provision for unearned premiums and the provision for outstanding compensation.

The provision for unearned premiums consists of the portion of accrued premiums for insurance contracts in force that are grossly deducted for the next accounting period or accounting periods on a daily basis, without any commission or other discount.

The provision for outstanding compensation is reserved for compensation amounts that have been accrued and determined on an account but have not actually been paid in previous accounting periods or current accounting periods, or, if this amount has not been calculated, for compensation amounts that have been realized but not reported with their estimated costs.

The actuarial chain ladder method is used to estimate the amount of reserves that should be allocated in the current period according to the damage data that have been realized in the past. The amount of compensation found as a result of the method is added to the amount of compensation for outstanding compensation or subtracted from the amount of compensation for outstanding compensation.

Reinsurance companies allocate provisions according to their participation shares based on the actual compensation amounts reported, accrued and determined by the companies.

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The insurance company affiliated to the Group pays premiums and risks in order to reduce its losses arising from the projected risks it is transferred as part of its operations. Insurance premiums transferred to reinsurers related to contracts that transfer significant insurance risks are expensed by spreading over the duration of the relevant policies in parallel with the accrual of insurance premium income arising from possible risks secured.

Variable costs directly related to insurance and reinsurance contracts, such as brokerage, commission, consortium expenses and other acquisition costs, are amortised in parallel with the recognition of premium earnings during the contract period.

15. Explanations related to insurance technical income and expenses

Premium income in insurance companies after deducting the shares transferred to reinsurers from the policy income issued consists of.

Expenses are recorded as the damages are realized, and at the end of the period, the reported and not yet paid damages and the provision for pending damages are allocated for the realized but not reported damages. The reinsurer's shares of outstanding and paid damages are clarified within these provisions.

16. Explanations on provisions and contingent liabilities

Provisions and contingent liabilities are accounted for in accordance with “Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets” (TAS 37).

Provisions are recognized when the Bank has a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

As per the “Matching Principle,” a provision is provided for the liabilities arising as a result of past events in the period they arise, if it is probable that the liability will be settled and a reliable estimate for the liability amount can be made.

When a reliable estimate of the amount of the obligation cannot be made or it is not probable that an outflow of the Group resources will be required to settle the obligation, the obligation is considered as a “Contingent” liability and is disclosed in the related notes to the financial statements.

17. Explanations on liabilities relating to employee benefits

17.1 Defined benefit plans

In accordance with existing social legislation, the Group is required to make severance pay to each employee who has completed over one year of service with the group and who retires or quits the employment to receive old age or disability benefits, to fulfil the compulsory military service, because of the marriage (for females) or because of the other compulsive reasons as defined in the laws and whose employment is terminated due to reasons other than resignation or misconduct.

Liabilities amount which is related to “Turkish Accounting Standard on Employee Benefits” (“TAS 19”) is reflected accompanying financial statements and these liabilities are calculated by an independent actuary firm. The Group is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

The Group’s employees are not members of any pension fund, foundations, union or other similar entities.

17.2 Defined contribution plans

The Group pays defined contribution plans to publicly administered Social Security Funds for its employees as mandated by the Social Security Association. The Bank has no further payment obligations other than this contribution share. The contributions are recognized as employee benefit expense when they are due.

17.3 Short term benefits to employees

In accordance with “TAS 19”, vacation pay liabilities are defined as “Short Term Benefits to Employees” and accrued as earned.

The Group management calculates bonus accrual if it foresees that the budgeted year-end figures approved by the Board of Directors are attainable.

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18. Explanations on taxation

Current Tax

According to Article 21 of the Law No. 7456 published in the Official Gazette dated 15 July 2023 and numbered 32249, starting from the declarations to be submitted as of 1 October 2023, the corporate tax rate of 25% on the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased from 25% to 30% to be applied to the earnings of the institutions in 2023 and the following taxation periods.

This rate is applied to the tax base to be found as a result of adding expenses that are not accepted as deductible in accordance with the tax laws to the commercial earnings of the corporations and deducting the exemptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid. Starting from the declarations that must be submitted as of 1 October 2023 in accordance with the tax legislation; It entered into force on 15 July 2023 to be applied to the corporate income in 2023 and subsequent taxation periods, and to the earnings of corporations subject to the special accounting period starting in the 2023 calendar year and the following taxation periods. The provisional tax rate will be paid at the rate of 30% on the bases formed as of quarterly periods, and the provisional taxes paid during the year are deducted from the corporate tax calculated on the annual corporate tax return of that year.

The exemption provided for the income obtained by institutions from other investment funds, except for the exception provided for the income obtained from the participation shares of venture capital investment funds and the shares of venture capital investment trusts, has been abolished. This regulation has entered into force to be applied to mutual fund participation shares acquired as of 15 July 2023.

Withholding taxes is not applied to dividends distributed to companies' resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey. With the Council of Minister's decision numbered 2009/14593 and 2009/14594 which are published in official gazette numbered 27130 and dated 3 February 2009, some deduction rates in 15th and 30th articles of the corporate tax law numbered 5520 were re-determined. In accordance with this, dividends distributed to companies other than companies' resident in Turkey or companies who earn income in Turkey through their resident representatives in Turkey are subject to 10% withholding taxes. Double tax treaty agreements are also taken into consideration during the application of withholding taxes on dividends distributed to real persons and to foreign-based taxpayers. Addition of profit to share capital is not considered as dividend distributed therefore no withholding taxes is applied.

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 547) published in the Official Gazette numbered 32073 on 14 January 2023, the procedures and principles of the articles allowing the revaluation of real estates and depreciation units have been redrawn. By taking into consideration aforementioned Communiqué, the Bank, has been revaluated real estate and depreciation units within its balance sheet by providing conditions in the provisions of Tax Procedure Law's provisional Article 32 and duplicated Article 298/ç. Accordingly, corporate income tax has calculated with respect to revaluated real estate and depreciation units.

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated 21 November 2012 in order to lease it back and in case of taking back at the end of the contract, with the sale of financial leasing companies and asset leasing by asset leasing companies, for profit from the sale of the immovable property inherited from the institution applies this rate as 100% and for the immovable is not compulsory to be in assets at least for a period of two years. But the mentioned immovable's; except in case of failure to fulfil the obligations arising from the source institution, the lesser or leasing agreement, immovable in question by the asset leasing company, in case of selling a third person or institutions, these immovable's with the carrying value before its transfer to resource institution or asset leasing in lesser or asset leasing company, in mentioned institutions taking into consideration the total amount of depreciation is taxable for corporation engaged in the sale.

Corporate tax returns are filed by the thirty days of the fourth month following the balance sheet date and taxes is paid in one instalment by the end of that month. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, losses cannot be carried back to offset profits from previous periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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In Turkey, there is no procedure for a final and definite agreement on tax assessments.

Profit/loss difference arising from inflation adjustment made by banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Finance Companies Law dated 21 November 2021 and numbered 6361, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies in the 2024 and 2025 accounting periods, including temporary tax periods, will not be taken into account in the determination of earnings.

Deferred Tax

For taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as per the provisions of “Turkish Accounting Standard on Income Taxes” (“TAS 12”), the Group calculates deferred tax liability over all taxable temporary differences and deferred tax asset over taxable temporary differences, apart from the provisions for due to participation accounts Expected Credit Losses for 12-Months (Stage 1) and for due to participation accounts Lifetime Credit Losses (Stage 2) with significant increase in the credit risk after initial recognition, to the extent that is probable that taxable profit will be available in subsequent periods. Deferred tax asset and liabilities are shown in the accompanying financial statements on a net basis. The tax effect regarding the items directly accounted in equity are also reflected in equity. Updated tax rates in the upcoming periods will be taken into account in the calculation of deferred tax assets and liabilities.

31 March 2024, according to provisional Article 33 of the Tax Procedure Code, the tax effects arising from the inflation adjustment of the financial statements dated 31 December 2023 are included in the deferred tax calculation as of 31 March 2024, regardless of whether the conditions for the inflation adjustment have been formed.

19. Explanations on additional disclosures on borrowings

Borrowings other than funds collected are measured at amortized cost using the internal rate of return method after the initial recognition. The Group does not apply hedging techniques on related borrowings.

The Group has not issued convertible bonds.

20. Explanations on share certificates issued

There is no significant amount of transaction costs on Bank about share certificates.

21. Explanations on acceptances and availed drafts

Acceptances and availed drafts are realized simultaneously with the payment dates of the customers, and they are presented as commitments in off-balance sheet accounts.

22. Explanations on government grants

There are no government grants received by the Group.

23. Explanations on segment reporting

The Group conducts its activities in three separate segments: Corporate and Commercial Banking, Retail Banking, Treasury and International Banking. Each department serves with its own products and the results of the activities are monitored on the basis of these departments.

Segment reporting is disclosed in Section Four, Note 13.

24. Explanations on other matters

The Group has no disclosures on other matters.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

1. Explanations on Consolidated Equity Items

Shareholders' equity and capital adequacy ratio were calculated within the framework of "Regulation on Banks' Equity" and "Regulation on Measurement and Evaluation of Capital Adequacy of Banks". As of 31 March 2024, the Group's total shareholders' equity is calculated as TL 81,575,059 (31 December 2023: TL 71,599,378), and the capital adequacy ratio is 20.98% (31 December 2023: 25.36%).

On 23 March 2020, the BRSA issued a press release stating that there were fluctuations in financial markets due to the COVID-19 pandemic. Therefore, in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy, as per the BRSA's Decision No. 10496 dated 31 January 2023, when calculating credit risk based amounts, the amounts of non-monetary assets, excluding items denominated in foreign currency measured at historical cost and in accordance with Turkish Accounting Standards, and their related specific provision amounts shall be calculated using the Central Bank of the Republic of Turkey's (CBRT) foreign currency buying rate as of 30 December 2022, unless otherwise decided by the Board, and in accordance with the decision of 1 January 2024 using the CBRT's foreign currency buying rate as of 26 June 2023, until a contrary Board decision is made.

Furthermore, within the scope of the regulations announced by the BRSA on 12 December 2023, if the net valuation differences of the securities in the portfolio of marketable securities accounted for in other comprehensive income are negative, the possibility has been granted to not take into account these differences in the equity amount to be used for the capital adequacy ratio.

The Group's legal capital adequacy ratio calculation has been made by taking into account the regulation changes mentioned above as of 31 March 2024.

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1.1 Explanations on the consolidated components of shareholder's equity

	Current Period Amount	Prior Period Amount
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	4,600,000	4,600,000
Share issue premiums	24,525	24,525
Reserves	18,967,831	18,336,113
Gains recognized in equity as per Turkish Accounting Standards (TAS)	1,481,864	1,355,126
Profit	38,025,217	30,517,858
Current Period Profit	8,115,295	28,826,897
Prior Periods' Profit	29,909,922	1,690,961
Minority Shares	58,149	87,122
Shares acquired free of charge from associates, subsidiaries and joint ventures and cannot be recognized within profit for the period	-	-
Common Equity Tier 1 Capital Before Deductions	63,157,586	54,920,744
Deductions from Common Equity Tier 1 Capital	-	-
Common Equity as per the (i) 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	1,932,720	1,284,744
Improvement costs for operating leasing	265,882	238,694
Goodwill remaining after offsetting with the relevant deferred tax liability	-	-
Other intangible assets remaining after offsetting with the related deferred tax liability, excluding the rights to provide mortgage service	1,523,598	1,166,828
The remaining part of the deferred tax asset based on taxable income to be obtained in future periods, excluding the deferred tax assets based on temporary differences, after deducting with the related deferred tax liability	186,989	185,135
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	513,980	513,980
Direct and indirect investments of the Bank in its own Common Equity	4,869	4,869
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns more than 10% of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
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 more than 10% of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be Defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions from Common Equity Tier I Capital	4,428,038	3,394,250
Total Common Equity Tier I Capital	58,729,548	51,526,494

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ADDITIONAL TIER I CAPITAL		
Preferred stock not included in common equity Tier I Capital and the related share premiums	-	-
Debt instruments and premiums approved by BRSA	8,063,540	7,358,175
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	8,063,540	7,358,175
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of net long positions of the investments in equity items of unconsolidated banks and financial institutions where the Bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I Capital	-	-
The total of net long position of the direct or indirect investments in Additional Tier I Capital of unconsolidated banks and financial institutions where the Bank owns more than 10% of the issued share capital	-	-
Other Items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	8,063,540	7,358,175
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	66,793,088	58,884,669
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	11,288,956	10,301,445
Debt instruments and share issue premiums deemed suitable by BRSA (Temporary Article 4)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	3,596,982	2,462,615
Tier II Capital Before Deductions	14,885,938	12,764,060
Deductions from Tier II Capital	-	-
Direct and indirect investments of the bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	14,885,938	12,764,060
Total Capital (The sum of Tier I Capital and Tier II Capital)	81,679,026	71,648,729

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Total Capital (The sum of Tier I Capital and Tier II Capital)		
Deductions from Capital Loans granted contrary to the 50th and 51st 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	97,145	48,494
Other items to be defined by the BRSA	6,822	857
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns 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 owns 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 Tier1 capital for the purposes of the first and second sub-paragraph of the first paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	81,575,059	71,599,378
Total Risk Weighted Assets	388,850,792	282,386,563
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	15.10	18.25
Tier I Capital Ratio (%)	17.18	20.85
Capital Adequacy Ratio (%)	20.98	25.36
BUFFERS		
Total additional core capital requirement ratio	2.56	2.52
Capital conservation buffer requirement (%)	2.50	2.50
Bank specific countercyclical buffer requirement (%)	0	0.02
Additional CET 1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	10.60	13.75
Amounts Lower than Excesses as per Deduction Rules		
Remaining 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	-	-
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets arising from Temporary Differences	-	-
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty five per the thousand	7,835,243	7,948,868
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3,596,982	2,462,615
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communique on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	-
Debt Instruments Covered by Temporary Article 4 (effective between 1 January 2018-1 January 2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	-
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	-

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Information on debt instruments to be included in equity calculation:			
Issuer	KT One Company Limited	KT AT One Company Limited	KT21 T2 Company Limited
Instrument Code (CUSIP, ISIN vb.)	XS2028862998	XS2227803819	XS2384355520
Legislation to which the Instrument is subject	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity	BRSA regulation on Shareholders ' Equity
Consideration In Equity Calculation			
Subject to consideration application reduced by 10% from 1/1/2015	Not Being Subject	Not Being Subject	Not Being Subject
Validity on a consolidated or unconsolidated basis or both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis
Instruments Type	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Tier II Capital)
Amount taken into account in equity calculation (as of last reporting date-TL million)	6,451	1,613	11,289
Nominal value of the Instrument (TL million))	6,451	1,613	11,289
The account in which the Instrument is followed accounting	34701103	34701103	34700103
Export date of the Instrument	16/07/2019	28/09/2020	16/09/2021
Maturity structure of the Instrument (demand/term))	Demand	Demand	10 Years and 3 Months Term
Initial maturity of the Instrument	5 Years (Due Date: 16/07/2024)	5 Years (Due Date: 28/09/2025)	10 Years and 3 Months (Due Date:16/12/2031)
Whether the issuer has the right to refund subject to BRSA approval	Yes	Yes	Yes
Date of repayment option, contingent repayment options and amount to be paid back	16/07/2024 – Complete	28/09/2025 – Complete	16/12/2031 -Complete
Subsequent repayment option dates	16/07/2024	28/09/2025	16/12/2031
Dividend payments			
Fixed or variable dividend payments	Fixed Dividend payments	Fixed Dividend payments	Fixed Dividend payments
Dividend ratio and index value for dividend ratio	9.13%	9.95%	6.125%
Whether there are any restrictions that stop paying dividends	None	None	None
The ability to be completely optional, partially optional or mandatory	Mandatory	Mandatory	Mandatory
Whether there is an element to encourage repayment, such as a dividend rate hike	None	None	None
Non-accumulative or cumulative property	Noncumulative	Noncumulative	Noncumulative
Ability to convert to stock			
Trigger events/events that would cause conversion if converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Fully or partially convert property if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
If it can be converted to stock, the conversion rate	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Forced or optional conversion property, if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Types of convertible Instruments if convertible to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Issuer of the debt instrument to be converted if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Value reduction feature			
Trigger events/events to cause reduction if value reduction is enabled	No Value Reduction	No Value Reduction	No Value Reduction
If it has a value reduction feature, it has a total or partial value reduction feature	No Value Reduction	No Value Reduction	No Value Reduction
If the value reduction property is continuous or transient	No Value Reduction	No Value Reduction	No Value Reduction
If the value can be temporarily reduced, the value increment mechanism	No Value Reduction	No Value Reduction	No Value Reduction
In the case of liquidation, which is in the order in respect of the right of receivables (the instrument which is located just above this instrument of borrowing))	Tier - 1	Tier - 1	Tier - 2
Whether or not the provisions of Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None
Which of the conditions contained in Articles 7 and 8 of the regulation on the shareholders ' equity of the banks are not met	None	None	None

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1.2 Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities

Internal evaluation process is established for continuously evaluating and maintaining the types, components and distribution of the adequate level of capital in order to provide for various risks exposed to or to be exposed to. The final purpose of the evaluation process of the internal capital requirement, is to define and evaluate all the risks included or not in the calculations of the legal capital requirements, within the frame of the activities of the Parent Bank, and to provide the availability of adequate capital in order to cover these risks and the application of the risk management techniques. The results obtained in this evaluation process by taking into consideration, the Parent Banks' growth strategy, assets-liabilities structure, funding sources, liquidity position, foreign currency position, the effect of the price and market fluctuations on the capital, which are among the variables of the economy, aim to provide the continuity of the mentioned capital adequacy level at the determined level in compliance with the Banks' risk profile and risk appetite.

Within this scope, capital structure is reviewed as based on the frame of the activities and risks exposed to, and the internal capital requirement, probable to occur within the direction of targets and strategies of the Group is evaluated. This evaluation includes interest rate risk, concentration risk, liquidation risk, reputation risk, residual risk, country risk and strategic risk arising of the banking books as well as market, credit and operational risks. Capital requirement internal evaluation is evaluated to be a developing process and the development areas for the future period are determined and plans are prepared.

2. Explanations and disclosures related to consolidated credit risk

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

3. Explanations on consolidated currency risk

Foreign currency risk represents the Group's exposure to loss due to the changes in foreign currency exchange rates. All foreign currency assets, liabilities and foreign currency forward transactions are considered in calculation of capital to be employed for foreign currency risk according to standard method. The "standard method" and the "value at risk method" used in legal reporting are used to measure the exchange rate risk of the Group. Measurements made under the standard method are carried out on a monthly basis and measurements made under the risk-exposed Value Method are carried out on a daily basis.

The Parent Bank monitors daily the designated limits set by the Board of Directors and additionally observes the possible value changes in foreign currency positions. The limits are determined and followed both for the net foreign currency position and for the cross-exchange rate risk within the position. As a tool of foreign currency risk management, foreign currency forward transactions are used when necessary to mitigate the risk.

As of 31 March 2024, the Group has a closed position of TL 3,209,189 (31 December 2023 - TL 3,369,657 closed) consisting of TL 50,344,245 balance sheet open position (31 December 2023 - TL 15,759,776 open) and TL 53,553,434 off-balance sheet closed position (31 December 2023 - TL 19,129,433 closed).

The announced current foreign exchange buying rates of the Parent Bank on the date of the financial statements and the previous five working days are as follows (full TL)

	25/03/2024	26/03/2024	27/03/2024	28/03/2024	29/03/2024	Balance Sheet Valuation Rate
USD	32.07066	32.14895	32.20374	32.28295	32.25416	32.25416
EUR	34.71031	34.88721	34.86178	34.85664	34.80806	34.80806
GBP	40.46976	40.67097	40.64715	40.74255	40.73332	40.73332
CHF	35.73060	35.65938	35.55802	35.66842	35.77690	35.77690
JPY	0.21203	0.21243	0.21275	0.21330	0.21321	0.21321

The simple arithmetic averages of the major current foreign exchange buying rates of the Parent Bank for the thirty days preceding the balance sheet date are as follows (full TL)

	Monthly Average FC Purchase Rate
USD	31.95371
EUR	34.71391
GBP	40.59113
CHF	35.95815
JPY	0.21336

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Consolidated currency risk of the Group

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey (***)	23,750,900	59,726,525	40,339,936	123,817,361
Banks (****)	2,569,669	8,844,959	31,935,185	43,349,813
Financial assets at fair value through profit and loss	85,136	13,130,976	4,725,503	17,941,615
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	427,353	18,318,907	-	18,746,260
Loans and finance lease receivables (*)	78,167,111	89,715,142	53,758	167,936,011
Subsidiaries, associates and joint ventures	-	-	-	-
Financial assets at amortized cost	696,245	24,295,070	-	24,991,315
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	67,641	5,760	-	73,401
Intangible assets	169,247	22	-	169,269
Other assets	284,007	570,798	13,282	868,087
Total Assets	106,217,309	214,608,159	77,067,664	397,893,132
Liabilities				
Current account and funds collected from Banks via participation accounts	1,821,185	425,579	1,007,734	3,254,498
Current and profit-sharing accounts FC (***)	66,077,231	129,174,193	113,778,809	309,030,233
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	14,848,941	110,326,192	4,889,754	130,064,887
Marketable securities issued	-	-	-	-
Miscellaneous payables	878,488	1,623,392	25,670	2,527,550
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (****)	1,501,782	1,650,604	207,823	3,360,209
Total Liabilities	85,127,627	243,199,960	119,909,790	448,237,377
Net balance sheet position	21,089,682	(28,591,801)	(42,842,126)	(50,344,245)
Net off-balance sheet position	(20,170,207)	30,708,682	43,014,959	53,553,434
Financial derivative assets	2,708,333	45,289,640	51,140,191	99,138,164
Financial derivative liabilities	22,878,540	14,580,958	8,125,232	45,584,730
Non-cash loans (**)	7,638,970	20,145,323	1,741,473	29,525,766
Prior Period				
Total assets	107,682,486	172,131,621	68,704,925	348,519,032
Total liabilities	70,413,539	198,020,566	95,844,703	364,278,808
Net balance sheet position	37,268,947	(25,888,945)	(27,139,778)	(15,759,776)
Net off-balance sheet position	(34,434,643)	25,833,594	27,730,482	19,129,433
Financial derivative assets	1,929,224	34,408,913	33,511,615	69,849,752
Financial derivative liabilities	36,363,867	8,575,319	5,781,133	50,720,319
Non-cash loans (**)	7,025,257	15,086,815	1,613,476	23,725,548

(*) Includes foreign currency indexed loans amounting to TL 1,372,034 (31 December 2022 – TL 1,467,641) followed as TL on the balance sheet and expected credit loss amounting to TL 6,525,605.

(**) Does not have any effect to the net off-balance sheet position.

(***) Precious metals are included in "Other FC" column. Includes the expected loss provisions amounting to TL 1,427 in the balance sheet.

(****) Other liabilities at fair value through TL 29,256 in the calculation of profit / loss of securities are not included in the foreign currency risk of impairment provisions. It also includes a provision for foreign currency indexed loans amounting to TL 14,945.

(*****) Includes provisions for expected losses amounting to TL 1,939 were deducted from the cash values and the relevant lines from the Central Bank and Banks accounts.

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Foreign currency amounts that are not included in the currency risk table due to the legislation related to calculation of foreign currency net position to equity standard ratio, are explained by their gradation in the financial statements below;

- Derivative financial assets held for trading: TL 664,303 (31 December 2023 – TL 463,601)
- Prepaid expenses: TL 2,503 (31 December 2023 – TL 2,893)
- Derivative financial liabilities held for trading: TL 847,000 (31 December 2023 – TL 877,794)
- Marketable securities of FC revaluation reverse: TL (275,161) (31 December 2023 – TL (240,265))
- Derivative financial liabilities held for hedging: None (31 December 2023 – None)

Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions and forward precious metal purchases that are amounting to;

- Foreign exchange buying transactions with value date: TL 6,707,204 (31 December 2023 – TL 3,172,720)
- Foreign exchange sales transactions with value date: TL 6,324,247 (31 December 2023 – TL 4,186,665)
- Precious metal purchase transactions: TL 44,723,655 (31 December 2023 – TL 29,870,800)
- Precious metal sales transactions: TL 6,953,438 (31 December 2023 – TL 4,593,906)

Currency risk sensitivity

The Group is mainly exposed to foreign currency risk in EURO, USD and GOLD.

The following table shows the Group's sensitivity to 10% change in both USD, Euro and Gold exchange rate.

	% changes on foreign currency	Effects on Profit / Loss		Effects on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10%	211,688	(5,535)	478,065	241,173
EURO	10%	91,947	283,430	92,781	294,800
Gold	10%	523,001	456,113	523,001	456,113

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4. Explanations related to stock position risk

4.1 Relation of risks with gains accounted under equity and analysing according to their aims including strategic reasons and the accounting policies applied and general information about valuation techniques with assumptions in this application, the elements that manipulate valuation and important changes

The Group's non-quoted securities are accounted for fair value. When the fair value cannot be reliably measured, the cost method is used.

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

Current Period		Comparison	
Equity Securities Investments	Carrying Value	Fair Value	Market Value
Securities at Fair Value Through Other Comprehensive Income	413,223	-	413,223
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	123,680	-	-
Quoted Securities	-	-	-
Other	377,878	-	-
Quoted Securities	-	-	-

Prior Period		Comparison	
Equity Securities Investments	Carrying Value	Fair Value	Market Value
Securities at Fair Value Through Other Comprehensive Income	349,468	-	349,468
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	123,680	-	-
Quoted Securities	-	-	-
Other	313,984	-	-
Quoted Securities	-	-	-

4.3 Realized gains/losses, revaluation surplus, unrealized gains/losses on equity securities and results included in core and supplementary capitals

None.

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5. Consolidated liquidity risk management and liquidity coverage ratio

The liquidity risk of the Parent Bank is the risk of being unable to fulfil its payment obligations on time due to not having enough cash sources or cash inflows to finance its cash outflows fully and on time due to cash flow instabilities. It has been evaluated in two main categories:

Funding Liquidity Risk: It is a kind of risk which does not meet the any unexpected loss and non defaulting debts and liabilities.

Market Liquidity Risk: It is a kind of risk which consists of the position that cannot be sold without affecting market price due to insufficient market depth or market conditions' deterioration or that cannot be completed with the position of market price for any reasons.

Liquidity risk is managed by the Asset - Liability Committee (ALCO) and related business units within the framework of the Liquidity Risk Policy and risk appetite approved by the Board of Directors. In liquidity risk management, the measures to be taken and the practices to be carried out are determined by taking into account normal economic conditions and stress conditions. The Parent Bank defines liquidity risk, measures risks with liquidity risk measurement methods in accordance with international standards, monitors them and periodically presents them to the interested parties. Liquidity risk stress tests are performed during monthly periods. An emergency funding plan (liquidity contingency plan) has been created to regulate the procedures and principles for the Parent Bank to maintain and maintain adequate liquidity levels under stress conditions.

5.1 Information on risk capacity of the Group, Responsibilities and structure of liquidity risk management, the Bank's internal liquidity risk reporting, communication between the Board of Directors and business lines on liquidity risk strategy, policy and application

The applications and responsibilities related to the liquidity risk has been determined according to the Treasury Liquidity and Market Management Policies and Practices approved by Board of Directors. The Group's liquidity and funding policy is to own sufficient liquidity reserve and funding opportunities to meet its liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Bank.

The Group has a strong capital structure and is supported by its main shareholder is Kuwait Finance House; also its current and participation accounts are spread to the base and are stable, and its sources of foreign borrowing are diversified. Hence, by the virtue of the aforementioned facts, the Bank has a high risk capacity. In addition, the Liquidity Coverage Ratio of the Group which insures its cash outflows with the high-quality liquid assets is deemed high. The Bank also has limits available for use at Central Bank of Turkey and other financial institutions.

Indicators regarding the liquidity position are analysed and liquidity risk is evaluated at the ALCO meetings attended by the senior management. Furthermore, the Board of Directors are informed through the Audit Committee.

For the management of liquidity risk, the Risk Management Department follows the funding and liquidity risks, market conditions, in the participating accounts, the distribution of different currencies, maturity, cost and expected future cash flow requirements (particularly with regard to large deposits). Reports on the liquidity gap analysis prepared weekly by Budget and Management Reporting and monitored by the Asset and Liability Committee. These units also estimate the possible liquidity needs of the Group in case of urgent situations and generate action plans based on these estimates. Risk Management Department follows the limits on liquidity risk determined by the Board of Directors. Risk Management Department, in addition to these, is implementing monthly liquidity stress tests to measure the effects of negative scenarios on liquidity position of the Group. The Treasury Group Management manages the liquidity risk and funding risk in order to prevent insufficiencies of funding relating to any time or any source and makes reports related with the liquidity position to Asset and Liability Committee regularly. Official and International Reporting Directorate tracks the liquidity coverage ratio and the results are reported to the BRSA.

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5.2 Information on the centralization degree of liquidity management and funding strategy and the functioning between the Group and the Group's subsidiaries

The Group's liquidity management is performed by the Asset and Liability Management. Depending on the Parent Bank's consolidated subsidiaries are subject to liquidity risk is managed in-house, but the necessary communication and coordination within the Assistant General Manager in charge of Treasury and International Banking are provided.

5.3 Information on the Group's funding strategy including the policies on funding types and variety of maturities

Group spread to the base of current and participation accounts and that a stable, long-term diversification and aims to be the source of the funds used. Ratio of liquid assets to total assets ratio and risk indicators related to liquidity, credit and the ratio of funds, issues such as the concentration in collected funds are being closely monitored.

5.4 Information on liquidity management on the basis of currencies constituting a minimum of five percent of the Group's total liabilities

Almost all liabilities of the Group are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Group is managed through the open market transactions implemented by the Central Bank of the Turkish Republic and interbank operations. Liabilities denominated in TL are used in order to fund assets that are denominated in TL, assets denominated in TL are generated through foreign exchange based funds with swap operations if necessary. Foreign currency funds are provided with the foreign sourced credits denominated in foreign currency and sukuk-financial certificates issued. Liquidity denominated in foreign currency is kept at the interbank operations and accounts of the corresponding bonds within the limits. Liabilities denominated in Gold are kept at the required reserve accounts of the Central Bank of the Turkish substantially.

5.5 Information on liquidity risk mitigation techniques

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposits. In addition, core deposit analysis is performed and concentration on collected funds are closely monitored.

5.6 Information on the use of stress tests

In order to analyse the source of the possible liquidity insufficiencies and whether conformably move exists on existing off-balance sheet and balance sheet positions relevant with liquidity risk expectation, 3 types of liquidity stress tests are applied by Risk Management Directorate. These includes stress test scenarios are special to the Group, related with the overall market or scenarios take in consideration both of the situations. Stress tests related with liquidity risk are repeated at monthly periods. Results are tracked with key risk indicators and monitored by Senior Management.

5.7 General information about the contingency funding plan

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Contingency Funding Plan, which is approved and reviewed every year by the Executive Risk Committee. The actions to be taken favour the benefits of depositors, creditors of the Bank and shareholders. Indicators of Contingency Funding Plan were determined, in case of unexpected progress at the liquidity situation occur or at situations trigger of other indicators, plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

5.8 Presentation of financial liabilities according to contractual maturities

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

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5.9 Liquidity coverage ratio

Current Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				-	-
1	High quality liquid assets	170,167,806	123,590,812	168,291,922	121,714,928
CASH OUTFLOWS		-	-	-	-
2	Retail and small business customers, of which;	162,724,369	22,940,023	14,013,220	2,294,002
3	Stable deposits	45,184,324	-	2,259,216	-
4	Less stable deposits	117,540,045	22,940,023	11,754,004	2,294,002
5	Unsecured debts other than real person deposits and retail deposits	105,122,626	66,956,955	60,151,098	40,347,112
6	Operational deposit	-	-	-	-
7	Non-operational deposits	79,814,834	46,353,580	34,843,306	19,743,737
8	Other unsecured funding	25,307,792	20,603,375	25,307,792	20,603,375
9	Secured funding			-	-
10	Other cash outflows	121,021,035	104,942,272	121,021,035	104,942,272
11	Derivative liabilities and collateral fulfilment obligations	51,351,909	36,002,323	51,351,909	36,002,323
12	Obligations related to structured financial products	69,669,126	68,939,949	69,669,126	68,939,949
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	119,153,854	25,648,052	10,360,801	1,397,809
16	TOTAL CASH OUTFLOWS	-	-	205,546,154	148,981,195
CASH INFLOWS		-	-		
17	Secured lending	-	-	-	-
18	Unsecured lending	95,927,444	63,223,538	67,737,233	48,506,903
19	Other cash inflows	58,365,123	49,728,714	58,365,123	49,728,714
20	TOTAL CASH INFLOWS	154,292,567	112,952,252	126,102,356	98,235,617
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			168,291,922	121,714,928
22	TOTAL NET CASH OUTFLOWS			79,443,798	50,745,578
23	LIQUIDITY COVERAGE RATIO (%)			211.84	239.85

(*) The simple arithmetic average of the values calculated by taking the weekly simple arithmetic average for the last three months.

For the period 1 January - 31 March 2024, the lowest, highest and average liquidity coverage ratios calculated on a monthly basis are presented in the table below.

	Highest	Date	Lowest	Date	Average
TL+FC	234.70	03/2024	184.13	03/2024	212.15
FC	278.29	03/2024	209.50	01/2024	246.52

The liquidity coverage rate is calculated by the proportion of high-quality liquid assets held by the Group to its one-month maturity cash outflows. Important balance sheet items that determine the rate; Compulsory provisions held by the CBRT, repo / non-repurchase securities, institutional qualified participation accounts, funds from abroad and receivables from banks. These items have more impact on the liquidity coverage ratio than the liquidity assets and net cash outflows because they have a high share of the current cointegration, high concentration and variability over time.

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Prior Period		Total Unweighted Value (Average) (*)		Total Weighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUID ASSETS				-	-
1	High quality liquid assets	154,368,027	110,509,134	153,027,195	109,146,094
CASH OUTFLOWS		-	-	-	-
2	Retail and small business customers, of which;	139,366,189	21,003,266	12,192,601	2,100,327
3	Stable deposits	34,880,322	-	1,744,016	-
4	Less stable deposits	104,485,867	21,003,266	10,448,585	2,100,327
5	Unsecured debts other than real person deposits and retail deposits	95,701,227	56,724,437	60,189,846	36,392,543
6	Operational deposit	-	-	-	-
7	Non-operational deposits	67,218,161	38,038,515	30,338,374	16,338,197
8	Other unsecured funding	28,483,066	18,685,922	29,851,472	20,054,346
9	Secured funding			-	-
10	Other cash outflows	99,798,253	91,047,078	99,589,734	90,899,892
11	Derivative liabilities and collateral fulfilment obligations	48,185,020	39,495,501	48,037,834	39,348,315
12	Obligations related to structured financial products	51,613,233	51,551,577	51,551,900	51,551,577
13	Commitments related to debts to financial markets and other off-balance sheet obligations	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	95,282,378	22,714,240	8,915,834	1,613,340
16	TOTAL CASH OUTFLOWS	-	-	180,888,015	131,006,102
CASH INFLOWS		-	-	-	-
17	Secured lending	-	-	-	-
18	Unsecured lending	83,284,420	49,344,926	60,971,658	36,893,673
19	Other cash inflows	51,126,025	47,528,635	51,533,120	47,477,238
20	TOTAL CASH INFLOWS	134,410,445	96,873,561	112,504,778	84,370,911
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			153,027,195	109,146,094
22	TOTAL NET CASH OUTFLOWS			68,383,237	46,635,191
23	LIQUIDITY COVERAGE RATIO (%)			223.78	234.04

(*) The simple arithmetic average of the values calculated by taking the weekly simple arithmetic average for the last three months.

For the period 1 October – 31 December 2023, the lowest, highest and average liquidity coverage ratios calculated on a monthly basis are presented in the table below.

Prior Period

	Highest	Date	Lowest	Date	Average
TL+FC	278.67	10/2023	182.23	12/2023	228.66
FC	276.22	12/2023	204.37	11/2023	237.73

The liquidity coverage ratio is calculated by the ratio of the high-quality liquid assets of the Group to the net cash outflows within the one-month maturity window. Important balance sheet items which are influential over the ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher, and they may show variability over time.

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Presentation of assets and liabilities according to their remaining maturities

End of Current Period	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 Years	Over 5 years	Unallocated (***)	Total
Assets								
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey	72,792,080	91,577,377	-	-	-	-	(1,758)	164,367,699
Banks (*)	50,373,016	4,201	800,736	-	-	-	(812)	51,177,141
Financial assets at fair value through profit and loss	-	149,690	747,733	5,015,176	12,910,276	10,157	7,262,808	26,095,840
Money market placements	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	47,709	-	8,185,403	4,493,618	28,962,485	8,857,944	365,513	50,912,672
Loans (**)	-	83,041,351	59,561,957	165,093,263	85,793,907	12,113,799	(12,405,367)	393,198,910
Financial assets measured at amortised cost	-	-	2,123,722	1,477,339	51,344,489	9,120,214	(38,466)	64,027,298
Other assets (***)	864,280	2,543,815	36,173	-	7,128,797	-	13,441,481	24,014,546
Total Assets	124,077,085	177,316,434	71,455,724	176,079,396	186,139,954	30,102,114	8,623,399	773,794,106
Liabilities								
Current account and funds collected from banks via participation accounts	3,352,003	36	-	-	-	-	-	3,352,039
Current and profit sharing accounts	290,555,104	125,691,807	48,856,253	57,469,706	6,293,184	36,727	-	528,902,781
Funds provided from other financial institutions	-	87,412,067	12,610,045	16,167,790	4,910,205	11,487,139	-	132,587,246
Money market borrowings	-	5,732,596	-	-	-	-	-	5,732,596
Marketable securities issued	-	1,632,622	2,449,342	1,070,611	-	-	-	5,152,575
Miscellaneous payables	3,402,548	1,105,908	-	-	-	-	-	4,508,456
Other liabilities (****)	-	6,804,894	7,164,135	308,480	565,747	63,390	78,651,767	93,558,413
Total Liabilities	297,309,655	228,379,930	71,079,775	75,016,587	11,769,136	11,587,256	78,651,767	773,794,106
Net liquidity gap	(173,232,570)	(51,063,496)	375,949	101,062,809	174,370,818	18,514,858	(70,028,368)	-
Prior Period								
Total Assets	93,087,045	144,825,242	94,467,252	156,155,456	157,682,928	37,002,802	8,636,712	691,857,437
Total liabilities	253,096,084	193,515,576	76,965,526	79,700,784	8,335,282	10,415,784	69,828,401	691,857,437
Net liquidity gap	(160,009,039)	(48,690,334)	17,501,726	76,454,672	149,347,646	26,587,019	(61,191,690)	-

(*) Expected losses are netted off with provision.

(**) Includes receivables from leasing transactions and presented with netting off with the expected credit loss.

(***) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash soon, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets.

(****) The unallocated other liabilities consist of equity and provisions balances.

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5.10 Net stable funding ratio

The net stable funding ratio (NSFR) is calculated by dividing the available stable funding amount by the required stable funding amount. Available stable funding is the portion of banks' liabilities and equity expected to be permanent, while required stable funding is the portion of banks' on-balance sheet assets and off-balance sheet liabilities expected to be refinanced.

The amount of available stable funds is calculated by adding the amounts to be found after applying the relevant consideration rates determined in accordance with the legislation to the amounts of the banks' liabilities and equity components valued in accordance with TFRS. The required amount of stable funds is calculated by adding the amounts calculated by deducting the specific provisions set aside in accordance with the Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions to be set aside from the amounts of banks' on-balance sheet assets and off-balance sheet liabilities valued in accordance with TFRS, after applying the relevant consideration rates determined in accordance with the legislation.

The three-month simple arithmetic average of the consolidated and unconsolidated NSFR calculated monthly as of the equity calculation periods cannot be less than 100% as of March, June, September and December.

Current Period		a	b	c	ç	d
		Unweighted value by residual maturity				Weighted value
		Demand *	Less than 6 Months	6 Months and Longer than 6 Months Less than 1 Year	1 Year and Longer than 1 Year	
Available Stable Fund						
1	Capital	81,181,539	-	-	-	81,181,539
2	Regulatory Capital	81,181,539	-	-	-	81,181,539
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers	263,962,683	199,699,420	48,233,229	1,950,912	484,427,493
5	Stable deposits	228,101,353	182,038,057	27,828,178	1,349,873	417,351,588
6	Less stable deposits	35,861,330	17,661,363	20,405,051	601,039	67,075,905
7	Wholesale funding	-	-	-	-	-
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	-	-	-	-
10	Liabilities with matching interdependent assets					
11	Other liabilities	6,317,700	104,779,579	14,420,071	-	7,210,037
12	NSFR derivative liabilities				-	
13	All other liabilities and equity not included in the above categories	67,161,674	-	-	3,716,600	3,716,600
14	Total ASF					576,535,669
Required Stable Funding						
15	Total NSFR high-quality liquid assets (HQLA)					1,431,990
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities	17,580,113	148,752,393	79,284,169	166,612,864	268,955,019

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18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	4,237	10,178,985	-	-	1,527,483
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which	6,162,017	132,011,537	78,875,424	153,565,028	243,448,304
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	-	-	-	12,999,359	8,449,584
22	Performing residential mortgages, of which	-	-	-	-	-
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	11,413,859	6,561,871	408,745	48,477	15,529,648
25	Assets with matching interdependent liabilities					
26	Other assets	70,835,221	29,514,809	627,147	58,951,467	89,500,034
27	Physical traded commodities, including gold	6,986,693				5,938,689
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				-	-
29	NSFR derivative assets				1,391,777	1,391,777
30	NSFR derivative liabilities before deduction of variation margin posted				18,321,040	18,321,040
31	All other assets not included in the above categories	63,848,528	9,801,992	627,147	58,951,467	63,848,528
32	Off-balance sheet items		67,851,909	-	-	3,392,595
33	Total RSF					363,279,638
34	Net Stable Funding Ratio (%)					158.70

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Prior Period		a	b	c	ç	d
		Unweighted value by residual maturity				Weighted value
		Demand *	Less than 6 Months	6 Months and Longer than 6 Months Less than 1 Year	1 Year and Longer than 1 Year	
Available Stable Fund						
1	Capital	70,359,467	-	-	-	70,359,467
2	Regulatory Capital	70,359,467	-	-	-	70,359,467
3	Other Capital Instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers	234,445,513	223,580,309	24,844,324	1,932,098	456,873,680
5	Stable deposits	200,187,497	201,019,767	8,506,473	1,319,468	390,481,545
6	Less stable deposits	34,258,016	22,560,542	16,337,851	612,630	66,392,135
7	Wholesale funding	-	-	-	-	-
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	-	-	-	-
10	Liabilities with matching interdependent assets					
11	Other liabilities	11,034,067	68,341,712	13,999,162	-	6,999,581
12	NSFR derivative liabilities					
13	All other liabilities and equity not included in the above categories	66,867,838	-	-	3,818,384	3,818,385
14	Total ASF					538,051,113
Required Stable Funding						
15	Total NSFR high-quality liquid assets (HQLA)					1,364,521
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities	17,076,061	115,018,436	87,924,802	151,700,386	244,394,846
18	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	6,532	5,083,046	-	-	763,437
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which	4,627,759	108,748,823	86,497,760	138,349,188	222,121,873

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21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	-	-	-	12,622,757	8,204,792
22	Performing residential mortgages, of which	-	-	-	-	-
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	12,441,770	1,186,567	1,427,042	728,441	13,304,744
25	Assets with matching interdependent liabilities					
26	Other assets	66,354,390	43,173,831	565,542	53,922,088	81,643,882
27	Physical traded commodities, including gold	9,843,761				8,367,197
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				-	-
29	NSFR derivative assets				1,435,807	1,435,807
30	NSFR derivative liabilities before deduction of variation margin posted				15,330,249	15,330,249
31	All other assets not included in the above categories	56,510,629	26,407,775	565,542	53,922,088	56,510,629
32	Off-balance sheet items		57,577,781	-	-	2,878,888
33	Total RSF					330,282,137
34	Net Stable Funding Ratio (%)					162.91

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6. Explanations on consolidated leverage ratio

6.1 Disclosure of leverage ratio template

The leverage ratio table prepared in accordance with the communiqué “Regulation on Measurement and Assessment of Leverage Ratios of Banks” published in the Official Gazette no. 28812 dated 5 November 2013 is presented below.

On-balance sheet assets (*)		Current Period	Prior Period
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	748,510,077	674,692,435
2	(Assets deducted in determining Tier I Capital)	(4,240,971)	(3,008,630)
3	Total on-balance sheet risks (sum of lines 1 and 2)	744,269,106	671,683,805
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	1,525,001	1,349,129
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	1,067,040	766,290
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	2,592,041	2,115,419
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	16,696,882	19,249,850
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	16,696,882	19,249,850
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	191,421,699	160,898,517
11	(Adjustments for conversion to credit equivalent amounts)	(49,921,893)	(49,665,843)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	141,499,806	111,232,674
Capital and total risks			
13	Tier I Capital	63,226,247	55,252,431
14	Total risks (sum of lines 3, 6, 9 and 12)	905,057,835	804,281,748
Leverage ratio			
15	Leverage ratio	6.99	6.87

(*) Amounts in the table are three-month average amounts.

As of the Group's consolidated balance sheet date, the leverage ratio calculated based on the arithmetic average of the values found at the end of the month in the previous three months was 6.99% (31 December 2023 - 6.87%). The main reason for the change compared to the previous period is that the increase in capital, on-balance sheet assets and derivative financial assets and credit derivatives items is higher than other items. Accordingly, capital increased by 14% from profit for the period, while on-balance sheet risk increased by 11%, off-balance sheet items increased by 27%. Accordingly, there is an increase of 12 basis points in the leverage ratio in the current period compared to the previous period.

7. Explanations on consolidated fair values of financial assets and liabilities

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

8. Explanations on the activities carried out on behalf and account of other persons

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

9. Explanations on hedge accounting practices

None (31 December 2023 – None).

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10. Explanations on consolidated risk management

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee (“ALCO”) and the Risk Management Department (“RMD”) which has been composed in order to manage systemic risks that the Parent Bank is exposed. The Board of Directors is the owner of the Parent Bank’s Risk Management System and ensures the establishment of an effective, sufficient and appropriate risk management system as well as the continuity of the system. The main objective of the Parent Bank’s Risk Management System is to identify, measure, monitor and control the risks that the Parent Bank is exposed to, by determining the policies, limits and procedures to control, to monitor, and if necessary to change the risk-return structure of the Parent Bank’s future cash flows and the level & the quality of related activities.

10.1. GB1 - Overview of risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 31/03/2024	Prior Period 31/12/2023	Current Period 31/03/2024
1	Credit risk (excluding counterparty credit risk)	286,889,670	195,942,807	22,951,174
2	Standardised approach	286,889,670	195,942,807	22,951,174
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	868,890	1,066,362	69,511
5	Standardised approach for counterparty credit risk	868,890	1,066,362	69,511
6	Internal model method	-	-	-
7	Basic risk weight approach to internal model’s 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% risk weighting Approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach	-	-	-
16	Market risk	33,910,827	49,645,053	2,712,866
17	Standardised approach	33,910,827	49,645,053	2,712,866
18	Internal model approaches	-	-	-
19	Operational risk	67,181,405	35,732,341	5,374,512
20	Basic indicator approach	67,181,405	35,732,341	5,374,512
21	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	388,850,792	282,386,563	31,108,063

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11. Securitization positions

None.

12. Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions

The Group does not perform purchases, sales and custody services in the name of others. The Group has no fiduciary-based transaction agreements.

13. Qualitative explanations on market risk

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

14. Explanations on consolidated operating segments

The Parent Bank operates in Corporate and Commercial Banking, Retail Banking, Treasury and International Banking sectors.

Corporate and Commercial Banking; Special cash flow and financial solutions are provided to customers through loans, non-cash loans, foreign trade financing services and similar customized products to meet the financial needs of the customers. Domestic and foreign business opportunities are supported by using different corporate banking instruments to serve the sustainability of the production of entities.

Retail Banking includes fund collection, instalment commercial loans, business loans, non-cash loans, consumer financing and credit cards. The Bank serves in the range of products areas of profit share accounts creation, banking services, trade finance, checks, POS services, credit cards, ATM services, online banking and mobile banking in these fields.

In Treasury and International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified “corporate” customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long-term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The project finance function is also performed by Investment Banking. In addition to monitoring the foreign currency position and cash flows on behalf of the Parent Bank, the Treasury carries out spot and forward TL and foreign currency trading, derivative transactions (Forward, Swap) with banks and customers, stock trading within the scope of BIST membership, murabaha transactions with foreign banks and gold trading transactions.

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Selected balance sheet and income statement items according to segments

Current Period 1 January 2024-31 March 2024	Retail Banking	Corporate and Commercial Banking	Treasury and international Banking	Unallocated	Group's total operation
Operating income	18,924,980	20,303,557	828,748	-	40,057,285
Operating expenses (-)	14,649,537	5,728,144	1,437,198	7,653,040	29,467,919
Transfers between segments	10,617,942	(3,851,986)	(6,765,956)	-	-
Net operating income / loss	14,893,385	10,723,427	(7,374,406)	(7,653,040)	10,589,366
Income from associates using equity method	-	-	-	63,894	63,894
Profit before tax	14,893,385	10,723,427	(7,374,406)	(7,589,146)	10,653,260
Tax Provision (-)	-	-	-	2,535,879	2,535,879
Net profit for the period	14,893,385	10,723,427	(7,374,406)	(10,125,025)	8,117,381
Current Period 31 March 2024					
Segment assets	130,482,864	240,870,798	382,765,605	-	754,119,267
Associates, subsidiaries and joint ventures	-	-	-	501,558	501,558
Undistributed assets	-	-	-	19,173,282	19,173,282
Total assets	130,482,864	240,870,798	382,765,605	19,674,840	773,794,107
Segment liabilities	442,532,147	97,949,155	137,449,427	-	677,930,729
Undistributed liabilities	-	-	-	35,272,606	35,272,606
Shareholders' equity	-	-	-	60,590,771	60,590,771
Total liabilities	442,532,147	97,949,155	137,449,427	95,863,377	773,794,106
Prior Period 1 January 2023-31 March 2023					
Operating income	5,895,143	9,376,304	2,149,368	-	17,420,816
Operating expenses (-)	6,448,202	1,459,797	173,089	3,466,751	11,547,839
Transfers between segments	3,189,501	(2,484,794)	(704,707)	-	-
Net operating income / loss	2,636,442	5,431,713	1,271,572	(3,466,751)	5,872,977
Income from associates using equity method	-	-	-	12,462	12,462
Profit before tax	2,636,442	5,431,713	1,271,572	(3,454,289)	5,885,439
Provision for taxation (-)	-	-	-	1,502,811	1,502,811
Net profit for the period	2,636,442	5,431,713	1,271,572	(4,957,100)	4,382,628
Prior Period 31 December 2023					
Segment assets	115,123,175	201,740,942	358,578,051	-	675,442,168
Associates, subsidiaries and joint ventures	-	-	-	437,664	437,664
Undistributed assets	-	-	-	15,977,605	15,977,605
Total assets	115,123,175	201,740,942	358,578,051	16,415,269	691,857,437
Segment liabilities	404,578,910	121,945,506	83,801,236	-	610,325,652
Undistributed liabilities	-	-	-	28,558,705	28,558,705
Shareholders' equity	-	-	-	52,973,080	52,973,080
Total liabilities	404,578,910	121,945,506	83,801,236	81,531,785	691,857,437

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SECTION FIVE

EXPLANATIONS AND NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Explanations and notes related to consolidated assets

1.1 Information regarding the cash assets and the Central Bank of Republic of Turkey

1.1.1 Cash and balances with the Central Bank of Republic of Turkey

	Current period		Prior period	
	TL	FC	TL	FC
Cash/foreign currency	2,148,987	12,343,487	2,085,927	16,625,994
The Central Bank of Republic of Turkey	38,216,477	104,667,933	27,619,499	91,480,001
Other (*)	185,484	6,807,089	31,270	6,344,071
Total	40,550,948	123,818,509	29,736,696	114,450,066

(*) As of 31 March 2024, precious metal account amounting to TL 6,079,754 (31 December 2023 - TL 6,141,897) and money in transit amounting to TL 912,819 (31 December 2023 - TL 233,444) are presented in this line.

1.1.2 Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	17,909,908	13,090,556	21,567,615	16,522,557
Restricted Time Deposit	-	-	-	-
Unrestricted Time Deposit	20,306,569	91,577,377	6,051,884	74,957,444
Total	38,216,477	104,667,933	27,619,499	91,480,001

1.1.3 Explanations on required reserves

According to the CBRT's Communiqué on Required Reserves No. 2005/1, banks operating in Turkey; Required reserve ratios for Turkish lira and foreign currency liabilities are determined between 0% and 30% by differentiating according to the maturity of liabilities, and these rates are applied by banks as of the date of the report.

1.2 Information on financial assets at fair value through profit and loss

As of 31 March 2024, there are no financial assets at fair value through profit or loss subject to repurchase agreements (31 December 2023 - TL 300,819). There is nothing given as collateral or blocked (31 December 2023 - None).

Positive differences related to marketable derivative financial assets

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	84,083	62,783	66,811	42,912
Swap transactions	3,155,450	601,520	1,343,151	420,689
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	3,239,533	664,303	1,409,962	463,601

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1.3 Information on Banks

1.3.1. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	7,827,349	43,350,604	7,076,730	17,349,222
Domestic	7,827,349	665,645	7,076,730	501,313
Foreign	-	42,684,959	-	16,847,909
Headquarters and branches abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	7,827,349	43,350,604	7,076,730	17,349,222

1.3.2. Information on foreign banks account

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

1.4 Information on financial assets at fair value through other comprehensive income

	Current Period	Prior Period
Debt Securities	50,728,863	59,608,971
Quoted on stock exchange	41,072,518	59,608,971
Not quoted on stock exchange	9,656,345	-
Share certificates/Investment Funds	184,483	157,478
Quoted on stock exchange	92,457	47,709
Not quoted on stock exchange	92,026	109,769
Impairment provision (-)	(674)	3,132,851
Total	50,912,672	56,633,598

1.4.1. Information on financial assets given as collateral or blocked at fair value reflected in other comprehensive income

As of the balance sheet date, there are financial assets given TL 31,368,496 (31 December 2023: TL 35,980,395) as collateral whose fair value difference is reflected to other comprehensive income.

1.4.2. Information on financial assets whose fair value difference subject to repo transaction is reflected to other comprehensive income

As of the balance sheet date, there are financial assets subject to sale transactions with the promise of repurchase, of which TL 4,696,800 (31 December 2023 – TL 4,487,806) is reflected to other comprehensive income.

1.5 Explanations on financial assets measured at amortized cost

1.5.1 All types of loans and advances given to shareholders and employees of the Group

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	34,792	84,944	29,238	82,280
Corporate shareholders	7,492	84,521	2,156	82,059
Real person shareholders	27,300	423	27,082	221
Indirect loans granted to shareholders	4,864,404	22,066	2,974,543	20,322
Loans granted to employees	318,986	12,415	252,314	3,139
Total	5,218,182	119,425	3,256,095	105,741

1.5.2 Information on standard loans, loans under close monitoring and restructured loans under close monitoring

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Current Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Loans	340,269,691	18,531,522	3,538,004	-
Export Loans	50,462,918	685,887	-	-
Import Loans	12,247,943	242,511	-	-
Corporation Loans	166,613,635	12,200,729	2,985,439	-
Consumer Loans	24,957,006	593,907	1,716	-
Credit Cards	32,668,049	2,948,728	30,073	-
Loans given to financial sector	12,821,501	-	-	-
Other	40,498,639	1,859,760	520,776	-
Other Receivables	435	78,512	-	-
Total	340,270,126	18,610,034	3,538,004	-

Prior Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Loans	291,816,016	16,546,794	3,830,770	-
Export Loans	34,576,357	935,578	-	-
Import Loans	11,094,258	417,052	-	-
Corporation Loans	156,928,551	11,566,810	3,316,711	-
Consumer Loans	23,311,975	558,973	2,513	-
Credit Cards	23,103,028	2,110,968	22,366	-
Loans given to financial sector	5,701,447	-	-	-
Other	37,100,400	957,413	489,180	-
Other Receivables	839	8,507	-	-
Total	291,816,855	16,555,301	3,830,770	-

Information on standard loans and loans under close monitoring and restructured loans under close monitoring regarding provision

	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
	Current Period	Current Period	Prior Period	Prior Period
12 Month Expected Credit Losses	7,094,767	-	8,513,621	-
Expected Loss Provision for Other Financial Assets Measured at Amortized Cost	38,466	-	48,306	-
Significant Increase in Credit Risk	-	5,618,580	-	5,984,404
Total	7,133,233	5,618,580	8,561,927	5,984,404

1.5.3 Distribution of cash loans and other receivables according to their maturities

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

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1.5.4 Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	897,974	18,557,184	19,455,158
Housing Loans	14,682	10,511,328	10,526,010
Vehicle Loans	410,847	5,978,581	6,389,428
Consumer Loans	421,105	1,128,902	1,550,007
Other	51,340	938,373	989,713
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	21,173	5,893,052	5,914,225
Housing Loans	6,060	5,249,962	5,256,022
Vehicle Loans	14,010	597,730	611,740
Consumer Loans	1,103	45,360	46,463
Other	-	-	-
Retail Credit Cards-TL	10,800,978	24	10,801,002
With Instalment	3,301,099	24	3,301,123
Without Instalment	7,499,879	-	7,499,879
Retail Credit Cards-FC	5,669	12,966	18,635
With Instalment	-	12,966	12,966
Without Instalment	5,669	-	5,669
Personnel Loans-TL	39,464	143,782	183,246
Housing Loans	-	9,955	9,955
Vehicle Loans	9,535	43,197	52,732
Consumer Loans	29,353	90,630	119,983
Other	576	-	576
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	156,351	2	156,353
With Instalment	80,908	2	80,910
Without Instalment	75,443	-	75,443
Personnel Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without-instalment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	11,921,609	24,607,010	36,528,619

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Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	669,451	17,710,802	18,380,253
Housing Loans	17,660	10,071,872	10,089,532
Vehicle Loans	333,734	5,720,411	6,054,145
Consumer Loans	249,854	931,118	1,180,972
Other	68,203	987,401	1,055,604
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	21,116	5,312,504	5,333,620
Housing Loans	10,655	4,733,512	4,744,167
Vehicle Loans	9,590	547,888	557,478
Consumer Loans	871	31,104	31,975
Other	-	-	-
Retail Credit Cards-TL	7,873,652	24	7,873,676
With Instalment	2,429,914	24	2,429,938
Without Instalment	5,443,738	-	5,443,738
Retail Credit Cards-FC	4,724	13,339	18,063
With Instalment	-	13,339	13,339
Without Instalment	4,724	-	4,724
Personnel Loans-TL	21,406	138,182	159,588
Housing Loans	172	9,686	9,858
Vehicle Loans	5,821	40,181	46,002
Consumer Loans	15,413	88,315	103,728
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	113,146	2	113,148
With Instalment	54,858	2	54,860
Without Instalment	58,288	-	58,288
Personnel Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without-instalment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	8,703,495	23,174,853	31,878,348

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1.5.5 Information on commercial instalment loans and corporate credit cards

Current Period	Short term	Medium and long term	Total
Commercial Instalment Loans-TL	7,194,648	29,175,006	36,369,654
Business Loans	128,902	2,588,159	2,717,061
Vehicle Loans	5,828,367	22,199,999	28,028,366
Consumer Loans	1,237,379	4,386,848	5,624,227
Other	-	-	-
Commercial Instalment Loans-FC Indexed	3,144	352,515	355,659
Business Loans	3,144	-	3,144
Vehicle Loans	-	-	-
Consumer Loans	-	352,515	352,515
Other	-	-	-
Commercial Instalment Loans-FC	10,446,826	10,753,030	21,199,856
Business Loans	712,582	1,068,316	1,780,898
Vehicle Loans	105,025	3,940,823	4,045,848
Consumer Loans	-	-	-
Other	9,629,219	5,743,891	15,373,110
Corporate Credit Cards-TL	24,628,946	-	24,628,946
With Instalment	13,846,467	-	13,846,467
Without Instalment	10,782,479	-	10,782,479
Corporate Credit Cards-FC	9,941	31,973	41,914
With Instalment	-	-	-
Without Instalment	9,941	31,973	41,914
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	42,283,505	40,312,524	82,596,029

Prior Period	Short term	Medium and long term	Total
Commercial Instalment Loans-TL	5,777,427	23,559,600	29,337,027
Business Loans	116,664	1,784,000	1,900,664
Vehicle Loans	4,729,616	17,921,768	22,651,384
Consumer Loans	931,147	3,853,832	4,784,979
Other	-	-	-
Commercial Instalment Loans-FC Indexed	11,945	382,169	394,114
Business Loans	11,945	-	11,945
Vehicle Loans	-	-	-
Consumer Loans	-	382,169	382,169
Other	-	-	-
Commercial Instalment Loans-FC	6,877,531	10,668,801	17,546,332
Business Loans	946,141	1,000,253	1,946,394
Vehicle Loans	10,293	3,168,476	3,178,769
Consumer Loans	-	-	-
Other	5,921,097	6,500,072	12,421,169
Corporate Credit Cards-TL	17,192,639	-	17,192,639
With Instalment	8,974,843	-	8,974,843
Without Instalment	8,217,796	-	8,217,796
Corporate Credit Cards-FC	3,932	34,904	38,836
With Instalment	-	-	-
Without Instalment	3,932	34,904	38,836
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	29,863,474	34,645,474	64,508,948

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1.5.6 Breakdown of loans by users

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1.5.7 Breakdown of domestic and foreign loans

	Current Period	Prior Period
Domestic loans	324,769,404	285,085,242
Foreign loans	37,648,760	27,117,684
Total	362,418,164	312,202,926

1.5.8 Loans granted to subsidiaries and associates

	Current Period	Prior Period
Loans granted directly to subsidiaries and associates	297	365
Loans granted indirectly to subsidiaries and associates	-	-
Total	297	365

1.5.9 Specific provisions for loans or default (third stage) provisions

	Current Period	Prior Period
Loans and receivables with limited collectability	283,896	171,505
Loans and receivables with doubtful collectability	434,667	373,506
Uncollectible loans and receivables	3,239,765	2,904,052
Total	3,958,328	3,449,063

1.5.10 Information on non-performing loans (Net)

1.5.10.1 Information on loans and other receivables included in loans under follow-up account, which are restructured or rescheduled

	III. Group Loans and Receivables with Limited Collectability	IV. Group Loans and Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Receivables
Current Period			
(Gross Amount Before Specific Provisions)	-	-	733,276
Restructured Loans and Receivables	-	-	733,276
Prior Period			
(Gross Amount Before Specific Provisions)	-	619,804	744,591
Restructured Loans and Receivables	-	619,804	744,591

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1.5.10.2. Information on the movement of total non-performing loans

	Group III	Group IV	Group V
	Loans and	Loans and	Uncollectible
Current Period	receivables with	receivables with	loans and
	limited	doubtful	receivables
	collectability	collectability	
Ending balance of prior period 31.12.2023	256,353	1,046,768	2,940,136
Additions in the current period (+)	308,779	214,402	312,040
Transfers from other categories of non-performing loans (+)	-	67,296	101,595
Transfers to other categories of non-performing loans (-)	67,296	101,596	-
Collections in the current period (-)	63,096	5,775	96,075
Write offs (-)	-	-	183
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	434,740	1,221,095	3,257,513
Specific provisions (-)	283,896	434,667	3,239,765
Net balances on balance sheet	150,844	786,428	17,748

	Group III	Group IV	Group V
	Loans and	Loans and	Uncollectible
Prior Period	receivables with	receivables with	loans and
	limited	doubtful	receivables
	collectability	collectability	
Ending balance of prior period 31.12.2022	148,232	304,294	2,820,252
Additions in the current period (+)	772,410	720,433	1,213,113
Transfers from other categories of non-performing loans (+)	-	635,878	498,827
Transfers to other categories of non-performing loans (-)	635,878	498,827	-
Collections in the current period (-)	28,411	115,010	1,002,470
Write offs (-)	-	-	589,586
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	256,353	1,046,768	2,940,136
Specific provisions (-)	171,505	373,506	2,904,052
Net balance at the balance sheet	84,848	673,262	36,084

1.5.10.3 Information on non-performing loans granted as foreign currency loans

	Group III	Group IV	Group V
Current Period			
Ending balance of the current period	49,419	758,082	974,130
Provision amount (-)	38,427	89,325	961,850
Net balance at the balance sheet	10,992	668,757	12,280
Prior Period			
Ending balance of the current period	34,445	696,115	883,669
Provision amount (-)	19,148	61,913	874,815
Net balance at the balance sheet	15,297	634,202	8,854

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1.5.10.4 Gross and net amounts of non-performing loans with respect to user groups

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)	150,844	786,428	17,748
Loans granted to real persons and legal entities (Gross)	434,740	1,221,095	3,257,513
Specific provision (-)	283,896	434,667	3,239,765
Loans to real persons and legal entities (Net)	150,844	786,428	17,748
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior Period (Net)	84,848	673,262	36,083
Loans to real persons and legal entities (Gross)	256,353	1,046,768	2,940,136
Specific provision (-)	171,505	373,506	2,904,053
Loans to real persons and legal entities (Net)	84,848	673,262	36,083
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-

The Bank has collaterals such as cash, mortgages, pledges, and checks of customer issued for non-performing loans.

1.5.10.5. In terms of financial instrument classes, the aging analysis of past due but not impaired financial assets is as follows

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1.5.10.6 Information on profit share accruals, rediscounts and valuation differences computed for non-performing loans and their provision

The Parent Bank	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	7,223	3,053	4,276
Profit share accruals, rediscount and valuation differences	24,743	19,112	343,869
Provision (-)	17,520	16,059	339,593

The Parent Bank	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Prior Period (Net)	1,890	2,924	2,171
Profit share accruals, rediscount and valuation differences	6,698	17,502	324,809
Provision (-)	4,808	14,578	322,638

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1.5.11 Main guidelines for liquidation process of uncollectible loans and other receivables

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1.5.12 Information on the write-off policy

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1.6 Information on financial assets measured at amortized cost

1.6.1 Information on other financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	64,065,764	59,926,297
Quoted on a Stock Exchange	61,942,791	59,412,995
Not Quoted	2,122,973	513,302
Expected Loss Provision (-)	38,466	48,306
Total	64,027,298	59,877,991

1.6.2 Movements of other financial assets measured at amortized cost during the year

	Current Period	Prior Period
Opening Balance	59,926,297	22,678,201
Foreign Exchange Gain/Loss	2,413,413	8,963,021
Purchases During the Year	4,049,979	28,906,133
Disposals Through Sales and Redemptions	2,323,925	621,058
Expected Loss Provision (-)	38,466	48,306
Total	64,027,298	59,877,991

1.7 Information on investment in associates (Net)

1.7.1 The 1.49% ownership of the shares of Kredi Garanti Fonu A.Ş. amounting to TL 4,897 (31 December 2023 – TL 4,897), ownership of the shares of Katılım Finans Kefalet A.Ş. amounting to TL 45,000, which corresponds to 15% in (31 December 2023 – TL 22,500), Swift shares amounting to TL 8,264 (31 December 2023 – TL 7,732) and 0.0035% ownership of the shares traded in Borsa İstanbul A.Ş. amounting to TL 15 (31 December 2023 – TL 15), 2.86% ownership of the shares of JCR Avrasya Derecelendirme A.Ş. amounting to TL 2,755 (31 December 2023 – TL 2,755), the 0.82% ownership of the shares of İhracatı Geliştirme A.Ş. amounting to TL 30,420 (31 December 2023 – TL 30,420), VISA shares amounting to TL 274,162 (31 December 2023 – TL 266,071) are classified as financial assets at fair value through other comprehensive income since the Parent Bank's ownership in these entities is less than 10% and the Parent Bank does not have a significant influence on these entities.

1.7.2 Information about investments in unconsolidated associates: None (31 December 2023 – None).

1.7.3 Information related to consolidated associates: None (31 December 2023 – None).

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1.8 Information on subsidiaries (Net)

1.8.1 Although the Bank has control power over the management and capital of its non-financial subsidiaries, Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San. Ve Tic. A.Ş and Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş does not confirm to the definition of financial subsidiary in accordance with “Regulation related to the Preparation of Consolidated Financial Statements by Banks” published in the Official Gazette No. 26340 dated 8 November 2006; hence this subsidiary has not been consolidated.

1.8.2 Information on subsidiaries

	Title	Address (City/Country)	Bank's share percentage, if different-voting percentage (%)	Bank's risk group share percentage (%)
1	KT Bank AG(*)	Frankfurt/ Germany	100	100
2	Neova Katılım Sigorta A.Ş.(***)	İstanbul/Türkiye	100	100
3	KT Kira Sertifikaları Varlık Kiralama A.Ş.	İstanbul/Türkiye	100	100
4	KT Sukuk Varlık Kiralama A.Ş.	İstanbul/Türkiye	100	100
5	Kuveyt Türk Portföy Yönetimi A.Ş.	İstanbul/Türkiye	100	100
6	Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.	İstanbul/Türkiye	75	75
7	Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş.(**)	İstanbul/Türkiye	100	100
8	Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş.(**)	İstanbul/Türkiye	99.99	99.99
9	Kuveyt Türk Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	100	100

Information on subsidiaries in the order listed above

	Total assets	Equity	Total fixed assets	Profit share income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair value
1 (*)	27,553,787	5,620,642	236,888	242,921	18,813	(28,197)	13,635	-
2 (***)	17,963,961	2,823,580	315,765	1,321,272	872,194	367,211	151,526	-
3	9,389,496	716	-	-	-	171	61	-
4	1,081	983	-	-	-	113	2	-
5	494,079	370,642	20,410	-	-	99,370	22,600	-
6	281,504	232,594	693	9,131	4,705	8,339	1,548	-
7 (**)	727,216	417,472	69,101	5,929	6,983	41,560	(8,299)	-
8 (**)	197,662	146,457	622	-	-	5,134	5,373	-
9	240,102	231,859	3,299	12,650	-	5,278	-	-

(*) As of 31 March 2024, financial figures for this entity in the table above are based on the financial information prepared in accordance with the local regulations of the country in which this entity operates.

(**) These are the amounts in the statutory financial statements dated 31 March 2024, regulated according to the Turkish Commercial Code.

(***) According to Article 10 of the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance and Reinsurance and Pension Companies, Neova Katılım Sigorta A.Ş. calculates a minimum required equity capital twice a year, in June and December periods, and the capital deficiency on 31 March 2024, is none (31 December 2023: capital deficiency TL 251,493). In addition, the shareholder of Neova Katılım Sigorta A.Ş. has the financial power and management understanding to eliminate any financial risk.

Information on the investment funds that were consolidated according to the full consolidation method with the Parent Bank as of 31 March 2024

	Title	The Parent Bank's share ratio (%)	Group's share ratio (%)	Net Asset Value
1	KT Portföy Kuveyt Türk Yabancı Katılım Serbest Özel Fon	100	100	1,088
2	KT Portföy Birinci Katılım Serbest (TL) Fon	100	100	8,970,441
3	KT Portföy Birinci Katılım Serbest (Döviz-Avro) Özel Fon	100	100	3,113
4	KT Portföy Yönetimi A.Ş. Kobi Girişim Sermayesi Yatırım Fonu	100	100	198,763
5	KT Portföy Lonca Girişim Sermayesi Yatırım Fonu	100	100	188,183
6	KT Portföy Neova Katılım Serbest Özel (TL) Fon	-	100	245,522
7	KT Portföy Yönetimi A.Ş. Neova Katılım Sigorta Özel Girişim Sermayesi Yatırım Fonu	-	100	8,592
8	KT Portföy NKS Katılım Serbest (TL) Özel Fon	-	100	1,800,157
9	KT Portföy Birinci Katılım Serbest (Döviz-Abd Doları) Özel Fon	-	-	1,415

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Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	123,680	23,680
Movements during the year	500,000	100,000
Purchases (*)	500,000	100,000
Transfers from subsidiaries (net)	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increase	-	-
Impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year	623,680	123,680
Capital commitments	45,000	67,500
Share percentage at the end of the year (%)	-	-

(*) The share capital of Neova Katılım Sigorta A.Ş., a subsidiary of the Bank, has been increased by TL 500,000,000 (full amount) from TL 900,000,000 (full amount) to TL 1,400,000,000 (full amount) on 31 January 2024.

Sectoral information on consolidated subsidiaries and the related carrying amounts

	Current Period	Prior Period
Banks	1,592,030	1,592,030
Insurance Companies	1,651,796	1,151,796
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Subsidiaries	325,419	325,419
Total	3,569,245	3,069,245

Consolidated subsidiaries listed on the stock exchange:

	Current Period	Prior Period
Quoted in Domestic Stock Exchange	53,418	53,418
Quoted in Foreign Stock Exchange	-	-
Total	53,418	53,418

1.8.3 Information on capital adequacies of major subsidiaries

The Partner Bank's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of 31 March 2024, is EUR 161,475,332 (Full EUR amount) and the capital adequacy ratio is 26.1%.

1.9 Information on joint ventures (business partnerships) (Net)

	Bank's share percentage	Total assets	Equity	Total fixed assets	Current period profit/loss	Prior period profit/loss
Katılım Emeklilik ve Hayat A.Ş. (*)	50%	26,163,055	745,448	201,835	127,789	24,924

(*) In accordance with decision of the Bank's Board of Directors on 25 April 2013, Kuveyt Türk Katılım Bankası A.Ş. and Albaraka Türk Katılım Bankası A.Ş. decided to establish the Pension Company in line with main shares. The Parent Bank decided to establish that pension company with the equal share amounts with Albaraka Türk Katılım Bankası A.Ş. and that pension company is registered with the trade name "Katılım Emeklilik ve Hayat Anonim Şirketi", 895027 registry numbered dated 17 December 2013 by Istanbul Trade Registry Office.

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1.10 Information on finance lease receivables (Net)

1.10.1 Presentation of remaining maturities of net finance leases

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	30,113,026	22,459,598	25,525,713	19,042,090
1 to 4 years	22,410,902	18,982,247	20,095,599	17,156,342
More than 4 years	1,107,885	1,097,228	951,303	921,351
Total	53,631,813	42,539,073	46,572,615	37,119,783

1.10.2 Net investments in finance leases

	Current Period	Prior Period
Gross receivable from finance leases	53,631,813	46,572,615
Unearned finance lease income (-)	(11,092,740)	9,452,832
Unearned finance lease income (-)	-	-
Net Leasing Investment	42,539,073	37,119,783

1.10.3 Information on finance lease contracts

The Parent Bank determines the settlements of the financial lease agreements in accordance with related legislations. Payment terms and amounts may be rearranged with additional agreements upon customers' requests. On the agreements, the Parent Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfil its obligations until 60 days, the Bank sends a notice to the customer and the Bank takes legal action against the customer if necessary. Non-performing finance lease receivables amounting to TL 214,757 are included in the non-performing loans in the balance sheet (31 December 2023 – TL 131,812).

1.11 Information on derivative financial assets for hedging purposes

None (31 December 2023 – None).

1.12. Information on tangible asset

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1.13. Information on tangible asset

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1.14. Explanations on investment properties

	Current Period	Prior Period
Opening Balance	41,605	165,730
Additions	-	-
Disposals (-), Net	-	124,125
Amortization Cost (-)	-	-
Closing Net Book Value	41,605	41,605

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1.15 Information on deferred tax asset

As of 31 March 2024, deferred tax is offset as TL 7,128,797 in the balance sheet. The deferred tax asset is TL 8,554,094 (31 December 2023 – TL 7,202,315) and the deferred tax liability is TL 1,425,297 (31 December 2023 – TL 1,151,759 TL).

	Current Period	Prior Period
TFRS 9 Provisions	2,426,992	2,612,011
Property, Plant and Equipment Valuation Differences	1,825,746	1,604,051
Employee Rights Liability	383,063	510,520
Deferred Income	521,431	434,090
Employment Termination Benefit Liability	365,502	333,235
Financial Assets Valuation Difference	1,042,302	(49,142)
Transferred Financial Losses (*)	186,989	185,135
Other	376,772	420,656
Net Deferred Tax Asset	7,128,797	6,050,556

(*) The Group has recognised deferred tax assets amounting to TL 186,989 (31 December 2023: TL 185,135) since it is expected that sufficient taxable income will be available to offset tax losses in the coming periods.

Table of deferred tax asset movement

	Current Period	Prior Period
As of 1 January,	6,050,556	1,258,112
Deferred tax (expense)/income	687,749	1,985,025
Deferred tax accounted under equity	390,492	2,807,419
Deferred tax asset	7,128,797	6,050,556

1.16. Explanations on assets held for sale and discontinued operations

	Current Period	Prior Period
Opening Balance	428,585	117,719
Additions	8,552	350,438
Transfers from Tangible Asset	-	-
Disposals (-), Net	1,266	39,572
Transfer to Tangible Assets	-	-
Amortization Cost (-)	-	-
Provision for Impairment (-)	-	-
Closing Net Book Value	435,871	428,585

1.17 Information on other assets

As of balance sheet date, the Group's other assets amount to TL 6,532,703 (31 December 2023 – TL 5,127,727). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

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2. Explanations and Notes Related to Consolidated Liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected

Current Period	Demand	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	28,401,295	-	-	-	-	-	-	-	28,401,295
II. Real persons profit sharing accounts TL	-	12,647,134	63,223,955	4,937,695	-	20,854,850	4,058,718	7,965	105,730,317
III. Another current accounts-TL	22,786,732	-	-	-	-	-	-	-	22,786,732
Public sector	811,439	-	-	-	-	-	-	-	811,439
Commercial sector	21,551,546	-	-	-	-	-	-	-	21,551,546
Other institutions	326,243	-	-	-	-	-	-	-	326,243
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	97,504	-	-	-	-	-	-	-	97,504
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	97,482	-	-	-	-	-	-	-	97,482
Participation banks	14	-	-	-	-	-	-	-	14
Others	8	-	-	-	-	-	-	-	8
IV. Profit sharing accounts-TL	-	1,234,474	5,655,248	497,346	-	9,058,629	98,719	209	16,544,625
Public sector	-	7,587	5,646	2,975	-	336,776	284	-	353,268
Commercial sector	-	962,047	4,336,115	431,110	-	8,473,343	97,847	209	14,300,671
Other institutions	-	262,261	794,010	35,602	-	150,190	588	-	1,242,651
Commercial and other institutions	-	2,579	519,441	27,659	-	98,320	-	-	647,999
Banks and participation banks	-	-	36	-	-	-	-	-	36
V. Real persons current accounts-FC	108,827,474	-	-	-	-	-	-	-	108,827,474
VI. Real persons profit sharing accounts-FC	-	17,054,432	16,280,335	2,457,273	-	6,261,570	3,911,951	23,234	45,988,795
VII. Another current accounts-FC	44,101,002	-	-	-	-	-	-	-	44,101,002
Commercial residents in Türkiye	32,632,567	-	-	-	-	-	-	-	32,632,567
Commercial residents in Abroad	9,414,410	-	-	-	-	-	-	-	9,414,410
Banks and participation banks	2,054,025	-	-	-	-	-	-	-	2,054,025
Central Bank of Republic of Türkiye	174,199	-	-	-	-	-	-	-	174,199
Domestic banks	108	-	-	-	-	-	-	-	108
Foreign banks	1,876,284	-	-	-	-	-	-	-	1,876,284
Participation banks	3,434	-	-	-	-	-	-	-	3,434
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	674,523	1,978,754	736,655	-	879,008	169,214	179	4,438,333
Public sector	-	40	103,542	-	-	-	-	-	103,582
Commercial sector	-	523,623	1,216,286	38,051	-	104,711	15,297	179	1,898,147
Other institutions	-	15,785	215,624	698,557	-	774,282	153,917	-	1,858,165
Commercial and other institutions	-	135,075	443,302	47	-	15	-	-	578,439
Commercial and other institutions	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	89,790,603	11,592,145	5,843,917	1,001,827	-	653,598	47,037	-	108,929,127
X. Profit sharing accounts special funds - TL	-	-	449,008	2,711,119	-	39,401,361	3,945,632	-	46,507,120
Residents in Türkiye	-	-	449,008	2,711,119	-	38,233,592	3,144,790	-	44,538,509
Residents Abroad	-	-	-	-	-	1,167,769	800,842	-	1,968,611
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	293,907,106	43,202,708	93,431,217	12,341,915	-	77,109,016	12,231,271	31,587	532,254,820

(*) There are no 7 days notification accounts of the Group.

(**) As of 31 March 2024, the Parent Bank has a total of 96,141,964 (31 December 2023; TL 116,495,635) currency protected TL time deposit accounts amounting to TL 84,659,920 (31 December 2023; TL 85,258,512) opened within the scope of the "Communiqué on Supporting Conversion to Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696 and TL 11,482,045 (31 December 2023; TL 31,237,123) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021.

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Prior Period	Demand	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	28,237,630	-	-	-	-	-	-	-	28,237,630
II. Real persons profit sharing accounts-TL	- 11,540,673	71,351,967	5,388,093	- 12,050,702	3,090,927	14,651	103,437,013	103,437,013	
III. Another current accounts-TL	23,438,448	-	-	-	-	-	-	-	23,438,448
Public sector	597,601	-	-	-	-	-	-	-	597,601
Commercial sector	22,367,807	-	-	-	-	-	-	-	22,367,807
Other institutions	320,272	-	-	-	-	-	-	-	320,272
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	152,768	-	-	-	-	-	-	-	152,768
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	24	-	-	-	-	-	-	-	24
Foreign banks	152,728	-	-	-	-	-	-	-	152,728
Participation banks	13	-	-	-	-	-	-	-	13
Others	3	-	-	-	-	-	-	-	3
IV. Profit sharing accounts-TL	- 10,264,985	8,585,515	1,884,335	- 5,794,661	81,730	74	26,611,300	26,611,300	
Public sector	- 224	5,188	-	- 273,294	284	-	278,990	278,990	
Commercial sector	- 10,011,600	7,379,274	1,752,982	- 5,316,871	80,864	74	24,541,665	24,541,665	
Other institutions	- 246,208	799,173	28,027	- 82,063	582	-	1,156,053	1,156,053	
Commercial and other institutions	- 6,953	401,848	103,326	- 122,433	-	-	634,560	634,560	
Banks and participation banks	-	32	-	-	-	-	32	32	
V. Real persons current accounts-FC	92,949,912	-	-	-	-	-	-	-	92,949,912
VI. Real persons profit sharing accounts-FC	- 15,879,845	13,768,663	2,155,996	- 6,298,537	3,540,114	19,860	41,663,015	41,663,015	
VII. Another current accounts-FC	34,629,255	-	-	-	-	-	-	-	34,629,255
Commercial residents in Türkiye	25,374,191	-	-	-	-	-	25,374,191	25,374,191	
Commercial residents in Abroad	7,835,905	-	-	-	-	-	7,835,905	7,835,905	
Banks and participation banks	1,419,159	-	-	-	-	-	-	-	1,419,159
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	629	-	-	-	-	-	629	629	
Foreign banks	1,411,891	-	-	-	-	-	1,411,891	1,411,891	
Participation banks	6,639	-	-	-	-	-	6,639	6,639	
Others	-	-	-	-	-	-	-	-	
VIII. Profit sharing accounts- FC	- 18,835,640	1,839,048	531,476	- 722,549	160,911	138	22,089,762	22,089,762	
Public sector	- 30	94,311	-	-	-	-	94,341	94,341	
Commercial sector	- 12,213,658	898,196	46,620	- 104,752	13,720	138	13,277,084	13,277,084	
Other institutions	- 6,517,503	461,624	484,812	- 617,797	147,191	-	8,228,927	8,228,927	
Commercial and other institutions	- 104,449	384,917	44	-	-	-	489,410	489,410	
Banks and participation banks	-	-	-	-	-	-	-	-	
IX. Precious metal funds	70,915,059	9,454,219	4,872,520	777,226	- 558,685	36,080	- 86,613,789	- 86,613,789	
X. Profit sharing accounts special funds - TL	-	- 1,563,263	4,050,088	- 49,028,063	3,824,907	- 58,466,321	- 58,466,321	- 58,466,321	
Residents in Türkiye	-	1,563,263	4,050,088	- 48,266,714	3,309,678	-	57,189,743	57,189,743	
Residents Abroad	-	-	-	- 761,349	515,229	-	1,276,578	1,276,578	
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	
Residents in Türkiye	-	-	-	-	-	-	-	-	
Residents Abroad	-	-	-	-	-	-	-	-	
Total	250,170,304	65,975,362	101,980,976	14,787,214	- 74,453,197	10,734,669	34,723	518,136,445	

(*) There are no 7 days notification accounts of the Group.

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2.1.2 Information's on current and profit share accounts that are in the scope of Saving Deposit/Saving Deposit Insurance Fund

2.1.2.1 Current and Participation Accounts Attributable to Real and Legal Entities/Persons under the Guarantee of Saving Deposit Insurance Fund Exceeding the Limit of the Deposit Insurance Fund

	Under the guarantee of saving deposit insurance		Exceeding the limit of saving Deposit	
	Current Period	Prior Period	Current Period	Prior Period
Real and legal persons current and profit-sharing accounts that are not subject to commercial activities				
TL accounts	81,423,993	69,519,844	137,922,401	176,376,582
FC accounts	133,357,870	95,973,791	153,822,711	164,268,235
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' under foreign authorities' insurance	-	-	-	-

Funds collected by Participation Banks (except for foreign branches) through current and profit share accounts which are opened by real and legal persons and denominated in Turkish Lira or foreign currency with a limit of maximum of TL 400 (including both capital and profit shares) for each person is under the guarantee of Saving Deposit Insurance Fund in accordance with the Banking Law No. 5411 which issued in official gazette no. 25893 on 1 November 2005.

2.1.2.2 If the headquarters of the Parent Bank's is abroad and the deposit account in its Turkish branch is in the scope of the insurance policy in the country of the headquarter of the Bank is founded, it should be explained

The headquarters of the Parent Bank is in Türkiye.

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

The Parent Bank has no current or profit-sharing accounts which are not under the guarantee of the Saving Deposit Insurance Fund except for the current and profit-sharing accounts of shareholders, member of Board of Directors, CEO, the Vice Presidents and their first-degree relatives.

	Current Period	Prior Period
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	38,755	15,167
Profit sharing account and other accounts in scope of the property holdings derived from crime defined in article 282 of Turkish Criminal Law No 5237 dated 26 September 2004	-	-
Profit sharing accounts in participation banks which are established in Türkiye in order to engage in offshore banking activities solely	-	-

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2.2 Information on derivative financial liabilities held for trading

Derivative financial liabilities held for trading

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	185,417	22,600	67,013	17,654
Swap transactions	104,060	824,400	30,382	860,140
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	289,477	847,000	97,395	877,794

2.3 Information on funds borrowed

2.3.1 Information on banks and other financial institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from The Central Bank of the Republic of Türkiye	-	-	-	-
From Domestic Banks and Institutions	1,868,988	89,087,921	621,563	44,343,337
From Foreign Banks, Institutions and Funds	653,371	21,303,229	53,371	19,419,102
Total	2,522,359	110,391,150	674,934	63,762,439

2.3.2 Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	2,499,157	107,118,540	674,934	61,176,643
Medium and Long-Term	23,202	3,272,610	-	2,585,796
Total	2,522,359	110,391,150	674,934	63,762,439

2.3.4 Explanations related to the concentrations of the Parent Bank's major liabilities

A large part of the loans received by the Parent Bank consists of foreign currency loans. There is no risk concentration of the Parent Bank's current and profit-sharing accounts.

2.4. Information on securities issued

The Group has issued sukuks, detailed below. The average return on securities issued is 45.52% for Turkish Lira. The maturity of sukuk issued in Turkish Lira is between April 2024 and July 2024.

Current Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	4,464,991	-	-	-
Remaining Income Distribution	1,585,234	-	1,146,393	3,191,751
Book Value	5,152,575	-	-	-

Prior Period	TL		FC	
	Short-Term	Medium and Long-Term	Short-Term	Medium and Long-Term
Nominal	8,300,000	-	-	-
Remaining Income Distribution	1,451,904	-	-	-
Book Value	3,380,842	-	-	-

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2.5. Information on other liabilities and miscellaneous payables

As of 31 March 2024, other liabilities amount to TL 5,958,448 (31 December 2023 – TL 4,397,397), sundry creditors amount to TL 4,508,456 (31 December 2023 - TL 3,770,294), both of them do not exceed 10% of the balance sheet total.

2.6 Information on finance lease payables (net)

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	53,241	51,748	49,234	58,226
1 to 4 years	82,117	72,113	64,197	55,037
More than 4 years	1,507,368	943,154	1,325,234	827,170
Total	1,642,726	1,067,015	1,438,665	940,433

The Group used FTP (Fund Transfer Pricing) rates as an alternative borrowing rate of profit on 1 January 2019. Relevant ratios are revised and revised in 2-week periods after 1 January 2019. The change in Participation Bank payments uses an unmodified discount rate unless the variable profit share rate is related. If the change in the lease payments results from variable profit share rates (LIBOR, EURIBOR), the lessee uses a revised discount rate reflecting changes in the profit share rate.

2.6.1. Explanations on contract changes and the new obligations these changes bring to the Group

None (31 December 2023 – None).

2.6.1.1. Explanations on financial leasing obligations

None (31 December 2023 – None).

2.6.1.2. Explanations on operating lease

Leasing is classified as an operating lease in which the lessor holds all the risks and benefits of that asset. Such transactions include lease agreements belonging to branches, which can be cancelled with prior notice.

There are no significant obligations imposed by the changes in the contract related to the operating lease to the Group.

The Group registers its lease payments based on operating lease agreements with equal amounts of expenses during the lease term.

2.7 Information on hedging derivative financial liabilities

None (31 December 2023 - None).

2.8 Information on provisions

2.8.1 Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans

None.

2.8.2 Information on other provisions

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified converted into cash	612,041	569,527
General Provisions for non-cash loans	783,949	964,137
Provision for profits will be allocated to participation accounts	716,317	887,567
Credit cards of banking services applications	6,075	8,905
Other (*)	684,554	589,431
Total	2,802,936	3,019,567

(*) The other item mainly consists of litigation provision amounting to TL 442,357 (31 December 2023 - TL 393,760), expense provision amounting to TL 12,657 (31 December 2023 - TL 12,009) and other provisions amounting to TL 75,979 (31 December 2023 - TL 59,455).

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2.8.3 Information on provisions for employee benefits

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 1,218,339 (31 December 2023 – TL 1,110,785), vacation pay liability amounting to TL 192,790 (31 December 2023 – TL 17,055), performance premium amounting to TL 459,006 (31 December 2023 – TL 1,134,875), retirement bonuses on payment of TL 463,603 (31 December 2023 – TL 426,049), committee fee amounting to TL 129,223 (31 December 2023 – TL 94,335) and other fees amounting to TL 62,594 (31 December 2023 – TL 57,747).

Under the Turkish Labor Law, the Parent Bank is required to pay termination benefits to each employee who has completed at least one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires or earns the right to retire.

The compensation to be paid is up to one month's salary for each service year and this amount is limited to TL 35,058.58 (full TL amount) (31 December 2023 – TL 23,489.83 (full TL amount)). The liability is not funded, as there is no funding requirement.

The reserve has been calculated by estimating the present value of the future probable obligation of the Parent Bank arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	Current Period	Prior Period
Discount rate (%)	28.03	28.03
Inflation rate (%)	24.35	24.35
Salary increases rate (%)	24.85	24.85

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

	Current Period	Prior Period
Balance at the beginning of the period	1,110,785	631,314
Provisions recognized during the period	130,462	187,507
Paid during the period	(22,908)	(49,750)
Actuarial loss	-	341,715
Balances at the end of the period	1,218,339	1,110,786

2.9 Explanations on tax liability

2.9.1 Explanations on current tax liability

2.9.1.1 Information on tax provisions

As of the balance sheet date, the Group has corporate tax liability amounting to TL 13,083,280 (31 December 2023: TL 9,673,024) and prepaid tax amounting to TL 6,279,149 (31 December 2023: TL 6,069,975). The Bank has presented the corporate tax liability and prepaid tax as net in the financial statements.

2.9.1.2 Information on taxes payable

	Current Period	Prior Period
Taxation of marketable securities	138,225	97,908
Taxation of immovable property	7,792	5,524
Banking Insurance Transaction Tax (BITT)	396,157	244,771
Foreign Exchange Transaction Tax	43,278	24,591
Value Added Tax Payable	22,049	30,802
Income tax deducted from wages	123,355	100,916
Income tax payable	-	126,672
Other	9,360	6,248
Total	740,216	637,432

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2.9.1.3 Information on premiums (*)

	Current Period	Prior Period
Social Insurance Premiums-Employee	157,414	89,048
Social Insurance Premiums-Employer	173,656	98,276
Unemployment insurance-Employee	11,241	6,358
Unemployment insurance-Employer	23,381	13,390
Total	365,692	207,072

(*) Included in Other Liabilities/Various Debts in the Balance Sheet.

2.9.1.4 Information on deferred tax liability

Within the scope of the relevant regulations, as of 31 March 2024, the deferred tax was netted as TL 7,128,797 in the balance sheet. The deferred tax asset was calculated as TL 8,554,094 (31 December 2023 – TL 7,202,315) and the deferred tax liability as TL 1,425,297 (31 December 2023 – TL 1,151,759).

2.10 Information on payables related to assets held for sale

None (31 December 2023 – None).

2.11 Information on subordinated loans

It has not been prepared in the interim period in accordance with Article 25 of the Communiqué on Financial Statements to be Disclosed to the Public by Banks and on Disclosures and Footnotes Related to Them.

2.12 Information on shareholders' equity

2.12.1 Presentation of paid-in capital

	Current Period	Prior Period
Common shares	4,600,000	4,600,000
Preference shares	-	-
Repurchased shares amount (*)	(4,869)	(4,869)
Total	4,595,131	4,595,131

(*) It represents the Parent Bank's acquisition of its own shares as a result of the Bank's shareholders not using their right of preference according to the commitment made in the capital increase in the Bank.

2.12.2 Amount of Paid-in Capital, Disclosure on whether the Bank Applies the Registered Share Capital System, and, if so, the Ceiling Amount of the Registered Share Capital

Registered capital system is not applied in the Parent Bank.

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

None

2.12.4 Information on share capital increases from capital reserves during the current period

None

2.12.5 Possible effect of estimations made for the Group's revenues, profitability and liquidity on equity considering prior period indicators and uncertainties

Based on the evaluation made considering the Group's prior and current period indicators related to net profit share and commission income, it is observed that the Bank continues its operations profitably.

2.12.6 Summary of privileges given to shares representing the capital

None (31 December 2023- None).

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2.12.7 Information on marketable securities value increase fund

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	(819,536)	275,161	(1,263,418)	240,265
Foreign Exchange Difference	-	-	-	-
Total	(819,536)	275,161	(1,263,418)	240,265

(*) Valuation difference is calculated taking the tax effect of the rent certifications in the account, which are classified as "Government Debt Securities" and "Other Marketable Securities" under financial assets at fair value through other comprehensive income in the balance sheet.

2.13 Information on minority shares

31 March 2024 – TL 58,149 (31 December 2023 – TL 87,122).

3. Explanations and Notes Related to Consolidated Off-balance Sheet Contingencies and Commitments

3.1 Explanations on off-balance sheet accounts

3.1.1 Types and amounts of irrevocable commitments

Commitment for credit card limits, as of 31 March 2024 amounts to TL 41,060,846 (31 December 2023 – TL 34,050,190); payment commitments for cheque books amounts to TL 5,934,698 (31 December 2023 – TL 3,861,133).

3.1.2 Types and amounts of probable losses and obligations arising from off-balance sheet items including below items

3.1.2.1 Non-cash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits

As of 31 March 2024, the Group's has guarantees and surety ships constituting of TL 57,704,862 (31 December 2023 – TL 49,505,238) of letters of guarantee; TL 420,222 (31 December 2023 – TL 183,196) of acceptances and TL 13,039,923 (31 December 2023 – TL 8,886,327) of letters of credit. Also, the Parent Bank has other acceptances amounting to TL 4,073,057 (31 December 2023 – TL 3,011,311).

3.1.2.2 Final guarantees, provisional guarantees, sureties and similar transactions do not exist except for those described in article 2.i).

3.1.3 Total amount of non-cash loans

	Current Period	Prior Period
Non-cash loans given against cash loans	182,505	185,547
With original maturity of 1 year or less	182,505	185,547
With original maturity of more than 1 year	-	-
Other non-cash loans	75,055,559	61,400,525
Total	75,238,064	61,586,072

3.1.4. Information on sector-based risk concentration in non-cash loans

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the Financial Statements about disclosures to be announced to Public by the Banks.

3.1.5. Information on non-cash loans classified in Stage I and II

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the Financial Statements about disclosures to be announced to Public by the Banks.

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3.2. Explanations on derivative transactions

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the Financial Statements about disclosures to be announced to Public by the Banks.

3.3. Explanations on credit derivatives and their risks

None.

3.4. Explanations on contingent liabilities and assets

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the Financial Statements about disclosures to be announced to Public by the Banks.

3.5. Explanations on services provided to other names and accounts

None.

3.6. Summary information on the rating of the Parent Bank to international rating agencies

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the Financial Statements about disclosures to be announced to Public by the Banks.

4. Explanations and Notes Related to the Consolidated Statement of Income

4.1 Information on profit share income

4.1.1 Information on profit share received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share on loans	16,805,028	2,151,136	5,898,727	1,030,066
Short term loans	9,347,016	873,404	3,464,315	429,406
Medium- and long-term loans	7,379,930	1,222,597	2,375,644	581,649
Profit share on non-performing loans	78,082	55,135	58,768	19,011
Premiums received from resource utilization support fund	-	-	-	-
Total	16,805,028	2,151,136	5,898,727	1,030,066

4.1.2 Information on profit share received from banks

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of the Republic of Türkiye	12,188	-	35,603	-
Domestic Banks	1,398,772	-	328,963	-
Foreign Banks	-	176,735	-	115,385
Branches and head office abroad	-	-	-	-
Total	1,410,960	176,735	364,566	115,385

4.1.3 Information on profit share income from securities portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value through Profit or Loss	412,214	262,378	29,599	62,107
Financial Assets at Fair Value Through Other Comprehensive Income	2,477,973	286,005	2,844,545	279,808
Financial Assets valued at Amortized Cost	2,435,547	486,558	549,531	246,900
Total	5,325,734	1,034,941	3,423,675	588,815

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4.1.4 Information on profit share income received from associates and subsidiaries

	Current Period	Prior Period
Profit share income received from associates and subsidiaries	6	13

4.2 Information on profit share expenses

4.2.1 Information on profit share given to loans used

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	285,140	401,712	17,251	83,352
The Central Bank of the Republic of Türkiye	-	-	-	-
Domestic banks	278,493	5,427	15,621	2,983
Foreign banks	6,647	396,285	1,630	80,369
Other Institutions	90,671	966,466	-	304,890
Total	375,811	1,368,178	17,251	388,242

4.2.2 Profit share expense given to associates and subsidiaries

	Current Period	Prior Period
Dividends paid to associates and subsidiaries	743,400	1,744

4.2.3 Profit share expense paid to securities issued

31 March 2024 – TL 743,400 (1 January - 31 March 2023– TL 150,158).

4.3 Information on dividend income

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the Financial Statements about disclosures to be announced to Public by the Banks.

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4.4 Distribution of profit share on funds based on maturity of funds

Current Period		Profit Sharing Accounts							
Account name	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year	Accumulated profit-sharing accounts	Total	
TL									
Collected funds from banks through current and profit share accounts	-	3	-	-	-	-	-	3	
Real person's non-trading profit sharing account	990,649	5,682,953	376,249	-	4,144,038	499,706	251	11,693,846	
Public-sector profit-sharing account	445	450	49	-	845	24	-	1,813	
Commercial sector profit sharing account	119,607	579,593	522,987	-	540,118	41,023	-	1,803,328	
Other institutions profit sharing account	27,150	111,448	2,928	-	9,306	90	-	150,922	
Total	1,137,851	6,374,447	902,213	-	4,694,307	540,843	251	13,649,912	
FC									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	39,164	38,075	10,173	-	39,950	12,705	172	140,239	
Public-sector profit-sharing account	-	258	-	-	-	-	-	258	
Commercial sector profit sharing account	2,091	4,120	585	-	3,929	540	-	11,265	
Other institutions profit sharing account	1,032	1,696	4,458	-	2,135	53	-	9,374	
Precious metal accounts.	3,512	1,911	321	-	263	-	-	6,007	
Total	45,799	46,060	15,537	-	46,277	13,298	172	167,143	
Grand Total	1,183,650	6,420,507	917,750	-	4,740,584	554,141	423	13,817,055	

Prior Period		Profit Sharing Accounts							
Account name	Up to 1 months	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year	Accumulated profit-sharing accounts	Total	
TL									
Collected funds from banks through current and profit share accounts	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	415,158	2,019,529	165,208	-	340,860	46,090	458	2,987,303	
Public-sector profit-sharing account	15	150	-	-	77	-	-	242	
Commercial sector profit sharing account	32,932	244,377	88,775	-	106,954	1,250	-	474,288	
Other institutions profit sharing account	6,906	22,459	9,536	-	2,726	14	-	41,641	
Total	455,011	2,286,515	263,519	-	450,617	47,354	458	3,503,474	
FC									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	28,272	34,920	3,154	-	6,361	6,184	43	78,934	
Public-sector profit-sharing account	-	166	-	-	-	-	-	166	
Commercial sector profit sharing account	865	1,122	194	-	61	20	-	2,262	
Other institutions profit sharing account	306	590	4	-	28	-	-	928	
Precious metal accounts.	2,102	1,118	166	-	137	-	-	3,523	
Total	31,545	37,916	3,518	-	6,587	6,204	43	85,813	
Grand Total	486,556	2,324,431	267,037	-	457,204	53,558	501	3,589,287	

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4.5 Information on trading income/loss (Net)

	Current Period	Prior Period
Trading profit / loss (net)	1,563,034	2,205,391
Profit	46,273,668	19,243,538
Gain on capital market transactions	346,829	548,016
Gain on derivative financial instruments	10,881,451	3,016,712
Foreign exchange profit	35,045,388	15,678,810
Losses (-)	(44,710,634)	(17,038,147)
Losses on capital market transactions	(22,593)	(2,121)
Losses on derivative financial instruments	(8,077,058)	(2,941,873)
Foreign exchange losses	(36,610,983)	(14,094,153)

4.6 Information on other operating income

The details of other operating income are presented below. There are no unusual items in the other operating income which materially affect the income of the Group.

	Current Period	Prior Period
Reversal of prior period provisions	2,995,169	1,837,775
Income from sales of assets	88,713	19,900
Cancellations of Provisions from Profits to be Distributed to Participation Accounts	375,510	149,159
Rental income	3,760	2,984
Other Income	2,282,532	26,614
Total	5,745,684	2,036,432

4.7 Provisions for loan losses and other receivables of the Bank

	Current Period (*)	Prior Period (*)
Expected Credit Loss	1,916,621	2,701,576
12 month expected credit loss (Stage 1)	459,158	1,757,737
Significant increase in credit risk (Stage 2)	377,298	564,248
Non-performing loans (Stage 3)	1,080,165	379,591
Marketable Securities Impairment Expense	108,488	23,261
Financial Assets at Fair Value through Profit or Loss	108,488	23,261
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	255,574	40,291
Total	2,280,683	2,765,128

(*) Includes the provisions in the "Other Provision Expenses" line in the Income Statement.

(**) Also includes provisions that can be allocated from profit to be distributed to participation accounts according to provisions regulation.

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4.8 Information on other operating expenses

	Current Period	Prior Period
Provision for retirement pay liability	107,554	35,083
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	223,499	125,218
Impairment Expenses of intangible fixed assets	-	-
Depreciation expenses of intangible assets	124,068	45,548
Depreciation expenses of assets held for sale	-	1
Other operating expenses	1,038,689	535,667
Lease Expenses Regarding TFRS 16 Exemptions	4,884	3,996
Maintenance expenses	158,555	66,899
Advertisement expenses	76,608	27,597
Communication expenses	104,935	48,739
Heating, electricity and water expenses	33,659	45,706
Cleaning expenses	17,498	9,468
Vehicle expenses	21,024	10,393
Stationery expenses	63,484	55,861
Other expenses (*)	558,043	267,008
Losses on sales of assets	147	3,557
Deposit insurance fund expenses	386,637	251,888
Other	3,115,127	1,345,638
Total	4,995,721	2,342,600

(*) As at 31 March 2024, "Banking and Insurance Transaction Tax" amounting to TL 143,411 (31 March 2023 - TL 36,748) and "Financial Activity Fees" amounting to TL 134,379 (31 March 2023 - TL 56,212) are shown here.

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

This footnote has not been prepared in accordance with Article 25 of the Communiqué on the Financial Statements about disclosures to be announced to Public by the Banks.

4.10 Information on tax provision for continued and discontinued operations

The Group's, current period tax provision for the period amounting to TL 3,223,628 (1 January - 31 March 2023 - TL 1,371,763), deferred tax expense of TL 353,507 (1 January - 31 March 2023 - TL 256,347), deferred tax income of TL 1,041,256 (1 January - 31 March 2023 - TL 125,299).

4.11 Information on net income/loss from continued and discontinued operations

There is no profit/loss arising from discontinued operations within the operating profit/loss after tax.

4.12 Information on net income/loss

4.12.1 The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Group's performance for the period. As of 31 March 2024, net profit share income is TL 11,818,240 (1 January - 31 March 2023 - TL 7,925,315) net fees and commission income is TL 1,782,336 (1 January - 31 March 2023 - TL 167,845).

4.12.2 Effect of changes in accounting estimates on income statement for the current and, if any for subsequent periods

None (1 January - 31 March 2023 - None).

4.12.3 Profit/Loss attributable to minority interest

	Current Period	Prior Period
Profit / (Loss) of Minority Shares	2,085	387

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4.13 Details of sub accounts comprising at least 20% of other items in income statement, exceeding 10% of total income statement

As of 31 March 2024, other fees and commissions received amounting to TL 3,829,446 (1 January - 31 March 2023 - TL 992,951) consist of credit card fees and commissions amounting to TL 1,593,948 (1 January - 31 March 2023 - TL 262,211), merchant POS transaction commissions amounting to TL 1,108,046 (1 January - 31 March 2023 - TL 205,833) and other commissions amounting to TL 1,127,452 (1 January - 31 March 2023 - TL 524,507).

As of 31 March 2023, other fees and commissions amounting to TL 2,203,037 (1 January - 31 March 2023 - TL 905,535) consist of POS commissions and installation expenses amounting to TL 1,149,553 (1 January - 31 March 2023 - TL 205,938), fees and commissions paid for credit cards amounting to TL 177,459 (1 January - 31 March 2023 - TL 102,031) and other commissions amounting to TL 876,025 (1 January - 31 March 2023 - TL 597,556).

5. Explanations and Notes Related to the Consolidated Statement of Shareholders' Equity

This footnote has not been prepared in accordance with Article 25 of the Communiqué on The Financial Statements about disclosures to be announced to Public by the Banks.

6. Explanations and Notes Related to Consolidated Statement of Cash Flows

This footnote has not been prepared in accordance with Article 25 of the Communiqué on The Financial Statements about disclosures to be announced to Public by the Banks.

7. Explanations and notes related to risk group of the Group

7.1 The volume of transactions related to the risk group of the Group, the loans and funds collected which have not been completed at the end of the period and the income and expenses related to the period

Current Period

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	365	63,775	29,238	82,280	2,974,543	20,322
Balance at end of period	297	69,701	34,792	84,944	4,864,404	22,066
Profit share and commission income	-	6	967	186	111	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

Prior Period

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	127	39,978	26,634	45,210	2,176,542	1,849
Balance at end of period	365	63,775	29,238	82,280	2,974,543	20,322
Profit share and commission income	10	3	924	111	214	-

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411.

7.2. Information on current and profit-sharing accounts of the Group's risk group

Risk group of the Group (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and profit-sharing accounts						
Balance at beginning of period	771,905	115,505	502,954	219,676	750,296	454,287
Balance at end of period	871,153	771,905	468,735	502,954	897,400	750,296
Profit share expense	30,178	1,744	7,980	2,149	491	290

(*) Defined in the Subsection 2, Article 49 of the Banking Law No. 5411

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7.3 Forward and option agreements and other similar agreements with the risk group of the Group

Risk group of the Group	Investment in associates, subsidiaries and joint ventures (business partnerships)		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 beginning of period	-	-	2,361,778	842,005	-	-
Balance at end of period	-	-	2,702,149	2,361,778	-	-
Total Profit / (Loss)	-	-	22,188	20,951	-	-
Hedging Transactions						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / (Loss)	-	-	-	-	-	-

7.4 Information on loans received from the Group's risk group

Risk group of the Bank	Investment in associates, subsidiaries and joint ventures (business partnerships)		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
Borrowings						
Balance at beginning of period	-	-	9,195,276	957,272	-	-
Balance at end of period	-	-	10,027,714	9,195,276	-	-
Profit share expense	-	-	179,689	2,171	-	-

7.5 Information on subordinated loans used by the Group's from its risk group

The entire additional capital-like capital (Tier-I) sukuk of USD 200,000,000 (full amount) realized by the Group's on 16 July 2019, and the entire equity-like additional principal capital (Tier-I) sukuk of USD 50,000,000 (full amount) realized by the Group's on 28 September 2020, belong to Kuwait Finance House. Of the USD 350,000,000 (full amount) of the capital-like contribution capital (Tier-II) of USD 35,000,000 (full amount) realized by the Group's on 16 September 2021, Kuwait Finance House owns it.

7.6 Information on remunerations provided to top management

As of 1 January - 31 March 2024, the Group has paid TL 342,300 to top management (1 January – 31 March 2023-TL 177,709).

8. Information about the branches of the Group in domestic, foreign and coastal banking regions and their representative offices abroad

This footnote has not been prepared in accordance with Article 25 of the Communiqué on The Financial Statements about disclosures to be announced to Public by the Banks.

9. Significant events and matters arising subsequent to balance sheet date

None.

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SECTION SIX

OTHER EXPLANATIONS

1. Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet

None.

SECTION SEVEN

LIMITED REVIEW REPORT

1. Explanations on the limited review report

The consolidated financial statements have been reviewed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Deloitte Touche Tohmatsu Limited and the independent auditors' limited review report dated 13 May 2024 is presented preceding the financial statements.

2. Notes and disclosures prepared by the independent auditor: None.

SECTION EIGHT

INTERIM CONSOLIDATED ACTIVITY REPORT

1. The Parent Bank explanations on interim annual report including the evaluations of interim activities of the Chairman of the Board of Directors and General Manager

1.1 About Kuveyt Türk

Kuveyt Türk Katılım Bankası A.Ş. ("The Bank") was incorporated with the approval of the Central Bank of the Republic of Türkiye (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the Bank's has been changed to Kuveyt Türk Katılım Bankası A.Ş. with a change in the Articles of Association which was approved in the annual general meeting dated 26 April 2006. Main field of operation is, in addition to the Bank's equity, to collect funds from domestic and foreign customers through "Current Accounts" and "Profit/ Loss Sharing Accounts" and allocate such funds to the economy, to perform all kinds of financing activities in accordance with the regulations, to encourage the investments of all individuals and legal entities operating in agricultural, industrial, trading and service industries, participating into the operations of these entities or individuals and to form joint business partnerships and to perform all these activities in a non-interest environment.

As of 31 March 2024, 62.24% of the Parent Bank shares are owned by Kuwait Finance House located in Kuwait, 18.72% by Vakıflar Genel Müdürlüğü Mazbut Vakıfları, 9.00% by Wafra International Investment Company in Kuwait and 9.00% by Islamic Development Bank whereas the remaining 1.04% of the shares are owned by other real persons and legal entities.

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1.2 Financial Information Summary

CONSOLIDATED BALANCE SHEET (SELECTED ITEMS)	31.03.2024	31.12.2023
CASH BALANCES AND CENTRAL BANK	164,369,457	144,186,762
BANKS	51,177,953	24,425,952
SECURITIES	141,074,276	168,658,448
LOANS AND RECEIVABLES	367,331,512	316,446,183
FINANCE LEASE RECEIVABLES (Net)	42,539,073	37,119,783
EXPECTED LOSS PROVISIONS (-)	16,712,711	17,995,394
TANGIBLE ASSETS (Net)	3,886,034	3,532,242
OTHER ASSETS	20,128,512	15,483,460
TOTAL ASSETS	773,794,106	691,857,437
FUNDS COLLECTED	532,254,820	518,136,445
FUNDS BORROWED	112,913,509	64,437,373
MARKETABLE SECURITIES ISSUED	5,152,575	3,380,842
FINANCE LEASE PAYABLES	1,067,015	940,433
SUBORDINATED LOANS	19,673,737	17,967,564
OTHER LIABILITIES	42,141,679	34,021,700
EQUITY	60,590,771	52,973,080
TOTAL LIABILITIES	773,794,106	691,857,437

CONSOLIDATED STATEMENT OF PROFIT	31.03.2024	31.03.2023
PROFIT SHARE INCOME	29,125,892	12,146,907
PROFIT SHARE EXPENSE	17,307,652	4,221,592
NET PROFIT SHARE INCOME/EXPENSE	11,818,240	7,925,315
NET FEES AND COMMISSION INCOME/EXPENSE	1,782,336	167,845
PERSONNEL EXPENSES	3,043,956	1,376,038
DIVIDEND INCOME	431	21,760
NET TRADING INCOME / LOSS	1,563,034	2,205,391
OTHER OPERATING INCOME	5,745,684	2,036,432
EXPECTED CREDIT LOSS (-)	1,916,621	2,701,576
OTHER PROVISION EXPENSES (-)	364,062	63,552
OTHER OPERATING EXPENSES (-)	4,995,721	2,342,600
PROFIT / LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING	63,894	12,462
INCOME/ LOSS BEFORE TAX	10,653,259	5,885,439
TAX PROVISION (-)	2,535,879	1,502,811
NET PROFIT/LOSS FOR THE PERIOD	8,117,380	4,382,628

RATIOS	31.03.2024	31.12.2023
Total Loans/Total Assets*	52.97%	51.10%
Total Loans/Fund Collected*	77.01%	66.73%
Average Equity Profit **	57.18%	76.90%
Average Assets Profit **	4.43%	5.26%
Capital Adequacy Ratio	20.98%	25.36%

* Finance Lease Receivables is included in total loans.

** Related ratios calculated by included in interim periods' profit amounts to year-end balances.

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1.3 Message from the Chairman

Dear Shareholders,

While 2023 was a year full of uncertainties in the global economy, the first signs of a rebalancing process were observed. Central banks raised interest rates to combat rising inflation, and these moves led to a slight slowdown in global economic activity.

Having kept its policy rate unchanged at 5.25-5.50% since September, the Fed ended the rate hike process. 2023 was a period in which the US economy outperformed other global economies despite the Fed's intense rate hikes. In the first quarter of the year, global central banks generally preferred to keep policy rates unchanged and carefully monitored the normalisation process of inflation. Due to the risk of sticky inflation, especially in the US, interest rate cut expectations of central banks of advanced economies, particularly the Fed, were significantly postponed compared to the beginning of the year.

At the ECB's monetary policy meeting, the refinancing rate was kept unchanged at 4.50 percent, the deposit rate at 4 percent and the marginal funding rate at 4.75 percent. The decline in economic activity in the Euro Area last year started to be stabilised by the improvement in the services sector in the first quarter of this year. The ECB revised its inflation expectation for 2024 from 2.7% to 2.3%. In 2024, the normalisation process of inflation is expected to continue and central banks of developed countries are expected to enter interest rate cut cycles.

Considering the weak outlook of the Chinese economy; this outlook is expected to continue for a while due to problems in the property sector, decline in export demand and weak domestic demand. In 2024, global economic growth is expected to remain below potential levels due to the more pronounced slowdown in the US economy and downside risks in the Chinese economy.

The banking sector in Türkiye is among the sectors with the highest financial strength. As Kuveyt Türk, one of the major players in the sector, we continue to support the real economy with our sound banking principles. Our bank, which has been providing interest-free finance services to its customers for more than 35 years with products and services developed in line with the principles of participation finance, continued its steady growth by increasing its profitability in the first quarter of 2024 and increased its net profit by 85 per cent compared to the same period last year to TL 8.1 billion. Kuveyt Türk's collected fund size reached TL 532 billion with an increase of 2.7 percent compared to 2023, while the size of funds disbursed increased by 16 percent to TL 410 billion. Having increased its shareholders' equity to TL 60.6 billion and its asset size to TL 773.8 billion, Kuveyt Türk consolidated its first place among participation finance institutions in terms of asset size and maintained its 10th place in the banking sector.

In the current operating period of 2024, our expert, well-educated, devoted, young and dynamic employees are the carrier power of our achievements. I would like to thank all our employees who contributed to our success and our stakeholders who never withhold their support.

Regards,

Hamad Abdulmohsen ALMARZOUQ

Chairman of the Board of Directors

Kuveyt Türk Katılım Bankası

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATIONS AND NOTES TO THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

(Tutarlar aksi belirtilmedikçe Bin Türk Lirası (TL) olarak ifade edilmiştir.)

1.4 Message from the General Manager

Dear Shareholders,

The year 2023 was a challenging period that started with the earthquake disaster on 6 February and continued with general elections and economic fluctuations. Following the Russian-Ukrainian War, geopolitical risks in the region increased again with the Israeli-Palestinian conflict. Thus, we left behind another year in which we faced many challenges.

With the normalisation process that started in the second half of 2023, economic activity continues to slow down gradually. We expect domestic demand to slow down further in 2024 due to tight monetary policy, rising interest rates and the containment of credit growth.

The Central Bank of the Republic of Türkiye (CBRT) continued the interest rate hike process that started in July 2023 by raising the policy rate by 500 basis points to 50% in March. Consumer inflation ended 2023 at around 65%, while it stood at 68.5% in the first quarter of 2024. The monetary policy measures implemented in the last nine months have been effective in bringing inflation expectations closer to the CBRT's forecasts. Nevertheless, price increases due to higher-than-expected minimum wage hikes and relatively strong domestic demand continue to put pressure on the inflation outlook.

In the first quarter of 2024, Kuveyt Türk, as Türkiye's leading participation financial institution, continued to bring innovative products and services to its customers by focusing on customer satisfaction and experience. With its widespread branch network, effective digital channels and strong technological infrastructure, our Bank continues to meet all kinds of financial needs of our customers with a financial group approach.

As a bank that closely follows technological trends with its digital-oriented approach, we are working on sub-strategies such as increasing operational efficiency, expanding the range of digital products, API integrations and service banking business models, and becoming a pioneer in the sector in new generation banking. We aim to further develop our technological solutions by continuing our investments to provide our customers with an integrated experience. We are building the data-driven business models of the future by using data in the most effective way in all decision-making mechanisms. In order to maintain our financial success, we shape our strategy on the axis of sustainable profitable growth. We aim to maintain our prudent approach in terms of asset quality and liquidity and continue to differentiate positively from the sector in this area. By directing our resources to the priority needs of the real economy, we aim to carry our institution into the future with a value-added banking approach and profitable balance sheet management.

At Kuveyt Türk, we aim to be the main bank preferred by our customers thanks to the long-term and trust-based relationships we have established with them. In order to provide quality service to this wide customer base, we attach importance to accurately understanding the needs of each of our customers, increasing their satisfaction and creating value for them. As Kuveyt Türk, we continue to support the real economy without compromising our sound banking principles.

Regards,

Ufuk UYAN

General Manager

Kuveyt Türk Katılım Bankası

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1.5 Financial position, performance and assessment of the prospects for the future

As of 31 March 2024, based on the consolidated financial statements prepared as of 31 March 2024, our asset size reached TL 773 billion 794 million, while our fund disbursement was TL 409 billion 871 million and the funds we collected were TL 532 billion 255 million. In the first three months of 2024, our shareholders' equity increased by 14.38% to TL 60 billion 591 million with the effect of TL 8 billion 117 million profit. Our consolidated capital adequacy ratio was 20.98% as of 31 March 2024.

1.6 Significant events and transactions occurring during the three months period

The Parent Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. has issued sukuk with a total nominal value of 1 billion 660 million TL, with a minimum 46.85% and a maximum 65.10% cost in different maturity brackets in four separate transactions.

1.7 Assessment of the expectations related to the subsequent interim period

With the economic normalisation process that started last year, economic activity continues to slow down. Tight monetary policy, high interest rate environment, selective credit growth and fiscal tightening steps are the main factors that will affect economic activity in the upcoming period. As a result of these policy moves, there are expectations that domestic demand will be further suppressed and slow down in the upcoming period.

Both the Central Bank and the economic management give signals that this tight stance will be maintained until a permanent improvement is observed in the inflation outlook and expectations. This situation signals that this tight stance will be maintained until a significant decline in domestic demand is observed in the upcoming period. All these point to a relatively weaker domestic demand and a balanced inflation outlook in the upcoming period with a focus on price stability.