

Kuveyt Türk Katılım Bankası Anonim Şirketi

**Independent auditor's report, unconsolidated
financial statements and notes for the year
ended December 31, 2023**

*(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 AUDITOR'S REPORT ON UNCONSOLIDATED FINANCIAL INFORMATION

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

A) Audit of Unconsolidated Financial Statements

1) Opinion

We have audited the accompanying unconsolidated financial statements of Kuveyt Türk Katılım Bankası A.Ş (the "Bank") which comprise the unconsolidated statement of financial position as at December 31, 2023, unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity and unconsolidated statement of cash flows for the year then ended and notes to the unconsolidated financial statements and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at December 31, 2023 and unconsolidated financial performance and unconsolidated its cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 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 Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

2) Basis for Opinion

Our audit was conducted in accordance with "Regulation on independent audit of the Banks" published in the Official Gazette no.29314 dated April 2, 2015 by BRSA (BRSA Independent Audit Regulation) and Independent Auditing Standards ("ISA") which are the part of Turkish Auditing Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with of Code of Ethics for Independent Auditors (Code of Ethics) published by POA and have fulfilled our other responsibilities in accordance with the code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter is addressed in our audit
<p>Classification, measurement and impairment of financial assets within the scope of TFRS 9 “Financial Instruments” Standard and disclosures</p>	
<p>As disclosed in footnote 1.5 of Section 3; the Bank measures expected credit losses for financial instruments by TFRS 9 “Financial Instruments Standards”. The rationale reasons for selecting TFRS 9 implementation and impairment of financial assets as key audit matter are as follows:</p> <ul style="list-style-type: none"> - Financial assets within balance-sheet and off-balance-sheet subject to TFRS 9 expected credit losses measurement have significant balance in the financial statements - The applications TFRS 9 are complex and comprehensive - The classification of financial instruments based on the Bank’s business models and the characteristics of contractual cash flows in line with TFRS 9 and requirement of important judgments to determine this business model and the characteristics of contractual cash flows - Risks related to the policies established by the management with the compliance and requirements of the legislation and other applications for the calculation of expected credit losses - The complexity and intensity of the control environment in the processes designed or reorganized for TFRS 9 - Estimations and assumptions used in expected credit losses are new, important and complex - Complex and comprehensive disclosure requirements of TFRS 9. 	<p>Our audit procedures in addition to our current audit procedures:</p> <ul style="list-style-type: none"> - Evaluation of the compliance of the accounting policies adopted with regard to TFRS 9, the Bank's past performance, and local and global practices and notifications from regulatory authorities - Analysis and testing of processes, systems, and controls originated or re-designed in order to calculate expected credit losses by the Information Systems and Process Audit specialists - Evaluation of the key judgments, assumptions, methods used for calculation of expected credit loss determined by the management, and whether the data source is reasonable or not, and their compliance and standard requirements in light of industry and global practices - Testing criteria used for determining the contractual cash flows including profit share payments with regard to solely principal and principal balance of financial assets on a sample basis and evaluation of Bank's business model - Evaluation of significant increase in credit risk, definition of default, definition of restructuring, probability of default, loss given default, exposure at default and macro-economic variables, and related basic and significant estimates and assumptions determined for calculation process of expected credit loss and whether these assumptions determined by financial risk management are in line with the Bank’s historical performance, legislation, and reasonableness of the estimation process regarding future performance and investigation of credit risk portfolio on a sample basis - Evaluation of the accuracy and completeness of attributes of the data used for the calculation process of expected credit losses - Detailed testing of mathematical verification of expected credit losses’ calculation on a sample basis - Evaluating the judgments and estimates used for the individually assessed financial assets. - Evaluating the necessity and accuracy of the updates made or required updates after the modeling process - Auditing of disclosures related to TFRS 9.

4) Responsibilities of Management and Directors for the Unconsolidated Financial Statements

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

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

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

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

In an independent audit, the responsibilities of us as independent auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with BRSA Independent Audit Regulation and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with BRSA Independent Audit Regulation and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Bank's bookkeeping activities and financial statements for the period January 1 – December 31, 2023 are not in compliance with the TCC and the Bank's articles of association in relation to financial reporting.
- 2) In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The engagement partner who supervised and concluded this independent auditor's report is Emre Çelik.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Emre Çelik, SMMM
Partner

February 15, 2024
Istanbul, Turkey

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 parent bank and its subsidiaries	2

Section two
The unconsolidated financial statements

I.	Unconsolidated balance sheet (statement of financial position)	3
II.	Unconsolidated statement of off-balance sheet items	5
III.	Unconsolidated income/expense statement (income statement)	6
IV.	Unconsolidated statement of income/expense items accounted under shareholder's equity	7
V.	Unconsolidated statement of changes in shareholders' equity	8
VI.	Unconsolidated statement of cash flows	9
VII.	Unconsolidated profit distribution table	10

Section three
Accounting principles

I.	Explanations on basis of presentation	11
II.	Explanations on strategy of using financial instruments and foreign currency transactions	14
III.	Investments on subsidiaries and associates	14
IV.	Explanations on forward transactions and option contracts and derivative instruments	14
V.	Explanations on profit share income and expense	15
VI.	Explanations on fees and commission income and expenses	15
VII.	Explanations on financial assets	15
VIII.	Explanations on offsetting of financial assets and liabilities	16
IX.	Explanations on sale and repurchase agreements and lending of securities	17
X.	Explanations on assets held for sale and discontinued operations and related liabilities	17
XI.	Explanations on goodwill and other intangible assets	17
XII.	Explanations on tangible assets	18
XIII.	Explanations on leasing transactions	18
XIV.	Explanations on provisions and contingent liabilities	19
XV.	Explanations on liabilities relating to employee benefits	19
XVI.	Explanations on taxation	20
XVII.	Explanations on additional disclosures on borrowings	21
XVIII.	Explanations on share certificates issued	21
XIX.	Explanations on acceptances and availed drafts	21
XX.	Explanations on government grants	22
XXI.	Explanations on segment reporting	22
XXII.	Explanations on other matters	22

Section four
Information related to financial position and risk management of the bank

I.	Explanations on equity items	23
II.	Explanations and disclosures related to credit risk	28
III.	Explanations on currency risk	42
IV.	Explanations related to stock position risk	45
V.	Liquidity risk management and liquidity coverage ratio	46
VI.	Explanations on leverage ratio	53
VII.	Explanations on fair values of financial assets and liabilities	54
VIII.	Explanations on the activities carried out on behalf and account of other persons	54
IX.	Explanations on hedge accounting practices	54
X.	Explanations on risk management	54
XI.	Securitization positions	69
XII.	Explanations on the activities carried out on behalf and account of other persons, fiduciary-based transactions	69
XIII.	Qualitative explanations on market risk	69
XIV.	Explanations on business segments	74

Section five
Explanations and notes on the unconsolidated financial statements

I.	Explanations and notes related to assets	76
II.	Explanations and notes related to liabilities	94
III.	Explanations and notes related to off-balance sheet contingencies and commitments	101
IV.	Explanations and notes related to the statement of income	104
V.	Explanations and disclosures related to statement of changes in shareholders' equity	110
VI.	Explanations and notes related to cash flow statement	110
VII.	Explanations and notes related to the risk group of the bank	111
VIII.	Domestic, foreign and offshore branches or equity investments and foreign representative offices	112
IX.	Significant events and matters arising subsequent to balance sheet date	113

Section six
Other explanations

I.	Other matters which must be explained in terms of explicitness, interpretability and understandability of the balance sheet	114
----	---	-----

Section seven
Independent auditor's report

I.	Explanations on the auditor's report	114
II.	Notes and disclosures prepared by the independent auditor	114

**THE UNCONSOLIDATED FINANCIAL REPORT OF KUVEYT TÜRK KATILIM BANKASI A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2023**

Address of the Head Office : Büyükdere Cad. No: 129/1 34394 Esentepe Şişli / İSTANBUL
Phone and facsimile number : 0 212 354 11 11 – 0 212 354 12 12
Web page : www.kuveytturk.com.tr
E-mail address : kuveytturk@kuveytturk.com.tr

The unconsolidated Year-End Financial Report 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' Report

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

Hamad Abdulmohsen AL-MARZOUQ
Chairman of the Board of Directors

Shadi Ahmed Yacoub ZAHRAN
Chairman of the Audit Committee

Nadir ALPASLAN
Member of the Audit Committee

Mohamed Hedi MEJAI
Member of the Audit
Committee

Ufuk UYAN
Chief Executive Officer

Ahmet KARACA
Chief Financial Officer

Mehmed Tahir KAPLAN
Budget and Reporting Group
Manager

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

Name-Surname/Position : Samet Özcan / Subsidiary Consolidation Senior Specialist
Telephone : 0 212 354 10 86
Facsimile : 0 212 354 11 03

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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 February 28, 1989 and commenced its operations on March 31, 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 April 26, 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 December 31, 2023, 62.24% of the Bank’s shares are owned by Kuwait Finance House located in Kuwait, 18.72% by T.C. Vakıflar Genel Müdürlüğü, 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 YACIOUB ZAHARAN	Member of BOD and chairman of the Audit Committee	25/09/2020	04/11/2020		Master	-
Nadir ALPASLAN	Vice President of BOD and member of Audit Committee	15/04/2011	24/12/2019		Bachelor	-
Salah A E ALMUDHAF	Member of BOD	07/10/2019			Bachelor	-
Ahmad S A A ALKHARJI	Member of BOD	26/03/2014	24/09/2014	09/09/2020	Master	-
Mohamed Hedi MEJAI	Member of BOD and Audit Committee	25/03/2021	04/05/2021		Master	-
Gehad Mohamed ELBENDARY ANANY	Member of BOD	25/09/2020	09/09/2020	04/11/2020	Bachelor	-
Sinan AKSU	Member of BOD	08/05/2023			Bachelor	-
Ufuk UYAN	Member of BOD and General Manager	10/05/1999			Master	0.057%
Ahmet KARACA	Assistant General Manager, Financial Control.	12/07/2006			Master	0.001%
Ahmet Süleyman KARAKAYA	Assistant General Manager, Corporate and Commercial Banking	14/01/2003			Bachelor	-
Bilal SAYIN	Assistant General Manager, Lending	20/08/2003			Bachelor	0.004%
İrfan YILMAZ	Assistant General Manager, Banking Services	27/10/2005			Bachelor	0.020%
Dr. Ruşen Ahmet ALBAYRAK	Assistant General Manager, Treasury and International Banking.	05/05/2005			Doctorate	0.008%
Nurettin KOLAÇ	Assistant General Manager, Legal and Risk Follow Up	20/04/2010			Bachelor	0.001%
Aslan DEMİR	Assistant General Manager, Strategy	08/10/2012			Bachelor	0.006%
Mehmet ORAL	Assistant General Manager, Retail Banking	01/10/2012			Bachelor	0.005%
Abdurrahman DELİPOYRAZ	Assistant General Manager, SME Banking	09/01/2015			Bachelor	0.005%
Hüseyin Cevdet YILMAZ	Head of the Risk, Control and Compliance Group	16/12/2003			Bachelor	0.001%

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 (December 31, 2022 – 0.11%).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

4. Information on qualified shareholders

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

As of December 31, 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%
Total	100.00%

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 December 31, 2023, the Bank is operating through 445 domestic branches (December 31, 2022 – 444) with 6,011 employees (December 31, 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 (Statement of Financial Position)
- II. Unconsolidated Statement of Off-Balance Sheet Items
- III. Unconsolidated Statement of Profit or Loss Statement (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
- VII. Unconsolidated Statement of Profit Distribution Table

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2023

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

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

	ASSETS	Notes	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022		
			TL	FC	Total	TL	FC	Total
I.	FINANCIAL ASSETS (Net)		82,833,739	188,565,919	271,399,658	48,555,663	121,379,398	169,935,061
1.1.	Cash and Cash Equivalents		30,060,030	128,727,096	158,787,126	8,576,220	86,110,828	94,687,048
1.1.1.	Cash and Balances with Central Bank	(5.1.1.)	29,736,696	110,638,732	140,375,428	8,544,877	67,708,111	76,252,988
1.1.2.	Banks	(5.1.3.)	22,985	18,090,427	18,113,412	31,463	18,404,124	18,435,587
1.1.3.	Money Markets Placements		300,805	-	300,805	-	-	-
1.1.4.	Expected Credit Loss (-)		456	2,063	2,519	120	1,407	1,527
1.2.	Financial Assets at Fair Value Through Profit or Loss		21,543,563	33,897,658	55,441,221	3,464,353	13,446,645	16,910,998
1.2.1.	Government Debt Securities		661,487	32,033,674	32,695,161	449,467	12,760,756	13,210,223
1.2.2.	Equity Instruments		-	-	-	-	-	-
1.2.3.	Other Financial Assets		20,882,076	1,863,984	22,746,060	3,014,886	685,889	3,700,775
1.3.	Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.4.)	29,815,694	25,477,693	55,293,387	35,960,597	21,604,612	57,565,209
1.3.1.	Government Debt Securities		29,541,039	24,858,617	54,399,656	35,912,851	18,716,677	54,629,528
1.3.2.	Equity Instruments		60,587	241,172	301,759	37,769	123,209	160,978
1.3.3.	Other Financial Assets		214,068	377,904	591,972	9,977	2,764,726	2,774,703
1.4.	Derivative Financial Assets		1,414,452	463,472	1,877,924	554,493	217,313	771,806
1.4.1.	Derivative Financial Assets at Fair Value Through Profit or Loss	(5.1.2.)	1,414,452	463,472	1,877,924	554,493	217,313	771,806
1.4.2.	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	(5.1.11.)	-	-	-	-	-	-
II.	FINANCIAL ASSETS MEASURED WITH AMORTISED COSTS (Net)		246,636,605	133,935,930	380,572,535	120,538,839	84,958,103	205,496,942
2.1.	Loans	(5.1.5.)	198,311,575	99,867,523	298,179,098	111,911,757	64,828,256	176,740,013
2.2.	Leasing Receivables	(5.1.10.)	17,428,625	19,691,158	37,119,783	7,312,649	13,550,753	20,863,402
2.3.	Other Financial Assets Measured at Amortized Cost	(5.1.6.)	41,947,315	21,256,329	63,203,644	8,902,045	12,776,690	21,678,735
2.3.1.	Government Debt Securities		36,951,904	21,256,329	58,208,233	8,902,045	12,776,690	21,678,735
2.3.2.	Other Financial Assets		4,995,411	-	4,995,411	-	-	-
2.4.	Expected Credit Loss (-)		11,050,910	6,879,080	17,929,990	7,587,612	6,197,596	13,785,208
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS(NET)	(5.1.16.)	428,585	-	428,585	117,719	-	117,719
3.1.	Held For Sale		428,585	-	428,585	117,719	-	117,719
3.2.	Related to Discontinued Operations		-	-	-	-	-	-
IV.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		3,212,925	-	3,212,925	2,462,925	-	2,462,925
4.1.	Investments in Associates (Net)	(5.1.7.)	-	-	-	-	-	-
4.1.1.	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2.	Unconsolidated Associates		-	-	-	-	-	-
4.2.	Investment in Subsidiaries (Net)	(5.1.8.)	3,192,925	-	3,192,925	2,442,925	-	2,442,925
4.2.1.	Unconsolidated Financial Subsidiaries		3,069,245	-	3,069,245	2,419,245	-	2,419,245
4.2.2.	Unconsolidated Non-Financial Subsidiaries		123,680	-	123,680	23,680	-	23,680
4.3.	Investment in Joint Ventures (Net)	(5.1.9.)	20,000	-	20,000	20,000	-	20,000
4.3.1.	Joint Ventures Valued Based on Equity Method		20,000	-	20,000	20,000	-	20,000
4.3.2.	Unconsolidated Joint Ventures		-	-	-	-	-	-
V.	TANGIBLE ASSETS (Net)	(5.1.12.)	3,465,513	715	3,466,228	1,765,668	1,397	1,767,065
VI.	INTANGIBLE ASSETS (Net)	(5.1.13.)	984,132	28	984,160	397,365	38	397,403
6.1.	Goodwill		-	-	-	-	-	-
6.2.	Other		984,132	28	984,160	397,365	38	397,403
VII.	INVESTMENT PROPERTIES (Net)	(5.1.14.)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSETS		-	-	-	-	-	-
IX.	DEFERRED TAX ASSETS	(5.1.15.)	5,747,818	-	5,747,818	1,083,223	-	1,083,223
X.	OTHER ASSETS	(5.1.17.)	2,037,028	319,278	2,356,306	2,285,717	1,084,725	3,370,442
	TOTAL ASSETS		345,346,345	322,821,870	668,168,215	177,207,119	207,423,661	384,630,780

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2023

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

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

		Notes	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022		
			TL	FC	Total	TL	FC	Total
	LIABILITIES							
I.	FUNDS COLLECTED	(5.2.1.)	246,948,333	260,562,540	507,510,873	46,153,746	155,364,117	301,517,863
II.	FUNDS BORROWED	(5.2.3.)	9,265,255	63,762,092	73,027,347	3,153,871	26,939,456	30,093,327
III.	MONEY MARKETS		4,186,987	-	4,186,987	124,831	-	124,831
IV.	SECURITIES ISSUED (Net)	(5.2.4.)	-	-	-	-	-	-
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		99,842	877,957	977,799	32,369	167,551	199,920
6.1.	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(5.2.2.)	99,842	877,957	977,799	32,369	167,551	199,920
6.2.	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(5.2.7.)	-	-	-	-	-	-
VII.	LEASE PAYABLES	(5.2.6.)	873,237	10,148	883,385	506,640	10,214	516,854
VIII.	PROVISIONS	(5.2.8.)	3,941,330	1,614,502	5,555,832	3,027,134	1,594,718	4,621,852
8.1.	Restructuring Provision		-	-	-	-	-	-
8.2.	Reserves for Employee Benefits		2,422,618	233,569	2,656,187	1,476,391	104,437	1,580,828
8.3.	Insurance for Technical Provision (Net)		-	-	-	-	-	-
8.4.	Other Provisions		1,518,712	1,380,933	2,899,645	1,550,743	1,490,281	3,041,024
IX.	CURRENT TAX LIABILITIES	(5.2.9.1.)	3,384,651	-	3,384,651	1,965,386	-	1,965,386
X.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
XI.	LIABILITIES FOR PROPERTY AND EQUIPMENT HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(5.2.10.)	-	-	-	-	-	-
11.1.	Held for Sale		-	-	-	-	-	-
11.2.	Related to Discontinued Operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBT INSTRUMENTS	(5.2.11.)	-	17,967,564	17,967,564	-	11,424,892	11,424,892
12.1.	Loans		-	-	-	-	-	-
12.2.	Other Debt Instruments		-	17,967,564	17,967,564	-	11,424,892	11,424,892
XIII.	OTHER LIABILITIES	(5.2.5.)	4,126,607	2,561,482	6,688,089	3,625,691	1,825,322	5,451,013
XIV.	SHAREHOLDERS' EQUITY	(5.2.12.)	47,752,551	233,137	47,985,688	28,780,813	(65,971)	28,714,842
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		(513,980)	-	(513,980)	(294,407)	-	(294,407)
14.4.	Other Accumulated Comprehensive Income or Loss That Will Be Reclassified Through Profit or Loss		(1,277,616)	233,137	(1,044,479)	4,749,474	(65,971)	4,683,503
14.5.	Profit Reserves		18,253,903	-	18,253,903	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		16,674,091	-	16,674,091	4,872,338	-	4,872,338
14.5.4.	Other Profit Reserves		231,683	-	231,683	232,118	-	232,118
14.6.	Profit or Loss		26,669,989	-	26,669,989	14,095,078	-	14,095,078
14.6.1.	Prior Years' Profits or Losses		60,618	-	60,618	51,631	-	51,631
14.6.2.	Current Period Net Profit or Loss		26,609,371	-	26,609,371	14,043,447	-	14,043,447
14.7.	Minority Shares	(5.2.13.)	-	-	-	-	-	-
	TOTAL LIABILITIES AND EQUITY		320,578,793	347,589,422	668,168,215	87,370,481	197,260,299	384,630,780

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET ITEMS
AS OF DECEMBER 31, 2023

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

2. STATEMENT OF OFF-BALANCE SHEET ITEMS

	Notes	Audited Current Period 31.12.2023			Audited Prior Period 31.12.2022			
		TL	FC	Total	TL	FC	Total	
A.	COMMITMENTS AND CONTINGENCIES (I+II+III)							
I.	GUARANTEES AND WARRANTIES	(5.3.1.)	169,038,320	149,442,897	318,481,217	107,189,200	96,208,431	203,397,631
1.1.	Letters of Guarantee		37,869,833	23,717,066	61,586,899	18,291,092	12,533,961	30,825,053
1.1.1.	Guarantees Subject to State Tender Law		35,113,871	14,392,194	49,506,065	16,931,093	6,225,572	23,156,665
1.1.2.	Guarantees Given for Foreign Trade Operations		732,597	24,480	757,077	524,697	19,615	544,312
1.1.3.	Other Letters of Guarantee		1,774,567	86,137	1,860,704	842,590	48,079	890,669
1.2.	Bank Loans		32,606,707	14,281,577	46,888,284	15,563,806	6,157,878	21,721,684
1.2.1.	Import Letter of Acceptances		18,769	164,427	183,196	19,680	116,401	136,081
1.2.2.	Other Bank Acceptances		18,769	164,427	183,196	19,680	116,401	136,081
1.3.	Letters of Credit		-	-	-	-	-	-
1.3.1.	Documentary Letters of Credit		49,354	8,836,973	8,886,327	1,538	5,970,275	5,971,813
1.3.2.	Other Letters of Credit		18,355	1,805,046	1,823,401	902	2,300,601	2,301,503
1.4.	Guaranteed Refinancing		30,999	7,031,927	7,062,926	636	3,669,674	3,670,310
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2.	Other Endorsements		-	-	-	-	-	-
1.6.	Other Guarantees		2,687,839	323,472	3,011,311	1,338,781	221,713	1,560,494
1.7.	Other Warranties		-	-	-	-	-	-
II.	COMMITMENTS	(5.3.1.)	99,196,596	8,317,056	107,513,652	73,375,074	7,349,441	80,724,515
2.1.	Irrevocable Commitments		43,894,580	8,317,056	52,211,636	18,469,566	7,349,441	25,819,007
2.1.1.	Forward Asset Purchase and Sales Commitments		1,955,404	7,582,980	9,538,384	814,487	7,349,441	8,163,928
2.1.2.	Share Capital Commitment to Associates and Subsidiaries		67,500	-	67,500	-	-	-
2.1.3.	Loan Granting Commitments		3,871,287	-	3,871,287	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		3,861,133	-	3,861,133	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		33,913,418	-	33,913,418	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		225,838	734,076	959,914	185,360	-	185,360
2.2.	Revocable Commitments		55,302,016	-	55,302,016	54,905,508	-	54,905,508
2.2.1.	Revocable Loan Granting Commitments		55,302,016	-	55,302,016	54,905,508	-	54,905,508
2.2.2.	Other Revocable Commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5.3.2.)	31,971,891	117,408,775	149,380,666	15,523,034	76,325,029	91,848,063
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		31,971,891	117,408,775	149,380,666	15,523,034	76,325,029	91,848,063
3.2.1	Forward Foreign Currency Buy/Sell Transactions		3,814,368	9,338,242	13,152,610	3,992,893	5,727,899	9,720,792
3.2.1.1	Forward Foreign Currency Buy Transactions		2,534,340	4,143,482	6,677,822	3,576,691	1,457,222	5,033,913
3.2.1.2	Forward Foreign Currency Sell Transactions		1,280,028	5,194,760	6,474,788	416,202	4,270,677	4,686,879
3.2.2	Other Forward Buy/Sell Transactions		28,157,523	108,070,533	136,228,056	11,530,141	70,597,130	82,127,271
3.3	Other		-	-	-	-	-	-
B.	CUSTODY AND PLEDGES SECURITIES (IV+V+VI)		2,381,937,721	2,900,613,677	5,282,551,398	1,312,038,282	1,068,954,968	2,380,993,250
IV.	ITEMS HELD IN CUSTODY		80,900,680	2,201,236,887	2,282,137,567	39,623,059	627,887,032	667,510,091
4.1.	Customers' Securities Held		-	-	-	-	-	-
4.2.	Investment Securities Held in Custody		19,584,500	2,141,385,286	2,160,969,786	6,857,433	591,531,785	598,389,218
4.3.	Checks Received for Collection		56,183,252	1,430,053	57,613,305	29,772,990	1,200,703	30,973,693
4.4.	Commercial Notes Received for Collection		5,132,928	1,862,477	6,995,405	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		-	56,559,071	56,559,071	-	34,212,303	34,212,303
V.	PLEGDED ITEMS		2,300,424,666	698,929,858	2,999,354,524	1,272,403,584	440,847,619	1,713,251,203
5.1.	Marketable Securities		3,152,926	235,462	3,388,388	3,206,824	149,703	3,356,527
5.2.	Guarantee Notes		100,977	11,889,942	11,990,919	100,977	7,556,173	7,657,150
5.3.	Commodity		67,498,620	3,423,389	70,922,009	41,494,368	2,365,162	43,859,530
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		523,785,679	31,954,004	555,739,683	304,239,836	8,876,771	313,116,607
5.6.	Other Pledged Items		1,705,886,464	651,427,061	2,357,313,525	923,361,579	421,899,810	1,345,261,389
5.7.	Pledged Items-Depository		-	-	-	-	-	-
VI.	ACCEPTED GUARANTEES AND WARRANTIES		612,375	446,932	1,059,307	11,639	220,317	231,956
	TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		2,550,976,041	3,050,056,574	5,601,032,615	1,419,227,482	1,165,163,399	2,584,390,881

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED
DECEMBER 31, 2023

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

3. STATEMENT OF PROFIT OR LOSS (INCOME STATEMENT)

			Audited Current Period 01.01.2023- 31.12.2023	Audited Prior Period 01.01.2022- 31.12.2022
	INCOME AND EXPENSE ITEMS	Notes		
I.	PROFIT SHARE INCOME	(5.4.1.)	63,057,751	35,614,092
1.1.	Profit Share on Loans		37,357,184	19,861,499
1.2.	Profit Share on Reserve Deposits		-	96,729
1.3.	Profit Share on Banks		548,136	218,446
1.4.	Profit Share on Money Market Placements		-	-
1.5.	Profit Share on Marketable Securities Portfolio		20,308,521	13,713,353
1.5.1.	Fair Value Through Profit or Loss		761,342	512,533
1.5.2.	Fair Value Through Other Comprehensive Income		15,074,251	12,127,686
1.5.3.	Measured at Amortised Cost		4,472,928	1,073,134
1.6.	Finance Lease Income		4,714,670	1,652,771
1.7.	Other Profit Share Income		129,240	71,294
II.	PROFIT SHARE EXPENSE (-)		27,876,292	11,856,340
2.1.	Expense on Profit Sharing Accounts	(5.4.4.)	23,092,934	10,070,087
2.2.	Profit Share Expense on Funds Borrowed	(5.4.2.)	4,124,833	1,608,669
2.3.	Profit Share Expense on Money Market Borrowings		517,231	95,139
2.4.	Expense on Securities Issued	(5.4.2)	-	-
2.5.	Profit Share Expense on Lease		141,294	82,445
2.6.	Other Profit Share Expense		-	-
III.	NET PROFIT SHARE INCOME (I - II)		35,181,459	23,757,752
IV.	NET FEES AND COMMISSIONS INCOME/EXPENSE		3,428,469	984,135
4.1.	Fees And Commissions Received		7,184,139	2,528,657
4.1.1.	Non-Cash Loans		411,273	224,284
4.1.2.	Other	(5.4.13.)	6,772,866	2,304,373
4.2.	Fees And Commissions Paid (-)		3,755,670	1,544,522
4.2.1.	Non-Cash Loans		2,645	1,049
4.2.2.	Other	(5.4.13.)	3,753,025	1,543,473
V.	DIVIDEND INCOME	(5.4.3.)	2,053	1,710
VI.	NET TRADING INCOME / LOSS	(5.4.5.)	9,612,948	5,082,070
6.1.	Capital Market Transaction Gains/Losses		2,546,513	369,629
6.2.	Gains/Losses from Derivative Financial Instruments		8,350,409	3,311,042
6.3.	Foreign Exchange Gains/Losses		(1,283,974)	1,401,399
VII.	OTHER OPERATING INCOME	(5.4.6.)	3,655,946	1,561,509
VIII.	GROSS OPERATING PROFIT (III+IV+V+VI+VII+ VIII)		51,880,875	31,387,176
IX.	EXPECTED LOSS PROVISIONS (-)	(5.4.7.)	6,836,429	6,653,223
X.	OTHER PROVISIONS (-)	(5.4.7.)	228,546	591,509
XI.	PERSONNEL EXPENSES (-)		6,123,344	3,168,208
XII.	OTHER OPERATING EXPENSES (-)	(5.4.8.)	5,189,148	2,904,903
XIII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)		33,503,408	18,069,333
XIV.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV.	INCOME / (LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XVI.	INCOME / (LOSS) ON NET MONETARY POSITION		-	-
XVII.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XII+...+XV)	(5.4.9.)	33,503,408	18,069,333
XVIII.	TAX PROVISION FOR CONTINUED OPERATIONS (±)	(5.4.10)	(6,894,037)	(4,025,886)
18.1.	Current Tax Provision		9,420,021	4,879,989
18.2.	Deferred Tax Expense Effect (+)		1,065,583	1,210,007
18.3.	Deferred Tax Income Effect (-)		3,591,567	2,064,110
XIX.	CURRENT PERIOD PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(5.4.11.)	26,609,371	14,043,447
XX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1.	Income on Non-Current Assets Held for Sale		-	-
20.2.	Income on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
20.3.	Income on Other Discontinued Operations		-	-
XXI.	EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1.	Expenses from Non-Current Assets Held for Sale		-	-
21.2.	Expenses from Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Vent.)		-	-
21.3.	Expenses from Other Discontinued Operations		-	-
XXII.	PROFIT / (LOSS) BEFORE TAX FROM DISCONTINUED OPERATIONS (XVIII- XXI)		-	-
XXIII.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
23.1.	Current Tax Provision		-	-
23.2.	Deferred Tax Expense Effect (+)		-	-
23.3.	Deferred Tax Income Effect (-)		-	-
XXIV.	CURRENT PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXV.	NET PROFIT/LOSS (XVII+XXII)	(5.4.12.)	26,609,371	14,043,447
25.1.	Group's Income/Loss		26,609,371	14,043,447
25.2.	Minority Interest Income/Loss (-)		-	-
	Earnings Per Share Income/Loss (Full TL)		5.7846	3.0529

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 FOR THE YEAR ENDED DECEMBER 31, 2023

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

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited Current Period 01.01.2023 - 31.12.2023	Audited Prior Period 01.01.2022 - 31.12.2022
I.	CURRENT PROFIT (LOSS)	26,609,371	14,043,447
II.	OTHER COMPREHENSIVE INCOME	(5,947,555)	4,466,531
2.1	Other Comprehensive Income Not Reclassified Through Profit or Loss	(219,573)	(242,295)
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	(341,715)	(327,403)
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	122,142	85,108
2.2	Other Comprehensive Income Reclassified Through Profit or Loss	(5,727,982)	4,708,826
2.2.1	Foreign Currency Translation Difference	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value Through Other Comprehensive Income	(7,735,464)	6,277,572
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	2,007,482	(1,568,746)
III.	TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	20,661,816	18,509,978

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

5. STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Notes	Paid-in Capital	Share Premiums	Share cancellation profits	Other Capital Reserves	Accumulated Other Income or Loss That Will Not Be Reclassified to Profit or Loss						Profit Reserves	Prior Period Profit or (Loss)	Net Profit/Loss for the Period	Total Shareholders' Equity Less Minority Shares	Minority Shares	Total Shareholders' Equity	
						1	2	3	4	5	6							
Prior Period (01/01/2022 – 31/12/2022)																		
I.	Prior Period Ending Balance	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	
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)	4,595,131	23,250	1,874	-	-	(52,112)	-	-	(25,323)	-	3,359,858	52,448	2,501,727	10,456,853	-	10,456,853	
IV.	Total Comprehensive Income (Loss)	-	-	-	-	-	(242,295)	-	-	4,708,826	-	-	-	14,043,447	18,509,978	-	18,509,978	
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase by Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase / Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	(1,172)	(817)	-	(1,989)	-	(1,989)	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	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)	-	-		
	Balances at end of the period (III+IV+.....+X+XI)	(5.2.12.)	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
Current Period (01/01/2023 – 31/12/2023)																		
I.	Prior Period Ending Balance	4,595,131	23,250	1,874	-	-	(294,407)	-	-	4,683,503	-	5,610,413	51,631	14,043,447	28,714,842	-	28,714,842	
II.	Corrections and Accounting Policy Changes Made According to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Effect of Corrections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Effect of Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)	4,595,131	23,250	1,874	-	-	(294,407)	-	-	4,683,503	-	5,610,413	51,631	14,043,447	28,714,842	-	28,714,842	
IV.	Total Comprehensive Income (Loss)	-	-	-	-	-	(219,573)	-	-	(5,727,982)	-	-	-	26,609,371	20,661,816	-	20,661,816	
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase by Internal Reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Paid in Capital Inflation Adjustment Difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Share	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase / Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	43	8,987	-	9,030	-	9,030	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	12,643,447	-	(14,043,447)	(1,400,000)	-	(1,400,000)	
11.1	Dividends Paid	-	-	-	-	-	-	-	-	-	-	-	(1,400,000)	-	(1,400,000)	-	(1,400,000)	
11.2	Transfers to Legal Reserves	-	-	-	-	-	-	-	-	-	-	12,643,447	(12,643,447)	-	-	-	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	14,043,447	(14,043,447)	-	-		
	Balances at end of the period (III+IV+.....+X+XI)	(5.2.12.)	4,595,131	23,250	1,874	-	-	(513,980)	-	-	(1,044,479)	-	18,253,903	60,618	26,609,371	47,985,688	-	47,985,688

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 FLOW FOR THE YEAR ENDED
DECEMBER 31, 2023

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

6. STATEMENT OF CASH FLOWS

	Notes	Audited Current Period 01.01.2023- 31.12.2023	Audited Prior Period 01.01.2022- 31.12.2022
A.	CASH FLOWS FROM BANKING OPERATIONS		
1.1	Operating Profit Before Changes in Assets and Liabilities from Banking Operations	39,537,441	3,062,790
1.1.1	Profit Share Income Received	66,115,155	17,538,841
1.1.2	Profit Share Expense Paid	(22,650,931)	(9,999,658)
1.1.3	Dividends Received	2,053	1,710
1.1.4	Fees And Commissions Received	7,184,139	2,528,657
1.1.5	Other Income	5,145,334	1,470,082
1.1.6	Collections From Previously Written Off Loans	1,145,045	1,556,949
1.1.7	Payments to Personnel and Service Suppliers	(5,047,985)	(2,159,684)
1.1.8	Taxes Paid	(6,988,997)	(3,252,969)
1.1.9	Others	(5,366,372)	(4,621,138)
	(5.6.3)		
1.2	Changes in Assets and Liabilities from Banking Operations	(430,861)	14,253,850
1.2.1	Net (Increase) Decrease Held for Trading Financial Assets	(29,686,542)	(2,299,484)
1.2.2	Net (Increase) Decrease in Financial Assets at Fair Value Through Profit or Loss	(34,872,176)	(9,852,125)
1.2.3	Net (Increase) Decrease in Due from Banks and Other Financial Institutions	(106,390,671)	(62,825,896)
1.2.4	Net (Increase) Decrease in Loans	4,435,890	11,029,521
1.2.5	Net (Increase) Decrease in Other Assets	(11,130)	254,927
1.2.6	Net Increase (Decrease) in Bank Deposits	137,093,160	59,871,959
1.2.7	Net Increase (Decrease) in Other Deposits	-	-
1.2.8	Net Increase (Decrease) in Funds Borrowed	21,535,471	14,864,098
1.2.9	Net Increase (Decrease) in Due Payables	-	-
1.2.10	Net Increase (Decrease) in Other Liabilities	7,465,137	3,210,850
	(5.6.3)		
I.	Net Cash Provided From / (Used in) Banking Operations	39,106,580	17,316,640
B.	CASH FLOWS FROM INVESTING ACTIVITIES		
II.	Net Cash Provided From / (Used in) Investing Activities	(47,124,849)	(22,556,855)
2.1	Cash Paid for Purchase Jointly Controlled Operations, Associates and Subsidiaries	(772,500)	(996,345)
2.2	Cash Obtained from Sale of Jointly Controlled Operations, Associates and Subsidiaries	-	-
2.3	Fixed Assets Purchases	(2,246,519)	(857,734)
2.4	Fixed Assets Sales	533,248	693,985
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income	(21,189,008)	(17,931,006)
2.6	Cash Obtained from Sale of Financial Assets at Fair Value Through Other Comprehensive Income	10,258,801	9,060,635
2.7	Cash Paid for Purchase of Investment Securities	(33,590,663)	(18,269,087)
2.8	Cash Obtained from Sale of Investment Securities	692,130	5,924,666
2.9	Other	(810,338)	(181,969)
	(5.1.6)		
	(5.1.6)		
C.	CASH FLOWS FROM FINANCING ACTIVITIES		
III.	Net Cash Provided From / (Used in) Financing Activities	(1,541,294)	(332,445)
3.1	Cash Obtained from Funds Borrowed and Securities Issued	-	-
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	-	-
3.3	Capital Increase	-	-
3.4	Dividends Paid	(1,400,000)	(250,000)
3.5	Payments For Finance Leases	(141,294)	(82,445)
3.6	Other	-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	35,924,861	14,202,766
	(5.6.4)		
V.	Net Increase (Decrease) in Cash and Cash Equivalents	26,365,298	8,630,106
VI.	Cash And Cash Equivalents at The Beginning of The Period	45,273,124	36,643,018
	(5.6.1)		
VII.	Cash And Cash Equivalents at The End of The Period	71,638,422	45,273,124
	(5.6.1)		

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
UNCONSOLIDATED PROFIT DISTRIBUTION TABLE FOR THE YEAR ENDED
DECEMBER 31, 2023

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

7. PROFIT DISTRIBUTION TABLE

		Current Period 01.01.2023 – 31.12.2023 (*)	Prior Period 01.01.2022- 31.12.2022 (*)
I.	Distribution of Current Period Profit		
1.1	Current Period Profit	33,503,408	18,069,333
1.2	Taxes and Dues Payable (-)	6,894,037	4,025,886
1.2.1	Corporate Tax (Income Tax)	9,420,021	4,879,989
1.2.2	Income Tax Withholding	-	-
1.2.3	Other Taxes and Dues Payable	(2,525,984)	(854,103)
A.	Net Profit for the Period (1.1-1.2)	26,609,371	14,043,447
1.3	Prior Year's Losses (-)	-	-
1.4	First Legal Reserves (-)	-	702,172
1.5	Other Reserves (-)	-	-
B.	Distributable Net Period Profit [(A)-(1.3+1.4+1.5)]	26,609,371	13,341,275
1.6	First Dividend to Shareholders (-)	-	1,400,000
1.6.1	To Owners of Ordinary Shares	-	1,400,000
1.6.2	To Owners of Preferred Stocks	-	-
1.6.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Owners of the profit and loss Sharing Certificates	-	-
1.7	Dividend to Personnel (-)	-	-
1.8	Dividend to Board of Directors (-)	-	-
1.9	Second Dividend to Shareholders (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Preferred Stocks	-	-
1.9.3	To Owners of Preferred Stocks (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Owners of the profit/loss Sharing Certificates	-	-
1.10	Statutory Reserves (-)	-	-
1.11	Extraordinary Reserves	-	11,800,831
1.12	Other Reserves	-	443
1.13	Special Funds	-	-
II.	Distribution from Reserves	-	-
2.1	Distributed Reserves	-	-
2.2	Dividends to Shareholders (-)	-	-
2.2.1	The Owners of Ordinary Shares	-	-
2.2.2	The Owners of Preferred Stocks	-	-
2.2.3	The Owners of Preferred Stocks (Preemptive Rights)	-	-
2.2.4	The Profit-Sharing Bonds	-	-
2.2.5	The Owners of the profit/loss Sharing Certificates	-	-
2.3	Share to Personnel (-)	-	-
2.4	Share to Board of Directors (-)	-	-
III.	Earnings per Share	-	-
3.1	To Owners of Stocks	-	3.05
3.2	To Owners of Stocks (%)	-	305.29
3.3	To Owners of Preferred Stocks	-	-
3.4	To Owners of Preferred Stocks (%)	-	-
IV.	Dividend per Share	-	-
4.1	To Owners of Stocks	-	0.30
4.2	To Owners of Stocks (%)	-	30
4.3	To Owners of Preferred Stocks	-	-
4.4	To Owners of Preferred Stocks (%)	-	-

(*) The profit distribution of the Bank is decided at the General Assembly meeting which is not yet held as of the date of the preparation of these financial statements.

(**) The amount shown in the other tax and legal liabilities line is deferred tax income/expense.

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 YEAR-ENDED DECEMBER 31, 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 November 1, 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.

Entities whose functional currency is the currency of a hyperinflationary economy present their financial statements in terms of the measuring unit current at the end of the reporting period according to “TAS 29 Financial Reporting in Hyperinflation Economies”. Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying Turkish Financial Reporting Standards (TFRSs) are required to present their financial statements by adjusting for the impact of inflation for the annual reporting period ending on or after December 31, 2023, in accordance with the accounting principles specified in TAS 29. In the same announcement, it was stated that institutions or organizations authorized to regulate and supervise in their respective scope might determine different transition dates for the implementation of inflation accounting, and in this context, Banking Regulation and Supervision Agency (BRSA) announced that financial statements of banks, financial leasing, factoring, financing, savings financing and asset management companies as of December 31, 2023 would not be subject to the inflation adjustment in accordance with BRSA Board decision on December 21, 2023. Accordingly, "TAS 29 Financial Reporting Standard in High Inflation Economies" is not applied in the financial statements of the Company/Group/Bank as of December 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 December 31, 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 April 21, 2005 and the BRSA circular dated April 28, 2005 it was stated that the indicators for the application of inflation accounting were no longer applicable. Consequently, as of January 1, 2005, the inflation accounting has not been applied.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.5. Disclosures regarding TFRS 9 financial instruments

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

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

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

Dividends obtained from such investments are accounted in the financial statements as profit or loss unless they are evidently a part of the recoverable cost of investment.

As a result of the combination of contractual cash flow characteristics and business models, the differences in the classification of financial assets are reflected in the financial statements compared to the current classification in TAS 39.

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

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 January 1, 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 June 22, 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ

NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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

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

The Bank applies a 'three-stage' impairment model depending on the gradual increase in credit risk observed since initial recognition:

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

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

In this context, the basic considerations that are taken into account 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 based on 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 shown by the tenants as liabilities in assets and leasing transactions as assets (use right). TFRS 16 Standard eliminates the dual accounting model for leasing of financial leasing transactions and the presentation of operating leases directly on the balance sheet.

The Bank within the scope of TFRS 16, 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 all prepaid or accrued lease payments.

As of December 31, 2023, the Bank has usage assets amounting to TL 1,218,915 classified under tangible fixed assets and TL 1,397,639 lease obligations in the balance sheet. In year-end that ended as of the same date, a financial expense of TL 141,294 and depreciation expense of TL 250,318 occurred.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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 (ALCO) 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 Bank enters into forward agreements to decrease its currency risk and to manage its foreign currency liquidity. The bank's derivative instruments are classified as 'hedging derivative financial asset' and 'derivative financial assets/liabilities at fair value profit/losses. The Bank classifies its derivative instruments as "Derivative Financial Instruments Held for Hedging Purposes" and "Derivative Financial Instruments Held for Trading" in accordance with TAS 39. Even though some derivative transactions economically hedge risk, since all necessary conditions for hedge accounting are not met, they are accounted for as "held for trading" within the framework of TAS 39 and are reflected in the "Derivative Financial Assets/liabilities at fair value profit/loss" account in the balance sheet. The Bank has no derivative financial assets/liabilities for hedging purposes as of balance sheet date.

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

Fair values of foreign currency forward transactions and swaps are calculated by using the discounted cash flow model. Differences resulting from the changes in the fair values of derivatives held for trading are accounted under 'Trading Income/Loss' line 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 TAS 39. 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.

The Bank's cash flow hedging process has ended as of December 2023.

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 January 1, 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 December 31, 2023, the Bank has no hedging transactions based on the benchmark interest rate.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

5. Explanations on profit share income and expense

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

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

6. Explanations on fees and commission income and expenses

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

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

In accordance with the provisions of TAS, commission and fees collected in advance for loans 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 January 19, 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/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.

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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.

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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 are in need of funding or in attempt to evaluate the excess liquidity. In this context, OMT were carried out with the CBRT for the first time on June 14, 2013, by subjecting the Treasury Lease Certificates, which were included 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 December 31, 2023, the Bank has repurchased agreement amounting to TL 4,186,987. (December 31, 2022 –TL 124,831).

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 December 31, 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 based on the duration of the license agreements.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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 December 31, 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 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 January 1, 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

As of January 1, 2019, that is the first application date of TFRS 16, the bank started to apply TFRS 16- Leases 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 dividend. The Bank has recognized the right to lease assets equal to the lease obligation by restating the previously paid or accrued lease payments.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

The right of the use asset

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

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

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

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

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

The Bank applies depreciation provisions in TAS 16 Property, Plant and Equipment standard while depreciating in the right of use.

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

15.2 Defined contribution plans

The Bank pays defined contribution plans to publicly administer 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.

16. Explanations on Taxation

Current Tax

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

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

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

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

With the Communiqué Amending the General Communiqué on Tax Procedure Law (order no. 537) published in the Official Gazette numbered 32073 on January 14, 2023, the procedures and principles of the articles allowing the revaluation of real estates and depreciation units have been redrawn. By taking into consideration aforementioned Communiqué, the Bank, has been revaluated real estate and depreciation units within its balance sheet by providing conditions in the provisions of Tax Procedure Law’s provisional Article 32 and duplicated Article 298/ç. Accordingly, corporate income tax has calculated with respect to revaluated real estate and depreciation units.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

For the purpose of issuance of certificate of leasing immovables to resource institutions, with the sale of asset leasing companies, the scope of Financial Leasing, Factoring and Financing Companies Law No.6361, dated November 21, 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.

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

Deferred Tax

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

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

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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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 based on 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 YEAR-ENDED DECEMBER 31, 2023

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

1. Explanations on Equity Items

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 December 31, 2023, Bank’s total capital has been calculated as TL 66,892,662 (December 31, 2022: TL 41,123,085), capital adequacy ratio is 25.27% (December 31, 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 January 31, 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 calculation of the legal capital adequacy ratio as of December 31, 2023 has been carried out taking into account the above-mentioned regulatory changes.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.1. Components of Total Capital

	Current Period Amount	Prior Period Amount
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation After All Creditors	4,600,000	4,600,000
Share Premium	23,250	23,250
Reserves	18,253,903	5,610,413
Other Comprehensive Income According to TAS	386,210	4,966,525
Profit	26,669,989	14,095,078
Current Period Profit	26,609,371	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	-	-
Common Equity Tier I Capital Before Deductions	49,933,352	29,295,266
Deductions From Common Equity Tier I Capital	-	-
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 (-)	1,284,744	25,400
Leasehold Improvements on Operational Leases (-)	238,694	135,849
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	925,513	384,671
Net Deferred Tax Asset/Liability (-)	-	-
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	513,980	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 (-)	-	-
Total Deductions from Common Equity Tier I Capital	2,967,800	845,196
Total Common Equity Tier I Capital	46,965,552	28,450,070

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

ADDITIONAL TIER I CAPITAL BEFORE DEDUCTIONS		
Capital corresponding to privileged shares not included in the core capital and the related issuance premiums	-	-
Borrowing instruments deemed appropriate by the Authority and related issuance premiums	7,358,175	4,678,228
Borrowing instruments deemed appropriate by the Authority and the related issuance premiums (those covered by Provisional Article 4)	-	-
Additional Capital Before Discounts	7,358,175	4,678,228
Deductions From Additional Tier I Capital	-	-
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 (-)	-	-
Items To Be Deducted from Tier I Capital During the Transition Period	-	-
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 (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	7,358,175	4,678,228
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	54,323,727	33,128,298
TIER II CAPITAL		
Debt Instruments and The Related Issuance Premiums Defined by the BRSA	10,301,445	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)	2,316,841	1,453,789
Total Deductions from Tier II Capital	12,618,286	8,003,308
Deductions From Tier II Capital	-	-
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 (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	12,618,286	8,003,308
Total Equity (Total Tier I And Tier II Capital)	66,942,013	41,131,606

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Total Tier I Capital and Tier II Capital (Total Equity)		
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 (-)	48,494	7,898
Other Items To Be Defined By The BRSA (-)	857	623
Items To Be Deducted From The Sum Of Tier I And Tier II Capital (Capital) During The Transition Period		
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 (-)	-	-
CAPITAL		
Total Capital (Total Of Tier I Capital And Tier II Capital)	66,892,662	41,123,085
Total Risk Weighted Assets	264,700,050	149,639,158
CAPITAL ADEQUACY RATIOS		
CET1 Capital Ratio (%)	17.74	19.01
Tier I Capital Ratio (%)	20.52	22.14
Capital Adequacy Ratio (%)	25.27	27.48
BUFFERS		
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	13.24	14.51
Amounts Lower Than Excesses as Per Deduction Rules		
Remaining Total Of Net Long Positions Of The Investments In Equity Items Of Unconsolidated Banks And Financial Institutions Where The Bank Owns 10% Or Less Of The Issued Share Capital	-	-
Remaining Total Of Net Long Positions Of The Investments In Tier I Capital Of Unconsolidated Banks And Financial Institutions Where The Bank Owns More Than 10% Or Less Of The Issued Share Capital	-	-
Remaining Mortgage Servicing Rights	-	-
Net Deferred Tax Assets Arising From Temporary Differences	-	-
Limits For Provisions Used in Tier II Capital Calculation		
General Loan Provisions For Exposures In Standard Approach (Before Limit Of One Hundred And Twenty Five Per Ten Thousand)	7,948,868	6,500,534
General Loan Provisions For Exposures In Standard Approach Limited By 1.25% Of Risk Weighted Assets	2,316,841	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	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	-	-
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Information on debt instruments to be included in equity calculation:			
Issuer	KT One Company Limited	KT AT One Company Limited	KT21 T2 Company Limited
Instrument Code (CUSIP, ISIN vb.)	XS2028862998	XS2227803819	XS2384355520
Legislation to which the Instrument is subject	BRSA regulation on Shareholders' Equity	BRSA regulation on Shareholders' Equity	BRSA regulation on Shareholders' Equity
Consideration In Equity Calculation			
Subject to consideration application reduced by 10% from 1/1/2015	Not Being Subject	Not Being Subject	Not Being Subject
Validity on a consolidated or unconsolidated basis or both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis	Current on both consolidated and unconsolidated basis
Instruments Type	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Additional Tier I Capital)	Subordinated Sukuk (Tier II Capital)
Amount taken into account in equity calculation (as of last reporting date-TL million)	5,887	1,472	10,301
Nominal value of the Instrument (TL million)	5,887	1,472	10,301
The account in which the Instrument is followed accounting	34701103	34701103	34700103
Export date of the Instrument	16/07/2019	28/09/2020	16/09/2021
Maturity structure of the Instrument (demand/term)	Demand	Demand	10 Years and 3 Month Term
Initial maturity of the Instrument	5 Years (Due Date: 16/07/2024)	5 Years (Due Date: 28/09/2025)	10 Years and 3 Month (Due Date:16/12/2031)
Whether the issuer has the right to refund subject to BRSA approval	Yes	Yes	Yes
Date of repayment option, contingent repayment options and amount to be paid back	16/07/2024 – Complete	28/09/2025 – Complete	16/12/2031 -Complete
Subsequent repayment option dates	16/07/2024	28/09/2025	16/12/2031
Dividend payments			
Fixed or variable dividend payments	Fixed Dividend payments	Fixed Dividend payments	Fixed Dividend payments
Dividend ratio and index value for dividend ratio	9.13%	9.95%	6.125%
Whether there are any restrictions that stop paying dividends	None	None	None
The ability to be completely optional, partially optional, or mandatory	Mandatory	Mandatory	Mandatory
Whether there is an element to encourage repayment, such as a dividend rate hike	None	None	None
Non-accumulative or cumulative property	Noncumulative	Noncumulative	Noncumulative
Ability to convert to stock			
Trigger events/events that would cause conversion if converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Fully or partially convert property if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
If it can be converted to stock, the conversion rate	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Forced or optional conversion property if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Types of convertible Instruments if convertible to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Issuer of the debt instrument to be converted if it can be converted to stock	Cannot be converted into stock	Cannot be converted into stock	Cannot be converted into stock
Value reduction feature			
Trigger events/events to cause reduction if value reduction is enabled	No Value Reduction	No Value Reduction	No Value Reduction
If it has a value reduction feature, it has a total or partial value reduction feature	No Value Reduction	No Value Reduction	No Value Reduction
If the value reduction property is continuous or transient	No Value Reduction	No Value Reduction	No Value Reduction
If the value can be temporarily reduced, the value increment mechanism	No Value Reduction	No Value Reduction	No Value Reduction
In the case of liquidation, which is in the order in respect of the right of receivables (the instrument which is located just above this instrument of borrowing)	Tier - 1	Tier - 1	Tier - 2
Whether or not the provisions of Articles 7 and 8 of the regulation on the shareholders' equity of the banks are not met	None	None	None
Which of the conditions contained in Articles 7 and 8 of the regulation on the shareholders' equity of the banks are not met	None	None	None

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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 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

Credit risk means the risks and damages to arise because of partial or complete non-fulfillment of the obligations timely by non-compliance of the counter party with the requirements of the agreement concluded with the Bank.

With regards to the credit risk, the debtor or the group of debtors is subjected to risk limitation. The upper limit of the rate of the credits granted to the companies in one sector to the total credits is determined annually by the Board of Directors and is updated as required.

The credit risk which the Bank is subjected to outside of Turkey is followed up by the Board of Directors within the frame of the determined limits based on countries and regions. Within this scope, the total risk which the Bank had taken in the foreign country or region, the total of the credit risk taken by the banks residing abroad and/or their branches in Turkey, the total risks of the credits generated to the people residing abroad or with foreign nationally, the risk total taken over the corporate customers and/or banks to which the partners residing in Turkey but of which the principal shareholder or shareholders reside in another country, had given guarantee and in required cases, the risk total taken by the Bank in Turkey should be followed up.

The risks and limits arising of the treasury transactions and customer based commercial transactions are followed up daily. Moreover, the control of the limits allocated as based on the degrees of the correspondent banks and the maximum risk that the Bank can take within its equities are also performed daily. The risk limits relevant to the transactions performed daily are determined and the risk intensity relevant to off the balance sheet transactions are being followed up.

As provided for in the Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for the Loans, the credit worthiness of the debtors of the loans and the other receivables are followed up at regular intervals, in case of early determination of a probable repayment problem, the credit limits redefined, and additional guarantees are taken and this way the prevention of the bank's loss is aimed. The account statement documents for the loan generations are taken as defined in the legislation. The guarantees are taken within the frame of the relevant legislation, by consideration of the quality of the credit and the financial structure of the company and as based on the allocation decision taken by the credit committee.

Futures and option contracts and other similar contract positions are not held.

The indemnified non-cash loans are subject to the same risk weight as the unpaid credits, in accordance with the "Regulation on the Procedures and Principles for the Determination of the Qualifications of Credits and Other Receivables in Banks and the Provisions to be Forded". Renewed and restructured loans are monitored in accordance with the methods set out in the relevant legislation.

Foreign trade financing and inter-banks loan transactions are performed by a wide network of correspondents and the country risks, limits, correspondent risks and limits are regularly evaluated within this scope.

There is no important credit risk concentration when evaluated together with the financial activities of the other financial institutes.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

The Bank's top 100 and 200 cash loan customers represents 21% and 28% of the total cash loan portfolio, respectively.

The Bank's top 100 and 200 non-cash loan customers represent 15% and 22% of the total non-cash loan portfolio, respectively.

The Bank's top 100 and 200 cash and non-cash loan customers represent 20% and 27% of the total cash and non-cash loan portfolio, respectively.

	Current Period	Average
Risk Classifications	Risk Amount (*)	Risk Amount(**)
Conditional and unconditional receivables from central governments or Central Banks	191,853,312	170,513,859
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional receivables from multilateral development banks	231,344	239,314
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	21,062,659	22,222,897
Conditional and unconditional receivables from corporates	84,469,167	78,151,703
Conditional and unconditional receivables from retail portfolios	51,891,336	47,097,770
Conditional and unconditional receivables secured by mortgages	55,317,159	48,480,721
Past due receivables	102,417	126,077
Receivables defined under high risk category by BRSA	25,598,233	16,333,840
Guaranteed securities	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	-	-
Stock Investments	3,415,343	2,928,458
Other receivables	19,110,684	19,656,690
Total	453,051,654	405,751,329

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

	Prior Period	Average
Risk Classifications	Risk Amount (*)	Risk Amount (**)
Conditional and unconditional receivables from central governments or Central Banks	122,817,523	97,916,143
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-
Conditional and unconditional receivables from multilateral development banks	181,627	166,850
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	21,798,010	24,534,542
Conditional and unconditional receivables from corporates	54,782,429	50,839,201
Conditional and unconditional receivables from retail portfolios	27,789,520	23,088,787
Conditional and unconditional receivables secured by mortgages	37,852,401	32,353,658
Past due receivables	126,466	173,403
Receivables defined under high-risk category by BRSA	9,751,076	4,507,920
Securities collateralized by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-
Investments similar to collective investment funds	-	846,325
Equity Investments	2,462,925	1,562,841
Other receivables	12,420,897	12,011,184
Total	289,982,874	248,000,854

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared starting from the date of publication of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Bank.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.1. Profile of significant exposures in major regions

Current Period (*)	Conditional and unconditional receivables from central governments of Central Banks	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional receivables from retail portfolios	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined under high-risk category by BRSA	Investments similar to collective investment funds	Stock Investments	Other Receivables	Total
Domestic	191,853,312	-	4,473,040	83,020,932	51,739,495	54,694,596	102,352	25,598,233	-	-	-	411,481,960
European Union Countries	-	-	1,425,991	143,211	20,463	106,140	36	-	-	-	-	1,695,841
OECD Countries (**)	-	-	4,162,128	5,432	3,677	28,154	1	-	-	-	-	4,199,392
Off-Shore Regions	-	-	3,477	818,123	30,760	386,008	-	-	-	-	-	1,238,368
USA, Canada	-	-	6,662,434	2,031	5,133	8,647	-	-	-	-	-	6,678,245
Other Countries	-	231,344	4,335,589	479,438	91,808	93,614	28	-	-	-	-	5,231,821
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	3,415,343	-	3,415,343
Undistributed Assets / Liabilities (***)	-	-	-	-	-	-	-	-	-	-	19,110,684	19,110,684
Total	191,853,312	231,344	21,062,659	84,469,167	51,891,336	55,317,159	102,417	25,598,233	-	3,415,343	19,110,684	453,051,654

(*) Includes total risk amounts before the effect of Credit Risk Mitigation but after credit conversions.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that cannot be allocated on a consistent basis.

(****) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks.

Prior Period (*)	Conditional and unconditional receivables from central governments of Central Banks	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional receivables from retail portfolios	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined under high-risk category by BRSA	Investments similar to collective investment funds	Stock Investments	Other Receivables	Total
Domestic	122,817,523	-	2,286,649	53,834,563	27,733,316	37,413,358	126,185	9,751,076	-	-	-	253,962,670
European Union Countries	-	-	1,300,082	160,780	5,596	122,521	164	-	-	-	-	1,589,143
OECD Countries (**)	-	-	2,541,959	2,954	4,668	23,288	28	-	-	-	-	2,572,897
Off-Shore Regions	-	-	406,361	427,104	1,790	215,251	-	-	-	-	-	1,050,506
USA, Canada	-	-	8,569,389	119	2,061	8,601	-	-	-	-	-	8,580,170
Other Countries	-	181,627	6,693,570	356,909	42,089	69,382	89	-	-	-	-	7,343,666
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	2,462,925	-	2,462,925
Undistributed Assets / Liabilities (***)	-	-	-	-	-	-	-	-	-	-	12,420,897	12,420,897
Total	122,817,523	181,627	21,798,010	54,782,429	27,789,520	37,852,401	126,466	9,751,076	-	2,462,925	12,420,897	289,982,874

(*) Includes total risk amounts before the effect of Credit Risk Mitigation but after credit conversions.

(**) Includes OECD countries other than EU countries, USA and Canada.

(***) Includes assets and liability items that cannot be allocated on a consistent basis.

(****) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks were taken into consideration.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.2. Risk profile by sectors or counterparties

Current Period	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from Corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high-risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Stock Investments	Other receivables	TL	FC	Total (*)
Agriculture	-	-	-	-	-	-	1,376,737	710,141	1,184,375	552	526,499	-	-	-	-	-	1,500	2,595,172	1,204,632	3,799,804
Farming and Stockbreeding	-	-	-	-	-	-	843,673	452,453	998,489	422	467,096	-	-	-	-	-	1,297	2,104,461	658,969	2,763,430
Forestry	-	-	-	-	-	-	532,533	238,952	180,425	91	48,850	-	-	-	-	-	203	469,495	531,559	1,001,054
Fishery	-	-	-	-	-	-	531	18,736	5,461	39	10,553	-	-	-	-	-	-	21,216	14,104	35,320
Manufacturing	-	-	-	-	-	-	36,752,473	11,951,421	14,743,324	18,298	8,496,920	-	-	-	-	-	51,853	37,032,819	34,981,470	72,014,289
Mining and Quarrying	-	-	-	-	-	-	8,562,212	2,185,315	2,299,157	477	1,132,336	-	-	-	-	-	3,273	6,108,694	8,074,076	14,182,770
Production	-	-	-	-	-	-	22,347,847	8,906,615	11,453,358	17,715	6,733,717	-	-	-	-	-	34,977	28,828,618	20,665,611	49,494,229
Electricity, Gas and Water	-	-	-	-	-	-	5,842,414	859,491	990,809	106	630,867	-	-	-	-	-	13,603	2,095,507	6,241,783	8,337,290
Construction	-	-	-	-	-	-	16,923,788	5,173,427	7,813,406	2,487	1,937,201	-	-	-	-	-	14,662	20,959,297	10,905,674	31,864,971
Services	191,853,312	-	-	231,344	-	21,062,659	22,820,740	16,500,270	16,713,851	62,463	9,818,541	-	-	-	-	3,363,442	18,828,566	167,205,883	134,049,305	301,255,188
Wholesale and Retail Trade	-	-	-	-	-	-	14,360,614	10,254,195	10,746,083	27,215	6,902,889	-	-	-	-	-	72,166	30,461,794	11,901,368	42,363,162
Accommodation and Dining	-	-	-	-	-	-	291,121	420,528	800,226	27,516	253,029	-	-	-	-	-	24,276	1,494,934	321,762	1,816,696
Transportation and Telecom.	-	-	-	-	-	-	4,771,620	3,584,115	2,441,352	1,150	903,628	-	-	-	-	-	548,526	5,732,459	6,517,932	12,250,391
Financial Institutions	191,853,312	-	-	231,344	-	20,502,158	2,107	29,347	88,610	-	9,573	-	-	-	-	2,187,789	18,180,613	120,048,230	113,036,623	233,084,853
Real Estate and Rental Services	-	-	-	-	-	560,501	1,608,150	660,770	1,141,475	595	1,259,401	-	-	-	-	50	1,174	3,887,287	1,344,829	5,232,116
Professional Services	-	-	-	-	-	-	20,189	11,312	277	-	-	-	-	-	-	-	-	7,246	24,532	31,778
Educational Services	-	-	-	-	-	-	84,205	114,796	121,860	-	20,627	-	-	-	-	-	364	278,183	63,669	341,852
Health and Social Services	-	-	-	-	-	-	1,682,734	1,425,207	1,373,968	5,987	469,394	-	-	-	-	1,175,603	1,447	5,295,750	838,590	6,134,340
Others	-	-	-	-	-	-	6,595,429	17,556,077	14,862,203	18,617	4,819,072	-	-	-	-	51,901	214,103	41,448,938	2,668,464	44,117,402
Total	191,853,312	-	-	231,344	-	21,062,659	84,469,167	51,891,336	55,317,159	102,417	25,598,233	-	-	-	-	3,415,343	19,110,684	269,242,109	183,809,545	453,051,654

(*) Includes risk amounts before the effect of Credit Risk Mitigation but after the credit conversions.

(**) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks were taken into consideration.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Prior Period	Conditional and unconditional receivables from central governments or central banks	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative bodies and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from Corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by Mortgages	Past due receivables	Receivables defined in high-risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Stock Investments	Other receivables	TL	FC	Total (*)
Agriculture	-	-	-	-	-	-	857,858	517,775	945,400	416	102,938	-	-	-	-	-	895	1,793,125	632,157	2,425,282
Farming and Stockbreeding	-	-	-	-	-	-	760,319	324,193	777,711	202	95,747	-	-	-	-	-	797	1,418,824	540,145	1,958,969
Forestry	-	-	-	-	-	-	88,996	189,987	164,297	214	6,481	-	-	-	-	-	87	358,051	92,011	450,062
Fishery	-	-	-	-	-	-	8,543	3,595	3,392	-	710	-	-	-	-	-	11	16,250	1	16,251
Manufacturing	-	-	-	-	-	-	25,552,794	7,047,373	9,786,999	38,152	4,186,125	-	-	-	-	-	4,927	22,672,539	23,943,831	46,616,370
Mining and Quarrying	-	-	-	-	-	-	5,060,068	1,314,758	1,496,176	1,001	634,568	-	-	-	-	-	881	3,970,119	4,537,333	8,507,452
Production	-	-	-	-	-	-	14,842,863	5,324,049	7,378,980	37,025	3,418,246	-	-	-	-	-	3,283	17,672,435	13,332,011	31,004,446
Electricity, Gas and Water	-	-	-	-	-	-	5,649,863	408,566	911,843	126	133,311	-	-	-	-	-	763	1,029,985	6,074,487	7,104,472
Construction	-	-	-	-	-	-	11,237,036	2,730,149	5,323,787	44,839	1,082,610	-	-	-	-	-	5,881	11,566,885	8,857,417	20,424,302
Services	122,817,523	-	-	181,627	-	21,798,010	13,649,343	8,635,215	10,277,255	33,526	4,103,201	-	-	-	-	2,441,024	12,373,431	89,984,702	106,325,453	196,310,155
Wholesale and Retail Trade	-	-	-	-	-	-	7,925,570	5,336,681	6,506,250	24,960	2,971,795	-	-	-	-	-	31,686	15,970,976	6,825,966	22,796,942
Accommodation and Dining	-	-	-	-	-	-	112,007	230,478	424,091	456	38,637	-	-	-	-	-	23,824	579,660	249,833	829,493
Transportation and Telecom.	-	-	-	-	-	-	2,702,743	1,802,782	1,440,499	3,872	424,482	-	-	-	-	-	113,878	3,086,378	3,401,878	6,488,256
Financial Institutions	122,817,523	-	-	181,627	-	21,449,813	496,455	5,923	79,163	1	15,222	-	-	-	-	1,669,178	12,199,575	65,128,585	93,785,895	158,914,480
Real Estate and Rental Services	-	-	-	-	-	348,197	1,314,119	393,520	695,095	2,126	245,522	-	-	-	-	50	650	1,712,698	1,286,581	2,999,279
Professional Services	-	-	-	-	-	-	18,642	4,720	50	-	-	-	-	-	-	-	1	380	23,033	23,413
Educational Services	-	-	-	-	-	-	16,690	68,434	144,926	1,145	6,673	-	-	-	-	-	210	194,894	43,184	238,078
Health and Social Services	-	-	-	-	-	-	1,063,117	792,677	987,181	966	400,870	-	-	-	-	771,796	3,607	3,311,131	709,083	4,020,214
Others	-	-	-	-	-	-	3,485,398	8,859,008	11,518,960	9,533	276,202	-	-	-	-	21,901	35,763	22,943,932	1,262,833	24,206,765
Total	122,817,523	-	-	181,627	-	21,798,010	54,782,429	27,789,520	37,852,401	126,466	9,751,076	-	-	-	-	2,462,925	12,420,897	148,961,183	141,021,691	289,982,874

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

(**) Stands for the risk categories listed in Regulations on Measurement and Assessment of Capital Adequacy Ratios of Banks were taken into consideration.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.3. Analysis of Maturity-Bearing Exposures According to Remaining Maturities

Risk Categories (*) – Current Period	Time to Maturity				
	1 month	1–3 months	3–6 months	6–12 months	Over 1 year
Conditional and unconditional receivables from central governments or Central Banks	15,127,187	7,543,703	490,345	2,018,580	166,673,497
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	231,344	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	13,837,793	4,406,430	366,066	2,285,297	167,073
Conditional and unconditional receivables from corporates	9,234,169	8,026,292	12,210,939	18,605,550	36,392,217
Conditional and unconditional receivables from retail portfolios	13,723,858	6,820,319	6,712,164	10,024,315	14,610,680
Conditional and unconditional receivables secured by mortgages	7,762,892	5,591,727	6,436,724	12,773,199	22,752,617
Past due receivables	-	-	-	-	-
Receivables defined under high-risk category by BRSA	3,244,354	4,076,192	3,767,178	8,555,794	5,954,715
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Stock Investments	-	-	-	-	3,415,343
Other Receivables	16,183,787	358	286	1,368	2,924,885
Total	79,114,040	36,465,021	29,983,702	54,495,447	252,891,027

(*) Risk amounts are stated before credit risk mitigation and after credit conversion ratio. Risk categories in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy have been considered.

Risk Categories (*) – Prior Period	Time to Maturity				
	1 month	1–3 months	3–6 months	6–12 months	Over 1 year
Conditional and unconditional receivables from central governments or Central Banks	7,208,533	-	2,057,298	19,231,043	94,320,649
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative bodies and non-commercial undertakings	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	181,627
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	15,777,603	4,522,867	341,180	162,152	994,208
Conditional and unconditional receivables from corporates	4,453,545	4,441,958	6,107,012	9,642,033	30,137,881
Conditional and unconditional receivables from retail portfolios	5,307,943	3,111,918	2,758,035	6,343,747	10,267,877
Conditional and unconditional receivables secured by mortgages	3,287,635	2,929,266	3,668,424	8,458,000	19,509,076
Past due receivables	-	-	-	-	-
Receivables defined under high-risk category by BRSA	472,216	1,270,693	2,048,033	5,088,289	871,845
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporate	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Stock Investments	-	-	-	-	2,462,925
Other Receivables	10,965,005	106	194	577	1,455,015
Total	47,472,480	16,276,808	16,980,176	48,925,841	160,201,103

(*) Risk amounts are stated before credit risk mitigation and after credit conversion ratio. Risk categories in the Regulation on Measurement and Evaluation of Banks' Capital Adequacy have been considered.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.4 Exposure Categories

In compliance with the 7th Article of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks, determination of the risk weights in calculation of the risk weighted sums is performed based on the credit ratings provided by the rating companies.

The ratings of an international credit rating agency are used for the Banks and Corporate Receivables asset class, which is limited to the receivables that are resident abroad. Receivables from banks are analyzed in two separate receivable classes according to their original maturity. If the original maturity is 3 months or less, they are assigned to “Short Term Receivables from Banks and Intermediary Institutions”, if it is more than 3 months it is assigned to “Receivables from Banks and Intermediary Institutions”. The banks and institutions established within the country are evaluated as unrated.

The ratings given by the international credit rating agency are used to determine the risk weighted asset class. The ratings of the credit rating agency are being used for Banks and Corporate Receivables asset class limited to the counterparties which are resident abroad.

Exposure Categories					
Credit Quality Grade	Fitch Rating Risk	Exposures to Central Governments or Central Banks Exposure Categories	Exposures from Banks and Brokerage Houses		Exposures to Corporates
			Receivables With Original Maturity Less Than 3 Months	Receivables with Original Maturity greater than 3 Months	
1	AAA AA+ AA AA-	0%	20%	20%	20%
2	A+ A A-	20%	20%	50%	50%
3	BBB+ BBB BBB-	50%	20%	50%	100%
4	BB+ BB BB-	100%	50%	100%	100%
5	B+ B B-	100%	50%	100%	150%
6	CCC+ CCC CCC- CC C D	150%	150%	150%	150%
Unrated	Unrated	100%	20% (*)	50% (*)	100%

(*) This is used under the condition of not being less than the implemented one in the centralized management of the Bank’s located country.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.5 Credit risk using the standard approach

2.5.1. Credit risk exposed and credit risk mitigation effects

	Risk Classes	Credit conversion rate and credit risk amount receivable before reduction		Credit conversion rate and credit risk amount of receivable after reduction		Risk weighted amount and risk weighted amount concentration	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	Risk weighted amount	Risk weighted amount density
1	Receivables from central governments and Central Banks	189,122,240	886,470	195,586,912	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Receivables from multilateral development banks	231,344	-	231,344	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	18,503,795	3,264,985	18,503,795	819,403	5,088,086	26
7	Receivables from corporate	71,790,604	29,687,056	65,680,189	12,526,017	61,121,750	78
8	Retail receivables	43,774,763	48,548,067	43,558,717	8,087,258	30,483,077	59
9	Receivables secured by residential property	18,559,264	4,239,285	18,509,476	1,947,374	6,315,822	31
10	Receivables secured by commercial property	29,618,757	11,109,713	29,533,218	5,191,764	19,447,869	56
11	Non-performing receivables	102,417	-	99,533	-	49,341	50
12	Receivables in high-risk categories	25,598,233	-	25,598,233	-	51,954,020	203
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Other receivables	19,110,684	-	19,110,684	-	6,372,190	33
17	Stock investments	3,415,343	-	3,415,343	-	3,415,343	100
18	Total	419,827,444	97,735,576	419,827,444	28,571,816	184,247,498	

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.5.2. Exposures by asset classes and risk weights

Risk Classifications/Risk Weights (*) (Current Period)		0%	10%	20%	25%	50%	75%	100%	150%	200%	Other%	Total risk amount (post-CCF and CRM)
1	Receivables from central governments and Central Banks	195,586,912	-	-	-	-	-	-	-	-	-	195,586,912
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	231,344	-	-	-	-	-	-	-	-	-	231,344
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	3,356,504	-	11,713,363	-	3,015,834	-	1,237,497	-	-	-	19,323,198
7	Receivables from corporate	14,259,705	-	3,530,939	-	-	-	60,415,562	-	-	-	78,206,206
8	Retail receivables	10,577,218	-	651,302	-	-	40,258,554	158,901	-	-	-	51,645,975
9	Receivables secured by residential property	2,255,434	-	364,493	-	-	-	-	-	-	17,836,923	20,456,850
10	Receivables secured by commercial property	4,440,938	-	1,602,236	-	19,108,771	-	9,573,037	-	-	-	34,724,982
11	Non-performing receivables	2,249	-	214	-	95,544	-	1,526	-	-	-	99,533
12	Receivables in high-risk categories	-	-	-	-	-	-	-	3,842,472	20,862,831	892,930	25,598,233
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16	Stock investments	-	-	-	-	-	-	3,415,343	-	-	-	3,415,343
17	Other receivables	12,626,068	-	140,532	-	-	-	6,344,084	-	-	-	19,110,684
18	Total	243,336,372	-	18,003,079	-	22,220,149	40,258,554	81,145,950	3,842,472	20,862,831	18,729,853	448,399,260

* 35% Risk Weight is classified in Others.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Risk Classifications/Risk Weights (*) (Prior Period)	0%	10%	20%	25%	50%	75%	100%	150%	200%	Other%	Total risk amount (post-CCF and CRM)
1 Receivables from central governments and Central Banks	128,464,952	-	-	-	-	-	-	-	-	-	128,464,952
2 Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-	-
3 Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-	-
4 Receivables from multilateral development banks	181,627	-	-	-	-	-	-	-	-	-	181,627
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	199,827	-	12,599,521	-	6,092,408	-	2,103,329	-	-	-	20,995,085
7 Receivables from corporate	3,694,266	-	1,817,195	-	-	-	43,552,810	-	-	-	49,064,271
8 Retail receivables	2,055,309	-	342,416	-	-	24,469,975	527,703	-	-	-	27,395,403
9 Receivables secured by residential property	606,034	-	183,101	-	-	-	-	-	-	14,312,609	15,101,744
10 Receivables secured by commercial property	1,239,320	-	684,943	-	13,970,222	-	6,656,404	-	-	-	22,550,889
11 Non-performing receivables	613	-	67	-	115,364	-	1,762	-	-	-	117,806
12 Receivables in high-risk categories	731	-	1,061	-	-	-	-	149,245	9,573,407	26,632	9,751,076
13 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-	-
14 Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-	-
16 Stock investments	-	-	-	-	-	-	2,462,925	-	-	-	2,462,925
17 Other receivables	8,459,203	-	55,900	-	-	-	3,905,794	-	-	-	12,420,897
18 Total	144,901,882	-	15,684,204	-	20,177,994	24,469,975	59,210,727	149,245	9,573,407	14,339,241	288,506,675

* 35% Risk Weight is classified in Others.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.6. Risk amounts according to risk weights

Current Period Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	Other Risk Classes	Deductions from Equity
Exposures before Credit Risk Mitigation	205,336,156	-	11,853,895	-	20,506,638	25,976,948	51,703,120	107,424,269	3,842,472	-	21,755,761	3,017,151
Exposures after Credit Risk Mitigation	243,336,372	-	18,003,079	-	17,836,923	22,220,149	40,258,554	81,145,950	3,842,472	-	21,755,761	3,017,151

Prior Period Risk Weights	0%	10%	20%	25%	35%	50%	75%	100%	150%	200%	Other Risk Classes	Deductions from Equity
Exposures before Credit Risk Mitigation	131,574,040	-	12,655,421	-	15,161,018	21,483,287	27,126,367	70,755,465	151,037	-	9,600,039	853,717
Exposures after Credit Risk Mitigation	144,901,882	-	15,684,204	-	14,312,609	20,177,994	24,469,975	59,210,727	149,245	-	9,600,039	853,717

2.7. Information by major sectors and type of counterparties

Impaired Loans: are the credits that either overdue more than 90 days as of the reporting date or are treated as impaired due to their creditworthiness according to TFRS 9 Financial Instruments. For such credits, “specific provisions” are allocated as TFRS 9 suggests.

Past Due Loans; are the credits that overdue up to 90 days but not impaired. For such credits, “general provisions” are allocated within the scope of TFRS 9.

Current Period (**)	Loans		Provisions
	Significant Increase in Credit Risk (Stage II)	Default (Stage III)	Expected Credit Loss Provisions (*)
Agriculture	216,175	21,676	65,399
Farming and Stockbreeding	179,782	10,757	44,144
Forestry	36,145	10,576	20,954
Fishery	248	343	301
Manufacturing	6,448,012	592,051	2,922,703
Mining and Quarrying	1,171,460	25,762	676,226
Production	3,551,887	559,729	1,704,716
Electricity, Gas and Water	1,724,665	6,560	541,761
Construction	2,818,855	1,123,118	2,207,555
Services	6,952,008	1,645,613	3,285,072
Wholesale and Retail Trade	3,991,949	991,125	1,682,255
Accommodation and Dining	158,771	385,910	410,262
Transportation and Telecommunication	1,323,493	91,870	396,221
Financial Institutions	2,097	14,052	14,057
Real Estate and Rental Services.	670,032	69,910	442,230
Self-employment Services	-	-	3,181
Educational Services	125,811	9,718	119,019
Health and Social Services	679,855	83,028	217,847
Others	2,999,883	220,883	934,524
Total	19,434,933	3,603,341	9,415,253

(*) Provisions for expected credit loss include Stage II and Stage III provisions.

(**) Financial lease receivables are not included.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

	Loans		Provisions
	Impaired Loans		
Prior Period (**)	Significant Increase in Credit Risk (Stage II)	Default (Stage III)	Expected Credit Loss Provisions (*)
Agriculture	374,129	24,744	227,557
Farming and Stockbreeding	353,411	9,884	209,345
Forestry	19,537	14,860	17,807
Fishery	1,181	-	405
Manufacturing	3,443,587	603,126	1,636,968
Mining and Quarrying	556,423	63,017	365,174
Production	2,030,780	535,408	1,138,698
Electricity, Gas and Water	856,384	4,701	133,096
Construction	2,566,356	1,230,888	2,352,334
Services	4,243,032	1,251,463	2,762,075
Wholesale and Retail Trade	1,924,801	871,657	1,458,244
Accommodation and Dining	324,797	167,413	290,112
Transportation and Telecommunication	570,923	101,692	231,594
Financial Institutions	69	7,701	7,665
Real Estate and Rental Services.	1,045,601	52,131	593,334
Self-employment Services	-	-	-
Educational Services	90,950	16,256	86,040
Health and Social Services	285,891	34,613	95,086
Others	1,272,323	135,826	952,293
Total	11,899,427	3,246,047	7,931,227

(*) Provisions for expected credit loss include Stage II and Stage III provisions.

(**) Leasing receivables are not included.

2.8. Movements in value adjustments and provisions

Current Period (*****)	Opening Balance	Provisions for period	Provision Reversals (***)	Other Adjustments (****)	Closing Balance
Stage 3 Provisions (*)	3,088,511	1,886,187	(984,028)	(547,245)	3,443,425
Stage 1&2 Provisions (**)	10,686,487	4,950,242	(1,198,470)	-	14,438,259

Prior Period	Opening Balance	Provisions for period	Provision Reversals (***)	Other Adjustments (****)	Closing Balance
Stage 3 Provisions (*)	2,787,895	1,277,580	(976,964)	-	3,088,511
Stage 1&2 Provisions (**)	5,792,615	5,375,642	(481,770)	-	10,686,487

(*) Represents Stage 3 Expected Loss Provision.

(**) Represents Stage 1 and Stage 2 Expected Loss Provision.

(***) Includes provision reversals and exchange rate differences.

(****) Represents loans written off from assets.

(*****) It does not include provisions for non-cash loans.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.9. Risk involved in counter-cyclical capital buffer calculation

Current Period

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	168,010,825	-	168,010,825
Marshall Islands	819,259	-	819,259
Liberia	301,961	-	301,961
Malta	98,022	-	98,022
Albania	81,766	-	81,766
Italy	50,121	-	50,121
Germany	26,795	-	26,795
Saudi Arabia	20,923	-	20,923
Qatar	14,885	-	14,885
Kuwait	14,663	-	14,663
Other	107,191	-	107,191

Prior Period

Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Turkey	100,816,626	-	100,816,626
Marshall Islands	420,812	-	420,812
Liberia	207,949	-	207,949
Malta	94,940	-	94,940
Albania	68,473	-	68,473
Italy	57,760	-	57,760
Germany	57,491	-	57,491
England	10,424	-	10,424
Saudi Arabia	10,255	-	10,255
Qatar	10,234	-	10,234
Other	63,885	-	63,885

2.10. Information of Cash and Noncash Loans according to Bank Risk Rating System

The Bank calculates the probability of delinquency and internal rating notes for the portfolio of Corporate/Commercial/SME loans based on statistical methods in Turkish Commercial Code. Ratings are shown the table below as of December 31, 2023.

Current Period	Cash Loans	Non-Cash Loans	Total
High Quality	50.18%	69.37%	53.17%
Medium Quality	34.23%	23.32%	32.53%
Average	13.84%	6.31%	12.67%
Below Average	1.75%	1.00%	1.63%

Prior Period	Cash Loans	Non-Cash Loans	Total
High Quality	50.30%	65.72%	52.39%
Medium Quality	34.11%	26.11%	33.03%
Average	12.92%	7.71%	12.21%
Below Average	2.67%	0.46%	2.37%

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

3. Explanations on currency risk

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

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

As of December 31, 2023, the Bank has a balance sheet open position of TL 21,084,887 (December 31, 2022 – TL 13,213,144 closed) and off-balance sheet closed position of TL 19,817,333 (December 31, 2022 – TL 13,977,822 open) with a short open position of TL 1,267,554 (December 31, 2022– TL 764,738 open).

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

	25/12/2023	26/12/2023	27/12/2023	28/12/2023	29/12/2023	Balance Sheet Valuation Rate
USD	29.239	29.302	29.361	29.417	29.433	29.433
EUR	32.144	32.286	32.454	32.701	32.565	32.565
GBP	37.080	37.205	37.378	37.653	37.492	37.492
CHF	34.076	34.216	34.412	35.079	35.052	35.052
JPY	0.205	0.206	0.206	0.209	0.208	0.208

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

	FC Purchase Rate
USD	29.06415
EUR	31.74281
GBP	36.81074
CHF	33.62668
JPY	0.20204

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Currency risk of the Bank

Current Period	EUR	USD	Other FC (****)	Total
Assets				
Cash (cash in vault, effectives, money in transit, cheques purchased) and balances with the Central Bank of the Republic of Turkey (****)	19,438,409	53,018,245	38,181,107	110,637,761
Banks (*****)	1,441,802	10,441,974	6,205,559	18,089,335
Financial assets at fair value through profit and loss	498,512	9,642,656	23,756,490	33,897,658
Money market placements	-	-	-	-
Financial assets at fair value through other comprehensive income	11,992,932	13,484,761	-	25,477,693
Loans and finance lease receivables (*)	48,273,131	65,836,524	48,113	114,157,768
Subsidiaries, associates, and joint ventures (**)	1,592,030	-	-	1,592,030
Financial assets at amortized cost	-	21,245,803	-	21,245,803
Derivative financial assets for hedging purposes	-	-	-	-
Tangible assets	-	715	-	715
Intangible assets	-	28	-	28
Other assets	33,849	270,215	12,321	316,385
Total Assets	83,270,665	173,940,921	68,203,590	325,415,176
Liabilities				
Current account and funds collected from Banks via participation accounts	42,074	285,089	1,101,145	1,428,308
Current and profit-sharing accounts FC	46,389,517	122,505,808	90,238,907	259,134,232
Money market borrowings	-	-	-	-
Funds provided from other financial institutions	5,848,594	71,828,097	4,052,965	81,729,656
Marketable securities issued	-	-	-	-
Miscellaneous payables	508,889	1,351,141	28,113	1,888,143
Derivative financial liabilities for hedging purposes	-	-	-	-
Other liabilities (*****)	616,532	1,361,210	341,982	2,319,724
Total Liabilities	53,405,606	197,331,345	95,763,112	346,500,063
Net balance sheet position	29,865,059	(23,390,424)	(27,559,522)	(21,084,887)
Net off-balance sheet position	(33,147,473)	25,234,458	27,730,348	19,817,333
Financial derivative assets	3,239,837	35,652,884	33,511,823	72,404,544
Financial derivative liabilities	36,387,310	10,418,426	5,781,475	52,587,211
Non-cash loans (***)	7,016,775	15,086,815	1,613,476	23,717,066
Prior Period				
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 1,467,641 (December 31, 2022 – TL 1,798,529) followed as TL on the balance sheet and expected credit loss amounting to TL 6,868,554 followed as TL on the balance sheet.

(**) TL 1,592,030 (December 31, 2022 - TL 1,592,030) of subsidiaries amounting to TL 3,192,925 in the balance sheet includes foreign currency subsidiaries.

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

(****) Precious metals are included in "Other FC" column. Includes the expected loss provisions amounting to TL 969 in the balance sheet.

(*****) Other liabilities at fair value through TL 1,738 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 23,473.

(*****) Includes provisions for expected losses amounting to TL 2,063 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 YEAR-ENDED DECEMBER 31, 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 463,472 (December 31, 2022 – TL 217,313)
- Prepaid expenses: TL 2,893 (December 31, 2022 – TL 1,823)
- Derivative financial liabilities held for trading: TL 877,957 (December 31, 2022 – TL 167,551)
- Marketable securities of FC revaluation reverse: TL (240,265) (December 31, 2022 – TL 56,643)
- Derivative financial liabilities held for hedging: None (December 31, 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 3,285,216 (December 31, 2022 – TL 3,511,852)
- Forward foreign currency sale transactions: TL 4,297,763 (December 31, 2022 – TL 3,837,590)
- Precious metal purchase transactions: TL 29,870,800 (December 31, 2022 – TL 4,086,434)
- Precious metal sale transactions: TL 4,593,906 (December 31, 2022 – TL 2,111,460)

Currency risk sensitivity

The bank is mainly exposed to foreign currency risk in Euro, USD and Gold.

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

	Change in exchange rate (%)	Effects on profit/loss		Effects on equity	
		Current Period	Prior Period	Current Period	Prior Period
USD	10%	184,403	16,971	431,111	79,064
EUR	10%	(328,241)	(125,428)	(316,871)	(121,550)
Gold	10%	456,113	57,443	456,113	57,443

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

4. Explanations related to stock position risk

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

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

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

Current Period		Comparison	
Equity Securities investments	Carrying Value	Fair Value	Market Value
Securities at Fair Value Through Other Comprehensive Income	301,759	-	301,759
Quoted Securities	-	-	-
Investments in Associates	-	-	-
Quoted Securities	-	-	-
Investment in Subsidiaries	3,192,925	1,980,000	1,980,000
Quoted Securities	53,418	1,980,000	1,980,000
Other	20,000	-	-
Quoted Securities	-	-	-

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

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

None.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

5. Liquidity risk management and liquidity coverage ratio

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

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

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

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

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

For the management of liquidity risk, the Risk Management Department follows the funding and liquidity risks, market conditions, in the participating accounts, the distribution of different currencies, maturity, cost and expected future cash flow requirements (particularly with regard to large deposits). Reports on the liquidity gap analysis prepared weekly by Budget and Management Reporting and monitored by the Asset and Liability Committee. These units also estimate the possible liquidity needs of the Bank in case of urgent situations and generate action plans based on these estimates. Risk Management Department follows the limits on liquidity risk determined by the Board of Directors. Risk Management Department, in addition to these, is implementing monthly liquidity stress tests to measure the effects of negative scenarios on liquidity position of the Bank. The Treasury 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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

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

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

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

5.5 Information on liquidity risk mitigation techniques

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

5.6 Information on the use of stress tests

In order to analyze the source of the possible liquidity insufficiencies and whether conformably move exists on existing off-balance sheet and balance sheet positions relevant with liquidity risk expectation, 3 types 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 Contingency Funding Plan, which is approved and reviewed every year by the Executive Risk Committee. The actions to be taken favor the benefits of depositors, creditors of the Bank and shareholders. Indicators of Contingency Funding Plan were determined, in case of unexpected progress at the liquidity situation occur or at situations trigger of other indicators, plan is put into use. After Liquidity Contingency Plan is put into use, Liquidity Contingency Management Committee is responsible from the determination of actions to be taken.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

5.8 Analysis of financial liabilities by remaining contractual maturities

The following table is prepared before the Bank's liabilities are undiscounted and based on the earliest date to the payment. Adjustment column shows the items that give rise to probable cash exit according to contractual terms at later period. The items that are mentioned are included the maturity analysis however they are not included in the balance sheet value of financial liabilities at the balance sheet.

	Up to 1 months	1-3 months	3-12 months	1-5 years	Above 5 years	Total	Adjustments	Balance Sheet Value
December 31, 2023								
Funds Collected	387,731,856	63,004,094	53,639,048	3,129,705	6,170	507,510,873	-	507,510,873
Other Fundings	48,726,432	7,118,924	23,509,301	7,230,117	10,616,927	97,201,701	(6,206,790)	90,994,911
Funds provided under repurchase agreements	4,300,897	-	-	-	-	4,300,897	(113,910)	4,186,987
Finance Lease Payable	40,660	66,812	252,229	802,172	235,766	1,397,639	(514,254)	883,385
Total	440,799,845	70,189,830	77,400,578	11,161,994	10,858,863	610,411,110	(6,834,954)	603,576,156
December 31, 2022								
Funds Collected	232,027,587	48,713,736	20,014,354	759,126	3,060	301,517,863	-	301,517,863
Other Fundings	10,959,772	14,224,375	3,018,988	10,255,291	7,151,256	45,609,682	(4,091,463)	41,518,219
Funds provided under repurchase agreements	124,892	-	-	-	-	124,892	(61)	124,831
Finance Lease Payable	24,174	39,712	148,426	449,929	128,435	790,676	(273,822)	516,854
Total	243,136,425	62,977,823	23,181,768	11,464,346	7,282,751	348,043,113	(4,365,346)	343,677,767

Maturity analysis for guarantees and contingencies

	Demand	Up to 1 months	1-3 months	3-12 months	1-5 years	Above 5 years	Unallocated	Total
December 31, 2023								
Letters of Guarantee		21,241,162	1,154,690	3,974,554	14,748,850	8,001,014	385,795	49,506,065
Bills of Exchange and Bank Acceptances		39,386	73,470	40,982	29,358	-	-	183,196
Letters of Credit		4,332,973	833,645	1,661,196	2,037,804	20,709	-	8,886,327
Other guarantees		268,773	695,364	1,180,269	860,784	5,887	234	3,011,311
Pre-financings given as guarantee		-	-	-	-	-	-	-
Total		25,882,294	2,757,169	6,857,001	17,676,796	8,027,610	386,029	61,586,899
December 31, 2022								
Letters of Guarantee		10,460,392	642,366	1,684,954	6,747,321	3,383,749	237,883	23,156,665
Bills of Exchange and Bank Acceptances		19,527	31,176	56,994	28,384	-	-	136,081
Letters of Credit		2,004,863	638,430	1,773,661	1,451,733	103,126	-	5,971,813
Other guarantees		76,758	320,786	589,750	567,358	5,842	-	1,560,494
Pre-financings given as guarantee		-	-	-	-	-	-	-
Total		12,561,540	1,632,758	4,105,359	8,794,796	3,492,717	237,883	30,825,053

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Contractual maturity analysis of derivative instruments

December 31, 2023	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Derivatives financial assets held for trading						
Foreign exchange derivatives:						
Entry	38,689,886	30,628,094	5,711,313	12,119	-	75,041,412
Exit	38,811,063	30,810,205	4,705,608	12,378	-	74,339,254
Hedging purposes financial assets						
Foreign exchange derivatives:						
Entry	-	-	-	-	-	-
Exit	-	-	-	-	-	-
Total Cash Inflow	38,689,886	30,628,094	5,711,313	12,119	-	75,041,412
Total Cash Outflow	38,811,063	30,810,205	4,705,608	12,378	-	74,339,254
December 31, 2022	Up to 1 month	1-3 months	3-12 months	1-5 years	5 years and over	Total
Derivatives financial assets held for trading						
Foreign exchange derivatives:						
Entry	41,861,186	2,520,971	1,138,553	748,351	-	46,269,061
Exit	41,737,739	2,389,179	1,014,484	437,600	-	45,579,002
Hedging purposes financial assets						
Foreign exchange derivatives:						
Entry	-	-	-	-	-	-
Exit	-	-	-	-	-	-
Total Cash Inflow	41,861,186	2,520,971	1,138,553	748,351	-	46,269,061
Total Cash Outflow	41,737,739	2,389,179	1,014,484	437,600	-	45,579,002

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

5.9 Liquidity coverage ratio

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

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

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

	Highest	Date	Lowest	Date	Average
TL+FC	265.41	27/10/2023	184.50	22/12/2023	222.04
FC	356.13	08/12/2023	237.86	10/11/2023	283.75

The liquidity coverage 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 YEAR-ENDED DECEMBER 31, 2023

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

Liquidity risk management and liquidity coverage ratio (continued)

Prior Period		Total Unweighted Value (Average) (*)		Total Unweighted Value (Average) (*)	
		TL+FC	FC	TL+FC	FC
HIGH-QUALITY LIQUID ASSETS					
1	Total high-quality liquid assets (HQLA)	91,247,904	74,596,045	85,246,515	68,594,656
CASH OUTFLOWS					
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	TOTAL CASH OUTFLOWS	-	-	85,125,094	61,888,914
CASH INFLOWS					
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	TOTAL CASH INFLOWS	83,411,438	67,065,299	75,176,519	64,472,920
				Upper Limit Applied Value	
21	TOTAL HQLA			85,246,515	68,594,656
22	TOTAL NET CASH OUTFLOWS			21,281,274	15,472,229
23	LIQUIDITY COVERAGE RATIO (%)			400.57	443.34

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

October 1 – December 31, 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
TL+FC	436.15	07/10/2022	367.71	30/12/2022	400.48
FC	494.52	21/10/2022	395.97	30/12/2022	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 YEAR-ENDED DECEMBER 31, 2023

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

Presentation of assets and liabilities according to their remaining maturities

Current Period								Unallocated (***)	Total
	Demand	Up to 1 month	1-3 Months	3-12 months	1-5 Years	Over 5 years			
Assets									
Cash (cash in vault, effectives, cash in transit, Cheques purchased) and balances with the CBRT	65,417,984	74,957,444	-	-	-	-	-	(1,424)	140,374,004
Banks (*)	18,113,412	-	-	-	-	-	-	(1,064)	18,112,348
Financial assets at fair value through profit and loss	-	63,201	21,931,244	3,653,974	10,026,992	613,664	19,152,146	55,441,221	
Money market placements	-	300,805	-	-	-	-	(31)	300,774	
Financial assets at fair value through other comprehensive income	-	4,305,655	11,607,285	4,325,294	21,934,235	12,819,159	301,759	55,293,387	
Loans (**)	-	62,714,942	56,966,017	140,928,134	65,224,341	5,813,800	(14,230,037)	317,417,197	
Financial assets valued at amortized cost	-	-	1,654,657	3,340,754	46,462,135	11,746,098	(48,306)	63,155,338	
Other assets (***)	322,473	1,829,997	155,417	-	5,747,818	-	10,018,241	18,073,946	
Total Assets	83,853,869	144,172,044	92,314,620	152,248,156	149,395,521	30,992,721	15,191,284	668,168,215	
Liabilities									
Current account and funds collected from banks via participation accounts	1,575,684	32	-	-	-	-	-	-	1,575,716
Current and profit-sharing accounts	242,081,898	144,074,242	63,004,094	53,639,048	3,129,705	6,170	-	505,935,157	
Funds provided from other financial institutions	-	48,404,798	6,701,992	21,467,542	4,095,203	10,325,376	-	90,994,911	
Money market borrowings	-	4,186,987	-	-	-	-	-	4,186,987	
Marketable securities issued	-	-	-	-	-	-	-	-	
Miscellaneous payables	2,925,780	844,514	-	-	-	-	-	3,770,294	
Other Liabilities (***)	-	3,686,063	3,663,557	244,687	495,815	61,382	53,553,646	61,705,150	
Total Liabilities	246,583,362	201,196,636	73,369,643	75,351,277	7,720,723	10,392,928	53,553,646	668,168,215	
Net Liquidity Gap	(162,729,493)	(57,024,592)	18,944,977	76,896,879	141,674,798	20,599,793	(38,362,362)	-	
Prior Period									
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)	-	

(*) Expected losses are netted off with provision.

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

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

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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 November 5, 2013 is presented below:

On-balance sheet assets (*)		Current Period	Prior Period
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	643,879,745	380,806,639
2	(Assets deducted in determining Tier I Capital)	(2,606,775)	(638,065)
3	Total on-balance sheet risks (sum of lines 1 and 2)	641,272,970	380,168,574
Derivative financial instruments and credit derivatives			
4	Replacement cost associated with all derivative instruments and credit derivatives	1,379,152	658,533
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	766,290	449,251
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	2,145,442	1,107,784
Securities or commodity financing transactions (SCFT)			
7	Risks from SCFT assets (excluding on-balance sheet)	19,249,850	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)	19,249,850	5,199,746
Other off-balance sheet transactions			
10	Gross notional amounts of off-balance sheet transactions	160,649,396	107,900,561
11	(Adjustments for conversion to credit equivalent amounts)	(49,665,843)	(49,406,445)
12	Total risks of off-balance sheet items (sum of lines 10 and 11)	110,983,553	58,494,116
Capital and total risks			
13	Tier I Capital	50,886,957	31,510,784
14	Total risks (sum of lines 3, 6, 9 and 12)	773,651,815	444,970,220
Leverage ratio			
15	Leverage ratio	6.58	7.08

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

As of the Bank's balance sheet date, the leverage ratio calculated based on the arithmetic average of the values found at the end of the month in the previous three months was 6.58% (December 31, 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, capital increased by 61% from profit for the period, while on-balance sheet risk increased by 69%, off-balance sheet items increased by 90%. Accordingly, there is an decrease of 50 basis points in the leverage ratio in the current period compared to the previous period.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

7. Explanations on fair values of financial assets and liabilities

The table summarizes the book value and fair value of the financial assets and liabilities that were not accounted by the values in Bank's financial statements. Book value is the sum of the acquisition value and accumulated profit share accruals.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial assets				
Banks	18,113,412	18,435,587	18,113,412	18,435,587
Financial Assets at Fair Value Through Other Comprehensive Income	55,293,387	57,565,209	55,293,387	57,565,209
Financial Assets Valued at Amortized Cost	63,203,644	21,678,735	57,671,659	23,977,315
Loans and Lease Receivables	331,695,540	194,357,368	326,246,533	193,020,834
Financial liabilities				
Current account and funds collected from banks via participation accounts.	1,575,716	1,232,637	1,575,716	1,232,637
Other current and profit-sharing accounts	505,935,157	300,285,226	505,935,157	300,285,226
Money market borrowings	4,186,987	124,831	4,092,900	124,800
Funds provided from other financial institutions	90,994,911	41,518,219	91,488,295	42,032,127
Issued securities	-	-	-	-
Other Liabilities	6,688,089	5,451,013	6,688,089	5,451,013
Leasing payables	883,385	516,854	883,385	516,854

The estimated fair value of the loans is calculated by discounting future cash flows by using current market rates of profit share. The fair value of financial assets and liabilities carried at amortized cost other than loans, available for sales financial assets and funds provided from other financial institutions approximates to their book values since they are short term in nature and their effective profit share rates are similar with current effective profit rates.

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

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

9. Explanations on hedge accounting practices

None. (December 31, 2022: None)

10. Explanations on risk management

Risk Management System refers to the Board of Directors, the Audit Committee, Risk Committee, Asset-Liability Committee, and the Risk Management Department ("RMD") which has been composed 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.1. Explanations on Risk Management and Risk Weighted Amounts

10.1.1. GBA – Bank’s risk management approach

What kind of an interaction does the Bank’s risk profile has with the management board’s risk appetite and how does the business model determine the Bank’s risk profile and how it interacts with it (i.e., Key risks regarding the business model and each one of these risks’ effect on the explanations).

Kuveyt Türk’s business model fundamentally consisted of two main operating areas. These main areas are current accounts in accordance with the non-interest banking rules, collecting funds through profit/loss participation accounts, and providing the usage of funds to its clients through these funds and equity. The business model of the Bank occurs an exposure of some significant risks. These significant risks are evaluated and identified by the Bank’s Internal Capital Competence Evaluation Process. Bank’s risk strategy for all significant risks is formed in writing. Banks are required to form a structure which is composed of the policies and processes regarding determining the risk appetite and following its units’ compliance because of the regulation regarding the Banks Internal Systems and Internal Capital Competence Evaluation Process, numbered 29057 and published by the Official Gazette on July 11, 2014. To comply with this regulation Risk Appetite Policy is published by the Risk Management Leadership and approved by the Board of Directors. In accordance with the Bank’s Risk Appetite Policy, risk levels and risk limits of each kind of risks which appeared important are collectively determined to achieve the Bank’s goals and to actualize the Bank’s strategies by taking the risk capacity of the Bank into consideration. Bank’s risk strategy and risk limits are determined by the Board of Directors.

The units which perform the risk measurement and management are carrying out their businesses independently from execution units. Fundamentally, control and management activities devoted to credit, market, liquidity, operational and other significant risk types are occurred. Due to the business model, Risk Management Leadership strategically contribute to the Bank to identify, follow, measure, and manage all risks which the Bank may expose. Credit Risk Management and Modelling unit which is one of the units which constitutes the Risk Management Leadership, carries out the risk measurement and management works regarding the credit risks. Market Risk, Operational Risk, Risk and Capital Planning Department which is another unit which carries out its businesses under the Risk Management Leadership, coordinates the Bank’s capital planning works and manage risks regarding the market, operations, liquidity, and other important risk types.

Bank has a credit predominant active structure due to its main business model. Reflecting the Bank’s business model, total actives, predominantly consisted of dues regarding receivables from leasing and cash loans. The Bank predominantly aims to grow sustainably by funding the real sector’s financing and increasing the credit amount by taking the risk-return balance into the consideration. Within the frame of its business model, the main risk type which the Bank exposed/predicts to be exposed damage is credit risk. The significant risks within the scope of Bank’s credit risks are as follows.

- Credit Risk states the possibility of loan loss which the Bank may expose due to the partial or total nonpayment of its credit client on time in accordance with the contract made between the credit client and the Bank.
- Counterparty credit risk refers to the default risk of the counterparty of the transaction before the last payment in the cash flow of this transaction of which brings on obligation to both sides.
- Concentration risk covers risks arising from concentration between different types of risk or on an individual risk basis which may result in large losses that could threaten the bank's ability to maintain its core operations or its financial structure or which could cause significant changes in the bank's risk profile.

The bank is exposed to market risk due to its treasury transactions and other financial operating. However, correspondingly with the risk appetite, the bank takes care to ensure that its market risk-generating assets have high credit rating and liquidity, and it does not carry a speculative foreign exchange position to hedge foreign exchange risk.

The bank is exposed to operational risk due to its operating, processes carried out, human resources, systems, and external resources. Operational risks in the bank are managed under the supervision of the Board of Directors within the framework of identifying, evaluating, monitoring, and reducing/controlling the risks. The current risk management is in line with the size of the bank, considering the level and importance of the risk.

Explanations on risk reporting processes provided to the board of directors and senior management, in particular the scope and main content of the reporting,

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Timely and comprehensive reporting of risks exposed within the scope of Risk management activities and risks arising from transactions carried out with the risk group of the Bank is carried out by the head of Risk Management. The Bank produces regular reports from the risk measurement models it uses and analyzes the reports. Risk measurement and risk monitoring results are reported to the Board of directors or to the Internal Systems Committee and senior management regularly and on time by the Risk Management Presidency.

The reports prepared include the level and development of significant risks and their effects on capital needs, the compliance of assumptions used in risk measurement and evaluation systems, the adequacy of the level of capital that the bank should hold for all important risks, its compliance with legal and internal capital targets and ratios, the need for future capital and changes to be made in, business continuity plans, etc. includes information.

The bank organizes a report on risk measurement, capital and liquidity planning and risk management capabilities under the scope of ICAAP at least once a year and in any case as of the end of the year.

10.1.2. Overview of risk weighted amounts

		Risk Weighted		Minimum Capital
		Amounts		Requirements
		Current Period 31/12/2023	Prior Period 31/12/2022	Current Period 31/12/2023
1	Credit risk (excluding counterparty credit risk) (CCR)	184,247,498	115,302,300	14,739,800
2	Standardised approach (SA)	184,247,498	115,302,300	14,739,800
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	1,099,814	1,000,806	87,985
5	Standardised approach for counterparty credit risk	1,099,814	1,000,806	87,985
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal model's equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies – 1250% risk weighting Approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	IRB ratings-based approach	-	-	-
14	IRB supervisory formula approach	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	49,803,589	19,197,181	3,984,287
17	Standardised approach	49,803,589	19,197,181	3,984,287
18	Internal model approaches	-	-	-
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	Standardised approach	-	-	-
22	Advanced measurement approach	-	-	-
23	Amounts below the thresholds for deduction from capital (subject to 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	264,700,050	149,639,158	21,176,004

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.1.3. Differences and matching between asset and liabilities' carrying values in financial statements and in capital adequacy calculation:

Current Period	Carrying values in financial statements prepared as per TAS	Carrying values of items in accordance with Turkish Accounting Standards					
		Carrying values in legal consolidation prepared as per TAS	Credit Risk	Counterparty Credit Risk	Securization Positions	Market Risk	No subject to capital requirements or subject to dedication from capital
Assets							
Cash and Balances with Central Bank of Turkey	140,375,428	140,375,428	140,375,428	-	-	-	-
Banks	18,113,412	18,113,412	18,113,412	-	-	-	-
Receivables From Money Markets	300,805	300,805	300,805	-	-	-	-
Financial Assets at Fair Value Through Profit and Loss	55,441,221	55,441,221	-	-	-	55,441,221	-
Financial Assets at Fair Value Through OCI	55,293,387	55,293,387	55,293,387	-	-	-	-
Financial Assets Measured at Amortized Cost	63,203,644	63,203,644	63,203,644	-	-	-	-
Derivative Financial Assets	1,877,924	1,877,924	-	1,877,924	-	-	-
Expected Loss Provisions (-)	17,932,509	17,932,509	3,443,425	-	-	-	14,489,084
Loans	298,179,098	298,179,098	299,568,490	-	-	-	-
Lease Receivables	37,119,783	37,119,783	37,119,783	-	-	-	-
Factoring Receivables	-	-	-	-	-	-	-
Property And Equipment Held for Sale Purpose and Related to Discontinued Operations (Net)	428,585	428,585	428,585	-	-	-	-
Subsidiaries	3,192,925	3,192,925	3,192,925	-	-	-	-
Jointly Controlled Entities (Joint Ventures) (Net)	20,000	20,000	20,000	-	-	-	-
Tangible Assets (Net)	3,466,228	3,466,228	3,466,228	-	-	-	238,694
Intangible Assets (Net)	984,160	984,160	984,160	-	-	-	925,513
Investment Properties (Net)	-	-	-	-	-	-	-
Current Tax Asset	-	-	-	-	-	-	-
Deferred Tax Asset	5,747,818	5,747,818	5,747,818	-	-	-	-
Other Assets	2,356,306	2,356,306	2,356,306	-	-	-	-
Total Assets	668,168,215	668,168,215	626,727,546	1,877,924	-	55,441,221	(13,324,877)
Liabilities							
Funds Collected	507,510,873	507,510,873	-	-	-	-	507,510,873
Borrowings	73,027,347	73,027,347	-	-	-	-	73,027,347
Debt to money markets	4,186,987	4,186,987	-	4,186,987	-	-	-
Securities Issued (Net)	-	-	-	-	-	-	-
Financial Liabilities at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Derivative Financial Liabilities	977,799	977,799	-	-	-	-	977,799
Lease Payables	883,385	883,385	-	-	-	-	883,385
Provisions	5,555,832	5,555,832	-	-	-	-	5,555,832
Current Tax Liabilities	3,384,651	3,384,651	-	-	-	-	3,384,651
Deferred Tax Liabilities	-	-	-	-	-	-	-
Subordinated Debt Instruments	17,967,564	17,967,564	-	-	-	-	17,967,564
Other Liabilities	6,688,089	6,688,089	-	-	-	-	6,688,089
Equity	47,985,688	47,985,688	-	-	-	-	47,985,688
Total Liabilities	668,168,215	668,168,215	-	4,186,987	-	-	663,981,228

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.1.4 Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Total	Items subject to credit risk framework	Items subject to securitization framework	Items subject to counterparty credit risk framework	Items subject to market risk framework
1- Carrying Value of Assets in Accordance with TAS (as in template 1B)	668,168,215	626,727,546	-	1,877,924	55,441,221
2- Carrying Value of Liabilities in Accordance with TAS (as in template 1B)	-	-	-	4,186,987	-
3- Total net amount	668,168,215	626,727,546	-	6,064,911	55,441,221
4- Off-balance sheet amounts	318,481,217	28,571,816	-	2,657,471	149,380,666
5- Differences in valuations	-	-	-	-	-
6 Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7- Differences due to consideration of provisions	-	-	-	-	-
8- Differences due to prudential filters	-	(206,900,102)	-	-	-
9-Risk Amounts	986,649,432	448,399,260	-	8,722,382	204,821,887

10.2. General qualitative information on credit risk

10.2.1. How the business model translates into the components of the bank's credit risk profile

The business model of the Bank basically consists of two main business fields: collecting funds by means of current accounts and profit/loss participation accounts subject to the interest-free banking rules and using those funds and equity funds to make funds available to customers. Because of these main business fields, the bank's assets have a credit-weighted structure. Reflecting this business model, its total assets are cash credit-weighted and financial leasing receivable-weighted. The bank lends funds to finance the real sector in general and increases its volume of credits by considering its risk-return balance to achieve sustainable growth.

The risk profile of the Bank indicates the types of risks to which it is exposed or expects to be exposed, and its risk level by type of risk. The largest type of risk to which the Bank is exposed or expects to be exposed within its current and target business model is the credit risk. Since the risk of concentration is one of the most important components of the credit risk, concentration limits were set by sector for the concentration risk. Internal limits are set for cash, non-cash and total credits for each of 20 different sectors. Limits were set for monitoring Defaulted Credit Exposures in mentioned sectors and for taking corrective measures. With regard to concentration of the credit risk, internal limits were set for the top 10, 20, 30, 40, 50 and 100 debtor/credit risk groups. Furthermore, country limits were set to avoid concentration in countries selected as part of the sovereign risk process.

10.2.2. Criteria and approach used for defining credit risk policy and for setting credit risk limits

The main purpose of the credit risk policy is to measure the counterparty risk undertaken as part of a credit transaction, to monitor the risk against the legal limits and the Bank's internal limits, to research new techniques and applications for measuring and controlling the risk, to monitor overdue receivables, to analyze the reason of overdue, and to take measures to prevent such reasons from repeating. The term 'credit risk' refers to the potential loss the bank might be exposed to because of credit borrowers' partial or full default of the credit agreements they signed with the bank. This term also includes the loss of market value because of the breakdown of the counterparty's financial position. This term includes both on-balance sheet and off-balance sheet transactions.

Risk limits are set by openly relating it with the Bank's volume on consolidated and non-consolidated basis within the financial system as part of its risk appetite structure. In this context the appetite for risk approved by the Board of Directors are divided between and allocated to other levels considered necessary by type of risk. The uses of the limits are closely monitored, and overdrafts are reported to the executive management for ensuring the necessary measures to be taken.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.3. Structure and organization of the credit risk management and control function

Risk Control and Compliance Group works under the Risk Committee reporting to the Board of Directors. Risk Control and Compliance Group Manager and Risk Management Department Manager working under the former are in charge of and responsible for the strategies and policies approved by the Board of Directors and for performing the other tasks assigned by the Risk Committee. Credit Risk Management and Modeling Unit is one of the units comprising the Risk Management Department performs the risk measurement and management tasks concerning the credit risk.

10.4. Relations between the credit risk management, risk control, compliance and internal audit functions

The units within the scope of internal systems have been established within the organizational structure of the Bank depending on the Board of Directors. The Board of Directors has transferred its duties and responsibilities related to risk management, internal control and compliance to the Risk Committee consisting of three members of the board of directors. The Risk Management Department, the Internal Control Department and the Compliance Department carry out their activities under the supervision and coordination of the Risk Committee. The Board of Directors carries out its duties and responsibilities related to internal audit through the Audit Committee, which consists of three members of the Board of Directors. The Chairman of the Board of Inspectors performs internal audit activities under the supervision and coordination of the Audit Committee.

The internal control function of the Bank is performed by the Internal Control Department. Internal Control System has been founded in such a manner to be capable and efficient to mitigate, manage, monitor and control the exposure risks of the Bank in accordance with the Bank's organizational structure and business fields as well as changing circumstances, and covers all domestic and international branches, head office, consolidated subsidiaries and all business activities of the Bank. The internal control system and internal control activities of the Bank are designed by the Internal Control Department in cooperation with the relevant management executives and are performed at a sufficient and efficient extent.

Compliance Department is in charge of managing the bank's compliance risk and taking it under control in an efficient way, forecasting and preventing the risk in question, and ensuring the bank's activities to comply with the applicable laws and regulations.

Risk Management Department performs the tasks of determining, measuring and managing the exposure risks of the bank. An efficient risk management system infrastructure has been established for credit risk management tasks, credit policy, and risk management activities falling within the credit risk policy. The internal credit risk limits set by the Board of Directors are measured and reported at regular intervals to the Risk Committee.

Audit Department is in charge of assuring the Board of Directors and the executive management that the Bank's business activities are performed in accordance with the Banking Law, other applicable laws and regulations and the internal strategies, policies, principles and targets of the bank, and that the internal control and risk management systems are efficient and sufficient.

10.5. Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the Board of Directors

Risk Management Report for the Executive Management, which is the basic report presented to the Board of Directors and the executive management, is prepared quarterly. The report in question contains the basic subjects described below.

Quality of the assets are analyzed in accordance with the classification specified in the Regulation on Procedures and Principles for Determination of Qualifications of Loans and Other Receivables by Banks and Provisions to be set aside and the assets are compared with those of the previous fiscal period to monitor the sustainability of the asset quality. The report describes the credit risk limits and the figures realized in the relevant fiscal period. Credits lent in 20 different economic sectors are monitored by cash, non-cash and total credits. Credit shares and development trends of the economic sectors are monitored. The risk limits set in accordance with the Bank's appetite for risk and the figures realized are explained. Observed key risk indicators include the ratio of credit risk-weighted items over the total assets, the ratio of the total gross amount of defaulted credits over the total financing (cash credits) portfolio and their distribution by sector, distribution of guarantees by guaranteed group, the ratio of the top 10/20/30/40/50/100 risks over the total financing (cash and non-cash credits) portfolio, and the ratio of write-off.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Distribution of cash credits by maturity term is monitored. Detailed information is given about the top 10 customers against whom internal or legal proceedings were filed, their limits, risks, guarantees and provisions, description of their sectors and their state are described. The trend of restructured credits is monitored. Also, loans to risk group of the Bank are reported.

Sovereign ratings, limits and used limits are monitored and compared with the previous fiscal year.

The Bank creates credit portfolios in accordance with its internal segment structure. These segments are divided into sub-segments. Risks realized for cash, non-cash and total credits are monitored by each of these portfolios.

Real estate price indexes are analyzed to monitor whether the values of the real estates received as guarantees for the funds lent have increased or decreased. These real estates are also monitored by subcategory in accordance with the classification of regions published by the Turkish Central Bank. They are also compared with the House Price Index of Turkey published by the Turkish Central Bank.

Credit quality of assets

Current Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-Defaulted		
1	Loans	3,603,341	333,084,931	3,443,425	333,244,847
2	Debt securities	-	121,629,880	3,132,851	118,497,031
3	Off-balance sheet exposures (*)	576,685	107,730,100	569,527	107,737,260
4	Total	4,180,026	562,444,911	7,145,803	559,479,138

(*) Accruals of derivative transactions are presented as net amounts under impairments.

Prior Period		Gross amount valued as per TAS and presented in the financial statements prepared according to legal consolidation		Provisions / depreciation and impairment	Net amount
		Defaulted	Non-Defaulted		
1	Loans	3,246,047	194,944,397	3,088,511	195,101,933
2	Debt securities	-	79,562,167	318,220	79,243,947
3	Off-balance sheet exposures (*)	608,718	56,644,001	604,897	56,647,822
4	Total	3,854,765	331,150,565	4,011,628	330,993,702

(*) Accruals of derivative transactions are presented as net amounts under impairments.

Changes in stock of defaulted loans and debt securities

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	3,246,047	3,075,409
2	Loans and debt securities that have been defaulted since the last reporting period	2,049,584	4,089,035
3	Receivables back to non-defaulted status	-	-
4	Amounts written off	547,245	-
5	Other changes	(1,145,045)	(3,918,397)
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	3,603,341	3,246,047

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.6. Qualitative disclosures related to the credit quality of assets

10.6.1 Scope and definitions of “overdue” and “provision allocated” receivables for accounting purposes and the differences of definitions between “overdue” and “provision allocated”, if any

Overdue receivables: Overdue receivables and provision allocated receivables are determined according to the Communique on Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves. Provision for receivables: All financial instruments other than those covered by TFRS 9 and whose fair value is reflected in the profit / loss.

10.6.2. The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application

All loans that have completed the delay process determined in accordance with the legal regulations within the relevant month in the Bank are automatically taken into follow-up accounts and are subject to special provision. In very exceptional cases and due to a court decision, the delay process is stopped, and the Bank's loan amount in this context is insignificant as of December 31, 2023.

10.6.3. Definitions of the methods used when determining the provision amount

TFRS 9 requires a 12-month expected credit loss provision for all financial assets in Stage 1 and the expected credit loss for all other financial assets. 12-month expected credit loss represents the portion of the expected credit loss from probable default events within 12 months after the reporting date. Lifetime losses are losses from all possible default events during the expected life of the financial instrument after the reporting date. Lifetime refers to the maturity of the financial instrument. In non-maturity financial instruments, the bank calculates the behavioral maturity and uses this to calculate the expected loan loss. The ECLs are calculated at each instrument level by considering the projected cash flows, the PD (Probability of default), the LGD (Loss given default), the CCR (Credit Conversion Rate) and the discount rate. In small, very unimportant and unrated portfolios, the ECL can be estimated on a collective basis.

10.6.4. Definition of restructured receivables

The financial terms in existing financial difficulties may be amended to facilitate payment of the debt, and the original loan terms that were previously signed can be changed according to the borrower's new financing power and structure when the loan cannot be repaid or a potential non-repayment is encountered. For a loan to be considered as restructured, the debtor must be in financial difficulty and the debtor must be provided with the concession requirements for changing the loan conditions.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.6.5. Breakdown of exposures by geographical areas, industry and ageing

Distribution of cash receivables by sectors is as follows:

Sector	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Individual	28,121,516	18,447,448
Other Services	23,932,227	11,802,431
Education	663,389	400,231
Real Estate and Brokerage	3,056,324	1,639,869
Financial Services	6,833,941	8,241,197
Food, Beverage, Tobacco	13,369,163	8,530,406
Government	2,054,921	611,470
Production	20,620,614	11,542,662
Construction (Commitment)	29,987,536	17,049,457
Construction (Build-and-sell)	13,249,068	8,686,670
Public Services (Electricity, Water & Gas)	14,647,588	12,124,645
Mining & Chemistry	28,142,266	14,799,796
Machinery Equipment	5,030,340	3,077,452
Automotive	20,996,040	9,786,185
Oil, Gas and Oil Products	987,289	659,423
Health	3,437,192	2,485,791
Agriculture	5,074,185	3,305,211
Textile	25,708,429	17,471,262
Wholesale & Retail	71,735,983	37,528,871
Tourism	2,152,229	967,581
Transportation & Warehouse	15,498,641	8,445,357
Total	335,298,881	197,603,415

The distribution of cash receivables by geographical regions is as follows:

Region	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Akdeniz Region	21,510,728	14,032,394
Dogu Anadolu Region	4,970,350	3,141,895
Ege Region	22,582,026	11,889,273
Güneydogu Anadolu Region	24,818,375	13,691,167
İç Anadolu Region	57,662,751	32,052,175
Karadeniz Region	10,841,446	6,129,271
Marmara Region	185,451,538	109,115,078
Foreign	7,461,667	7,552,162
Total	335,298,881	197,603,415

The maturity distribution of cash receivables is as follows:

Maturity Distribution	Current Period – Cash Loan Amount	Prior Period – Cash Loan Amount
Up to 1 year	215,596,357	110,709,066
1-3 years	72,434,968	41,900,108
3-5 years	23,348,647	22,833,660
5 years and more	20,013,621	20,412,291
Delayed	3,905,288	1,748,290
Total	335,298,881	197,603,415

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.6.6. Provisions based on geographical and sectoral concentration and written off amounts

Current Period - Sector	Non-Performing Loans	Specific Provisions	Write-Offs
Agriculture	21,676	20,819	781
Farming and Stockbreeding	10,757	10,149	644
Forestry	10,576	10,400	137
Fishery	343	270	-
Manufacturing	592,051	545,908	105,939
Mining and Quarrying	25,762	24,198	37,669
Production	559,729	515,338	68,246
Electricity, Gas and Water	6,560	6,372	24
Construction	1,123,118	1,118,832	82,957
Services	1,645,613	1,558,829	337,673
Wholesale and Retail Trade	991,125	944,281	321,525
Accommodation and Dining	385,910	358,318	187
Transportation and Telecommunication	91,870	90,548	12,977
Financial Institutions	14,052	13,984	-
Real Estate and Rental Services	69,910	68,909	1,104
Professional Services	-	-	-
Educational Services	9,718	9,718	274
Health and Social Services	83,028	73,071	1,606
Other	220,883	199,037	19,895
Total	3,603,341	3,443,425	547,245

Prior Period - Sector	Non-Performing Loans	Specific Provisions	Write-Offs
Agriculture	24,744	24,103	-
Farming and Stockbreeding	9,884	9,482	-
Forestry	14,860	14,621	-
Fishery	-	-	-
Manufacturing	603,126	552,747	-
Mining and Quarrying	63,017	61,595	-
Production	535,408	486,577	-
Electricity, Gas and Water	4,701	4,575	-
Construction	1,230,888	1,180,572	-
Services	1,251,463	1,207,005	-
Wholesale and Retail Trade	871,657	839,597	-
Accommodation and Dining	167,413	166,574	-
Transportation and Telecommunication	101,692	96,150	-
Financial Institutions	7,701	7,663	-
Real Estate and Rental Services	52,131	48,916	-
Professional Services	-	-	-
Educational Services	16,256	14,573	-
Health and Social Services	34,613	33,532	-
Other	135,826	124,084	-
Total	3,246,047	3,088,511	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Current Period - Geographic Region	Non-performing Loans	Provisions	Write-Offs
Marmara Region	1,915,725	1,813,553	278,162
Güneydogu Anadolu Region	196,326	189,841	168,541
İç Anadolu Region	871,453	864,051	12,342
Akdeniz Region	241,592	235,721	3,133
Ege Region	145,664	139,460	48,869
Dogu Anadolu Region	198,314	169,492	1,550
Karadeniz Region	33,442	30,554	214
Abroad	825	753	34,434
Total	3,603,341	3,443,425	547,245

Prior Period - Geographic Region	Non-performing Loans	Provisions	Write-Offs
Marmara Region	1,748,348	1,676,396	-
Güneydogu Anadolu Region	193,785	172,960	-
İç Anadolu Region	807,159	763,876	-
Akdeniz Region	170,272	163,472	-
Ege Region	195,324	186,784	-
Dogu Anadolu Region	62,527	59,239	-
Karadeniz Region	33,059	30,564	-
Abroad	35,573	35,220	-
Total	3,246,047	3,088,511	-

10.6.7. Aging analysis for non-performing loans

Current period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	236,699	466,452	579,630	1,930,478	209,118
Retail Loans	10,449	14,755	8,081	5,359	33,916
Credit cards	36,654	36,424	28,939	4,798	1,589
Other	-	-	-	-	-
Total	283,802	517,631	616,650	1,940,635	244,623

Prior Period	Up to 3 Months	3-12 Months	1-3 Years	3-5 Years	5 Years and Over
Corporate and Commercial Loans	121,080	535,173	1,472,943	935,721	86,721
Retail Loans	2,094	12,267	9,012	23,573	4,443
Credit cards	8,006	15,672	13,965	4,491	886
Other	-	-	-	-	-
Total	131,180	563,112	1,495,920	963,785	92,050

10.6.8. Breakdown of restructured receivables according to whether they are performing loan or non-performing loan

Restriction Status	Current Period - Risk	Prior Period - Risk
Performing	3,342,122	2,888,282
Non-Performing	744,591	672,696
Total	4,086,713	3,560,978

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.7. Credit Risk Mitigation

10.7.1 Qualitative information on Credit Risk Mitigation Techniques

Within the framework of the credit transactions carried out by the bank, all the collateral documents received in the presence of the branch personnel are checked by the branch operations staff and forwarded to the collateral follow-up Directorate through the main banking application. The systematic entries of the guarantees are completed by the personnel of the guaranteed follow-up directorate where signature compliance, authorization checks and validity examinations are performed.

10.7.2 Credit risk mitigation techniques

	Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized number of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized number of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	170,676,574	150,200,055	39,456,429	12,368,218	10,115,540	-	-
2	Debt securities	118,497,031	-	-	-	-	-	-
3	Total	289,173,605	150,200,055	39,456,429	12,368,218	10,115,540	-	-
4	Overdue	65,393	86,305	2,545	8,218	3,684	-	-

	Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized number of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized number of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	138,077,398	47,514,045	11,011,602	9,510,490	7,503,993	-	-
2	Debt securities	79,243,947	-	-	-	-	-	-
3	Total	217,321,345	47,514,045	11,011,602	9,510,490	7,503,993	-	-
4	Overdue	110,083	29,979	619	17,474	8,848	-	-

10.8. Explanations on Counterparty Credit Risk (CCR)

10.8.1. Risk management objectives and policies for CCR

Determination of the creditworthiness of financial counterparties has been made in addition to the Credit Policy of the Bank in accordance with the regulations published by BRSA and the international practices to limit the exposure to be suffered by the Bank in case of financial counterparty default. This annex describes allocation of limit to financial counterparties and continuous monitoring activities. In this respect, the creditworthiness assessments of the financial and non-financial entities for CCRs especially including sovereign assessments and limits are finally decided by the committees specified under the Policy.

10.8.2. The method used to allocate the operational limits defined in terms of internal capital for CCR and central counterparty risks

Internal model method is not used for calculating the capital requirements for counterparty credit risk and central counterparty risks.

10.8.3. Policies relating to guarantees and other risk mitigation and assessments concerning counterparty credit risk, including central counterparty risk

All of the Bank's counterparty credit risk and central counterparty limits are non-committed limits and they include cash, non-cash and guarantee limits. In case of any transactions involving non-cash risk exposure, the reinsurance of the organizations such as International Development Banks is used. If required, cash collateral is sought to minimize the exposure. In case of transactions involving cash risk exposure, the risk exposure is mitigated by obtaining shares and bills (sukuk) as security.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.8.4. Rules with respect to wrong-way risk

Internal model is not used for CCR; and as such, no calculation is made with respect to the wrong-way risk.

10.8.5. The impact in terms of the amount of collateral that the bank is required to provide in case of a credit rating downgrade

In case of a decrease in the credit rating, there is no additional collateral amount that our bank must provide.

10.8.6. Counterparty credit risk (CCR) approach analysis

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

	Prior Period	Replacement Cost	Potential future exposure	EEPE	Alpha used for computing regulatory EAD	Risk amount after credit risk mitigation	Risk weighted amounts
1	Standardized Approach CCR (for derivatives) (*)	593,834	400,494		1.4	1,392,060	879,946
2	Internal Model Method (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
3	Simple Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
4	Comprehensive Approach for credit risk mitigation (for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions)						
5	Value-at-Risk (VaR) for repo transactions, securities or commodity lending or borrowing transactions, long settlement transactions and securities financing transactions						
6	Total						879,946

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.8.7. Capital requirement for credit valuation adjustment (CVA)

		Current Period		Prior Period	
		Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts	Risk amount (after using credit risk mitigation techniques)	Risk weighted amounts
Total portfolios subject to the Advanced CVA capital obligation					
1	(i) VaR component (including the 3×multiplier)	-	-	-	-
2	(ii) Stressed VaR component (including the 3×multiplier)	-	-	-	-
3	All portfolios subject to the Standardized CVA capital obligation	2,657,471	118,968	1,392,060	120,860
4	Total subject to the CVA capital obligation	2,657,471	118,968	1,392,060	120,860

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

10.8.8.CCR exposures by risk class and risk weights

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

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

** 35% Risk Weight is classified in Others.

Prior Period - Risk Classes / Risk Weights *		0%	10%	20%	50%	75%	100%	150%	200%	Others **	Total credit risk*
1	Receivables from central governments and Central Banks	84,140	-	-	-	-	-	-	-	-	-
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	383,529	361,034	-	58,362	-	-	-	315,585
7	Receivables from corporate	-	-	-	-	-	490,038	-	-	-	490,038
8	Retail receivables	-	-	-	-	99,097	-	-	-	-	74,323
9	Other receivables	-	-	-	-	-	-	-	-	-	-
10	Total	84,140	-	383,529	361,034	99,097	548,400	-	-	-	879,946

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

** 35% Risk Weight is classified in Others.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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

13.1. Bank's processes and strategies

Procedures for the identification, measurement, monitoring and control of the market risk of the bank, as well as processes for risk protection and strategies/processes for monitoring of the continuity of the hedging effectiveness, as well as the strategic objectives for the bank's trading activities.

Risk management activities are consisting of the measurement, monitoring, control and reporting of the risks, arising from risks incurred on the consolidated and solo basis and transactions carried out with the risk group that the Bank is involved in. These activities are carried out by the Bank's Risk Management Department.

The definition of the market risk is made by legislation within the scope of the Pillar 1 risks. The components of the market risk that do not fall within the scope of Pillar 1 risks are assessed internally. This process is carried out by the Risk Management Department with the consultation to other relevant departments.

Measurement of the market risk is carried out by the Risk Management Department. Market risk is measured by the standard method as specified in the third part of the Regulation on the Measurement and Evaluation of Banks' Capital Adequacy. The Risk Management Department adopts international standardized methods and advanced statistical methods, which are included in the legislation, in the measurement of risks falling within the scope of the Pillar 2. Developed models as well as the stress tests and scenario analysis are used in the measurement and monitoring of the market risk.

The primary purpose of market risk is for the bank's risk exposure to be within the limits specified by the legislation and to be in accordance with the Bank's risk appetite. In this context, market risk is periodically measured, monitored and reported.

Risk limits related to market risk are established in accordance with The Parent Bank's Risk Appetite Policy. Aforementioned risk limits are determined by the Board of Directors and reviewed at least once a year. Limit usages are closely monitored.

Risk mitigation techniques have been applied in line with the size and complexity of the undertaking market risk and the controls are implemented to ensure their effectiveness.

Treasury Group Department monitors foreign currency positions and cash flows on behalf of the Bank.

Moreover, new products and projects are examined in terms of market risk management and appropriate internal controls are implemented in case of necessity.

The Bank's strategic objectives for trading activities are given below.

- Ensure that the bank's lease certificate portfolio is managed at the optimum level within the risk-return balance limits
- Implement transaction by considering the future prospects of market developments/movements and the framework of trading opportunities in the current market prices
- Invest in Sukuk (lease certificates) as an alternative investment tool to manage the liquidity profitably

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

13.2. The organization and structure of the market risk management function

Definition of the market risk management structure established for the implementation of the bank's strategies and processes and the communication mechanism and relationship between the different parties involved in market risk management, as described in paragraph 1 of 12.1.

The market risk service operates under the Deputy Head responsible from the Market Risk, Operational Risk and Capital Planning within Risk Management Department. This service directly reports to the Board of Directors through the Risk Systems Committee. The results of risk measurement and risk monitoring are shared with other related units. The activities coordinated within the Internal Capital Adequacy Assessment Process are carried out together with other relevant departments of the Bank.

13.3. Structure and scope of risk reporting and/or measurement systems

Within the scope of risk management system, the Bank established a reporting system which ensures effective analysis and evaluation for market risks. The risk measurement and risk monitoring results are reported to the Risk Committee on a timely manner.

There is a risk measurement system which covers the scope and complexity of significant market risk components including transactions and operations exposed to market risk. This system is being audited regularly.

The details of the market risk calculated as of December 31, 2023 and December 31, 2022 in accordance with the principles in the third part of the "The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks" published in the Official Gazette numbered 29511 and dated October 23, 2015 are as follows:

13.4. Market risk under standardised approach

		Risk Weighted Amounts	Risk Weighted Amounts
		Current Period	Prior Period
	Outright products	49,803,589	19,197,181
1	Profit share risk (general and specific)	42,398,701	15,748,483
2	Equity risk (general and specific)	667,906	96,969
3	Foreign exchange risk	1,389,203	947,471
4	Commodity risk	5,347,779	2,404,258
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitization	-	-
9	Total	49,803,589	19,197,181

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

13.5. Explanations on Operational Risk

"Basic Indicator Method" is used in operational risk calculation of the Bank. The sum that is the basis for the operational risk is calculated by the use of the gross revenues of the Bank for the last 3 years, 2022, 2021 and 2020 in compliance with "Third Section "Calculation of the Operational Risk" of The Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks published in the Official Gazette numbered 29111 and dated September 6, 2014. The annual gross revenue is calculated by addition of the net fees and commission revenues, dividend income obtained other than subsidiaries and affiliates, the trading gain/loss(net) and other operating income to the net profit share income and by deduction of the gain/loss from the sale of the assets accounted other than the trading book, extraordinary income, the operational expenses for the support services taken from the main shareholder of the bank, subsidiary of the bank or subsidiary of the shareholder of the bank performing the calculation or the institutions which are subject to the relevant Regulation or the equivalent arrangements and the operational expenses for the support service taken from a bank and the amounts compensated from insurance. TL 29,549,149 corresponding to the 8% of TL 2,363,932 used in the calculation of the operational risk within the scope of "Capital adequacy standard rate" indicated in the disclosure I of this section, represents the operational risk which might be exposed to. TL 2,363,932 also defines the minimum capital sum which is required in order to eliminate the mentioned risk.

Current Period	31/12/2020 Amount	31/12/2021 Amount	31/12/2022 Amount	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	7,050,036	10,346,656	10,346,656	9,247,783	15	1,387,167
Value at Operational Risk (Total*12.5)						17,339,588

Prior Period	31/12/2019 Amount	31/12/2020 Amount	31/12/2021 Amount	Total/ No. of Years of Positive Gross	Rate (%)	Total
Gross Income	5,225,501	7,050,036	10,346,656	7,540,731	15	1,131,110
Value at Operational Risk (Total*12.5)						14,138,875

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

13.6. Profit-share rate risk related to banking book

13.6.1. Economic value differences arising from fluctuations in profit share rates in accordance with the regulation on measurement and evaluation of profit share rates derived from banking accounts with standard shock method

Current Period

	Currency	Applied Shock (+/- x basis points)	Gains/ Losses	Gains/Shareholder's equity - Losses/shareholder's equity
1	TL	(+) 500bp	(2,707,727)	(4.05%)
2	TL	(-) 400bp	2,749,679	4.11%
3	USD	(+) 200bp	(526,431)	(0.79%)
4	USD	(-) 200bp	639,214	0.96%
5	EURO	(+) 200bp	394,784	0.59%
6	EURO	(-) 200bp	(347,568)	(0.52%)
	Total (For Negative Shocks)		3,041,325	4.55%
	Total (For Positive Shocks)		(2,839,374)	(4.25%)

Prior Period

	Currency	Applied Shock (+/- x basis points)	Gains/ Losses	Gains/Shareholder's equity - Losses/shareholder's equity
1	TL	(+) 500bp	(267,483)	(0.65%)
2	TL	(-) 400bp	297,717	0.72%
3	USD	(+) 200bp	(458,280)	(1.11%)
4	USD	(-) 200bp	548,292	1.33%
5	EURO	(+) 200bp	(194,702)	(0.47%)
6	EURO	(-) 200bp	267,781	0.65%
	Total (For Negative Shocks)		1,113,790	2.70%
	Total (For Positive Shocks)		(920,465)	(2.23%)

13.7. Risk management objectives and policies

In accordance with Bank's strategies, risk policies and vision, the analysis that Risk Management Service presents to Risk Committee are credit risks, market risks, liquidity risks, operational risks and IT risk evaluations. Besides, in accordance with market trends, economic conduct and Bank's strategic growth, capital adequacy stress test and scenario analyses, evaluation of economic development in the World and Turkey is presented to Risk Committee and Board of Directors by Risk Management Service. These analyses contribute to Bank Top Management's resolution process about risk appetite and awareness of risks, capital adequacy, strategy revisions and future estimation.

In addition, Risk Management Service verifies its own coordination to be ready proactively in business availability of Kuveyt Türk and situations connected with it.

Risk Management Service continues risk monitoring and analyzing operations in accordance with Board of Director's Kuveyt Türk's mission, vision and growth strategy to prevent the potential risks. In this context credit and market risks, liquidity risk, operational risks and all limits, internal personal scoring and corporate rating modeling with IT risks issues, IT risk evaluation, operational lost data base, key risk indicators, operational risk insurances, market risk calculations, following up of treasury transactions and asset-liability risks are being monetarized.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted prices in active markets for identical assets and liabilities.

Level 2: Financial instruments valued by applying methods that are based on observable market prices, directly or indirectly, on data that has significant effect on the fair value reflected in the inputs.

Level 3: Financial instruments valued by applying methods that are not based on observable market prices, directly or indirectly, on data that has significant effect on the fair value reflected in the inputs.

Fair value hierarchy of the financial assets and liabilities of the Bank carried at fair value according to the foregoing principles as of December 31, 2023 and December 31, 2022 are given in the table below:

Current Period	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss	51,427,200	5,891,945	-	57,319,145
Forward transactions	-	111,442	-	111,442
Swap transactions	-	1,766,482	-	1,766,482
Government debt securities	32,695,161	-	-	32,695,161
Other marketable securities	18,732,039	4,014,021	-	22,746,060
Financial assets at fair value through other comprehensive income	54,701,415	591,972	-	55,293,387
Equity securities	301,759	-	-	301,759
Government debt securities	54,399,656	-	-	54,399,656
Other marketable securities	-	591,972	-	591,972
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	977,799	-	977,799
Forward transactions	-	87,114	-	87,114
Swap transactions	-	890,685	-	890,685
Financial liabilities for hedging purposes	-	-	-	-
Prior Period				
Financial assets				
Financial assets at fair value through profit or loss	15,791,589	1,891,215	-	17,682,804
Forward transactions	-	302,276	-	302,276
Swap transactions	-	469,530	-	469,530
Government debt securities	13,210,223	-	-	13,210,223
Other marketable securities	2,581,366	1,119,409	-	3,700,775
Financial assets at fair value through other comprehensive income	54,790,506	2,774,703	-	57,565,209
Equity securities	160,978	-	-	160,978
Government debt securities	54,629,528	-	-	54,629,528
Other marketable securities	-	2,774,703	-	2,774,703
Financial liabilities				
Financial liabilities at fair value through profit or loss	-	199,920	-	199,920
Forward transactions	-	46,067	-	46,067
Swap transactions	-	153,853	-	153,853
Financial liabilities for hedging purposes	-	-	-	-

No transfers have taken place between Level 1 and Level 2 in the current year.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

14. Explanations on business segments

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

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

Retail Banking includes fund collection, 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 Treasury and International Banking, the relationships with foreign correspondent banks and investment institutes are executed directly or via branches abroad, representative offices and agencies. The firms, which are exceed size limits, are classified “corporate” customers and directed to the Corporate Banking. The products are the same with the Commercial Banking. The aim of international banking is to enable foreign trade financing and develop mutual long-term financing agreements with foreign banks. Besides supplying syndicated loans and issue the Sukuk for the Bank, investment banking also supplies syndicated loans in corporate basis for the firms and groups in Turkey. The 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 YEAR-ENDED DECEMBER 31, 2023

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

Selected balance sheet and income statement items according to segments

Current Period		Corporate and Commercial banking	Treasury and international banking	Unallocated	Bank's total operation
January 1, 2023-December 31, 2023	Retail Banking				
Operating income	32,307,046	43,252,980	7,952,811	-	83,512,837
Operating expenses (-)	30,520,182	7,812,584	1,475,051	10,201,612	50,009,429
Transfers between segments	18,901,296	(12,543,958)	(6,357,338)	-	-
Net operating income(loss)	20,688,160	22,896,438	120,422	(10,201,612)	33,503,408
Income from associates	-	-	-	-	-
Income (loss) before tax	20,688,160	22,896,438	120,422	(10,201,612)	33,503,408
Provision for taxation (-)	-	-	-	6,894,037	6,894,037
Net income for the period	20,688,160	22,896,438	120,422	(17,095,649)	26,609,371
Current Period					
December 31, 2023					
Segment assets	115,123,175	201,740,942	335,536,661	-	652,400,778
Associates, subsidiaries and joint ventures	-	-	-	3,212,925	3,212,925
Undistributed assets	-	-	-	12,554,512	12,554,512
Total assets	115,123,175	201,740,942	335,536,661	15,767,437	668,168,215
Segment liabilities	385,565,367	121,945,506	97,043,082	-	604,553,955
Undistributed liabilities	-	-	-	15,628,572	15,628,572
Shareholders' equity	-	-	-	47,985,688	47,985,688
Total liabilities	385,565,367	121,945,506	97,043,082	63,614,260	668,168,215
Prior Period					
January 1, 2022 – December 31, 2022					
Operating income	16,793,409	10,684,887	16,718,233	-	44,196,529
Operating expenses (-)	14,859,316	3,524,144	2,338,264	5,405,472	26,127,196
Transfers between segments	9,421,628	(7,531,940)	(1,889,688)	-	-
Net operating income(loss)	11,355,721	(371,197)	12,490,281	(5,405,472)	18,069,333
Income from associates	-	-	-	-	-
Income (loss) before tax	11,355,721	(371,197)	12,490,281	(5,405,472)	18,069,333
Provision for taxation (-)	-	-	-	4,025,886	4,025,886
Net income for the period	11,355,721	(371,197)	12,490,281	(9,431,358)	14,043,447
Prior Period					
December 31, 2022					
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
Total assets	63,362,805	120,864,395	191,322,522	9,081,058	384,630,780
Prior Period					
December 31, 2022					
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
Total liabilities	245,545,237	55,972,626	42,359,824	40,753,093	384,630,780

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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	2,085,927	12,814,660	2,216,128	6,028,918
The Central Bank of Republic of Turkey	27,619,499	91,480,001	6,272,849	58,400,892
Other (*)	31,270	6,344,071	55,900	3,278,301
Total	29,736,696	110,638,732	8,544,877	67,708,111

(*) As of December 31, 2023, precious metal account amounting to TL 6,141,897 (December 31, 2022 - TL 3,278,301) and money in transit amounting to TL 233,444 (December 31, 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	21,567,615	16,522,557	6,272,849	12,263,740
Restricted time deposit	-	-	-	-
Unrestricted time deposit	6,051,884	74,957,444	-	46,137,152
Total	27,619,499	91,480,001	6,272,849	58,400,892

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 3% and 30% by differentiating according to the maturity of liabilities, and these rates are applied by banks as of the date of the report. Effective from October 27, 2023, it has been decided to apply an additional reserve requirement of 4% for deposits in foreign currency (excluding deposits of foreign banks and precious metal deposit accounts) to be established in Turkish lira at all maturities. The additional Reserve Requirement ratios applied by the CBRT's decision are excluded from the Reserve Requirement commission application.

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

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

Positive differences related to marketable derivative financial assets:

	Current period		Prior period	
	TL	FC	TL	FC
Forward transactions	68,530	42,912	242,868	59,408
Swap transactions	1,345,922	420,560	311,625	157,905
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	1,414,452	463,472	554,493	217,313

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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
Banks	22,985	18,090,427	31,463	18,404,124
Domestic	22,985	486,588	31,463	1,243,934
Foreign	-	17,603,839	-	17,160,190
Headquarters and branches abroad	-	-	-	-
Other Financial Institutions	-	-	-	-
Total	22,985	18,090,427	31,463	18,404,124

1.3.2 Information on foreign banks account

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3,150,531	3,252,982	-	-
USA and Canada	10,592,249	12,496,917	-	-
OECD Countries (*)	193,049	171,470	-	-
Off-shore Banking Regions	4,635	3,907	-	-
Other	3,663,375	1,234,914	-	-
Total	17,603,839	17,160,190	-	-

(*) EU countries, OECD countries other than the US and Canada

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

	Current period	Prior Period
Debt Securities	58,316,469	57,840,042
Quoted on stock exchange	58,316,469	57,840,042
Not quoted on stock exchange	-	-
Share certificates/Investment Funds	109,769	69,179
Quoted on stock exchange	-	-
Not quoted on stock exchange	109,769	69,179
Impairment provision (-)	3,132,851	344,012
Total	55,293,387	57,565,209

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

As of the balance sheet date, there are financial assets given TL 35,980,390 (December 31, 2022: TL 25,667,381) as collateral whose fair value difference is reflected to other comprehensive income.

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

As of the balance sheet date, there are financial assets subject to sale transactions with the promise of repurchase, of which TL 4,087,162 (December 31, 2022 – TL 133,844) is reflected to other comprehensive income.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.5 Explanations on financial assets measured at amortized cost

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

	Current period		Prior period	
	Cash	Non-Cash	Cash	Non-Cash
Direct loans granted to shareholders	29,238	82,280	26,634	45,210
Corporate shareholders	2,156	82,059	10,779	45,163
Real person shareholders	27,082	221	15,855	47
Indirect loans granted to shareholders	2,974,543	20,322	2,176,543	1,849
Loans granted to employees	252,314	3,139	74,237	1,494
Total	3,256,095	105,741	2,277,414	48,553

1.5.2 Information on Standart Loans, Loans Underclose monitoring and restructured Loans Under Close monitoring

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

Prior Period - Cash Loans	Standard Loans	Loans Under Close Monitoring		
		Not Subject to Restructuring	Restructured Loans	
			Revised Contract Terms	Refinance
Loans	161,594,311	9,010,781	2,888,282	-
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	-	-
Other Receivables	228	364	-	-
Total	161,594,539	9,011,145	2,888,282	-

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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

	Standard Loans	Loans Under Close Monitoring	Standard Loans	Loans Under Close Monitoring
	Current Period	Current Period	Prior Period	Prior Period
12 Month Expected Credit Losses	8,466,431	-	5,843,771	-
Other Financial Assets Measured at Amortized Cost Expected Credit Losses	48,306	-	10,210	-
Significant Increase in Credit Risk	-	5,971,828	-	4,842,716
Total	8,514,737	5,971,828	5,853,981	4,842,716

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

Current Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	137,318,091	8,243,387	454,262
Medium- and Long-Term Loans	137,822,732	7,849,425	2,887,860
Total	275,140,823	16,092,812	3,342,122

Prior Period	Standard Loans	Loans Under Close Monitoring	
		Not Subject to Restructuring	Restructured
Short Term Loans	81,169,070	3,133,102	138,943
Medium- and Long-Term Loans	80,425,469	5,878,043	2,749,339
Total	161,594,539	9,011,145	2,888,282

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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

Current Period	Short term	Medium and long term	Total
Consumer Loans-TL	669,451	17,710,802	18,380,253
Housing Loans	17,660	10,071,872	10,089,532
Vehicle Loans	333,734	5,720,411	6,054,145
Consumer Loans	249,854	931,118	1,180,972
Other	68,203	987,401	1,055,604
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	29,922	29,922
Housing Loans	-	29,922	29,922
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	7,873,652	24	7,873,676
With Installment	2,429,914	24	2,429,938
Without Installment	5,443,738	-	5,443,738
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	21,406	138,181	159,587
Housing Loans	172	9,686	9,858
Vehicle Loans	5,821	40,180	46,001
Consumer Loans	15,413	88,315	103,728
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	113,146	2	113,148
With Installment	54,858	2	54,860
Without Installment	58,288	-	58,288
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	8,677,655	17,878,931	26,556,586

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Prior Period	Short term	Medium and long term	Total
Consumer Loans-TL	315,884	14,332,601	14,648,485
Housing 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
Consumer Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	53,330	53,330
Housing Loans	-	53,330	53,330
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Retail Credit Cards-TL	2,489,352	25	2,489,377
With Installment	724,471	25	724,496
Without Installment	1,764,881	-	1,764,881
Retail Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Personnel Loans-TL	2,783	29,470	32,253
Housing Loans	-	4,264	4,264
Vehicle Loans	1,253	12,971	14,224
Consumer Loans	1,506	12,235	13,741
Other	24	-	24
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	48,957	2	48,959
With Installment	24,282	2	24,284
Without Installment	24,675	-	24,675
Personnel Credit Cards-FC	-	-	-
Installment based	-	-	-
Without-installment	-	-	-
Overdraft Account-TL (Real Person)	-	-	-
Overdraft Account-FC (Real Person)	-	-	-
Total	2,856,976	14,415,428	17,272,404

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.5.5 Information on commercial installment loans and corporate credit cards

Current Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	5,777,427	23,559,600	29,337,027
Business Loans	116,664	1,784,000	1,900,664
Vehicle Loans	4,729,616	17,921,768	22,651,384
Consumer Loans	931,147	3,853,832	4,784,979
Other	-	-	-
Commercial Installment Loans-FC Indexed	11,945	382,169	394,114
Business Loans	11,945	-	11,945
Vehicle Loans	-	-	-
Consumer Loans	-	382,169	382,169
Other	-	-	-
Commercial Installment Loans-FC	10,293	3,892,787	3,903,080
Business Loans	-	724,311	724,311
Vehicle Loans	10,293	3,168,476	3,178,769
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	17,192,639	-	17,192,639
With Installment	8,974,843	-	8,974,843
Without Installment	8,217,796	-	8,217,796
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	22,992,304	27,834,556	50,826,860

Prior Period	Short term	Medium and long term	Total
Commercial Installment Loans-TL	8,579,186	15,698,855	24,278,041
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	-	-	-
Commercial Installment Loans-FC Indexed	10,521	459,633	470,154
Business Loans	10,521	2,399	12,920
Vehicle Loans	-	-	-
Consumer Loans	-	457,234	457,234
Other	-	-	-
Commercial Installment Loans-FC	62,520	1,961,768	2,024,288
Business Loans	-	479,246	479,246
Vehicle Loans	62,520	1,482,522	1,545,042
Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	7,959,725	-	7,959,725
With Installment	4,467,414	-	4,467,414
Without Installment	3,492,311	-	3,492,311
Corporate Credit Cards-FC	-	-	-
With Installment	-	-	-
Without Installment	-	-	-
Overdraft Account-TL (Legal Entity)	-	-	-
Overdraft Account-FC (Legal Entity)	-	-	-
Total	16,611,952	18,120,256	34,732,208

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.5.6 Allocation of loans by customers

	Current period	Prior period
Public	898,560	590,502
Private	293,677,197	172,903,464
Total	294,575,757	173,493,966

1.5.7 Breakdown of domestic and foreign loans

	Current period	Prior period
Domestic loans	285,085,242	164,463,609
Foreign loans	9,490,515	9,030,357
Total	294,575,757	173,493,966

1.5.8 Loans granted to subsidiaries and associates

	Current period	Prior period
Loans granted directly to subsidiaries and associates	736,761	471,573
Loans granted indirectly to subsidiaries and associates	-	-
Total	736,761	471,573

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

	Current period	Prior period
Loans and receivables with limited collectability	171,423	92,491
Loans and receivables with doubtful collectability	373,091	253,089
Uncollectible loans and receivables	2,898,911	2,742,931
Total	3,443,425	3,088,511

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
Current Period			
Gross Amount Before Specific Provisions	-	-	744,591
Restructured Loans and Receivables	-	-	744,591
Prior Period			
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 YEAR-ENDED DECEMBER 31, 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

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

(*) In 2023, the Bank has deleted TL 547,245 of its receivables from its assets. As a result of this transaction, there was an effect of 16 basis points on the defaulted conversion rate.

Prior Period	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Ending balance of prior period 31.12.2021	187,806	163,079	2,724,524
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 (-)	-	-	-
Sold Portfolio (-) (*)	-	-	-
Corporate and commercial loans	-	-	-
Retail loans	-	-	-
Credit Cards	-	-	-
Other	-	-	-
Ending balance of the current period	131,936	304,959	2,809,152
Specific provisions (-)	92,491	253,089	2,742,931
Net balance at the balance sheet	39,445	51,870	66,221

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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

	Group III	Group IV	Group V
Current Period			
Ending balance of the current period	26,066	69,720	878,527
Provision amount (-)	19,066	61,499	869,672
Net balance at the balance sheet	7,000	8,221	8,855
Prior Period			
Ending balance of the current period	892	58,375	590,898
Provision amount (-)	624	50,744	579,101
Net balance at the balance sheet	268	7,631	11,797

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

	Group III	Group IV	Group V
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current period (Net)	60,321	61,163	38,432
Loans granted to real persons and legal entities (Gross)	231,744	434,254	2,937,343
Specific provision (-)	171,423	373,091	2,898,911
Loans to real persons and legal entities (Net)	60,321	61,163	38,432
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provision (-)	-	-	-
Other loans and receivables (Net)	-	-	-
Prior period (Net)	39,445	51,870	66,221
Loans to real persons and legal entities (Gross)	131,936	304,959	2,809,152
Specific provision (-)	92,491	253,089	2,742,931
Loans to real persons and legal entities (Net)	39,445	51,870	66,221
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 YEAR-ENDED DECEMBER 31, 2023

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

1.5.10.5. Aging analysis of past due but not impaired financial assets per classes of financial instruments is as follows

Current Period	Less than 30 days	31-60 days	More than 61 days	Total
Loans and receivables				
Corporate loans	15,238,725	1,216,042	325,902	16,780,669
Retail loans	456,961	64,665	22,015	543,641
Credit cards	1,967,205	107,521	35,898	2,110,624
Total	17,662,891	1,388,228	383,815	19,434,934

Prior Period	Less than 30 days	31-60 days	More than 61 days	Total
Loans and receivables				
Corporate loans	10,215,754	499,698	181,994	10,897,446
Retail loans	328,437	46,247	19,842	394,526
Credit cards	588,904	13,645	4,906	607,455
Total	11,133,095	559,590	206,742	11,899,427

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

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

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

1.5.10.7. Main guidelines for liquidation process of uncollectible loans and other receivables

Loans and other receivables, which were deemed uncollectible according to the “Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves to be provided for these Loans” published in the Official Gazette No. 26333 dated November 1, 2006 and for which a full impairment provision has been made, are written off as per the decision of the Bank top management. The Bank’s receivables deleted from the records in 2023 are 547,245 TL. (December 31, 2022 – None).

1.5.11 Information on the write-off policy

The Bank’s write off policy is to write-off the loan receivables that have been already transferred to legal follow-up and fully provided for and for which there is no possibility of collection through legal process and for which there is no collateral. Such loans are written off as per the decision of top management.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.6 Information on other financial assets measured at amortized cost

1.6.1 Information on other financial assets measured at amortized cost

	Current Period	Prior Period
Debt Securities	63,203,644	21,678,735
Quoted on a Stock Exchange	63,203,644	21,678,735
Not Quoted	-	-
Expected Loss Provision (-)	48,306	10,210
Total	63,155,338	21,668,525

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

	Current Period	Prior Period
Opening Balance	21,678,735	4,798,614
Foreign Exchange Gain/Loss	8,626,376	4,535,700
Purchases During the Year	33,590,663	18,269,087
Disposals Through Sales and Redemptions	692,130	5,924,666
Expected Loss Provision (-)	48,306	10,210
Total	63,155,338	21,668,525

1.7 Information on investment in associates (Net)

1.7.1 The Bank holds shares of Kredi Garanti Vakfı A.Ş. amounted 4,897 TL (31 December 2022 - 4,897 TL) corresponding to 1.49% ownership, Katılım Finans Kefalet A.Ş. amounted 22,500 TL(December 31, 2022 - none) corresponding to 15% ownership, Swift amounted 7,732 TL (31 December 2022 - 4,739 TL), Borsa Istanbul A.Ş. amounted 15 TL (31 December 2022 - 15 TL) corresponding to 0.0035% ownership and JCR Avrasya Rating A.Ş. shares worth 2,755 TL (31 December 2022 – 2,755 TL) corresponding to 2.86% ownership, İhracatı Gelişim A.Ş. shares amounting to 30,420 TL (December 31, 2022 - 30,420 TL) corresponding to 0.44% ownership, VISA INC. shares amounting to 266,071 TL (December 31, 2022 - 127,189 TL). Since ownership percentage is below 10% and it does not have significant effectiveness, it is followed in the Financial Assets at Fair Value Through Other Comprehensive Income.

1.7.2 Information about investments in unconsolidated associates: None (December 31, 2022 - None).

1.7.3 Information related to consolidated associates: None (December 31, 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 Bilgi 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 November 8, 2006; hence this subsidiary has not been consolidated.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.8.2 Information on subsidiaries

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

Information on subsidiaries in the order presented in the above table

	Total Assets	Equity	Total Fixed assets	Profit Share Income	Income from marketable securities	Current period profit/loss	Prior period profit /loss	Fair Value
1(*)	24,723,692	5,285,802	245,110	594,628	12,582	73,183	40,548	-
2 (***)	14,956,560	1,969,638	273,382	1,044,912	1,252,132	432,619	333,970	-
3	8,591,583	609	-	-	-	112	139	-
4	978	865	-	-	-	130	63	-
5	344,339	272,021	13,367	-	-	167,592	46,223	-
6	504,212	466,627	284,562	4,888	17,353	194,030	127,399	-
7(**)	540,924	388,960	74,127	5,330	17,584	143,266	52,709	-
8(**)	191,396	153,090	622	-	-	47,490	12,263	-
9	229,510	220,000	-	9,160	-	6,102	-	-

(*) The financial statements of the said subsidiary dated December 31, 2023 have been prepared in accordance with the legal regulations in the country where it is located.

(**) These are the amounts in the statutory financial statements dated December 31, 2023, issued in accordance with 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 the minimum required equity capital twice a year, in June and December, and on December 31, 2023, the capital deficit was TL 251,493 (December 31, 2022: Capital deficiency was TL 226,650). The Company anticipates that the resulting capital deficit will be closed in the first quarter of 2024 within the framework of full and timely compliance with legal regulations in line with the capital increase, forecasts and expectations in its 2024 business plan. The shareholder of Neova Katılım Sigorta A.Ş. has the financial power and management understanding to eliminate all kinds of risks that may arise financially.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Movement regarding the subsidiaries

	Current Period	Prior Period
Balance at the beginning of the year	2,442,925	1,461,015
Movements during the year	750,000	981,910
Purchases (*)	750,000	981,910
Transfers from subsidiaries (net)	-	-
Bonus shares	-	-
Dividends from current year income	-	-
Sales	-	-
Revaluation increases	-	-
Impairment	-	-
Capital commitment payments	-	-
Balance at the end of the year	3,192,925	2,442,925
Capital commitments	67,500	-
Share percentage at the end of the year (%)	-	-

(*) On February 2, 2023, the capital of Neova Katılım Sigorta A.Ş., a subsidiary of the Bank, was increased from TL 500,000,000 (full amount) to TL 400,000,000 (full amount) to TL 900,000,000 (full amount). On March 28, 2023, the capital of Architech Information Systems and Marketing Trade Inc., a subsidiary of the Bank, was increased from TL 83,000,000 (full amount) to TL 183,000,000 (full amount) by increasing TL 100,000,000 (full amount). On October 31, 2023, the capital of Kuveyt Türk Asset Management Inc., a subsidiary of the Bank, was increased from TL 21,901,000 (full amount) to TL 30,000,000 (full amount) to TL 51,901,000 (full amount). On November 20, 2023, the Bank established a subsidiary of Kuveyt Türk Yatırım Menkul Değerler A.Ş. with a capital of TL 220,000,000 (full amount).

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 Financial Subsidiaries	325,419	75,419
Total	3,069,245	2,419,245

Subsidiaries that are quoted on the stock exchange

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

1.8.3 Information on capital adequacies of major subsidiaries

The shareholder's equity of KT Bank AG, the bank's subsidiary in Germany, calculated as of December 31, 2023, is EUR 162,315,530 (Full EUR amount) and the capital adequacy ratio is 29.6%.

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%	20,814,872	621,458	161,204	341,295	108,159

(*) In accordance with decision of the Bank's Board of Directors on April 25, 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 December 17, 2013 by İstanbul Ticaret Sicil Müdürlüğü.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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	25,525,713	19,042,090	10,776,102	9,201,436
1 to 4 years	20,095,599	17,156,342	11,386,627	10,649,655
More than 4 years	951,303	921,351	1,038,646	1,012,311
Total	46,572,615	37,119,783	23,201,375	20,863,402

1.10.2 Net investments in finance leases

	Current Period	Prior Period
Gross receivable from finance leases	46,572,615	23,201,375
Unearned finance lease income (-)	9,452,832	2,337,973
Unearned finance lease income (-)	-	-
Net receivable from finance leases	37,119,783	20,863,402

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 131,812 are included in the non-performing loans in the balance sheet (December 31, 2022 – TL 72,248).

1.11 Information on derivative financial assets for hedging purposes

None (December 31, 2022- None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.12 Explanations on Tangible Assets

Current Period	Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost					
Opening balance, January 1, 2023	502,574	951,785	350,671	762,370	2,567,400
Additions	673,502	755,934	418,595	436,182	2,284,213
Disposals	-	(143,134)	(51,358)	(28,974)	(223,466)
Transfers	-	-	-	-	-
Exchange rate differences	-	1,796	574	1,453	3,823
Impairment / cancellation	-	-	-	-	-
Ending balance, December 31, 2023	1,176,076	1,566,381	718,482	1,171,031	4,631,970
Accumulated Depreciation (-)					
Opening balance, January 1, 2023	54,096	356,178	95,939	294,122	800,335
Amortization cost	8,525	293,728	92,671	152,400	547,324
Disposals	-	(130,206)	(32,308)	(25,256)	(187,770)
Transfers	-	2,795	546	1,076	4,417
Exchange rate differences	1,436	-	-	-	1,436
Ending balance, December 31, 2023	64,057	522,495	156,848	422,342	1,165,742
Cost at the end of period	1,176,076	1,566,381	718,482	1,171,031	4,631,970
Accumulated depreciation at the end of period (-)	64,057	522,495	156,848	422,342	1,165,742
Closing net book value	1,112,019	1,043,886	561,634	748,689	3,466,228

Prior Period	Buildings	Leased Tangible Assets	Vehicles	Other Tangible Assets	Total
Cost					
Opening balance, January 1, 2022	495,065	692,053	158,263	510,005	1,855,386
Additions	7,509	399,554	201,510	270,606	879,179
Disposals	-	(140,734)	(9,394)	(19,690)	(169,818)
Exchange rate differences	-	912	292	1,449	2,653
Transfers	-	-	-	-	-
Impairment / cancellation	-	-	-	-	-
Ending balance, December 31, 2022	502,574	951,785	350,671	762,370	2,567,400
Accumulated Depreciation (-)					
Opening balance, January 1, 2022	45,769	314,351	55,869	216,799	632,788
Amortization cost	6,889	172,175	45,196	88,988	313,248
Disposals	-	(130,964)	(5,204)	(11,882)	(148,050)
Exchange rate differences	-	616	78	217	911
Transfers	1,438	-	-	-	1,438
Ending balance, December 31, 2022	54,096	356,178	95,939	294,122	800,335
Cost at the end of period	502,574	951,785	350,671	762,370	2,567,400
Accumulated depreciation at the end of period (-)	54,096	356,178	95,939	294,122	800,335
Closing net book value	448,478	595,607	254,732	468,248	1,767,065

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.13. Explanations on Intangible Assets

1.13.1. Gross carrying value and accumulated amortization balances at the beginning and at the end of the period

	Current Period	Prior Period
Cost	1,395,635	583,851
Accumulated Amortization	(411,475)	(186,448)
Total (net)	984,160	397,403

1.13.2. Movements of intangible assets between the beginning and the end of the period

	Current Period	Prior Period
Opening balance	397,403	248,187
Additions	812,919	338,371
Disposals (-), net	1,240	103,210
Depreciation amount (-)	224,854	85,945
Exchange rate differences	(68)	-
Closing net book value	984,160	397,403

Intangible assets include computer software and program licenses which are purchased for banking systems.

1.14. Explanations on investment property

None (December 31, 2022 - None).

1.15 Information on deferred tax asset

As of December 31, 2023, deferred tax is offset as TL 5,747,818 in the balance sheet. In accordance with the related regulations deferred tax asset calculated is TL 6,477,294 (December 31, 2022 – TL 3,222,649) and deferred tax liability is TL 729,476 (December 31, 2022 – TL 2,139,426).

	Current Period	Prior Period
TFRS 9 Provisions	2,612,011	1,873,759
Tangible Assets Valuation Differences	1,608,654	(12,732)
Employee Benefits Liability	468,236	241,539
Deferred Income	394,378	197,178
Severance Pay Liability	328,616	153,514
Financial Assets Valuation difference	86,663	(1,565,792)
Other	249,260	195,757
Net deferred tax asset	5,747,818	1,083,223

Table of deferred tax asset movement

	Current Period	Prior Period
As of January, 1	1,083,223	1,713,575
Deferred Tax (Expense) / Income	2,525,984	854,103
Deferred Tax Accounted Under Other Comprehensive Income	2,138,611	(1,484,455)
Deferred tax asset	5,747,818	1,083,223

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

1.16. Assets held for sale and assets of discontinued operations

	Current Period	Prior Period
Opening Balance	117,719	240,891
Additions	350,438	92,069
Transfer from Tangible Assets	-	-
Disposals (-), Net	39,572	215,241
Transfer to Tangible Assets	-	-
Depreciation Amount (-)	-	-
Impairment Losses Provision (-)	-	-
Closing net book value	428,585	117,719

1.17 Information on other assets

As of balance sheet date, the Bank's other assets amount to TL 2,356,306 (December 31, 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 YEAR-ENDED DECEMBER 31, 2023

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

2. Explanations and notes related to liabilities

2.1 Information on funds collected

2.1.1 Information on maturity structure of funds collected

Current period	Demand	Up to 1 Month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	28,237,630	-	-	-	-	-	-	-	28,237,630
II. Real persons profit sharing accounts TL	-	11,540,673	71,351,967	5,388,093	-	12,050,702	3,090,927	14,651	103,437,013
III. Another current accounts-TL	25,691,962	-	-	-	-	-	-	-	25,691,962
Public sector	597,601	-	-	-	-	-	-	-	597,601
Commercial sector	24,626,713	-	-	-	-	-	-	-	24,626,713
Other institutions	320,272	-	-	-	-	-	-	-	320,272
Commercial and other institutions	-	-	-	-	-	-	-	-	-
Banks and participation banks	147,376	-	-	-	-	-	-	-	147,376
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	24	-	-	-	-	-	-	-	24
Foreign banks	147,336	-	-	-	-	-	-	-	147,336
Participation banks	13	-	-	-	-	-	-	-	13
Others	3	-	-	-	-	-	-	-	3
IV. Profit sharing accounts-TL	-	14,769,092	8,585,515	1,884,335	-	5,794,661	81,730	74	31,115,407
Public sector	-	224	5,188	-	-	273,294	284	-	278,990
Commercial sector	-	14,515,707	7,379,274	1,752,982	-	5,316,871	80,864	74	29,045,772
Other institutions	-	246,208	799,173	28,027	-	82,063	582	-	1,156,053
Commercial and other institutions	-	6,953	401,848	103,326	-	122,433	-	-	634,560
Banks and participation banks	-	-	32	-	-	-	-	-	32
V. Real persons current accounts-FC	88,598,190	-	-	-	-	-	-	-	88,598,190
VI. Real persons profit sharing accounts-FC	-	15,876,483	13,162,188	1,566,496	-	2,560,758	2,087,729	19,860	35,273,514
VII. Another current accounts-FC	30,214,741	-	-	-	-	-	-	-	30,214,741
Commercial residents in Turkey	25,977,273	-	-	-	-	-	-	-	25,977,273
Commercial residents in Abroad	3,781,821	-	-	-	-	-	-	-	3,781,821
Banks and participation banks	455,647	-	-	-	-	-	-	-	455,647
Central Bank of Republic of Turkey	-	-	-	-	-	-	-	-	-
Domestic banks	629	-	-	-	-	-	-	-	629
Foreign banks	448,379	-	-	-	-	-	-	-	448,379
Participation banks	6,639	-	-	-	-	-	-	-	6,639
Others	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	18,285,304	1,409,534	48,836	-	104,774	13,720	138	19,862,306
Public sector	-	30	94,311	-	-	-	-	-	94,341
Commercial sector	-	11,663,322	898,196	46,620	-	104,752	13,720	138	12,726,748
Other institutions	-	6,517,503	32,110	2,172	-	22	-	-	6,551,807
Commercial and other institutions	-	104,449	384,917	44	-	-	-	-	489,410
Banks and participation banks	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	70,915,059	9,454,219	4,872,520	777,226	-	558,685	36,080	-	86,613,789
X. Profit sharing accounts special funds - TL	-	-	1,563,263	4,050,088	-	49,028,063	3,824,907	-	58,466,321
Residents in Turkey	-	-	1,563,263	4,050,088	-	48,266,714	3,309,678	-	57,189,743
Residents Abroad	-	-	-	-	-	761,349	515,229	-	1,276,578
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total (**)	243,657,582	69,925,771	100,944,987	3,715,074	-	70,097,643	9,135,093	34,723	507,510,873

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

(**) As of December 31, 2023, the Bank has received a total of TL 116,495,635 (December 31, 2022; TL 67,656,899) currency protected deposit TL futures, amounting to TL 85,258,512 (December 31, 2022; TL 44,232,985) and TL 31,237,123 (December 31, 2022; TL 23,423,914) issued under the "Communiqué on Supporting the Conversion to Turkish Lira Deposit and Participation Accounts" published by the CBRT in the Official Gazette dated December 21, 2021 and numbered 31696 (December 31, 2022; TL 23,423,914) published by the CBRT in the Official Gazette dated December 21, 2021 There is an account of funds collected.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Prior period	Demand	Up to 1 month	Up to 3 Months	Up to 6 months	Up to 9 months	Up to 1 year	1 year and over	Accumulated profit sharing accounts	Total
I. Real persons current accounts-TL	28,581,579	-	-	-	-	-	-	-	28,581,579
II. Real persons profit sharing accounts-TL	-	11,844,756	53,871,241	3,455,298	-	7,619,222	1,161,534	15,311	77,967,362
III. Another current accounts-TL	18,292,741	-	-	-	-	-	-	-	18,292,741
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	-	-	-	-	-	-	-	-	-
IV. Profit sharing accounts-TL	-	1,039,535	7,650,459	2,594,915	-	2,928,479	195,171	47	14,408,606
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
V. Real persons current accounts-FC	50,763,268	-	-	-	-	-	-	-	50,763,268
VI. Real persons profit sharing accounts-FC	-	12,942,398	11,389,112	1,454,545	-	2,322,104	2,457,240	12,554	30,577,953
VII. Another current accounts-FC	17,070,838	-	-	-	-	-	-	-	17,070,838
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	-	-	-	-	-	-	-	-	-
VIII. Profit sharing accounts- FC	-	547,701	996,362	78,134	-	81,929	12,205	-	1,716,331
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	-	-	-	-	-	-	-	-	-
IX. Precious metal funds	44,330,959	6,521,360	3,425,381	540,213	-	400,669	17,145	-	55,235,727
X. Profit sharing accounts special funds - TL	-	-	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	-	-	-	-	-	-	-	-	-
XI. Profit sharing accounts special funds - FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents Abroad	-	-	-	-	-	-	-	-	-
Total	159,039,385	32,895,750	77,451,209	8,870,509	-	19,167,266	4,065,832	27,912	301,517,863

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

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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 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 persons/ entities current and profit-sharing accounts that are not subject to commercial activities				
TL accounts	69,519,844	46,974,148	176,376,582	99,081,497
FC accounts	95,973,791	52,436,738	164,268,235	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 entities 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 November 1, 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	15,167	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 September 26, 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 YEAR-ENDED DECEMBER 31, 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	69,460	17,654	24,290	21,777
Swap transactions	30,382	860,303	8,079	145,774
Futures transactions	-	-	-	-
Options	-	-	-	-
Other	-	-	-	-
Total	99,842	877,957	32,369	167,551

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	9,211,884	44,343,337	3,106,571	21,592,120
From Foreign Banks, Institutions and Funds	53,371	19,418,755	47,300	5,347,336
Total	9,265,255	63,762,092	3,153,871	26,939,456

2.3.2 Information on maturity structure of borrowings

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	9,265,255	61,176,296	3,153,871	24,038,905
Medium and Long-Term	-	2,585,796	-	2,900,551
Total	9,265,255	63,762,092	3,153,871	26,939,456

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

All of the borrowings consist of foreign currency loans and there is no risk concentration of the Bank's current and profit-sharing accounts.

2.4 Information on issued securities

None. (December 31, 2022: None)

2.5 Information on other liabilities and miscellaneous payables

As of December 31, 2023, other liabilities amount to TL 2,917,796 (December 31, 2022 – TL 2,366,817), sundry creditors amount to TL 3,770,293 (December 31, 2022 - TL 3,084,196), both of them do not exceed 10% of the balance sheet total.

2.6 Information on finance lease payables (Net)

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	30,361	28,706	16,807	15,997
1 to 4 years	42,044	32,373	19,188	14,740
More than 4 years	1,325,234	822,306	754,681	486,117
Total	1,397,639	883,385	790,676	516,854

The Bank uses FTP (Fund Transfer Pricing) rates as an alternative borrowing dividend rate. The relevant rates are reviewed and updated every 2 weeks. Participation Bank uses an unchanged discount rate unless the change in payments is due to variable dividend rates. In the event that the change in rent payments is due to variable dividend rates (LIBOR, EURIBOR), the lessee uses a revised discount rate that reflects the changes in the dividend rate.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.6.1. Information on the changes in agreements and new obligations originating from these changes

None (December 31, 2022 – None).

2.6.1.1 Information on Financial Lease Obligations

None (December 31, 2022 – None).

2.6.1.2 Information on Operational Leases

The leasing transactions, in which all risks and benefits of the leased asset are held by the lessor, are classified as operational leases. Such transactions consist of rent contracts of branches which may be cancelled by declaration.

There are no significant commitments regarding the changes at the operational lease agreements.

The payments related with operational leases are recognized as expense in the income statement during the period of the agreement in equal installments.

2.7 **Information on hedging derivative financial liabilities**

None (December 31, 2022 – None).

2.8 **Information on provisions**

2.8.1 None (December 31, 2022 – None).

2.8.2 Information on other provisions

	Current Period	Prior Period
Non-Cash loans that are not converted into cash	569,527	604,898
General Provisions for non-cash loans	964,137	787,896
Provision for Profits will be Allocated to Participation Accounts	887,567	1,315,157
Promotional Applications for Credit Cards	8,905	8,337
Other (*)	469,509	324,736
Total	2,899,645	3,041,024

(*) The other item is 393,760 TL (December 31, 2022 – 248,250 TL) for litigation, 12,009 TL (December 31, 2022 – 12,547 TL) for expenses, 59,455 TL (December 31, 2022 – 60,034 TL) for the provision for collected delay penalties that may be subject to refund.

2.8.3 Information on provisions for employee benefits:

Provisions for employee benefits consist of reserve for employee termination benefits amounting to TL 1,095,389 (December 31, 2022 – TL 614,054), vacation pay liability amounting to TL 6,107 (December 31, 2022 – TL 2,315), performance premium amounting to TL 1,004,875 (December 31, 2022 – TL 612,291), retirement bonuses on payment of TL 426,049 (December 31, 2022 – TL 272,860), committee fee amounting to TL 94,335 (December 31, 2022 – TL 59,977) and other fees amounting to TL 29,432 (December 31, 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 amount payable consists of one month's salary limited to a maximum of TL 23,489.83 (full TL amount) (July 1, 2023 – December 31, 2023) for each year of service. 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.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

	Current Period	Prior Period
Discount rate (%)	28.03	12.72
Inflation rate (%)	24.35	9.90
Salary increases rate (%)	24.85	10.40

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

	Current Period	Prior Period
Balance at the beginning of the period	614,054	221,639
Provisions recognized during the period	189,371	85,600
Paid during the period	(49,751)	(20,588)
Actuarial loss	341,715	327,403
Balances at the end of the period	1,095,389	614,054

2.9. Explanations on tax liability

2.9.1 Explanations on current tax liability

2.9.1.1 Information on tax provisions:

As of the balance sheet date, the Bank has a corporate tax liability of TL 9,586,270 (December 31, 2022: TL 4,979,207) and a prepaid tax of TL 6,201,619 (December 31, 2022: TL 3,013,821). The bank clearly showed its corporate tax liability and prepaid tax in the financial statements.

2.9.1.2 Information on taxes payable

	Current Period	Prior Period
Taxation of marketable securities	97,908	32,333
Taxation of immovable property	5,524	3,336
Banking Insurance Transaction Tax (BITT)	244,771	110,425
Foreign Exchange Transaction Tax	24,591	31,950
Value Added Tax Payable	30,802	14,448
Income tax deducted from wages	100,916	35,648
Income tax payable	126,672	-
Other	6,248	3,223
Total	637,432	231,363

2.9.1.3 Information on premiums (*)

	Current Period	Prior Period
Social Insurance Premiums-Employee	89,048	39,861
Social Insurance Premiums-Employer	98,276	44,003
Unemployment insurance-Employee	6,358	2,845
Unemployment insurance-Employer	13,390	6,145
Other	10	-
Total	207,082	92,854

(*) Included in sundry creditors line item on the balance sheet.

2.9.1.4 Information on deferred tax liability

As of December 31, 2023, the deferred tax balance sheet was netted as TL 5,747,818 within the scope of the relevant regulations. Deferred tax assets were calculated as TL 6,477,294 (December 31, 2022 – TL 3,222,649) and deferred tax debt was calculated as TL 729,476 (December 31, 2022 – TL 2,139,426).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.10. Information on payables related to assets held for sale:

None (December 31, 2022 – None).

2.11 Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	17,967,564	-	11,424,892
Total	-	17,967,564	-	11,424,892

2.12. Information on shareholders' equity

2.12.1 Presentation of paid-in capital

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

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

2.12.2 Amount of paid-in capital, disclosure on whether the Bank applies the registered share capital system, and, if so, the ceiling amount of the registered share capital

Registered capital system is not applied in the Bank.

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

None.

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

None.

2.12.5 Possible effect of estimations made for the 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.

2.12.6 Summary of privileges given to shares representing the capital:

None. (December 31, 2022 - None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

2.12.7 Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference (*)	(1,263,418)	240,265	4,765,546	(56,643)
Foreign Exchange Difference	-	-	-	-
Total	(1,263,418)	240,265	4,765,546	(56,643)

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

2.13 Information on minority shares

None (December 31, 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 December 31, 2023 amounts to TL 33,913,418 (December 31, 2022 – TL 12,943,765); payment commitments for cheque books amounts to TL 3,861,133 (December 31, 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 Noncash loans including guarantees, bank acceptances, collaterals and others that are accepted as financial commitments and other letter of credits

As of December 31, 2023, the Bank has guarantees and surety ships constituting of TL 49,506,065 (December 31, 2022 – TL 23,156,665) of letters of guarantee; TL 183,196 (December 31, 2022 – TL 136,081) of acceptances and TL 8,886,327 (December 31, 2022 – TL 5,971,813) of letters of credit. Also, bank has other guarantees and sureties amounting to TL 3,011,311 (December 31, 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	185,547	108,671
With original maturity of 1 year or less	185,547	108,671
With original maturity of more than 1 year	-	-
Other non-cash loans	61,401,352	30,716,382
Total	61,586,899	30,825,053

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

3.1.4. Sectorial risk concentration of non-cash loans

	Current Period			
	TL	%	FC	%
Agriculture	856,115	2.26	255,761	1.08
Farming and stockbreeding	579,107	1.53	196,066	0.83
Forestry	276,797	0.73	59,695	0.25
Fishery	211	0.00	-	-
Manufacturing	9,041,204	23.88	7,655,077	32.28
Mining and quarrying	1,789,977	4.73	1,845,256	7.78
Production	6,339,737	16.74	5,525,420	23.30
Electricity, Gas, Water	911,490	2.41	284,401	1.20
Construction	14,928,512	39.42	3,082,159	13.00
Services	10,687,543	28.22	10,412,162	43.90
Wholesale and Retail Trade	7,224,489	19.08	4,571,127	19.27
Hotel, Food and Beverage Services	337,519	0.89	306,312	1.29
Transportation and Telecom.	1,440,354	3.80	4,208,936	17.75
Financial Institutions	32,887	0.09	530,360	2.24
Real Estate and Renting Services	167,434	0.44	58,567	0.25
Self-Employment Type Services	485	0.00	-	-
Educational Services	80,059	0.21	58,009	0.24
Health and Social Services	1,404,316	3.71	678,851	2.86
Other	2,356,459	6.22	2,311,907	9.74
Total	37,869,833	100.00	23,717,066	100.00

	Prior Period			
	TL	%	FC	%
Agriculture	285,412	1.56	191,989	1.53
Farming and stockbreeding	78,882	0.43	163,101	1.30
Forestry	205,160	1.12	28,888	0.23
Fishery	1,370	0.01	-	-
Manufacturing	3,924,959	21.46	4,862,252	38.80
Mining and quarrying	936,158	5.12	1,068,676	8.53
Production	2,580,871	14.11	3,360,464	26.81
Electricity, Gas, Water	407,930	2.23	433,112	3.46
Construction	7,453,153	40.75	1,670,812	13.33
Services	5,312,738	29.05	4,584,972	36.58
Wholesale and Retail Trade	3,468,747	18.96	2,440,341	19.47
Hotel, Food and Beverage Services	182,771	1.00	59,467	0.47
Transportation and Telecom.	735,785	4.02	1,238,641	9.88
Financial Institutions	23,721	0.13	401,799	3.21
Real Estate and Renting Services	137,162	0.75	15,261	0.12
Self-Employment Type Services	495	0.00	-	-
Educational Services	45,197	0.25	14,960	0.12
Health and Social Services	718,860	3.93	414,503	3.31
Other	1,314,830	7.19	1,223,936	9.76
Total	18,291,092	100.00	12,533,961	100.00

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

3.1.5. Non-cash loans classified under Group I and II

Current Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans	36,346,105	22,984,627	1,333,734	407,943
Letters of Guarantee (*)	33,682,074	13,860,793	1,242,439	206,905
Bills of Exchange and Bank Acceptances	18,769	164,427	-	-
Letters of Credit	48,718	8,635,935	-	201,038
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Securities (*)	2,596,544	323,472	91,295	-

Prior Period	Group I		Group II	
	TL	FC	TL	FC
Non-Cash Loans (*)	17,562,332	11,936,947	510,603	254,192
Letters of Guarantee (*)	16,240,179	5,691,048	473,393	191,776
Bills of Exchange and Bank Acceptances	19,680	106,281	-	10,120
Letters of Credit	902	5,917,905	-	52,296
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Guarantees and Securities (*)	1,301,571	221,713	37,210	-

(*) As of December 31, 2023, the 3rd stage is Letters of Guarantee in the amount of TL 513,854 (December 31, 2022 – TL 560,269), Letters of Credit in the amount of TL 636 (December 31, 2022 – TL 710) and Other Guarantees and Sureties in the amount of TL 0 (December 31, 2022 – TL 0).

3.2. Financial derivative instruments

	Trading Derivatives	
	Current Period	Prior Period
Foreign currency related derivative		
Foreign Currency Related Derivative Transactions (I):	140,030,317	89,008,799
Currency Forwards-Purchases, sales	13,152,610	9,720,792
Currency Swaps-Purchases, sales	126,877,707	79,288,007
Currency Futures	-	-
Currency Options-Purchases, sales	-	-
Interest rate related derivative transactions (II):	-	-
Interest rates forwards-Purchase, sales	-	-
Interest rates swaps-Purchases, sales	-	-
Interest rates options-Purchases, sales	-	-
Interest rates futures-Purchases, sales	-	-
Other trading derivatives (III)	9,350,349	2,839,264
A. Total trading derivatives (I+II+III)	149,380,666	91,848,063
Hedging Derivatives	-	-
Fair value hedges	-	-
Cash flow hedges	-	-
Foreign currency investment hedges	-	-
B. Total Hedging Derivatives	-	-
Total Derivatives Transactions (A+B)	149,380,666	91,848,063

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

3.3. Credit derivatives and risk exposures on credit derivatives

None.

3.4. Contingent liabilities and assets

In accordance with decision of the Bank's Board of Directors numbered 1117 and dated June 21, 2011, recoverable foreign currency loan granting commitments to real and legal persons and who do not have the unconditional right to utilize this commitment has been translated into Turkish Lira and no longer followed as foreign currency commitments.

3.5. Explanations on custodian and intermediary services

None.

3.6. Summary Information on the Bank's Rating by the International Rating Institutions

Fitch Rating's September 2023	Notes
Long-Term Issuer Default Rating	B-
Short-Term Issuer Default Rating	B
Local Currency Long-Term Issuer Default Rating	B
Local Currency Short-Term Issuer Default Rating	B
Financial Capacity Ratio	b-
Support Rating	WD

4. Explanations and notes related to the statement of income

4.1 Information on profit share income

4.1.1 Information on profit share received from loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit share on loans	31,638,165	5,719,019	16,767,281	3,094,218
Short term loans	18,679,176	2,069,159	8,386,033	1,052,444
Medium and long-term loans	12,680,276	3,560,122	8,076,104	1,960,684
Profit share on non-performing loans	278,713	89,738	305,144	81,090
Premiums received from resource utilization support fund	-	-	-	-
Total	31,638,165	5,719,019	16,767,281	3,094,218

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	50,273	-	96,729	-
Domestic Banks	11,701	-	37,228	-
Foreign Banks	30,668	455,494	-	181,218
Branches and head office abroad	-	-	-	-
Total	92,642	455,494	133,957	181,218

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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	128,618	632,724	136,560	375,973
Financial Assets at Fair Value Reflected in Other Comprehensive Income	13,815,387	1,258,864	11,280,620	847,066
Financial Assets Valued Over Amortized Cost	3,142,765	1,330,163	402,045	671,089
Total	17,086,770	3,221,751	11,819,225	1,894,128

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	2,083	48,283

4.2 Information on profit share expenses

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	361,944	933,530	48,779	195,444
The Central Bank of the Republic of Turkey	-	-	-	-
Domestic banks	353,888	14,500	45,807	21,549
Foreign banks	8,056	919,030	2,972	173,895
Branches and head office abroad	-	-	-	-
Other Institutions	540,833	2,288,526	504,265	860,181
Total	902,777	3,222,056	553,044	1,055,625

4.2.1 Profit share expense given to associates and subsidiaries

	Current Period	Prior Period
Profit share expenses given to associates and subsidiaries	1,626,198	418,575

4.2.2 Profit share expense paid to securities issued

None (January 1 - December 31, 2022- None).

4.3 Information on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Other	2,053	1,710
Total	2,053	1,710

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 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						Accumulated profit-sharing accounts	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year		
Turkish Lira								
Collected funds from banks through current and profit share accounts	-	6	-	-	-	-	-	6
Real person's non-trading profit sharing account	2,090,823	12,881,708	1,213,511	-	3,317,034	474,527	2,249	19,979,852
Public-sector profit-sharing account	52	898	-	-	1,996	19	-	2,965
Commercial sector profit sharing account	198,594	1,330,201	424,792	-	526,113	16,587	-	2,496,287
Other institutions profit sharing account	44,894	185,172	35,089	-	24,381	164	-	289,700
Total	2,334,363	14,397,985	1,673,392	-	3,869,524	491,297	2,249	22,768,810
Foreign currency								
Banks	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	114,788	95,127	13,137	-	36,461	33,061	365	292,939
Public-sector profit-sharing account	-	696	-	-	-	-	-	696
Commercial sector profit sharing account	3,646	3,981	516	-	209	107	-	8,459
Other institutions profit sharing account	1,691	3,048	17	-	116	-	-	4,872
Precious metal accounts	10,050	5,524	854	-	730	-	-	17,158
Total	130,175	108,376	14,524	-	37,516	33,168	365	324,124
Grand Total	2,464,538	14,506,361	1,687,916	-	3,907,040	524,465	2,614	23,092,934

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

Prior Period	Profit Sharing Accounts						Accumulated profit-sharing accounts	Total
	Up to 1 month	Up to 3 months	Up to 6 months	Up to 9 months	Up to 1 year	Above 1 year		
Turkish Lira								
Collected funds from banks through current and profit share accounts	-	5	-	-	-	-	-	5
Real person's non-trading profit sharing account	1,680,748	5,336,855	433,786	-	502,750	134,848	2,126	8,091,113
Public-sector profit-sharing account	55	275	34	-	471	-	-	835
Commercial sector profit sharing account	108,081	522,856	570,626	-	126,137	2,706	-	1,330,406
Other institutions profit sharing account	24,818	44,233	12,619	-	2,867	69	-	84,606
Total	1,813,702	5,904,224	1,017,065	-	632,225	137,623	2,126	9,506,965
Foreign currency								
Banks	-	-	-	-	-	-	-	-
Real person's non-trading profit sharing account	196,474	217,155	23,211	-	35,665	36,668	180	509,353
Public-sector profit-sharing account.	-	161	-	-	-	-	-	161
Commercial sector profit sharing account	9,570	17,630	1,101	-	261	100	-	28,662
Other institutions profit sharing account	1,143	4,904	20	-	56	13	-	6,136
Precious metal accounts	11,261	5,953	967	-	629	-	-	18,810
Total	218,448	245,803	25,299	-	36,611	36,781	180	563,122
Grand Total	2,032,150	6,150,027	1,042,364	-	668,836	174,404	2,306	10,070,087

4.5 Information on trading income/loss (Net)

	Current Period	Prior Period
Net	9,612,948	5,082,070
Income	129,882,405	292,245,483
Gain on capital market transactions	2,590,525	613,637
Gain on derivative financial instruments	20,109,511	9,749,654
Foreign exchange profit	107,182,369	281,882,192
Losses (-)	(120,269,457)	(287,163,413)
Losses on capital market transactions	(44,012)	(244,008)
Losses on derivative financial instruments	(11,759,102)	(6,438,612)
Foreign exchange losses	(108,466,343)	(280,480,793)

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	2,093,821	1,046,686
Income from sale of assets	1,125,141	80,488
Revenues from real estate's sold under the lease certificate.	359,327	388,134
Income from the real estate sales' gains by rent certificates	3,190	2,505
Other Income	74,467	43,696
Total	3,655,946	1,561,509

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

4.7 Expected credit loss and other provision expenses

	Current Period (*)	Prior Period (*)
Expected Credit Loss	6,836,429	6,653,223
12 month expected credit loss (Stage 1)	3,542,033	3,986,601
Significant increase in credit risk (Stage 2)	1,408,209	1,389,042
Non-performing loans (Stage 3)	1,886,187	1,277,580
Marketable Securities Impairment Expense (**)	59,736	14,320
Financial Assets at Fair Value through Profit or Loss	59,736	14,320
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Impairment losses from Associates, Subsidiaries and Jointly Controlled Entities	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (**)	168,810	577,189
Total	7,064,975	7,244,732

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

(**) Includes free 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	139,621	65,012
Impairment expenses of tangible assets	-	-
Depreciation expenses of tangible assets	547,324	313,248
Impairment expenses of intangible assets	-	-
Depreciation expenses of intangible assets	224,854	85,945
Depreciation expenses of assets held for sale	-	-
Other operating expenses	2,236,393	1,353,697
<i>Maintenance expenses</i>	407,022	230,495
<i>Communication expenses</i>	244,026	127,823
<i>Advertisement expenses</i>	135,322	120,585
<i>Heating, electricity and water expenses</i>	134,510	111,923
<i>Stationery expense</i>	51,139	36,907
<i>Vehicle expenses</i>	55,297	34,447
<i>Cleaning expenses</i>	32,110	14,356
<i>Leasing Expenses Related to TFRS 16 Exceptions</i>	1,773	576
<i>Other expenses (*)</i>	1,175,194	676,585
Losses on sales of assets	6,725	5,777
Deposit insurance fund expenses	1,110,880	667,639
Other	923,351	413,585
Total	5,189,148	2,904,903

(*) As of December 31, 2023, the "Promotional Implementation Expenses Related to Credit Cards" in the amount of 460,121 TL (December 31, 2022 – 238,517 TL) and the "Outsourced Catering Personnel Service Expense" in the amount of 227,164 TL (December 31, 2022 – 85,439 TL) are shown here.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

According to the decision of POA dated March 26, 2021, the fee information for the reporting period for services received from the independent auditor or audit organization is given in the following table. These fees also include the audit fees of the Bank's subsidiaries. The fee information given in the table is excluding VAT.

Current Period	Independent audit services provided by the group auditor	Independent audit services provided by other Independent Audit companies
Independent audit fee for the reporting period (*)	36,909	998
Fees for tax consulting services	-	-
The cost of other assurance services	350	309
The cost of other services outside the independent audit	-	-
Total	37,259	1,307
Prior Period	Independent audit services provided by the group auditor	Independent audit services provided by other Independent Audit companies
Independent audit fee for the reporting period (*)	11,689	394
Fees for tax consulting services	-	-
The cost of other assurance services	210	-
The cost of other services outside the independent audit	-	-
Total	11,899	394

(*) The Bank's foreign currency exchange purchase valuation rates were used for foreign currency independent audit fees at the end of the period December 31, 2023 / December 31, 2022.

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

Income before tax amounting to TL 33,503,408 increased by 85,42% as compared to the prior period (January 1 - December 31, 2022 – TL 18,069,333). Income before tax includes TL 35,181,459 (January 1 - December 31, 2022 – TL 23,757,752) net profit share income and TL 3,428,469 (January 1 - December 31, 2022 – TL 984,135) net fees and commission income. Other operating expense amount is TL 5,189,148 (January 1 - December 31, 2022 – TL 2,904,903).

4.10 Information on tax provision for continued and discontinued operations

Current period tax provision for the period amounting to TL 9,420,021 (January 1 - December 31, 2022 - TL 4,879,989), deferred tax income of TL 1,065,583 (January 1 - December 31, 2022 - TL 1,210,007) and TL 3,591,567 (January 1 - December 31, 2022 - TL 2,064,110) deferred tax income is recognized.

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

There is no income or loss for discontinued operation in net operating income 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 December 31, 2023, net profit share income is TL 35,181,459 (January 1 - December 31, 2022 – TL 23,757,752), net fees and commission income is TL 3,428,469 (January 1 -December 31, 2022 – TL 984,135).

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

None (January 1 – December 31, 2022 – None).

4.12.3 Profit/Loss attributable to minority interest:

None (January 1 - December 31, 2022 – None).

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

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

As of December 31, 2023, other fees and commissions received is TL 6,772,866 (January 1 - December 31, 2022 – TL 2,304,373), TL 2,616,859 of this amount is related with credit card fees and commissions (January 1 - December 31, 2022 – TL 791,521) and TL 1,721,752 of this amount is related with POS machine commissions (January 1 – December 31, 2022 – TL 177,300).

As of December 31, 2023, other fees and commissions given is TL 3,753,025 (January 1 - December 31, 2022 – TL 1,543,473), TL 2,222,466 (January 1 - December 31, 2022– TL 559,291) of this amount is related with POS clearing commissions and installation expenses, TL 431,624 (January 1 - December 31, 2022 – TL 177,300) of this amount is related with fees and commissions paid for credit cards.

5. Explanations and disclosures related to statement of changes in shareholders' equity

5.1 There are no disclosed dividend amounts after the balance sheet date, prior to the presentation of the financial statements.

Decision on the dividend distribution will be made in the General Assembly. However, the General Assembly has not been held as of the date when the accompanying financial statements are finalized.

5.2 In the current year, the Bank made dividend payments amounting to TL 1,400,000 to members of Board of Directors. In the General Assembly meeting held on March 24, 2023 it has been decided that TL 702,172 would be transferred to legal reserves, TL 11,800,831 would be transferred to extraordinary reserve, TL 140,000 would be transferred to other reserves.

6. Explanations and disclosures related to statement of cash flows

6.1. Information on cash and cash equivalents

6.1.1. Components of cash and cash equivalents and accounting policy applied in their determination:

“Cash” is defined as cash in vault and foreign currency cash, cash in transit, checks purchased, unrestricted amount in the Central Bank and demand deposits in Banks. “Cash equivalents” is defined as money market placements, investments in securities and time deposits in banks with original maturity less than three months.

6.1.1.1 Cash and cash equivalents at the beginning of the period:

	Current Period	Prior Period
Cash	45,273,124	36,643,018
Cash in TL/foreign currency, others	26,837,537	22,120,074
Demand deposits at banks (Up to 3 months)	18,435,587	14,522,944
Cash Equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalent	45,273,124	36.643.018

6.1.1.2. Cash and cash equivalents at the end of the period:

	Current Period	Prior Period
Cash	71,638,422	45,273,124
Cash in TL/foreign currency, others	53,525,010	26,837,537
Demand deposits at banks (Up to 3 months)	18,113,412	18,435,587
Cash Equivalents	-	-
Interbank money markets	-	-
Time deposits at banks	-	-
Marketable securities	-	-
Total cash and cash equivalent	71,638,422	45,273,124

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

6.2. Cash and cash equivalent items which are restricted for the usage of the Bank by legal or other limitations

None (December 31, 2022 – None).

6.3. Explanations on other items in the cash flow statement

“Other items” amounting to TL (5,366,372) (January 1- December 31, 2022: TL (4,621,138) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other operating expenses except for collection from non-performing loans and personnel expenses.

“Net increase/decrease in other liabilities” amounting to TL 7,465,137 (January 1 - December 31, 2022: TL 3,210,850) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and taxes and other duties payables.

“Net increase/decrease in other assets” amounting to TL 4,435,890 (January 1 - December 31, 2022: TL 11,029,521) in “Changes in operating assets and liabilities” consist of changes in prepaid rent expense and other asset.

6.4. Effects of the change in foreign currency rates on cash and cash equivalents

Effect of the changes in foreign currency rates on cash and cash equivalents has been calculated approximately TL 35,924,861 as of December 31, 2023 (December 31, 2022 – TL 14,202,766). The effects of the change in foreign currency rates on cash and cash equivalents is calculated according to multiplying FX difference between balance sheet date and cash entered date and related cash amount.

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
Loans and other receivables						
Balance at beginning of period	471,573	52,699	26,634	45,210	2,176,543	1,849
Balance at end of period	736,761	73,084	29,238	82,280	2,974,543	20,322
Profit share and commission income	1,507	576	4,230	631	15,396	-

(*) 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
Loans and other receivables						
Balance at beginning of period	482,838	40,601	6,955	21,246	64,316	2,297
Balance at end of period	471,573	52,699	26,634	45,210	2,176,543	1,849
Profit share and commission income	2,879	409	1,318	246	17,355	-

(*) 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	Current period	Current period	Current Period	Current period	Current period
Current and profit-sharing accounts						
Balance at beginning of period	386,651	137,443	219,676	104,748	454,287	348,052
Balance at end of period	3,936,961	386,651	502,954	219,676	750,296	454,287
Profit share expense	19,628	7,932	27,810	6,465	246	270

(*) 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 YEAR-ENDED DECEMBER 31, 2023

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

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

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Transactions at Fair Value through Profit or Loss						
Balance at beginning of period	2,697,940	758,268	842,005	1,992,498	-	-
Balance at end of period	3,758,803	2,697,940	2,361,778	842,005	-	-
Total Profit / Loss	(3,756)	91,540	15,624	23,773	-	-
Hedging Transactions						
Balance at beginning of period	-	-	-	-	-	-
Balance at end of period	-	-	-	-	-	-
Total Profit / Loss	-	-	-	-	-	-

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

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

Risk group of the Bank (*)	Investment in associates, subsidiaries and joint ventures (business partnerships)		Direct and indirect shareholders of the Bank		Other real or legal persons included in the risk group	
	Current period	Prior period	Current period	Prior period	Current period	Prior period
Borrowings						
Balance at beginning of period	10,068,825	13,143,066	957,272	270,055	-	-
Balance at end of period	26,557,884	10,068,825	9,195,276	957,272	-	-
Profit share expense	1,606,570	410,643	343,839	21,627	-	-

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

7.5 Information on remunerations provided to top management

Subordinated additional capital (Tier-I) sukuks amounting to USD 200,000,000 (full amount) executed by the Bank on 16/07/2019 and USD 50,000,000 (full amount) executed by the Bank on 28/09/2020 are provided by Kuwait Finance House. Kuwait Finance House owns USD 35,000,000 (full amount) of the subordinated additional capital (Tier-II) sukuk amounting to USD 350,000,000 (full amount) executed by the Bank on 16/09/2021.

7.6 Information on remunerations provided to top management:

As of January 1 - December 31, 2023, the Bank has paid TL 263,879 to top management (January 1 - December 31, 2022 TL 125,363).

8. Domestic, foreign and off-shore branches or equity investments and foreign representative offices

8.1. Domestic and foreign branches and representative offices

	Number of Branches	Number of Employees			
Domestic branches (*)	444	4,054			
			Country		
Foreign representative offices				Total Assets (Thousands, TL)	Legal Capital (Full EUR)
Foreign bank	1	120	Germany	24,723,692	190,000,000
Off-shore branches	1	3	Bahrain	22,592,410	
Foreign branches (**)	-	-	-	-	-

(*) The personnel working at Headquarters, Operation Center and Region quarters are not included in the domestic branches' personnel number.

(**) Bahrain Branch is controlled by the Central Bank of Bahrain and the total of Assets is 22,592,410 Turkish Lira as of December 31, 2023.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

8.2. Opening or closing of domestic and foreign branches and representative offices and significant changes in organizational structure

In 2023, 14 new domestic branches (2022 - 14) were opened. The Bank has closed 7 domestic branches in 2023, (2022 - 12). There are no closed branches abroad (2022 – None).

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

BRSA announced that banks, financial leasing, factoring, financing, savings financing and asset management companies will start applying inflation accounting starting from January 1, 2025 in accordance with BRSA Board decision on January 11, 2024.

On January 30, 2024, in the communique on amendments to the mandatory reserves (issue: 2013/15) published in the Official Gazette, it was decided to reduce the mandatory reserve ratios for accounts protected by exchange rates from 30 percent to 25 percent for maturities up to 6 months, and increase the additional mandatory reserve ratios established in TL for all maturities for deposits / participation funds denominated in foreign currencies (except for deposits / participation funds of foreign banks and precious metal depository accounts) from 4 percent to 8 percent.

KUVEYT TÜRK KATILIM BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR-ENDED DECEMBER 31, 2023

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

SECTION SIX

OTHER EXPLANATIONS

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

SECTION SEVEN

INDEPENDENT AUDITORS' REPORT

1. Explanations audit report

The unconsolidated financial statements have been audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (A Member Firm of Ernst & Young Global Limited) and the independent auditors' report dated February 15, 2024 is presented preceding the financial statements.

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