

**KUVEYT TRK KATILIM BANKASI A.Ő.
REVIEW REPORT, FINANCIAL
STATEMENTS AND NOTES TO THE FINANCIAL
STATEMENTS FOR THE INTERIM ACCOUNTING
PERIOD ENDED 30 JUNE 2024**

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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

Introduction

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

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information do not present fairly in all material respects the financial position as of 30 June 2024, and its financial performance and cash flows for the six-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Other Matter

The independent audit of the unconsolidated financial statements of the Bank for the year ended 31 December 2023 and the review of the consolidated financial information for the six-month interim period ended 30 June 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 10 August 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 financial information provided in the accompanying interim activity report in section seven, is not consistent with the reviewed financial statements and disclosures in all material respects.

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 unconsolidated financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Bank 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 August 2024

Section one
General information

I.	History of the bank including its corporation date, initial legal status and amendments to legal status	1
II.	Explanation about the Bank's capital structure, shareholders of the bank who are in charge of the management and auditing of the bank directly or indirectly, changes in these matters (if any) and the group the bank belongs to	1
III.	Information on the Bank's chairman and members of the board of directors, members of the audit committee, general manager and vice presidents, changes in these matters (if any) and shares of the bank they possess and responsibilities their responsibilities	1
IV.	Information about the persons and institutions that have qualified shares attributable to the Bank	2
V.	Summary information on the Bank's activities and services	2
VI.	Current or likely, actual or legal barriers to immediate transfer of equity or repayment of debts between bank and its subsidiaries	2

Section two
Unconsolidated financial statements

I.	Unconsolidated balance sheet (statement of financial position)	3
II.	Unconsolidated statement of off-balance sheet accounts	5
III.	Unconsolidated statement of income (statements of profit or loss)	6
IV.	Unconsolidated statement of profit or loss and other comprehensive income	7
V.	Unconsolidated statement of changes in shareholders' equity	8
VI.	Unconsolidated statement of cash flows	9

Section three
Accounting policies

I.	Basis of presentation	10
II.	Explanations on strategy of using financial instruments and foreign currency transactions	13
III.	Explanations on associations and subsidiaries	13
IV.	Explanations on futures and options contracts and derivative instruments	13
V.	Explanations on profit share income and expenses	14
VI.	Explanations on fee and commission income and expense	14
VII.	Explanations and notes on financial assets	14
VIII.	Explanations on offsetting of financial instruments	16
IX.	Explanations on sales and repurchase agreements and securities lending transactions	16
X.	Information on non-current assets held for sale and held from discontinued operations and explanations on liabilities related with these assets	16
XI.	Explanations on goodwill and other intangible assets	17
XII.	Explanations on tangible assets	17
XIII.	Explanations on leasing transactions	17
XIV.	Explanations on provisions and contingent liabilities	18
XV.	Explanations on obligations related to employee benefits	18
XVI.	Explanations on taxation	19
XVII.	Explanations on borrowing	20
XVIII.	Explanations on issuance of share certificates	20
XIX.	Explanations on availed drafts and acceptances	20
XX.	Explanations on government grants	20
XXI.	Explanations on segment reporting	21
XXII.	Explanations on other matters	21

Section four
Explanations Related to Financial Position and Risk Management

I.	Explanations on the components of shareholders' equity	22
II.	Explanations on the credit risk	27
III.	Explanations on the currency risk	27
IV.	Explanations on the share position risk	30
V.	Explanations on liquidity risk management, liquidity coverage ratio and net stable funding rate	31
VI.	Explanations on leverage ratio	40
VII.	Explanations on presentation of financial assets and liabilities at fair value	40
VIII.	Explanations on transactions made on behalf and account of others, transactions based on faith	40
IX.	Explanations on hedge accounting	40
X.	Explanations on risk management	41
XI.	Explanations on securitization	46
XII.	Transactions made on behalf and account of others, transactions based on faith	46
XIII.	Qualitative information to be disclosed about market risk	46
XIV.	Explanations on operating segments	46

Section five
Explanations and disclosures related to unconsolidated financial statements

I.	Explanations and notes related to assets	48
II.	Explanations and notes related to liabilities	61
III.	Explanations and notes related to off-balance sheet accounts	69
IV.	Explanations and notes related to statement of income	70
V.	Explanations and notes related to the statement of changes in shareholders' equity	75
VI.	Explanations and notes related to the statement of cash flows	75
VII.	Explanations and notes related to risk group that the Bank belongs to	75
VIII.	Information on domestic, foreign, offshore branches and foreign representative offices of the Bank	77
IX.	Explanations related to subsequent events	77

Section six
Other explanations

I.	Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet	78
----	---	----

Section seven
Independent review report

I.	Matters related to review report	78
II.	Explanations and notes prepared by the independent auditor	78

Section eight
Interim Activity Report

I.	Interim period activity report included chairman of the board of directors and CEO's assessments for the interim activities	78
----	---	----

**CONVENIENCE TRANSLATION OF PUBLICLY ANNOUNCED
FINANCIAL STATEMENTS AND AUDITORS' REVIEW REPORT ORIGINALLY ISSUED IN
TURKISH**

**THE SIX-MONTH REVIEW REPORT OF
KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
AS OF 30 JUNE 2024**

The Bank's Address of Headquarter : Büyükdere Cad. No:129/1 34394 Esentepe-Şişli / İSTANBUL
The Bank's Telephone and Fax : 0212 354 11 11 - 0212 354 12 12
The Bank's Web Site : www.kuveytturk.com.tr
E-Mail Address for Contact : kuveytturk@kuveytturk.com.tr

The financial report for the six-months period ended prepared in accordance with the "Communiqué on the Financial Statements and Related Policies and Disclosures to be Publicly Announced as regulated by the Banking Regulation and Supervision Agency", is consist of the section listed below.

- General Information About the Bank
- Unconsolidated Financial Statements of the Bank
- Explanations on the Accounting Policies Applied in the Related Period
- Information on the Financial Structure and Risk Management of the Bank
- Explanations and Disclosures Related to the Unconsolidated Financial Statements
- Other Explanations
- Auditor's Review Report
- Interim Activity Report

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

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 Vice General Manager of Financial Affairs	Mehmed Tahir KAPLAN Budget and Reporting Group Manager

For the questions regarding this financial report, contact details of the personnel in charge are presented below;

Name-Surname / Title : Samet ÖZCAN / Associate Consolidation Manager
Tel No : 0212 354 10 86
Fax No : 0212 354 11 03

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

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

SECTION ONE
GENERAL INFORMATION

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

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 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.

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

As of 30 June 2024, 62.24% of the 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 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, Strategy	08/10/2012			Bachelor	0.006%
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012			Bachelor	0.005%
Abdurrahman 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	Chairman 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 Bank’s share capital (31 December 2023 – 0.11%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED EXPLANATIONS AND NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024

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

4. Information about the persons and institutions that have qualified shares attributable to the Bank

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 30 June 2024, the shareholding structure of Kuwait Finance House, the main shareholder of the Bank, is as follows.

Name / Commercial Name	Share rates
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. Summary information on the Bank’s activities and services

The Bank’s field of operations includes corporate banking, international banking services, and retail banking and credit card services. The 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 30 June 2024, the Bank is operating through 448 domestic branches (31 December 2023 – 445) with 6,052 employees (31 December 2023 – 6,011). Summary of some of the 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 travelers’ 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 Bank for the order and benefit of the society.

The Bank’s activities are not limited to the list above. If another transaction is decided to be beneficial to the 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.

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

None.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Unconsolidated Balance Sheet- Assets (Statement of Financial Position)
- II. Unconsolidated Statement of Off-Balance Sheet Items
- III. Unconsolidated Statement of Profit or Loss (Income Statement)
- IV. Unconsolidated Statement of Profit or Loss and Other Comprehensive Income
- V. Unconsolidated Statement of Changes in Shareholders' Equity
- VI. Unconsolidated Statement of Cash Flows

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 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 30.06.2024			Audited Prior Period 31.12.2023		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		103,788,982	191,674,608	295,463,590	82,833,739	188,565,919	271,399,658
1.1.	Cash and Cash Equivalents		51,798,753	154,561,179	206,359,932	30,060,030	128,727,096	158,787,126
1.1.1.	Cash and Balances with Central Bank	(5.1.1.)	51,688,466	121,763,332	173,451,798	29,736,696	110,638,732	140,375,428
1.1.2.	Banks	(5.1.3.)	47,316	32,799,441	32,846,757	22,985	18,090,427	18,113,412
1.1.3.	Money Markets Placements		63,473	-	63,473	300,805	-	300,805
1.1.4.	Expected Credit Loss (-)		502	1,594	2,096	456	2,063	2,519
1.2.	Financial Assets at Fair Value Through Profit or Loss		13,533,108	20,610,633	34,143,741	21,543,563	33,897,658	55,441,221
1.2.1.	Government Debt Securities		254,481	11,982,560	12,237,041	661,487	32,015,909	32,677,396
1.2.2.	Equity Instruments		-	38,289	38,289	-	32,630	32,630
1.2.3.	Other Financial Assets		13,278,627	8,589,784	21,868,411	20,882,076	1,849,119	22,731,195
1.3.	Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4.)	37,943,471	15,708,393	53,651,864	29,815,694	25,477,693	55,293,387
1.3.1.	Government Debt Securities		37,860,384	14,029,714	51,890,098	29,541,039	24,858,617	54,399,656
1.3.2.	Equity Instruments		83,087	270,322	353,409	60,587	241,172	301,759
1.3.3.	Other Financial Assets		-	1,408,357	1,408,357	214,068	377,904	591,972
1.4.	Derivative Financial Assets		513,650	794,403	1,308,053	1,414,452	463,472	1,877,924
1.4.1.	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	513,650	794,403	1,308,053	1,414,452	463,472	1,877,924
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.)	256,587,988	187,196,471	443,784,459	246,636,605	133,935,930	380,572,535
2.1.	Loans		211,122,033	141,557,567	352,679,600	198,311,575	99,867,523	298,179,098
2.2.	Lease Receivables	(5.1.10.)	17,401,850	27,599,209	45,001,059	17,428,625	19,691,158	37,119,783
2.3.	Other Financial Assets Measured at Amortized Cost	(5.1.6.)	38,158,955	23,768,853	61,927,808	41,947,315	21,256,329	63,203,644
2.3.1.	Government Debt Securities		30,441,887	23,768,853	54,210,740	36,951,904	21,256,329	58,208,233
2.3.2.	Other Financial Assets		7,717,068	-	7,717,068	4,995,411	-	4,995,411
2.4.	Expected Loss Provision (-)		10,094,850	5,729,158	15,824,008	11,050,910	6,879,080	17,929,990
III.	NON-CURRENT ASSETS HELD FOR SALE AND HELD FROM DISCONTINUED OPERATIONS (Net)	(5.1.16.)	380,040	-	380,040	428,585	-	428,585
3.1.	Held for Sale Purpose		380,040	-	380,040	428,585	-	428,585
3.2.	Held from Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		3,942,925	-	3,942,925	3,212,925	-	3,212,925
4.1.	Associates (Net)	(5.1.7.)	-	-	-	-	-	-
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	Subsidiaries (Net)	(5.1.8.)	3,922,925	-	3,922,925	3,192,925	-	3,192,925
4.2.1.	Unconsolidated Financial Subsidiaries		3,799,245	-	3,799,245	3,069,245	-	3,069,245
4.2.2.	Unconsolidated Non-Financial Subsidiaries		123,680	-	123,680	123,680	-	123,680
4.3.	Joint Ventures (Net)	(5.1.9.)	20,000	-	20,000	20,000	-	20,000
4.3.1.	Joint Ventures Valued Based on Equity Method		20,000	-	20,000	20,000	-	20,000
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.12.)	4,277,523	5,397	4,282,920	3,465,513	715	3,466,228
VI.	INTANGIBLE ASSETS (Net)	(5.1.13.)	1,704,874	287	1,705,161	984,132	28	984,160
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		1,704,874	287	1,705,161	984,132	28	984,160
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14.)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(5.1.15.)	8,493,745	-	8,493,745	5,747,818	-	5,747,818
X.	OTHER ASSETS	(5.1.17.)	2,927,046	286,518	3,213,564	2,037,028	319,278	2,356,306
	TOTAL ASSETS		382,103,123	379,163,281	761,266,404	345,346,345	322,821,870	668,168,215

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF 30 JUNE 2024

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

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

	LIABILITIES	Notes	Reviewed Current Period 30.06.2024			Audited Prior Period 31.12.2023		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(5.2.1.)	242,566,833	270,108,503	512,675,336	246,948,333	260,562,540	507,510,873
II.	FUNDS BORROWED	(5.2.3.)	18,697,420	107,558,968	126,256,388	9,265,255	63,762,092	73,027,347
III.	MONEY MARKETS		18,247,779	-	18,247,779	4,186,987	-	4,186,987
IV.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		1,507,983	446,439	1,954,422	99,842	877,957	977,799
6.1.	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	1,507,983	446,439	1,954,422	99,842	877,957	977,799
6.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.6.)	-	-	-	-	-	-
VII.	LEASE PAYABLES (Net)	(5.2.5.)	1,197,391	14,958	1,212,349	873,237	10,148	883,385
VIII.	PROVISIONS	(5.2.7.)	3,949,646	1,574,457	5,524,103	3,941,330	1,614,502	5,555,832
8.1.	Restructuring Provision		-	-	-	-	-	-
8.2.	Reserves for Employee Benefits		2,284,881	261,642	2,546,523	2,422,618	233,569	2,656,187
8.3.	Insurance for Technical Provision (Net)		-	-	-	-	-	-
8.4.	Other Provisions		1,664,765	1,312,815	2,977,580	1,518,712	1,380,933	2,899,645
IX.	CURRENT TAX LIABILITIES	(5.2.8.1.)	2,782,268	-	2,782,268	3,384,651	-	3,384,651
X.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.9.)	-	-	-	-	-	-
11.1.	Held for Sale		-	-	-	-	-	-
11.2.	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(5.2.10.)	-	20,001,635	20,001,635	-	17,967,564	17,967,564
12.1.	Loans		-	-	-	-	-	-
12.2.	Other Debt Instruments		-	20,001,635	20,001,635	-	17,967,564	17,967,564
XIII.	OTHER LIABILITIES	(5.2.4.)	11,976,540	3,485,307	15,461,847	4,126,607	2,561,482	6,688,089
XIV.	SHAREHOLDERS' EQUITY	(5.2.11.)	56,924,046	226,231	57,150,277	47,752,551	233,137	47,985,688
14.1.	Paid-in Capital		4,595,131	-	4,595,131	4,595,131	-	4,595,131
14.2.	Capital Reserves		25,124	-	25,124	25,124	-	25,124
14.2.1.	Share Premiums		23,250	-	23,250	23,250	-	23,250
14.2.2.	Share Cancellation Profit		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		(4,943,680)	226,231	(4,717,449)	(1,277,616)	233,137	(1,044,479)
14.5.	Profit Reserves		42,204,435	-	42,204,435	18,253,903	-	18,253,903
14.5.1.	Legal Reserves		2,944,691	-	2,944,691	1,348,129	-	1,348,129
14.5.2.	Statutory Reserves		-	-	-	-	-	-
14.5.3.	Extraordinary Reserves		38,978,350	-	38,978,350	16,674,091	-	16,674,091
14.5.4.	Other Profit Reserves		281,394	-	281,394	231,683	-	231,683
14.6.	Profit or Loss		15,557,016	-	15,557,016	26,669,989	-	26,669,989
14.6.1.	Prior Years' Profit or Loss		60,618	-	60,618	60,618	-	60,618
14.6.2.	Net Profit or Loss for the Period		15,496,398	-	15,496,398	26,609,371	-	26,609,371
14.7.	Minority Shares	(5.2.12.)	-	-	-	-	-	-
	TOTAL LIABILITIES		357,849,906	403,416,498	761,266,404	320,578,793	347,589,422	668,168,215

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OFF-BALANCE SHEET ITEMS AS OF 30 JUNE 2024
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Notes	Reviewed Current Period 30.06.2024			Audited Prior Period 31.12.2023		
		TL	FC	Total	TL	FC	Total
A.							
COMMITMENTS AND CONTINGENCIES (I+II+III)		224,220,423	220,447,025	444,667,448	169,038,320	149,442,897	318,481,217
I. GUARANTEES AND WARRANTIES	(5.3.1.)	52,147,035	28,712,646	80,859,681	37,869,833	23,717,066	61,586,899
1.1. Letters of Guarantee		47,014,082	13,823,319	60,837,401	35,113,871	14,392,194	49,506,065
1.1.1. Guarantees Subject to State Tender Law		679,923	26,738	706,661	732,597	24,480	757,077
1.1.2. Guarantees Given for Foreign Trade Operations		2,505,924	92,839	2,598,763	1,774,567	86,137	1,860,704
1.1.3. Other Letters of Guarantee		43,828,235	13,703,742	57,531,977	32,606,707	14,281,577	46,888,284
1.2. Bank Loans		49,760	443,215	492,975	18,769	164,427	183,196
1.2.1. Import Letter of Acceptances		49,760	443,215	492,975	18,769	164,427	183,196
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		68,679	14,083,673	14,152,352	49,354	8,836,973	8,886,327
1.3.1. Documentary Letters of Credit		37,677	3,695,076	3,732,753	18,355	1,805,046	1,823,401
1.3.2. Other Letters of Credit		31,002	10,388,597	10,419,599	30,999	7,031,927	7,062,926
1.4. Guaranteed Refinancing		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Other Guarantees		5,014,514	362,439	5,376,953	2,687,839	323,472	3,011,311
1.7. Other Warranties		-	-	-	-	-	-
II. COMMITMENTS	(5.3.1.)	123,873,367	19,317,416	143,190,783	99,196,596	8,317,056	107,513,652
2.1. Irrevocable Commitments		68,404,594	19,317,416	87,722,010	43,894,580	8,317,056	52,211,636
2.1.1. Forward Asset Purchase and Sales Commitments		3,520,185	19,317,416	22,837,601	1,955,404	7,582,980	9,538,384
2.1.2. Share Capital Commitment to Associates and Subsidiaries		45,000	-	45,000	67,500	-	67,500
2.1.3. Loan Granting Commitments		5,155,456	-	5,155,456	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		5,694,816	-	5,694,816	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		53,646,333	-	53,646,333	33,913,418	-	33,913,418
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		342,804	-	342,804	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.)	48,200,021	172,416,963	220,616,984	31,971,891	117,408,775	149,380,666
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		48,200,021	172,416,963	220,616,984	31,971,891	117,408,775	149,380,666
3.2.1. Forward Foreign Currency Buy/Sell Transactions		4,236,214	9,722,706	13,958,920	3,814,368	9,338,242	13,152,610
3.2.1.1. Forward Foreign Currency Buy Transactions		2,692,357	4,380,395	7,072,752	2,534,340	4,143,482	6,677,822
3.2.1.2. Forward Foreign Currency Sell Transactions		1,543,857	5,342,311	6,886,168	1,280,028	5,194,760	6,474,788
3.2.2. Other Forward Buy/Sell Transactions		43,963,807	162,694,257	206,658,064	28,157,523	108,070,533	136,228,056
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		3,316,525,023	4,266,368,000	7,582,893,023	2,450,729,796	2,900,613,677	5,351,343,473
IV. ITEMS HELD IN CUSTODY		188,636,352	3,450,101,564	3,638,737,916	149,692,755	2,201,236,887	2,350,929,642
4.1. Customers' Securities Held		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		35,830,571	3,392,714,435	3,428,545,006	19,584,500	2,141,385,286	2,160,969,786
4.3. Checks Received for Collection		73,625,539	1,795,394	75,420,933	56,183,252	1,430,053	57,613,305
4.4. Commercial Notes Received for Collection		6,287,895	2,540,614	8,828,509	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		72,892,347	53,051,121	125,943,468	68,792,075	56,559,071	125,351,146
V. PLEDGED ITEMS		3,126,839,451	815,668,661	3,942,508,112	2,300,424,666	698,929,858	2,999,354,524
5.1. Marketable Securities		4,231,051	4,344,931	8,575,982	3,152,926	235,462	3,388,388
5.2. Guarantee Notes		100,977	13,936,860	14,037,837	100,977	11,889,942	11,990,919
5.3. Commodity		110,612,093	41,594,422	152,206,515	67,498,620	3,423,389	70,922,009
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		705,650,876	34,987,234	740,638,110	523,785,679	31,954,004	555,739,683
5.6. Other Pledged Items		2,306,244,454	720,805,214	3,027,049,668	1,705,886,464	651,427,061	2,357,313,525
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED GUARANTEES AND WARRANTIES		1,049,220	597,775	1,646,995	612,375	446,932	1,059,307
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		3,540,745,446	4,486,815,025	8,027,560,471	2,619,768,116	3,050,056,574	5,669,824,690

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2024 (INCOME STATEMENT)

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

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

			Current Period Reviewed 01.01.2024- 30.06.2024	Current Period Reviewed 01.04.2024- 30.06.2024	Prior Period Reviewed 01.01.2023- 30.06.2023	Prior Period Reviewed 01.04.2023- 30.06.2023
	INCOME AND EXPENSE ITEMS	Notes				
I.	PROFIT SHARE INCOME	(5.4.1.)	60,544,175	33,576,179	24,494,676	12,937,987
1.1.	Profit Share on Loans		40,117,919	21,330,871	14,914,439	8,078,038
1.2.	Profit Share on Reserve Deposits		3,285,511	3,285,511	-	-
1.3.	Profit Share on Banks		383,288	226,547	257,858	119,426
1.4.	Profit Share on Money Market Placements		-	-	-	-
1.5.	Profit Share on Marketable Securities Portfolio		11,955,824	6,165,243	7,599,190	3,743,007
1.5.1.	Fair Value Through Profit or Loss		550,842	259,518	288,136	167,720
1.5.2.	Fair Value Through Other Comprehensive Income		5,921,082	3,151,405	5,885,020	2,760,300
1.5.3.	Measured at Amortized Cost		5,483,900	2,754,320	1,426,034	814,987
1.6.	Finance Lease Income		4,585,219	2,440,329	1,683,000	978,710
1.7.	Other Profit Share Income		216,414	127,678	40,189	18,806
II.	PROFIT SHARE EXPENSES (-)		37,869,324	20,528,518	9,210,995	5,004,585
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	28,363,849	14,612,469	7,717,892	4,139,432
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	5,897,494	3,181,191	1,317,299	760,836
2.3.	Profit Share Expense on Money Market Borrowings		3,494,920	2,669,981	116,899	72,715
2.4.	Expense on Securities Issued		-	-	-	-
2.5.	Profit Share Expense on Lease		113,061	64,877	58,905	31,602
2.6.	Other Profit Share Expense		-	-	-	-
III.	NET PROFIT SHARE INCOME (I - II)		22,674,851	13,047,661	15,283,681	7,933,402
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		3,622,367	1,711,179	870,910	654,022
4.1.	Fees and Commissions Received		7,858,177	4,052,526	2,204,662	1,233,903
4.1.1.	Non-Cash Loans		333,363	176,504	174,290	93,364
4.1.2.	Other	(5.4.13.)	7,524,814	3,876,022	2,030,372	1,140,539
4.2.	Fees and Commissions Paid (-)		4,235,810	2,341,347	1,333,752	579,881
4.2.1.	Non-Cash Loans		2,326	1,394	1,342	845
4.2.2.	Other	(5.4.13.)	4,233,484	2,339,953	1,332,410	579,036
V.	DIVIDEND INCOME	(5.4.3.)	861	430	597	273
VI.	TRADE PROFIT / LOSS (Net)	(5.4.5.)	1,670,214	(163,058)	6,348,958	4,203,571
6.1.	Capital Market Transaction Gains/Losses		2,351,938	1,216,101	858,591	182,825
6.2.	Gains/Losses from Derivative Financial Instruments		(257,586)	(3,047,255)	4,192,651	4,124,046
6.3.	Foreign Exchange Gains/Losses		(424,138)	1,668,096	1,297,716	(103,300)
VII.	OTHER OPERATING INCOME	(5.4.6.)	5,362,650	1,878,196	1,389,039	466,457
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII)		33,330,943	16,474,408	23,893,185	13,257,725
IX.	EXPECTED LOSS PROVISIONS (-)	(5.4.7.)	2,986,833	1,117,851	6,148,632	3,451,042
X.	OTHER PROVISIONS (-)	(5.4.7.)	321,049	38,083	267,405	220,010
XI.	PERSONNEL EXPENSES (-)		5,210,381	2,472,796	2,604,289	1,397,928
XII.	OTHER OPERATING EXPENSES (-)	(5.4.8.)	4,598,825	2,379,797	2,241,550	1,179,463
XIII.	NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		20,213,855	10,465,881	12,631,309	7,009,282
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV.	PROFIT/LOSS FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XVI.	PROFIT/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII.	PROFIT/LOSS FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)	(5.4.9.)	20,213,855	10,465,881	12,631,309	7,009,282
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10)	(4,717,457)	(2,314,912)	(2,559,276)	(1,131,400)
18.1.	Current Tax Provision		5,893,987	2,717,360	3,001,532	1,639,108
18.2.	Deferred Tax Expense Effect (+)		142,891	(88,939)	190,751	-
18.3.	Deferred Tax Income Effect (-)		1,319,421	313,509	633,007	507,708
XIX.	CURRENT PERIOD PROFIT/LOSS FROM CONTINUED OPERATIONS (XVII±XVIII)	(5.4.11.)	15,496,398	8,150,969	10,072,033	5,877,882
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 FOR THE PERIOD (XIX+XXIV)	(5.4.12.)	15,496,398	8,150,969	10,072,033	5,877,882
25.1.	Group's Profit/Loss		15,496,398	8,150,969	10,072,033	5,877,882
25.2.	Minority Interest Profit/Loss (-)		-	-	-	-
	Earnings Per Share Profit/Loss (Full TL)		3.3688	-	2.1896	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 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 01.01.2024-30.06.2024	Reviewed Prior Period 01.01.2023-30.06.2023
I.	CURRENT PERIOD PROFIT/LOSS	15,496,398	10,072,033
II.	OTHER COMPREHENSIVE INCOME	(3,672,970)	(2,543,921)
2.1	Not Reclassified Through Profit or Loss	-	-
2.1.1	Tangible Assets Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Plan Remeasurement Gain/Loss	-	-
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2	Reclassified Through Profit or Loss	(3,672,970)	(2,543,921)
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	(5,242,367)	(3,391,896)
2.2.3	Cash Flow Hedge Income/Expenses	-	-
2.2.4	Foreign Net Investment Hedge Income/Expenses	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	1,569,397	847,975
III.	TOTAL COMPREHENSIVE INCOME (I+II)	11,823,428	7,528,112

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD ENDED 30 JUNE 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 Profit	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 Periods' 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 – 30/06/2023)																		
Prior Period Ending Balance		4,595,131	23,250	1,874	-	-	(294,407)	-	-	4,683,503	-	5,610,413	51,631	14,043,447	28,714,842	-	28,714,842	
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	23,250	1,874	-	-	(294,407)	-	-	4,683,503	-	5,610,413	51,631	14,043,447	28,714,842	-	28,714,842	
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	(2,543,921)	-	-	-	10,072,033	7,528,112	-	7,528,112	
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase / Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	762	8,987	-	9,749	-	9,749	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	12,643,447	-	(14,043,447)	(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		-	-	-	-	-	-	-	-	-	12,643,447	-	(12,643,447)	-	-	-	-	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	14,043,447	(14,043,447)	-	-		
Balances at End of the Period (III+IV+.....+X+XI)	(5.2.12.)	4,595,131	23,250	1,874	-	-	(294,407)	-	-	2,139,582	-	18,254,622	60,618	10,072,033	34,852,703	-	34,852,703	
Current Period (01/01/2024 – 30/06/2024)																		
I. Prior Period Ending Balance		4,595,131	23,250	1,874	-	-	(513,980)	-	-	(1,044,479)	-	18,253,903	60,618	26,609,371	47,985,688	-	47,985,688	
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	23,250	1,874	-	-	(513,980)	-	-	(1,044,479)	-	18,253,903	60,618	26,609,371	47,985,688	-	47,985,688	
IV. Total Comprehensive Income		-	-	-	-	-	-	-	-	(3,672,970)	-	-	-	15,496,398	11,823,428	-	11,823,428	
V. Capital Increase by Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase by Internal Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Paid in Capital Inflation Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds to Share		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Increase / Decrease by Other Changes		-	-	-	-	-	-	-	-	-	-	(719)	-	-	(719)	-	(719)	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	23,951,251	-	(26,609,371)	(2,658,120)	-	(2,658,120)	
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	(2,660,937)	-	(2,660,937)	-	(2,660,937)	
11.2 Transfers to Legal Reserves		-	-	-	-	-	-	-	-	-	23,951,251	-	(23,948,434)	-	2,817	-	2,817	
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	26,609,371	(26,609,371)	-	-		
Balances at End of the Period (III+IV+.....+X+XI)	(5.2.12.)	4,595,131	23,250	1,874	-	-	(513,980)	-	-	(4,717,449)	-	42,204,435	60,618	15,496,398	57,150,277	-	57,150,277	

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 explanations and notes are an integral part of these financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024

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

6. STATEMENT OF CASH FLOWS

	Notes	Reviewed	Reviewed
		Current Period	Prior Period
		01.01.2024-30.06.2024	01.01.2023-30.06.2023
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Assets and Liabilities from Banking Operations	32,691,218	13,128,300
1.1.1	Profit Share Income Received	54,238,077	20,260,903
1.1.2	Profit Share Expense Paid	(29,953,270)	(7,935,691)
1.1.3	Dividends Received	861	597
1.1.4	Fees and Commissions Received	7,858,177	2,204,662
1.1.5	Other Income	15,172,197	4,392,104
1.1.6	Collections from Previously Written Off Loans	462,394	875,302
1.1.7	Payments to Personnel and Service Suppliers	(5,320,045)	(2,505,749)
1.1.8	Taxes Paid	(4,268,331)	(1,577,899)
1.1.9	Others	(5,498,842)	(2,585,929)
1.2	Changes in Assets and Liabilities from Banking Operations	(29,699,965)	(3,928,635)
1.2.1	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	22,980,064	(6,523,203)
1.2.2	Net (Increase) Decrease in Due from Banks and Other Financial Institutions	(30,794,651)	(9,278,382)
1.2.3	Net (Increase) Decrease in Loans	(48,251,577)	(72,175,987)
1.2.4	Net (Increase) Decrease in Other Assets	(10,161,906)	6,285,312
1.2.5	Net Increase (Decrease) in Bank Deposits	72,223	663,961
1.2.6	Net Increase (Decrease) in Other Deposits	(24,001,945)	57,616,410
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	40,787,391	17,367,087
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	19,670,436	2,116,167
I.	Net Cash Provided From Banking Operations	2,991,253	9,199,665
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided from Investing Activities	2,933,886	(12,190,031)
2.1	Cash Paid for Purchase Jointly Controlled Operations, Associates and Subsidiaries	(752,500)	(522,500)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries	-	-
2.3	Fixed Assets Purchases	(1,239,356)	(632,289)
2.4	Fixed Assets Sales	328,700	183,359
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(11,470,509)	(5,640,486)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	18,692,637	1,747,696
2.7	Purchased Financial Assets Measured at Amortized Cost	(3,660,000)	(7,675,000)
2.8	Financial Assets Measured at Amortized Cost	2,000,000	691,381
2.9	Other	(965,086)	(342,192)
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided from Financing Activities	(2,534,514)	(1,458,905)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayments of Funds Borrowed and Securities Issued	-	-
3.3	Equity Instruments Issued	-	-
3.4	Dividends Paid	(2,421,453)	(1,400,000)
3.5	Payments for Finance Leases	(113,061)	(58,905)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	11,417,387	16,844,331
V.	Net Increase in Cash and Cash Equivalents	14,808,012	12,395,060
VI.	Cash and Cash Equivalents at the Beginning of the Period	71,638,422	45,273,124
VII.	Cash and Cash Equivalents at the End of the Period	86,446,434	57,668,184

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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 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 financial statements in conformity with BRSA Accounting and Financial Reporting Legislation requires the Bank 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.

POA, on 23 November 2023, published an announcement regarding that companies that apply Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises (FRS for LME) should present their financial statements for the annual reporting period ending on or after 31 December 2023 in accordance with the relevant accounting principles in “Turkish Accounting Standard 29 Financial Reporting in Economies with High Inflation” and “FRS for LME Chapter 25 Financial Reporting in Economies with High Inflation”, adjusted for the effect of inflation. However, institutions or organizations authorized to regulate and supervise their own fields may determine transition dates different from those foreseen above for the implementation of the provisions in TAS 29 or FRS for LME. 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. BRSA, with the decision dated 11 January 2024 and numbered 10825, set the transition date of banks, financial leasing, factoring, financing, savings financing and asset management companies to TAS 29 as 1 January 2025. In this context, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated 30 June 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. The Bank has restated the prior period statement of cash flows to conform to the presentation of the current period financial statements.

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

The financial statements of the Bank are restated in accordance with TAS 29 “Turkish Accounting Standard for Financial Reporting in Hyperinflationary Economies” until 31 December 2004. With the decision of the Banking Regulation and Supervision Agency dated 21 April 2005 and numbered 1623 and the Circular dated 28 April 2005, it is stated that the indicators requiring the application of inflation accounting have disappeared and inflation accounting has not been applied as of 1 January 2005.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.5 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 Bank management and the nature of contractual cash flows of the financial asset are taken into consideration.

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.5 Disclosures regarding TFRS 9 financial instruments (cont'd)

Explanations on expected credit loss (cont'd)

As of 30 June 2024, the Bank 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 Bank 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 Bank maintains this approach as of 30 June 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.

The Bank 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.

- 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 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.

1.6 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.

1.7 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 Bank reflects the existence of a lease obligation and a right of use to the financial statements at the date of initial application. The Bank 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 Bank. In addition, the 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.7 Explanations on TFRS 16 leases standard

As of 30 June 2024, the right-of-use assets classified tangible assets gross amounting to TL 1,705,933 in the balance sheet of The Bank and lease liabilities classified in the item of liabilities from lease transactions amounting to gross TL 1,915,585. In the six-month period that ended as of the same date, financial expenses amounting to TL 113,061 and depreciation expenses amounting to TL 186,554 were incurred.

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

The Bank 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 Bank's exposure to liquidity risk, currency risk and credit risk while increasing profitability and strengthening the 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 Türkiye 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 Bank.

3. Investments in associates and subsidiaries

Subsidiaries and associates denominated in Turkish currency are accounted for at cost in accordance with the "Turkish Accounting Standard on Consolidated and Separate Financial Statements" ("TAS 27") and are reflected in the unconsolidated financial statements after deducting the provision for impairment, if any.

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

The Bank engages in foreign currency futures transactions in order to reduce foreign currency position risk and manage foreign currency liquidity. The Bank'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 Bank 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 statements.

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 30 June 2024, the Bank'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 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 Bank's financial position or performance. As of 30 June 2024, the Bank has no hedging transactions based on the benchmark interest rate.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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 Bank 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 Bank 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 Bank 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 Bank 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 Bank 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 Bank management and the nature of contractual cash flows of the financial asset are taken into consideration. When the business model determined by the 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 recognized at fair value and subsequently remeasured at fair value. Gains and losses arising from the valuation are recognized in profit or loss.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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 Bank 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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".

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 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 Türkiye ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement, a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they 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 30 June 2024, the Bank has repurchased agreement amounting to TL 18,247,779 (31 December 2023 – TL 4,186,987).

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 Bank) 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 Bank) 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 Bank) 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 Bank) can remain to be classified as assets (or disposal Bank) held for sale. Extension of the period necessary to complete the sale, does not avoid the classification of the related asset (or disposal Bank) to be classified as asset held for sale.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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 Bank 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.

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 Bank assesses whether the contract has a lease qualification or include a lease transaction.

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

The Bank 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 Bank 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 Bank's alternative borrowing profit rate. The Bank recognizes right-of-use assets equal to the lease liability, adjusted for any prepaid or accrued lease payments.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

The right of the use asset

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

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

Lease liability

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

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

14. 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 Bank 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.

15. Explanations on liabilities relating to employee benefits

15.1 Defined benefit plans

In accordance with existing social legislation, the Bank is required to make severance pay to each employee who has completed over one year of service with the Bank 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 Bank is accounted all actuarial profit and loss under Statement of other Comprehensive Income.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

15.2 Defined contribution plans

The Bank 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.

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

16. 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, authorized 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 Türkiye or companies who earn income in Türkiye through their resident representatives in Türkiye. 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 Türkiye or companies who earn income in Türkiye through their resident representatives in Türkiye 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. 537) 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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.

In Türkiye, 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 Bank 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.

According to the provisional article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements dated 30 June 2024, regardless of whether the conditions for inflation adjustment are met, are included in the deferred tax calculation as of 30 June 2024.

17. 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 Bank does not apply hedging techniques on related borrowings.

The Bank has not issued convertible bonds.

18. Explanations on share certificates issued

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

19. 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.

20. Explanations on government grants

There are no government grants received by the Bank.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

21. Explanations on segment reporting

The Bank 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 14.

22. Explanations on other matters

The Bank has no disclosures on other matters.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK
MANAGEMENT OF THE BANK

1. Explanations on 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 30 June 2024, the Bank's total shareholders' equity is calculated as TL 78,573,751 (31 December 2023: TL 66,892,662), and the capital adequacy ratio is 20.32% (31 December 2023: 25.27%).

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 Türkiye'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 Bank's legal capital adequacy ratio calculation has been made by taking into account the regulation changes mentioned above as of 30 June 2024.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.1 Explanations on the 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	23,250	23,250
Reserves	42,204,435	18,253,903
Gains recognized in equity as per Turkish Accounting Standards (TAS)	349,460	386,210
Profit	15,557,016	26,669,989
Current Period Profit	15,496,398	26,609,371
Prior Periods' Profit	60,618	60,618
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	62,734,161	49,933,352
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	4,946,712	1,284,744
Improvement costs for operating leasing	303,175	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	1,643,255	925,513
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	-	-
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 1 Capital	7,411,991	2,967,800
Total Common Equity Tier 1 Capital	55,322,170	46,965,552

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	8,191,610	7,358,175
Debt instruments and premiums approved by BRSA (Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	8,191,610	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	8,191,610	7,358,175
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	63,513,780	54,323,727
TIER II CAPITAL		
Debt instruments and share issue premiums deemed suitable by the BRSA	11,468,254	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)	3,710,334	2,316,841
Tier II Capital Before Deductions	15,178,588	12,618,286
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	15,178,588	12,618,286
Total Capital (The sum of Tier I Capital and Tier II Capital)	78,692,368	66,942,013

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	112,362	48,494
Other items to be defined by the BRSA	6,255	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)	78,573,751	66,892,662
Total Risk Weighted Assets	386,785,907	264,700,050
CAPITAL ADEQUACY RATIOS		
CET 1 Capital Ratio (%)	14.30	17.74
Tier I Capital Ratio (%)	16.42	20.52
Capital Adequacy Ratio (%)	20.32	25.27
BUFFERS		
Total additional core capital requirement ratio	2.52	2.52
Capital conservation buffer requirement (%)	2.50	2.50
Bank specific countercyclical buffer requirement (%)	0.02	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	9.80	13.24
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)	7,219,751	7,948,868
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	3,710,334	2,316,841
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	-	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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)	6,554	1,638	11,468
Nominal value of the Instrument (TL million)	6,554	1,638	11,468
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%	6.13%
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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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 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 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 Bank 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 Bank'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 Bank. 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 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 30 June 2024, the Bank has a open position of TL 3,935,944 (31 December 2023 - TL 1,267,554 open) consisting of TL 21,497,084 balance sheet open position (31 December 2023 - TL 21,084,887 open) and TL 17,561,141 off-balance sheet closed position (31 December 2023 - TL 19,817,333 closed).

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

	24/06/2024	25/06/2024	26/06/2024	27/06/2024	28/06/2024	Balance sheet valuation rate
USD	32.83918	32.93207	32.89347	32.84504	32.76644	32.76644
EUR	35.21757	35.31361	35.15251	35.14185	35.06412	35.06412
GBP	41.59086	41.78496	41.63721	41.52823	41.43055	41.43055
CHF	36.76749	36.85911	36.67329	36.60891	36.43287	36.43287
JPY	0.20583	0.20647	0.20536	0.20466	0.20395	0.20395

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

	FC Purchase Rate
USD	32.47554
EUR	34.94206
GBP	41.27690
CHF	36.28565
JPY	0.20573

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

Currency risk of the Bank

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 Türkiye (****)	20,987,649	54,358,706	46,416,324	121,762,679
Banks (*****)	1,949,095	12,086,364	18,763,041	32,798,500
Financial assets at fair value through profit and loss	74,522	17,060,366	3,475,745	20,610,633
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	430,535	15,277,858	-	15,708,393
Loans and finance lease receivables (*)	61,718,366	102,930,799	20,179	164,669,344
Subsidiaries, associates and joint ventures (**)	1,592,030	-	-	1,592,030
Financial assets at amortized cost	-	23,763,719	-	23,763,719
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	5,397	-	5,397
Intangible assets	-	287	-	287
Other assets	86,284	187,694	10,929	284,907
Total Assets	86,838,481	225,671,190	68,686,218	381,195,889
Liabilities				
Current account and funds collected from Banks via participation accounts	49,923	195,906	1,519,370	1,765,199
Current and profit-sharing accounts FC (****)	43,784,175	113,523,273	111,035,856	268,343,304
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	13,489,719	104,170,541	9,900,343	127,560,603
Marketable securities issued	-	-	-	-
Miscellaneous payables	592,025	1,672,696	4,410	2,269,131
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	928,013	1,598,472	228,251	2,754,736
Total Liabilities	58,843,855	221,160,888	122,688,230	402,692,973
Net balance sheet position	27,994,626	4,510,302	(54,002,012)	(21,497,084)
Net off-balance sheet position	(32,159,279)	(4,313,325)	54,033,745	17,561,141
Financial derivative assets	4,247,963	34,324,710	66,075,087	104,647,760
Financial derivative liabilities	36,407,242	38,638,035	12,041,342	87,086,619
Non-cash loans (***)	8,171,852	19,198,659	1,342,135	28,712,646
Prior Period				
Total assets	83,270,665	173,940,921	68,203,590	325,415,176
Total liabilities	53,405,606	197,331,345	95,763,112	346,500,063
Net balance sheet position	29,865,059	(23,390,424)	(27,559,522)	(21,084,887)
Net off-balance sheet position	(33,147,473)	25,234,458	27,730,348	19,817,333
Financial derivative assets	3,239,837	35,652,884	33,511,823	72,404,544
Financial derivative liabilities	36,387,310	10,418,426	5,781,475	52,587,211
Non-cash loans (***)	7,016,775	15,086,815	1,613,476	23,717,066

(*) Includes foreign currency indexed loans amounting to TL 1,236,593 (31 December 2023 – TL 1,467,641) followed as TL on the balance sheet and expected credit loss amounting to TL 5,724,025.

(**) TL 1,592,030 (31 December 2023 - TL 1,592,030) of the subsidiaries amounting to TL 3,692,925 in the balance sheet include foreign currency subsidiaries and associates.

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

(****) Precious metals are included in “Other FC” column.

(*****) Other liabilities at fair value through TL 64,829 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 13,973.

(******) Includes provisions for expected losses amounting to TL 1,594 were deducted from the cash values and the relevant lines from the Central Bank and Banks accounts.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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 794,403 (31 December 2023 – TL 463,472)
- Prepaid expenses: TL 1,611 (31 December 2023 – TL 2,893)
- Derivative financial liabilities held for trading: TL 446,439 (31 December 2023 – TL 877,957)
- Marketable securities of FC revaluation reverse: TL (229,263) (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 8,262,537 (31 December 2023 – TL 3,285,216)
- Foreign exchange sales transactions with value date: TL 11,054,879 (31 December 2023 – TL 4,297,763)
- Precious metal purchase transactions: TL 62,495,866 (31 December 2023 – TL 29,870,800)
- Precious metal sales transactions: TL 4,264,649 (31 December 2023 – TL 4,593,906)

Currency risk sensitivity

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

The following table shows the Bank'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%	19,698	184,403	245,048	431,111
EURO	10%	(416,465)	(328,241)	(415,583)	(316,871)
Gold	10%	1,071,598	456,113	1,071,598	456,113

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

4. Explanations related to stock position risk

4.1 Relation of risks with gains accounted under equity and analyzing 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 Bank'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	353,409	-	353,409
Quoted securities	-	-	-
Investments in Associates	-	-	-
Quoted securities	-	-	-
Investment in Subsidiaries	3,922,925	1,745,040	1,745,040
Quoted securities	53,418	1,745,040	1,745,040
Other	20,000	-	-
Quoted securities	-	-	-
Prior Period		Comparison	
Equity Securities Investments	Carrying Value	Fair Value	Market Value
Securities at fair value through other comprehensive income	301,759	-	301,759
Quoted securities	-	-	-
Investments in Associates	-	-	-
Quoted securities	-	-	-
Investment in Subsidiaries	3,192,925	1,980,000	1,980,000
Quoted securities	53,418	1,980,000	1,980,000
Other	20,000	-	-
Quoted securities	-	-	-

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

None.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

5. Liquidity risk management and liquidity coverage ratio

The liquidity risk of the 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 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 Bank to maintain and maintain adequate liquidity levels under stress conditions.

5.1 Information on risk capacity of the Bank, 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 Bank'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 Bank 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 Bank 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 Türkiye and other financial institutions.

Indicators regarding the liquidity position are analyzed 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 Bank 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 Bank. The Treasury Bank 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.

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

The Bank's liquidity management is performed by the Asset and Liability Management. Depending on the 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

Bank 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 Bank's total liabilities

Almost all liabilities of the Bank are denominated in Turkish Lira, American Dollar, Euro or Gold. The TL denominated liquidity of the Bank 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 analyze 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 Bank, 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	185,819,285	130,816,873	183,758,862	128,756,450
CASH OUTFLOWS					
2	Retail and small business customers, of which;	166,627,696	23,435,161	14,436,608	2,343,516
3	Stable deposits	44,523,236	-	2,226,162	-
4	Less stable deposits	122,104,460	23,435,161	12,210,446	2,343,516
5	Unsecured debts other than real person deposits and retail deposits	95,737,160	53,375,822	46,528,088	24,604,147
6	Operational deposit	-	-	-	-
7	Non-operational deposits	87,582,488	50,412,316	38,373,416	21,640,641
8	Other unsecured funding	8,154,672	2,963,506	8,154,672	2,963,506
9	Secured funding	-	-	-	-
10	Other cash outflows	168,179,951	144,968,609	168,179,951	144,968,609
11	Derivative liabilities and collateral fulfilment obligations	80,526,827	59,695,234	80,526,827	59,695,234
12	Obligations related to structured financial products	87,653,124	85,273,375	87,653,124	85,273,375
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	136,408,061	29,372,729	12,003,426	1,801,307
16	TOTAL CASH OUTFLOWS			241,148,073	173,717,579
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	85,622,811	55,634,830	65,681,074	49,337,927
19	Other cash inflows	80,511,395	64,112,838	80,511,395	64,112,838
20	TOTAL CASH INFLOWS	166,134,206	119,747,668	146,192,469	113,450,765
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			183,758,862	128,756,450
22	TOTAL NET CASH OUTFLOWS			94,955,604	60,266,814
23	LIQUIDITY COVERAGE RATIO (%)			193.52	213.64

(*) 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- 30 June 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	224.15	19/04/2024	181.91	10/05/2024	194.49
FC	285.90	19/04/2024	172.26	10/05/2024	218.37

The liquidity coverage rate is calculated by the proportion of high-quality liquid assets held by the Bank 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	149,692,759	106,115,730	148,013,228	104,436,199
CASH OUTFLOWS					
2	Retail and small business customers, of which;	139,366,606	21,003,274	12,192,644	2,100,327
3	Stable deposits	34,880,322	-	1,744,016	-
4	Less stable deposits	104,486,284	21,003,274	10,448,628	2,100,327
5	Unsecured debts other than real person deposits and retail deposits	77,087,295	39,204,140	41,781,188	18,418,520
6	Operational deposit	-	-	-	-
7	Non-operational deposits	64,891,160	36,809,211	29,585,053	16,023,591
8	Other unsecured funding	12,196,135	2,394,929	12,196,135	2,394,929
9	Secured funding	-	-	-	-
10	Other cash outflows	102,296,809	92,683,353	102,296,809	92,683,353
11	Derivative liabilities and collateral fulfilment obligations	49,890,031	41,131,776	49,890,031	41,131,776
12	Obligations related to structured financial products	52,406,778	51,551,577	52,406,778	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	95,352,408	22,769,425	8,919,635	1,616,333
16	TOTAL CASH OUTFLOWS			165,190,276	114,818,533
CASH INFLOWS					
17	Secured lending	-	-	-	-
18	Unsecured lending	62,169,819	34,222,350	47,108,399	29,405,640
19	Other cash inflows	49,892,927	48,054,740	49,892,927	48,054,740
20	TOTAL CASH INFLOWS	112,062,746	82,277,090	97,001,326	77,460,380
				Upper Limit Applied Value	
21	TOTAL HQLA STOCK			148,013,228	104,436,199
22	TOTAL NET CASH OUTFLOWS			68,188,950	37,358,153
23	LIQUIDITY COVERAGE RATIO (%)			217.06	279.55

(*) 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	265.41	27/10/2023	184.50	22/12/2023	222.04
FC	356.13	08/12/2023	237.86	10/11/2023	283.75

The liquidity coverage ratio is calculated by the ratio of the high-quality liquid assets of the Bank 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 CBRT, 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

5.10 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 Türkiye	87,088,639	86,363,159	-	-	-	-	(1,140)	173,450,658
Banks (*)	32,846,757	-	-	-	-	-	(956)	32,845,801
Financial assets at fair value through profit and loss	-	15,273	2,997,928	1,788,400	10,596,369	5,511	18,740,260	34,143,741
Money market placements	-	63,473	-	-	-	-	-	63,473
Financial assets at fair value through other comprehensive income	-	11,333,035	-	4,858,560	29,741,247	7,365,610	353,412	53,651,864
Loans (**)	-	81,170,411	61,981,183	159,761,507	84,998,273	4,704,575	(10,744,156)	381,871,793
Financial assets measured at amortized cost	-	8,745,670	2,905,309	-	40,762,304	9,514,525	(15,142)	61,912,666
Other assets (***)	546,928	2,548,462	22,903	-	8,493,745	-	11,714,370	23,326,408
Total Assets	120,482,324	190,239,483	67,907,323	166,408,467	174,591,938	21,590,221	20,046,648	761,266,404
Liabilities								
Current account and funds collected from banks via participation accounts	2,128,503	38	-	-	-	-	-	2,128,541
Current and profit sharing accounts	271,334,204	132,791,772	54,056,680	46,509,461	5,847,310	7,368	-	510,546,795
Funds provided from other financial institutions	-	92,533,790	15,096,457	22,432,425	4,700,455	11,494,896	-	146,258,023
Money market borrowings	-	18,247,779	-	-	-	-	-	18,247,779
Marketable securities issued	-	-	-	-	-	-	-	-
Miscellaneous payables	10,126,321	1,120,747	-	-	-	-	-	11,247,068
Other liabilities (****)	-	5,955,603	2,960,536	442,529	735,095	70,055	62,674,380	72,838,198
Total Liabilities	283,589,028	250,649,729	72,113,673	69,384,415	11,282,860	11,572,319	62,674,380	761,266,404
Net liquidity gap	(163,106,704)	(60,410,246)	(4,206,350)	97,024,052	163,309,078	10,017,902	(42,627,732)	-
Prior Period								
Total Assets	83,853,869	144,172,044	92,314,620	152,248,156	149,395,521	30,992,721	15,191,284	668,168,215
Total liabilities	246,583,362	201,196,636	73,369,643	75,351,277	7,720,723	10,392,928	53,553,646	668,168,215
Net liquidity gap	(162,729,493)	(57,024,592)	18,944,977	76,896,879	141,674,798	20,599,793	(38,362,362)	-

(*) 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

5.11 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.

The simple arithmetic average of the Consolidated Net Stable Funding Rate for the last three months including June 2024 was 140.20 % (31 December 2023 - 166.61%). As of 30 June 2024, the current stable fund amount in our bank's consolidated Net Stable Funding Table is TL 571,938,969 (31 December 2023 - TL 519,299,348), while the required stable fund amount is TL 407,950,292 (31 December 2023 - TL 311,681,380) and our Consolidated Net Stable Funding Rate is 140.20 % (31 December 2023 - 166.61%).

Current Period		a	b	c	ç	d
		Unadjusted Amount According to Remaining Maturity				Total Amount Applied Consideration Rate
		Demand *	Less than 6 Months	6 Months and Longer than 6 Months Less than 1 Year	1 Year and More than 1 Year	
Available Stable Fund						
1	Equity Items	82,359,398	-	-	-	82,359,398
2	Tier 1 and Tier 2 capital	82,359,398	-	-	-	82,359,398
3	Other equity items	-	-	-	-	-
4	Real person and retail customer deposits/participation funds	272,688,694	205,507,921	27,162,513	1,907,697	479,078,427
5	Stable deposit/participation fund	236,573,801	187,792,734	25,114,866	1,284,284	428,227,401
6	Low stable deposit/participation fund	36,114,893	17,715,187	2,047,647	623,413	50,851,026
7	Payables to other persons	-	-	-	-	-
8	Operational deposits/participation funds	-	-	-	-	-
9	Other payables	-	-	-	-	-
10	Liabilities equivalent to linked assets					
11	Other liabilities	9,425,794	126,003,304	15,283,042	-	7,641,521
12	Derivative liabilities				-	
13	Other equity items and liabilities not included above	48,213,185	-	-	2,859,623	2,859,623
14	Available Stable Fund					571,938,969

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

Required Stable Funding						
15	Required Stable Funding					1,934,178
16	Required Stable Funding	-	-	-	-	-
17	Live receivables	20,727,864	139,817,670	79,441,165	179,179,008	278,355,877
18	Receivables from credit institutions or financial institutions with first quality liquid assets as collateral	-	-	-	-	-
19	Unsecured receivables from credit institutions or financial institutions or secured receivables whose collateral is not first quality liquid assets	5,275	12,087,610	-	-	1,813,933
20	Receivables from corporate customers, institutions, real persons and retail customers, central governments, central banks and public institutions other than credit institutions or financial institutions	5,543,478	116,833,201	79,162,488	165,200,534	244,427,676
21	<i>Receivables subject to risk weighting of 35% or less</i>	-	-	-	13,835,232	8,992,901
22	Receivables collateralized by mortgages on residential real estate	-	-	-	-	-
23	<i>Receivables subject to risk weighting of 35% or less</i>	-	-	-	-	-
24	Quoted equities and debt instruments that do not qualify as high quality liquid assets	15,179,111	10,896,859	278,677	143,242	23,121,367
25	Assets equivalent to interconnected liabilities					
26	Other assets	101,448,455	24,423,307	218,268	54,477,172	123,779,997
27	Commodities with physical delivery including gold	12,527,331				10,648,231
28	Initial margin for derivative contracts or guarantee fund given to central counterparty				-	-
29	Derivative assets				54,475	54,475
30	Derivative liabilities before deduction of variation margin				24,156,167	24,156,167
31	Other assets not included above	88,921,124	212,665	218,268	54,477,172	88,921,124
32	Off-balance sheet payables		77,604,819	-	-	3,880,240
33	Required Stable Funding					407,950,292
34	Net Stable Funding Ratio (%)					140.20

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

Prior Period		a	b	c	ç	d
		Unadjusted Amount According to Remaining Maturity				Total Amount Applied Consideration Rate
		Demand *	Less than 6 Months	6 Months and Longer than 6 Months Less than 1 Year	1 Year and More than 1 Year	
Available Stable Fund						
1	Equity Items	65,445,120	-	-	-	65,445,120
2	Tier 1 and Tier 2 capital	65,445,120	-	-	-	65,445,120
3	Other equity items	-	-	-	-	-
4	Real person and retail customer deposits/participation funds	234,445,513	223,580,309	9,578,288	1,932,098	443,134,248
5	Stable deposit/participation fund	200,187,497	201,019,767	8,506,473	1,319,468	390,481,545
6	Low stable deposit/participation fund	34,258,016	22,560,542	1,071,815	612,630	52,652,703
7	Payables to other persons	-	-	-	-	-
8	Operational deposits/participation funds	-	-	-	-	-
9	Other payables	-	-	-	-	-
10	Liabilities equivalent to linked assets					
11	Other liabilities	11,034,067	69,833,583	13,803,191	-	6,901,596
12	Derivative liabilities					
13	Other equity items and liabilities not included above	54,790,478	-	-	3,818,384	3,818,384
14	Available Stable Fund					519,299,348
Required Stable Funding						
15	High-quality liquid assets					1,364,521
16	Operational deposits/participation funds deposited with credit institutions or financial institutions	-	-	-	-	-
17	Live receivables	17,076,061	115,018,436	70,265,672	151,700,386	235,565,281
18	Receivables from credit institutions or financial institutions with first quality liquid assets as collateral	-	-	-	-	-
19	Unsecured receivables from credit institutions or financial institutions or secured receivables whose collateral is not first quality liquid assets	6,532	5,083,046	-	-	763,437

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

20	Receivables from corporate customers, institutions, real persons and retail customers, central governments, central banks and public institutions other than credit institutions or financial institutions	4,627,759	108,748,823	68,838,630	138,349,188	213,292,308
21	<i>Receivables subject to risk weighting of 35% or less</i>	-	-	-	12,622,757	8,204,792
22	Receivables collateralized by mortgages on residential real estate	-	-	-	-	-
23	<i>Receivables subject to risk weighting of 35% or less</i>	-	-	-	-	-
24	Quoted equities and debt instruments that do not qualify as high quality liquid assets	12,441,770	1,186,567	1,427,042	728,441	13,304,744
25	Assets equivalent to interconnected liabilities					
26	Other assets	56,578,822	43,178,206	565,542	53,922,088	71,872,689
27	Commodities with physical delivery including gold	9,843,761				8,367,197
28	Initial margin for derivative contracts or guarantee fund given to central counterparty				-	-
29	Derivative assets				1,440,182	1,440,182
30	Derivative liabilities before deduction of variation margin				15,330,249	15,330,249
31	Other assets not included above	46,735,061	26,407,775	565,542	53,922,088	46,735,061
32	Off-balance sheet payables		57,577,781	-	-	2,878,889
33	Required Stable Funding					311,681,380
34	Net Stable Funding Ratio (%)					166.61

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

6. Explanations on leverage ratio

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)	750,657,574	643,879,745
2	(Assets deducted in determining Tier I Capital)	(6,653,800)	(2,606,775)
3	Total on-balance sheet risks (sum of lines 1 and 2)	744,003,774	641,272,970
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	1,193,339	1,379,152
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	1,113,697	766,290
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	2,307,036	2,145,442
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	191,282,982	160,649,396
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)	141,361,089	110,983,553
Capital and total risks			
13	Tier I Capital	58,060,152	50,886,957
14	Total risks (sum of lines 3, 6, 9 and 12)	869,414,771	773,651,815
Leverage ratio			
15	Leverage ratio	6.68	6.58

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

As of the Bank'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 6.68% (31 December 2023 - 6.58%). 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 20% from profit for the period, while on-balance sheet risk increased by 16%, off-balance sheet items increased by 50%. Accordingly, there is an increase of 10 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).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

10. Explanations on 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 Bank is exposed. The Board of Directors is the owner of the 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 Bank's Risk Management System is to identify, measure, monitor and control the risks that the 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 Bank's future cash flows and the level & the quality of related activities.

10.1. Explanations on risk management and risk-weighted amounts

10.1.1. GB1 - Overview of risk weighted amounts

		Risk Weighted Amounts		Minimum Capital Requirements
		Current Period 30/06/2024	Prior Period 31/12/2023	Current Period 30/06/2024
1	Credit risk (excluding counterparty credit risk)	295,057,725	184,247,498	23,604,618
2	Standardized approach	295,057,725	184,247,498	23,604,618
3	Internal rating-based approach	-	-	-
4	Counterparty credit risk	1,769,030	1,099,814	141,522
5	Standardized approach for counterparty credit risk	1,769,030	1,099,814	141,522
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	34,815,884	49,803,589	2,785,271
17	Standardized approach	34,815,884	49,803,589	2,785,271
18	Internal model approaches	-	-	-
19	Operational risk	55,143,268	29,549,149	4,411,461
20	Basic indicator approach	55,143,268	29,549,149	4,411,461
21	Standardized 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)	386,785,907	264,700,050	30,942,872

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

10.2. Explanations on credit risk

10.2.1. Credit quality of assets

Current Period		Gross amount valued according to TAS in the financial statements prepared according to legal consolidation		Provisions/ depreciation and impairment	Net value
		Defaulted	Not Defaulted		
1	Loans	5,049,568	394,625,359	4,621,880	395,053,047
2	Debt Securities	-	128,276,267	12,696,595	115,579,672
3	Off-Balance Sheet Receivables (*)	661,449	167,917,167	640,476	167,938,140
4	Total	5,711,017	690,818,793	17,958,951	678,570,859

(*) Rediscounts of derivative transactions are shown net in the impairment line.

Prior Period		Gross amount valued according to TAS in the financial statements prepared according to legal consolidation		Provisions/ depreciation and impairment	Net value
		Defaulted	Not Defaulted		
1	Loans	3,603,341	333,084,931	3,443,425	333,244,847
2	Debt Securities	-	121,629,880	3,132,851	118,497,031
3	Off-Balance Sheet Receivables (*)	576,685	107,730,100	569,527	107,737,260
4	Total	4,180,026	562,444,911	7,145,803	559,479,138

(*) Rediscounts of derivative transactions are shown net in the impairment line.

10.2.2. Changes in defaulted receivables and debt securities inventory

		Current Period	Prior Period
1	Amount of defaulted loans and debt instruments at the end of the previous reporting period	3,603,341	3,246,047
2	Loans and debt instruments that have defaulted since the last reporting period	1,908,621	2,049,584
3	Receivables that have not become delinquent again	-	-
4	Written-off amounts	-	547,245
5	Other changes	(462,394)	(1,145,045)
6	Amount of defaulted loans and debt instruments at the end of the reporting period (1+2-3-4+5)	5,049,568	3,603,341

10.2.3. Credit risk mitigation techniques – general overview

Current Period		Unsecured receivables: TAS valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
1	Loans	231,247,361	151,626,351	26,340,876	12,179,335	10,132,149	-	-
2	Debt instruments	115,579,672	-	-	-	-	-	-
3	Total	346,827,033	151,626,351	26,340,876	12,179,335	10,132,149	-	-
4	Defaulted	340,508	80,081	61,415	7,099	4,405	-	-

Prior Period		Unsecured receivables: TAS valued amount	Receivables secured by guarantee	Collateralized portions of collateralized receivables	Receivables protected by financial guarantees	Collateralized portions of receivables protected by financial guarantees	Loans protected by credit derivatives	Collateralized portions of receivables protected by credit derivatives
1	Loans	170,676,574	150,200,055	39,456,429	12,368,218	10,115,540	-	-
2	Debt instruments	118,497,031	-	-	-	-	-	-
3	Total	289,173,605	150,200,055	39,456,429	12,368,218	10,115,540	-	-
4	Defaulted	65,393	86,305	2,545	8,218	3,684	-	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

10.2.4. Standard approach - Credit risk exposed and credit risk mitigation effects

	Risk Classes	Receivable before CCF and CRM		Receivable post CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Receivables from central governments and Central Banks	229,724,657	-	237,866,859	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Receivables from multilateral development banks	339,005	-	339,005	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	43,611,849	18,443,574	43,611,849	1,493,291	11,804,837	26
7	Receivables from corporate	111,328,658	47,062,906	103,382,978.0000	19,624,988.0000	109,719,990	89
8	Retail receivables	49,680,190	71,049,631	49,579,968	10,438,543	41,040,788	68
9	Receivables secured by residential property	23,117,228	5,653,728	23,079,555	2,576,771	8,506,496	33
10	Receivables secured by commercial property	43,262,484	14,721,827	43,207,561	6,940,915	32,072,345	64
11	Non-performing receivables	296,792	-	293,263	-	131,478	45
12	Receivables in high-risk categories	37,658,476	-	37,658,301	-	78,785,699	209
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Other receivables	22,395,067	-	22,395,067	-	8,811,252	39
17	Stock investments	4,184,840	-	4,184,840	-	4,184,840	100
18	Total	565,599,246	156,931,666	565,599,246	41,074,508	295,057,725	

10.2.5. Standard approach - Receivables according to risk classes and risk weights

Risk Classifications / Risk Weights		0%	10%	20%	50%	75%	100%	150%	200%	Others*	Total risk amount (post-CCF and CRM)
1	Receivables from central governments and Central Banks	237,866,859	-	-	-	-	-	-	-	-	237,866,859
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	339,005	-	-	-	-	-	-	-	-	339,005
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	6,087,689	-	29,720,365	6,872,644	-	2,424,442	-	-	-	45,105,140
7	Receivables from corporate	9,957,891	-	4,162,606	-	-	108,887,469	-	-	-	123,007,966
8	Retail receivables	4,800,883	-	710,403	-	54,434,071	73,154	-	-	-	60,018,511
9	Receivables secured by residential property	1,185,552	-	388,500	-	-	-	-	-	24,082,274	25,656,326
10	Receivables secured by commercial property	2,398,167	-	1,734,252	28,581,126	-	17,434,931	-	-	-	50,148,476
11	Non-performing receivables	5,649	-	44,789	240,608	-	2,217	-	-	-	293,263
12	Receivables in high-risk categories	-	-	-	-	-	-	6,627,740	28,769,572	2,260,989	37,658,301
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
16	Stock investments	-	-	-	-	-	4,184,840	-	-	-	4,184,840
17	Other Receivables	12,107,774	-	1,845,051	-	-	8,442,242	-	-	-	22,395,067
18	Total	274,749,469	-	38,605,966	35,694,378	54,434,071	141,449,295	6,627,740	28,769,572	26,343,263	606,673,754

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

10.3. Explanations on counterparty credit risk (“CCR”)

10.3.1 Evaluation of counterparty credit risk according to measurement methods

Current Period		Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardized Approach CCR (for derivatives)*	1,033,243	1,061,008		1.4	2,931,952	1,673,998
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions						
6	Total						1,673,998

* The Fair Value Valuation Method is used in Counterparty Credit Risk calculations.

Prior Period		Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardized Approach CCR (for derivatives)*	1,173,204	724,989		1.4	2,657,471	980,846
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions						
6	Total						980,846

* The Fair Value Valuation Method is used in Counterparty Credit Risk calculations.

10.3.2 Capital requirement for credit valuation adjustment (“CVA”)

		Current Period		Prior Period	
		Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts
Total portfolios subject to the Advanced CVA capital obligation					
1	(i) VaR component (including the 3*multiplier)	-	-	-	-
2	(ii) Stressed VaR component (including the 3*multiplier)	-	-	-	-
3	All portfolios subject to the Standardized CVA capital obligation	2,931,952	95,033	2,657,471	118,968
4	Total subject to the CVA capital obligation	2,931,952	95,033	2,657,471	118,968

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

10.3.3 Standard approach – CCR exposures by risk class and risk weights

Current Period - Risk Classes / Risk Weights *		0%	10%	20%	50%	75%	100%	150%	200%	Others***	Total credit risk*
1	Receivables from central governments and Central Banks	4,836,559	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	1,265,341	335,677	-	743,481	-	-	-	1,164,388
7	Receivables from corporate	-	-	-	-	-	467,960	-	-	-	467,960
8	Retail receivables	-	-	-	-	55,533	-	-	-	-	41,650
9	Other Asset	-	-	-	-	-	-	-	-	-	-
10	Total	4,836,559	-	1,265,341	335,677	55,533	1,211,441	-	-	-	1,673,998

* Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

** 35% Risk Weight is classified in Others.

Current Period - Risk Classes / Risk Weights *		0%	10%	20%	50%	75%	100%	150%	200%	Others***	Total credit risk*
1	Receivables from central governments and Central Banks	2,731,072	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	777,934	621,600	-	339,927	-	-	-	806,314
7	Receivables from corporate	-	-	-	-	-	152,546	-	-	-	152,546
8	Retail receivables	-	-	-	-	29,315	-	-	-	-	21,986
9	Other Asset	-	-	-	-	-	-	-	-	-	-
10	Total	2,731,072	-	777,934	621,600	29,315	492,473	-	-	-	980,846

* Total credit risk: The amount related to capital adequacy calculation after counterparty credit risk measurement techniques are applied.

** 35% Risk Weight is classified in Others.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

10.3.4 Collateral used for counterparty credit risk: None.

10.3.5 Credit derivatives: None.

10.3.6 Risks to central counterparty (“CCP”): None.

11. Securitization positions

None.

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

The Bank does not perform purchases, sales and custody services in the name of others. The Bank 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 operating segments

The 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 Banks in Türkiye. 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 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

Selected balance sheet and income statement items according to segments

Current Period		Corporate and	Treasury and		Bank's total
1 January 2024-30 June 2024	Retail	Commercial	international	Unallocated	operation
	Banking	Banking	Banking		
Operating income	38,921,967	33,279,466	3,234,644	-	75,436,077
Operating expenses (-)	30,099,315	11,645,168	4,443,716	9,034,023	55,222,222
Transfers between segments	21,826,901	(10,099,455)	(11,727,446)	-	-
Net operating income / loss	30,649,553	11,534,843	(12,936,518)	(9,034,023)	20,213,855
Income from associates using equity method	-	-	-	-	-
Profit before tax	30,649,553	11,534,843	(12,936,518)	(9,034,023)	20,213,855
Provision for taxation (-)	-	-	-	4,717,457	4,717,457
Net profit for the period	30,649,553	11,534,843	(12,936,518)	(13,751,480)	15,496,398
Current Period					
30 June 2024					
Segment assets	134,991,344	246,187,323	358,449,422	-	739,628,089
Associates, subsidiaries and joint ventures	-	-	-	3,942,925	3,942,925
Undistributed assets	-	-	-	17,695,390	17,695,390
Total assets	134,991,344	246,187,323	358,449,422	21,638,315	761,266,404
Segment liabilities	416,566,541	96,108,795	167,672,573	-	680,347,909
Undistributed liabilities	-	-	-	23,768,218	23,768,218
Shareholders' equity	-	-	-	57,150,277	57,150,277
Total liabilities	416,566,541	96,108,795	167,672,573	80,918,495	761,266,404
Prior Period					
1 January 2023-30 June 2023					
	Retail	Commercial	international	Unallocated	Bank's total
	Banking	Banking	Banking		operation
Operating income	13,162,925	16,564,726	4,442,876	-	34,170,527
Operating expenses (-)	13,364,389	3,066,075	792,482	4,316,272	21,539,218
Transfers between segments	6,789,713	(4,554,884)	(2,234,829)	-	-
Net operating income / loss	6,588,249	8,943,767	1,415,565	(4,316,272)	12,631,309
Income from associates using equity method	-	-	-	-	-
Profit before tax	6,588,249	8,943,767	1,415,565	(4,316,272)	12,631,309
Provision for taxation (-)	-	-	-	2,559,276	2,559,276
Net profit for the period	6,588,249	8,943,767	1,415,565	(6,875,548)	10,072,033
Prior Period					
31 December 2023					
Segment assets	115,123,175	201,740,942	335,536,661	-	652,400,778
Associates, subsidiaries and joint ventures	-	-	-	3,212,925	3,212,925
Undistributed assets	-	-	-	12,554,512	12,554,512
Total assets	115,123,175	201,740,942	335,536,661	15,767,437	668,168,215
Prior Period					
31 December 2023					
Segment liabilities	385,565,367	121,945,506	97,043,082	-	604,553,955
Undistributed liabilities	-	-	-	15,628,572	15,628,572
Shareholders' equity	-	-	-	47,985,688	47,985,688
Total liabilities	385,565,367	121,945,506	97,043,082	63,614,260	668,168,215

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

SECTION FIVE

EXPLANATIONS AND NOTES ON THE FINANCIAL STATEMENTS

1. Explanations and notes related to assets

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

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

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash/foreign currency	2,479,902	7,579,298	2,085,927	12,814,660
The Central Bank of Republic of Türkiye	48,942,948	104,075,187	27,619,499	91,480,001
Other (*)	265,616	10,108,847	31,270	6,344,071
Total	51,688,466	121,763,332	29,736,696	110,638,732

(*) As of 30 June 2024, precious metal account amounting to TL 8,111,615 (31 December 2023 - TL 6,141,897) and money in transit amounting to TL 2,262,848 (31 December 2023 - TL 233,444) are presented in this line.

1.1.2 Information about CBRT

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	23,286,041	17,712,028	21,567,615	16,522,557
Restricted Time Deposit	-	-	-	-
Unrestricted Time Deposit	25,656,907	86,363,159	6,051,884	74,957,444
Total	48,942,948	104,075,187	27,619,499	91,480,001

According to the “Communiqué No: 2013/15 on Reserve Requirements” of the CBRT, the Bank establishes reserve requirements for its Turkish Lira and foreign currency liabilities at the CBRT. Reserve deposits can be held at the CBRT in Turkish Lira, USD and/or EURO and standard gold in accordance with the “Communiqué on Reserve Requirements.

As of 30 June 2024, a reserve requirement of 3% to 12% (22% to 33% for accounts with exchange rate protection support) is established for Turkish currency participation funds and other liabilities, depending on the maturity structure, 5% to 30% for foreign currency participation funds and other liabilities, and 22% to 26% for precious metal deposit accounts, depending on the maturity structure. The additional reserve requirement rate for foreign currency participation funds (excluding foreign bank participation funds and precious metal deposit accounts) is 8%.

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

As of 30 June 2024, there are no financial assets at fair value through profit or loss subject to repo transactions (31 December 2023 - None). The collateral given is TL 6,845,224 (31 December 2023 - TL 16,953,796), there are no blocked (31 December 2023 - None).

Positive differences related to marketable derivative financial assets:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward transactions	227,056	71,425	68,530	42,912
Swap transactions	286,594	722,978	1,345,922	420,560
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	513,650	794,403	1,414,452	463,472

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.3 Information on Banks

1.3.1. Information on Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	47,316	32,799,441	22,985	18,090,427
Domestic	47,316	477,357	22,985	486,588
Foreign	-	32,322,084	-	17,603,839
Headquarters and branches abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	47,316	32,799,441	22,985	18,090,427

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	59,862,606	58,123,858
Quoted on stock exchange	50,206,261	57,898,462
Not quoted on stock exchange	9,656,345	225,396
Share certificates/Investment Funds	137,557	302,374
Quoted on stock exchange	44,748	233,440
Not quoted on stock exchange	92,809	68,934
Impairment provision (-)	6,348,299	3,132,845
Total	53,651,864	55,293,387

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 24,642,330 (31 December 2023: TL 35,980,390) 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 6,430,765 (31 December 2023 – TL 4,087,162) 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 Bank:

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	38,070	90,267	29,238	82,280
Corporate shareholders	11,393	89,087	2,156	82,059
Real person shareholders	26,677	1,180	27,082	221
Indirect loans granted to shareholders	1,121	3,635	2,974,543	20,322
Loans granted to employees	302,601	21,267	252,314	3,139
Total	341,792	115,169	3,256,095	105,741

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

Current Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Revised Contract Terms
Loans	325,204,600	19,591,036	2,828,105	-
Export Loans	56,399,402	870,398	-	-
Import Loans	13,078,837	297,840	-	-
Corporation Loans	160,383,843	13,622,037	2,768,902	-
Consumer Loans	18,870,618	614,220	1,306	-
Credit Cards	32,762,599	3,546,512	57,281	-
Loans given to financial sector	15,755,532	-	-	-
Other	27,953,769	640,029	616	-
Other Receivables	621	5,670	-	-
Total	325,205,221	19,596,706	2,828,105	-

Prior Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Revised Contract Terms
Loans	275,139,984	16,084,305	3,342,121	-
Export Loans	34,576,357	935,578	-	-
Import Loans	11,094,258	417,052	-	-
Corporation Loans	156,470,480	11,566,448	3,316,711	-
Consumer Loans	18,026,123	541,128	2,513	-
Credit Cards	23,068,840	2,088,257	22,366	-
Loans given to financial sector	6,438,211	-	-	-
Other	25,465,715	535,842	531	-
Other Receivables	839	8,508	-	-
Total	275,140,823	16,092,813	3,342,121	-

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	5,293,966	-	8,466,431	-
Expected Loss Provision for Other Financial Assets Measured at Amortized Cost	15,142	-	48,306	-
Significant Increase in Credit Risk	-	5,893,020	-	5,971,828
Total	5,309,108	5,893,020	8,514,737	5,971,828

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	1,069,724	18,209,668	19,279,392
Housing Loans	25,898	10,964,532	10,990,430
Vehicle Loans	377,090	5,386,808	5,763,898
Consumer Loans	595,232	984,788	1,580,020
Other	71,504	873,540	945,044
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	21,545	21,545
Housing Loans	-	21,545	21,545
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	10,825,184	24	10,825,208
With Instalment	1,547,494	24	1,547,518
Without Instalment	9,277,690	-	9,277,690
Retail Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Personnel Loans-TL	48,748	136,459	185,207
Housing Loans	594	12,755	13,349
Vehicle Loans	10,807	42,908	53,715
Consumer Loans	36,905	80,796	117,701
Other	442	-	442
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	136,240	2	136,242
With Instalment	31,254	2	31,256
Without Instalment	104,986	-	104,986
Personnel Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without-instalment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	12,079,896	18,367,698	30,447,594

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	-	29,922	29,922
Housing Loans	-	29,922	29,922
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
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	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Personnel Loans-TL	21,406	138,181	159,587
Housing Loans	172	9,686	9,858
Vehicle Loans	5,821	40,180	46,001
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	8,677,655	17,878,931	26,556,586

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.5.5 Information on commercial installment loans and corporate credit cards

Current Period	Short-term	Medium and Long-term	Total
Commercial Installment Loans-TL	8,311,693	26,880,141	35,191,834
Business Loans	124,213	2,425,861	2,550,074
Vehicle Loans	6,852,120	20,222,796	27,074,916
Consumer Loans	1,335,360	4,231,484	5,566,844
Other	-	-	-
Commercial Installment Loans-FC Indexed	8,794	301,377	310,171
Business Loans	8,794	-	8,794
Vehicle Loans	-	-	-
Consumer Loans	-	301,377	301,377
Other	-	-	-
Commercial Installment Loans-FC	101,361	5,986,437	6,087,798
Business Loans	-	1,055,266	1,055,266
Vehicle Loans	101,361	4,931,171	5,032,532
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	25,404,942	-	25,404,942
With Installment	11,980,744	-	11,980,744
Without Installment	13,424,198	-	13,424,198
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	33,826,790	33,167,955	66,994,745

Prior Period	Short-term	Medium and Long-term	Total
Commercial Installment 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 Installment 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 Installment Loans-FC	10,293	3,892,787	3,903,080
Business Loans	-	724,311	724,311
Vehicle Loans	10,293	3,168,476	3,178,769
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	17,192,639	-	17,192,639
With Installment	8,974,843	-	8,974,843
Without Installment	8,217,796	-	8,217,796
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	22,992,304	27,834,556	50,826,860

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.5.6. Breakdown of loans by users

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.

1.5.7 Breakdown of domestic and foreign loans

	Current period	Prior period
Domestic loans	330,365,064	285,085,242
Foreign loans	17,264,968	9,490,515
Total	347,630,032	294,575,757

1.5.8 Loans granted to subsidiaries and associates

	Current period	Prior period
Loans granted directly to subsidiaries and associates	820,408	736,761
Loans granted indirectly to subsidiaries and associates	-	-
Total	820,408	736,761

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

	Current period	Prior period
Loans and receivables with limited collectability	604,691	171,423
Loans and receivables with doubtful collectability	548,542	373,091
Uncollectible loans and receivables	3,468,647	2,898,911
Total	4,621,880	3,443,425

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

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectability	Loans and Receivables with Doubtful Collectability	Uncollectible Loans and Receivables
Current Period			
Gross Amount Before Specific Provisions	-	-	709,617
Restructured Loans and Receivables	-	-	709,617
Prior Period			
Gross Amount Before Specific Provisions	-	-	744,591
Restructured Loans and Receivables	-	-	744,591

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

	Group III	Group IV	Group V
Current Period	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending balance of prior period 31.12.2023	231,744	434,254	2,937,343
Additions in the current period (+)	748,379	515,910	644,332
Transfers from other categories of non-performing loans (+)	-	82,912	374,819
Transfers to other categories of non-performing loans (-)	82,912	374,819	-
Collections in the current period (-)	75,779	25,991	360,624
Write-offs (-)	-	-	-
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	821,432	632,266	3,595,870
Specific provisions (-)	604,691	548,542	3,468,647
Net balances on balance sheet	216,741	83,724	127,223

	Group III	Group IV	Group V
Prior Period	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending balance of prior period 31.12.2022	131,936	304,959	2,809,152
Additions in the current period (+)	264,948	585,369	1,199,267
Transfers from other categories of non-performing loans (+)	-	137,098	478,316
Transfers to other categories of non-performing loans (-)	137,098	478,316	-
Collections in the current period (-)	28,042	114,856	1,002,147
Write-offs (-)	-	-	547,245
Sold Portfolio (-)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	231,744	434,254	2,937,343
Specific provisions (-)	171,423	373,091	2,898,911
Net balances on balance sheet	60,321	61,163	38,432

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	35,132	102,701	899,200
Provision amount (-)	27,153	92,637	888,307
Net balance at the balance sheet	7,979	10,064	10,893
Prior Period			
Ending balance of the current period	26,066	69,720	878,527
Provision amount (-)	19,066	61,499	869,672
Net balance at the balance sheet	7,000	8,221	8,855

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)			
Loans granted to real persons and legal entities (Gross)	821,432	632,266	3,595,870
Specific provision (-)	604,691	548,542	3,468,647
Loans to real persons and legal entities (Net)	216,741	83,724	127,223
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior Period (Net)			
Loans granted to real persons and legal entities (Gross)	231,744	434,254	2,937,343
Specific provision (-)	171,423	373,091	2,898,911
Loans to real persons and legal entities (Net)	60,321	61,163	38,432
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

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

	Group III	Group IV	Group V
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	10,904	7,387	5,307
Profit share accruals, rediscount and valuation differences	39,259	32,649	354,682
Provision (-)	28,355	25,262	349,375

	Group III	Group IV	Group V
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
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

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

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.

1.5.12 Information on the write-off policy

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.

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	61,927,808	63,203,644
Quoted on a Stock Exchange	61,927,808	63,203,644
Not Quoted	-	-
Expected Loss Provision (-)	15,142	48,306
Total	61,912,666	63,155,338

1.6.2 Movements of Other Financial Assets Measured at Amortized Cost During the Year

	Current Period	Prior Period
Opening Balance	63,203,644	21,678,735
Foreign Exchange Gain/Loss	2,512,662	8,626,376
Purchases During the Year	3,660,000	33,590,663
Disposals Through Sales and Redemptions	2,000,000	692,130
Transfers	(5,448,498)	-
Expected Loss Provision (-)	15,142	48,306
Total	61,912,666	63,155,338

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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 8,325 (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 261,997 (31 December 2023 – TL 266,071) are classified as financial assets at fair value through other comprehensive income and the 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).

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	27,686,046	5,680,375	222,849	493,865	40,725	(10,828)	32,659	-
2	20,877,691	3,072,894	367,254	2,421,319	1,511,619	615,712	242,527	-
3	16,263,043	773	-	-	-	228	10	-
4	1,054	962	-	-	-	92	34	-
5	636,663	522,034	20,819	-	-	250,703	66,673	-
6	310,393	250,523	4,851	21,384	11,624	26,268	26,537	-
7	689,725	530,501	80,956	13,667	13,455,832	120,774	69,637	-
8	233,320	165,887	663	-	-	12,846	18,469	-
9	503,530	500,207	11,562	32,700	5,165	43,625	-	-

(*) As of 30 June 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 30 June 2024, regulated according to the Turkish Commercial Code.

(***) Neova Katılım Sigorta A.Ş. calculates the minimum required shareholders' equity twice a year, in June and December periods, in accordance with Article 10 of the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance and Reinsurance and Pension Companies and has a capital deficiency of TL 64,120 as of 30 June 2024 (31 December 2024: 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	3,192,925	2,442,925
Movements during the year	730,000	750,000
Purchases (*)	730,000	750,000
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	3,922,925	3,192,925
Capital commitments	45,000	67,500
Share percentage at the end of the year (%)	-	-

(*) The capital of Neova Katılım Sigorta A.Ş., a subsidiary of the Bank, was 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 and the capital of Kuveyt Türk Yatırım Menkul Değerler A.Ş. was increased by TL 230,000,000 (full amount) from TL 220,000,000 (full amount) to TL 450,000,000 (full amount) on 03 April 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	555,419	325,419
Total	3,799,245	3,069,245

Subsidiaries that are quoted 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 shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of 30 June 2024, is EUR 161,999,645 (Full EUR amount) and the capital adequacy ratio is 26.4%.

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%	28,840,344	903,452	98,592	296,079	157,480

(*) 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. 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	31,714,946	24,029,405	25,525,713	19,042,090
1 to 4 years	22,491,781	19,690,025	20,095,599	17,156,342
More than 4 years	1,291,511	1,281,629	951,303	921,351
Total	55,498,238	45,001,059	46,572,615	37,119,783

1.10.2 Net investments in finance leases

	Current Period	Prior Period
Gross receivable from finance leases	55,498,237	46,572,615
Unearned finance lease income (-)	10,497,178	9,452,832
Unearned finance lease income (-)	-	-
Net Leasing Investment	45,001,059	37,119,783

1.10.3 Information on finance lease contracts

The 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 Bank gives the customer the option to buy the related property. According to the Financial Lease Law, if a customer does not fulfill 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 247,182 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 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.

1.13. Explanations on intangible 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.

1.14. Explanations on investment properties

None (31 December 2023 - None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.15 Information on deferred tax asset

As of 30 June 2024, deferred tax is offset as TL 8,493,745 in the balance sheet. The deferred tax asset is TL 8,836,465 (31 December 2023 – TL 6,477,294) and the deferred tax liability is TL 342,720 (31 December 2023 – TL 729,476).

	Current Period	Prior Period
TFRS 9 Provisions	2,165,179	2,612,011
Tangible assets valuation differences	2,026,349	1,608,654
Employee benefits liability	377,763	468,236
Deferred income	449,369	394,378
Severance pays liability	386,193	328,616
Precious metals valuation difference	689,043	283,950
Marketable securities valuation difference	1,974,740	45,342
Other	425,109	6,631
Net deferred tax asset	8,493,745	5,747,818

Table of deferred tax asset movement

	Current Period	Prior Period
As of 1 January	5,747,818	1,083,223
Deferred tax (expense)/income	1,176,530	2,525,984
Deferred tax accounted under equity	1,569,397	2,138,611
Deferred tax asset	8,493,745	5,747,818

1.16. Explanations on assets held for sale and discontinued operations

	Current period	Prior period
Opening Balance	428,585	117,719
Additions	60,974	350,438
Transfers from Tangible Assets	-	-
Disposals (-), Net	109,519	39,572
Transfer to Tangible Assets	-	-
Amortization Cost (-)	-	-
Provision for Impairment (-)	-	-
Closing Net Book Value	380,040	428,585

1.17. Information on other assets

As of balance sheet date, the Bank's other assets amount to TL 3,213,564 (31 December 2023 – TL 2,356,306). Other assets balance does not exceed 10% of the total assets on the balance sheet excluding off balance sheet commitments.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

2. Explanations and Notes Related to 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	32,460,944	-	-	-	-	-	-	-	32,460,944
II. Real persons profit sharing accounts TL	-	12,878,757	78,924,091	3,801,596	-	25,544,763	4,969,110	8,554	126,126,871
III. Another current accounts-TL	26,684,655	-	-	-	-	-	-	-	26,684,655
Public sector	859,871	-	-	-	-	-	-	-	859,871
Commercial sector	25,060,144	-	-	-	-	-	-	-	25,060,144
Other institutions	401,336	-	-	-	-	-	-	-	401,336
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	363,304	-	-	-	-	-	-	-	363,304
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	-	-	-	-	-	-	-	-	-
Foreign banks	313,268	-	-	-	-	-	-	-	313,268
Participation banks	45,016	-	-	-	-	-	-	-	45,016
Others	5,020	-	-	-	-	-	-	-	5,020
IV. Profit sharing accounts-TL	-	1,426,171	10,092,902	882,907	-	10,915,977	125,760	39	23,443,756
Public sector	-	258	10,260	8,596	-	394,797	221	-	414,132
Commercial sector	-	1,141,977	7,980,610	824,137	-	10,054,812	124,936	39	20,126,511
Other institutions	-	280,553	1,330,611	49,408	-	351,094	603	-	2,012,269
Commercial and other institutions	-	3,383	771,383	766	-	115,274	-	-	890,806
Banks and participation banks	-	-	38	-	-	-	-	-	38
V. Real persons current accounts-FC	93,285,135	-	-	-	-	-	-	-	93,285,135
VI. Real persons profit sharing accounts-FC	-	14,563,097	14,816,175	1,555,389	-	2,187,294	1,932,606	24,440	35,079,001
VII. Another current accounts-FC	31,872,805	-	-	-	-	-	-	-	31,872,805
Commercial residents in Türkiye	27,734,930	-	-	-	-	-	-	-	27,734,930
Commercial residents in Abroad	3,825,939	-	-	-	-	-	-	-	3,825,939
Banks and participation banks	311,936	-	-	-	-	-	-	-	311,936
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	701	-	-	-	-	-	-	-	701
Foreign banks	307,734	-	-	-	-	-	-	-	307,734
Participation banks	3,501	-	-	-	-	-	-	-	3,501
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	418,103	1,317,984	40,440	-	154,885	79,463	271	2,011,146
Public sector	-	10	105,343	-	-	-	-	-	105,353
Commercial sector	-	328,253	868,332	37,971	-	154,802	79,463	271	1,469,092
Other institutions	-	13,386	30,427	2,422	-	83	-	-	46,318
Commercial and other institutions	-	76,454	313,882	47	-	-	-	-	390,383
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	89,159,168	11,320,764	5,690,939	984,976	-	654,511	50,058	-	107,860,416
X. Profit sharing accounts special funds - TL	-	-	1,461,191	2,869,385	-	27,920,891	1,599,140	-	33,850,607
Residents in Türkiye	-	-	1,461,191	2,869,385	-	26,724,391	674,390	-	31,729,357
Residents Abroad	-	-	-	-	-	1,196,500	924,750	-	2,121,250
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (**)	273,462,707	40,606,892	112,303,282	10,134,693	-	67,378,321	8,756,137	33,304	512,675,336

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

(**) As of 30 June 2024, the Bank has TL 87,991,487 (31 December 2023; TL 116,495,635) foreign currency protected TL time deposit accounts, including TL 87,539,399 (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 452,088 (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 and the foreign exchange valuation differences of TL 3,194,770 (31 December 2023; TL 19,428,176) calculated as of the balance sheet date related to these time deposit accounts are included in other assets in assets and other liabilities in liabilities.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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
III. Another current accounts-TL	25,691,962	-	-	-	-	-	-	-	25,691,962
Public sector	597,601	-	-	-	-	-	-	-	597,601
Commercial sector	24,626,713	-	-	-	-	-	-	-	24,626,713
Other institutions	320,272	-	-	-	-	-	-	-	320,272
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	147,376	-	-	-	-	-	-	-	147,376
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	24	-	-	-	-	-	-	-	24
Foreign banks	147,336	-	-	-	-	-	-	-	147,336
Participation banks	13	-	-	-	-	-	-	-	13
Others	3	-	-	-	-	-	-	-	3
IV. Profit sharing accounts-TL	-	14,769,092	8,585,515	1,884,335	-	5,794,661	81,730	74	31,115,407
Public sector	-	224	5,188	-	-	273,294	284	-	278,990
Commercial sector	-	14,515,707	7,379,274	1,752,982	-	5,316,871	80,864	74	29,045,772
Other institutions	-	246,208	799,173	28,027	-	82,063	582	-	1,156,053
Commercial and other institutions	-	6,953	401,848	103,326	-	122,433	-	-	634,560
Banks and participation banks	-	-	32	-	-	-	-	-	32
V. Real persons current accounts-FC	88,598,190	-	-	-	-	-	-	-	88,598,190
VI. Real persons profit sharing accounts-FC	-	15,876,483	13,162,188	1,566,496	-	2,560,758	2,087,729	19,860	35,273,514
VII. Another current accounts-FC	30,214,741	-	-	-	-	-	-	-	30,214,741
Commercial residents in Türkiye	25,977,273	-	-	-	-	-	-	-	25,977,273
Commercial residents in Abroad	3,781,821	-	-	-	-	-	-	-	3,781,821
Banks and participation banks	455,647	-	-	-	-	-	-	-	455,647
Central Bank of Republic of Türkiye	-	-	-	-	-	-	-	-	-
Domestic banks	629	-	-	-	-	-	-	-	629
Foreign banks	448,379	-	-	-	-	-	-	-	448,379
Participation banks	6,639	-	-	-	-	-	-	-	6,639
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	18,285,304	1,409,534	48,836	-	104,774	13,720	138	19,862,306
Public sector	-	30	94,311	-	-	-	-	-	94,341
Commercial sector	-	11,663,322	898,196	46,620	-	104,752	13,720	138	12,726,748
Other institutions	-	6,517,503	32,110	2,172	-	22	-	-	6,551,807
Commercial and other institutions	-	104,449	384,917	44	-	-	-	-	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
X. Profit sharing accounts special funds - TL	-	-	1,563,263	4,050,088	-	49,028,063	3,824,907	-	58,466,321
Residents in Türkiye	-	-	1,563,263	4,050,088	-	48,266,714	3,309,678	-	57,189,743
Residents Abroad	-	-	-	-	-	761,349	515,229	-	1,276,578
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Türkiye	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	243,657,582	69,925,771	100,944,987	13,715,074	-	70,097,643	9,135,093	34,723	507,510,873

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	88,683,465	69,519,844	149,817,753	176,376,582
FC accounts	127,131,605	95,973,791	141,684,202	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 650 (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 Bank 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 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 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	39,699	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	-	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	95,943	23,776	69,460	17,654
Swap transactions	1,412,040	422,663	30,382	860,303
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1,507,983	446,439	99,842	877,957

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	18,044,049	80,663,644	9,211,884	44,343,337
From Foreign Banks, Institutions and Funds	653,371	26,895,324	53,371	19,418,755
Total	18,697,420	107,558,968	9,265,255	63,762,092

2.3.2 Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	18,596,746	104,638,644	9,265,255	61,176,296
Medium and Long-Term	100,674	2,920,324	-	2,585,796
Total	18,697,420	107,558,968	9,265,255	63,762,092

2.3.3 Explanations related to the concentrations of the Bank's major liabilities

Most of the bank's loans consist of foreign currency loans. There is no risk concentration of the Bank's current and profit-sharing accounts.

2.4 Information on other liabilities and miscellaneous payables

As of 30 June 2024, other liabilities amount to TL 4,214,779 (31 December 2023 – TL 2,917,796), sundry creditors amount to TL 11,247,068 (31 December 2023 - TL 3,770,293), both do not exceed 10% of the balance sheet total.

2.5 Information on finance lease payables (net)

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	47,409	44,188	30,361	28,706
1 to 4 years	67,328	51,236	42,044	32,373
More than 4 years	1,800,847	1,116,925	1,325,234	822,306
Total	1,915,584	1,212,349	1,397,639	883,385

Bank 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 used a revised discount rate reflecting changes in the profit share rate.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

2.5.1. Explanations on contract changes and the new obligations these changes bring to the Bank

None (31 December 2023 – None).

2.5.1.1. Explanations on financial leasing obligations

None (31 December 2023 – None).

2.5.1.2. 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 Bank.

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

2.6. Information on hedging derivative financial liabilities

None (31 December 2023 – None).

2.7. Information on provisions

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

None (31 December 2023 – None).

2.7.2 Information on other provisions

	Current Period	Prior Period
Specific provisions for non-cash loans that are not indemnified converted into cash	640,476	569,527
General Provisions for non-cash loans	828,638	964,137
Provision for profits will be allocated to participation accounts	883,359	887,567
Credit cards of banking services applications	5,789	8,905
Other (*)	619,318	469,509
Total	2,977,580	2,899,645

(*) The other item mainly consists of TL 462,502 (31 December 2023 – TL 393,760) litigation provision, TL 12,689 (31 December 2023 – TL 12,009) expense provision, TL 77,244 (31 December 2023 – TL 59,455) other provision.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

2.7.3 Information on provisions for employee benefits

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 1,287,311 (31 December 2023 – TL 1,095,389), vacation pay liability amounting to TL 156,846 (31 December 2023 – TL 6,107), performance premium amounting to TL 473,585 (31 December 2023 – TL 1,004,875), retirement bonuses on payment of TL 535,635 (31 December 2023 – TL 426,049), committee fee amounting to TL 60,380 (31 December 2023 – TL 94,335) and other fees amounting to TL 32,766 (31 December 2023 – TL 29,432).

Under the Turkish Labor Law, the Bank is required to pay termination benefits to each employee who has completed at least one year of service 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 41,828.42 (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 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	1,095,389	614,054
Provisions recognized during the period	219,278	189,371
Paid during the period	(27,356)	(49,751)
Actuarial loss	-	341,715
Balances at the end of the period	1,287,311	1,095,389

2.8. Explanations on tax liability

2.8.1. Explanations on current tax liability

2.8.1.1 Information on tax provisions

As of the balance sheet date, the Bank has a corporate tax liability of TL 6,169,748 (31 December 2023: TL 9,586,270) and prepaid tax of TL 3,387,480 (31 December 2023: TL 6,201,619). The Bank clearly indicated the corporate tax liability and prepaid tax in the financial statements.

2.8.1.2. Information on taxes payable (*)

	Current Period	Prior Period
Taxation of marketable securities	236,997	97,908
Taxation of immovable property	10,444	5,524
Banking Insurance Transaction Tax (BITT)	353,462	244,771
Foreign Exchange Transaction Tax	12,294	24,591
Value Added Tax Payable	43,069	30,802
Income tax deducted from wages	121,954	100,916
Income tax payable	-	126,672
Other	8,256	6,248
Total	786,476	637,432

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

2.8.1.3. Information on premiums (*)

	Current Period	Prior Period
Social Insurance Premiums-Employee	143,851	89,048
Social Insurance Premiums-Employer	158,707	98,276
Unemployment insurance-Employee	10,270	6,358
Unemployment insurance-Employer	21,443	13,390
Other	-	10
Total	334,271	207,082

(*) Included in Other Liabilities/Various Debts in the balance sheet.

2.8.1.4. Information on deferred tax liability

As of 30 June 2024, deferred tax has been netted off as TL 8,493,745 (31 December 2023 – TL 5,747,818) in the balance sheet within the scope of the relevant regulations. Deferred tax asset is calculated as TL 8,836,465 (31 December 2023 – TL 6,477,294) and deferred tax liability is TL 342,720 (31 December 2023 – TL 729,476).

2.9. Information on payables related to assets held for sale

None (31 December 2023 – None).

2.10. Information on subordinated loans

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

2.11. Information on shareholders' equity

2.11.1. 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 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.

2.11.2 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 Bank.

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

None.

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

None.

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

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

2.11.6 Summary of privileges given to shares representing the capital

None (31 December 2023 – None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

2.11.7 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 (*)	(4,934,373)	229,263	(1,263,418)	240,265
Foreign Exchange Difference	-	-	-	-
Total	(4,934,373)	229,263	(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.

2.12 Information on minority shares

None (31 December 2023 – None).

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

3.1 Explanations on off-balance sheet accounts

3.1.1 Type and amount of irrevocable loan commitments

As at 30 June 2024, credit card spending limit commitments amounting to TL 53,646,333 (31 December 2023 - TL 33,913,418); payment commitments for cheques amounting to TL 5,694,816 (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 30 June 2024, the Bank has guarantees and surety ships constituting of TL 60,837,401 (31 December 2023 – TL 49,506,065) of letters of guarantee; TL 492,975 (31 December 2023 – TL 183,196) of acceptances and TL 14,152,352 (31 December 2023 – TL 8,886,327) of letters of credit. Also, the Bank has other acceptances amounting to TL 5,376,953 (31 December 2023 – TL 3,011,311).

3.1.2.2 Revocable, irrevocable guarantees and other similar commitments and contingencies: There are no other than those explained in 2.i.).

3.1.3 Total amount of non-cash loans

	Current period	Prior period
Non-cash loans given against cash loans	231,847	185,547
With original maturity of 1 year or less	231,847	185,547
With original maturity of more than 1 year	-	-
Other non-cash loans	80,627,834	61,401,352
Total	80,859,681	61,586,899

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.

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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 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 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	35,806,951	4,310,968	12,584,012	2,330,427
Short-term loans	20,471,453	1,577,090	7,503,063	844,375
Medium and long-term loans	15,170,029	2,655,475	4,974,224	1,445,115
Profit share on non-performing loans	165,469	78,403	106,725	40,937
Premiums received from resource utilization support fund	-	-	-	-
Total	35,806,951	4,310,968	12,584,012	2,330,427

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	12,647	-	46,389	-
Domestic Banks	43,325	-	6,505	-
Foreign Banks	30,001	297,315	-	204,964
Branches and head office abroad	-	-	-	-
Total	85,973	297,315	52,894	204,964

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	58,465	492,377	67,815	220,321
Financial Assets at Fair Value Through Other Comprehensive Income	5,370,910	550,172	5,272,013	613,007
Financial Assets valued at Amortized Cost	4,559,669	924,231	847,922	578,112
Total	9,989,044	1,966,780	6,187,750	1,411,440

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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	37,031	1,272

4.2 Information on profit share given to loans used

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	472,148	751,471	26,083	280,750
The Central Bank of the Republic of Türkiye	-	-	-	-
Domestic banks	455,688	12,362	22,718	6,745
Foreign banks	16,460	739,109	3,365	274,005
Branches and head office abroad	-	-	-	-
Other Institutions	2,642,782	2,031,093	110,606	899,860
Total	3,114,930	2,782,564	136,689	1,180,610

4.2.1 Profit share expense given to associates and subsidiaries

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	2,171,278	663,924

4.2.2 Profit share expense paid to securities issued

None (1 January – 30 June 2023 – None).

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

Current period		Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
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			
TL									
Collected funds from banks through current and profit share accounts	-	6	-	-	-	-	-	6	
Real person's non-trading profit sharing account	2,072,554	12,147,963	1,096,733	-	8,256,807	1,067,127	859	24,642,043	
Public-sector profit-sharing account	648	1,046	821	-	1,836	46	-	4,397	
Commercial sector profit sharing account	220,042	1,348,283	457,456	-	1,081,360	84,345	-	3,191,486	
Other institutions profit sharing account	41,729	262,583	16,739	-	28,459	160	-	349,670	
Total	2,334,973	13,759,881	1,571,749	-	9,368,462	1,151,678	859	28,187,602	
FC									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	66,157	58,948	6,516	-	10,822	9,517	293	152,253	
Public-sector profit-sharing account	-	452	-	-	-	-	-	452	
Commercial sector profit sharing account	3,138	4,425	143	-	86	31	-	7,823	
Other institutions profit sharing account	1,202	2,131	11	-	-	-	-	3,344	
Precious metal accounts	7,378	3,869	640	-	488	-	-	12,375	
Total	77,875	69,825	7,310	-	11,396	9,548	293	176,247	
Grand Total	2,412,848	13,829,706	1,579,059	-	9,379,858	1,161,226	1,152	28,363,849	
Prior Period		Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
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			
TL									
Collected funds from banks through current and profit share accounts	-	2	-	-	-	-	-	2	
Real person's non-trading profit sharing account	808,863	4,290,095	411,440	-	937,028	115,196	815	6,563,437	
Public-sector profit-sharing account	30	301	-	-	236	-	-	567	
Commercial sector profit sharing account	65,417	475,569	173,538	-	219,678	3,101	-	937,303	
Other institutions profit sharing account	14,195	46,742	18,934	-	8,713	28	-	88,612	
Total	888,505	4,812,709	603,912	-	1,165,655	118,325	815	7,589,921	
FC									
Banks	-	-	-	-	-	-	-	-	
Real person's non-trading profit sharing account	44,088	36,273	5,633	-	15,165	14,085	115	115,359	
Public-sector profit-sharing account	-	270	-	-	-	-	-	270	
Commercial sector profit sharing account	1,291	1,571	281	-	76	25	-	3,244	
Other institutions profit sharing account	502	942	7	-	87	-	-	1,538	
Precious metal accounts	4,391	2,446	373	-	350	-	-	7,560	
Total	50,272	41,502	6,294	-	15,678	14,110	115	127,971	
Grand Total	938,777	4,854,211	610,206	-	1,181,333	132,435	930	7,717,892	

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

4.5 Information on trading income/loss (Net)

	Current period	Prior period
Trading profit / loss (net)	1,670,214	6,348,958
Profit	90,553,383	70,870,787
Gain on capital market transactions	2,386,030	863,292
Gain on derivative financial instruments	17,194,201	13,883,243
Foreign exchange profit	70,973,152	56,124,252
Losses (-)	(88,883,169)	(64,521,829)
Losses on capital market transactions	(34,092)	(4,701)
Losses on derivative financial instruments	(17,451,787)	(9,690,592)
Foreign exchange losses	(71,397,290)	(54,826,536)

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 Bank.

	Current period	Prior period
Reversal of prior period provisions	4,903,128	1,158,765
Income from sales of assets	160,735	137,906
Cancellations of Provisions from Profits to be Distributed to Participation Accounts	241,369	58,706
Rental income	5,366	3,003
Other Income	52,052	30,659
Total	5,362,650	1,389,039

4.7 Provisions for loan losses and other receivables of the Bank

	Current Period (*)	Prior Period (*)
Expected Credit Loss	2,986,833	6,148,632
12 month expected credit loss (Stage 1)	-	3,693,174
Significant increase in credit risk (Stage 2)	961,980	1,131,950
Non-performing loans (Stage 3)	2,024,853	1,323,508
Marketable Securities Impairment Expense	120,969	53,214
Financial Assets at Fair Value through Profit or Loss	120,969	53,214
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 (**)	200,080	214,191
Total	3,307,882	6,416,037

(*) 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

4.8 Information on other operating expenses

	Current Period	Prior Period
Provision for retirement pay liability	191,922	71,479
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	422,640	241,445
Impairment Expenses of intangible fixed assets	-	-
Depreciation expenses of intangible assets	244,109	84,451
Depreciation expenses of assets held for sale	-	-
Other operating expenses	1,720,679	949,801
Lease Expenses Regarding TFRS 16 Exemptions	140	1,337
Maintenance expenses	330,367	157,383
Advertisement expenses	107,895	42,996
Communication expenses	194,964	100,403
Heating, electricity and water expenses	48,164	68,051
Cleaning expenses	28,981	13,849
Vehicle expenses	38,897	17,893
Stationery expenses	36,459	26,034
Other expenses	934,812	521,855
Losses on sales of assets	274	5,314
Deposit insurance fund expenses	775,183	529,567
Other (*)	1,244,018	359,493
Total	4,598,825	2,241,550

(*) As at 30 June 2024, 'Financial activity fees' amounting to TL 270,503 (30 June 2023 - TL 113,356), 'Banking and insurance transaction tax' amounting to TL 558,990 (30 June 2023 - TL 67,236) and 'Contracted lawyer and legal consultancy' amounting to TL 217,404 (30 June 2023 - TL 27) 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

Current period tax provision for the period amounting to TL 5,893,987 (1 January-30 June 2023 - TL 3,001,532), deferred tax income of TL 1,319,421 (1 January-30 June 2023 - TL 633,007) and TL 142,891 (1 January-30 June 2023 - TL 190,751) deferred tax expense is recognized.

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 profit/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 Bank's performance for the period

As at 30 June 2024, net profit share income amounting to TL 22,674,851 (1 January-30 June 2023 - TL 15,283,681). Net fee and commission income amounting to TL 3,622,367 (1 January-30 June 2023 - TL 870,910).

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

None (1 January - 30 June 2023 - None).

4.12.3 Profit/Loss attributable to minority interest:

None (30 June 2023 - None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

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

As of 30 June 2024, other fees and commissions received amounting to TL 7,524,814 (1 January-30 June 2023 - TL 2,030,372) of which TL 3,274,889 (1 January-30 June 2023 - TL 623,205) is from credit card fees and commissions TL 2,355,140 (1 January-30 June 2023 - TL 467,466) consists of merchant POS transaction commissions and TL 1,894,785 (1 January-30 June 2023 - TL 939,701) consists of other commissions.

As of 30 June 2024, other fees and commissions amounting to TL 4,233,484 (1 January-30 June 2023 - TL 1,332,410) consist of POS commissions and installation expenses amounting to TL 3,224,772 (1 January-30 June 2023 - TL 475,441), fees and commissions paid for credit cards amounting to TL 324,929 (1 January-30 June 2023 - TL 228,610) and other commissions amounting to TL 683,783 (1 January-30 June 2023 - TL 628,359).

5. Explanations and Notes Related to Statement of Changes in 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 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 Bank

7.1 The volume of transactions related to the risk group of the Bank, 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 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	
	Cash	Non-Cash	Cash		Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	736,761	73,084	29,238	82,280	2,974,543	20,322
Balance at end of period	820,408	88,635	38,070	90,267	1,121	3,635
Profit share and commission income	-	114	2,037	407	177	-

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

Prior period

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 (*)	
	Cash	Non-Cash	Cash		Cash	Non-Cash
Loans and other receivables						
Balance at beginning of period	471,573	52,699	26,634	45,210	2,176,543	1,849
Balance at end of period	736,761	73,084	29,238	82,280	2,974,543	20,322
Profit share and commission income	1,214	58	1,902	222	345	-

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

7.2 Information on current and profit-sharing accounts of the Bank'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
Current and profit-sharing accounts						
Balance at beginning of period	3,936,961	386,651	502,954	219,676	750,296	454,287
Balance at end of period	1,535,138	3,936,961	424,649	502,954	938,111	750,296
Profit share and commission income	104,744	5,383	31,847	5,569	5,002	224

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

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
Transactions at Fair Value through Profit or Loss:						
Balance at beginning of period	3,758,803	2,697,940	2,361,778	842,005	-	-
Balance at end of period	2,220,249	3,758,803	2,855,600	2,361,778	-	-
Total Profit / (Loss)	(57,042)	(3,756)	25,275	15,624	-	-
Hedging Transactions:						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / (Loss)	-	-	-	-	-	-

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

7.4 Information on loans received from the Bank'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	26,557,884	10,068,825	9,195,276	957,272	-	-
Balance at end of period	36,262,626	26,557,884	16,682,517	9,195,276	-	-
Profit share expense	2,066,534	658,541	127,520	93,014	-	-

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

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

The entire additional capital-like capital (Tier-I) sukuk of USD 200,000,000 (full amount) realized by the Bank 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 Bank 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 Bank on 16 September 2021, Kuwait Finance House owns it.

7.6 Information on remunerations provided to top management

As of 1 January – 30 June 2024, the Bank has paid TL 378,499 to top management (1 January – 30 June 2023- TL 249,516).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

8. Information about the branches of the Bank 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

All of the additional capital-like capital (Tier-I) sukuk amounting to USD 200,000,000 (full amount), which the Bank signed with Kuwait Finance House on 16 July 2019, closed on 16 July 2024.

In the Official Gazette dated 2 August 2024 and numbered 32620, ‘Law No. 7524 on Amendments to Tax Laws and Certain Laws and Decree Law No. 375’ was published. With this Law, regulations and amendments have been made on domestic minimum corporate tax application, global minimum tax application and many other tax-related issues. The Bank is in the process of assessing the impact of the amendments on the unconsolidated financial statements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

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

REVIEW REPORT

- 1. Explanations on the limited review report**

The unconsolidated 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 August 2024 is presented preceding the financial statements.

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

SECTION EIGHT

INTERIM ACTIVITY REPORT

- 1. 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 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 30 June 2024, 62.24% of the 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.2 Financial Information Summary

UNCONSOLIDATED BALANCE SHEET (SELECTED ITEMS)	30.06.2024	31.12.2023
CASH BALANCES AND CENTRAL BANK	173,451,798	140,375,428
BANKS	32,846,757	18,113,412
SECURITIES	149,723,413	173,938,252
LOANS AND RECEIVABLES	352,679,600	298,179,098
FINANCE LEASE RECEIVABLES (Net)	45,001,059	37,119,783
EXPECTED LOSS PROVISIONS (-)	15,826,104	17,932,509
TANGIBLE ASSETS (Net)	4,282,920	3,466,228
OTHER ASSETS	19,106,961	14,908,523
TOTAL ASSETS	761,266,404	668,168,215
FUND COLLECTED	512,675,336	507,510,873
FUNDS BORROWED	126,256,388	73,027,347
FINANCE LEASE PAYABLES	1,212,349	883,385
SUBORDINATED LOANS	20,001,635	17,967,564
OTHER LIABILITIES	43,970,419	20,793,358
EQUITY	57,150,277	47,985,688
TOTAL LIABILITIES	761,266,404	668,168,215
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS	30.06.2024	30.06.2023
PROFIT SHARE INCOME	60,544,175	24,494,676
PROFIT SHARE EXPENSE	37,869,324	9,210,995
NET PROFIT SHARE INCOME/EXPENSE	22,674,851	15,283,681
NET FEES AND COMMISSION INCOME/EXPENSE	3,622,367	870,910
PERSONNEL EXPENSES	5,210,381	2,604,289
DIVIDEND INCOME	861	597
NET TRADING PROFIT / LOSS (Net)	1,670,214	6,348,958
OTHER OPERATING INCOME	5,362,650	1,389,039
EXPECTED CREDIT LOSS (-)	2,986,833	6,148,632
OTHER PROVISION EXPENSES (-)	321,049	267,405
OTHER OPERATING EXPENSES (-)	4,598,825	2,241,550
PROFIT/ LOSS BEFORE TAX	20,213,855	12,631,309
TAX CHARGE (-)	4,717,457	2,559,276
CURRENT PERIOD PROFIT/LOSS	15,496,398	10,072,033
RATIOS	30.06.2024	31.12.2023
Total Loans/Total Assets*	52.24%	50.18%
Total Loans/Fund Collected*	77.57%	66.07%
Average Equity Profit **	58.96%	69.39%
Average Assets Profit **	4.34%	5.05%
Capital Adequacy Ratio	20.32%	25.27%

* Finance Lease Receivables is included in total loans.

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.3 Message from the Chairman

Dear Shareholders,

In 2024, it was observed that the rebalancing process in the global economy continued as of the period we left behind. In this period, the further global impact of economic normalisation has increased the expectation of interest rate cuts from major central banks. As a result, global financial conditions will become more favourable in the following period.

Although the US economy has started to slow down, the stickiness that continues to affect inflation is expected to be broken only in the last quarter of the year. In the second quarter of 2024, the Fed left the policy rate unchanged at 5.25-5.50% in line with expectations in both meetings held in the second quarter of the year, and is considered to have postponed the rate cut until the last quarter of the year. The Fed's forecasts for the economy also point to a rate cut of 25 basis points in total in 2024.

In this period, the ECB was the first of the major central banks to cut interest rates. At its meeting in June, the Bank cut refinancing, deposit and marginal funding rates by 25 percentage points to 4.25, 3.75 and 4.50 percent, respectively. The ECB also mentioned the increase in inflation forecasts in the decision text. The headline inflation forecast for 2024 was raised by 0.2 percentage points to 2.5 per cent. In the rest of the year, it is possible that the central banks of developed countries will also start to cut interest rates depending on the softening in inflation.

The deflationary pressure in the Chinese economy continues to be influential, albeit with some decline in May. The weakness in domestic demand, the ongoing decline in export demand and the continued weak course in the real estate sector adversely affect the growth of China, the world's second largest economy.

When we look at the recently announced data in the Turkish economy; we can state that a positive atmosphere has started to emerge with the disinflation process, relatively decreasing unemployment and growth data of 5.7%. The decline in the CDS premium to 250 and Türkiye's removal from the grey list also pointed to the emergence of this positive atmosphere. With all these developments, it is also predicted that one or two rating agencies may raise their ratings again in the coming period.

As Kuveyt Türk, one of the important representatives of the banking sector and the leading institution of the participation finance sector, we continue to support the real economy within the framework of our sound banking principles. Our bank, which made significant contributions to the progress of the participation finance sector in this period as well, increased its net profit by 54 per cent compared to the same period of the previous year, reaching TL 15.5 billion. Kuveyt Türk's collected fund size reached TL 513 billion with an increase of 1 percent compared to 2023, while the size of funds disbursed increased by 18.6 percent to TL 398 billion. Having increased its shareholders' equity to TL 57.2 billion and its asset size to TL 761.3 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 rest of the year, the Company will continue to maintain its effectiveness in the sector with its strong technological infrastructure and expert employees who have the awareness of being a team. I would like to thank all our colleagues who have contributed greatly to our success and our valuable stakeholders who have never withheld their support.

Regards,

Hamad Abdulmohsen ALMARZOUQ

Head of the BOD

Kuveyt Türk Katılım Bankası

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.4 Message from the General Manager

Dear Shareholders,

In the first half of 2024, the economic normalisation, which followed a positive course externally, also had an impact domestically. Signals of slowdown in the Turkish economy have become more evident with the entry into the disinflation process. With the lagged effect of the monetary transmission mechanism, domestic demand is expected to weaken further in the rest of the year.

The Central Bank of the Republic of Türkiye (CBRT) kept the policy rate unchanged, having raised it to 50% with the last interest rate hike in March. In addition to the fact that there is no expectation of an interest rate cut until the last quarter of the year, inflation, which has turned downwards from 75%, is expected to make progress in line with the Central Bank's year-end inflation expectation of around 38%.

In the first half of 2024, Kuveyt Türk, as Türkiye's leading participation finance institution, continued to bring innovative products and services to its customers with an approach that always keeps its customers at the centre. For more than 35 years, our bank has been providing interest-free finance services to its customers and has continued to support the real economy today as in the past.

Meeting all kinds of financial needs of its customers with a finance group approach through its strong technological infrastructure, widespread branch network and effective digital channels, Kuveyt Türk will continue to increase its market share in the participation finance sector in the coming period, while making significant contributions to the increase in the share of participation finance in the banking sector. We will continue to be a solution partner offering a smooth customer experience for all financial needs of our customers. We will continue to move forward with our sound banking principles by maintaining our prudent approach in terms of liquidity and asset quality, and we will resolutely continue our efforts to ensure sustainable profitability and moderate asset growth.

Kuveyt Türk aims to continue to be the leading institution of the participation finance sector in Türkiye in the coming period with its strong capital and liquidity structure, high asset quality, dynamic corporate governance approach, continuous development-oriented customer service model, ongoing investments in technology, accelerated digital transformation efforts and international expansion.

Regards,

Ufuk UYAN

General Manager

Kuveyt Türk Katılım Bankası

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
EXPLANATION AND NOTES RELATED TO THE UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

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

1.5 Financial Position, Performance and Assessment of the Prospects for the Future

As of 30 June 2024, unconsolidated financial statements asset size is TL 761 billion 266 million, amount of the utilization of funds is TL 397 billion 681 million and funds collected amount is TL 512 billion 675 million. In the first six months of 2024, our shareholders' equity increased by 19.10% to TL 57 billion 150 million with the effect of TL 15 billion 496 million profit. Our unconsolidated capital adequacy ratio was 20.32% as of 30 June 2024.

The expectations for growth and profitability will continue in the development line.

1.6 Announcement Regarding Important Developments within 3 Months

In line with the resolutions of the Extraordinary General Assembly Meeting of our Bank held on 15.05.2024, it has been decided to amend the Capital article of the Articles of Association, which has been approved by the BRSA and the Ministry of Commerce, and to increase the paid-in capital of TL 4,600,000 by TL 352,205 to TL 4,952,205.

1.7 Assessment of the Expectations Related to the Subsequent Interim Period

It is among the predictions that domestic demand will slow down further, especially with the economic slowdown that started in the last 2 months. Although an interest rate cut is expected from the CBRT in the last quarter of the year, the beginning of 2025 will be a period when we will talk about wage increases. However, the exchange rate level we will see at the end of the year will also be important. In this case, it is among the expectations that interest rate cuts will be realised after the beginning of 2025. In the upcoming period, in addition to the continuation of tight monetary policy measures, some measures will continue to be taken in fiscal policies. Structural changes in public finance, such as the new tax reform package, will continue to occupy the agenda of the parliament. Regulations on the banking sector, such as credit card instalment limitations and credit growth limitations, which are among the factors that put pressure on domestic demand, are expected to continue in the upcoming period.