

# KUVEYT TRK KATILIM BANKASI A.Ş.

## **Unconsolidated Financial Statements and Notes for The Period Ended 1 January – 31 March 2023 with Independent Auditor’s Review Report**

*(Convenience translation of unconsolidated financial statements and independent auditor’s  
report originally issued in Turkish)*

*(Convenience translation of the auditor's report originally issued in Turkish)*

## **INDEPENDENT AUDITORS' REVIEW REPORT ON UNCONSOLIDATED INTERIM FINANCIAL INFORMATION**

**To the Board of Directors of Kuveyt Türk Katılım Bankası A.Ş.**

### ***Introduction***

We have reviewed the unconsolidated statement of financial position of Kuveyt Türk Katılım Bankası A.Ş. (the "Bank") at March 31, 2023 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation of these unconsolidated of interim financial statements 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 these unconsolidated interim financial statements based on our review.

### ***Scope of Review***

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit 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 unconsolidated financial statements do not give a true view of the unconsolidated financial position of the Bank at March 31, 2023, and the results of its operations and its unconsolidated cash flows for the three-month-period then ended in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.

***Report on Other Regulatory Requirements Arising From Legislation***

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

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
*A Member Firm of Ernst&Young Global Limited*

Emre Çelik, SMMM  
Partner

15 May 2023  
Istanbul, Turkey

## Index

### Section One General information

|      |   |   |
|------|---|---|
| I.   | History of the bank including its incorporation date, initial legal status and amendments to legal status   | 1 |
| II.  | 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 | 1 |
| III. | 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   | 1 |
| IV.  | Information on qualified shareholders   | 2 |
| V.   | Explanations of the Bank's services and field of operations   | 2 |
| VI.  | Current or likely actual 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 – assets (statement of financial position)   | 3 |
| II.  | Unconsolidated statement of off-balance sheet items                       | 5 |
| III. | Unconsolidated statement of profit or loss (income statement)             | 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 Explanations on accounting policies in the related period

|        |   |    |
|--------|---|----|
| I.     | Explanations on basis of presentation   | 10 |
| II.    | Explanations on strategy of using financial instruments and foreign currency transactions | 13 |
| III.   | Investments in associates and subsidiaries  | 13 |
| IV.    | Explanations on forward transactions and option contracts and derivative instruments      | 13 |
| V.     | Explanations on profit share income and expense   | 13 |
| VI.    | Explanations on fees and commission income and expenses                                   | 14 |
| VII.   | Explanations on financial assets  | 14 |
| VIII.  | Explanations on offsetting of financial assets and liabilities                            | 16 |
| IX.    | Explanations on sale and repurchase agreements and lending of securities                  | 16 |
| X.     | Explanations on assets held for sale and discontinued operations and related liabilities  | 16 |
| XI.    | Explanations on goodwill and other intangible assets                                      | 16 |
| XII.   | Explanations on tangible assets   | 17 |
| XIII.  | Explanations on leasing transactions  | 17 |
| XIV.   | Explanations on provisions and contingent liabilities                                     | 18 |
| XV.    | Explanations on liabilities relating to employee benefits                                 | 18 |
| XVI.   | Explanations on taxation  | 19 |
| XVII.  | Explanations on additional disclosures on borrowings                                      | 20 |
| XVIII. | Explanations on share certificates issued   | 20 |
| XIX.   | Explanations on acceptances and availed drafts  | 20 |
| XX.    | Explanations on government grants   | 20 |
| XXI.   | Explanations on segment reporting   | 20 |
| XXII.  | Explanations on other matters   | 20 |

### Section Four Information Related to Financial Position and Risk Management of The Bank

|       |   |    |
|-------|---|----|
| I.    | Explanations on equity items  | 21 |
| II.   | Explanations and disclosures related to credit risk   | 26 |
| III.  | Explanations on currency risk   | 26 |
| IV.   | Explanations related to stock position risk   | 28 |
| V.    | Liquidity risk management and liquidity coverage ratio  | 29 |
| VI.   | Explanations on leverage ratio  | 35 |
| VII.  | Explanations on the fair value of financial assets and liabilities  | 36 |
| VIII. | Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions | 36 |
| IX.   | Explanations on hedge accounting practices  | 36 |
| X.    | Explanations on risk management   | 36 |
| XI.   | Securitization positions  | 37 |
| XII.  | Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions | 37 |
| XIII. | Qualitative explanations on market risk   | 37 |
| XIV.  | Explanations on business segments   | 37 |

### Section Five Explanations and notes on the unconsolidated financial statements

|       |   |    |
|-------|---|----|
| I.    | Explanations and notes related to assets  | 39 |
| II.   | Explanations and notes related to liabilities   | 53 |
| III.  | Explanations and notes related to off-balance sheet contingencies and commitments   | 60 |
| IV.   | Explanations and notes related to the statement of income   | 61 |
| V.    | Explanations and notes related to statement of changes in shareholders' equity  | 65 |
| VI.   | Explanations and notes related to statement of cash flows   | 65 |
| VII.  | Explanations and notes related to risk group of the Bank  | 66 |
| VIII. | Information about the branches of the Bank in domestic, foreign and coastal banking regions and their representative offices abroad | 67 |
| IX.   | Significant events and matters arising subsequent to balance sheet date   | 67 |

### Section Six Other explanations

|    |   |    |
|----|---|----|
| I. | Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet | 68 |
|----|---|----|

### Section Seven Limited review report

|     |   |    |
|-----|---|----|
| I.  | Explanations on the limited review report                 | 68 |
| II. | Notes and disclosures prepared by the independent auditor | 68 |

### Section Eight Interim activity report

|    |   |    |
|----|---|----|
| I. | Explanations on interim annual report including the evaluations of interim activities of the chairman of the board of directors and general manager | 68 |
|----|---|----|

**THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.  
FOR THE THREE-MONTH PERIOD THEN ENDED 31 MARCH 2023**

Address of the head office : Büyükdere Cad. No: 129/1 34394 Esentepe-Şişli / ISTANBUL  
Phone and facsimile number : 0 212 354 11 11 – 0 212 354 12 12  
Web page : [www.kuveytturk.com.tr](http://www.kuveytturk.com.tr)  
E-mail address : [kuveytturk@kuveytturk.com.tr](mailto:kuveytturk@kuveytturk.com.tr)

The unconsolidated interim financial report for the three-month period prepared in accordance with the Communiqué of Financial Statements and Related Disclosures and Footnotes to be Announced to Public by Banks as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

- General Information About the Bank
- Unconsolidated Financial Statements of The Bank
- Explanations on Accounting Policies Applied in The Period
- Information on Financial Structure and Risk Management of The Bank
- Disclosures and Explanations on Unconsolidated Financial Statements
- Other Explanations
- Independent Auditors' Limited Review Report
- Interim Activity Report

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

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Hamad Abdulmohsen AL-MARZOUQ

Chairman of the Board of Directors

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Shadi Ahmed Yacoub  
ZAHARAN

Chairman of the Audit  
Committee

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Nadir ALPASLAN

Member of the Audit Committee

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Mohamed Hedi MEJAI  
Member of the Audit  
Committee

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Ufuk UYAN  
General Manager

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Ahmet KARACA  
Chief Financial Officer

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Mehmed Tahir KAPLAN  
Budget and Reporting Group  
Manager

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

Name-Surname/Position: Cemil AKBEBEK / Official and International Reporting Manager  
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**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(Amounts 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 Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the 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 31 March 2023, 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           | -                    |
| Mohamed Hedi MEJAI            | Member of BOD and Audit Committee                              | 25/03/2021         | 04/05/2021                          |                          | Master             | -                    |
| Ahmad S A A ALKHARJI          | Member of BOD  | 26/03/2014         | 24/09/2014                          | 09/09/2020               | Master             | -                    |
| Gehad Mohamed ELBENDARY ANANY | Member of BOD  | 25/09/2020         | 09/09/2020                          | 04/11/2020               | 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%               |

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 2022 – 0.11%).

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**4. Information on qualified shareholders**

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

As of 31 March 2023, the shareholding structure of Kuwait Finance House, the main shareholder of the Bank, is as follows:

| Name / Commercial Name                             | Share Amount   |
|--|----------------|
| Kuwait Investment Authority                        | 16.80%         |
| The Public Institution for Social Security & Group | 9.19%          |
| The Public Authority for Minors Affairs            | 7.32%          |
| Kuwait Awqaf Public Foundation                     | 5.09%          |
| Public Shares                                      | 61.60%         |
| <b>Total</b>                                       | <b>100.00%</b> |

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

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 31 March 2023, the Bank is operating through 445 domestic branches (31 December 2022 – 444) with 5,880 employees (31 December 2022 – 5,834). 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 31 MARCH 2023**  
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

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

|              |   |              | Reviewed Current Period<br>31.03.2023 |                    |                    | Audited Prior Period<br>31.12.2022 |                    |                    |
|--------------|---|--------------|---------------------------------------|--------------------|--------------------|------------------------------------|--------------------|--------------------|
|              |   |              | TL                                    | FC                 | Total              | TL                                 | FC                 | Total              |
|              | <b>ASSETS</b>   | <b>Notes</b> |                                       |                    |                    |                                    |                    |                    |
| <b>I.</b>    | <b>FINANCIAL ASSETS (Net)</b>   |              | <b>55,674,439</b>                     | <b>108,586,697</b> | <b>164,261,136</b> | <b>48,555,663</b>                  | <b>121,379,398</b> | <b>169,935,061</b> |
| <b>1.1</b>   | <b>Cash and Cash Equivalents</b>  |              | <b>8,999,811</b>                      | <b>70,156,518</b>  | <b>79,156,329</b>  | <b>8,576,220</b>                   | <b>86,110,828</b>  | <b>94,687,048</b>  |
| 1.1.1        | Cash and Balances with Central Bank   | (5.1.1.)     | 8,750,756                             | 57,283,345         | 66,034,101         | 8,544,877                          | 67,708,111         | 76,252,988         |
| 1.1.2        | Banks   | (5.1.3.)     | 23,404                                | 12,875,163         | 12,898,567         | 31,463                             | 18,404,124         | 18,435,587         |
| 1.1.3        | Money Markets Placements  |              | 225,734                               | -                  | 225,734            | -                                  | -                  | -                  |
| 1.1.4        | Expected Credit Loss (-)  |              | 83                                    | 1,990              | 2,073              | 120                                | 1,407              | 1,527              |
| <b>1.2</b>   | <b>Financial Assets at Fair Value Through Profit or Loss</b>                                    |              | <b>6,153,298</b>                      | <b>15,454,722</b>  | <b>21,608,020</b>  | <b>3,464,353</b>                   | <b>13,446,645</b>  | <b>16,910,998</b>  |
| 1.2.1        | Government Debt Securities  |              | 421,014                               | 14,262,904         | 14,683,918         | 449,467                            | 12,760,756         | 13,210,223         |
| 1.2.2        | Equity Instruments  |              | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 1.2.3        | Other Financial Assets  |              | 5,732,284                             | 1,191,818          | 6,924,102          | 3,014,886                          | 685,889            | 3,700,775          |
| <b>1.3</b>   | <b>Financial Assets at Fair Value Through Other Comprehensive Income</b>                        | (5.1.4.)     | <b>40,046,551</b>                     | <b>22,068,511</b>  | <b>62,115,062</b>  | <b>35,960,597</b>                  | <b>21,604,612</b>  | <b>57,565,209</b>  |
| 1.3.1        | Government Debt Securities  |              | 39,981,208                            | 17,375,427         | 57,356,635         | 35,912,851                         | 18,716,677         | 54,629,528         |
| 1.3.2        | Equity Instruments  |              | 60,356                                | 136,657            | 197,013            | 37,769                             | 123,209            | 160,978            |
| 1.3.3        | Other Financial Assets  |              | 4,987                                 | 4,556,427          | 4,561,414          | 9,977                              | 2,764,726          | 2,774,703          |
| <b>1.4</b>   | <b>Derivative Financial Assets</b>  |              | <b>474,779</b>                        | <b>906,946</b>     | <b>1,381,725</b>   | <b>554,493</b>                     | <b>217,313</b>     | <b>771,806</b>     |
| 1.4.1        | Derivative Financial Assets at Fair Value Through Profit or Loss                                | (5.1.2.)     | 474,779                               | 906,946            | 1,381,725          | 554,493                            | 217,313            | 771,806            |
| 1.4.2        | Derivative Financial Assets at Fair Value Through Other Comprehensive Income                    | (5.1.11.)    | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>II.</b>   | <b>FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)</b>                                     | (5.1.5.)     | <b>170,045,251</b>                    | <b>88,997,946</b>  | <b>259,043,197</b> | <b>120,538,839</b>                 | <b>84,958,103</b>  | <b>205,496,942</b> |
| <b>2.1</b>   | <b>Loans</b>  |              | <b>152,298,414</b>                    | <b>68,482,489</b>  | <b>220,780,903</b> | <b>111,911,757</b>                 | <b>64,828,256</b>  | <b>176,740,013</b> |
| <b>2.2</b>   | <b>Leasing Receivables</b>  | (5.1.10.)    | <b>11,116,680</b>                     | <b>13,372,279</b>  | <b>24,488,959</b>  | <b>7,312,649</b>                   | <b>13,550,753</b>  | <b>20,863,402</b>  |
| <b>2.3</b>   | <b>Financial Assets Measured at Amortized Cost</b>  | (5.1.6.)     | <b>16,494,987</b>                     | <b>12,992,731</b>  | <b>29,487,718</b>  | <b>8,902,045</b>                   | <b>12,776,690</b>  | <b>21,678,735</b>  |
| 2.3.1        | Government Debt Securities  |              | 16,494,987                            | 12,992,731         | 29,487,718         | 8,902,045                          | 12,776,690         | 21,678,735         |
| 2.3.2        | Other Financial Assets  |              | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>2.4</b>   | <b>Expected Credit Loss (-)</b>   |              | <b>9,864,830</b>                      | <b>5,849,553</b>   | <b>15,714,383</b>  | <b>7,587,612</b>                   | <b>6,197,596</b>   | <b>13,785,208</b>  |
| <b>III.</b>  | <b>PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)</b> | (5.1.16.)    | <b>218,993</b>                        | <b>-</b>           | <b>218,993</b>     | <b>117,719</b>                     | <b>-</b>           | <b>117,719</b>     |
| 3.1          | Held for Sale   |              | 218,993                               | -                  | 218,993            | 117,719                            | -                  | 117,719            |
| 3.2          | Related to Discontinued Operations  |              | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>IV.</b>   | <b>INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES</b>                               |              | <b>2,962,925</b>                      | <b>-</b>           | <b>2,962,925</b>   | <b>2,462,925</b>                   | <b>-</b>           | <b>2,462,925</b>   |
| <b>4.1</b>   | <b>Investments in Associates (Net)</b>  | (5.1.7.)     | <b>-</b>                              | <b>-</b>           | <b>-</b>           | <b>-</b>                           | <b>-</b>           | <b>-</b>           |
| 4.1.1        | Associates Valued Based on Equity Method  |              | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 4.1.2        | Unconsolidated Associates   |              | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>4.2</b>   | <b>Investment in Subsidiaries (Net)</b>   | (5.1.8.)     | <b>2,942,925</b>                      | <b>-</b>           | <b>2,942,925</b>   | <b>2,442,925</b>                   | <b>-</b>           | <b>2,442,925</b>   |
| 4.2.1        | Unconsolidated Financial Subsidiaries   |              | 2,819,245                             | -                  | 2,819,245          | 2,419,245                          | -                  | 2,419,245          |
| 4.2.2        | Unconsolidated Non-Financial Subsidiaries   |              | 123,680                               | -                  | 123,680            | 23,680                             | -                  | 23,680             |
| <b>4.3</b>   | <b>Investment in Joint Ventures (Net)</b>   | (5.1.9.)     | <b>20,000</b>                         | <b>-</b>           | <b>20,000</b>      | <b>20,000</b>                      | <b>-</b>           | <b>20,000</b>      |
| 4.3.1        | Joint Ventures Valued Based on Equity Method  |              | 20,000                                | -                  | 20,000             | 20,000                             | -                  | 20,000             |
| 4.3.2        | Unconsolidated Joint Ventures   |              | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>V.</b>    | <b>TANGIBLE ASSETS (Net)</b>  | (5.1.12.)    | <b>1,922,018</b>                      | <b>1,206</b>       | <b>1,923,224</b>   | <b>1,765,668</b>                   | <b>1,397</b>       | <b>1,767,065</b>   |
| <b>VI.</b>   | <b>INTANGIBLE ASSETS (Net)</b>  | (5.1.13.)    | <b>521,624</b>                        | <b>34</b>          | <b>521,658</b>     | <b>397,365</b>                     | <b>38</b>          | <b>397,403</b>     |
| 6.1          | Goodwill  |              | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 6.2          | Other   |              | 521,624                               | 34                 | 521,658            | 397,365                            | 38                 | 397,403            |
| <b>VII.</b>  | <b>INVESTMENT PROPERTIES (Net)</b>  | (5.1.14.)    | <b>-</b>                              | <b>-</b>           | <b>-</b>           | <b>-</b>                           | <b>-</b>           | <b>-</b>           |
| <b>VIII.</b> | <b>CURRENT TAX ASSETS</b>   |              | <b>-</b>                              | <b>-</b>           | <b>-</b>           | <b>-</b>                           | <b>-</b>           | <b>-</b>           |
| <b>IX.</b>   | <b>DEFERRED TAX ASSETS</b>  | (5.1.15.)    | <b>1,171,939</b>                      | <b>-</b>           | <b>1,171,939</b>   | <b>1,083,223</b>                   | <b>-</b>           | <b>1,083,223</b>   |
| <b>X.</b>    | <b>OTHER ASSETS</b>   | (5.1.17.)    | <b>4,643,563</b>                      | <b>305,582</b>     | <b>4,949,145</b>   | <b>2,285,717</b>                   | <b>1,084,725</b>   | <b>3,370,442</b>   |
|              | <b>TOTAL ASSETS</b>   |              | <b>237,160,752</b>                    | <b>197,891,465</b> | <b>435,052,217</b> | <b>177,207,119</b>                 | <b>207,423,661</b> | <b>384,630,780</b> |

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED BALANCE SHEET AS OF 31 MARCH 2023**  
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

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

|              |  |                   | Reviewed Current Period<br>31.03.2023 |                    |                    | Audited Prior Period<br>31.12.2022 |                    |                    |
|--------------|--|-------------------|---------------------------------------|--------------------|--------------------|------------------------------------|--------------------|--------------------|
|              |  |                   | TL                                    | FC                 | Total              | TL                                 | FC                 | Total              |
|              | <b>LIABILITIES</b>   | <b>Notes</b>      |                                       |                    |                    |                                    |                    |                    |
| <b>I.</b>    | <b>FUNDS COLLECTED</b>   | <b>(5.2.1.)</b>   | <b>182,478,197</b>                    | <b>149,186,501</b> | <b>331,664,698</b> | <b>146,153,746</b>                 | <b>155,364,117</b> | <b>301,517,863</b> |
| <b>II.</b>   | <b>FUNDS BORROWED</b>  | <b>(5.2.3.)</b>   | <b>1,848,884</b>                      | <b>36,124,379</b>  | <b>37,973,263</b>  | <b>3,153,871</b>                   | <b>26,939,456</b>  | <b>30,093,327</b>  |
| <b>III.</b>  | <b>MONEY MARKETS</b>   |                   | <b>4,981,781</b>                      | -                  | <b>4,981,781</b>   | <b>124,831</b>                     | -                  | <b>124,831</b>     |
| <b>IV.</b>   | <b>SECURITIES ISSUED (Net)</b>   |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>V.</b>    | <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>  |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>VI.</b>   | <b>DERIVATIVE FINANCIAL LIABILITIES</b>  |                   | <b>7,503</b>                          | <b>341,742</b>     | <b>349,245</b>     | <b>32,369</b>                      | <b>167,551</b>     | <b>199,920</b>     |
| 6.1          | Derivative Financial Liabilities at Fair Value Through Profit or Loss                                    | (5.2.2.)          | 7,503                                 | 341,742            | 349,245            | 32,369                             | 167,551            | 199,920            |
| 6.2          | Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income                        | (5.2.6.)          | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>VII.</b>  | <b>LEASE PAYABLES</b>  | <b>(5.2.5.)</b>   | <b>596,253</b>                        | <b>9,844</b>       | <b>606,097</b>     | <b>506,640</b>                     | <b>10,214</b>      | <b>516,854</b>     |
| <b>VIII.</b> | <b>PROVISIONS</b>  | <b>(5.2.7.)</b>   | <b>2,752,879</b>                      | <b>1,571,018</b>   | <b>4,323,897</b>   | <b>3,027,134</b>                   | <b>1,594,718</b>   | <b>4,621,852</b>   |
| 8.1          | Restructuring Provision  |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 8.2          | Reserves for Employee Benefits   |                   | 1,093,146                             | 167,900            | 1,261,046          | 1,476,391                          | 104,437            | 1,580,828          |
| 8.3          | Insurance for Technical Provision (Net)  |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 8.4          | Other Provisions   |                   | 1,659,733                             | 1,403,118          | 3,062,851          | 1,550,743                          | 1,490,281          | 3,041,024          |
| <b>IX.</b>   | <b>CURRENT TAX LIABILITIES</b>   | <b>(5.2.8.1.)</b> | <b>3,327,810</b>                      | -                  | <b>3,327,810</b>   | <b>1,965,386</b>                   | -                  | <b>1,965,386</b>   |
| <b>X.</b>    | <b>DEFERRED TAX LIABILITIES</b>  |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>XI.</b>   | <b>LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b> | <b>(5.2.9.)</b>   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 11.1         | Held for Sale  |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 11.2         | Related to Discontinued Operations   |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| <b>XII.</b>  | <b>SUBORDINATED DEBT INSTRUMENTS</b>   | <b>(5.2.10.)</b>  | -                                     | <b>11,701,011</b>  | <b>11,701,011</b>  | -                                  | <b>11,424,892</b>  | <b>11,424,892</b>  |
| 12.1         | Loans  |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 12.2         | Other Debt Instruments   |                   | -                                     | 11,701,011         | 11,701,011         | -                                  | 11,424,892         | 11,424,892         |
| <b>XIII.</b> | <b>OTHER LIABILITIES</b>   | <b>(5.2.4.)</b>   | <b>6,203,214</b>                      | <b>2,837,650</b>   | <b>9,040,864</b>   | <b>3,625,691</b>                   | <b>1,825,322</b>   | <b>5,451,013</b>   |
| <b>XIV.</b>  | <b>SHAREHOLDERS' EQUITY</b>  | <b>(5.2.11.)</b>  | <b>31,253,563</b>                     | <b>(170,012)</b>   | <b>31,083,551</b>  | <b>28,780,813</b>                  | <b>(65,971)</b>    | <b>28,714,842</b>  |
| 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 Profits   |                   | 1,874                                 | -                  | 1,874              | 1,874                              | -                  | 1,874              |
| 14.2.3       | Other Capital Reserves   |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 14.3         | Other Accumulated Comprehensive Income or Loss That Will Not Be Reclassified Through Profit or Loss      |                   | (294,407)                             | -                  | (294,407)          | (294,407)                          | -                  | (294,407)          |
| 14.4         | Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss          |                   | 4,417,965                             | (170,012)          | 4,247,953          | 4,749,474                          | (65,971)           | 4,683,503          |
| 14.5         | Profit Reserves  |                   | 18,254,981                            | -                  | 18,254,981         | 5,610,413                          | -                  | 5,610,413          |
| 14.5.1       | Legal Reserves   |                   | 1,348,129                             | -                  | 1,348,129          | 505,957                            | -                  | 505,957            |
| 14.5.2       | Statutory Reserves   |                   | -                                     | -                  | -                  | -                                  | -                  | -                  |
| 14.5.3       | Extraordinary Reserves   |                   | 16,494,214                            | -                  | 16,494,214         | 4,872,338                          | -                  | 4,872,338          |
| 14.5.4       | Other Profit Reserves  |                   | 412,638                               | -                  | 412,638            | 232,118                            | -                  | 232,118            |
| 14.6         | Profit or Loss   |                   | 4,254,769                             | -                  | 4,254,769          | 14,095,078                         | -                  | 14,095,078         |
| 14.6.1       | Retained Earnings  |                   | 60,618                                | -                  | 60,618             | 51,631                             | -                  | 51,631             |
| 14.6.2       | Current Period's Net Profit / Loss   |                   | 4,194,151                             | -                  | 4,194,151          | 14,043,447                         | -                  | 14,043,447         |
| 14.7         | Minority Shares  | (5.2.12.)         | -                                     | -                  | -                  | -                                  | -                  | -                  |
|              | <b>TOTAL LIABILITIES</b>   |                   | <b>233,450,084</b>                    | <b>201,602,133</b> | <b>435,052,217</b> | <b>187,370,481</b>                 | <b>197,260,299</b> | <b>384,630,780</b> |

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 MARCH 2023**  
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

**2. STATEMENT OF OFF-BALANCE SHEET ITEMS**

|             |  | Notes           | Reviewed Current Period<br>31.03.2023 |                      |                      | Audited Prior Period<br>31.12.2022 |                      |                      |
|-------------|--|-----------------|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------|----------------------|
|             |  |                 | TL                                    | FC                   | Total                | TL                                 | FC                   | Total                |
| <b>A.</b>   | <b>COMMITMENTS AND CONTINGENCIES (I+II+III)</b>              |                 | <b>108,938,905</b>                    | <b>110,208,538</b>   | <b>219,147,443</b>   | <b>107,189,200</b>                 | <b>96,208,431</b>    | <b>203,397,631</b>   |
| <b>I.</b>   | <b>GUARANTEES AND WARRANTIES</b>                             | <b>(5.3.1.)</b> | <b>22,959,918</b>                     | <b>15,126,347</b>    | <b>38,086,265</b>    | <b>18,291,092</b>                  | <b>12,533,961</b>    | <b>30,825,053</b>    |
| 1.1.        | Letters of Guarantee   |                 | 21,122,647                            | 8,257,698            | 29,380,345           | 16,931,093                         | 6,225,572            | 23,156,665           |
| 1.1.1       | Guarantees Subject to State Tender Law                       |                 | 575,201                               | 23,535               | 598,736              | 524,697                            | 19,615               | 544,312              |
| 1.1.2       | Guarantees Given for Foreign Trade Operations                |                 | 1,001,671                             | 55,362               | 1,057,033            | 842,590                            | 48,079               | 890,669              |
| 1.1.3       | Other Letters of Guarantee                                   |                 | 19,545,775                            | 8,178,801            | 27,724,576           | 15,563,806                         | 6,157,878            | 21,721,684           |
| 1.2         | Bank Loans   |                 | 68,019                                | 133,739              | 201,758              | 19,680                             | 116,401              | 136,081              |
| 1.2.1       | Import Letter of Acceptances                                 |                 | 68,019                                | 133,739              | 201,758              | 19,680                             | 116,401              | 136,081              |
| 1.2.2       | Other Bank Acceptances                                       |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 1.3         | Letters of Credit  |                 | 2,422                                 | 6,508,982            | 6,511,404            | 1,538                              | 5,970,275            | 5,971,813            |
| 1.3.1       | Documentary Letters of Credit                                |                 | -                                     | 2,100,403            | 2,100,403            | 902                                | 2,300,601            | 2,301,503            |
| 1.3.2       | Other Letters of Credit                                      |                 | 2,422                                 | 4,408,579            | 4,411,001            | 636                                | 3,669,674            | 3,670,310            |
| 1.4         | Guaranteed Refinancing                                       |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 1.5         | Endorsements   |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 1.5.1       | Endorsements to the Central Bank of Turkey                   |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 1.5.2       | Other Endorsements   |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 1.6         | Other Guarantees   |                 | 1,766,830                             | 225,928              | 1,992,758            | 1,338,781                          | 221,713              | 1,560,494            |
| 1.7         | Other Warranties   |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| <b>II.</b>  | <b>COMMITMENTS</b>   | <b>(5.3.1.)</b> | <b>79,007,832</b>                     | <b>2,354,546</b>     | <b>81,362,378</b>    | <b>73,375,074</b>                  | <b>7,349,441</b>     | <b>80,724,515</b>    |
| 2.1         | Irrevocable Commitments                                      |                 | 24,081,913                            | 2,354,546            | 26,436,459           | 18,469,566                         | 7,349,441            | 25,819,007           |
| 2.1.1       | Forward Asset Purchase and Sales Commitments                 |                 | 3,762                                 | 2,354,546            | 2,358,308            | 814,487                            | 7,349,441            | 8,163,928            |
| 2.1.2       | Share Capital Commitment to Associates and Subsidiaries      |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 2.1.3       | Loan Granting Commitments                                    |                 | 2,388,822                             | -                    | 2,388,822            | 2,156,966                          | -                    | 2,156,966            |
| 2.1.4       | Securities Underwriting Commitments                          |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 2.1.5       | Commitments For Reserve Deposits Requirements                |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 2.1.6       | Payment Commitments for Checks                               |                 | 3,793,196                             | -                    | 3,793,196            | 2,368,988                          | -                    | 2,368,988            |
| 2.1.7       | Tax and Fund Liabilities from Export Commitments             |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 2.1.8       | Commitments For Credit Card Expenditure Limits               |                 | 17,710,773                            | -                    | 17,710,773           | 12,943,765                         | -                    | 12,943,765           |
| 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                                |                 | 185,360                               | -                    | 185,360              | 185,360                            | -                    | 185,360              |
| 2.2         | Revocable Commitments  |                 | 54,925,919                            | -                    | 54,925,919           | 54,905,508                         | -                    | 54,905,508           |
| 2.2.1       | Revocable Loan Granting Commitments                          |                 | 54,925,919                            | -                    | 54,925,919           | 54,905,508                         | -                    | 54,905,508           |
| 2.2.2       | Other Revocable Commitments                                  |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| <b>III.</b> | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                      | <b>(5.3.2.)</b> | <b>6,971,155</b>                      | <b>92,727,645</b>    | <b>99,698,800</b>    | <b>15,523,034</b>                  | <b>76,325,029</b>    | <b>91,848,063</b>    |
| 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                                |                 | 6,971,155                             | 92,727,645           | 99,698,800           | 15,523,034                         | 76,325,029           | 91,848,063           |
| 3.2.1       | Forward Foreign Currency Buy/Sell Transactions               |                 | 2,521,976                             | 8,033,038            | 10,555,014           | 3,992,893                          | 5,727,899            | 9,720,792            |
| 3.2.1.1     | Forward Foreign Currency Buy Transactions                    |                 | 2,521,976                             | 3,560,820            | 6,082,796            | 3,576,691                          | 1,457,222            | 5,033,913            |
| 3.2.1.2     | Forward Foreign Currency Sell Transactions                   |                 | -                                     | 4,472,218            | 4,472,218            | 416,202                            | 4,270,677            | 4,686,879            |
| 3.2.2       | Other Forward Buy/Sell Transactions                          |                 | 4,449,179                             | 84,694,607           | 89,143,786           | 11,530,141                         | 70,597,130           | 82,127,271           |
| 3.3         | Other  |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| <b>B.</b>   | <b>CUSTODY AND PLEDGES SECURITIES (IV+V+VI)</b>              |                 | <b>1,607,348,159</b>                  | <b>1,477,923,174</b> | <b>3,085,271,333</b> | <b>1,312,038,282</b>               | <b>1,068,954,968</b> | <b>2,380,993,250</b> |
| <b>IV.</b>  | <b>ITEMS HELD IN CUSTODY</b>                                 |                 | <b>47,699,374</b>                     | <b>1,033,422,486</b> | <b>1,081,121,860</b> | <b>39,623,059</b>                  | <b>627,887,032</b>   | <b>667,510,091</b>   |
| 4.1         | Customers' Securities Held                                   |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 4.2         | Investment Securities Held in Custody                        |                 | 9,759,619                             | 995,445,951          | 1,005,205,570        | 6,857,433                          | 591,531,785          | 598,389,218          |
| 4.3         | Checks Received for Collection                               |                 | 34,322,144                            | 980,054              | 35,302,198           | 29,772,990                         | 1,200,703            | 30,973,693           |
| 4.4         | Commercial Notes Received for Collection                     |                 | 3,617,611                             | 930,845              | 4,548,456            | 2,992,636                          | 942,241              | 3,934,877            |
| 4.5         | Other Assets Received for Collection                         |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 4.6         | Assets Received for Public Offering                          |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 4.7         | Other Items Under Custody                                    |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 4.8         | Custodians   |                 | -                                     | 36,065,636           | 36,065,636           | -                                  | 34,212,303           | 34,212,303           |
| <b>V.</b>   | <b>PLEDGED ITEMS</b>   |                 | <b>1,559,439,030</b>                  | <b>444,267,798</b>   | <b>2,003,706,828</b> | <b>1,272,403,584</b>               | <b>440,847,619</b>   | <b>1,713,251,203</b> |
| 5.1         | Marketable Securities  |                 | 3,206,692                             | 153,471              | 3,360,163            | 3,206,824                          | 149,703              | 3,356,527            |
| 5.2         | Guarantee Notes  |                 | 100,977                               | 7,748,207            | 7,849,184            | 100,977                            | 7,556,173            | 7,657,150            |
| 5.3         | Commodity  |                 | 49,176,750                            | 2,446,717            | 51,623,467           | 41,494,368                         | 2,365,162            | 43,859,530           |
| 5.4         | Warranty   |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| 5.5         | Properties   |                 | 369,861,679                           | 9,095,956            | 378,957,635          | 304,239,836                        | 8,876,771            | 313,116,607          |
| 5.6         | Other Pledged Items  |                 | 1,137,092,932                         | 424,823,447          | 1,561,916,379        | 923,361,579                        | 421,899,810          | 1,345,261,389        |
| 5.7         | Pledged Items-Depository                                     |                 | -                                     | -                    | -                    | -                                  | -                    | -                    |
| <b>VI.</b>  | <b>ACCEPTED GUARANTEES AND WARRANTIES</b>                    |                 | <b>209,755</b>                        | <b>232,890</b>       | <b>442,645</b>       | <b>11,639</b>                      | <b>220,317</b>       | <b>231,956</b>       |
|             | <b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b>                |                 | <b>1,716,287,064</b>                  | <b>1,588,131,712</b> | <b>3,304,418,776</b> | <b>1,419,227,482</b>               | <b>1,165,163,399</b> | <b>2,584,390,881</b> |

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AS OF 31 MARCH 2023**  
*(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)*

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

|               |  |                  | Reviewed<br>Current Period<br>01.01.2023-31.03.2023 | Reviewed<br>Prior Period<br>01.01.2022-31.03.2022 |
|---------------|--|------------------|---|---|
|               | INCOME AND EXPENSE ITEMS   | Notes            |   |   |
| <b>I.</b>     | <b>PROFIT SHARE INCOME</b>   | <b>(5.4.1.)</b>  | <b>11,556,689</b>                                   | <b>5,717,771</b>                                  |
| 1.1.          | Profit Share on Loans  |                  | 6,836,401   | 3,327,354   |
| 1.2.          | Profit Share on Reserve Deposits   |                  | -   | 80,625  |
| 1.3.          | Profit Share on Banks  |                  | 138,432   | 62,657  |
| 1.4.          | Profit Share on Money Market Placements  |                  | -   | -   |
| 1.5.          | Profit Share on Marketable Securities Portfolio  |                  | 3,856,183   | 1,968,712   |
| 1.5.1.        | Fair Value Through Profit or Loss  |                  | 120,416   | 138,928   |
| 1.5.2.        | Fair Value Through Other Comprehensive Income  |                  | 3,124,720   | 1,740,581   |
| 1.5.3.        | Measured at Amortized Cost   |                  | 611,047   | 89,203  |
| 1.6.          | Finance Lease Income   |                  | 704,290   | 259,172   |
| 1.7.          | Other Profit Share Income  |                  | 21,383  | 19,251  |
| <b>II.</b>    | <b>PROFIT SHARE EXPENSE</b>  |                  | <b>4,206,410</b>                                    | <b>1,915,940</b>                                  |
| 2.1.          | Expense on Profit Sharing Accounts   | (5.4.4.)         | 3,578,460   | 1,479,092   |
| 2.2.          | Profit Share Expense on Funds Borrowed   | (5.4.2.)         | 556,463   | 355,042   |
| 2.3.          | Profit Share Expense on Money Market Borrowings  |                  | 44,184  | 64,367  |
| 2.4.          | Expense on Securities Issued   |                  | -   | -   |
| 2.5.          | Profit Share Expense on Lease  |                  | 27,303  | 17,439  |
| 2.6.          | Other Profit Share Expense   |                  | -   | -   |
| <b>III.</b>   | <b>NET PROFIT SHARE INCOME (I - II)</b>  |                  | <b>7,350,279</b>                                    | <b>3,801,831</b>                                  |
| <b>IV.</b>    | <b>NET FEES AND COMMISSIONS INCOME/EXPENSE</b>   |                  | <b>216,888</b>                                      | <b>123,817</b>                                    |
| 4.1.          | Fees and Commissions Received  |                  | 970,759   | 431,561   |
| 4.1.1.        | Non-Cash Loans   |                  | 80,926  | 41,211  |
| 4.1.2.        | Other  | (5.4.13.)        | 889,833   | 390,350   |
| 4.2.          | Fees and Commissions Paid  |                  | 753,871   | 307,744   |
| 4.2.1.        | Non-Cash Loans   |                  | 497   | 4   |
| 4.2.2.        | Other  | (5.4.13.)        | 753,374   | 307,740   |
| <b>V.</b>     | <b>DIVIDEND INCOME</b>   | <b>(5.4.3.)</b>  | <b>324</b>  | <b>-</b>  |
| <b>VI.</b>    | <b>NET TRADING INCOME / LOSS</b>   | <b>(5.4.5.)</b>  | <b>2,145,387</b>                                    | <b>925,066</b>                                    |
| 6.1.          | Capital Market Transaction Gains/Losses  |                  | 675,766   | 50,573  |
| 6.2.          | Gains/Losses from Derivative Financial Instruments   |                  | 68,605  | 367,774   |
| 6.3.          | Foreign Exchange Gains/Losses  |                  | 1,401,016   | 506,719   |
| <b>VII.</b>   | <b>OTHER OPERATING INCOME</b>  | <b>(5.4.6.)</b>  | <b>922,582</b>                                      | <b>435,082</b>                                    |
| <b>VIII.</b>  | <b>GROSS OPERATING INCOME / LOSS (III+IV+V+VI+VII+VIII)</b>                                  |                  | <b>10,635,460</b>                                   | <b>5,285,796</b>                                  |
| <b>IX.</b>    | <b>EXPECTED LOSS PROVISIONS (-)</b>  | <b>(5.4.7.)</b>  | <b>2,697,590</b>                                    | <b>1,994,367</b>                                  |
| <b>X.</b>     | <b>OTHER PROVISIONS (-)</b>  | <b>(5.4.7.)</b>  | <b>47,395</b>                                       | <b>184,345</b>                                    |
| <b>XI.</b>    | <b>PERSONNEL EXPENSES (-)</b>  | <b>(5.4.8.)</b>  | <b>1,206,361</b>                                    | <b>661,372</b>                                    |
| <b>XII.</b>   | <b>OTHER OPERATING EXPENSES (-)</b>  | <b>(5.4.8.)</b>  | <b>1,062,087</b>                                    | <b>518,915</b>                                    |
| <b>XIII.</b>  | <b>NET OPERATING INCOME/(LOSS) (IX-X-XI)</b>   |                  | <b>5,622,027</b>                                    | <b>1,926,797</b>                                  |
| <b>XIV.</b>   | <b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>   |                  | <b>-</b>  | <b>-</b>  |
| <b>XV.</b>    | <b>INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD</b>  |                  | <b>-</b>  | <b>-</b>  |
| <b>XVI.</b>   | <b>INCOME / (LOSS) ON NET MONETARY POSITION</b>  |                  | <b>-</b>  | <b>-</b>  |
| <b>XVII.</b>  | <b>PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)</b>                     | <b>(5.4.9.)</b>  | <b>5,622,027</b>                                    | <b>1,926,797</b>                                  |
| <b>XVIII.</b> | <b>TAX PROVISION FOR CONTINUED OPERATIONS (±)</b>  | <b>(5.4.10)</b>  | <b>(1,427,876)</b>                                  | <b>(462,077)</b>                                  |
| 18.1.         | Current Tax Provision  |                  | 1,362,424   | (41,591)  |
| 18.2.         | Deferred Tax Expense Effect (+)  |                  | 190,751   | 809,249   |
| 18.3.         | Deferred Tax Income Effect (-)   |                  | 125,299   | 305,581   |
| <b>XIX.</b>   | <b>CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)</b>                       | <b>(5.4.11.)</b> | <b>4,194,151</b>                                    | <b>1,464,720</b>                                  |
| <b>XX.</b>    | <b>INCOME FROM DISCONTINUED OPERATIONS</b>   |                  | <b>-</b>  | <b>-</b>  |
| 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  |                  | -   | -   |
| <b>XXI.</b>   | <b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>   |                  | <b>-</b>  | <b>-</b>  |
| 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  |                  | -   | -   |
| <b>XXII.</b>  | <b>PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII-XIX)</b>                   |                  | <b>-</b>  | <b>-</b>  |
| <b>XXIII.</b> | <b>TAX PROVISION FOR DISCONTINUED OPERATIONS (±)</b>   |                  | <b>-</b>  | <b>-</b>  |
| 23.1.         | Current Tax Provision  |                  | -   | -   |
| 23.2.         | Deferred Tax Expense Effect (+)  |                  | -   | -   |
| 23.3.         | Deferred Tax Income Effect (-)   |                  | -   | -   |
| <b>XXIV.</b>  | <b>CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)</b>                      |                  | <b>-</b>  | <b>-</b>  |
| <b>XXV.</b>   | <b>NET PROFIT/LOSS (XVII+XXII)</b>   | <b>(5.4.12.)</b> | <b>4,194,151</b>                                    | <b>1,464,720</b>                                  |
| 25.1.         | Group's Income/Loss  |                  | 4,194,151   | 1,464,720   |
| 25.2.         | Minority Interest Income/Loss (-)  |                  | -   | -   |
|               | Earnings Per Share Income/Loss (Full TL)   |                  | 0.9118  | 1.2750  |

The accompanying 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 AS OF 31 MARCH 2023**

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

**4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|             |  | Reviewed<br>Current Period<br>01.01.2023-31.03.2023 | Reviewed<br>Prior Period<br>01.01.2022-31.03.2022 |
|-------------|--|---|---|
| <b>I.</b>   | <b>CURRENT PROFIT/LOSS</b>   | <b>4,194,151</b>                                    | <b>1,464,720</b>                                  |
| <b>II.</b>  | <b>OTHER COMPREHENSIVE INCOME</b>  | <b>(435,550)</b>                                    | <b>2,017,888</b>                                  |
| 2.1         | Other Comprehensive Income Not Reclassified Through Profit or Loss   | -   | -   |
| 2.1.1       | Property and Equipment Revaluation Increase/Decrease   | -   | -   |
| 2.1.2       | Intangible Assets Revaluation Increase/Decrease  | -   | -   |
| 2.1.3       | Defined Benefit Pension Plan Remeasurement Gain/Loss   | -   | -   |
| 2.1.4       | Other Comprehensive Income Items Not Reclassified Through Profit or Loss   | -   | -   |
| 2.1.5       | Taxes Related to Other Comprehensive Income Items Not Reclassified Through Profit or Loss                                    | -   | -   |
| 2.2         | <b>Other Comprehensive Income Reclassified Through Profit or Loss</b>  | <b>(435,550)</b>                                    | <b>2,017,888</b>                                  |
| 2.2.1       | Foreign Currency Translation Difference  | -   | -   |
| 2.2.2       | Valuation and/or Reclassification Income/Expense of the Financial Assets at<br>Fair Value Through Other Comprehensive Income | (580,714)   | 2,615,256   |
| 2.2.3       | Cash Flow Hedge Income/Loss  | -   | -   |
| 2.2.4       | Foreign Net Investment Hedge Income/Loss   | -   | -   |
| 2.2.5       | Other Comprehensive Income Items Reclassified Through Profit or Losses   | -   | -   |
| 2.2.6       | Taxes Related Other Comprehensive Income Items Reclassified Through Profit or Loss   | 145,164   | (597,368)   |
| <b>III.</b> | <b>TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)</b>  | <b>3,758,601</b>                                    | <b>3,482,608</b>                                  |

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 31 MARCH 2023**

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

**5. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

|              |  |           |                 |                |                            |                        | 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 |           |   |                 |                   |                                |   |                  |                            |
|--------------|--|-----------|-----------------|----------------|----------------------------|------------------------|--|-----------|---|--|-----------|---|-----------------|-------------------|--------------------------------|---|------------------|----------------------------|
|              |  | Notes     | Paid-in Capital | Share Premiums | Share cancellation profits | Other Capital Reserves | 1  | 2         | 3 | 4  | 5         | 6 | Profit Reserves | Retained Earnings | Net Profit/Loss for the Period | Total Shareholders' Equity Less Minority Shares | Minority Shares) | Total Shareholders' Equity |
|              | <b>Prior Period (01/01/2022 – 31/03/2022)</b>                            |           |                 |                |                            |                        |  |           |   |  |           |   |                 |                   |                                |   |                  |                            |
| <b>I.</b>    | <b>Prior Period Ending Balance</b>                                       |           | 4,595,131       | 23,250         | 1,874                      | -                      | -  | (52,112)  | - | -  | (25,323)  | - | 3,359,858       | 52,448            | 2,501,727                      | 10,456,853                                      | -                | 10,456,853                 |
| <b>II.</b>   | <b>Corrections and Accounting Policy Changes Made According to TAS 8</b> |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| 2.1          | Effect of Corrections  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| 2.2          | Effect of Changes in Accounting Policies                                 |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>III.</b>  | <b>Adjusted Beginning Balance (I+II)</b>                                 |           | 4,595,131       | 23,250         | 1,874                      | -                      | -  | (52,112)  | - | -  | (25,323)  | - | 3,359,858       | 52,448            | 2,501,727                      | 10,456,853                                      | -                | 10,456,853                 |
| <b>IV.</b>   | <b>Total Comprehensive Income (Loss)</b>                                 |           | -               | -              | -                          | -                      | -  | -         | - | -  | 2,017,888 | - | -               | -                 | 1,464,720                      | 3,482,608                                       | -                | 3,482,608                  |
| <b>V.</b>    | <b>Capital Increase by Cash</b>  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>VI.</b>   | <b>Capital Increase by Internal Reserves</b>                             |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>VII.</b>  | <b>Paid in Capital Inflation Adjustment Difference</b>                   |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>VIII.</b> | <b>Convertible Bonds to Share</b>  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>IX.</b>   | <b>Subordinated Debt Instruments</b>                                     |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>X.</b>    | <b>Increase / Decrease by Other Changes</b>                              |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | (94)            | -                 | -                              | (94)  | -                | (94)                       |
| <b>XI.</b>   | <b>Profit Distribution</b>   |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | 2,251,727       | -                 | (2,501,727)                    | (250,000)                                       | -                | (250,000)                  |
| 11.1         | Dividends Paid   |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | (250,000)         | -                              | (250,000)                                       | -                | (250,000)                  |
| 11.2         | Transfers to Legal Reserves  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | 2,251,727       | (2,251,727)       | -                              | -   | -                | -                          |
| 11.3         | Other  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | 2,501,727         | (2,501,727)                    | -   | -                | -                          |
|              | <b>Balances at end of the period (III+IV+.....+X+XI)</b>                 | (5.2.11.) | 4,595,131       | 23,250         | 1,874                      | -                      | -  | (52,112)  | - | -  | 1,992,565 | - | 5,611,491       | 52,448            | 1,464,720                      | 13,689,367                                      | -                | 13,689,367                 |
|              | <b>Current Period (01/01/2023 – 31/03/2023)</b>                          |           |                 |                |                            |                        |  |           |   |  |           |   |                 |                   |                                |   |                  |                            |
| <b>I.</b>    | <b>Prior Period Ending Balance</b>                                       |           | 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                 |
| <b>II.</b>   | <b>Corrections and Accounting Policy Changes Made According to TAS 8</b> |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| 2.1          | Effect of Corrections  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| 2.2          | Effect of Changes in Accounting Policies                                 |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>III.</b>  | <b>Adjusted Beginning Balance (I+II)</b>                                 |           | 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                 |
| <b>IV.</b>   | <b>Total Comprehensive Income (Loss)</b>                                 |           | -               | -              | -                          | -                      | -  | -         | - | -  | (435,550) | - | -               | -                 | 4,194,151                      | 3,758,601                                       | -                | 3,758,601                  |
| <b>V.</b>    | <b>Capital Increase by Cash</b>  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>VI.</b>   | <b>Capital Increase by Internal Reserves</b>                             |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>VII.</b>  | <b>Paid in Capital Inflation Adjustment Difference</b>                   |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>VIII.</b> | <b>Convertible Bonds to Share</b>  |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>IX.</b>   | <b>Subordinated Debt Instruments</b>                                     |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | -               | -                 | -                              | -   | -                | -                          |
| <b>X.</b>    | <b>Increase / Decrease by Other Changes</b>                              |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | 1,121           | 8,987             | -                              | 10,108  | -                | 10,108                     |
| <b>XI.</b>   | <b>Profit Distribution</b>   |           | -               | -              | -                          | -                      | -  | -         | - | -  | -         | - | 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)                   | -   | -                | -                          |
|              | <b>Balances at end of the period (III+IV+.....+X+XI)</b>                 | (5.2.11.) | 4,595,131       | 23,250         | 1,874                      | -                      | -  | (294,407) | - | -  | 4,247,953 | - | 18,254,981      | 60,618            | 4,194,151                      | 31,083,551                                      | -                | 31,083,551                 |

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 Remeasurement Gain/Loss of the Financial Asset at Fair Value Through Other Comprehensive Income

6.Other (Cash Flow Hedge Gain/Loss, Shares of Investments Valued by Equity Method in Other Comprehensive Income Classified Through Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items Reclassified Through Other Profit or Loss)

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**UNCONSOLIDATED STATEMENT OF CASH FLOWS AS OF 31 MARCH 2023**

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

**6. STATEMENT OF CASH FLOWS**

|             |  | Notes | Reviewed<br>Current Period | Reviewed<br>Prior Period  |
|-------------|--|-------|----------------------------|---------------------------|
|             |  |       | 01.01.2023-<br>31.03.2023  | 01.01.2022-<br>31.03.2022 |
| <b>A.</b>   | <b>CASH FLOWS FROM BANKING OPERATIONS</b>  |       |                            |                           |
| <b>1.1</b>  | <b>Operating Profit Before Changes in Assets and Liabilities from Banking Operations</b>                           |       | <b>1,905,315</b>           | <b>2,341,667</b>          |
| 1.1.1       | Profit Share Income Received   |       | 8,542,362                  | 3,496,266                 |
| 1.1.2       | Profit Share Expense Paid  |       | (3,922,384)                | (1,458,483)               |
| 1.1.3       | Dividends Received   |       | 324                        | -                         |
| 1.1.4       | Fees and Commissions Received  |       | 970,759                    | 431,561                   |
| 1.1.5       | Other Income   |       | 2,296,515                  | 1,287,924                 |
| 1.1.6       | Collections from Previously Written Off Loans  |       | 264,646                    | 253,141                   |
| 1.1.7       | Payments to Personnel and Service Suppliers  |       | (1,526,143)                | (629,600)                 |
| 1.1.8       | Taxes Paid   |       | (3,150,444)                | (61,403)                  |
| 1.1.9       | Others   |       | (1,570,320)                | (977,739)                 |
| <b>1.2</b>  | <b>Changes in Assets and Liabilities from Banking Operations</b>   |       | <b>(1,652,173)</b>         | <b>(14,812,503)</b>       |
| 1.2.1       | Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss                                   |       | (4,159,114)                | (1,511,105)               |
| 1.2.2       | Net (Increase) Decrease in Due from Banks and Other Financial Institutions   |       | 4,198,540                  | (4,570,892)               |
| 1.2.3       | Net (Increase) Decrease in Loans   |       | (46,558,159)               | (23,803,813)              |
| 1.2.4       | Net (Increase) Decrease in Other Assets  |       | 1,005,875                  | (5,126,663)               |
| 1.2.5       | Net Increase (Decrease) in Bank Deposits   |       | 891,915                    | 309,079                   |
| 1.2.6       | Net Increase (Decrease) in Other Deposits  |       | 26,097,971                 | 23,150,814                |
| 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  |       | 6,903,935                  | (1,465,847)               |
| 1.2.9       | Net Increase (Decrease) in Due Payables  |       | -                          | -                         |
| 1.2.10      | Net Increase (Decrease) in Other Liabilities   |       | 9,966,864                  | (1,794,076)               |
| <b>I.</b>   | <b>Net Cash Provided From / (Used in) Banking Operations</b>   |       | <b>253,142</b>             | <b>(12,470,836)</b>       |
| <b>B.</b>   | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |       |                            |                           |
| <b>II.</b>  | <b>Net Cash Provided from / (Used in) Investing Activities</b>   |       | <b>(10,998,153)</b>        | <b>(5,934,691)</b>        |
| 2.1         | Cash Paid for Purchase Jointly Controlled Operations, Associates and Subsidiaries                                  |       | (522,500)                  | -                         |
| 2.2         | Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries                              |       | -                          | -                         |
| 2.3         | Fixed Assets Purchases   |       | (269,403)                  | (142,238)                 |
| 2.4         | Fixed Assets Sales   |       | 46,679                     | 149,664                   |
| 2.5         | Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income                        |       | (10,297,031)               | (3,418,667)               |
| 2.6         | Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income                       |       | 7,876,844                  | 518,491                   |
| 2.7         | Cash Paid for Purchase of Investment Securities  |       | (7,675,000)                | (7,328,786)               |
| 2.8         | Cash Obtained from Sale of Investment Securities   |       | -                          | 4,310,722                 |
| 2.9         | Other  |       | (157,742)                  | (23,877)                  |
| <b>C.</b>   | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |       |                            |                           |
| <b>III.</b> | <b>Net Cash Provided from / (Used in) Financing Activities</b>   |       | <b>(1,301,303)</b>         | <b>(267,439)</b>          |
| 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   |       | (1,274,000)                | (250,000)                 |
| 3.5         | Payments for Finance Leases  |       | (27,303)                   | (17,439)                  |
| 3.6         | Other  |       | -                          | -                         |
| <b>IV.</b>  | <b>Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>                                      |       | <b>1,522,298</b>           | <b>3,285,237</b>          |
| <b>V.</b>   | <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>  |       | <b>(10,524,016)</b>        | <b>(15,387,729)</b>       |
| <b>VI.</b>  | <b>Cash and Cash Equivalents at the Beginning of the Period</b>  |       | <b>45,273,121</b>          | <b>43,693,232</b>         |
| <b>VII.</b> | <b>Cash and Cash Equivalents at the End of the Period</b>  |       | <b>34,749,105</b>          | <b>28,305,503</b>         |

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**SECTION THREE**

**EXPLANATIONS ON ACCOUNTING POLICIES IN THE RELATED PERIOD**

**1. Explanations on basis of presentation**

**1.1. The preparation of the 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 unconsolidated 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 unconsolidated 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.

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS 29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 March 2023 in accordance with TAS 29. In this context, TAS 29 is not applied, and inflation adjustment has not been reflected in the financial statements as of March 31, 2023.

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

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

Until 31 December 2004, the financial statements of the Bank were subject to inflation adjustments in accordance with Turkish Accounting Standard No: 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”). As per the BRSA decision numbered 1623 and dated 21 April 2005 and the BRSA circular dated 28 April 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently, as of 1 January 2005, the inflation accounting has not been applied.

**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.



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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” (SPPI).

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 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.

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

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

As of March 31, 2023, 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 March 31, 2023. When deemed necessary, the future will review these assumptions according to the course of economic and geopolitical risks.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

---

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.

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

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

The definition of the deterioration in the rating is the comparison of the credit rating at the opening date and the rating date at the reporting date by using the 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 lessor 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.

As of March 31, 2023, the right-of-use assets classified tangible assets gross amounting to TL 864,636 in the balance sheet of the Bank and lease liabilities classified in the item of liabilities from lease transactions amounting to gross TL 924,860. In the three-month period that ended as of the same date, financial expenses amounting to TL 27,303 and depreciation expenses amounting to TL 51,659 were incurred.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

---

**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 Turkey converting them into Turkish Lira and valuation differences of foreign currencies have been recognized in the income statement under the net foreign exchange income/expense account.

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

**3. Investments in associates and subsidiaries**

Turkish currency denominated associates and subsidiaries are measured at cost value in accordance with the "Consolidated and Separate Financial Statements" ("TAS 27") and then deducted by provisions for impairment losses, if any, reflected to the accompanying unconsolidated financial statements.

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

The Parent 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 statement.

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

As of March 31, 2023, the Bank 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 31 March 2023, the Bank has no hedging transactions based on the benchmark interest rate.

**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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

---

**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 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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**7.2 Financial assets at fair value through other comprehensive income**

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

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

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

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

**7.3 Financial assets measured at amortized cost**

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

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

**7.4 Derivative financial assets**

The major derivative instruments utilized by the 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

*(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 has a legally enforceable right to offset the recognized amounts and there is an intention to collect/pay the related financial assets and liabilities on a net basis, or to realize the asset and settle the liability simultaneously.

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

Central Bank of the Republic of Turkey ("CBRT") made some changes on orders for open market transactions ("OMT") and prepared an additional frame contract for participation banks in order to present rent certificates to open market operations of CBRT in accordance with the principles of participation banks. According to this agreement, a new type of transaction was formed which enables participation banks to resell or repurchase rent certificates on their portfolio to CBRT when they need funding or in attempt to evaluate the excess liquidity. In this context, OMT were carried out with the CBRT for the first time on 14 June 2013, by subjecting the Treasury Lease Certificates, which were include in assets, to the repurchase transactions. From this date, the Bank performs sale transactions of treasury lease certificates that are recognized in the assets of the balance sheet in return for conditional repurchasing by tendering to purchase auctions held by CBRT with various maturities; and thusly raises funds.

As of 31 March 2023, the Bank has repurchased agreement amounting to TL 5,013,845 (31 December 2022: TL 133,844)

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

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

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

A discontinued operation is a component of an entity 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.

**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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**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 its 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 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 Fixed 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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**Lease Obligation**

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 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 fulfill 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.

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.

**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.

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



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**16. Explanations on taxation**

***Current Tax***

With the Law No. 7394 on the Assessment of Immovable Properties Belonging to the Treasury and the Amendment of the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810 and entered into force, and the Article 26 of the Law on the Amendment of Some Laws and Decree Laws and the paragraph added to the provisional Article 13 of the Corporate Tax Law No. 5520, The Corporate Tax rate will be applied as 25% for corporate earnings the taxation period of 2022.

This rate shall be applied to the tax base to be found because of adding expenses that are not accepted as deductions 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 further tax is paid. In accordance with the tax legislation, as of July 1, 2022, the provisional tax rate will be paid at the rate of 25% on the quarterly bases, and the provisional taxes paid during the year are deducted from the corporate tax calculated on the annual corporate tax return of that year.

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

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 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.

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 fulfill 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 installment 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 prior periods. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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

On January 20, 2022, the implementation of inflation accounting with the "Law on The Amendment of the Tax Procedure Law and the Corporate Tax Law" adopted on the agenda of the Turkish Grand National Assembly has been postponed starting from the balance sheet dated December 31, 2023.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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***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 asset or liability over all taxable temporary differences and deferred tax asset over taxable temporary differences, apart from the provisions related to participation accounts Expected Credit Losses for 12-Months (Stage 1) and due to the 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 considered in the calculation of deferred tax assets and liabilities.

**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.

**21. Explanations on segment reporting**

The Bank conducts its activities in three separate segments: Retail Banking, Corporate and Commercial 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**SECTION FOUR**

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK**

**1. Explanations on Equity Items**

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of March 31, 2023, Bank’s total capital has been calculated as TL 44,119,874 (31 December 2022: TL 41,123,085), capital adequacy ratio is 21.25% (31 December 2022: 27.48%).

On March 23, 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. 9795 dated September 16, 2021, when calculating credit risk based amounts, the amounts of non-monetary assets, excluding items denominated in foreign currency measured at historical cost and in accordance with Turkish Accounting Standards, and their related specific provision amounts shall be calculated using the Central Bank of the Republic of Turkey's (CBRT) foreign currency buying rate as of December 31, 2021, unless otherwise decided by the Board, and in accordance with the decision of 31 January 2023 using the CBRT's foreign currency buying rate as of December 30, 2022, until a contrary Board decision is made.

Furthermore, within the scope of the regulations announced by the BRSA on December 21, 2021, 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 March 31, 2023.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**1.1 Components of Total Capital:**

|   | <b>Current<br/>Period<br/>Amount</b> | <b>Prior Period<br/>Amount</b> |
|---|--------------------------------------|--------------------------------|
| <b>COMMON EQUITY TIER I CAPITAL</b>   |                                      |                                |
| Paid-In Capital to Be Entitled for Compensation After All Creditors   | 4,600,000                            | 4,600,000                      |
| Share Premium   | 23,250                               | 23,250                         |
| Reserves  | 18,254,981                           | 5,610,413                      |
| Other Comprehensive Income According to TAS   | 4,530,511                            | 4,966,525                      |
| Profit  | 4,254,769                            | 14,095,078                     |
| Current Period Profit   | 4,194,151                            | 14,043,447                     |
| Prior Period Profit   | 60,618                               | 51,631                         |
| Bonus Shares from Associates, Affiliates and Joint-Ventures Not Accounted in Current Period's Profit  | -                                    | -                              |
| <b>Common Equity Tier I Capital Before Deductions</b>   | <b>31,663,511</b>                    | <b>29,295,266</b>              |
| <b>Deductions From Common Equity Tier I Capital</b>   | <b>-</b>                             | <b>-</b>                       |
| Valuation Adjustments Calculated as Per the Article 9. (I) Of The Regulation on Bank Capital  | -                                    | -                              |
| Current And Prior Periods' Losses Not Covered by Reserves, And Losses Accounted Under Equity According to TAS (-)   | 16,115                               | 25,400                         |
| Leasehold Improvements on Operational Leases (-)  | 144,689                              | 135,849                        |
| Goodwill Netted with Deferred Tax Liabilities   | -                                    | -                              |
| Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights   | 493,798                              | 384,671                        |
| Remaining after deducting from the related deferred tax liability with the deferred tax asset based on future taxable income, except for deferred tax assets based on temporary differences   | -                                    | -                              |
| Differences Arise When Assets and Liabilities Not Held at Fair Value, Are Subjected to Cash Flow Hedge Accounting   | -                                    | -                              |
| Total Credit Losses That Exceed Total Expected Loss Calculated According to The Regulation on Calculation of Credit Risk by Internal Ratings Based Approach   | -                                    | -                              |
| Securitization Gains  | -                                    | -                              |
| Unrealized Gains and Losses from Changes in Bank's Liabilities' Fair Values Due to Changes in Creditworthiness  | -                                    | -                              |
| Net Amount of Defined Benefit Plans   | 294,407                              | 294,407                        |
| Direct And Indirect Investments of The Bank on Its Own Tier I Capital (-)   | 4,869                                | 4,869                          |
| Shares Obtained Against Article 56, Paragraph 4 Of the Banking Law (-)  | -                                    | -                              |
| 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 (-) | -                                    | -                              |
| Total Of Net Long Positions of The Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or More of the Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital (-) | -                                    | -                              |
| Mortgage Servicing Rights Exceeding The 10% Threshold of Tier I Capital (-)   | -                                    | -                              |
| Net Deferred Tax Assets Arising from Temporary Differences Exceeding The 10% Threshold of Tier I Capital (-)  | -                                    | -                              |
| Amount Exceeding The 15% Threshold of Tier I Capital as Per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks (-)  | -                                    | -                              |
| The Portion of Net Long Position of The Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% Or More of the Issued Share Capital Not Deducted from Tier I Capital (-)               | -                                    | -                              |
| Mortgage Servicing Rights Not Deducted (-)  | -                                    | -                              |
| Excess Amount Arising from Deferred Tax Assets from Temporary Differences (-)   | -                                    | -                              |
| Other Items to Be Defined by The BRSA (-)   | -                                    | -                              |
| Deductions From Tier I Capital in Cases Where There Are No Adequate Additional Tier I Or Tier II Capitals (-)   | -                                    | -                              |
| <b>Total Deductions from Common Equity Tier I Capital</b>   | <b>953,878</b>                       | <b>845,196</b>                 |
| <b>Total Common Equity Tier I Capital</b>   | <b>30,709,633</b>                    | <b>28,450,070</b>              |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

|  |                   |                   |
|--|-------------------|-------------------|
| <b>ADDITIONAL TIER I CAPITAL</b>   |                   |                   |
| Privileged stocks not included in common equity and share premiums   | -                 | -                 |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA   | 4,795,970         | 4,678,228         |
| Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)  | -                 | -                 |
| <b>Additional Tier I Capital before Deductions</b>   | <b>4,795,970</b>  | <b>4,678,228</b>  |
| <b>Deductions From Additional Tier I Capital</b>   |                   |                   |
| Direct And Indirect Investments of the Bank on Its Own Additional Tier I Capital (-)   | -                 | -                 |
| Investments In Equity Instruments Issued by Banks or Financial Institutions Invested in Bank's Additional Tier I Capital and Having Conditions Stated in The Article 7 of the Regulation   | -                 | -                 |
| Total Of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or Less of the Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital (-)  | -                 | -                 |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns More Than 10% of the Issued Share Capital (-)   | -                 | -                 |
| Other Items to Be Defined by The BRSA (-)  | -                 | -                 |
| <b>Items To Be Deducted from Tier I Capital During the Transition Period</b>   |                   |                   |
| Goodwill And Other Intangible Assets and Related Deferred Taxes Not Deducted from Tier I Capital as Per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks (-)   | -                 | -                 |
| Net Deferred Tax Asset/Liability Not Deducted from Tier I Capital as Per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy of Banks (-)  | -                 | -                 |
| Deduction From Additional Tier I Capital When There Is Not Enough Tier II Capital (-)  | -                 | -                 |
| <b>Total Deductions from Additional Tier I Capital</b>   | <b>-</b>          | <b>-</b>          |
| <b>Total Additional Tier I Capital</b>   | <b>4,795,970</b>  | <b>4,678,228</b>  |
| <b>Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)</b>   | <b>35,505,603</b> | <b>33,128,298</b> |
| <b>Tier II Capital</b>   |                   |                   |
| Debt Instruments and The Related Issuance Premiums Defined by the BRSA   | 6,714,358         | 6,549,519         |
| Debt Instruments and The Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)  | -                 | -                 |
| Provisions (Amounts Explained in the First Paragraph of the Article 8 of the Regulation on Bank Capital)   | 1,906,616         | 1,453,789         |
| <b>Tier II Capital before deductions</b>   | <b>8,620,974</b>  | <b>8,003,308</b>  |
| <b>Deductions From Tier II Capital</b>   |                   |                   |
| Direct and Indirect Investments of The Bank on Its Own Tier II Capital (-)   | -                 | -                 |
| Investments In Equity Instruments Issued by Banks and Financial Institutions Invested in Bank's Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation  | -                 | -                 |
| 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 and Tier II Capital of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or More of the Issued Share Capital Exceeding The 10% Threshold of Tier I Capital (-) | -                 | -                 |
| Other Items to Be Defined by The BRSA (-)  | -                 | -                 |
| <b>Total Deductions from Tier II Capital</b>   | <b>-</b>          | <b>-</b>          |
| <b>Total Tier II Capital</b>   | <b>8,620,974</b>  | <b>8,003,308</b>  |
| <b>Total Equity (Total Tier I And Tier II Capital)</b>   | <b>44,126,577</b> | <b>41,131,606</b> |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

|   |             |             |
|---|-------------|-------------|
| <b>Total Tier I Capital and Tier II Capital (Total Equity)</b>  |             |             |
| Loans Granted Against the Articles 50 and 51 of the Banking 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 (-)   | 6,094       | 7,898       |
| Other Items to Be Defined by The BRSA (-)   | 609         | 623         |
| <b>Items to be Deducted from The Sum of Tier I and Tier II Capital (Capital) During the Transition Period</b>   | -           | -           |
| The Portion of 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 Not Deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as Per the Temporary Article 2, Clause 1 of the Regulation (-)  | -           | -           |
| The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns More Than 10% of the Issued Share Capital Exceeding The 10% Threshold of Above Tier I Capital Not Deducted from Additional Tier I Capital or Tier II Capital as Per the Temporary Article 2, Clause 1 of The Regulation (-)  | -           | -           |
| The Portion of Net Long Position of The Investments in Equity Items of Unconsolidated Banks and Financial Institutions Where the Bank Owns 10% or more of the issued Share Capital, of the Net Deferred Tax Assets Arising from Temporary Differences and of the Mortgage Servicing Rights Not Deducted from Tier I Capital as Per the Temporary Article 2, Clause 2, Paragraph (1) And (2) and Temporary Article 2, Clause 1 of the Regulation (-) | -           | -           |
| <b>Capital</b>  | -           | -           |
| Total Capital (Total of Tier I Capital and Tier II Capital)   | 44,119,874  | 41,123,085  |
| Total Risk Weighted Assets  | 207,631,226 | 149,639,158 |
| <b>Capital Adequacy Ratios</b>  |             |             |
| CET1 Capital Ratio (%)  | 14.79       | 19.01       |
| Tier I Capital Ratio (%)  | 17.10       | 22.14       |
| Capital Adequacy Ratio (%)  | 21.25       | 27.48       |
| <b>Buffers</b>  |             |             |
| Bank-Specific Total CET1 Capital Ratio  | 2.52        | 2.52        |
| Capital Conservation Buffer Ratio (%)   | 2.50        | 2.50        |
| Systemic Significant Bank Buffer Ratio (%)  | 0.02        | 0.02        |
| Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 Of Capital Conservation and Counter-Cyclical Capital Buffers Regulation   | 10.29       | 14.51       |
| <b>Amounts Lower Than Excesses as Per Deduction Rules</b>   | -           | -           |
| 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  | -           | -           |
| <b>Limits For Provisions Used in Tier II Capital Calculation</b>  | -           | -           |
| General Loan Provisions for Exposures in Standard Approach (Before Limit of One Hundred and twenty-five Per Ten Thousand)   | 6,830,208   | 6,500,534   |
| General Loan Provisions for Exposures in Standard Approach Limited By 1.25% of Risk Weighted Assets   | 1,906,616   | 1,453,789   |
| Total Loan Provision That Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach   | -           | -           |
| Total Loan Provision That Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited By 0.6% Risk Weighted Assets   | -           | -           |
| <b>Debt Instruments Covered by Temporary Article 4 (Effective Between 1.1.2018-1.1.2022)</b>  |             |             |
| 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

| <b>Information on debt instruments to be included in equity calculation:</b>  |   |   |   |
|---|---|---|---|
| Issuer  | KT One Company Limited                                | KT AT One Company Limited                             | KT21 T2 Company Limited                               |
| Mean Code (CUSIP, ISIN vb.)   | XS2028862998  | XS2227803819  | XS2384355520  |
| Legislation to which the mean is subject  | BRSA regulation on Shareholders ' Equity              | BRSA regulation on Shareholders ' Equity              | BRSA regulation on Shareholders ' Equity              |
| <b>Consideration In Equity Calculation</b>  |   |   |   |
| 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 |
| Means Type  | Subordinated Sukuk (Additional Tier I Capital)        | Subordinated Sukuk (Additional Tier I Capital)        | Subordinated Sukuk (Tier II Capital)                  |
| Amount considered in equity calculation (as of last reporting date-TL million)  | 3,837   | 959   | 6,714   |
| Nominal value of the mean (TL million))   | 3,837   | 959   | 6,714   |
| The account in which the mean is followed accounting  | 3470003   | 3470003   | 3470003   |
| Export date of the mean   | 16/07/2019  | 28/09/2020  | 16/09/2021  |
| Maturity structure of the mean (demand/term))   | Demand  | Demand  | 10 years and 3 months term                            |
| Initial maturity of the mean  | 5 Years (Due Date : 16/07/2024)                       | 5 Years (Due Date : 29/09/2025)                       | 5 Years and 3 months (Due Date: 16/12/2026)           |
| 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                                 | 29/09/2025 - Complete                                 | 16/12/2026 - Complete                                 |
| Subsequent repayment option dates   | 16/07/2024  | 29/09/2025  | 16/12/2026  |
| <b>Dividend payments</b>  |   |   |   |
| Fixed or variable dividend payments   | Fixed dividend payments                               | Fixed dividend payments                               | Fixed dividend payments                               |
| Dividend ratio and index value for dividend ratio   | 9.13%   | 9.95%   | 6.125%  |
| Whether there are any restrictions that stop paying dividends   | None  | None  | None  |
| The ability to be completely optional, partially optional or mandatory  | Mandatory   | Mandatory   | Mandatory   |
| Whether there is an element to encourage repayment, such as a dividend rate hike  | None  | None  | None  |
| Non-accumulative or cumulative property   | Noncumulative   | Noncumulative   | Noncumulative   |
| <b>Ability to convert to stock</b>  |   |   |   |
| 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 convertibles means 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                        |
| <b>Value reduction feature</b>  |   |   |   |
| 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

*(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 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 credit risk**

It has not been prepared in the interim period in accordance with Article 25 of the Communiqué on Financial Statements to be Publicly Announced by Banks and the Related Explanations and Footnotes.

**3. Explanations on currency risk**

Foreign currency risk represents the Banks'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. "Standard Method" and "Value at Risk Method" used in legal reporting are used to measure the currency risk that the Bank is exposed to. Measurements made under the Standard Method are made on a monthly basis, and measurements made under the Value at Risk Method are made 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 31 March 2023, the Bank has a balance sheet open position of TL 1,354,961 (31 December 2022 – TL 13,213,144 closed) and off-balance sheet position of TL 1,362,919 (31 December 2022 – TL 13,977,882 open) with a short position of TL 127,267 (31 December 2022– TL 764,738 open)

The announced current foreign exchange buying rates of the Bank as of 31 March 2023 and the prior five working days are as follows (full TL):

|             | 24/03/2023 | 27/03/2023 | 28/03/2023 | 29/03/2023 | 30/03/2023 | Balance Sheet Valuation Rate |
|-------------|------------|------------|------------|------------|------------|------------------------------|
| <b>USD</b>  | 19.06676   | 19.09057   | 19.10579   | 19.13065   | 19.16215   | 19.18388                     |
| <b>EURO</b> | 20.51706   | 20.56239   | 20.68424   | 20.74502   | 20.84558   | 20.88186                     |
| <b>GBP</b>  | 23.31278   | 23.39405   | 23.52379   | 23.58654   | 23.6702    | 23.74797                     |
| <b>CHF</b>  | 20.75052   | 20.81729   | 20.82223   | 20.80522   | 20.93275   | 20.96532                     |
| <b>JPY</b>  | 0.14657    | 0.14527    | 0.14592    | 0.14481    | 0.1445     | 0.1441                       |

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):

|             | Monthly average FC purchase rate |
|-------------|----------------------------------|
| <b>USD</b>  | 18.99606                         |
| <b>EURO</b> | 20.31280                         |
| <b>GBP</b>  | 23.03307                         |
| <b>CHF</b>  | 20.50959                         |
| <b>JPY</b>  | 0.14209                          |



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**Currency risk of the Bank**

|   | <b>Euro</b>       | <b>USD</b>         | <b>Other FC</b>   | <b>Total</b>       |
|---|-------------------|--------------------|-------------------|--------------------|
| <b>Current Period</b>   |                   |                    |                   |                    |
| <b>Assets</b>   |                   |                    |                   |                    |
| Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey (****) | 10,846,631        | 24,166,087         | 22,270,323        | 57,283,041         |
| Banks (*****)   | 3,466,389         | 2,878,531          | 6,528,557         | 12,873,477         |
| Financial assets at fair value through profit and loss  | 102,706           | 1,131,005          | 14,221,011        | 15,454,722         |
| Money market placements   | -                 | -                  | -                 | -                  |
| Financial assets at fair value through other comprehensive income   | 7,645,645         | 14,422,866         | -                 | 22,068,511         |
| Loans and finance lease receivables (*)   | 32,684,490        | 45,004,286         | 35,578            | 77,724,354         |
| Subsidiaries, associates and joint ventures (**)  | 1,592,030         | -                  | -                 | 1,592,030          |
| Financial assets at amortized cost  | -                 | 12,988,627         | -                 | 12,988,627         |
| Derivative financial assets for hedging purposes  | -                 | -                  | -                 | -                  |
| Tangible assets   | -                 | 1,206              | -                 | 1,206              |
| Intangible assets   | -                 | 34                 | -                 | 34                 |
| Other assets  | 22,707            | 275,404            | 6,000             | 304,111            |
| <b>Total assets</b>   | <b>56,360,598</b> | <b>100,868,046</b> | <b>43,061,469</b> | <b>200,290,113</b> |
| <b>Liabilities</b>  |                   |                    |                   |                    |
| Current account and funds collected from Banks via participation accounts   | 40,454            | 396,798            | 710,109           | 1,147,361          |
| Current and profit-sharing accounts FC (****)   | 21,854,248        | 66,609,126         | 59,575,766        | 148,039,140        |
| Money market borrowings   | -                 | -                  | -                 | -                  |
| Funds provided from other financial institutions  | 8,504,775         | 38,093,171         | 1,227,444         | 47,825,390         |
| Marketable securities issued  | -                 | -                  | -                 | -                  |
| Miscellaneous payables  | 1,165,089         | 1,277,729          | 90,718            | 2,533,536          |
| Derivative financial liabilities for hedging purposes   | -                 | -                  | -                 | -                  |
| Other liabilities (*****)   | 524,892           | 1,388,104          | 186,651           | 2,099,647          |
| <b>Total liabilities</b>  | <b>32,089,458</b> | <b>107,764,928</b> | <b>61,790,688</b> | <b>201,645,074</b> |
| Net balance sheet position  | 24,271,140        | (6,896,882)        | (18,729,219)      | (1,354,961)        |
| Net off-balance sheet position  | (25,571,014)      | 7,522,506          | 19,411,427        | 1,362,919          |
| Financial derivative assets   | 3,843,413         | 20,328,192         | 24,050,950        | 48,222,555         |
| Financial derivative liabilities  | 29,414,427        | 12,805,686         | 4,639,523         | 46,859,636         |
| Non-cash loans (***)  | 4,126,046         | 9,966,265          | 1,034,036         | 15,126,347         |
| <b>Prior Period</b>   |                   |                    |                   |                    |
| Total assets  | 55,057,837        | 99,363,430         | 56,173,817        | 210,595,084        |
| Total liabilities   | 29,794,902        | 109,290,575        | 58,296,463        | 197,381,940        |
| Net balance sheet position  | 25,262,935        | (9,927,145)        | (2,122,646)       | 13,213,144         |
| Net off-balance sheet position  | (26,517,215)      | 10,096,859         | 2,442,474         | (13,977,882)       |
| Financial derivative assets   | 2,581,986         | 25,828,843         | 6,437,465         | 34,848,294         |
| Financial derivative liabilities  | 29,099,201        | 15,731,984         | 3,994,991         | 48,826,176         |
| Non-cash loans (***)  | 4,385,300         | 7,471,331          | 677,328           | 12,533,959         |

(\*) Includes foreign currency indexed loans amounting to TL 1, 715,037 (31 December 2022 – TL 1,798,529) and includes expected loss provision amounting to TL 5, 845,451 followed as TL on the balance sheet.

(\*\*) TL 2,942,925 (31 December 2022 - TL 1,592,030) of the subsidiaries amounting to TL 1,592,030 in the balance sheet includes foreign currency subsidiary and subsidiary.

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

(\*\*\*\*) Precious metals are included in "Other FC" column. The balance sheet includes provisions for expected losses in the amount of TL 109.

(\*\*\*\*\*) Other liabilities at fair value through TL5,587 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 220,258.

(\*\*\*\*\*) Includes provisions for expected losses amounting to TL 1,990 were deducted from the cash values and the relevant lines from the Central Bank and Banks accounts

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

*(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 906,946 (31 December 2022 – TL 217,313)
- Prepaid expenses: TL 1,471 (31 December 2022 – TL 1,823)
- Derivative financial liabilities held for trading: TL 341,742 (31 December 2022 – TL 167,551)
- Marketable securities of FC revaluation reverse: TL 164,158 (31 December 2022 - TL 56,643)
- Derivative financial liabilities held for hedging: None (31 December 2022 - None).

Receivables/Payables related to derivative financial instruments include foreign currency purchase/sale transactions that are amounting to.

- Forward foreign currency purchase transactions TL 1,176,000 (31 December 2022 – TL 3,511,852)
- Forward foreign currency sale transactions: TL 1,178,546 (31 December 2022 – TL 3,837,590)
- Precious metals purchase transactions TL 21,852,176 (31 December 2022 – TL 4,086,434)
- Precious metals sale transactions TL 3,809,062 (31 December 2022 – TL 2,111,460)

**Sensitivity to exchange rate risk**

The bank is largely exposed to exchange rate risk in Euros, US dollars and Gold.

The following table shows the bank's sensitivity to a 10% increase in US Dollar, Euro and gold exchange rates.

|           | Change in exchange rate (%) | Effect on profit / loss |              | Effect on Equity |              |
|-----------|-----------------------------|-------------------------|--------------|------------------|--------------|
|           |                             | Current Period          | Prior Period | Current Period   | Prior Period |
| US Dollar | 10%                         | 62,562                  | 16,971       | 230,653          | 79,064       |
| Euro      | 10%                         | (129,987)               | (125,428)    | (128,065)        | (121,550)    |
| Gold      | 10%                         | 236,734                 | 57,443       | 236,734          | 57,443       |

**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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**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 (shares) investments                             | Carrying Value   | Fair Value       | Market Value     |
| <b>Securities at Fair Value Through Other Comprehensive Income</b> | <b>197,013</b>   | -                | <b>197,013</b>   |
| Quoted Securities  | -                | -                | -                |
| <b>Investments in Associates</b>                                   | -                | -                | -                |
| Quoted Securities  | -                | -                | -                |
| <b>Investment in Subsidiaries</b>                                  | <b>2,942,925</b> | <b>1,015,080</b> | <b>1,015,080</b> |
| Quoted Securities  | 53,418           | 1,015,080        | 1,015,080        |
| <b>Other</b>   | <b>20,000</b>    | -                | -                |
| Quoted Securities  | -                | -                | -                |

  

| Prior Period   |                  | Comparison     |                |
|--|------------------|----------------|----------------|
| Equity Securities (shares) investments                             | Carrying Value   | Fair Value     | Market Value   |
| <b>Securities at Fair Value Through Other Comprehensive Income</b> | <b>160,978</b>   | -              | <b>160,978</b> |
| Quoted Securities  | -                | -              | -              |
| <b>Investments in Associates</b>                                   | -                | -              | -              |
| Quoted Securities  | -                | -              | -              |
| <b>Investment in Subsidiaries</b>                                  | <b>2,442,925</b> | <b>618,420</b> | <b>618,420</b> |
| Quoted Securities  | 53,418           | 618,420        | 618,420        |
| <b>Other</b>   | <b>20,000</b>    | -              | -              |
| Quoted Securities  | -                | -              | -              |

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

-

**5. Liquidity risk management and liquidity coverage ratio**

The liquidity risk of the Bank is the risk of being unable to fulfill 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 (ALC) 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.

The Bank's liquidity risk ratios are well above the legal limits. The Bank maintains its liquidity buffer at high levels, taking into account periods when liquidity risk may increase. Due to this approach, it is evaluated that the negative effects of the COVID-19 pandemic on the global level do not have a significant impact on The Bank's liquidity needs.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**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 Turkey and other financial institutions.

Indicators regarding the liquidity position are analyzed and liquidity risk is evaluated at the ALC 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 Group Management manages the liquidity risk and funding risk in order to prevent insufficiencies of funding relating to any time or any source and makes reports related with the liquidity position to Asset and Liability Committee regularly. Official and International Reporting Directorate tracks the liquidity coverage ratio and the results are reported to the BRSA.

**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.

**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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**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 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 on emergency funding plan**

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Emergency Funding Plan, which is approved by Board of Directors. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. Indicators of Emergency 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. Asset-Liability Committee is responsible from the determination of actions to be taken.

**5.8. Presentation of financial liabilities according to contractual maturities**

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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**5.9 Liquidity coverage ratio**

| Current Period                    |  | Total Unweighted Value<br>(Average) <sup>(*)</sup> |                   | Total Weighted Value<br>(Average) <sup>(*)</sup> |                   |
|-----------------------------------|--|--|-------------------|--|-------------------|
|                                   |  | TL+FC  | FC                | TL+FC  | FC                |
| <b>HIGH-QUALITY LIQUID ASSETS</b> |  |  |                   |  |                   |
| 1                                 | Total high-quality liquid assets (HQLA)  | 87,050,757   | 70,483,872        | 82,699,622                                       | 66,132,737        |
| <b>CASH OUTFLOWS</b>              |  |  |                   |  |                   |
| 2                                 | Retail deposits and deposits from small business customers, of which:                              | 104,513,216  | 17,606,792        | 9,433,527  | 1,760,679         |
| 3                                 | Stable deposits  | 20,355,881   | -                 | 1,017,794  | -                 |
| 4                                 | Less stable deposits   | 84,157,335   | 17,606,792        | 8,415,733  | 1,760,679         |
| 5                                 | Unsecured wholesale funding, of which:   | 48,728,849   | 25,919,159        | 24,168,990                                       | 12,617,973        |
| 6                                 | Operational deposits   | -  | -                 | -  | -                 |
| 7                                 | Non-operational deposits   | 43,532,342   | 23,778,289        | 18,972,483                                       | 10,477,103        |
| 8                                 | Unsecured funding  | 5,196,507  | 2,140,870         | 5,196,507  | 2,140,870         |
| 9                                 | Secured wholesale funding  |  |                   | -  | -                 |
| 10                                | Other cash outflows of which:  | 59,192,493   | 55,889,578        | 59,192,493                                       | 55,889,578        |
| 11                                | Outflows related to derivative exposures and other collateral requirements                         | 42,032,243   | 39,516,237        | 42,032,243                                       | 39,516,237        |
| 12                                | Outflows related to restructured financial Instruments   | 17,160,250   | 16,373,341        | 17,160,250                                       | 16,373,341        |
| 13                                | Payment commitments and other off-balance sheet commitments granted for debts to financial markets | -  | -                 | -  | -                 |
| 14                                | Other revocable off-balance sheet commitments and contractual obligations                          | -  | -                 | -  | -                 |
| 15                                | Other irrevocable or conditionally revocable off-balance sheet obligations                         | 55,006,837   | 13,661,132        | 5,195,552  | 849,785           |
| 16                                | <b>TOTAL CASH OUTFLOWS</b>   |  |                   | <b>97,990,562</b>                                | <b>71,118,015</b> |
| <b>CASH INFLOWS</b>               |  |  |                   |  |                   |
| 17                                | Secured receivables  | -  | -                 | -  | -                 |
| 18                                | Unsecured receivables  | 37,837,506   | 22,188,145        | 28,018,258                                       | 19,281,957        |
| 19                                | Other cash inflows   | 42,351,863   | 38,722,199        | 42,351,863                                       | 38,722,199        |
| 20                                | <b>TOTAL CASH INFLOWS</b>  | <b>80,189,369</b>                                  | <b>60,910,344</b> | <b>70,370,121</b>                                | <b>58,004,156</b> |
|                                   |  |  |                   | <b>Upper Limit Applied Value</b>                 |                   |
| 21                                | <b>TOTAL HQLA STOCK</b>  |  |                   | <b>82,699,622</b>                                | <b>66,132,737</b> |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>   |  |                   | <b>27,620,441</b>                                | <b>17,779,504</b> |
| 23                                | <b>LIQUIDITY COVERAGE RATIO (%)</b>  |  |                   | <b>299.41</b>                                    | <b>371.96</b>     |

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

1 January – 31 March 2023 The lowest, highest and average liquidity coverage ratios calculated by weekly periods are included in the table below:

|              | Highest | Date    | Lowest | Date    | Average |
|--------------|---------|---------|--------|---------|---------|
| <b>TL+FC</b> | 367.73  | 01/2022 | 213.28 | 03/2022 | 284.56  |
| <b>FC</b>    | 423.03  | 02/2022 | 300.59 | 03/2022 | 370.05  |

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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

| Prior Period                      |  | Total Unweighted Value<br>(Average) <sup>(*)</sup> |                   | Total Weighted Value<br>(Average) <sup>(*)</sup> |                   |
|-----------------------------------|--|--|-------------------|--|-------------------|
|                                   |  | TL+FC  | FC                | TL+FC  | FC                |
| <b>HIGH-QUALITY LIQUID ASSETS</b> |  |  |                   |  |                   |
| 1                                 | Total high-quality liquid assets (HQLA)  | 91,247,904   | 74,596,045        | 85,246,515                                       | 68,594,656        |
| <b>CASH OUTFLOWS</b>              |  |  |                   |  |                   |
| 2                                 | Retail deposits and deposits from small business customers, of which:                              | 99,249,925   | 23,221,174        | 8,995,808  | 2,322,117         |
| 3                                 | Stable deposits  | 18,583,668   | -                 | 929,183  | -                 |
| 4                                 | Less stable deposits   | 80,666,257   | 23,221,174        | 8,066,625  | 2,322,117         |
| 5                                 | Unsecured wholesale funding, of which:   | 55,277,686   | 38,154,538        | 28,788,802                                       | 19,993,230        |
| 6                                 | Operational deposits   | -  | -                 | -  | -                 |
| 7                                 | Non-operational deposits   | 50,864,798   | 36,266,108        | 24,375,914                                       | 18,104,800        |
| 8                                 | Unsecured funding  | 4,412,888  | 1,888,430         | 4,412,888  | 1,888,430         |
| 9                                 | Secured wholesale funding  |  |                   |  | -                 |
| 10                                | Other cash outflows of which:  | 42,909,922   | 38,746,945        | 42,909,922                                       | 38,746,945        |
| 11                                | Outflows related to derivative exposures and other collateral requirements                         | 40,440,199   | 37,376,161        | 40,440,199                                       | 37,376,161        |
| 12                                | Outflows related to restructured financial Instruments   | 2,469,723  | 1,370,784         | 2,469,723  | 1,370,784         |
| 13                                | Payment commitments and other off-balance sheet commitments granted for debts to financial markets | -  | -                 | -  | -                 |
| 14                                | Other revocable off-balance sheet commitments and contractual obligations                          | -  | -                 | -  | -                 |
| 15                                | Other irrevocable or conditionally revocable off-balance sheet obligations                         | 44,661,940   | 11,799,795        | 4,430,562  | 826,622           |
| 16                                | <b>TOTAL CASH OUTFLOWS</b>   |  |                   | <b>85,125,094</b>                                | <b>61,888,914</b> |
| <b>CASH INFLOWS</b>               |  |  |                   |  |                   |
| 17                                | Secured receivables  | -  | -                 | -  | -                 |
| 18                                | Unsecured receivables  | 42,563,233   | 30,250,661        | 34,328,314                                       | 27,658,282        |
| 19                                | Other cash inflows   | 40,848,205   | 36,814,638        | 40,848,205                                       | 36,814,638        |
| 20                                | <b>TOTAL CASH INFLOWS</b>  | <b>83,411,438</b>                                  | <b>67,065,299</b> | <b>75,176,519</b>                                | <b>64,472,920</b> |
|                                   |  |  |                   | <b>Upper Limit Applied Value</b>                 |                   |
| 21                                | <b>TOTAL HQLA STOCK</b>  |  |                   | <b>85,246,515</b>                                | <b>68,594,656</b> |
| 22                                | <b>TOTAL NET CASH OUTFLOWS</b>   |  |                   | <b>21,281,274</b>                                | <b>15,472,229</b> |
| 23                                | <b>LIQUIDITY COVERAGE RATIO (%)</b>  |  |                   | <b>400.57</b>                                    | <b>443.34</b>     |

(\*) The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

1 October – 31 December 2022 The lowest, highest and average liquidity coverage ratios calculated by weekly periods are included in the table below:

**Prior Period:**

|              | Highest | Date    | Lowest | Date    | Average |
|--------------|---------|---------|--------|---------|---------|
| <b>TL+FC</b> | 436.15  | 10/2022 | 367.71 | 12/2022 | 400.48  |
| <b>FC</b>    | 494.52  | 10/2022 | 395.97 | 12/2022 | 445.15  |

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 aforementioned ratio may be specified as required reserves held in the presence of TC Central Bank, securities not subject to repo/assurance, institutional qualified participation accounts, funds of foreign origins and receivables from banks. These items have a higher influence over the liquidity coverage ratio as their amounts have a higher share of liquid assets and net cash outflows, their consideration rate is higher, and they may show variability over time.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**Presentation of assets and liabilities according to their remaining maturities**

| Current Period  | Demand             | Up to 1 months     | 1-3 months        | 3-12 months        | 1-5 Years         | Over 5 years      | Unallocated (***) | Total              |
|---|--------------------|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Assets</b>   |                    |                    |                   |                    |                   |                   |                   |                    |
| Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the Central Bank of the Republic of Turkey | 24,095,489         | 41,938,612         | -                 | -                  | -                 | -                 | (159)             | 66,033,942         |
| Banks (*)   | 12,898,567         | -                  | -                 | -                  | -                 | -                 | (1,914)           | 12,896,653         |
| Financial assets at fair value through profit and loss  | -                  | 16,756             | -                 | 12,962,238         | 2,552,312         | -                 | 6,076,714         | 21,608,020         |
| Money market placements   | -                  | 225,734            | -                 | -                  | -                 | -                 | -                 | 225,734            |
| Financial assets at fair value through other comprehensive income   | -                  | 8,356,777          | 1,712,105         | 23,119,843         | 18,375,255        | 10,369,945        | 181,137           | 62,115,062         |
| Loans (**)  | -                  | 37,149,452         | 36,771,999        | 106,826,675        | 55,473,751        | 5,631,909         | (12,288,761)      | 229,565,025        |
| Financial assets measured with amortized cost   | -                  | 683,969            | -                 | -                  | 21,927,165        | 6,876,584         | (9,546)           | 29,478,172         |
| Other assets (***)  | 1,545,780          | 3,354,949          | 11,903            | -                  | 1,171,939         | -                 | 7,045,038         | 13,129,609         |
| <b>Total assets</b>   | <b>38,539,836</b>  | <b>91,726,249</b>  | <b>38,496,007</b> | <b>142,908,756</b> | <b>99,500,422</b> | <b>22,878,438</b> | <b>1,002,509</b>  | <b>435,052,217</b> |
| <b>Liabilities</b>  |                    |                    |                   |                    |                   |                   |                   |                    |
| Current account and funds collected from banks via participation accounts   | 2,112,956          | 28                 | -                 | -                  | -                 | -                 | -                 | 2,112,984          |
| Current and profit-sharing accounts   | 162,730,789        | 70,860,424         | 50,708,180        | 43,415,333         | 1,833,697         | 3,291             | -                 | 329,551,714        |
| Funds provided from other financial institutions  | -                  | 30,414,246         | 1,206,869         | 3,423,567          | 7,796,228         | 6,833,364         | -                 | 49,674,274         |
| Money market borrowings   | -                  | 4,981,781          | -                 | -                  | -                 | -                 | -                 | 4,981,781          |
| Marketable securities issued  | -                  | -                  | -                 | -                  | -                 | -                 | -                 | -                  |
| Miscellaneous payables  | 5,116,874          | 443,963            | -                 | -                  | -                 | -                 | -                 | 5,560,837          |
| Other Liabilities (****)  | -                  | 3,766,087          | 3,399,175         | 173,452            | 324,791           | 46,170            | 35,460,952        | 43,170,627         |
| <b>Total Liabilities</b>  | <b>169,960,619</b> | <b>110,466,529</b> | <b>55,314,224</b> | <b>47,012,352</b>  | <b>9,954,716</b>  | <b>6,882,825</b>  | <b>35,460,952</b> | <b>435,052,217</b> |
| Net liquidity gap   | (131,420,783)      | (18,740,280)       | (16,818,217)      | 95,896,404         | 89,545,706        | 15,995,613        | (34,458,443)      | -                  |
| <b>Prior Period</b>   |                    |                    |                   |                    |                   |                   |                   |                    |
| Total assets  | 50,344,476         | 77,932,042         | 34,910,985        | 95,140,660         | 108,198,173       | 19,559,257        | (1,454,813)       | 384,630,780        |
| Total liabilities   | 161,799,367        | 86,744,783         | 64,816,002        | 22,474,599         | 8,800,057         | 6,609,541         | 33,386,431        | 384,630,780        |
| Net liquidity gap   | (111,454,891)      | (8,812,741)        | (29,905,017)      | 72,666,061         | 99,398,116        | 12,949,716        | (34,841,244)      | -                  |

(\*) Presented with netting off expected credit losses.

(\*\*) 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 in the near future, such as tangible assets, investments in associates and subsidiaries, stationary supplies and prepaid expenses are included under unallocated assets.

(\*\*\*\*) The other unallocated liabilities column consists mainly of equity and provision balances.



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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:

| <b>On-balance sheet assets (*)</b>                             |   | <b>Current Period</b> | <b>Prior Period</b> |
|--|---|-----------------------|---------------------|
| 1  | On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral) | 419,823,593           | 380,806,639         |
| 2  | (Assets amounts deducted in determining Basel III Tier I Capital)   | (904,501)             | (638,065)           |
| 3  | Total amount on-balance sheet risks (sum of lines 1 and 2)  | 418,919,092           | 380,168,574         |
| <b>Derivative financial instruments and credit derivatives</b> |   |                       |                     |
| 4  | Replacement cost associated with all derivative instruments and credit derivatives                                  | 925,973               | 658,533             |
| 5  | The potential amount of credit risk with derivative financial instruments and credit derivatives                    | 623,879               | 449,251             |
| 6  | Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)                        | 1,549,852             | 1,107,784           |
| <b>Securities or commodity financing transactions (SCFT)</b>   |   |                       |                     |
| 7  | Risks from SCFT assets (excluding on-balance sheet)   | 8,236,919             | 5,199,746           |
| 8  | Risks from brokerage activities related exposures   | -                     | -                   |
| 9  | Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)                       | 8,236,919             | 5,199,746           |
| <b>Other off-balance sheet transactions</b>                    |   |                       |                     |
| 10   | Gross notional amounts of off-balance sheet transactions  | 117,677,218           | 107,900,561         |
| 11   | (Adjustments for conversion to credit equivalent amounts)   | (49,422,564)          | (49,406,445)        |
| 12   | Total risks of off-balance sheet items (sum of lines 10 and 11)   | 68,254,654            | 58,494,116          |
| <b>Capital and total risks</b>                                 |   |                       |                     |
| 13   | Tier I Capital  | 35,243,844            | 31,510,784          |
| 14   | Total risks (sum of lines 3, 6, 9 and 12)   | 496,960,517           | 444,970,220         |
| <b>Leverage ratio</b>  |   |                       |                     |
| 15   | Leverage ratio  | 7.09                  | 7.08                |

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

The leverage ratio calculated on the basis of the arithmetic average of the amounts realized at the end of each month for the past three-month period as of the Group’s consolidated balance sheet date was 7.09% (31 December 2022 – 7.08%). 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, main capital increased by 12% on profit for the period, while on-balance sheet risk increased by 10% and off-balance sheet items increased by 17%. Accordingly, there is an increase of 1 basis points in the current period leverage ratio compared to the prior period.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**7. Explanations on the fair value of financial assets and liabilities**

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.

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

**9. Explanations on hedge accounting practices**

None (31 December 2022 – None).

**10. Explanations on risk management**

Risk Management System refers to the Board of Directors, the Audit Committee, the Risk Management Committee, Asset-Liability Committee (“ALC”) 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. GB1 - Overview of risk weighted amounts**

|    |   | Risk Weighted Amounts        |                            | Minimum Capital Requirements |
|----|---|------------------------------|----------------------------|------------------------------|
|    |   | Current Period<br>31/03/2023 | Prior Period<br>31/12/2022 | Current Period<br>31/03/2023 |
| 1  | Credit risk (excluding counterparty credit risk) (CCR)                                | 151,291,745                  | 115,302,300                | 12,103,340                   |
| 2  | Standardized approach (SA)  | 151,291,745                  | 115,302,300                | 12,103,340                   |
| 3  | Internal rating-based (IRB) approach  | -                            | -                          | -                            |
| 4  | Counterparty credit risk  | 1,237,541                    | 1,000,806                  | 99,003                       |
| 5  | Standardized approach for counterparty credit risk (SA-CCR)                           | 1,237,541                    | 1,000,806                  | 99,003                       |
| 6  | Internal model method (IMM)   | -                            | -                          | -                            |
| 7  | Basic risk weight approach to internal models' equity position in the banking account | -                            | -                          | -                            |
| 8  | Investments made in collective investment companies – look-through approach           | -                            | -                          | -                            |
| 9  | Investments made in collective investment companies – mandate-based approach          | -                            | -                          | -                            |
| 10 | Investments made in collective investment companies – 1250% risk weighting Approach   | -                            | -                          | -                            |
| 11 | Settlement risk   | -                            | -                          | -                            |
| 12 | Securitization exposures in banking book  | -                            | -                          | -                            |
| 13 | IRB ratings-based approach (RBA)  | -                            | -                          | -                            |
| 14 | IRB supervisory formula approach (SFA)  | -                            | -                          | -                            |
| 15 | SA/simplified supervisory formula approach (SSFA)                                     | -                            | -                          | -                            |
| 16 | Market risk   | 25,552,791                   | 19,197,181                 | 2,044,223                    |
| 17 | Standardized approach (SA)  | 25,552,791                   | 19,197,181                 | 2,044,223                    |
| 18 | Internal model approaches (IMM)   | -                            | -                          | -                            |
| 19 | Operational risk  | 29,549,149                   | 14,138,871                 | 2,363,932                    |
| 20 | Basic indicator approach  | 29,549,149                   | 14,138,871                 | 2,363,932                    |
| 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 | <b>Total (1+4+7+8+9+10+11+12+16+19+23+24)</b>   | <b>207,631,226</b>           | <b>149,639,158</b>         | <b>16,610,498</b>            |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**11. Securitization Positions**

None.

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

The 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 Footnotes to be Announced to Public by Banks.

**14. Explanations on Business Segments**

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

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

Retail and Enterprise Banking includes fund collection, installment 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 International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified "corporate" customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long-term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The Treasury in addition to monitoring foreign currency position and liquidity of the Bank, also conducts spot and forward transactions in TL or foreign currencies, performs derivative transactions (forward, swap) with banks and customers, trades of gold within the context of membership of Istanbul Gold Exchange, trades share certificates in BIST and international markets and conducts Murabaha transactions with foreign banks.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**Specific balance sheet and income statement items according to segments**

| <b>Current Period</b><br><b>1 January 2023-31 March 2023</b> | <b>Retail</b><br><b>Banking</b> | <b>Corporate and</b><br><b>Commercial</b><br><b>banking</b> | <b>Treasury and</b><br><b>international</b><br><b>banking</b> | <b>Unallocated</b> | <b>Bank's total</b><br><b>operation</b> |
|--|---------------------------------|---|---|--------------------|---|
| Operating income   | 5,895,143                       | 7,689,940   | 1,963,263   | -                  | 15,548,346                              |
| Operating expenses (-)                                       | 6,448,202                       | 1,304,312   | 157,245   | 2,016,560          | 9,926,319                               |
| Transfers between segments                                   | 3,189,501                       | (2,484,794)   | (704,707)   | -                  | -                                       |
| <b>Net operating income(loss)</b>                            | <b>2,636,442</b>                | <b>3,900,834</b>  | <b>1,101,311</b>  | <b>(2,016,560)</b> | <b>5,622,027</b>                        |
| Income from associates                                       | -                               | -   | -   | -                  | -                                       |
| <b>Income (loss) before tax</b>                              | <b>2,636,442</b>                | <b>3,900,834</b>  | <b>1,101,311</b>  | <b>(2,016,560)</b> | <b>5,622,027</b>                        |
| Provision for taxation (-)                                   | -                               | -   | -   | 1,427,876          | 1,427,876                               |
| <b>Net income for the period</b>                             | <b>2,636,442</b>                | <b>3,900,834</b>  | <b>1,101,311</b>  | <b>(3,444,436)</b> | <b>4,194,151</b>                        |
| <b>Current Period</b><br><b>31 March 2023</b>                |                                 |   |   |                    |   |
| Segment assets   | 84,026,252                      | 145,863,602   | 193,633,472   | -                  | 423,523,326                             |
| Associates, subsidiaries and joint ventures                  | -                               | -   | -   | 2,962,925          | 2,962,925                               |
| Undistributed assets   | -                               | -   | -   | 8,565,966          | 8,565,966                               |
| <b>Total assets</b>  | <b>84,026,252</b>               | <b>145,863,602</b>  | <b>193,633,472</b>  | <b>11,528,891</b>  | <b>435,052,217</b>                      |
| Segment liabilities  | 273,360,836                     | 58,303,862  | 55,611,397  | -                  | 387,276,095                             |
| Undistributed liabilities                                    | -                               | -   | -   | 16,692,571         | 16,692,571                              |
| Shareholders' equity   | -                               | -   | -   | 31,083,551         | 31,083,551                              |
| <b>Total liabilities</b>                                     | <b>273,360,836</b>              | <b>58,303,862</b>   | <b>55,611,397</b>   | <b>47,776,122</b>  | <b>435,052,217</b>                      |
| <b>Prior Period</b><br><b>1 January 2022 – 31 March 2022</b> |                                 |   |   |                    |   |
| Operating income   | 3,150,185                       | 1,697,242   | 2,477,708   | -                  | 7,325,135                               |
| Operating expenses (-)                                       | 3,124,187                       | 527,063   | 711,228   | 1,035,860          | 5,398,338                               |
| Transfers between segments                                   | 1,365,246                       | (1,231,336)   | (133,910)   | -                  | -                                       |
| <b>Net operating income(loss)</b>                            | <b>1,391,244</b>                | <b>(61,157)</b>   | <b>1,632,570</b>  | <b>(1,035,860)</b> | <b>1,926,797</b>                        |
| Income from associates                                       | -                               | -   | -   | -                  | -                                       |
| <b>Income (loss) before tax</b>                              | <b>1,391,244</b>                | <b>(61,157)</b>   | <b>1,632,570</b>  | <b>(1,035,860)</b> | <b>1,926,797</b>                        |
| Provision for taxation (-)                                   | -                               | -   | -   | 462,077            | 462,077                                 |
| <b>Net income for the period</b>                             | <b>1,391,244</b>                | <b>(61,157)</b>   | <b>1,632,570</b>  | <b>(1,497,937)</b> | <b>1,464,720</b>                        |
| <b>Prior Period</b><br><b>31 December 2022</b>               |                                 |   |   |                    |   |
| Segment assets   | 63,362,805                      | 120,864,395   | 191,322,522   | -                  | 375,549,722                             |
| Associates, subsidiaries and joint ventures                  | -                               | -   | -   | 2,462,925          | 2,462,925                               |
| Undistributed assets   | -                               | -   | -   | 6,618,133          | 6,618,133                               |
| <b>Total assets</b>  | <b>63,362,805</b>               | <b>120,864,395</b>  | <b>191,322,522</b>  | <b>9,081,058</b>   | <b>384,630,780</b>                      |
| <b>Prior Period</b><br><b>31 December 2022</b>               |                                 |   |   |                    |   |
| Segment liabilities  | 245,545,237                     | 55,972,626  | 42,359,824  | -                  | 343,877,687                             |
| Undistributed liabilities                                    | -                               | -   | -   | 12,038,251         | 12,038,251                              |
| Shareholders' equity   | -                               | -   | -   | 28,714,842         | 28,714,842                              |
| <b>Total liabilities</b>                                     | <b>245,545,237</b>              | <b>55,972,626</b>   | <b>42,359,824</b>   | <b>40,753,093</b>  | <b>384,630,780</b>                      |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**SECTION FIVE**

**EXPLANATIONS AND NOTES ON THE UNCONSOLIDATED FINANCIAL STATEMENTS**

**1. Explanations and Notes Related to Assets**

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

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

|  | Current period   |                   | Prior period     |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | TL               | FC                | TL               | FC                |
| Cash/foreign currency                  | 1,883,558        | 4,702,761         | 2,216,128        | 6,028,918         |
| The Central Bank of Republic of Turkey | 6,621,166        | 49,772,679        | 6,272,849        | 58,400,892        |
| Other (*)                              | 246,032          | 2,807,905         | 55,900           | 3,278,301         |
| <b>Total</b>                           | <b>8,750,756</b> | <b>57,283,345</b> | <b>8,544,877</b> | <b>67,708,111</b> |

(\*) As of 31 March 2023, precious metal account amounting to TL 2,470,684 (31 December 2022 - TL 3,278,301) and money in transit amounting to TL 583,253 (31 December 2022 - TL 55,900) are presented in this line.

**1.1.2 Balances with the Central Bank of Turkey**

|                             | Current period   |                   | Prior period     |                   |
|-----------------------------|------------------|-------------------|------------------|-------------------|
|                             | TL               | FC                | TL               | FC                |
| Unrestricted demand deposit | 6,621,166        | 7,834,068         | 6,272,849        | 12,263,740        |
| Unrestricted time deposit   | -                | -                 | -                | -                 |
| Restricted time deposit     | -                | 41,938,611        | -                | 46,137,152        |
| <b>Total</b>                | <b>6,621,166</b> | <b>49,772,679</b> | <b>6,272,849</b> | <b>58,400,892</b> |

According to the CBRT's Communiqué on Required Reserves No. 2005/1, banks operating in Turkey; Required reserve ratios for Turkish lira and foreign currency liabilities are determined between 0% and 26% by differentiating according to the maturity of liabilities, and these rates are applied by banks as of the date of the report.

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

As of 31 March 2023, there are no financial assets at fair value through profit and loss subject to repurchase transactions, given as a collateral or blocked (31 December 2022 - None).

Positive differences related to marketable derivative financial assets:

|                      | Current period |                | Prior period   |                |
|----------------------|----------------|----------------|----------------|----------------|
|                      | TL             | FC             | TL             | FC             |
| Forward transactions | 119,664        | 77,098         | 242,868        | 59,408         |
| Swap transactions    | 355,115        | 829,848        | 311,625        | 157,905        |
| Futures transactions | -              | -              | -              | -              |
| Options              | -              | -              | -              | -              |
| Other                | -              | -              | -              | -              |
| <b>Total</b>         | <b>474,779</b> | <b>906,946</b> | <b>554,493</b> | <b>217,313</b> |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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                |
| <b>Banks</b>                    | <b>23,404</b>  | <b>12,875,163</b> | <b>31,463</b> | <b>18,404,124</b> |
| Domestic                        | 23,404         | 1,802,754         | 31,463        | 1,243,934         |
| Foreign                         | -              | 11,072,409        | -             | 17,160,190        |
| Branches and head office abroad | -              | -                 | -             | -                 |
| Other financial institutions    | -              | -                 | -             | -                 |
| <b>Total</b>                    | <b>23,404</b>  | <b>12,875,163</b> | <b>31,463</b> | <b>18,404,124</b> |

**1.3.2 Information on foreign banks account**

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.

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

|  | Current period    | Prior Period      |
|--|-------------------|-------------------|
| <b>Debt Securities</b>                     | <b>62,507,285</b> | <b>57,840,042</b> |
| Quoted on stock exchange                   | 62,507,285        | 57,840,042        |
| Not quoted on stock exchange               | -                 | -                 |
| <b>Share certificates/Investment Funds</b> | <b>92,561</b>     | <b>69,179</b>     |
| Quoted on stock exchange                   | -                 | -                 |
| Not quoted on stock exchange               | 92,561            | 69,179            |
| <b>Impairment provision (-)</b>            | <b>484,784</b>    | <b>344,012</b>    |
| <b>Total</b>                               | <b>62,115,062</b> | <b>57,565,209</b> |

**1.4.1. Information on given collateral or blocked financial assets at fair value through other comprehensive income**

As of the balance sheet date, there is given collateral financial assets amounting to TL 66,817,013 (31 December 2022: TL 39,231,073) at fair value through to other comprehensive income

**1.4.2. Information on subject to repurchase agreement financial assets at fair value through other comprehensive income**

As of the balance sheet date, there is a repurchase agreement financial assets amounting to TL 5,013,845 (31 December 2022 – 133,844) at fair value through 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      |
| <b>Direct loans granted to shareholders</b>   | <b>34,380</b>    | <b>45,111</b> | <b>26,634</b>    | <b>45,210</b> |
| Corporate shareholders                        | 13,973           | 44,612        | 10,779           | 45,163        |
| Real person shareholders                      | 20,407           | 499           | 15,855           | 47            |
| <b>Indirect loans granted to shareholders</b> | <b>1,268,395</b> | <b>13,115</b> | <b>2,176,543</b> | <b>1,849</b>  |
| <b>Loans granted to employees</b>             | <b>105,995</b>   | <b>3,383</b>  | <b>74,237</b>    | <b>1,494</b>  |
| <b>Total</b>                                  | <b>1,408,770</b> | <b>61,609</b> | <b>2,277,414</b> | <b>48,553</b> |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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 and Other Receivables | Loans and other receivables under close monitoring |   |           |
|---------------------------------|--------------------------------------|--|---|-----------|
|                                 |                                      | Loans and Receivables Not Subject to Restructuring | Restructured Loans and Receivables                |           |
|                                 |                                      |  | Loans and Receivables with Revised Contract Terms | Refinance |
| <b>Loans</b>                    | <b>203,031,990</b>                   | <b>11,669,202</b>                                  | <b>2,669,450</b>                                  | -         |
| Export Loans                    | 23,259,598                           | 467,387  | -   | -         |
| Import Loans                    | 12,348,601                           | 475,974  | -   | -         |
| Corporation Loans               | 113,635,225                          | 8,932,027  | 2,648,248   | -         |
| Consumer Loans                  | 15,999,771                           | 434,530  | 13,768  | -         |
| Credit Cards                    | 14,133,461                           | 943,235  | 7,434   | -         |
| Loans given to financial sector | 6,716,535                            | -  | -   | -         |
| Other                           | 16,938,799                           | 416,049  | -   | -         |
| <b>Other Receivables</b>        | <b>398</b>                           | <b>3,333</b>                                       | -   | -         |
| <b>Total</b>                    | <b>203,032,388</b>                   | <b>11,672,535</b>                                  | <b>2,669,450</b>                                  | -         |

| Prior Period-Cash Loans         | Standard Loans and Other Receivables | Loans and other receivables under close monitoring |   |           |
|---------------------------------|--------------------------------------|--|---|-----------|
|                                 |                                      | Loans and Receivables Not Subject to Restructuring | Restructured Loans and Receivables                |           |
|                                 |                                      |  | Loans and Receivables with Revised Contract Terms | Refinance |
| <b>Loans</b>                    | <b>161,594,311</b>                   | <b>9,010,781</b>                                   | <b>2,888,282</b>                                  | -         |
| Export Loans                    | 18,434,765                           | 215,570  | -   | -         |
| Import Loans                    | 10,128,793                           | 317,949  | -   | -         |
| Corporation Loans               | 85,220,866                           | 7,050,651  | 2,868,223   | -         |
| Consumer Loans                  | 14,339,543                           | 380,413  | 14,112  | -         |
| Credit Cards                    | 9,890,607                            | 601,507  | 5,947   | -         |
| Loans given to financial sector | 7,986,475                            | -  | -   | -         |
| Other                           | 15,593,262                           | 444,691  | -   | -         |
| <b>Other Receivables</b>        | <b>228</b>                           | <b>364</b>   | -   | -         |
| <b>Total</b>                    | <b>161,594,539</b>                   | <b>9,011,145</b>                                   | <b>2,888,282</b>                                  | -         |

Information on provisions for standard qualified and close monitored loans and restructured close monitored loans:

|  | Standard Loans   | Loans under close monitoring | Standard Loans   | Loans under close monitoring |
|--|------------------|------------------------------|------------------|------------------------------|
|  | Current Period   | Current Period               | Prior Period     | Prior Period                 |
| 12 Month Expected Credit Losses  | 7,344,866        | -                            | 5,843,771        | -                            |
| Other Financial Assets Measured at Amortized Cost Expected Credit Losses | 9,546            | -                            | 10,210           | -                            |
| Significant Increase in Credit Risk                                      | -                | 5,098,108                    | -                | 4,842,716                    |
| <b>Total</b>   | <b>7,354,412</b> | <b>5,098,108</b>             | <b>5,853,981</b> | <b>4,842,716</b>             |

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

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**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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**

| <b>Current Period</b>                     | <b>Short term</b> | <b>Medium and long term</b> | <b>Total</b>      |
|---|-------------------|-----------------------------|-------------------|
| <b>Consumer Loans-TL</b>                  | <b>504,583</b>    | <b>15,840,023</b>           | <b>16,344,606</b> |
| Real Estate Loans                         | 77,335            | 10,615,867                  | 10,693,202        |
| Vehicle Loans                             | 131,116           | 3,874,097                   | 4,005,213         |
| Consumer Loans                            | 116,224           | 443,811                     | 560,035           |
| Other                                     | 179,908           | 906,248                     | 1,086,156         |
| <b>Consumer Loans-FC Indexed</b>          | -                 | -                           | -                 |
| Real Estate Loans                         | -                 | -                           | -                 |
| Vehicle Loans                             | -                 | -                           | -                 |
| Consumer Loans                            | -                 | -                           | -                 |
| Other                                     | -                 | -                           | -                 |
| <b>Consumer Loans-FC</b>                  | -                 | <b>53,991</b>               | <b>53,991</b>     |
| Real Estate Loans                         | -                 | 53,991                      | 53,991            |
| Vehicle Loans                             | -                 | -                           | -                 |
| Consumer Loans                            | -                 | -                           | -                 |
| Other                                     | -                 | -                           | -                 |
| <b>Retail Credit Cards-TL</b>             | <b>3,328,800</b>  | <b>25</b>                   | <b>3,328,825</b>  |
| With Installment                          | 986,501           | 25                          | 986,526           |
| Without Installment                       | 2,342,299         | -                           | 2,342,299         |
| <b>Retail Credit Cards-FC</b>             | -                 | -                           | -                 |
| With Installment                          | -                 | -                           | -                 |
| Without Installment                       | -                 | -                           | -                 |
| <b>Personnel Loans-TL</b>                 | <b>2,784</b>      | <b>46,688</b>               | <b>49,472</b>     |
| Real Estate Loans                         | -                 | 6,251                       | 6,251             |
| Vehicle Loans                             | 1,460             | 28,778                      | 30,238            |
| Consumer Loans                            | 1,303             | 11,659                      | 12,962            |
| Other                                     | 21                | -                           | 21                |
| <b>Personnel Loans-FC Indexed</b>         | -                 | -                           | -                 |
| Real Estate Loans                         | -                 | -                           | -                 |
| Vehicle Loans                             | -                 | -                           | -                 |
| Consumer Loans                            | -                 | -                           | -                 |
| Other                                     | -                 | -                           | -                 |
| <b>Personnel Loans-FC</b>                 | -                 | -                           | -                 |
| Real Estate Loans                         | -                 | -                           | -                 |
| Vehicle Loans                             | -                 | -                           | -                 |
| Consumer Loans                            | -                 | -                           | -                 |
| Other                                     | -                 | -                           | -                 |
| <b>Personnel Credit Cards-TL</b>          | <b>68,034</b>     | <b>2</b>                    | <b>68,036</b>     |
| With Installment                          | 33,829            | 2                           | 33,831            |
| Without Installment                       | 34,205            | -                           | 34,205            |
| <b>Personnel Credit Cards-FC</b>          | -                 | -                           | -                 |
| Installment based                         | -                 | -                           | -                 |
| Without-installment                       | -                 | -                           | -                 |
| <b>Overdraft Account-TL (Real Person)</b> | -                 | -                           | -                 |
| <b>Overdraft Account-FC (Real Person)</b> | -                 | -                           | -                 |
| <b>Total</b>                              | <b>3,904,201</b>  | <b>15,940,729</b>           | <b>19,844,930</b> |



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

Information on consumer loans, retail credit cards, loans given to personnel and personnel credit cards: (continued)

| Prior Period                              | Short term       | Medium and long term | Total             |
|---|------------------|----------------------|-------------------|
| <b>Consumer Loans-TL</b>                  | <b>315,884</b>   | <b>14,332,601</b>    | <b>14,648,485</b> |
| Real Estate Loans                         | 54,319           | 10,456,951           | 10,511,270        |
| Vehicle Loans                             | 105,743          | 2,919,962            | 3,025,705         |
| Consumer Loans                            | 91,397           | 418,177              | 509,574           |
| Other                                     | 64,425           | 537,511              | 601,936           |
| <b>Consumer Loans-FC Indexed</b>          | -                | -                    | -                 |
| Real Estate Loans                         | -                | -                    | -                 |
| Vehicle Loans                             | -                | -                    | -                 |
| Consumer Loans                            | -                | -                    | -                 |
| Other                                     | -                | -                    | -                 |
| <b>Consumer Loans-FC</b>                  | -                | <b>53,330</b>        | <b>53,330</b>     |
| Real Estate Loans                         | -                | 53,330               | 53,330            |
| Vehicle Loans                             | -                | -                    | -                 |
| Consumer Loans                            | -                | -                    | -                 |
| Other                                     | -                | -                    | -                 |
| <b>Retail Credit Cards-TL</b>             | <b>2,489,352</b> | <b>25</b>            | <b>2,489,377</b>  |
| With Installment                          | 724,471          | 25                   | 724,496           |
| Without Installment                       | 1,764,881        | -                    | 1,764,881         |
| <b>Retail Credit Cards-FC</b>             | -                | -                    | -                 |
| With Installment                          | -                | -                    | -                 |
| Without Installment                       | -                | -                    | -                 |
| <b>Personnel Loans-TL</b>                 | <b>2,783</b>     | <b>29,470</b>        | <b>32,253</b>     |
| Real Estate Loans                         | -                | 4,264                | 4,264             |
| Vehicle Loans                             | 1,253            | 12,971               | 14,224            |
| Consumer Loans                            | 1,506            | 12,235               | 13,741            |
| Other                                     | 24               | -                    | 24                |
| <b>Personnel Loans-FC Indexed</b>         | -                | -                    | -                 |
| Real Estate Loans                         | -                | -                    | -                 |
| Vehicle Loans                             | -                | -                    | -                 |
| Consumer Loans                            | -                | -                    | -                 |
| Other                                     | -                | -                    | -                 |
| <b>Personnel Loans-FC</b>                 | -                | -                    | -                 |
| Real Estate Loans                         | -                | -                    | -                 |
| Vehicle Loans                             | -                | -                    | -                 |
| Consumer Loans                            | -                | -                    | -                 |
| Other                                     | -                | -                    | -                 |
| <b>Personnel Credit Cards-TL</b>          | <b>48,957</b>    | <b>2</b>             | <b>48,959</b>     |
| With Installment                          | 24,282           | 2                    | 24,284            |
| Without Installment                       | 24,675           | -                    | 24,675            |
| <b>Personnel Credit Cards-FC</b>          | -                | -                    | -                 |
| Installment based                         | -                | -                    | -                 |
| Without-installment                       | -                | -                    | -                 |
| <b>Overdraft Account-TL (Real Person)</b> | -                | -                    | -                 |
| <b>Overdraft Account-FC (Real Person)</b> | -                | -                    | -                 |
| <b>Total</b>                              | <b>2,856,976</b> | <b>14,415,428</b>    | <b>17,272,404</b> |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**1.5.5 Information on commercial installment loans and corporate credit cards**

| <b>Current Period</b>                          | <b>Short term</b> | <b>Medium and long term</b> | <b>Total</b>      |
|--|-------------------|-----------------------------|-------------------|
| <b>Commercial Installment Loans-TL</b>         | <b>10,489,113</b> | <b>17,250,369</b>           | <b>27,739,482</b> |
| Business Loans                                 | 206,891           | 1,958,744                   | 2,165,635         |
| Vehicle Loans                                  | 8,411,372         | 10,531,234                  | 18,942,606        |
| Consumer Loans                                 | 1,870,850         | 4,760,391                   | 6,631,241         |
| Other  | -                 | -                           | -                 |
| <b>Commercial Installment Loans-FC Indexed</b> | <b>21,724</b>     | <b>425,182</b>              | <b>446,906</b>    |
| Business Loans                                 | 21,724            | 1,228                       | 22,952            |
| Vehicle Loans                                  | -                 | -                           | -                 |
| Consumer Loans                                 | -                 | 423,954                     | 423,954           |
| Other  | -                 | -                           | -                 |
| <b>Commercial Installment Loans-FC</b>         | <b>42,766</b>     | <b>1,938,137</b>            | <b>1,980,903</b>  |
| Business Loans                                 | -                 | 371,149                     | 371,149           |
| Vehicle Loans                                  | 42,766            | 1,566,988                   | 1,609,754         |
| Consumer Loans                                 | -                 | -                           | -                 |
| Other  | -                 | -                           | -                 |
| <b>Corporate Credit Cards-TL</b>               | <b>11,687,269</b> | <b>-</b>                    | <b>11,687,269</b> |
| With Installment                               | 7,212,676         | -                           | 7,212,676         |
| Without Installment                            | 4,474,593         | -                           | 4,474,593         |
| <b>Corporate Credit Cards-FC</b>               | <b>-</b>          | <b>-</b>                    | <b>-</b>          |
| With Installment                               | -                 | -                           | -                 |
| Without Installment                            | -                 | -                           | -                 |
| <b>Overdraft Account-TL (Legal Entity)</b>     | <b>-</b>          | <b>-</b>                    | <b>-</b>          |
| <b>Total</b>                                   | <b>22,240,872</b> | <b>19,613,688</b>           | <b>41,854,560</b> |
| <b>Prior Period</b>                            | <b>Short term</b> | <b>Medium and long term</b> | <b>Total</b>      |
| <b>Commercial Installment Loans-TL</b>         | <b>8,579,186</b>  | <b>15,698,855</b>           | <b>24,278,041</b> |
| Business Loans                                 | 220,671           | 1,792,159                   | 2,012,830         |
| Vehicle Loans                                  | 7,015,444         | 9,173,167                   | 16,188,611        |
| Consumer Loans                                 | 1,343,071         | 4,733,529                   | 6,076,600         |
| Other  | -                 | -                           | -                 |
| <b>Commercial Installment Loans-FC Indexed</b> | <b>10,521</b>     | <b>459,633</b>              | <b>470,154</b>    |
| Business Loans                                 | 10,521            | 2,399                       | 12,920            |
| Vehicle Loans                                  | -                 | -                           | -                 |
| Consumer Loans                                 | -                 | 457,234                     | 457,234           |
| Other  | -                 | -                           | -                 |
| <b>Commercial Installment Loans-FC</b>         | <b>62,520</b>     | <b>1,961,768</b>            | <b>2,024,288</b>  |
| Business Loans                                 | -                 | 479,246                     | 479,246           |
| Vehicle Loans                                  | 62,520            | 1,482,522                   | 1,545,042         |
| Consumer Loans                                 | -                 | -                           | -                 |
| Other  | -                 | -                           | -                 |
| <b>Corporate Credit Cards-TL</b>               | <b>7,959,725</b>  | <b>-</b>                    | <b>7,959,725</b>  |
| With Installment                               | 4,467,414         | -                           | 4,467,414         |
| Without Installment                            | 3,492,311         | -                           | 3,492,311         |
| <b>Corporate Credit Cards-FC</b>               | <b>-</b>          | <b>-</b>                    | <b>-</b>          |
| With Installment                               | -                 | -                           | -                 |
| Without Installment                            | -                 | -                           | -                 |
| <b>Overdraft Account-TL (Legal Entity)</b>     | <b>-</b>          | <b>-</b>                    | <b>-</b>          |
| <b>Overdraft Account-FC (Legal Entity)</b>     | <b>-</b>          | <b>-</b>                    | <b>-</b>          |
| <b>Total</b>                                   | <b>16,611,952</b> | <b>18,120,256</b>           | <b>34,732,208</b> |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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 | 209,861,428        | 164,463,609        |
| Foreign loans  | 7,512,945          | 9,030,357          |
| <b>Total</b>   | <b>217,374,373</b> | <b>173,493,966</b> |

**1.5.8 Loans granted to subsidiaries and associates:**

|   | Current period | Prior period   |
|---|----------------|----------------|
| Loans granted directly to subsidiaries and associates   | 486,872        | 471,573        |
| Loans granted indirectly to subsidiaries and associates | -              | -              |
| <b>Total</b>  | <b>486,872</b> | <b>471,573</b> |

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

|  | Current period   | Prior period     |
|--|------------------|------------------|
| Loans and receivables with limited collectability  | 258,858          | 92,491           |
| Loans and receivables with doubtful collectability | 274,370          | 253,089          |
| Uncollectible loans and receivables                | 2,728,635        | 2,742,931        |
| <b>Total</b>                                       | <b>3,261,863</b> | <b>3,088,511</b> |

**1.5.10 Information on non-performing loans (Net)**

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

|   | III. Group  | IV. Group  | V. Group                            |
|---|---|--|-------------------------------------|
|   | Loans and Receivables with Limited Collectability | Loans and Receivables with Doubtful Collectability | Uncollectible Loans and Receivables |
| <b>Current Period:</b>                    |   |  |                                     |
| (Gross Amount Before Specific Provisions) | -   | -  | 666,209                             |
| Restructured Loans and Receivables        | -   | -  | 666,209                             |
| <b>Prior Period:</b>                      |   |  |                                     |
| (Gross Amount Before Specific Provisions) | -   | -  | 672,696                             |
| Restructured Loans and Receivables        | -   | -  | 672,696                             |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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

|   | <b>Group III</b>   | <b>Group IV</b>   | <b>Group V</b>                                     |
|---|--|---|--|
| <b>Current Period</b>                                       | <b>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and<br/>receivables with<br/>doubtful collectability</b> | <b>Uncollectible<br/>loans and<br/>receivables</b> |
| <b>Ending balance of prior period 31.12.2022</b>            | <b>131,936</b>   | <b>304,959</b>  | <b>2,809,152</b>                                   |
| Additions in the current period (+)                         | 260,379  | 113,857   | 50,893   |
| Transfers from other categories of non-performing loans (+) | -  | 106,090   | 192,589  |
| Transfers to other categories of non-performing loans (-)   | 106,090  | 192,589   | -  |
| Collections in the current period (-)                       | 9,275  | 8,512   | 246,859  |
| <b>Write offs (-)</b>                                       | <b>-</b>   | <b>-</b>  | <b>-</b>   |
| <b>Sold Portfolio (-)</b>                                   | <b>-</b>   | <b>-</b>  | <b>-</b>   |
| Corporate and commercial loans                              | -  | -   | -  |
| Retail loans  | -  | -   | -  |
| Credit Cards  | -  | -   | -  |
| Other   | -  | -   | -  |
| <b>Ending balance of the current period</b>                 | <b>276,950</b>   | <b>323,805</b>  | <b>2,805,775</b>                                   |
| Specific provisions (-)                                     | 258,858  | 274,370   | 2,728,635  |
| <b>Net balances on balance sheet</b>                        | <b>18,092</b>  | <b>49,435</b>   | <b>77,140</b>                                      |

  

|   | <b>Group III</b>   | <b>Group IV</b>   | <b>Group V</b>                                     |
|---|--|---|--|
| <b>Prior Period</b>   | <b>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>Loans and<br/>receivables with<br/>doubtful collectability</b> | <b>Uncollectible<br/>loans and<br/>receivables</b> |
| <b>Ending balance of prior period 31.12.2021</b>            | <b>187,806</b>   | <b>163,079</b>  | <b>2,724,524</b>                                   |
| Additions in the current period (+)                         | 230,659  | 198,624   | 1,298,304  |
| Transfers from other categories of non-performing loans (+) | -  | 163,214   | 197,695  |
| Transfers to other categories of non-performing loans (-)   | 163,214  | 197,695   | -  |
| Collections in the current period (-)                       | 123,315  | 22,263  | 1,411,371  |
| Write offs (-)  | -  | -   | -  |
| <b>Sold Portfolio (-)</b>                                   | <b>-</b>   | <b>-</b>  | <b>-</b>   |
| Corporate and commercial loans                              | -  | -   | -  |
| Retail loans  | -  | -   | -  |
| Credit Cards  | -  | -   | -  |
| Other   | -  | -   | -  |
| <b>Ending balance of the current period</b>                 | <b>131,936</b>   | <b>304,959</b>  | <b>2,809,152</b>                                   |
| Specific Provisions (-)                                     | 92,491   | 253,089   | 2,742,931  |
| <b>Net balance at the balance sheet</b>                     | <b>39,445</b>  | <b>51,870</b>   | <b>66,221</b>                                      |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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       |
|---|------------|--------------|---------------|
| <b>Current Period:</b>                  |            |              |               |
| Ending balance of the current period    | 1,536      | 7,822        | 655,849       |
| Provision amount (-)                    | 1,019      | 4,147        | 643,299       |
| <b>Net balance at the balance sheet</b> | <b>517</b> | <b>3,675</b> | <b>12,550</b> |
| <b>Prior Period:</b>                    |            |              |               |
| Ending balance of the current period    | 892        | 58,375       | 590,898       |
| Provision amount (-)                    | 624        | 50,744       | 579,101       |
| <b>Net balance at the balance sheet</b> | <b>268</b> | <b>7,631</b> | <b>11,797</b> |

**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<br>receivables with<br>limited collectability | Loans and<br>receivables with<br>doubtful collectability | Uncollectible<br>loans and<br>receivables |
| <b>Current Period (Net)</b>                              | <b>18,092</b>   | <b>49,435</b>  | <b>77,140</b>                             |
| Loans granted to real persons and legal entities (Gross) | 276,950   | 323,805  | 2,805,775                                 |
| Specific provision (-)                                   | 258,858   | 274,370  | 2,728,635                                 |
| <b>Loans to real persons and legal entities (Net)</b>    | <b>18,092</b>   | <b>49,435</b>  | <b>77,140</b>                             |
| Banks (Gross)  | -   | -  | -   |
| Specific provision (-)                                   | -   | -  | -   |
| Banks (Net)  | -   | -  | -   |
| Other loans and receivables (Gross)                      | -   | -  | -   |
| Specific provision (-)                                   | -   | -  | -   |
| Other loans and receivables (Net)                        | -   | -  | -   |
| <b>Prior Period (Net)</b>                                | <b>39,445</b>   | <b>51,870</b>  | <b>66,221</b>                             |
| Loans to real persons and legal entities (Gross)         | 131,936   | 304,959  | 2,809,152                                 |
| Specific provision (-)                                   | 92,491  | 253,089  | 2,742,931                                 |
| <b>Loans to real persons and legal entities (Net)</b>    | <b>39,445</b>   | <b>51,870</b>  | <b>66,221</b>                             |
| 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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**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.

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

|   | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                  |
|---|--|---|--|
|   | <b>Loans and Other Receivables with Limited Collectability</b> | <b>Loans and Other Receivables with Doubtful Collectability</b> | <b>Uncollectible Loans and Other Receivables</b> |
| <b>Current Period (Net)</b>                               | <b>1,326</b>   | <b>3,612</b>  | <b>2,674</b>                                     |
| Profit share accruals, discount and valuation differences | 20,694   | 21,609  | 352,390  |
| Provision (-)   | 19,368   | 17,997  | 349,716  |

|   | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                  |
|---|--|---|--|
|   | <b>Loans and Other Receivables with Limited Collectability</b> | <b>Loans and Other Receivables with Doubtful Collectability</b> | <b>Uncollectible Loans and Other Receivables</b> |
| <b>Prior Period (Net)</b>                                 | <b>2,561</b>   | <b>2,457</b>  | <b>4,199</b>                                     |
| Profit share accruals, discount and valuation differences | 9,953  | 13,184  | 365,861  |
| Provision (-)   | 7,392  | 10,727  | 361,662  |

**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**

|                                    | <b>Current Period</b> | <b>Prior Period</b> |
|------------------------------------|-----------------------|---------------------|
| <b>Debt Securities</b>             | <b>29,487,718</b>     | <b>21,678,735</b>   |
| Quoted on a Stock Exchange         | 29,487,718            | 21,678,735          |
| Not Quoted                         | -                     | -                   |
| <b>Expected Loss Provision (-)</b> | <b>9,546</b>          | <b>10,210</b>       |
| <b>Total</b>                       | <b>29,478,172</b>     | <b>21,668,525</b>   |

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

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| <b>Opening Balance</b>                  | <b>21,678,735</b>     | <b>4,798,614</b>    |
| Foreign Exchange Gain/Loss              | 133,983               | 4,535,700           |
| Purchases During the Year               | 7,675,000             | 18,269,087          |
| Disposals Through Sales and Redemptions | -                     | 5,924,666           |
| <b>Expected Loss Provision (-)</b>      | <b>9,546</b>          | <b>10,210</b>       |
| <b>Total</b>                            | <b>29,478,172</b>     | <b>21,668,525</b>   |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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 7,659 (31 December 2022 – TL 7,659), 1.15% ownership of the shares of Islamic International Rating Agency amounting to TL 401 (31 December 2022 – TL 391), ownership of the shares of Katılım Finans Kefalet A.Ş. amounting to TL 22,500, which corresponds to 15% in (31 December 2022 – None), Swift shares amounting to TL 4,958 (31 December 2022 – TL 4,739) and 0.0035% ownership of the shares traded in Borsa İstanbul A.Ş. amounting to TL 15 (31 December 2022 – TL 15), 2.86% ownership of the shares of JCR Avrasya Derecelendirme A.Ş. amounting to TL 2,755 (31 December 2022 – TL 2,755), The 0.82% ownership of the shares of İhracatı Geliştirme A.Ş. amounting to TL 30,420 (31 December 2022 – TL 30,420), VISA shares amounting to TL 26,615 (31 December 2022 – TL 25,962) are classified as financial assets at fair value through other comprehensive income since the Bank's ownership in these entities is less than 10% and the Bank does not have a significant influence on these entities.

**1.7.2** Information about investments in unconsolidated associates: None (31 December 2022 – None).

**1.7.3** Information related to consolidated associates: None (31 December 2022 – 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<br>(City/Country) | Bank's share<br>percentage, if<br>different-voting<br>percentage (%) | Bank's risk<br>group share<br>percentage (%) |
|---|---|---------------------------|--|--|
| 1 | KT Bank AG (*)  | Frankfurt/Germany         | 100  | 100  |
| 2 | Neova Katılım Sigorta A.Ş. (***)  | İstanbul/Turkey           | 100  | 100  |
| 3 | KT Kira Sertifikaları Varlık Kiralama A.Ş.  | İstanbul/Turkey           | 100  | 100  |
| 4 | KT Sukuk Varlık Kiralama A.Ş.   | İstanbul/Turkey           | 100  | 100  |
| 5 | KT Portföy Yönetimi A.Ş.  | İstanbul/Turkey           | 100  | 100  |
| 6 | Körfez Gayrimenkul Yatırım Ortaklığı A.Ş.   | İstanbul/Turkey           | 75   | 75.56  |
| 7 | Architech Bilişim Sistemleri ve Pazarlama Tic A.Ş. (**)                                 | İstanbul/Turkey           | 100  | 100  |
| 8 | Körfez Tatil Beldesi Turistik Tesisler ve Devremülk İşletmeciliği San.ve Tic. A.Ş. (**) | İstanbul/ Turkey          | 99.99  | 99.99  |

Information on subsidiaries in the order listed above

|        | Total assets | Equity    | Total<br>fixed<br>assets | Profit<br>share<br>income | Income from<br>marketable<br>securities | Current<br>period<br>profit/loss | Prior period<br>profit /loss | Fair value |
|--------|--------------|-----------|--------------------------|---------------------------|---|----------------------------------|------------------------------|------------|
| 1(*)   | 16,413,143   | 3,340,745 | 188,983                  | -                         | -                                       | 13,636                           | 2,805                        | -          |
| 2(***) | 9,170,771    | 1,642,816 | 94,826                   | -                         | -                                       | 151,527                          | 37,288                       | -          |
| 3      | 1,666,553    | 558       | -                        | -                         | -                                       | 61                               | 27                           | -          |
| 4      | 784          | 738       | -                        | -                         | -                                       | 2                                | 10                           | -          |
| 5      | 136,425      | 99,673    | 5,762                    | -                         | -                                       | 25,243                           | 5,953                        | -          |
| 6      | 311,455      | 274,011   | 166,630                  | -                         | -                                       | 1,549                            | 711                          | -          |
| 7(**)  | 337,227      | 228,962   | 12,151                   | 609                       | 130                                     | (8,299)                          | 509,909                      | -          |
| 8(**)  | 74,798       | 57,849    | 6,001                    | -                         | -                                       | 5,373                            | (2,682)                      | -          |

(\*) As of 31 March 2023, 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 March 31, 2023, regulated according to the Turkish Commercial Code.

(\*\*\*) According to Article 10 of the Regulation on the Measurement and Evaluation of Capital Adequacy of Insurance and Reinsurance and Pension Companies, Neova Katılım Sigorta A.Ş. calculates a minimum required equity capital twice a year, in June and December periods, and the capital deficiency on March 31, 2023, is none (December 31, 2022: Capital deficiency TL 226,650. 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

Movement regarding the subsidiaries:

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>Balance at the beginning of the year</b> | <b>2,442,925</b> | <b>1,461,015</b> |
| Movements during the year                   | 500,000          | 981,910          |
| Purchases (*)                               | 500,000          | 981,910          |
| Transfers from subsidiaries(net)            | -                | -                |
| Bonus shares                                | -                | -                |
| Dividends from current year income          | -                | -                |
| Sales                                       | -                | -                |
| Revaluation increase                        | -                | -                |
| Impairment                                  | -                | -                |
| Capital commitment payments                 | -                | -                |
| <b>Balance at the end of the year</b>       | <b>2,942,925</b> | <b>2,442,925</b> |
| Capital commitments                         | -                | -                |
| Share percentage at the end of the year (%) | -                | -                |

(\*) Neova Katılım Sigorta, a subsidiary of the Bank, the capital of the company, which was TL 500,000,000 (full amount), was increased by TL 400,000,000 (full amount) to TL 900,000,000 (full amount) on February 2, 2023. Architech Bilşim Sistemleri ve Pazarlama Tic A, a subsidiary of the Bank, the capital of the company, which was TL 83,000,000 (full amount), was increased by TL 100,000,000 (full amount) to TL 183,000,000 (full amount) on March 28, 2023.

Sectoral information on consolidated subsidiaries and the related carrying amounts

|                     | Current period   | Prior period     |
|---------------------|------------------|------------------|
| Banks               | 1,592,030        | 1,592,030        |
| Insurance Companies | 1,151,796        | 751,796          |
| Factoring Companies | -                | -                |
| Leasing Companies   | -                | -                |
| Finance Companies   | -                | -                |
| Other Subsidiaries  | 75,419           | 75,419           |
| <b>Total</b>        | <b>2,819,245</b> | <b>2,419,245</b> |

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  | -              | -             |
| <b>Total</b>                      | <b>53,418</b>  | <b>53,418</b> |

### 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 March 31, 2023, is EUR 160,889,514.73 (Full EUR amount) and the capital adequacy ratio is 30.5%.

### 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%                     | 12,750,287   | 348,939 | 74,219             | 24,924                     | 16,203                    |

(\*) 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 İstanbul Ticaret Sicil Müdürlüğü.



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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  | 13,619,401        | 11,441,637        | 10,776,102        | 9,201,436         |
| 1 to 4 years      | 13,190,599        | 12,178,206        | 11,386,627        | 10,649,655        |
| More than 4 years | 893,187           | 869,116           | 1,038,646         | 1,012,311         |
| <b>Total</b>      | <b>27,703,187</b> | <b>24,488,959</b> | <b>23,201,375</b> | <b>20,863,402</b> |

**1.10.2 Net investments in finance leases**

|                                      | Current Period    | Prior Period      |
|--------------------------------------|-------------------|-------------------|
| Gross receivable from finance leases | 27,703,187        | 23,201,375        |
| Unearned finance lease income (-)    | 3,214,228         | 2,337,973         |
| Unearned finance lease income (-)    | -                 | -                 |
| <b>Net Leasing Investment</b>        | <b>24,488,959</b> | <b>20,863,402</b> |

**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 77,673 are included in the non-performing loans in the balance sheet (31 December 2022 – TL 72,248).

**1.11 Information on derivative financial assets for hedging purposes**

None (31 December 2022 – 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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**1.14 Explanations on investment properties**

None (31 December 2022 - None)

**1.15 Information on deferred tax asset**

As of 31 March 2023, deferred tax is offset as TL 1,171,939 in the balance sheet. The deferred tax asset is TL 2,977,716 (31 December 2022 – TL 3,222,649) and the deferred tax liability is TL 1,805,777 (31 December 2022 – TL 2,139,426)

|  | Current period     | Prior period       |
|--|--------------------|--------------------|
| TFRS 9 Provisions  | 1,824,147          | 1,873,759          |
| Derivative transactions valuation differences                                | 381,862            | 660,879            |
| Deferred income  | 255,689            | 197,178            |
| Severance pays liability   | 162,381            | 153,514            |
| Reserve for employee benefits  | 152,723            | 241,539            |
| Financial assets valuation difference  | 69,578             | 33,242             |
| Precious metals valuation difference   | 32,532             | -                  |
| Impairment provision for subsidiaries, fixed assets and assets held for sale | -                  | -                  |
| Other  | 98,804             | 62,538             |
| <b>Deferred tax asset</b>  | <b>2,977,716</b>   | <b>3,222,649</b>   |
| Financial assets valuation differences                                       | (1,490,192)        | (1,599,034)        |
| Tangible assets valuation differences  | (43,080)           | (12,732)           |
| Derivative transactions valuation differences                                | (257,484)          | (143,407)          |
| Precious metal valuation difference  | -                  | (377,242)          |
| Other  | (15,021)           | (7,011)            |
| <b>Deferred tax liability</b>  | <b>(1,805,777)</b> | <b>(2,139,426)</b> |
| <b>Net deferred tax asset</b>  | <b>1,171,939</b>   | <b>1,083,223</b>   |

Table of deferred tax asset movement:

|                                     | Current period   | Prior period   |
|-------------------------------------|------------------|----------------|
| As of 1 January,                    | 1,083,223        | 1,713,575      |
| Deferred tax (expense)/income       | (65,452)         | (503,668)      |
| Deferred tax accounted under equity | 154,168          | (597,368)      |
| <b>Deferred tax asset</b>           | <b>1,171,939</b> | <b>612,539</b> |

**1.16 Explanations on assets held for sale and discontinued operations**

|                               | Current period | Prior period   |
|-------------------------------|----------------|----------------|
| Opening Balance               | 117,719        | 240,891        |
| Additions                     | 106,899        | 92,069         |
| Transfers from Tangible Asset | -              | -              |
| Disposals (-), Net            | 5,625          | 215,241        |
| Transfer to Tangible Assets   | -              | -              |
| Amortization Cost (-)         | -              | -              |
| Provision for Impairment (-)  | -              | -              |
| <b>Closing Net Book Value</b> | <b>218,993</b> | <b>117,719</b> |

**1.17 Information on other assets**

As of balance sheet date, the Bank's other assets amount to TL 4,949,145 (31 December 2022 – TL 3,370,442). 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**SECTION FIVE**

**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              |
|---|--------------------|-------------------|-------------------|-------------------|----------------|-------------------|------------------|-------------------------------------|--------------------|
| <b>I. Real persons current accounts-TL</b>            | <b>31,611,854</b>  | -                 | -                 | -                 | -              | -                 | -                | -                                   | <b>31,611,854</b>  |
| <b>II. Real persons profit sharing accounts TL</b>    | -                  | <b>12,186,615</b> | <b>60,504,547</b> | <b>6,156,763</b>  | -              | <b>10,192,169</b> | <b>1,488,168</b> | <b>13,629</b>                       | <b>90,541,891</b>  |
| <b>III. Another current accounts-TL</b>               | <b>21,494,415</b>  | -                 | -                 | -                 | -              | -                 | -                | -                                   | <b>21,494,415</b>  |
| Public sector   | 864,260            | -                 | -                 | -                 | -              | -                 | -                | -                                   | 864,260            |
| Commercial sector                                     | 19,477,180         | -                 | -                 | -                 | -              | -                 | -                | -                                   | 19,477,180         |
| Other institutions                                    | 187,380            | -                 | -                 | -                 | -              | -                 | -                | -                                   | 187,380            |
| Commercial and other institutions                     | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| Banks and participation banks                         | 965,595            | -                 | -                 | -                 | -              | -                 | -                | -                                   | 965,595            |
| Central Bank of Republic of Turkey                    | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| Domestic banks  | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| Foreign banks   | 965,595            | -                 | -                 | -                 | -              | -                 | -                | -                                   | 965,595            |
| Participation banks                                   | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| Others  | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| <b>IV. Profit sharing accounts-TL</b>                 | -                  | <b>1,228,279</b>  | <b>7,676,654</b>  | <b>2,707,554</b>  | -              | <b>3,351,034</b>  | <b>165,154</b>   | <b>68</b>                           | <b>15,128,743</b>  |
| Public sector   | -                  | 520               | 3,903             | -                 | -              | 88,800            | -                | -                                   | 93,223             |
| Commercial sector                                     | -                  | 1,028,537         | 7,034,232         | 2,325,801         | -              | 3,129,565         | 164,784          | 68                                  | 13,682,987         |
| Other institutions                                    | -                  | 197,064           | 460,016           | 45,418            | -              | 76,978            | 370              | -                                   | 779,846            |
| Commercial and other institutions                     | -                  | 2,158             | 178,475           | 336,335           | -              | 55,691            | -                | -                                   | 572,659            |
| Banks and participation banks                         | -                  | -                 | 28                | -                 | -              | -                 | -                | -                                   | 28                 |
| <b>V. Real persons current accounts-FC</b>            | <b>48,866,972</b>  | -                 | -                 | -                 | -              | -                 | -                | -                                   | <b>48,866,972</b>  |
| <b>VI. Real persons profit sharing accounts-FC</b>    | -                  | <b>11,464,026</b> | <b>9,098,446</b>  | <b>1,283,246</b>  | -              | <b>2,101,871</b>  | <b>1,931,482</b> | <b>12,638</b>                       | <b>25,891,709</b>  |
| <b>VII. Another current accounts-FC</b>               | <b>15,638,674</b>  | -                 | -                 | -                 | -              | -                 | -                | -                                   | <b>15,638,674</b>  |
| Commercial residents in Turkey                        | 12,448,578         | -                 | -                 | -                 | -              | -                 | -                | -                                   | 12,448,578         |
| Commercial residents in Abroad                        | 2,649,619          | -                 | -                 | -                 | -              | -                 | -                | -                                   | 2,649,619          |
| Banks and participation banks                         | 540,477            | -                 | -                 | -                 | -              | -                 | -                | -                                   | 540,477            |
| Central Bank of Republic of Turkey                    | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| Domestic banks  | 64                 | -                 | -                 | -                 | -              | -                 | -                | -                                   | 64                 |
| Foreign banks   | 535,547            | -                 | -                 | -                 | -              | -                 | -                | -                                   | 535,547            |
| Participation banks                                   | 4,866              | -                 | -                 | -                 | -              | -                 | -                | -                                   | 4,866              |
| Others  | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| <b>VIII. Profit sharing accounts- FC</b>              | -                  | <b>490,450</b>    | <b>616,405</b>    | <b>78,978</b>     | -              | <b>66,138</b>     | <b>7,600</b>     | <b>192</b>                          | <b>1,259,763</b>   |
| Public sector   | -                  | 21                | 61,167            | -                 | -              | -                 | -                | -                                   | 61,188             |
| Commercial sector                                     | -                  | 354,592           | 321,744           | 77,522            | -              | 59,883            | 7,600            | 192                                 | 821,533            |
| Other institutions                                    | -                  | 13,827            | 19,065            | 1,428             | -              | 28                | -                | -                                   | 34,348             |
| Commercial and other institutions                     | -                  | 122,010           | 214,429           | 28                | -              | 6,227             | -                | -                                   | 342,694            |
| Banks and participation banks                         | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| <b>IX. Precious metal funds</b>                       | <b>47,231,830</b>  | <b>6,098,823</b>  | <b>3,266,211</b>  | <b>505,341</b>    | -              | <b>405,602</b>    | <b>21,576</b>    | -                                   | <b>57,529,383</b>  |
| <b>X. Profit sharing accounts special funds - TL</b>  | -                  | -                 | <b>212,370</b>    | <b>1,660,716</b>  | -              | <b>21,584,697</b> | <b>243,511</b>   | -                                   | <b>23,701,294</b>  |
| Residents in Turkey                                   | -                  | -                 | 208,942           | 1,660,716         | -              | 21,491,685        | 233,540          | -                                   | 23,594,883         |
| Residents Abroad                                      | -                  | -                 | 3,428             | -                 | -              | 93,012            | 9,971            | -                                   | 106,411            |
| <b>XI. Profit sharing accounts special funds - FC</b> | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| Residents in Turkey                                   | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| Residents Abroad                                      | -                  | -                 | -                 | -                 | -              | -                 | -                | -                                   | -                  |
| <b>Total (**)</b>                                     | <b>164,843,745</b> | <b>31,468,193</b> | <b>81,374,633</b> | <b>12,392,598</b> | -              | <b>37,701,511</b> | <b>3,857,491</b> | <b>26,527</b>                       | <b>331,664,698</b> |

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

(\*\*) As of 31 March 2023, the Bank has a total of TL 65,492,511 (31 December 2022: TL 44,232,985) foreign exchange-protected deposit instrument of which TL 36,721,075 (31 December 2022: 23,423,914 TL) opened within the scope of the "Communiqué on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated 21 December 2021 and numbered 31696, TL 102,213,587 (31 December 2022: TL 67,656,899) opened within the scope of the announcement of the Ministry of Treasury and Finance ("Treasury") dated 24 December 2021. Foreign exchange revaluation differences amounting to TL 1,431,162 (31 December 2022: TL 681,794) regarding the foreign exchange-protected deposit instrument calculated as of the balance sheet date are presented in other assets wider assets and included in deposits under liabilities.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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              |
|---|--------------------|-------------------|-------------------|------------------|----------------|-------------------|------------------|-------------------------------------|--------------------|
| <b>I. Real persons current accounts-TL</b>            | <b>28,581,579</b>  | -                 | -                 | -                | -              | -                 | -                | -                                   | <b>28,581,579</b>  |
| <b>II. Real persons profit sharing accounts-TL</b>    | -                  | <b>11,844,756</b> | <b>53,871,241</b> | <b>3,455,298</b> | -              | <b>7,619,222</b>  | <b>1,161,534</b> | <b>15,311</b>                       | <b>77,967,362</b>  |
| <b>III. Another current accounts-TL</b>               | <b>18,292,741</b>  | -                 | -                 | -                | -              | -                 | -                | -                                   | <b>18,292,741</b>  |
| Public sector   | 309,957            | -                 | -                 | -                | -              | -                 | -                | -                                   | 309,957            |
| Commercial sector                                     | 17,711,130         | -                 | -                 | -                | -              | -                 | -                | -                                   | 17,711,130         |
| Other institutions                                    | 204,496            | -                 | -                 | -                | -              | -                 | -                | -                                   | 204,496            |
| Commercial and other institutions                     | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| Banks and participation banks                         | 67,158             | -                 | -                 | -                | -              | -                 | -                | -                                   | 67,158             |
| Central Bank of Republic of Turkey                    | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| Domestic banks  | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| Foreign banks   | 67,158             | -                 | -                 | -                | -              | -                 | -                | -                                   | 67,158             |
| Participation banks                                   | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| Others  | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| <b>IV. Profit sharing accounts-TL</b>                 | -                  | <b>1,039,535</b>  | <b>7,650,459</b>  | <b>2,594,915</b> | -              | <b>2,928,479</b>  | <b>195,171</b>   | <b>47</b>                           | <b>14,408,606</b>  |
| Public sector   | -                  | 411               | 4,123             | -                | -              | 83,085            | -                | -                                   | 87,619             |
| Commercial sector                                     | -                  | 869,626           | 6,955,807         | 2,445,215        | -              | 2,750,155         | 194,800          | 47                                  | 13,215,650         |
| Other institutions                                    | -                  | 168,930           | 585,212           | 51,182           | -              | 50,651            | 371              | -                                   | 856,346            |
| Commercial and other institutions                     | -                  | 568               | 105,292           | 98,518           | -              | 44,588            | -                | -                                   | 248,966            |
| Banks and participation banks                         | -                  | -                 | 25                | -                | -              | -                 | -                | -                                   | 25                 |
| <b>V. Real persons current accounts-FC</b>            | <b>50,763,268</b>  | -                 | -                 | -                | -              | -                 | -                | -                                   | <b>50,763,268</b>  |
| <b>VI. Real persons profit sharing accounts-FC</b>    | -                  | <b>12,942,398</b> | <b>11,389,112</b> | <b>1,454,545</b> | -              | <b>2,322,104</b>  | <b>2,457,240</b> | <b>12,554</b>                       | <b>30,577,953</b>  |
| <b>VII. Another current accounts-FC</b>               | <b>17,070,838</b>  | -                 | -                 | -                | -              | -                 | -                | -                                   | <b>17,070,838</b>  |
| Commercial residents in Turkey                        | 13,811,053         | -                 | -                 | -                | -              | -                 | -                | -                                   | 13,811,053         |
| Commercial residents in Abroad                        | 2,712,783          | -                 | -                 | -                | -              | -                 | -                | -                                   | 2,712,783          |
| Banks and participation banks                         | 547,002            | -                 | -                 | -                | -              | -                 | -                | -                                   | 547,002            |
| Central Bank of Republic of Turkey                    | 213,395            | -                 | -                 | -                | -              | -                 | -                | -                                   | 213,395            |
| Domestic banks  | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| Foreign banks   | 328,879            | -                 | -                 | -                | -              | -                 | -                | -                                   | 328,879            |
| Participation banks                                   | 4,728              | -                 | -                 | -                | -              | -                 | -                | -                                   | 4,728              |
| Others  | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| <b>VIII. Profit sharing accounts- FC</b>              | -                  | <b>547,701</b>    | <b>996,362</b>    | <b>78,134</b>    | -              | <b>81,929</b>     | <b>12,205</b>    | -                                   | <b>1,716,331</b>   |
| Public sector   | -                  | 47                | 59,539            | -                | -              | -                 | -                | -                                   | 59,586             |
| Commercial sector                                     | -                  | 430,370           | 611,884           | 76,533           | -              | 75,656            | 12,205           | -                                   | 1,206,648          |
| Other institutions                                    | -                  | 16,790            | 35,074            | 1,574            | -              | 313               | -                | -                                   | 53,751             |
| Commercial and other institutions                     | -                  | 100,494           | 289,865           | 27               | -              | 5,960             | -                | -                                   | 396,346            |
| Banks and participation banks                         | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| <b>IX. Precious metal funds</b>                       | <b>44,330,959</b>  | <b>6,521,360</b>  | <b>3,425,381</b>  | <b>540,213</b>   | -              | <b>400,669</b>    | <b>17,145</b>    | -                                   | <b>55,235,727</b>  |
| <b>X. Profit sharing accounts special funds - TL</b>  | -                  | -                 | 118,654           | 747,404          | -              | 5,814,863         | 222,537          | -                                   | 6,903,458          |
| Residents in Turkey                                   | -                  | -                 | 118,654           | 747,404          | -              | 5,814,863         | 222,537          | -                                   | 6,903,458          |
| Residents Abroad                                      | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| <b>XI. Profit sharing accounts special funds - FC</b> | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| Residents in Turkey                                   | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| Residents Abroad                                      | -                  | -                 | -                 | -                | -              | -                 | -                | -                                   | -                  |
| <b>Total</b>  | <b>159,039,385</b> | <b>32,895,750</b> | <b>77,451,209</b> | <b>8,870,509</b> | -              | <b>19,167,266</b> | <b>4,065,832</b> | <b>27,912</b>                       | <b>301,517,863</b> |

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

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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  | 67,766,523                                      | 46,974,148   | 114,524,949                           | 99,081,497   |
| FC accounts  | 72,151,233                                      | 52,436,738   | 76,362,860                            | 102,497,446  |
| Foreign branches' deposits under foreign authorities' insurance  | -   | -            | -                                     | -            |
| Off-shore banking regions' under foreign authorities' insurance  | -   | -            | -                                     | -            |

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

**2.1.2.2 If the headquarters of the 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 Turkey.

**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 | 18,856         | 15,340       |
| 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 Turkey in order to engage in offshore banking activities solely  | -              | -            |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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 | 5,373          | 119,120        | 24,290        | 21,777         |
| Swap transactions    | 2,130          | 222,622        | 8,079         | 145,774        |
| Futures transactions | -              | -              | -             | -              |
| Options              | -              | -              | -             | -              |
| Other                | -              | -              | -             | -              |
| <b>Total</b>         | <b>7,503</b>   | <b>341,742</b> | <b>32,369</b> | <b>167,551</b> |

**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 Turkey | -                | -                 | -                | -                 |
| From Domestic Banks and Institutions                  | 1,792,857        | 28,453,435        | 3,106,571        | 21,592,120        |
| From Foreign Banks, Institutions and Funds            | 56,027           | 7,670,944         | 47,300           | 5,347,336         |
| <b>Total</b>  | <b>1,848,884</b> | <b>36,124,379</b> | <b>3,153,871</b> | <b>26,939,456</b> |

**2.3.2 Information on maturity structure of borrowings**

|                      | Current Period   |                   | Prior Period     |                   |
|----------------------|------------------|-------------------|------------------|-------------------|
|                      | TL               | FC                | TL               | FC                |
| Short-term           | 1,848,884        | 33,195,798        | 3,153,871        | 24,038,905        |
| Medium and Long-Term | -                | 2,928,581         | -                | 2,900,551         |
| <b>Total</b>         | <b>1,848,884</b> | <b>36,124,379</b> | <b>3,153,871</b> | <b>26,939,456</b> |

**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 31 March 2023, other liabilities amount to TL 3, 480,027 (31 December 2022 – TL 2,366,817), sundry creditors amount to TL 5,560,837 (31 December 2022 - TL 3,084,196), 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  | 24,165         | 22,845         | 16,807         | 15,997         |
| 1 to 4 years      | 19,397         | 15,437         | 19,188         | 14,740         |
| More than 4 years | 881,298        | 567,815        | 754,681        | 486,117        |
| <b>Total</b>      | <b>924,860</b> | <b>606,097</b> | <b>790,676</b> | <b>516,854</b> |

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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

*(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 2022 – None).

**2.5.1.1. Explanations on financial leasing obligations**

None (31 December 2022 – 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 2022 – None).

**2.7 Information on provisions**

**2.7.1** Information on provisions related with foreign currency evaluation difference of foreign currency indexed loans: As of 31 March 2023, there are no loans (December 31, 2022 – 0) and there are no financial leasing receivables (December 31, 2022 – TL 0).

**2.7.2** Information on other provisions

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Specific provisions for non-cash loans that are not indemnified converted into cash | 625,946               | 604,898             |
| General Provisions for non-cash loans   | 836,965               | 787,896             |
| Provision for profits will be allocated to participation accounts                   | 1,243,174             | 1,315,157           |
| Credit cards of banking services applications                                       | 8,814                 | 8,337               |
| Other (*)   | 347,952               | 324,736             |
| <b>Total</b>  | <b>3,062,851</b>      | <b>3,041,024</b>    |

(\*) The other item is mainly collected from customers in the current period in case of TL 261,203 (31 December 2022 – TL 248,250) litigation provision, TL 12,889 (31 December 2022 – TL 12,547) expense provision, TL 68,266 (31 December 2022 – TL 60,034) for collected late fines that may be subject to refund and the other equivalent of TL 5,594 (31 December 2022 – TL 3,635).

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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 649,521 (31 December 2022 – TL 614,054), vacation pay liability amounting to TL 115,213 (31 December 2022 – TL 2,315), performance premium amounting to TL 129,324 (31 December 2022 – TL 612,291), retirement bonuses on payment of TL 270,313 (31 December 2022 – TL 272,860), committee fee amounting to TL 76,858 (31 December 2022 – TL 59,977) and other fees amounting to TL 19,817 (31 December 2022 – TL 19,331).

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 19,982.83 (full TL amount) (31 December 2022 – TL 15,371.40 (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.

|                           | <b>Current Period</b> | <b>Prior Period</b> |
|---------------------------|-----------------------|---------------------|
| Discount rate (%)         | 12.72                 | 12.72               |
| Inflation rate (%)        | 9.90                  | 9.90                |
| Salary increases rate (%) | 10.40                 | 10.40               |

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

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Balance at the beginning of the period   | 614,054               | 221,639             |
| Provisions recognized during the period  | 53,486                | 85,600              |
| Paid during the period                   | (18,019)              | (20,588)            |
| Actuarial loss                           | -                     | 327,403             |
| <b>Balances at the end of the period</b> | <b>649,521</b>        | <b>614,054</b>      |

**2.8 Explanations on tax liability**

**2.8.1 Explanations on current tax liability**

**2.8.1.1** Information on tax provisions: TL 3,327,810 (31 December 2022 - TL 1,965,386).

**2.8.1.2 Information on taxes payable**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Banking Insurance Transaction Tax (BITT) | 116,623               | 110,425             |
| Income tax deducted from wages           | 48,763                | 35,648              |
| Taxation of marketable securities        | 33,946                | 32,333              |
| Foreign Exchange Transaction Tax         | 29,320                | 31,950              |
| Value Added Tax Payable                  | 9,516                 | 14,448              |
| Taxation of immovable property           | 4,805                 | 3,336               |
| Other                                    | 119,129               | 3,223               |
| <b>Total</b>                             | <b>362,102</b>        | <b>231,363</b>      |



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**2.8.1.3 Information on premiums (\*)**

|                                    | <b>Current Period</b> | <b>Prior Period</b> |
|------------------------------------|-----------------------|---------------------|
| Social Insurance Premiums-Employee | 35,198                | 39,861              |
| Social Insurance Premiums-Employer | 38,817                | 44,003              |
| Unemployment insurance-Employee    | 2,513                 | 2,845               |
| Unemployment insurance-Employer    | 5,333                 | 6,145               |
| Other                              | -                     | -                   |
| <b>Total</b>                       | <b>81,861</b>         | <b>92,854</b>       |

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

**2.8.1.4 Information on deferred tax liability**

As of 31 March 2023, deferred tax has been netted off as TL 1,171,939 in the balance sheet within the scope of the relevant regulations. Deferred tax asset is calculated as TL 2,692,168 (December 31, 2022 – TL 3,222,649) and deferred tax liability is TL 1,520,229 (December 31, 2022 – TL 2,139,426).

**2.9 Information on payables related to assets held for sale**

None (31 December 2022 – 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**

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

(\*) 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 2022 - None).

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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 (*)  | 4,428,226        | (164,158)        | 4,765,546        | (56,643)        |
| Foreign Exchange Difference   | -                | -                | -                | -               |
| <b>Total</b>  | <b>4,428,226</b> | <b>(164,158)</b> | <b>4,765,546</b> | <b>(56,643)</b> |

(\*) 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 2022 – None).

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

**3.1. Explanations on off-balance sheet accounts**

**3.1.1** Types and amounts of irrevocable commitments: Commitment for credit card limits, as of 31 March 2023 amounts to TL 17,710,773 (31 December 2022 – TL 12,943,765); payment commitments for cheque books amounts to TL 3,793,196 (31 December 2022 – TL 2,368,988).

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

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

As of 31 March 2023, the Bank has guarantees and surety ships constituting of TL 29,380,345 (31 December 2022 – TL 23,156,665) of letters of guarantee; TL 201,758 (31 December 2022 – TL 136,081) of acceptances and TL 6,511,404 (31 December 2022 – TL 5,971,813) of letters of credit. Also, the Bank has other acceptances amounting to TL 1,992,758 (31 December 2022 – TL 1,560,494).

**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    | 124,670           | 108,671           |
| With original maturity of 1 year or less   | 124,670           | 108,671           |
| With original maturity of more than 1 year | -                 | -                 |
| Other non-cash loans                       | 37,961,595        | 30,716,382        |
| <b>Total</b>                               | <b>38,086,265</b> | <b>30,825,053</b> |

**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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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**

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**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             |
| <b>Profit share on loans</b>                             | <b>5,898,727</b> | <b>937,674</b> | <b>2,747,646</b> | <b>579,708</b> |
| Short term loans   | 3,464,315        | 337,014        | 1,162,511        | 234,074        |
| Medium and long-term loans                               | 2,375,644        | 581,649        | 1,486,660        | 321,121        |
| Profit share on non-performing loans                     | 58,768           | 19,011         | 98,475           | 24,513         |
| Premiums received from resource utilization support fund | -                | -              | -                | -              |
| <b>Total</b>   | <b>5,898,727</b> | <b>937,674</b> | <b>2,747,646</b> | <b>579,708</b> |

**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 Turkey | 35,603         | -              | -             | -             |
| Domestic Banks                             | 21             | -              | 2,482         | -             |
| Foreign Banks                              | -              | 102,808        | 19,889        | 40,286        |
| Branches and head office abroad            | -              | -              | -             | -             |
| <b>Total</b>                               | <b>35,624</b>  | <b>102,808</b> | <b>22,371</b> | <b>40,286</b> |

**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             | 26,537           | 93,879         | 43,070           | 95,858         |
| Financial Assets at Fair Value Through Other Comprehensive Income | 2,844,912        | 279,808        | 1,574,509        | 166,072        |
| Financial Assets valued at Amortized Cost                         | 367,142          | 243,905        | -                | 89,203         |
| <b>Total</b>  | <b>3,238,591</b> | <b>617,592</b> | <b>1,617,579</b> | <b>351,133</b> |

**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 | 8,259          | 15,720       |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**4.2 Information on profit share given to loans used**

|  | Current Period |                | Prior Period   |                |
|--|----------------|----------------|----------------|----------------|
|  | TL             | FC             | TL             | FC             |
| Banks                                      | 17,251         | 82,120         | 10,886         | 28,388         |
| The Central Bank of the Republic of Turkey | -              | -              | -              | -              |
| Domestic banks                             | 15,621         | 2,983          | 9,551          | 1,083          |
| Foreign banks                              | 1,630          | 79,137         | 1,335          | 27,305         |
| Branches and head office abroad            | -              | -              | -              | -              |
| Other Institutions                         | 101,376        | 355,716        | 150,267        | 165,501        |
| <b>Total</b>                               | <b>118,627</b> | <b>437,836</b> | <b>161,153</b> | <b>193,889</b> |

**4.2.1 Profit share expense given to associates and subsidiaries**

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Profit share expenses given to associates and subsidiaries | 655,525        | 167,651      |

**4.2.2 Profit share expense paid to securities issued**

None (1 January – 31 March 2022 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

(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 |                |                |              |              |                                     |           |
|--|----------------|-------------------------|----------------|----------------|--------------|--------------|-------------------------------------|-----------|
| Account name   | Up to 1 months | Up to 3 months          | Up to 6 months | Up to 9 months | Up to 1 year | Above 1 year | Accumulated profit-sharing accounts | Total     |
| TL   |                |                         |                |                |              |              |                                     |           |
| Collected funds from banks through current and profit share accounts | -              | 1                       | -              | -              | -            | -            | -                                   | 1         |
| Real person’s non-trading profit sharing account                     | 415,158        | 2,019,529               | 165,208        | -              | 340,860      | 46,090       | 458                                 | 2,987,303 |
| Public-sector profit-sharing account                                 | 15             | 150                     | -              | -              | 77           | -            | -                                   | 242       |
| Commercial sector profit sharing account                             | 32,932         | 245,644                 | 88,775         | -              | 106,954      | 1,250        | -                                   | 475,555   |
| Other institutions profit sharing account                            | 6,906          | 22,459                  | 9,536          | -              | 2,726        | 14           | -                                   | 41,641    |
| Total  | 455,011        | 2,287,783               | 263,519        | -              | 450,617      | 47,354       | 458                                 | 3,504,742 |
| FC   |                |                         |                |                |              |              |                                     |           |
| Banks  | -              | -                       | -              | -              | -            | -            | -                                   | -         |
| Real person’s non-trading profit sharing account                     | 28,273         | 22,826                  | 3,154          | -              | 6,361        | 6,183        | 42                                  | 66,839    |
| Public-sector profit-sharing account                                 | -              | 166                     | -              | -              | -            | -            | -                                   | 166       |
| Commercial sector profit sharing account                             | 865            | 1,122                   | 194            | -              | 61           | 20           | -                                   | 2,262     |
| Other institutions profit sharing account                            | 306            | 590                     | 4              | -              | 28           | -            | -                                   | 928       |
| Precious metal accounts  | 2,102          | 1,118                   | 166            | -              | 137          | -            | -                                   | 3,523     |
| Total  | 31,546         | 25,822                  | 3,518          | -              | 6,587        | 6,203        | 42                                  | 73,718    |
| Grand Total  | 486,557        | 2,313,605               | 267,037        | -              | 457,204      | 53,557       | 500                                 | 3,578,460 |

| Prior period   |                | Profit Sharing Accounts |                |                |              |              |                                     |           |
|--|----------------|-------------------------|----------------|----------------|--------------|--------------|-------------------------------------|-----------|
| Account name   | Up to 1 months | Up to 3 months          | Up to 6 months | Up to 9 months | Up to 1 year | Above 1 year | Accumulated profit-sharing accounts | Total     |
| TL   |                |                         |                |                |              |              |                                     |           |
| Collected funds from banks through current and profit share accounts | -              | -                       | -              | -              | -            | -            | -                                   | -         |
| Real person’s non-trading profit sharing account                     | 387,268        | 737,407                 | 55,741         | -              | 37,292       | 27,741       | 557                                 | 1,246,006 |
| Public sector profit-sharing account                                 | 10             | 40                      | 30             | -              | 100          | -            | -                                   | 180       |
| Commercial sector profit sharing account                             | 22,218         | 38,441                  | 88,881         | -              | 1,972        | 482          | -                                   | 151,994   |
| Other institutions profit sharing account                            | 4,960          | 7,330                   | 2,010          | -              | 107          | 18           | -                                   | 14,425    |
| Total  | 414,456        | 783,218                 | 146,662        | -              | 39,471       | 28,241       | 557                                 | 1,412,605 |
| FC   |                |                         |                |                |              |              |                                     |           |
| Banks  | -              | -                       | -              | -              | -            | -            | -                                   | -         |
| Real person’s non-trading profit sharing account                     | 20,400         | 24,848                  | 2,624          | -              | 4,459        | 4,916        | 32                                  | 57,279    |
| Public sector profit-sharing account.                                | -              | -                       | -              | -              | -            | -            | -                                   | -         |
| Commercial sector profit sharing account                             | 1,199          | 2,495                   | 124            | -              | 51           | 5            | -                                   | 3,874     |
| Other institutions profit sharing account                            | 178            | 579                     | 2              | -              | -            | -            | -                                   | 759       |
| Precious metal accounts  | 2,709          | 1,440                   | 255            | -              | 171          | -            | -                                   | 4,575     |
| Total  | 24,486         | 29,362                  | 3,005          | -              | 4,681        | 4,921        | 32                                  | 66,487    |
| Grand Total  | 438,942        | 812,580                 | 149,667        | -              | 44,152       | 33,162       | 589                                 | 1,479,092 |

**4.5 Information on trading income/loss (Net)**

|  | Current period      | Prior period        |
|--|---------------------|---------------------|
| <b>Trading profit / loss (net)</b>         | <b>2,145,387</b>    | <b>925,066</b>      |
| <b>Profit</b>                              | <b>19,184,640</b>   | <b>30,969,832</b>   |
| Gain on capital market transactions        | 677,887             | 51,058              |
| Gain on derivative financial instruments   | 3,011,584           | 3,406,882           |
| Foreign exchange profit                    | 15,495,169          | 27,511,892          |
| <b>Losses (-)</b>                          | <b>(17,039,253)</b> | <b>(30,044,766)</b> |
| Losses on capital market transactions      | (2,121)             | (485)               |
| Losses on derivative financial instruments | (2,942,979)         | (3,039,108)         |
| Foreign exchange losses                    | (14,094,153)        | (27,005,173)        |

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**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  | 733,598        | 292,409        |
| Income from sales of assets  | 19,900         | 103,073        |
| Cancellations of Provisions from Profits to be Distributed to Participation Accounts | 149,159        | 33,959         |
| Rental income  | 2,984          | 19             |
| Other Income   | 16,941         | 5,622          |
| <b>Total</b>   | <b>922,582</b> | <b>435,082</b> |

**4.7 Provisions for loan losses and other receivables of the Bank**

|  | Current Period (*) | Prior Period (*) |
|--|--------------------|------------------|
| <b>Expected Credit Loss</b>  | <b>2,697,590</b>   | <b>1,994,367</b> |
| 12 month expected credit loss (Stage 1)  | 1,754,164          | 1,314,612        |
| Significant increase in credit risk (Stage 2)  | 564,211            | 374,487          |
| Non-performing loans (Stage 3)   | 379,215            | 305,268          |
| <b>Marketable Securities Impairment Expense</b>  | <b>23,261</b>      | <b>18,499</b>    |
| Financial Assets at Fair Value through Profit or Loss                                  | 23,261             | 18,499           |
| Financial Assets at Fair Value Through Other Comprehensive Income                      | -                  | -                |
| <b>Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities</b> | <b>-</b>           | <b>-</b>         |
| Investments in Associates  | -                  | -                |
| Subsidiaries   | -                  | -                |
| Joint Ventures   | -                  | -                |
| <b>Other (**)</b>  | <b>24,134</b>      | <b>165,846</b>   |
| <b>Total</b>   | <b>2,744,985</b>   | <b>2,178,712</b> |

(\*) 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.

**4.8 Information on other operating expenses**

|  | Current Period   | Prior Period   |
|--|------------------|----------------|
| Provision for retirement pay liability         | 35,467           | 17,477         |
| Impairment expenses of tangible assets         | -                | -              |
| Depreciation expenses of tangible assets       | 113,238          | 67,529         |
| Impairment Expenses of intangible fixed assets | -                | -              |
| Depreciation expenses of intangible assets     | 34,734           | 18,723         |
| Depreciation expenses of assets held for sale  | 1                | -              |
| <b>Other operating expenses</b>                | <b>445,180</b>   | <b>189,269</b> |
| Lease Expenses Regarding TFRS 16 Exemptions    | 667              | 162            |
| Maintenance expenses                           | 66,701           | 35,833         |
| Advertisement expenses                         | 22,384           | 9,318          |
| Communication expenses                         | 47,179           | 26,736         |
| Heating, electricity and water expenses        | 45,132           | 19,053         |
| Cleaning expenses                              | 8,934            | 2,869          |
| Vehicle expenses                               | 8,491            | 6,035          |
| Stationery expenses                            | 12,782           | 7,685          |
| Other expenses (*)                             | 232,910          | 81,578         |
| Losses on sales of assets                      | 3,557            | 1,482          |
| Deposit insurance fund expenses                | 251,888          | 144,427        |
| Other  | 178,022          | 80,008         |
| <b>Total</b>                                   | <b>1,062,087</b> | <b>518,915</b> |

(\*) As of March 31, 2023, "Promotional Application Expenses for Credit Cards" amounting to TL 74,778 (31 March 2022-TL 35,958) and "Outsourced Service Expense" amounting to TL 60,987 are classified here (31 March 2022- TL 19,435.)

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**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 1,362,424 (1 January-31 March 2022 - TL 41,591), deferred tax income of TL 125,299 (1 January-31 March 2022 - TL 305,581) and TL 190,751 (1 January-31 March 2022 - TL 809,249) 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 income/loss**

**4.12.1** The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period:

As of 31 March 2023, net profit share income is TL 7,350,279 (1 January-31 March 2022 - TL 3,801,831), net fees and commission income is TL 216,888 (1 January-31 March 2022 - TL 123,817).

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

None (1 January - 31 March 2022 - None).

**4.12.3** Profit/Loss attributable to minority interest:

None (31 March 2022 - None).

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

As of 31 March 2023, other fees and commissions received is TL 889,833 (1 January - 31 March 2022 - TL 390,350), TL 262,611 of this amount is related with credit card fees and commissions (1 January - 31 March 2022 - TL 123,049) and TL 205,833 of this amount is related with POS machine commissions (1 January - 31 March 2022 - TL 72,288).

As of 31 March 2023, other fees and commissions given is TL 753,374 (1 January - 31 March 2022 - TL 307,740), TL 205,938 (1 January - 31 March 2022 - TL 92,384) of this amount is related with POS clearing commissions and installation expenses, TL 102,831 (1 January - 31 March 2022 - TL 36,269) of this amount is related with fees and commissions paid for credit cards.

**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.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**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   | Non-Cash | Cash   | Non-Cash |
| <b>Loans and other receivables</b> |   |          |  |          |  |          |
| Balance at beginning of period     | 367,216   | 43,728   | 7,601  | 19,686   | 801,669  | 7,320    |
| Balance at end of period           | 486,872   | 53,761   | 34,380                                       | 45,111   | 1,268,395  | 13,115   |
| Profit share and commission income | 1,098   | 29       | 923  | 111      | 214  | -        |

(\*) 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   | Non-Cash | Cash   | Non-Cash |
| <b>Loans and other receivables</b> |   |          |  |          |  |          |
| Balance at beginning of period     | 482,838   | 40,601   | 6,955  | 21,246   | 64,316   | 2,297    |
| Balance at end of period           | 367,216   | 43,728   | 7,601  | 19,686   | 801,669  | 7,320    |
| Profit share and commission income | 26  | 219      | 194  | 90       | 1,462  | -        |

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

**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 |
| <b>Current and profit-sharing accounts</b> |   |              |  |              |  |              |
| Balance at beginning of period             | 386,651   | 137,443      | 219,676                                      | 104,748      | 454,287  | 348,052      |
| Balance at end of period                   | 1,480,267   | 386,651      | 250,619                                      | 219,676      | 485,690  | 454,287      |
| Profit share expense                       | 2,538   | 469          | 2,149  | 593          | 290  | 51           |

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

**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 |
| <b>Transactions at Fair Value through Profit or Loss</b> |   |              |  |              |  |              |
| Balance at beginning of period                           | 2,697,940   | 758,268      | 842,005                                      | 1,992,498    | -  | -            |
| Balance at end of period                                 | 1,193,160   | 2,697,940    | 318,812                                      | 842,005      | -  | -            |
| Total Profit / Loss                                      | (443)   | 32,606       | 20,951                                       | 956          | -  | -            |
| <b>Hedging Transactions</b>                              |   |              |  |              |  |              |
| 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.



**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**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 | 10,068,825  | 13,143,066   | 957,272                                      | 270,055      | -  | -            |
| Balance at end of period       | 9,408,799   | 10,068,825   | 2,359,823                                    | 957,272      | -  | -            |
| Profit share expense           | 652,987   | 167,182      | 2,171  | 1,293        | -  | -            |

(\*) 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 July 16, 2019, and the entire equity-like additional principal capital (Tier-I) sukuk of USD 50,000,000 (full amount) realized by the Bank on September 28, 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 - 31 March 2023, the Bank has paid TL 148,925 to top management (1 January – 31 March 2022- TL 50,724).

**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**

With the decision of the board of directors dated April 27, 2023, the Bank has written off its receivables amounting to TL 265,624 from its assets.

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**SECTION SIX**

**OTHER EXPLANATIONS**

- Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet:**  
None.

**SECTION SEVEN**

**LIMITED REVIEW REPORT**

- Explanations on the limited review report:**

The unconsolidated financial statements have been reviewed by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' limited review report dated 15 May 2023 is presented preceding the financial statements.

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

**SECTION EIGHT**

**INTERIM ACTIVITY REPORT**

- 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 Turkey (CBRT) on 28 February 1989 and commenced its operations on 31 March 1989, with the name of Kuveyt Türk Evkaf Finans Kurumu A.Ş. To comply with the Banking Act 5411, the title of the 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 31 March 2023, 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

**1.2 Financial Informations Summary:**

| <b>UNCONSOLIDATED BALANCE SHEET</b>                | <b>31.03.2023</b>  | <b>31.12.2022</b>  |
|--|--------------------|--------------------|
| CASH BALANCES AND CENTRAL BANK                     | 66,034,101         | 76,252,988         |
| BANKS  | 12,898,567         | 18,435,587         |
| SECURITIES   | 113,210,800        | 96,154,942         |
| LOANS AND RECEIVABLES                              | 220,780,903        | 176,740,013        |
| FINANCE LEASE RECEIVABLES (Net)                    | 24,488,959         | 20,863,402         |
| EXPECTED LOSS PROVISIONS (-)                       | 15,714,383         | 13,785,208         |
| TANGIBLE ASSETS (Net)                              | 1,923,224          | 1,767,065          |
| OTHER ASSETS                                       | 11,430,046         | 8,201,991          |
| <b>TOTAL ASSETS</b>                                | <b>435,052,217</b> | <b>384,630,780</b> |
| FUND COLLECTED                                     | 331,664,698        | 301,517,863        |
| FUNDS BORROWED                                     | 37,973,263         | 30,093,327         |
| FINANCE LEASE PAYABLES (Net)                       | 606,097            | 516,854            |
| SUBORDINATED LOANS                                 | 11,701,011         | 11,424,892         |
| OTHER LIABILITIES                                  | 22,023,597         | 12,363,002         |
| EQUITY   | 31,083,551         | 28,714,842         |
| <b>TOTAL LIABILITIES</b>                           | <b>435,052,217</b> | <b>384,630,780</b> |
| <b>UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS</b> | <b>31.03.2023</b>  | <b>31.03.2022</b>  |
| PROFIT SHARE INCOME                                | 11,556,689         | 5,717,771          |
| PROFIT SHARE EXPENSE                               | 4,206,410          | 1,915,940          |
| NET PROFIT SHARE INCOME/EXPENSE                    | 7,350,279          | 3,801,831          |
| NET FEES AND COMMISSION INCOME/EXPENSE             | 216,888            | 123,817            |
| PERSONNEL EXPENSES                                 | 1,206,361          | 661,372            |
| DIVIDEND INCOME                                    | 324                | -                  |
| NET TRADING INCOME / LOSS                          | 2,145,387          | 925,066            |
| OTHER OPERATING INCOME                             | 922,582            | 435,082            |
| EXPECTED CREDIT LOSS (-)                           | 2,697,590          | 1,994,367          |
| OTHER PROVISION EXPENSES (-)                       | 47,395             | 184,345            |
| OTHER OPERATING EXPENSES (-)                       | 1,062,087          | 518,915            |
| INCOME/ LOSS BEFORE TAX                            | 5,622,027          | 1,926,797          |
| TAX CHARGE   | 1,427,876          | 462,077            |
| <b>CURRENT PERIOD INCOME/LOSSES</b>                | <b>4,194,151</b>   | <b>1,464,720</b>   |
| <b>RATIOS</b>                                      | <b>31.03.2023</b>  | <b>31.12.2022</b>  |
| Total Loans/Total Assets*                          | 56.38%             | 51.37%             |
| Total Loans/Fund Collected*                        | 73.95%             | 65.54%             |
| Average Equity Profit **                           | 56.11%             | 76.51%             |
| Average Assets Profit **                           | 4.09%              | 5.23%              |
| Capital Adequacy Ratio                             | 21.25%             | 23.05%             |

\* 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**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**1.3 Message from the Chairman**

Dear Shareholders,

On February 6, 2023, we experienced one of the greatest natural disasters in the history of Türkiye. We wish God's mercy on those who lost their lives due to the earthquake in Turkey and Syria, our condolences to their families, and a speedy recovery to the injured. As Kuwait Finance House and Kuveyt Türk Finance Group, we will continue to support with all our means and continue to work with all our strength in order to heal the wounds of the earthquake and reach those in need.

The negative effects of the epidemic and the Russia-Ukraine War on the global economy are gradually improving. On the one hand, the Chinese economy normalized, while the energy and food markets returned to their relatively normal levels. Inflation rates, which are at historically high levels all over the world, are decreasing with the tightening monetary and fiscal policies and the normalization in the supply chain. On the other hand, in addition to all these positive economic developments, as of 2023, we have not been able to get rid of all the uncertainties and risks in the global economy. The events in the world financial sector and the slowing economies show that the markets are quite fragile and macroeconomic threats still continue. Global interest rate hikes, which have effects especially on developing countries as capital outflows, depreciation of local currencies, decrease in consumer confidence and increase in country risk premiums, affect the economies of developing countries more deeply.

Although the high interest rate hikes and monetary tightening steps implemented by the central banks slowed down the pace of price increases, we see that the inertia in inflation continues, and that serious levels of core inflation, excluding energy and food, have not disappeared yet. Rapid interest rate hikes and tightening policies, which we have not yet come to an end, bring together recession risks, the results of which we feel in the labor markets. Parallel to global economic research institutions, we will keep our cautious optimism regarding global economic growth figures for this year, while closely following political and economic developments in our strategic decisions.

The rapid interest rate hikes and monetary tightening that started last year, after historically low interest rates and abundant foreign exchange spread all over the world, had serious side effects on the financial sector as well. While sudden and high price changes in long-term fixed income assets cause some financial institutions to experience high losses, 2023 will be an important year in which the resilience of the global financial system will be tested. On the other hand, while the banking sector in Turkey is the sector with the highest financial strength, we know that participation banks are highly resistant to financial and non-financial risks due to their structure and participation finance principles that they must comply with. As Kuveyt Türk, we continue to support the real economy without compromising our sound banking principles.

In the activity period of 2023, our expert, well-educated, self-sacrificing, young and dynamic employees will be the carrier of our success. I would like to express my gratitude to all our employees who contributed to our success and to our shareholders for their unwavering support.

Regards,

**Hamad Abdulmohsen ALMARZOUQ**  
Head of the BOD  
Kuveyt Türk Katılım Bankası

**KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ**  
**NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2023**

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

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**1.4 Message from the General Manager**

Dear Shareholders,

While we started 2023 with hope, the earthquakes in Kahramanmaraş Pazarcık and Elbistan that took place on Monday, February 6, 2023, sent us all to deep sadness and grief as a country. We wish Allah's mercy on our citizens who lost their lives in the earthquake disaster that caused destruction in 11 provinces, our condolences to their relatives and our nation, and a speedy recovery to our injured people. From the first moment of the earthquake, we acted together with AFAD, the Türk Kızılay and the Turkish Scouting Federation, and delivered our in-kind and cash aid to the disaster-affected areas. In order to contribute to healing the wounds of our nation, we will continue to contribute as our main partner Kuwait Finance House and Kuveyt Türk Finance Group. Together, we will overcome this difficult process together.

Kuveyt Türk, which has been providing interest-free financial services to its customers for 34 years with the products and services it has developed in line with the principles of participation finance, continued its steady growth by increasing its profitability in the first quarter of 2023 and increased its net profit by 68% compared to the same period last year to TL 4,194,151. Kuveyt Türk's collected fund size increased by 10% to TL 331,664,698 compared to 2022, while the size of funds disbursed increased by 24 percent to TL 245,269,862. Having increased its shareholders' equity to TL 31,083,551 and its asset size to TL 435,052,217, Kuveyt Türk maintained its 10th place in the banking sector while consolidating its first place among participation financial institutions in terms of asset size.

The participation finance sector and Kuveyt Türk, which have adopted the motto of using its resources in a way that will make the highest contribution to the real economy, will continue to support investment, production and exports in 2023, as in the past. As Kuveyt Türk, we will continue to provide all the products and services our customers need in the best way, with our understanding that puts the customer experience at the center. While realizing all these, we will increase the market share we receive from the banking sector, while contributing to the increase in the share of participation finance in the banking sector. We will maintain our prudent approach in terms of asset quality and liquidity in the new year, and we will continue to differentiate ourselves positively from the sector in this area.

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

Regards,

**Ufuk UYAN**  
Member of BOD and General Manager  
Kuveyt Türk Katılım Bankası

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

As of 31 March 2023, unconsolidated financial statements asset size is TL 435 billion 52 million, amount of the utilization of funds is TL 245 billion 270 million and funds collected amount is TL 331 billion 665 million. Due to the effect of the first three months 'profit of TL 4 billion 194 million thousand, the ratio of shareholder equity increased 8.25% by reaching TL 31 billion 84 million. As of 31 March 2023, unconsolidated capital adequacy ratio has been realized as 21.25%.

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

**1.6 Announcement Regarding Important Developments within 3 Months**

Bank, KT Kira Sertifikaları Varlık Kiralama A.Ş. through four separate transactions, has issued sukuk with a total nominal value of 1 billion 50 million TL, with a minimum 16.96% and a maximum 17.31% cost in different maturity brackets in four separate transactions.

**1.7 Assessment of the Expectations Related to the Subsequent Interim Period**

When evaluating both global and domestic macroeconomic conditions, it is observed that there is an inflation-driven risk environment and uncertainties about the duration of this situation come to the fore. The increase in commodity prices due to the Russia-Ukraine conflict and the supply shortages observed in critical sectors cause producer and consumer prices to rise more than expected. During this period when developed and developing country central banks have begun to implement contractionary monetary policy actions, the effects of these risks on the markets will continue to be closely monitored.