

Türkiye Finans Katılım Bankası Anonim Şirketi

**Publicly Announced Unconsolidated Financial Statements and
Related Disclosures at September 30, 2023 together with
Auditor’s Review Report.**

*(Convenience translation of financial statements and Related Disclosures and
Footnotes originally issued in Turkish, See Note.I.b. of Section Three)*



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Convenience Translation of the Review Report Originally Issued in Turkish to English

To the Board of Directors of Türkiye Finans Katılım Bankası AŞ

Introduction

We have reviewed the accompanying unconsolidated statement of financial position of Türkiye Finans Katılım Bankası AŞ ("the Bank") as at 30 September 2023 and the unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows for the nine month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The Bank Management is responsible for the preparation and fair presentation of these unconsolidated interim financial information in accordance with the "Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Legislation" which includes the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and the requirements of Turkish Accounting Standard 34 "Interim Financial Reporting" for the matters not regulated by the aforementioned legislations (together referred as "BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on these unconsolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim financial statements is substantially less in scope than an independent audit performed in accordance with the Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusions

As stated in Note 2.5.3 of Section Five, the accompanying unconsolidated interim financial statements as at 30 September 2023 includes a general reserve of TL 1,155,000 thousands which was recognized as expense in the previous periods which does not meet the requirements of BRSA Accounting and Reporting Legislation. This general provision is provided by the Bank management for the possible effects of the negative circumstances which may arise in economy or market conditions.

Qualified Conclusion

Based on our review, except for the effects of the matters described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements do not present fairly, in all material respects, the unconsolidated financial position of Türkiye Finans Katılım Bankası AŞ as at 30 September 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the nine month period then ended in accordance with the BRSA Accounting and Reporting Legislation.

Report on Other Legal and Regulatory Requirements

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

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Alper Güvenç, SMMM
Partner

7 November 2023
İstanbul, Türkiye

**THE UNCONSOLIDATED FINANCIAL REPORT
OF TRKİYE FİNANS KATILIM BANKASI AŞ
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

Address of the Headquarter of the Bank	:	Saray Mahallesi Sokullu Caddesi No:6 34768 Ümraniye / İstanbul
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The Unconsolidated Interim Financial Report for the nine-month period ended September 30, 2023 prepared in accordance with the communiqué of “Financial Statements and Related Disclosures and Footnotes to be Announced to Public” as regulated by Banking Regulation and Supervision Agency, is comprised of the following sections:

GENERAL INFORMATION ABOUT THE BANK

UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE BANK

EXPLANATIONS ON ACCOUNTING POLICIES IN THE CURRENT PERIOD OF THE BANK

INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK

EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED INTERIM FINANCIAL STATEMENTS

INDEPENDENT AUDITORS’ REVIEW REPORT

INTERIM REPORT

The Unconsolidated Interim Financial Statements for the nine-month period ended September 30, 2023 and related disclosures and footnotes that were subject to independent review, are prepared in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of the Bank and, unless stated otherwise, presented in **thousands of Turkish Lira (TL)**.

Wael Abdulaziz A. RAIES Chairman of the Board of Directors	Sleyman Murat AKŞAM CEO	Mete M. KANAT Finance Executive Vice President	Dr. Eyp ASKER Statutory Reporting & Financial Control Dep. Vice President
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Mge NER Chair of the Audit Committee	Meri ULUŞAHİN Member of the Audit Committee
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Information on the authorized personnel to whom questions may be directed related to this financial report
Name-Surname/Title: Sefa SEYHAN / Assistant Vice President
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SECTION ONE: GENERAL INFORMATION

I. Explanations On The Date Of Establishment And The Initial Status Of The Participation Bank, And The History Including The Changes In The Former Status

Participation banks started their operations in accordance with the Provision on Establishment of Participation Banks of Decree No. 83/7506 dated December 16, 1983 and the related Communiqués issued by Prime Ministry Undersecretariat of Treasury and by Central Bank of Turkish Republic. Participation banks then continued their operations in accordance with Banking Act Nr. 4389, dated June 18, 1999, with the change declared in Act Nr. 4491, dated December 17, 1999. In the Provisional Article Nr. 3, of Act Nr. 4491, a transition period of two years is stated to complete the compliance to Banking Act. The Participation Bank is now operating in accordance with Banking Act Nr. 5411.

The Participation Bank began its operations on November 4, 1991 in accordance with the regulation Nr. 83/7506 published on December 16, 1983.

According to the decision made by Board of Directors' meeting of Anadolu Finans Kurumu AŞ Nr. 1047 on May 31, 2005, it is decided that Anadolu Finans Kurumu AŞ is merged with Family Finans Kurumu AŞ.

The merger was realized by transferring all assets, liabilities and off-balance sheet items of Family Finans Kurumu AŞ to Anadolu Finans Kurumu AŞ. Banking Regulation and Supervision Agency ("BRSA") affirmed both the transfer agreement signed between Anadolu Finans Kurumu AŞ and Family Finans Kurumu AŞ and alterations in primary contract of Anadolu Finans Kurumu AŞ on October 20, 2005 and with its Decision No. 1726. The decision related to merger, which was taken on both participation banks' General Assembly Meetings on December 23, 2005, approved by the decree nr. 1764 dated December 28, 2005 of BRSA.

BRSA approved the title of the Participation Bank to be Türkiye Finans Katılım Bankası AŞ ("the Participation Bank"), during the merger process, with the decision dated November 30, 2005 and Nr. 1747, in compliance with Article 48 of Turkish Commercial Code, and subject to the approval of Council of Ministers. The change in title of the Participation Bank was registered by T.R. Istanbul Trade Registry Office on December 30, 2005, in compliance with Turkish Commercial Code Nr. 6762.

As of September 30, 2023; the Participation Bank operates through 306 (December 31, 2022: 308) branches with 3,923 (December 31, 2022: 3,735) employees.

II. Explanations Regarding the Participation Bank's Shareholder Structure, Shareholders Holding Directly or Indirectly, Collectively or Individually, The Managing And Controlling Power And Changes in Current Period, if any and Explanations on The Controlling Group Of The Participation Bank

The shareholder structure of the Participation Bank is presented in note IV.

With the authorization of BRSA, numbered 2489 and dated February 28, 2008, 60% of the Participation Bank was acquired by the National Commercial Bank (As of April 1, 2021, The National Commercial Bank merged with Samba Financial Group. changed its title to The Saudi National Bank ("SNB")). The Parent Participation Bank increased its capital from TL 292,047 to TL 800,000 with the capital increase in 2008 and from TL 800,000 to TL 1,775,000 with the capital increase in 2012. As per decision has taken by the Extraordinary General Assembly on August 29, 2014, the Parent Participation Bank's share capital increased by TL 825,000 from TL 1,775,000 to TL 2,600,000. The part of this increase amounting to TL 600,000 was transferred from general reserve and the remaining part amounting to TL 225,000 was paid in cash. Cash commitment amounting to TL 100,000 recorded into capital accounts on October 24, 2014, and remaining part amounting to TL 125,000 recorded into capital accounts on November 19, 2014 with the approval of Banking Regulation and Supervision Agency.

As of September 30, 2023, the Participation Bank's paid-in-capital consists of 2,600,000,000 shares of full TL 1 nominal each.

The Participation Bank is controlled by the Saudi National Bank group.

The Saudi National Bank "SNB" established as the first and the biggest bank of Saudi Arabia. The Bank is performing its banking operations through cross-border in Bahrain and Singapore. The headquarter of The Saudi National Bank is located in Riyadh.

III. Explanations Regarding The Chairman and The Members of Board of Directors, Members of Audit Committee, Chief Executive Officer and Assistants, If Any, Their Shares and Responsibilities in The Participation Bank

Title	Name and Surname	Educational Degree	Responsibilities	Ownership percentage %
Chairman of the Board of Directors	Wael Abdulaziz A. Raies	Master	Chairman of the Board of Directors	-
Members of the Board	Moath Saad M. Alnasser	Master	Member of the Board	-
	Sara Abdullatif A. Nugali*	University	Member of the Board and the Audit Committee	-
	Meriç Uluşahin	University	Member of the Board	-
	Müge Öner	University	Member of the Board and the Chair of Audit Committee	-
Members of the Audit Committee	Hakan Bekiroğlu	Master	Member of the Board	-
	Süleyman Murat Akşam	University	Member of the Board and CEO	-
	Müge Öner	University	Member of the Board and the Chair of Audit Committee	-
	Eren Gura	Master	Member of the Board and the Audit Committee	-
General Manager Assistants	Sara Abdullatif A. Nugali*	University	Member of the Board and the Audit Committee	-
	Mahmut Emre Ertürk	Master	Credits	-
	Ahmet Mert	Master	Retail Banking	-
	Fahri Öbek	Master	Information Systems and Operations	-
	Mete M. Kanat	Master	Finance and Strategy	-
	Züleyha Büyükyıldırım	University	Human Resources	-
	Yiğit Satılmaz	University	Treasury	-
	Murat Altun	University	Commercial Banking	-
	Oğün Ataoğlu	University	Credit Quality and Collections	-
	Melis Tosun Arslan	Master	Digital Banking	-

* Ms. Sara Abdullatif A NUGALI has resigned from the Bank's Board of Directors Membership and her subordinate position, the Audit Committee Membership, as of 01.10.2023. As of October 25, 2023, it was decided to appoint Mr. Mazen Ali E ALDHABI to the Board of Directors membership, Audit Committee membership, and Credit Committee substitute membership, which became vacant due to the resignation of Ms. Sara Abdullatif A NUGALI.

Mr. Hakan BEKİROĞLU was elected as a Member of the Board of Directors in accordance with the 8th agenda of the Bank's 32nd Ordinary General Assembly Meeting held on May 18, 2023 and started his duties following the oath ceremony dated May 22, 2023.

Mr. Eren GÜRA's duties as a Member of the Board of Directors and as a member of the Audit Committee have ended in accordance with the 32nd Ordinary General Assembly Meeting of the Bank held on May 18, 2023.

Ms. Meriç ULUŞAHİN was appointed as a Member of the Audit Committee with the Board Decision dated May 26, 2023 and numbered 6969.

As of September 21, 2023, the Bank established the Digital Banking Business Group as a new business line. Melis Tosun Arslan was appointed as General Manager Assistant of Digital Banking.

IV. Explanations on the Persons and Institutions that have Qualified Shares of the Participation Bank

Name Surname / Commercial Name	Share Amounts	Share Rates %	Paid Up Shares	Unpaid Shares
THE SAUDI NATIONAL BANK	1,742,676	67.03	1,742,676	-
GÖZDE GİRİŞİM SERMAYESİ YATIRIM ORTAKLIĞI AŞ	274,838	10.57	274,838	-

V. Summary on the Participation Bank's Functions and Areas of Activity

The Participation Bank operates in accordance with the principles of interest-free banking, by collecting funds through current accounts and profit sharing accounts, and lending such funds through individual and corporate financing, production support, financial leasing and profit/loss sharing partnership investment.

The Participation Bank has three ways of collecting funds; current accounts, profit sharing accounts and profit sharing accounts of wakala. The Participation Bank classifies current accounts and profit sharing accounts separately in accordance with their maturities in its accounting system. Profit sharing accounts are categorized into

six different maturity groups; one month, up to three months (three months included), up to six months (six months included), and up to one year and more than one year (one month, three months, six months and one year profit share payment) and cumulative participation account.

The Participation Bank profit participation rates arising from the operation of participation accounts; could freely determine the participation rates on profit/loss sharing accounts or estimated profit rate. The participation rate on loss of participation accounts is 100%.

The Participation Bank constitutes specific fund pools, allocated to the individually predetermined projects for financing purposes. Profit sharing accounts, which are part of the funds collected for project financing purpose, are distinguished from others with respect to the terms, accounted separately from the others and it is not allowed to make any transfers from these accounts to any other maturity groups. Specific fund pools are clarified at the end of the financing period.

In addition to ordinary banking activities, the Participation Bank has services through branches. It has insurance agency operations through Türkiye Sigorta, Türkiye Katılım Sigorta, Bereket Sigorta, HDI Sigorta, HDI Katılım Sigorta, Doğa Sigorta, Türkiye Hayat ve Emeklilik, Türkiye Katılım Hayat, Bereket Emeklilik ve Hayat and has an individual pension insurance agency operation through Bereket Emeklilik ve Hayat.

Participation Bank, Turkey Participation Banks Association within the scope of brokerage activity authority to order transmission Center Advisory Board determined share certificate issuance and trading of the interest-free banking principles and standards according to the criteria specified in the standard suitable stocks, mutual funds, purchases for products such as Sukuk sale of Oyak Securities AŞ realizes through. In addition, it has the authority to operate as an intermediary for order transmission, transaction intermediation, portfolio intermediation and limited custody activity.

On the other hand, Participation Bank mainly has services such as letters of guarantee, import credits and acceptance credits and other kind of non-cash credits as well.

The Participation Bank's operations are not limited as mentioned above. In case of any transaction else made, not mentioned above, and considered as in favor of participating bank, upon the request of the board of directors, this case is adjudicated by general meeting and is proceeded to be get required approval from competent authority and depends on the approval of Ministry of Commerce. Thus, the approved decision is added on main agreement.

VI. Differences Between the Communiqué on Preparation of Consolidated Financial Statements of Banks and Turkish Accounting Standards and Short Explanation About The Institutions Subject To Line-By-Line Method or Proportional Consolidation and Institutions Which Are Deducted From Equity or Not Included in These Three Methods

TF Varlık Kiralama AŞ, which was established on February 11, 2013 and the subsidiary of the Participation Bank with 100% ownership is fully consolidated in the consolidated financial statements of the Participation Bank starting from June 30, 2013. TFKB Varlık Kiralama AŞ, which was established on July 8, 2014 and the subsidiary of the Participation Bank with 100% ownership is fully consolidated in the consolidated financial statements of the Participation Bank from December 31, 2014.

Katılım Finance Kefalet AŞ, which was acquired with a 15% share on April 27, 2023, is accounted under the equity method in the consolidated financial statements.

VII. The Existing or Potential, Actual or Legal Obstacles on The Transfer of Shareholder's Equity between the Bank and Its Subsidiaries or The Reimbursement of Liabilities

The transfer of shareholder's equity between the Bank and its subsidiaries is not in question.

There is no restriction on existing or potential, actual or legal obstacles on the Reimbursement of Liabilities between the Bank and its subsidiaries. The Bank can receive or pay the amounts regarding rendering and getting services from its subsidiaries within the framework service agreements.

SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED BALANCE SHEET (Statement of Financial Position)

ASSETS	Footnotes (5-I)	THOUSAND TURKISH LIRA			THOUSAND TURKISH LIRA		
		CURRENT PERIOD Reviewed (30/09/2023)			PRIOR PERIOD Audited (31/12/2022)		
		TL	FC	Total	TL	FC	Total
I. FINANCIAL ASSETS (Net)		34,028,790	53,494,738	87,523,528	19,400,247	42,949,288	62,349,535
1.1 Cash and cash equivalents		15,991,898	29,452,966	45,444,864	3,503,413	26,214,375	29,717,788
1.1.1 Cash and balances with central bank	(1)	15,994,584	27,239,735	43,234,319	3,503,304	19,666,297	23,169,601
1.1.2 Banks	(2)	653	2,220,353	2,221,006	734	6,555,656	6,556,390
1.1.3 Money market placements		-	-	-	-	-	-
1.1.4 Expected Loss Provisions (-)		(3,339)	(7,122)	(10,461)	(625)	(7,578)	(8,203)
1.2 Financial assets valued at fair value through profit or loss	(3)	9,783	6,853,383	6,863,166	3,912	4,524,669	4,528,581
1.2.1 Government debt securities		-	6,842,736	6,842,736	-	4,520,880	4,520,880
1.2.2 Equity securities		-	-	-	-	-	-
1.2.3 Other financial assets		9,783	10,647	20,430	3,912	3,789	7,701
1.3 Financial assets valued at fair value through other comprehensive income	(4)	17,643,291	17,091,003	34,734,294	15,770,743	12,017,343	27,788,086
1.3.1 Government debt securities		9,930,404	17,080,912	27,011,316	8,870,577	12,010,414	20,880,991
1.3.2 Equity securities		38,085	10,091	48,176	38,085	6,929	45,014
1.3.3 Other financial assets		7,674,802	-	7,674,802	6,862,081	-	6,862,081
1.4 Derivative financial assets	(5)	383,818	97,386	481,204	122,179	192,901	315,080
1.4.1 Derivative financial assets valued at fair value through profit and loss		383,818	97,386	481,204	122,179	192,901	315,080
1.4.2 Derivative financial assets valued at fair value through other comprehensive income		-	-	-	-	-	-
II. FINANCIAL ASSETS VALUED AT AMORTISED COST (Net)	(6)	101,181,377	26,375,229	127,556,606	59,921,784	25,702,192	85,623,976
2.1 Loans		80,200,956	26,236,269	106,437,225	54,605,513	25,483,886	80,089,399
2.2 Lease receivables		7,703,398	1,207,506	8,910,904	956,806	968,743	1,925,549
2.3 Other financial assets valued at amortised cost		15,781,935	-	15,781,935	7,036,428	-	7,036,428
2.3.1 Government debt securities		15,781,935	-	15,781,935	7,036,428	-	7,036,428
2.3.2 Other financial assets		-	-	-	-	-	-
2.4 Expected Loss Provisions (-)		(2,504,912)	(1,068,546)	(3,573,458)	(2,676,963)	(750,437)	(3,427,400)
III. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(7)	1,794	-	1,794	11,691	-	11,691
3.1 Assets held for sale		1,794	-	1,794	11,691	-	11,691
3.2 Assets of discontinued operations		-	-	-	-	-	-
IV. SUBSIDIARY INVESTMENTS		22,600	-	22,600	100	-	100
4.1 Investments in associates (net)	(8)	22,500	-	22,500	-	-	-
4.1.1 Valued under equity method		-	-	-	-	-	-
4.1.2 Unconsolidated associates		22,500	-	22,500	-	-	-
4.2 Investments in subsidiaries (net)	(9)	100	-	100	100	-	100
4.2.1 Unconsolidated financial subsidiaries		100	-	100	100	-	100
4.2.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
4.3 Jointly controlled entites (joint ventures) (net)	(10)	-	-	-	-	-	-
4.3.1 Valued under equity method		-	-	-	-	-	-
4.3.2 Unconsolidated associates		-	-	-	-	-	-
V. TANGIBLE ASSETS (Net)		3,045,053	-	3,045,053	2,712,010	-	2,712,010
VI. INTANGIBLE ASSETS (Net)		275,312	-	275,312	206,612	-	206,612
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		275,312	-	275,312	206,612	-	206,612
VII. INVESTMENT PROPERTY (Net)	(11)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(12)	2,014,441	-	2,014,441	376,582	-	376,582
X. OTHER ASSETS	(13)	1,292,620	678,733	1,971,353	1,267,343	214,273	1,481,616
TOTAL ASSETS		141,861,987	80,548,700	222,410,687	83,896,369	68,865,753	152,762,122

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED BALANCE SHEET (Statement of Financial Position)								
LIABILITIES		Footnotes (5-II)	THOUSAND TURKISH LIRA			THOUSAND TURKISH LIRA		
			CURRENT PERIOD Reviewed (30/09/2023)			PRIOR PERIOD Audited (31/12/2022)		
			TL	FC	Total	TL	FC	Total
I.	FUNDS COLLECTED	(1)	95,752,754	69,488,997	165,241,751	52,815,798	50,031,460	102,847,258
II.	FUNDS BORROWED	(2)	14,879,985	5,944,118	20,824,103	10,523,466	11,473,217	21,996,683
III.	MONEY MARKET BALANCES		1,767,238	-	1,767,238	3,130,312	-	3,130,312
IV.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
V.	FINANCIAL LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES	(3)	482,825	34,635	517,460	30,450	393,238	423,688
6.1	Derivative financial liabilities valued at fair value through profit and loss		482,825	34,635	517,460	30,450	393,238	423,688
6.2	Derivative financial liabilities valued at fair value through other comprehensive income		-	-	-	-	-	-
VII.	LEASE LIABILITIES	(4)	575,460	2,024	577,484	447,596	788	448,384
VIII.	PROVISIONS	(5)	2,502,128	359,938	2,862,066	2,312,109	242,551	2,554,660
8.1	Restructuring provisions		-	-	-	-	-	-
8.2	Reserve for employee benefits		1,016,159	-	1,016,159	861,830	-	861,830
8.3	Insurance technical reserves (Net)		-	-	-	-	-	-
8.4	Other provisions		1,485,969	359,938	1,845,907	1,450,279	242,551	1,692,830
IX.	CURRENT TAX LIABILITY	(6)	869,211	-	869,211	1,057,840	-	1,057,840
X.	DEFERRED TAX LIABILITY	(7)	-	-	-	-	-	-
XI.	LIABILITIES FOR ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(8)	-	-	-	-	-	-
11.1	Assets held for sale		-	-	-	-	-	-
11.2	Assets of discontinued operations		-	-	-	-	-	-
XII.	SUBORDINATED DEBTS	(9)	-	7,003,263	7,003,263	-	4,678,005	4,678,005
12.1	Loans		-	7,003,263	7,003,263	-	4,678,005	4,678,005
12.2	Other borrowing instruments		-	-	-	-	-	-
XIII.	OTHER LIABILITIES	(10)	3,666,763	2,469,052	6,135,815	3,052,620	1,497,477	4,550,097
XIV.	SHAREHOLDERS' EQUITY	(11)	16,834,574	(222,278)	16,612,296	11,281,039	(205,844)	11,075,195
14.1	Paid-in capital		2,600,000	-	2,600,000	2,600,000	-	2,600,000
14.2	Capital reserves	(92)	-	-	(92)	(92)	-	(92)
14.2.1	Share premium		-	-	-	-	-	-
14.2.2	Share cancellation profits		-	-	-	-	-	-
14.2.3	Other capital reserves	(92)	-	-	(92)	(92)	-	(92)
14.3	Other accumulated comprehensive income that will not reclassified in profit or loss		1,819,990	-	1,819,990	676,817	-	676,817
14.4	Other accumulated comprehensive income that will be reclassified in profit or loss		593,379	(222,278)	371,101	1,305,972	(205,844)	1,100,128
14.5	Profit reserves		6,698,342	-	6,698,342	3,794,237	-	3,794,237
14.5.1	Legal reserves		379,698	-	379,698	269,456	-	269,456
14.5.2	Statutory reserves		-	-	-	-	-	-
14.5.3	Extraordinary reserves		6,217,778	-	6,217,778	3,424,482	-	3,424,482
14.5.4	Other profit reserves		100,866	-	100,866	100,299	-	100,299
14.6	Profit or loss		5,122,955	-	5,122,955	2,904,105	-	2,904,105
14.6.1	Prior years' profit/loss		-	-	-	-	-	-
14.6.2	Current period net profit/loss		5,122,955	-	5,122,955	2,904,105	-	2,904,105
14.7	Non-controlling Interest (-)		-	-	-	-	-	-
TOTAL LIABILITIES			137,330,938	85,079,749	222,410,687	84,651,230	68,110,892	152,762,122

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED OFF-BALANCE SHEET ITEMS	Footnotes (5-III)	THOUSAND TURKISH LIRA			THOUSAND TURKISH LIRA		
		CURRENT PERIOD			PRIOR PERIOD		
		Reviewed (30/09/2023)			Audited (31/12/2022)		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES (I-II+III)		44,584,104	62,856,862	107,440,966	20,337,750	58,115,827	78,453,577
I. GUARANTEES AND SURETIES	(1)	14,954,081	14,928,888	29,882,969	9,900,441	8,950,510	18,850,951
1.1. Letters of guarantee		13,844,096	7,828,006	21,672,102	9,375,332	4,870,449	14,245,781
1.1.1. Guarantees subject to State Tender Law		335,609	-	335,609	329,264	-	329,264
1.1.2. Guarantees given for foreign trade operations		-	-	-	-	-	-
1.1.3. Other letters of guarantee		13,508,487	7,828,006	21,336,493	9,046,068	4,870,449	13,916,517
1.2. Bank acceptances		1,109,985	349,118	1,459,103	525,109	181,402	706,511
1.2.1. Import letter of acceptance		319,388	349,118	668,506	260,747	181,402	442,149
1.2.2. Other bank acceptances		790,597	-	790,597	264,362	-	264,362
1.3. Letters of credit		-	6,751,764	6,751,764	-	3,898,659	3,898,659
1.3.1. Documentary letters of credit		-	6,751,764	6,751,764	-	3,898,659	3,898,659
1.3.2. Other letters of credit		-	-	-	-	-	-
1.4. Guaranteed prefinancings		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Other guarantees		-	-	-	-	-	-
1.7. Other sureties		-	-	-	-	-	-
II. COMMITMENTS	(1)	9,952,040	8,855,724	18,807,764	6,086,459	2,405,943	8,492,402
2.1. Irrevocable commitments		9,952,040	8,855,724	18,807,764	6,086,459	2,405,943	8,492,402
2.1.1. Forward asset purchase and sale commitments		301,715	8,750,408	9,052,123	790,943	2,405,943	3,196,886
2.1.2. Share capital commitments to associates and subsidiaries		67,500	-	67,500	-	-	-
2.1.3. Loan granting commitments		897,360	105,316	1,002,676	76	-	76
2.1.4. Securities issuance brokerage commitments		-	-	-	-	-	-
2.1.5. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.6. Commitments for cheque payments		1,573,798	-	1,573,798	1,024,121	-	1,024,121
2.1.7. Tax and fund obligations on export commitments		139,609	-	139,609	76,344	-	76,344
2.1.8. Commitments for credit card limits		6,359,745	-	6,359,745	3,298,057	-	3,298,057
2.1.9. Commitments for credit cards and banking services promotions		9,111	-	9,111	9,349	-	9,349
2.1.10. Receivables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.11. Payables from "short" sale commitments on securities		-	-	-	-	-	-
2.1.12. Other irrevocable commitments		603,202	-	603,202	887,569	-	887,569
2.2. Revocable commitments		-	-	-	-	-	-
2.2.1. Revocable loan granting commitments		-	-	-	-	-	-
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS		19,677,983	39,072,250	58,750,233	4,350,850	46,759,374	51,110,224
3.1. Derivative financial instruments held for risk management		-	-	-	-	-	-
3.1.1. Fair value hedges		-	-	-	-	-	-
3.1.2. Cash flow hedges		-	-	-	-	-	-
3.1.3. Net foreign investment hedges		-	-	-	-	-	-
3.2. Trading derivatives		19,677,983	39,072,250	58,750,233	4,350,850	46,759,374	51,110,224
3.2.1. Forward foreign currency buy/sell transactions		19,615,847	33,265,177	52,881,024	4,350,850	44,482,108	48,832,958
3.2.1.1. Forward foreign currency transactions-buy		7,523,393	16,816,638	24,340,031	3,158,438	20,122,825	23,281,263
3.2.1.2. Forward foreign currency transactions-sell		12,092,454	16,448,539	28,540,993	1,192,412	24,359,283	25,551,695
3.2.2. Other forward buy/sell transactions		62,136	5,807,073	5,869,209	-	2,277,266	2,277,266
3.3. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		1,131,091,949	377,415,963	1,508,507,912	772,820,143	252,796,994	1,025,617,137
IV. ITEMS HELD IN CUSTODY		21,287,241	38,400,251	59,687,492	13,595,863	19,259,338	32,855,201
4.1. Customers' securities held		-	-	-	-	-	-
4.2. Investment securities held in custody		-	-	-	-	-	-
4.3. Checks received for collection		10,045,816	684,232	10,730,048	7,351,961	586,814	7,938,775
4.4. Commercial notes received for collection		1,919,975	535,099	2,455,074	1,369,382	393,910	1,763,292
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received through public offering		-	-	-	-	-	-
4.7. Other items under custody		1,769	16,827,874	16,829,643	1,769	11,231,390	11,233,159
4.8. Custodians		9,319,681	20,353,046	29,672,727	4,872,751	7,047,224	11,919,975
V. PLEDGED ITEMS		1,109,804,708	338,596,528	1,448,401,236	759,224,280	233,207,876	992,432,156
5.1. Securities		2,115	-	2,115	2,115	-	2,115
5.2. Guarantee notes		409,221,294	71,232,749	480,454,043	292,173,419	48,476,419	340,649,838
5.3. Commodities		37,742,295	15,756,396	53,498,691	20,703,284	10,911,333	31,614,617
5.4. Warranties		-	-	-	-	-	-
5.5. Real estates		106,122,872	7,632,183	113,755,055	66,370,446	5,224,017	71,594,463
5.6. Other pledged items		556,494,067	243,975,200	800,469,267	379,738,943	168,596,107	548,335,050
5.7. Pledged items-depository		222,065	-	222,065	236,073	-	236,073
VI. CONFIRMED BILLS OF EXCHANGE AND SURETIES		-	419,184	419,184	-	329,780	329,780
TOTAL OFF-BALANCE SHEET ITEMS (A+B)		1,175,676,053	440,272,825	1,615,948,878	793,157,893	310,912,821	1,104,070,714

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

INCOME AND EXPENSE ITEMS	Footnotes (5-IV)	THOUSAND TURKISH LIRA		THOUSAND TURKISH LIRA	
		Reviewed		Reviewed	
		CURRENT PERIOD		PRIOR PERIOD	
		1 January- 30 September 2023	1 July- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2022
I. PROFIT SHARE INCOME	(1)	17,204,765	7,088,555	10,764,791	4,003,265
1.1 Profit share on loans		10,163,051	3,964,547	6,543,823	2,666,538
1.2 Profit share on reserve deposits		33,791	22,011	41,799	-
1.3 Profit share on banks		58,385	12,904	12,381	10,166
1.4 Profit share on money market placements		1,065	910	-	-
1.5 Profit share on marketable securities portfolio		5,904,182	2,523,300	3,995,880	1,277,595
1.5.1 Financial assets at fair value through profit and loss		104,397	38,699	69,037	23,308
1.5.2 Financial assets valued at fair value through other comprehensive income		4,022,708	1,635,805	3,168,032	881,676
1.5.3 Financial assets valued at amortised cost		1,777,077	848,796	758,811	372,611
1.6 Finance lease income		970,727	530,920	102,664	27,204
1.7 Other profit share income		73,564	33,963	68,244	21,762
II. PROFIT SHARE EXPENSE	(2)	11,604,053	4,936,803	5,264,582	2,422,401
2.1 Expense on profit sharing accounts		8,838,496	3,891,114	3,538,239	1,789,330
2.2 Profit share expense on funds borrowed		1,444,543	519,702	637,278	306,390
2.3 Profit share expense on money market borrowings		672,489	332,774	729,939	198,059
2.4 Expense on securities issued		-	-	-	-
2.5 Finance lease expense		92,138	34,637	58,291	22,043
2.6 Other profit share expense		556,387	158,576	300,835	106,579
III. NET PROFIT SHARE INCOME (I - II)		5,600,712	2,151,752	5,500,209	1,580,864
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		2,276,732	703,700	140,184	8,155
4.1 Fees and commissions received		2,848,820	904,557	648,839	247,149
4.1.1 Non-Cash loans		173,047	63,175	109,470	40,827
4.1.2 Other	(9)	2,675,773	841,382	539,369	206,322
4.2 Fees and commissions paid		572,088	200,857	508,655	238,994
4.2.1 Non-Cash loans		-	-	-	-
4.2.2 Other	(9)	572,088	200,857	508,655	238,994
V. DIVIDEND INCOME		714	714	799	25
VI. TRADING INCOME/EXPENSES (Net)	(3)	3,530,700	658,776	1,349,548	544,639
6.1 Trading account income/expenses		9,684	17,186	(135)	(3,015)
6.2 Income/expenses from derivative financial instruments		(154,633)	367,740	1,937,237	1,229,535
6.3 Foreign exchange gains/losses		3,675,649	273,850	(587,554)	(681,881)
VII. OTHER OPERATING INCOME	(4)	1,620,919	203,097	1,065,851	422,967
VIII. TOTAL OPERATING INCOME / EXPENSE (III+IV+V+VI+VII+VIII)		13,029,777	3,718,039	8,056,591	2,556,650
IX. PROVISION FOR EXPECTED LOSS (-)	(5)	(1,885,893)	52,416	(1,869,460)	(647,664)
X. OTHER PROVISION EXPENSES (-)	(5)	(136,568)	(29,011)	(1,061,763)	(597,547)
XI. STAFF EXPENSES (-)		(2,066,238)	(849,652)	(921,903)	(391,312)
XII. OTHER OPERATING EXPENSES (-)	(6)	(2,161,035)	(720,286)	(1,114,664)	(329,622)
XIII. NET OPERATING INCOME/EXPENSE (IX-X-XI)		6,780,043	2,171,506	3,088,801	590,505
XIV. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-	-	-
XV. PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-	-	-
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (XII+...+XV)		6,780,043	2,171,506	3,088,801	590,505
XVIII. TAX PROVISION FOR CONTINUING OPERATIONS (±)	(7)	1,657,088	697,706	954,009	290,275
18.1 Current tax charge		2,013,203	635,521	1,118,223	380,983
18.2 Deferred tax charge (+)		136,656	3,859	103,440	8,800
18.3 Deferred tax credit (-)		492,771	(58,326)	267,654	99,508
XIX. NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XVI±XVII)		5,122,955	1,473,800	2,134,792	300,230
XX. INCOME ON DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income on 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. EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expense on assets held for sale		-	-	-	-
21.2 Expense on sale of associates, subsidiaries and jointly controlled entities (Joint Vent.)		-	-	-	-
21.3 Expense on other discontinued operations		-	-	-	-
XXII. PROFIT/(LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)		-	-	-	-
XXIII. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current tax provision		-	-	-	-
23.2 Deferred tax provision (+)		-	-	-	-
23.3 Deferred tax provision (-)		-	-	-	-
XXIV. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XXI±XXII)		-	-	-	-
XXV. NET PROFIT/LOSS (XVIII+XXIII)	(8)	5,122,955	1,473,800	2,134,792	300,230
25.1 Group's Profit / Loss		5,122,955	1,473,800	2,134,792	300,230
25.2 Non-controlling Interest (-)		-	-	-	-
Earnings / (Loss) per share		1.970	0.567	0.821	0.115

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	THOUSAND TURKISH LIRA	THOUSAND TURKISH LIRA
	CURRENT PERIOD Reviewed (01/01/2023 - 30/09/2023)	PRIOR PERIOD Reviewed (01/01/2022 - 30/09/2022)
I. CURRENT PERIOD INCOME/LOSS	5,122,955	2,134,792
II. OTHER COMPREHENSIVE INCOME	414,146	870,389
2.1 Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	1,143,173	(1,877)
2.1.1 Gains (Losses) on Revaluation of Property and Equipment	(2,485)	-
2.1.2 Gains (Losses) on Revaluation of Intangible Assets	-	-
2.1.3 Gains (Losses) on Remeasurements of Defined Benefit Plans	72,955	-
2.1.4 Other Components of Other Comprehensive Income That Will Not Be Reclassified to Profit or Loss	-	-
2.1.5 Taxes Relating to Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss	1,072,703	(1,877)
2.2 Other Comprehensive Income That Will Be Reclassified To Profit or Loss	(729,027)	872,266
2.2.1 Exchange Differences on Translation	-	-
2.2.2 Valuation and/or Reclassification Profit or Loss From Financial Assets at Fair Value Through Other Comprehensive Income	(938,068)	1,164,852
2.2.3 Income (Loss) Related with Cash Flow Hedges	-	-
2.2.4 Income (Loss) Related with Hedges of Net Investment Foreign Operations	-	-
2.2.5 Other Components of Other Comprehensive Income That Will Be Reclassified To Profit or Loss	-	-
2.2.6 Tax Relating to Components of Other Comprehensive Income That Will Be Reclassified to Profit or Loss	209,041	(292,586)
III. TOTAL COMPREHENSIVE INCOME (LOSS) (I+II)	5,537,101	3,005,181

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THOUSAND TURKISH LIRA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes					Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
		Paid-in Capital	Share Premium	Share Certificate Cancellatio n Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total equity excluded from non controlling interests	Non-controlling Interest (-)	Total Shareholders' Equity
CURRENT PERIOD Reviewed (01.01-30.09.2023)																	
I. BALANCES AT BEGINING OF THE PERIOD		2,600,000	-	-	(92)	958,840	(282,023)	-	-	1,100,128	-	3,794,237	2,904,105	-	11,075,195	-	11,075,195
II. CORRECTION MADE AS PER TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. ADJUSTED BALANCES AT BEGINNING OF THE PERIOD (I+II)		2,600,000	-	-	(92)	958,840	(282,023)	-	-	1,100,128	-	3,794,237	2,904,105	-	11,075,195	-	11,075,195
IV. TOTAL COMPREHENSIVE INCOME		-	-	-	-	1,073,303	69,870	-	-	(729,027)	-	-	-	5,122,955	5,537,101	-	5,537,101
V. CAPITAL INCREASE IN CASH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. CAPITAL INCREASE THROUGH INTERNAL RESERVES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. CAPITAL RESERVES FROM INFLATION ADJUSTMENTS TO PAID-IN CAPITAL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. CONVERTIBLE BONDS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. SUBORDINATED DEBT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. INCREASE/DECREASE BY OTHER CHANGES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. PROFIT DISTRIBUTION		-	-	-	-	-	-	-	-	-	-	2,904,105	(2,904,105)	-	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	2,904,105	(2,904,105)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (III+IV+.....+X+XI)		2,600,000	-	-	(92)	2,032,143	(212,153)	-	-	371,101	-	6,698,342	-	5,122,955	16,612,296	-	16,612,296

1. Tangible and Intangible Asset Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans

3. Other (Other comprehensive income of Associates and Joint Ventures Accounted for Using Equity Method That Will Not Be Reclassified To Profit or Loss and Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated Gains (Losses) due to revaluation and/or reclassification of financial assests measured at fair value through other comprehensive income

6. Other (Accumulated gains or losses on Cash flow hedge, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

THOUSAND TURKISH LIRA

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	Footnotes					Other Accumulated Comprehensive Income or Expense That Will Not Be Reclassified In Profit and Loss			Other Accumulated Comprehensive Income That Will Be Reclassified In Profit and Loss								
		Paid-in Capital	Share Premium	Share Certificate Cancellatio n Profits	Other Capital Reserves	1	2	3	4	5	6	Profit Reserves	Prior Period Net Income / (Loss)	Current Period Net Income / (Loss)	Total equity excluded from non controlling interests	Non-controlling Interest (-)	Total Shareholders' Equity
PRIOR PERIOD Reviewed (01.01-30.09.2022)																	
I. BALANCES AT BEGINING OF THE PERIOD		2,600,000	-	-	5,044	167,082	(44,225)	-	-	34,705	-	2,873,140	921,048	-	6,556,794	-	6,556,794
II. CORRECTION MADE AS PER TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. ADJUSTED BALANCES AT BEGINNING OF THE PERIOD (I+II)		2,600,000	-	-	5,044	167,082	(44,225)	-	-	34,705	-	2,873,140	921,048	-	6,556,794	-	6,556,794
IV. TOTAL COMPREHENSIVE INCOME		-	-	-	-	(4,641)	2,764	-	-	872,266	-	-	-	2,134,792	3,005,181	-	3,005,181
V. CAPITAL INCREASE IN CASH		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. CAPITAL INCREASE THROUGH INTERNAL RESERVES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. CAPITAL RESERVES FROM INFLATION ADJUSTMENTS TO PAID-IN CAPITAL		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. CONVERTIBLE BONDS		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. SUBORDINATED DEBT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. INCREASE/DECREASE BY OTHER CHANGES		-	-	-	(5,136)	-	-	-	-	5,136	-	49	-	-	49	-	49
XI. PROFIT DISTRIBUTION		-	-	-	-	-	-	-	-	-	-	921,048	(921,048)	-	-	-	-
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to reserves		-	-	-	-	-	-	-	-	-	-	921,048	(921,048)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at the end of the period (III+IV+.....+X+XI)		2,600,000	-	-	(92)	162,441	(41,461)	-	-	912,107	-	3,794,237	-	2,134,792	9,562,024	-	9,562,024

1. Tangible and Intangible Asset Revaluation Reserve

2. Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans

3. Other (Other comprehensive income of Associates and Joint Ventures Accounted for Using Equity Method That Will Not Be Reclassified To Profit or Loss and Other Comprehensive Income That Will Not Be Reclassified To Profit or Loss)

4. Exchange Differences on Translation

5. Accumulated Gains (Losses) due to revaluation and/or reclassification of financial assests measured at fair value through other comprehensive income

6. Other (Accumulated gains or losses on Cash flow hedge, other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss and other accumulated amounts of other comprehensive income that will be reclassified to profit or loss)

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

TÜRKİYE FİNANS KATILIM BANKASI AŞ UNCONSOLIDATED STATEMENT OF CASH FLOWS		THOUSAND TURKISH LIRA		THOUSAND TURKISH LIRA
		Footnotes (5-V)	CURRENT PERIOD Reviewed	PRIOR PERIOD Reviewed
			(01/01/2023 - 30/09/2023)	(01/01/2022 - 30/09/2022)
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating profit before changes in operating assets and liabilities		962,662	1,655,820
1.1.1	Profit share income received		12,048,509	6,937,777
1.1.2	Profit share expense paid		(9,261,991)	(4,424,614)
1.1.3	Dividend received		714	799
1.1.4	Fees and commissions received		2,848,820	648,839
1.1.5	Other income		389,754	190,503
1.1.6	Collections from previously written off loans and other receivables		474,716	529,175
1.1.7	Cash payments to personnel and service suppliers		(2,836,779)	(1,268,195)
1.1.8	Taxes paid		(1,636,094)	(1,119,478)
1.1.9	Other		(1,064,987)	161,014
1.2	Changes in Operating Assets and Liabilities		18,648,126	5,715,900
1.2.1	Net(Increase) Decrease in financial assets at fair value through profit or loss		(5,876)	638,657
1.2.2	Net(Increase) Decrease in due from banks and other financial institutions		3,633,609	1,040,214
1.2.3	Net(Increase) Decrease in loans		(24,174,249)	(11,217,004)
1.2.4	Net(Increase) Decrease in other assets		294,810	(444,802)
1.2.5	Net Increase(Decrease) in bank deposits		330,103	1,514,316
1.2.6	Net Increase(Decrease) in other deposits		43,215,412	15,812,718
1.2.7	Net Increase/Decrease in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net Increase(Decrease) in funds borrowed		(2,837,941)	(303,942)
1.2.9	Net Increase(Decrease) in due payables		-	-
1.2.10	Net Increase(Decrease) in other liabilities		(1,807,742)	(1,324,257)
I.	Net cash provided from banking operations		19,610,788	7,371,720
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		(7,837,424)	(2,146,859)
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries		(22,500)	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3	Purchases of tangible assets		(506,438)	(157,502)
2.4	Sales of tangible assets		18,184	894
2.5	Cash paid for the purchase of financial assets at fair value through other comprehensive income		(5,171,865)	(13,317,544)
2.6	Cash obtained from the sale of financial assets at fair value through other comprehensive income		5,345,195	15,137,293
2.7	Cash paid for the purchase of financial assets at Amortised Cost		(7,500,000)	(4,710,000)
2.8	Cash obtained from sale of financial assets at amortised cost		-	900,000
2.9	Other		-	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		(183,595)	(128,279)
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Equity instruments issued		-	-
3.4	Dividends paid		-	-
3.5	Payments for leases		(183,595)	(128,328)
3.6	Others		-	49
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		1,577,372	4,375,705
V.	Net increase/(decrease) in cash and cash equivalents		13,167,141	9,472,287
VI.	Cash and cash equivalents at beginning of period		11,658,130	13,279,840
VII.	Cash and cash equivalents at end of period	(1)	24,825,271	22,752,127

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

SECTION THREE: ACCOUNTING POLICIES

I. Explanations on Presentation Principles

a. 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 unconsolidated financial statements are prepared within the scope of the “Regulation on Accounting Applications for Banks and Safeguarding of Documents” related with Banking Act numbered 5411 published in the Official Gazette no.26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency (“BRSA”), and in case where a specific regulation is not made by BRSA, “Turkish Accounting Standards” (“TAS”) and “Turkish Financial Reporting Standards” (“TFRS”) and related appendices and interpretations put into effect by Public Oversight Accounting and Auditing Standards Authority (“POA”). The format and content of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the “Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements” and “Communiqué On Disclosures About Risk Management To Be Announced To Public By Banks” and amendments to this Communiqué. The Bank maintains its books in Turkish Lira in accordance with the Banking Act, Turkish Commercial Code and Turkish Tax Legislation.

The unconsolidated financial statements are prepared in TL, in accordance with the historical cost basis except for financial assets and liabilities at fair value through profit or loss and real estates which are presented on a fair value basis.

The preparation of unconsolidated financial statements requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent issues as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement. Assumptions and estimates that are used in the preparation of the accompanying financial statements are explained in the following related disclosures.

b. Additional paragraph for convenience translation to English:

The differences between accounting principles, as described in the preceding paragraphs and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

c. Accounting policies and valuation principles applied in the presentation of financial statements:

Accounting policies and valuation principles used in the preparation of the financial statements are determined and applied, in accordance with the principles of BRSA Accounting and Reporting Regulation. The Participation Bank has started to apply TFRS 9 Financial Instruments (“TFRS 9”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) in the Official Gazette numbered 29953 dated January 19, 2017 in lieu of TAS 39 Financial Instruments: “Accounting and Measurement” starting from January 1, 2018. TFRS 9 sets out the new principles for the classification and measurement of financial instruments and expected credit loss which will be calculated for financial assets.

The accounting policies and valuation principles related with current and prior period are explained in Notes II to XXIII below.

The preparation of unconsolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Participation Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent matters as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the profit and loss statement.

The estimates and assumptions used in the calculation of expected loan losses are explained in the statements on impairment of financial assets.

According to the announcement made by Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it has been stated that corporations applying TFRS do not need to make any adjustments in their financial statements for the year ended on December 31, 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of September 30, 2023, Public Oversight Accounting and Auditing Standards Authority has not made a new announcement within the scope TAS 29. Therefore, no inflation adjustment has been applied on the financial statements dated September 30, 2023 in accordance with TAS 29.

Following the earthquake disaster in Kahramanmaraş and surrounding provinces in February, aid was provided to the region, and interest-free deferral of loan and credit card debts and free transaction/service opportunities were offered to customers affected by the earthquake. The effects of the earthquake disaster were reviewed and it was evaluated that there was no effect on the financial statements that would affect the continuity.

d. Comparative information and classifications:

The changes in accounting policies are applied retrospectively and prior period financial statements are restated. The financial statements of the Bank are prepared comparative to the prior period in order to determine its financial position and performance trends. If appropriate, the comparative information are restated in order to provide comparativeness to the statements of current term financial statements.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Participation Bank collects funds on the basis of taking share from both profit and loss. Funds collected on the basis of profit and loss from depositors are generally evaluated as Corporate Finance Support, Individual Finance Support and Financial Leasing. Yields of these funds are fixed.

Active credit risk management procedures are applied due to fixed yields of funds. The rating and scoring systems applied by the Participation Bank, includes detailed company analysis realized in annually or semi-annually and enables rating of all companies and loans without any restrictions regarding credibility. Loans and companies, which have been renewed, restructured or rescheduled, are rated within the scope of this system and if acceptable, loan limits are revised.

In order to maintain the ratio of liquid assets to total assets (except statutory reserves) around 15%-17% is adopted as liquidity principle by the Participation Bank. Equity profitability is maximized by evaluating this liquidity opportunity in short maturity transactions in international markets.

Foreign exchange gains and losses arising from foreign currency (FC) transactions are recorded at transaction dates. At the end of the periods, foreign currency assets and liabilities evaluated with the Central Bank of Turkey's spot purchase rates and the differences are recorded as foreign exchange gain or loss in the income statement.

As of September 30, 2023 USD and EURO rates that converted TL on foreign currency transactions and reflected on financials are TL 27.3767 and TL 29.0305, respectively.

Net foreign currency position is followed in legal limits. Besides, different policies and strategies are settled according to macroeconomic situations about foreign currency position. However, the Participation Bank avoids taking positions that expose high level of currency risk.

III. Explanations on Investments in Associates and Subsidiaries

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

IV. Explanations on Forward and Option Contracts and Derivative Instruments

The Participation Bank's derivative financial instruments consist of forward foreign currency buy/sell agreements and options. The Participation Bank has no derivative products that are detached from the host contract.

Derivative payables and receive are initially recorded in off-balance sheet accounts at their contract values.

Subsequently, the derivative transactions are valued at their fair values and the changes in their fair values are recorded on balance sheet under "derivative financial assets" or "derivative financial liabilities", respectively. Subsequent fair value changes for trading derivatives are recorded under "income/expense from derivative financial instruments".

IFRS 9 permits to defer application of IFRS 9 hedge accounting and continue to apply hedge accounting in accordance with TAS 39 as a policy choice. Accordingly, the Participation Bank will continue to apply hedge accounting in accordance with TAS 39 in this context.

The Participation Bank hedges its cash flow risk arising from foreign currency liabilities by using cross currency swap. The effective portion of the fair value changes of the hedging instruments are recorded in “Other accumulated comprehensive income that will not reclassified in profit or loss ” under shareholders’ equity. These funds are transferred to profit or loss from equity when the cash flows of the hedged items impact the income statement.

In case the cash flow hedge accounting is discontinued due to the expiry, realization for sale of the hedging instrument, discontinuing or due to the results of the effectiveness test the amounts accounted under shareholders’ equity are transferred to the profit and loss accounts as these cash flows of the hedged item are realized.

Changes in the fair value of derivative instruments subject to fair value hedges are recognized under profit or loss accounts together with the variation in the fair value of the hedged items. The changes of fair value of derivative transactions for fair value hedge are classified in “income/expense from derivative financial instruments” account. In the balance sheet, changes in the fair value of hedged assets and liabilities are shown with the related assets and liabilities during the effective period of hedge accounting.

V. Explanations on Profit Share Income and Expenses

Profit share income and expenses are recognized in the income statement on an accrual basis.

The Participation Bank has begun to account rediscounts for non-performing loans as of January 1, 2018.

VI. Explanations and Disclosures on Fees and Commission Income and Expenses

Banking service revenues are recognized as income only when they are collected while only the current portion of the prepaid commission income obtained from corporate loans is recorded as income on an accrual basis in accordance with the IFRS 15 Revenue from Contracts with Customers.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses and calculated based on internal rate of return method.

VII. Explanations and Disclosures on Financial Assets

Initial recognition of financial instruments

The Participation Bank shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. Except for the assets in the scope of IFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification of financial instruments

On which category a financial instrument shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Assessment of business model

As per IFRS 9, the business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Participation Bank's business models consist of three categories.

Business model aimed to hold assets in order to collect contractual cash flows:

This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial

asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and profit share on the principal amount outstanding. Receivables from the Central Bank, Banks, Money Market Placements, investments under financial assets measured at amortized cost, loans, leasing receivables, factoring receivables and other receivables are assessed within this business model.

Business model aimed to collect contractual cash flows and sell financial assets:

It is the business model in which financial assets are held for both the collection of contractual cash flows and the sale of financial assets. Financial assets held under this business model are accounted for at fair value through other comprehensive income if the contractual terms of the financial asset pass the cash flow test, which includes only the principal and dividend payments arising from the principal balance on certain dates. Financial assets at fair value through other comprehensive income are evaluated within the scope of this business model.

Other business models:

Financial assets are measured at fair value through profit or loss if they are not held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets measured at fair value through profit/loss and derivative financial assets are assessed in this business model.

Measurement categories of financial assets and liabilities

In accordance with TFRS 9 of the Participation Bank, financial assets are as follows on three main classes:

- Financial assets measured at fair value through profit/loss,
- Financial assets measured at fair value through other comprehensive income and
- Financial assets measured at amortized cost.

Financial assets at the fair value through profit or loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and profit share at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Financial assets measured at fair value through other comprehensive income:

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and profit share at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Profit share income calculated with initial rate of return method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement. "Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Accumulated other comprehensive income or expense to be reclassified through profit or loss" under shareholders' equity. When these securities are collected or disposed of, the accumulated fair value differences recognized in equity are reflected in the income statement.

For the first time on an entity's financial statements, an entity may choose an irrevocable option to present subsequent amendments to fair value of an investment in an equity instrument that are not held for trading purposes in other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

In the securities portfolio of the Participation Bank, there are consumer price indexed government lease certificates classified as financial assets at fair value through other comprehensive income. These securities are valued and

accounted for using the effective profit share method based on the real coupon rates, the reference inflation index on the issue date and the reference inflation index on the valuation date. As stated in the CPI-Indexed Rent Certificates Investor's Guide of the Undersecretariat of Treasury, the reference indices used in the calculation of the actual coupon payment amounts of these securities are based on the CPI of two months ago.

Financial Assets Measured at Amortized Cost:

Financial asset as a financial asset measured at amortized cost if the financial asset is held under a business model aiming at collecting contractual cash flows and the terms of the contract for the financial asset result in cash flows that include dividend payments from principal and principal balances on certain dates.

Financial assets measured at amortized cost are initially measured at fair value by adding transaction costs to their acquisition costs, and are 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.

VIII. Explanations on Expected Credit Losses

As of January 1, 2018, the Participated Bank recognises a loss allowance for expected credit losses on financial assets and loans measured at amortised cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated June 22, 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” effective from January 1, 2018. At each reporting date, the Participated Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Participation Bank considers the changes in the default risk of financial instrument.

The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions. These financial assets are divided into three categories depending on the gradual increase in credit risk observed since their initial recognition:

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 12-month expected credit losses. The twelve-month expected credit loss is calculated on the basis of a default estimate of twelve months following the reporting date. These expected twelve-month Probability of Defaults (PD) are applied to an estimated amount of default. This expected twelve-month default is calculated by multiplying with LGD.

LGD calculation is made using the payment plans of the customers and discounting is made over the profit rates of the customers.

Stage 2:

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. For products with a remaining maturity of one year or less, there is no difference as in Stage 1. The calculation method is similar to Stage 1, except that the probability of default and loss-on-default rates are estimated over the life of the instrument.

LGD calculation is made using the payment plans of the customers and discounting is made over the profit rates of the customers.

The following criteria are used in the determination of loans as Stage 2,

- Loans with a delay of 30 and over 30 days,
- Restructured Loans,
- Loans followed closely and internally by the Bank,
- Loans resulting in a significant decline in rating as a result of the model are classified as Stage 2.

Stage 3:

Financial assets considered as impaired at the reporting date are classified as stage 3. The probability of default is taken into account as 100% in the calculation of impairment provision and the Parent Participation Bank accounts lifetime expected credit losses.

For the customers whose total risk amount is higher than the threshold value, the provision is calculated based on the collection estimates of the relevant expert team. In this direction, it is calculated by discounted the related cash flows under two scenarios. The first scenario is the continuation of the activities of the company and the second scenario is the discounting of the cash flows to be obtained as a result of the sale of the assets. They are calculated according to Loss Given Default (LGD) for the customers who are below the threshold value. The expected loss rates in the calculation reach 100% according to the result of the model.

Participation Bank considers the following criteria in determining the impairment:

- Delay of over 90 days
- Impairment of credit ratings
- Collateral and / or equity of debtor is inadequate to cover the payment of receivables regarding on its maturity.
- To be convinced that the receivables will be delayed more than 90 days due to macroeconomic, sector specific or customer specific reasons.

Calculation of expected credit losses

The Participation Bank measured expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about time value of money, past events, current conditions and future economic conditions as of the reporting date, without undue cost or effort. The calculation of expected credit losses consists of three main parameters: Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). The PD and LGD parameters used in calculating the expected credit loss are calculated as point in time PD (PIT), including both current and expected cycle changes. Certain portion of the loans followed by the Remedial Department is evaluated individually according to internal policies for calculation of Expected Credit Loss (ECL). This calculation is made by discounting the expected cash flows of the loans with their current profit share.

In the calculation of the expected loss provision for its loans, the Bank has reflected the possible effects of the earthquake in February to its financial statement by taking into account the reasonable and supportable information it has.

Probability of Default (PD)

The PD represents the likelihood of a default over a specified time period. When calculating the expected credit loss in accordance with TFRS 9, two different PD values are used:

- 12-month Probability of Default (PD): Estimation of the probability of default within 12 months after the reporting date.
- Lifetime Probability of Default (PD): Estimation of probability to occur during the expected life of the borrower

The lifetime PD calculation is based on a series of 12-month instant (PIT) PDs that are derived from TTC PDs and scenario forecasts.

Commercial portfolio customers with ratings produced by internal rating systems are grouped at different risk levels by taking into account rating notes in order to determine the Probability of Default (PD). Internal ratings models used in the commercial portfolio-party customers contains several elements such as behavior of the incorporated registration information in the Participation Bank and Central Bank of the Republic of Turkey (CBRT), financial information, qualitative characteristics and industry. The retail portfolio has been decomposed on the basis of product group and the Probability of Default (PD) calculations for both the commercial and retail portfolio have been realized by taking into consideration the default data in the past, current conditions and prospective macroeconomic expectations.

Consideration of Macroeconomic Factors

Future macroeconomic information is included in the credit risk parameters in the expected credit loss calculation. Specification and estimation of econometric models that reveal the past relationships between credit risk parameters and macroeconomic variables are made in order to produce predictions based on macroeconomic reflections.

Various macroeconomic indicators such as the GDP, inflation, exchange rate, the effect of legal changes, etc. are used in the context of these forecasts. Macroeconomic models have been established by identifying the variables that best explain the PDs of the Participation Bank customers.

While creating macroeconomic expectations, the scenarios used within the scope of Internal Capital Adequacy Assessment Process (ISEDES) are taken into consideration. In this context, three scenarios are used (Bank base scenario, Bank bad scenario, BRSA base scenario) and the scenarios are weighted with the determined probability and the final expectations. The parameters used in the model are shared below.

Macro Economic Parameters
Real GDP Change
Change in Currency Parity
Share of Loans in Assets

Loss Given Default (LGD)

The LGD represents an estimate of the loss at the time of a potential default occurring during the life of a financial instrument. The LGD is calculated taking into account expected future cash flows from collateral and other credit enhancements by considering time value of money.

LGD calculation has been performed according to the segments that are consisted of segregated risk parameters by using the past data that reflects best the current conditions. In LGD modelling, all the non-performing loan procedures/cases which are resulted according to the period that loans are granted are taken into consideration. LGD takes into account all cash flows from customers after default. It includes all the relevant costs and collections incurred during the collection cycle including collections provided with collaterals and also includes ‘time value of the money’ that calculated with reducing the cost and additional losses from the current value of the collections.

Exposure at Default (EAD)

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. It represents the cash flows outstanding at the time of default, considering expected repayments, profit share payments and accruals, discounted at the effective profit share. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios.

Calculating the Expected Loss Period

Lifetime ECL is calculated by taking into account maturity extensions, repayment options and the period during which the Participation Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Participation Bank. Behavioral maturity analysis has been performed on credit cards and overdraft funds collected.

Significant Increase in Credit Risk

The Participation Bank makes qualitative and quantitative assessments regarding assessment of significant increase in credit risk of financial assets to be classified as stage 2 (Significant Increase in Credit Risk).

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD, it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Participation Bank has calculated thresholds at which point the relative change is a significant deterioration. When determining the significant increase in bank credit risk, The Participation Bank also assessed the absolute change in the PD date on the transaction date and on the reporting date. If the absolute change in the PD ratio is above the threshold values, the related financial asset is classified as stage 2.

The Participation Bank classifies the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment:

- Loans overdue more than 30 days as of the reporting date
- Loans classified as watchlist
- When there is a change in the payment plan due to restructuring

IX. Explanations on Netting of Financial Instruments

Financial assets and liabilities are offset when the Participation Bank has a legally enforceable right to net off the recognized amounts, and there is an intention to settle on net basis or realize the asset and settle the liability simultaneously. The sukuk investments issued by the Bank which are repurchased has been offset in financial assets valued at fair value through other comprehensive income and subordinated loan accounts.

X. Explanations on Sales and Repurchase Agreements and Lending of Securities

Securities subject to repurchase agreement are classified as “measured at fair value through profit or loss”, “measured at fair value through other comprehensive income” and “measured at amortized cost” according to the investment purposes of the Bank and measured according to portfolio to which they belong. Funds obtained from the related agreements are accounted under “Borrowings from Money Markets” in liabilities and the difference between the sale and the repurchase price is accrued over the life of the agreements using the internal rate of return method. Profit share expense on such transactions is recorded under “Profit Share Expense on Money Market Borrowings” in the income statement.

The bank has securities subject to repurchase agreement amounted TL 8,707,163 (December 31, 2022: TL 16,528,699).

XI. Explanations on Assets Held For Sale and Discontinued Operations and Debts due to These Assets

Property and equipment held-for-sale consist of tangible assets that were acquired due to non-performing receivables’ collections, and are accounted in the financial statements in accordance with the regulations of “Turkish Financial Reporting Standard for Assets Held for Sale and Discontinued Operations (TFRS 5)”.

If assets acquired due to receivables of the Participation Bank are under a plan, they are followed in assets held for sale account.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell and once classified as held-for-sale, intangible assets and property and equipment are no longer amortised or depreciated.

Assets that meet the criteria for classification as held for sale are measured at the lower of their carrying value and fair value less costs to sell. Depreciation on these assets is ceased and these assets are presented separately in the balance sheet. In order to classify an asset as an asset held for sale, the related asset (or the group of assets to be disposed of) should be able to be sold immediately and the probability of sale for such assets (or group of assets to be disposed of), should be high under current conditions. In order for the sale to be highly probable, a plan should have been made by the suitable management for the sale of the asset (or the group of assets to be disposed of) and an active program should have been started to determine the buyers and to carry out the plan. Furthermore, the asset (or the group of assets to be disposed of) should be actively marketed at a price consistent with its fair value. In addition, the sale must be expected to be accounted for as a completed sale within one year of the classification date and the actions required to complete the plan must show that it is unlikely that material changes to the plan or the plan will be cancelled. Various events and conditions may extend the period for the completion of the sales process to more than a year. If there is enough evidence that the related delay has occurred beyond the Participation Bank’s control and that the Participation Bank’s plans for selling the related asset (or the group of assets to be disposed of) is still in progress, the related assets are continued to be classified as assets held for sale.

A discontinued operation is a part of a bank that has been disposed of or classified as held for sale. The results of the discontinued operations are disclosed separately in income statement. The Participation Bank has no discontinued operations during the period.

XII. Explanations and Disclosures on Goodwill and Other Intangible Assets

As of the balance sheet date, The Participation Bank does not have any goodwill in its accompanying unconsolidated financial statements.

Intangible assets purchased before January 1, 2005, are presented with their inflation adjusted historical acquisition cost as of December 31, 2004 and intangible assets purchased in the subsequent periods, are presented with their acquisition cost less the accumulated amortization, and impairment provisions. Intangible assets are amortized by the straight-line method, considering their useful life. The useful lives taken as basis by the Participation Bank are between 2 and 15 years. The amortization method and period are periodically reviewed at the end of each year. Intangible assets are comprised of computer software.

XIII. Explanations and Disclosures on Tangible Assets

Tangible assets are accounted for at acquisition cost plus any other direct costs incurred to bring the asset for ready to use. Tangible assets are remeasured at their acquisition cost less accumulated depreciation and impairment loss, if any. The Participation Bank adopted a revaluation method in 2006 for its real estates in tangible assets due to ("TAS 16") Standard for Tangible Assets. Appraisalment values, determined by an independent expert company, are reflected in the financial statements. Such revaluation increase is realized net TL 868,391 after deferred tax as of balance sheet date (December 31, 2022: TL 958,840). In the presence of an indication of impairment, the recoverable amount of the relevant tangible fixed asset is estimated within the framework of "TAS 36-Impairment of Assets" and if the recoverable amount is below the book value, an impairment provision is reserved. Revaluation impairment provision as of the balance sheet date is TL 457 (December 31, 2022: None).

As of the balance sheet date the depreciation of an asset held for a period less than a full financial year is calculated as a proportion of the full year depreciation charge from the date of acquisition to the financial year end.

Gains/losses arising from the disposal of tangible assets or the inactivation of a tangible asset are recognized in the income statement by taking into account the difference between the net book value and the net proceeds. Regular maintenance and repair costs incurred for tangible assets are recorded as expense. There are no restrictions such as pledges, mortgages or any other restriction on tangible assets.

The estimated useful lives of the tangible assets used by the Participation Bank are as follows:

Tangible Assets	Estimated Useful Lives
Safety Boxes	5-50 years
Office equipment	3-10 years
Leasehold Improvements	2-10 years
Other Movables	3-15 years
Furniture and Fixtures	3-10 years
Vehicles	5 years
Real Estates	50 years
Leased Assets	1-10 years

XIV. Explanations and Disclosures on Leasing Transactions

a. Transactions as a lessor;

The Participation Bank acts as a Lessor in leasing transactions. Transactions are accounted in accordance with the relevant accounting standards.

b. Transactions as a tenant;

Assets acquired under financial leases are carried at the lower of their fair values or amortized value of the lease payments. Leasing payables are recognized as liabilities in the balance sheet while the interest payable portions of the payables are recognized as a deferred amount of interest. Assets held under financial leases are recognized under tangible fixed assets account and are depreciated by using the straight line method, and the depreciation rate is determined in line with the estimated economic life.

The Bank makes operating leases for some branch buildings, ATM machine locations and vehicles. With the "TFRS 16 Leases" standard effective from January 1, 2019, the difference between operating leases and financial leasing has disappeared, and tenants started to show lease transactions as an asset (right of use asset) under "Tangible Fixed Assets" item and as a liability under "Liabilities from Lease Transactions" item. The amounts of other lease transactions are below the materiality level, therefore, these transactions are evaluated outside the scope of TFRS 16 and the related lease payments are accounted under "Other Operating Expenses".

The "TFRS 16 Leases" standard was published in the Official Gazette dated April 16, 2018 and numbered 29826, to be applied for the accounting periods starting after December 31, 2018. The Bank started to apply the relevant standard for the first time as of January 1, 2019 and applied using the partial retrospective method on the first transition date, but, its comparative financial statements was not restated.

Bank as a Tenant;

At the inception of the contract, the Bank evaluates whether the contract is a lease or contains a lease. If the contract transfers the right to control the use of the identified asset for a specified period of time, the contract is or includes a lease. In this case, the Bank shows the right-of-use asset under the “Tangible Fixed Assets” item and the lease liability under the “Liabilities from Lease Transactions” item in its financial statements at the actual commencement date of the lease.

The right-of-use asset is initially recognized in the financial statements using the cost method and includes:

- (a) The initial measurement of the lease liability;
- (b) All lease payments made on or before the commencement date, less any lease incentives received;
- (c) All initial direct costs incurred by the group; and
- (d) Estimated costs incurred by the Bank in relation to dismantling and relocating the underlying asset, restoring the site in which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are followed over the amounts remaining after deducting accumulated depreciation and, if any, accumulated value decreases from the cost value in the period following their recognition. In addition, the cost value is adjusted according to the re-measurement of the lease liability.

Right-of-use asset is depreciated in accordance with “TAS 16 Tangible Fixed Assets” standard.

At the commencement date of the lease, the Bank measures the lease liability at the present value of the lease payments not paid at that date. Lease payments are discounted using that rate if the implied interest rate on the lease can be easily determined. Lease payments are discounted using the Bank's alternative borrowing interest rate.

At the commencement date of the lease, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which were not paid at the commencement date of the lease:

- (a) The amount found by deducting any lease incentive receivables from the fixed payments,
- (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- (c) Amounts expected to be paid by the Bank under residual value commitments,
- (d) The strike price of the call option, if the bank is reasonably confident that it will exercise; and
- (e) Penalties for termination of the lease if the lease term indicates that the Bank will exercise an option to terminate the lease.

After initial recognition, The Bank measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on lease liability,
- (b) Reducing the carrying amount to reflect the lease payments made and
- (c) Remeasuring the book value to reflect all reassessments and lease changes, or to reflect fixed lease payments in revised substance.

XV. Explanations on Provisions and Contingent Liabilities

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

If the Participation Bank has a present obligation as a result of past events, it is probable that an outflow of resources containing economic benefits to settle this obligation and the amount of the said obligation can be reliably estimated, the related liability is recognized in the financial statements as a provision. The existence of one or more uncertain events arising from past events that are not fully within the control of the entity, the existence of which can be confirmed by the future occurrence, or arising from past events but (i) There is no possibility of an outflow of resources embodying economic benefits to settle the obligation; or (ii) Existing liabilities that cannot be reflected in the financial statements due to the inability to measure the liability amount reliably enough are considered as “contingent liabilities” and are disclosed in the footnotes unless the possibility of outflow of resources with

economic benefits is remote. Contingent liabilities are evaluated on an ongoing basis to determine whether it is probable that resources embodying economic benefits will exit the business.

As of the balance sheet date, The Participation Bank set TL 160,101 provision for ongoing suits filed against to the Participation Bank for which cash outflow is probable and measurable (December 31, 2022: TL 121,491).

XVI. Explanations on Contingent Assets

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. Contingent assets are disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements in which the change occurs.

XVII. Explanations on Obligations Related to Employee Benefits

a) Defined Benefit Plans:

Under the existing Labor Law, the Company is required to pay termination benefits to each employee who earned the right to receive termination indemnities with the end of their employment contract. In addition, under the existing Social Security Law No.506, clause No. 60, amended by the Labor Laws dated March 6, 1981, No. 2422 and August 25, 1999, No. 4447, the Company is also required to pay termination benefits to each employee who has earned the right to retire by receiving termination indemnities.

Employment termination benefit is not a funded liability and there is no requirement to fund it. Employment termination benefit is calculated based on the estimation of the present value of the employee's probable future liability arising from the retirement. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the bank's obligation under defined employee plans. TAS 19 ("Employee Benefits") has been revised effective from the annual period beginning after January 1, 2013. In accordance with the revised standard, actuarial gain / loss related to employee benefits shall be recognized in other comprehensive income. The actuarial assumptions used in the calculation of total liabilities are as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of September 30, 2023, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The average inflation rate is 15.36% and profit share rate is 18.20% at the respective balance sheet date (December 31, 2022: Inflation rate 8.40% and profit share rate 9.43%).

b) Defined Contribution Plans:

The Participation Bank pays defined contribution plans to publicly administered Social Security Funds for its employees. The Participation Bank has no further payment obligations other than this contribution share. The contributions are recognized as personnel expenses when they accrue.

c) Short-term Benefits to Employees:

In accordance with TAS 19, the Participation Bank measures the expected costs of the cumulative annual leaves as additional amounts anticipate to pay accumulated and unused rights as of reporting period.

XVIII. Explanations on Taxation

Corporate Tax

As of September 30, 2023, the corporate tax rate has been applied as 30% in the financial statements. As per the Law No. 7394 published in the Official Gazette No. 31810 dated April 15, 2022, the corporate tax rate was determined as 25% for the banks, and this rate has come into force to start from the declarations that must be submitted as of July 1, 2022 and to be applied to corporate earnings for accounting periods starting from January 1, 2022. As per the Law No. 7456 published in the Official Gazette No. 32249 dated July 15, 2023, the corporate tax rate for banks was determined as 30%. This rate has come into force to be applied to corporate earnings for accounting periods starting from January 1, 2023, starting from declarations that must be submitted as of October 1, 2023.

This rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, deducting the exceptions (such as the exception for the profits of the affiliates) and other deductions in the tax laws. No further tax is paid, if the profit is not distributed.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax. As per the decisions No.2009/14593 and No.2009/14594 of the Council of Ministers published in the Official Gazette No.27130 dated 3 February 2009, certain duty rates included in the articles No.15 and 30 of the new Corporate Tax Law No.5520 are revised. Accordingly, the withholding tax rate on the dividend payments other than the ones paid to the nonresident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions has been changed to 10% from 15% by the Presidential decision published in the Official Gazette No. 31697 dated 22 December 2021. In applying the withholding tax rates on dividend payments to the nonresident institutions and the individuals, the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

The prepaid taxes are calculated and paid at the rates valid for the earnings of the related years. The prepayments can be deducted from the annual corporate tax calculated for the whole year earnings.

In accordance with the Turkish tax legislation, the tax losses can be carried forward to offset against future taxable income for up to five years. However, in case of financial losses, tax losses cannot be carried back to offset profits from previous periods.

50% of earnings generated through the sale of participation shares and real estates held for at least two years, the ratio is 75% for the affiliates, are exempt from the corporate tax with the conditions that such earnings shall be added to the capital in accordance with the Corporate Tax Law or kept in a special fund account for 5 years. However, with Law No. 7456 published on July 15, 2023, this exception has been abolished for real estates to be acquired after the publication date of the decision. If real estate acquired before this date is sold after the effective date of the decision, 25% of the real estate sales gain will be exempt from corporate tax.

There is no practice about reaching an agreement with laws in Turkey. Corporate taxes are paid until the evening of the last day of the fourth month that is followed from the end of the accounting period. Firms that allowed to analyze taxes, can examine the accounting records and change the amount if there is a wrong transaction.

The current tax effects of transactions accounted for directly in equity are also presented in equity.

As of the end of the 2021 calendar year, the conditions sought for inflation adjustment in the calculation of corporate tax have been fulfilled, within the framework of the repeated provision of Article 298/A of the Tax Procedure Law (TPL). However, with the regulation made with the Law No. 7352 dated January 20, 2022, the application of inflation adjustment in the calculation of corporate tax was postponed to 2023. Accordingly; TPL financial statements for the 2021 and 2022 accounting periods, including the provisional tax periods, are not subject to inflation adjustment. 2023 accounting period will not be subject to inflation adjustment as of the provisional tax periods. However, TPL financial statements as of December 31, 2023 will be subject to inflation adjustment regardless of whether the inflation adjustment conditions have been met. Profit/loss difference arising from inflation adjustment in TPL financial statements will be shown in previous years' profit/loss accounts and will not affect the corporate tax base.

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. Accordingly, the Bank, has 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. Thus, corporate income tax has been calculated with respect to revaluated real estate and depreciation units.

Deferred Taxes

The Participation Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12") and the related decrees of the BRSA concerning income taxes. While preparing the financial statements as of September 30, 2023, the Bank has used a tax rate of 30% for the temporary differences expected to be realized or closed (December 31, 2022: 25%).

Deferred tax liabilities are recognized for all temporary differences whereas deferred tax assets calculated from deductible temporary differences are only recognized if it's highly probable that these will in the future create taxable profit.

Deferred tax calculation has started to be measured over Stage 1 and Stage 2 expected credit loss provisions for The Participation Bank's share of loans provided from participation accounts and loans provided by equity, according to TFRS 9 from beginning January 1, 2018.

Deferred tax effect in regard to transactions directly accounted for in equity, is also reflected to equity.

Revaluation of real estate and depreciation units are subject to deferred tax within the scope of the provisions of Tax Procedure Law provisional Article 32 and and duplicated Article 298/ç.

XIX. Explanations on Borrowings

The Participation Bank records other borrowings other than derivative financial liabilities at the acquisition cost including the transaction costs at the transaction date as stated in TFRS 9 "Financial Instruments Standard", are also valued over their discounted values using the internal rate of return method. Derivative financial liabilities are measured at fair value as explained in footnote IV on accounting policies.

The Participation Bank has indicated the funds in the "Fund Borrowed" that provided from the things that represent the debt that it has issued through the asset leasing company.

XX. Explanations on Share Certificates Issued

There are no share certificates issued by the Participation Bank as of September 30, 2023 (December 31, 2022: None).

XXI. Explanations and Disclosures on Acceptances

The Participation Bank, acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in the off-balance sheet accounts.

XXII. Explanations and Disclosures on Government Incentives

In accordance with the related articles of the "Law Regarding the Supporting of Research and Development Activities" numbered 5746, until balance sheet date, the Participation Bank received government grant from TÜBİTAK amounting to TL 2,834 (December 31, 2022: TL 2,834).

XXIII. Explanations and Disclosures on Reporting According to Segmentation

The Participation Bank operates in individual banking, specific customer current accounts, profit sharing accounts, credit and ATM cards, consumer loans, long term housing and car loans and other individual bank services. The Participation Bank operates in automatic transfer services, internet banking services, current accounts, profit share accounts, cash/non-cash loans, financial leasing, foreign trade transactions, insurance transactions and corporate banking services. There are not any economic, financial and political factors that affect segmenting of activities and investments. Due to fluctuations in economic situation, investments are affected from instability and available resources are evaluated as liquid.

The table of information regarding the segmentation reporting is given below. This information has been prepared with the data obtained from the management reporting system of the Participation Bank.

Current Period	Retail Banking	Corporate Banking	Treasury	Unallocated	Total
Profit Share Income	260,332	1,037,072	14,723,230	1,184,131	17,204,765
Profit Share Expense	1,905,589	637,548	(11,177,436)	(2,969,754)	(11,604,053)
Net Profit Share Income/Expense	2,165,921	1,674,620	3,545,794	(1,785,623)	5,600,712
Net Fees and Commissions Income	861,609	1,608,735	75,754	(269,366)	2,276,732
Dividend Income	-	-	-	714	714
Trading Income/Expense	689,609	1,259,449	627,475	954,167	3,530,700
Net Operating Income/Expense (*)	3,717,139	4,542,804	4,249,023	(1,100,108)	11,408,858
Provision for Expected Loss and Other Provision Expenses (**)	(387,489)	(583,620)	-	(1,051,352)	(2,022,461)
Other Operating Income/Expenses (Net)	(1,779,165)	(1,405,987)	41,624	537,174	(2,606,354)
Profit Before Tax	1,550,485	2,553,197	4,290,647	(1,614,286)	6,780,043
Tax Provision	-	-	-	1,657,088	1,657,088
Net period profit	1,550,485	2,553,197	4,290,647	(3,271,374)	5,122,955
Assets of segment	43,567,330	65,619,363	70,625,101	42,598,893	222,410,687
Total Assets	43,567,330	65,619,363	70,625,101	42,598,893	222,410,687
Liabilities of segment	110,477,894	63,823,787	21,131,616	10,365,094	205,798,391
Equity	-	-	16,612,296	-	16,612,296
Total liabilities	110,477,894	63,823,787	37,743,912	10,365,094	222,410,687

(*) Net operating income/expense consists of the sum of net profit share income/expense, net fees and commissions income/expense, dividend income and trading income/expense.

(**) Provision for expected loss and other provision expenses consists of the sum of provision for expected loss and other provision expenses.

Prior Period	Retail Banking	Corporate Banking	Treasury	Unallocated	Total
Profit Share Income	96,479	844,175	9,105,689	718,448	10,764,791
Profit Share Expense	1,266,760	353,128	(5,538,731)	(1,345,739)	(5,264,582)
Net Profit Share Income/Expense	1,363,239	1,197,303	3,566,958	(627,291)	5,500,209
Net Fees and Commissions Income	245,035	184,197	45,254	(334,302)	140,184
Dividend Income	-	-	-	799	799
Trading Income/Expense	348,646	384,982	270,743	345,177	1,349,548
Net Operating Income/Expense (*)	1,956,920	1,766,482	3,882,955	(615,617)	6,990,740
Provision for Expected Loss and Other Provision Expenses (**)	(263,239)	(774,382)	-	(1,893,602)	(2,931,223)
Other Operating Income/Expenses (Net)	(1,231,883)	(858,495)	(247,004)	1,366,666	(970,716)
Profit Before Tax	461,798	133,605	3,635,951	(1,142,553)	3,088,801
Tax Provision	-	-	-	954,009	954,009
Net period profit	461,798	133,605	3,635,951	(2,096,562)	2,134,792
Assets of segment	23,299,513	52,704,561	57,520,856	19,237,192	152,762,122
Total Assets	23,299,513	52,704,561	57,520,856	19,237,192	152,762,122
Liabilities of segment	89,741,927	26,170,970	18,146,512	7,627,518	141,686,927
Equity	-	-	11,075,195	-	11,075,195
Total liabilities	89,741,927	26,170,970	29,221,707	7,627,518	152,762,122

(*) Net operating income/expense consists of the sum of net profit share income/expense, net fees and commissions income/expense, dividend income and trading income/expense.

(**) Provision for expected loss and other provision expenses consists of the sum of provision for expected loss and other provision expenses.

SECTION FOUR: INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT

I. Explanations and Disclosures Related to the Equity

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 September 30, 2023; the Participation Bank’s total capital has been calculated as TL 24,285,681 (December 31, 2022: TL 16,392,328), capital adequacy ratio is 23.39% (December 31, 2022: 21.09%).

	Current Period (*) 30/09/2023	Prior Period (*) 31/12/2022
COMMON EQUITY TIER I CAPITAL		
Paid-in Capital to be Entitled for Compensation after All Creditors	2,600,000	2,600,000
Share Premium	-	-
Legal Reserves	6,698,342	3,794,237
Gains recognized in equity as per TAS	2,403,244	2,058,968
Profit	5,122,955	2,904,105
Net Current Period Profit	5,122,955	2,904,105
Prior Period Profit	-	-
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period’s Profit	-	-
Common Equity Tier I Capital Before Deductions	16,824,541	11,357,310
Deductions From Common Equity Tier I Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	212,153	282,023
Improvement costs for operating leasing	28,025	23,803
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage -servicing right (net of related tax liability)	249,336	180,418
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communique Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	92	92
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Portion of the total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank does not own 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Portion of the 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 (-)	-	-
Portion of Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Portion of 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 Ratios 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	489,606	486,336
Total Common Equity Tier I Capital	16,334,935	10,870,974

	Current Period (*) 30/09/2023	Prior Period (*) 31/12/2022
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Tier I Capital and the Related Share Premiums	-	-
Eligible Capital Instruments and Relevant Share Issue Premiums that are Approved by BRSA	-	-
Eligible Capital Instruments and Relevant Share Issue Premiums that are Approved by BRSA (For the Purposes of the Provisional Article 4 of the Regulation on Banks Own Funds)	-	-
Additional Core Capital before Deductions	-	-
Deductions from Additional Core Capital		
Direct and Indirect Investments of the Bank on its own Additional Core Capital (-)	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be Defined by the BRSA (-)	-	-
Transition from the Core Capital to continue to deduct Components		
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 Ratios 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 Ratios of Banks (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I = Common Equity + Additional Tier I Capital)	16,334,935	10,870,974
TIER II CAPITAL		
Eligible Capital Instruments and Relevant Share Issue Premiums that are Approved by the Agency	6,844,175	4,674,575
Eligible Capital Instruments and Relevant Share Issue Premiums that are Approved by the Agency (For the Purposes of the Provisional Article 4 of the Regulation on Banks Own Funds)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	1,106,571	846,779
Tier II Capital before Deductions	7,950,746	5,521,354
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of Net Long Positions of 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% of Common Equity of the Bank	-	-
Portion of the total of Net Long Position of the Direct or Indirect Investments in Additional Core 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% of Common Equity of the Bank	-	-
Other items to be Defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	7,950,746	5,521,354
Total Capital (The sum of Tier I Capital and Tier II Capital)	24,285,681	16,392,328
Deductions From Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	-	-
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57.Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held Sale but Retained more than five years	-	-
Other items to be Defined by the BRSA (-)	-	-

	Current Period (*) 30/09/2023	Prior Period (*) 31/12/2022
In Transition from the Total Core Capital and Supplementary Capital (the Capital) to Continue to Download the Components	-	-
The sum of net long positions of investments (the portion which exceeds the %10 of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than %10 of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 Capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
EQUITY	24,285,681	16,392,328
Total Capital	24,285,681	16,392,328
Total risk weighted amounts	103,841,290	77,736,989
Capital Adequacy Ratios		
Core Capital Adequacy Ratio	15.73	13.98
Tier 1 Capital Adequacy Ratio	15.73	13.98
Capital Adequacy Ratio	23.39	21.09
BUFFERS		
Total buffer requirement	2.50	2.50
Capital conservation buffer requirement	2.50	2.50
Bank specific counter-cyclical buffer requirement	-	-
Systematically important buffer requirement (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets	11.23	9.48
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Limits related to provisions considered in Tier II calculation	-	-
Amount arising from deferred tax assets based on temporary differences	2,014,441	376,582
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	1,414,544	1,080,522
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	1,106,571	846,779
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
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	-	-

(*) The Participation Bank does not have the amounts to be considered at the end of the transition period for the items subject to the transitional provisions within the scope of the Transitional Articles of the "Regulation on the Equity of the Banks".

In accordance with the Regulation on the Measurement and Assessment of Capital Adequacy of Banks (Capital Adequacy Regulation), published in the Official Gazette dated October 23, 2015 and numbered 29511, and specified in the Board Decision of the BRSA dated December 21, 2021, numbered 9996 and dated January 31, 2023, numbered 10496, in the calculation of the amount subject to credit risk, the Central Bank's foreign exchange buying rate of December 30, 2022 is used, until a Board Decision to the contrary is taken. In accordance with the BRSA's decision dated April 16, 2020 and numbered 8999, 0% risk weight has been applied in the calculation of the amount subject to credit risk to the receivables of banks from the Central Government of the Republic of Turkey and issued in foreign currency pursuant to the Standard Approach within the scope of the Regulation on the Measurement and Evaluation of the Capital Adequacy of Banks.

As of September 30, 2023, the Participation Bank used these opportunities in its Capital Adequacy calculations.

Information on debt instruments included in the calculation of equity

Issuer	The National Commercial Bank
Instrument code (CUSIP, ISIN, etc.)	-
Governing Law(s) of the Instrument	Regulation on banks's equity dated September 5, 2013
Special Consideration in the Calculation of Equity	
As of January 1, 2015 consideration to be subject to a 10% reduction application status	No
Eligible at Unconsolidated / Consolidated	Unconsolidated / Consolidated
Instrument Type	Contribution is capital subordinated loan
Amount recognized in regulatory capital (as of most recent reporting date)	6,844.18
Par Value of Instrument (Million USD)	250
Accounting Classification	Liabilities/Subordinated Loan
Original date of Issuance	28/12/2020
Perpetual or dated	Dated
Maturity date	10 years
Issuer call subject to prior supervisory (BRSA) approval	Yes
Optional call date, contingent call dates and redemption amount	After 5 years: Provided that the approval of the BRSA is obtained, the whole or any part of the loan (even if it is partially paid, cannot be less than USD 10 million) can be paid early.
Subsequent call dates	-
Profit Share / Dividends	
Fixed or floating profit share / dividend	Fixed
Profit share rate and any related index	9.00% for the first 5 years, it will be repriced on the first day after the 5th year (pricing: New Valuation Rate (8.60%) plus 5-year USD mid-swap)
Existence of a dividend stopper	-
Fully discretionary, partially discretionary or mandatory	-
Existence of step up or other incentive to redeem	-
Noncumulative or cumulative	-
Convertible or Non-convertible	
Can be converted into stocks, conversion trigger	-
Can be converted into stocks, fully or partially	-
Can be converted into stocks, conversion rate	-
Can be converted into stocks, mandatory or optional conversion	-
Can be converted into stocks, specify instrument type convertible into	-
Can be converted into stocks, specify issuer of instrument it converts into	-
Write-down feature	
If write-down, write-down trigger(s)	-
If write-down, full or partial	-
If write down, permanent or temporary	-
If temporary write-down, description of write-up mechanism	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Before securities and additional core capital/after all borrowings
In compliance with article number 7 and 8 of "Own fund regulation"	It has the conditions specified in Article 8.
Details of incompliance with article number 7 and 8 of "Own fund regulation"	Article 8/2(ğ)

The difference between the equity costs on the cap table and the equity costs on the consolidated balance sheet is the Tier Capital which is caused by the amount and general provisions in subordinated loan accounts. In a subordinated loan account, 1.25% of the general provisions that are shown in the costs and expenses account are taken into account as the tier capital. Losses from the protection operations of the cash flow risk set aside, operating lease costs on the tangible assets on the balance sheet, intangible assets and tax liabilities, deferred tax assets/liabilities are taken into consideration in the equity calculation as the values that need to be deducted from the capital.

II. Explanations and Disclosures Related to Currency Risk

Currency risk is included in foreign currency buying/selling portfolio so that how available position affects the general risk profile is calculated. Sensitivity analysis made by RMD results and stress tests are reported to top management.

The Participation Bank centralized currency risk and ensured the managing and bearing of all currency risk by Fund Management. Other profit centers transfer the currency risk on them to Fund Management and the risk is followed in foreign currency buying/selling portfolio.

The Participation Bank efforts not to take short position based on the foreign currency risk. When any currency risk is occurred due to customer transactions, currency risk is eliminated by taking reverse position.

Foreign exchange buying rates of the Participation Bank at the date of the balance sheet and for the previous five working days are in the following table:

	EUR	USD
Buying Rate at Balance Sheet Date	29.0305	27.3767
September 29, 2023	29.0305	27.3767
September 28, 2023	28.8083	27.3752
September 27, 2023	28.7853	27.2640
September 26, 2023	28.8183	27.2108
September 25, 2023	28.9027	27.1751
September 22, 2023	28.8483	27.1039

The Participation Bank's average foreign currency buying rate over a period of thirty days preceding the date of the financial statement is in the table below:

1 USD TL 27.3767

1 EUR TL 29.0305

Information on currency risk of the Participation Bank: Foreign Currencies (Thousand of TL)

	EUR	USD	Other FC (*)	Total
Current Period				
Assets				
Cash and Balances with the Central Bank of Turkey	8,015,320	14,027,495	5,190,773	27,233,588
Banks	415,936	1,008,338	795,104	2,219,378
Financial Assets at Fair Value through Profit/Loss (4)	-	-	6,842,736	6,842,736
Receivables from The Money Market	-	-	-	-
Financial Assets Valued at Fair Value Through Other Comprehensive Income	6,288,821	10,802,182	-	17,091,003
Loans (1)	15,464,957	11,140,890	-	26,605,847
Investment in Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)	-	-	-	-
Investments Held to Maturity	-	-	-	-
Derivative Financial Assets Held for Risk Management	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	508,547	150,710	18,189	677,446
Total Assets	30,693,581	37,129,615	12,846,802	80,669,998
Liabilities				
Funds Collected from Banks Via Current and Profit Sharing Accounts	46	30,272	7,486	37,804
Current and Profit Sharing Accounts	19,307,638	33,436,168	16,707,387	69,451,193
Money Market Deposits	-	-	-	-
Funds Provided from Other Financial Institutions	2,393,311	10,554,070	-	12,947,381
Marketable Securities Issued	-	-	-	-
Miscellaneous Payables	526,439	1,111,012	267,449	1,904,900
Derivative Financial Liabilities Held for Risk Management	-	-	-	-
Other Liabilities (3)	477,687	399,695	40,282	917,664
Total Liabilities	22,705,121	45,531,217	17,022,604	85,258,942
Net Balance Sheet Position	7,988,460	(8,401,602)	(4,175,802)	(4,588,944)
Net Off Balance Sheet Position	(8,009,172)	8,599,003	4,185,345	4,775,176
Financial Derivative Assets	2,222,762	17,924,567	6,151,588	26,298,917
Financial Derivative Liabilities	10,231,934	9,325,564	1,966,243	21,523,741
Non-Cash Loans (5)	5,954,822	8,925,986	48,080	14,928,888
Prior Period				
Total Assets	27,375,320	27,878,014	14,297,546	69,550,880
Total Liabilities	15,833,207	35,349,085	16,733,896	67,916,188
Net Balance Sheet Position	11,542,113	(7,471,071)	(2,436,350)	1,634,692
Net Off Balance Sheet Position	(11,177,136)	7,496,886	2,437,303	(1,242,947)
Financial Derivative Assets	5,091,476	15,853,593	3,016,115	23,961,184
Financial Derivative Liabilities	16,268,612	8,356,707	578,812	25,204,131
Non-Cash Loans (5)	3,448,983	5,243,104	258,423	8,950,510

(*) Other FC column includes precious metals and currency except USD and EUR.

(1) Includes foreign currency indexed loan amounting to TL 214,417, which is shown in Turkish Lira in the financial statements, and foreign currency indexed financial lease receivables amounting to TL 16,201.

(2) Does not include prepaid expenses amounting to TL 1,287 which are shown in foreign currency in the financial statements.

(3) Includes Stage I and II expected loss provisions amounting to TL 1,398, which is presented in Turkish Lira in the table. Does not include accruals of derivative financial liabilities amounted to TL 34,635, accruals of spot currency transactions amounted to TL 9,848 and cumulative other comprehensive income or expense reclassified in profit or loss amounting to TL (222,278) shown under equity.

(4) Accruals of derivative financial assets amounting to TL 97,386 accruals of spot transactions amounting to TL 10,647 are deducted from financial assets at fair value through profit or loss.

(5) No effect on net off balance sheet position.

III. Explanations and Disclosures Related to Position Risk of Equity Securities due from Banking Accounts

None.

IV. Explanations and Disclosures Related to Liquidity Risk and Liquidity Coverage Ratio

Liquidity risk is the possibility of failing of partly or completely to cover the Participation Bank's liquid assets and receivables by its liabilities. Liquidity risk is one of the main risks which is undertaken by Participation Bank to fulfill its primary banking services. To manage the mentioned risk in a conservative manner, indicators related to liquidity risk are determined in structure of Participation Bank's risk appetite. Existing risk appetite structure includes Core Ratio of Funds Raised and Total Liquidity Coverage Ratio. Participation Bank's risk appetite is approved by Board of Directors, monitored by Risk Management Division and reported to senior management. In

case of overdraft of limits, the mentioned matters are reported to Audit Committee. In addition, on monthly basis, measurement and assessment is performed related to target and stimulant indicator which has been determined by Active Passive Management Committee. Target, alert, and trigger levels related to indicators of liquidity are determined and monitored by Active Passive Management Committee, in order to limit liquidity risk.

Participation Bank implements strategies aimed at diversification of fund sources, procuring of fund sources with longer maturities, and conformance on maturity between assets and liability in order to avoid liquidity risk.

All balance sheet items which have an impact on liquidity, are decomposed on maturity basis and their liquidity situation is analyzed. “The Liquidity Coverage Ratio” and “Net Stable Funding Ratio” reports are prepared according to Basel III principles. The liquidity coverage ratio report is presented to BRSA according to the regulations, and Net Stable Funding Ratio report is prepared at present for information purposes.

In the case of liquidity squeeze which is sourced by The Participation Bank or The Market, the actions to be implemented according to the order of priority and the precautions to be taken is formed under the Liquidity Risk Management-Emergency Action Plan in which the roles and responsibilities are established. The liquidity contingency funding plan is a part of Participation Bank’s Liquidity Risk Management Policy which is approved by Board of Directors and in the case of liquidity problem, identifies the precaution and actions to be taken.

Participation Bank apply stress testing for liquidity risk, as well as the other significant risk types. In stress testing related to liquidity risk, power of resistance to determinated scenarios is tested with regard to liquidity structure. In other words, the capability of Participation Bank’s completely and in time fulling of its liabilities under stress circumstances is tested.

To measure the capital requirement to cover imposed or possible risk and sustain its activities with adequate capital, Participation Bank’s Risk Management Group prepares ICAAP report at least once a year by analysing Participation Bank’s current and future capital requirements along with strategical goals and macroeconomic variables and the report is transmitted to BRSA.

Under the ICAAP report, Participation Bank’s possible losses and the capital adequacy level which will cover the losses are estimated with the help of stress test and scenario analysis which identify possible changes in market conditions and possible events which may affect The Participation Bank negatively. With the stress test and scenario analysis, The Participation Bank’s liquidity adequacy and planning is evaluated and with these evaluations, the liquidity level of The Participation Bank needs to fulfill its obligations is identified.

Other than scenario analysis and stress tests realized by ICAAP additional stress tests are performed in monthly and quarterly periods. These additional stress tests which evaluate Market and counterparty credit risk and the Participation Bank’s total liquidity risk are performed monthly within the ‘Framework of Internal Systems of Banks and Internal Capital Adequacy Assessment Process’.

Liquidity Coverage Ratio

Current Period		Total Unweighted Value (*)		Total Weighted Value (*)	
		TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUIDITY ASSETS					
1	High Quality Liquidity Assets			51,356,898	29,491,945
CASH OUTFLOWS					
2	Retail and Small Business Customers' Deposits	101,291,071	41,383,207	9,926,295	4,283,549
3	Stable Deposits	13,789,514	-	689,476	-
4	Less Stable Deposits	87,501,557	41,383,207	9,236,819	4,283,549
5	Unsecured fundings besides retail and small business customers' deposits	61,864,926	28,407,769	26,476,727	11,888,503
6	Operational Deposits	-	-	-	-
7	Non-Operational Deposits	53,406,492	25,312,177	22,039,490	10,273,963
8	Other unsecured fundings	8,458,434	3,095,592	4,437,237	1,614,540
9	Secured Fundings			-	-
10	Other Cash Outflows	27,120,092	15,835,730	23,542,098	15,722,491
11	Derivatives cash outflows and collateral outflows	21,187,545	15,665,365	21,187,545	15,665,365
12	Obligation related to structured financial products	-	-	-	-
13	Commitments related to debts to financial markets and other off-balance sheet obligations	5,932,547	170,365	2,354,553	57,126
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	18,450,419	5,516,191	1,911,813	798,517
16	TOTAL CASH OUTFLOWS			61,856,933	32,693,060
CASH INFLOWS					
17	Secured Lending	-	-	-	-
18	Unsecured Lending	11,188,133	5,287,865	11,188,133	5,287,866
19	Other Cash Inflows	21,409,771	19,113,638	21,409,771	19,113,638
20	TOTAL CASH INFLOWS	32,597,904	24,401,503	32,597,904	24,401,504
				Total Adjusted Value	
21	TOTAL HQLA STOCK			51,356,898	29,491,945
22	TOTAL NET CASH OUTFLOW			29,259,029	8,966,757
23	LIQUIDITY COVERAGE RATIO (%)			175.52	328.90

(*) The average calculation for the last three months of the liquidity coverage ratio is taken by the weekly simple arithmetic average.

Prior Period	Total Unweighted Value (*)		Total Weighted Value (*)	
	TL+FC	FC	TL+FC	FC
HIGH QUALITY LIQUIDITY ASSETS				
1 High Quality Liquidity Assets			39,457,725	28,720,071
CASH OUTFLOWS	-	-	-	-
2 Retail and Small Business Customers' Deposits	81,291,526	48,806,356	8,009,124	5,003,181
3 Stable Deposits	9,132,963	-	456,648	-
4 Less Stable Deposits	72,158,563	48,806,356	7,552,476	5,003,181
5 Unsecured fundings besides retail and small business customers' deposits	38,888,450	20,046,515	17,370,535	8,255,250
6 Operational Deposits	-	-	-	-
7 Non-Operational Deposits	32,937,378	17,774,466	14,398,799	7,289,968
8 Other unsecured fundings	5,951,072	2,272,049	2,971,736	965,282
9 Secured Fundings				
10 Other Cash Outflows	15,443,684	8,936,799	13,336,051	8,760,565
11 Derivatives cash outflows and collateral outflows	11,972,004	8,675,226	11,972,004	8,675,226
12 Obligation related to structured financial products	-	-	-	-
13 Commitments related to debts to financial markets and other off-balance sheet obligations	3,471,680	261,573	1,364,047	85,339
14 Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15 Other irrevocable or conditionally revocable off-balance sheet obligations	10,329,088	3,103,521	1,224,945	485,889
16 TOTAL CASH OUTFLOWS			39,940,655	22,504,885
CASH INFLOWS				
17 Secured Lending	-	-	-	-
18 Unsecured Lending	15,072,161	10,754,330	15,072,161	10,754,331
19 Other Cash Inflows	12,518,085	10,882,503	12,518,085	10,882,503
20 TOTAL CASH INFLOWS	27,590,246	21,636,833	27,590,246	21,636,834
			Total Adjusted Value	
21 TOTAL HQLA STOCK			39,457,725	28,720,071
22 TOTAL NET CASH OUTFLOW			12,350,409	5,626,221
23 LIQUIDITY COVERAGE RATIO (%)			319.49	510.47

(*) The average calculation for the last three months of the liquidity coverage ratio is taken by the weekly simple arithmetic average.

The most important factor on liquidity coverage ratio result is, the size of high quality liquid assets which is comprised of cash assets, assets in Central Bank and borrowing instruments (Sukuk) purchased. Total liquidity coverage ratio decreased by 45% in the third quarter of 2023 compared to the year-end of 2022. High quality liquid assets increased by 30.2% in the third quarter of 2023 compared to the year-end of 2022. Cash outflows, another important factor, consist of other unsecured borrowing instruments and off-balance sheet transactions. In the third quarter of 2023, cash outflows increased by 54.9% compared to the year-end of 2022. As of the third quarter of 2023, the share of deposits in cash outflows is 59% and the share of other unsecured borrowing instruments is 7%. Cash inflows in the third quarter of 2023 increased by 18.1% compared to the year-end of 2022.

Highest, lowest and the average Liquidity Coverage Ratio regarding the 3 months of the third quarter of 2023 is presented below: The legal rate of foreign currency liquidity coverage determined by the BRSA is minimum 80%, and the legal rate of total liquidity coverage is minimum 100%. The Bank has rates above the legal rates for both rates.

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	204.30	26/09/2023	154.20	13/07/2023	175.52
FC	403.73	28/08/2023	252.40	23/09/2023	328.90

Presentation of assets and liabilities according to their remaining maturities

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and over	Unallocated (*)	Total
Current Period								
Assets								
Cash and Balances with the Central Bank of Turkey	22,918,263	20,316,056	-	-	-	-	(9,440)	43,224,879
Banks	2,221,006	-	-	-	-	-	(1,021)	2,219,985
Financial Assets at Fair Value through Profit/Loss	-	34,972	1,854	5,728,483	1,097,857	-	-	6,863,166
Receivables from The Money Market	-	-	-	-	-	-	-	-
Financial assets valued at fair value through other comprehensive income	48,176	7,083,029	6,569,493	8,552,675	11,855,521	625,400	-	34,734,294
Loans (**)	-	15,538,573	18,947,577	50,857,969	24,177,694	3,787,389	(1,530,242)	111,778,960
Financial assets valued at amortised cost (***)	-	-	57,608	271,951	7,500,000	7,952,376	(4,289)	15,777,646
Other Assets	1,629,816	110,317	312,339	58,548	-	-	5,700,737	7,811,757
Total Assets	26,817,261	43,082,947	25,888,871	65,469,626	44,631,072	12,365,165	4,155,745	222,410,687
Liabilities								
Funds Collected from Banks via Current and Profit Sharing Accounts	33,342	6,521	339,352	-	-	-	-	379,215
Current and Profit Sharing Accounts	50,817,471	32,158,814	18,539,333	1,578,032	61,768,886	-	-	164,862,536
Funds Provided from Other Financial Institutions	-	8,186,111	7,115,432	4,581,194	1,100,454	6,844,175	-	27,827,366
Money Market Deposits	-	1,767,238	-	-	-	-	-	1,767,238
Marketable Securities Issued	-	-	-	-	-	-	-	-
Miscellaneous Payables	3,400,388	598,604	-	-	-	-	-	3,998,992
Other Liabilities (****)	2,136,825	459,591	838,570	259,349	347,526	59,117	19,474,362	23,575,340
Total Liabilities	56,388,026	43,176,879	26,832,687	6,418,575	63,216,866	6,903,292	19,474,362	222,410,687
Liquidity Gap	(29,570,765)	(93,932)	(943,816)	59,051,051	(18,585,794)	5,461,873	(15,318,617)	-
Net Off Balance Sheet Position	-	(67,069)	(233,991)	294,745	-	-	-	(6,315)
Financial Derivative Assets	-	12,701,853	12,141,497	4,528,609	-	-	-	29,371,959
Financial Derivative Liabilities	-	12,768,922	12,375,488	4,233,864	-	-	-	29,378,274
Non-Cash Loans	6,876,088	3,098,632	3,689,625	11,524,471	3,887,375	806,778	-	29,882,969
Prior Period								
Total Assets	14,106,759	27,886,635	15,484,098	46,638,074	36,318,650	9,677,353	2,650,553	152,762,122
Total Liabilities	47,266,367	49,819,536	23,094,197	13,340,653	876,674	4,734,840	13,629,855	152,762,122
Liquidity Gap	(33,159,608)	(21,932,901)	(7,610,099)	33,297,421	35,441,976	4,942,513	(10,979,302)	-
Net Off-Balance sheet Position	-	(14,443)	(97,070)	41,961	-	-	-	(69,552)
Financial Derivative Assets	-	13,765,425	4,898,766	6,856,145	-	-	-	25,520,336
Financial Derivative Liabilities	-	13,779,868	4,995,836	6,814,184	-	-	-	25,589,888
Non-Cash Loans	4,510,594	1,610,905	2,776,784	6,976,060	2,131,721	844,887	-	18,850,951

(*) Certain assets in the balance sheet that are necessary for the banking operations but cannot be readily convertible into cash in the near future such as tangible assets, investments in associates and subsidiaries, stationary supplies, prepaid expenses and non-performing loans are included in this column. Includes expected loss provisions in accordance with TFRS 9.

(**) The loans also include, receivables from Lease Transactions, excluding non-performing receivables, amounting to TL 8,898,316, Non-Performing Loans, including Lease Transactions Non-Performing Loans, amounting to TL 2,038,927 and Provisions for Expected Losses amounting to TL (3,577,747).

(***) Financial assets valued at amortised cost also include Provisions for Expected Losses amounting to TL (4,289).

(****) Shareholders' equity and provisions are included in "other liabilities" line under "unallocated" column.

V. Explanations and Disclosures on Leverage Ratio

In current period, total risk exposure was significantly increased due to the increase in off balance sheet items. Although the leverage ratio has decreased compared to the previous period, it maintains its strong course above the legal limit of 3%.

	On-Balance Sheet Items	Current Period (*)	Prior Period (*)
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	215,095,193	151,984,200
2	Assets amounts deducted in determining Basel III Tier 1 capital	(256,234)	(178,614)
3	Total on balance sheet exposures (total of lines 1 and 2)	214,838,959	151,805,586
	Derivative exposures and credit derivatives	-	-
4	Replacement cost associated with derivative financial instruments and credit derivatives	900,757	493,856
5	The potential amount of credit risk with derivative financial instruments and credit derivatives	596,343	487,380
6	The total amount of risk on derivative financial instruments and credit derivatives (total of lines 4 and 5)	1,497,100	981,236
	Investment securities or commodity collateral financing transactions	-	-
7	The amount of risk investment securities or commodity collateral financing transactions (Excluding on balance sheet items)	20,460,364	7,695,097
8	Risk amount of exchange brokerage operations	-	-
9	Total risks related with securities or commodity financing transactions (total of lines 7 and 8)	20,460,364	7,695,097
	Off-Balance Sheet Items	-	-
10	Gross notional amount of off-balance sheet items	44,350,482	26,850,011
11	Adjustments for conversion to credit equivalent amounts	-	-
12	The total risk of off-balance sheet items (total of lines 10 and 11)	44,350,482	26,850,011
	Capital and Total Risk	-	-
13	Tier 1 Capital	15,870,471	10,025,247
14	Total Risk Exposure (total of lines 3, 6, 9 and 12)	281,146,905	187,331,930
	Leverage Ratio	-	-
15	Leverage Ratio	5.65	5.35

(*) 3 months average is taken for the amounts in the table.

VI. Explanations and Disclosures on Hedge Accounting

As of September 30, 2023, the Participation Bank does not have any transactions for hedge accounting (December 31, 2022: None).

VII. Explanations and Disclosures on Risk Management:

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about Risk Management to Be Announced to Public by Banks that have been published in Official Gazette Nr. 29511 on October 23, 2015 and became effective as of March 31, 2016. According to Communiqué have to be presented on a quarterly basis. The Participation Bank does not have any credit derivatives, the Internal Model Method, CCP (Central Counter Party) and securitization positions as of September 30, 2023 herewith the related tables have not been presented.

Overview of RWA

		Risk Weighted Amount		Minimum capital requirement
		Current Period	Prior Period	Current Period
1	Credit risk (excluding counterparty credit risk) (CCR)	86,402,469	63,996,461	6,912,198
2	Standardised approach (SA)	86,402,469	63,996,461	6,912,198
3	Internal rating-based (IRB) approach	-	-	-
4	Counterparty credit risk	2,123,210	3,745,879	169,857
5	Standardised approach for counterparty credit risk (SA-CCR)	2,123,210	3,745,879	169,857
6	Internal model method (IMM)	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-
10	Investments made in collective investment companies - %1250 weighted risk approach	-	-	-
11	Settlement risk	-	-	-
12	Securitization positions in banking accounts	-	-	-
13	IRB ratings-based approach (RBA)	-	-	-
14	IRB Supervisory Formula Approach (SFA)	-	-	-
15	SA/simplified supervisory formula approach (SSFA)	-	-	-
16	Market risk	5,305,450	4,500,375	424,436
17	Standardised approach (SA)	5,305,450	4,500,375	424,436
18	Internal model approaches (IMM)	-	-	-
19	Operational Risk	10,010,161	5,494,274	800,813
20	Basic Indicator Approach	10,010,161	5,494,274	800,813
21	Standart Approach	-	-	-
22	Advanced measurement approach	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-
24	Floor adjustment	-	-	-
25	Total (1+4+7+8+9+10+11+12+16+19+23+24)	103,841,290	77,736,989	8,307,304

SECTION FIVE: EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations Related to the Assets of Financial Statements

1. Cash and Central Bank of Turkey:

1.1. Information on Cash and Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash	585,583	1,474,183	639,759	1,049,333
Central Bank of Turkey	15,228,716	21,289,478	2,603,903	17,336,789
Other (*)	180,285	4,476,074	259,642	1,280,175
Total	15,994,584	27,239,735	3,503,304	19,666,297

(*) As of September 30, 2023, precious metal account amounts to TL 297,008 (December 31, 2022: TL 610,135).

1.2. Information on Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted Demand Deposit	15,215,365	973,422	2,597,476	479,148
Unrestricted Time Deposit	-	-	-	-
Restricted Time Deposit	-	-	-	-
Other (*)	13,351	20,316,056	6,427	16,857,641
Total	15,228,716	21,289,478	2,603,903	17,336,789

(*) Reserve deposits that are kept as blockage in CBTR for foreign currency liabilities. As per the CBRT's Communiqué on Required Reserves numbered 2013/15, for the banks operating in Turkey, the required reserve ratios for Turkish currency and foreign currency liabilities have been differentiated according to the maturity of the liabilities and determined between 0% and 26%. These rates are applied by banks as of the report date.

With the Communiqué on Amendments to the Communiqué on Required Reserves (Number: 2013/15) published in the Official Gazette dated 15.01.2023 and numbered 32074 (Number: 2023/4), required reserve ratios for Turkish lira deposits/participation funds with a maturity longer than 3 months are determined as 0%.

A communiqué regarding the amendment of the Communiqué on Required Reserves was published in the Official Gazette dated September 14, 2023 and numbered 32309. Accordingly, the required reserve ratio, which is applied as 15% regardless of maturity, has been changed. The new rates determined are listed below:

- 25% for accounts provided with exchange rate/price protection support by the Central Bank with a maturity of up to 6 months (including 6 months)
- 5% for accounts provided with exchange rate/price protection support by the Central Bank with a maturity of up to 1 year and a maturity of more than 1 year

With the official letter shared by the CBRT dated September 18, 2023 and numbered E-CBRT.72919021-010.07.01-1956, the annual 8% commission application, which was differentiated according to the annual TL share to be collected on the amounts held in foreign currency, was terminated as of the calculation date of September 29, 2023.

As of the calculation date of September 29, 2023, the transition from accounts provided by the Central Bank with exchange rate protection support to Turkish lira accounts and the renewal of these accounts have been differentiated in line with the targets and an annual commission of 8 percent has been introduced.

- 8% for banks whose commission-based renewal and transition to TL rate is below 100% for conversion accounts of real and legal persons due in the relevant calculation period
- 4% for banks whose commission-based renewal and transition to TL rate is 100% and above for conversion accounts of real and legal persons due in the relevant calculation period

is applied by differentiating according to the transition rate from commission-based conversion accounts to TL.

2. Information on Banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	598	52,370	639	31,612
Foreign (*)	55	2,167,983	95	6,524,044
Branches and Head Offices Abroad	-	-	-	-
Total	653	2,220,353	734	6,555,656

(*) As a result of the changes in the Uniform Chart of Accounts implemented by the BRSA as of January 1, 2021, the guarantees given for the derivative transactions of the Bank with foreign banks, which were followed in the other assets account in the bank balance sheet in the previous periods, started to be followed in the banks account. As of September 30, 2023, the relevant amount is TL 16,990 (December 31, 2022: TL 600,084).

3. Information on Financial Assets at Fair Value Through Profit or Loss

As of September 30, 2023; the government debt securities TL 6,842,736 (December 31, 2022: TL 4,520,880) amount is to be accounted as a result of the lease certificates issued by the T.C. Undersecretariat of Treasury February 21, 2024, April 12, 2024, June 14, 2024, July 5, 2024 and October 9, 2024 maturity date.

As of September 30, 2023, other financial assets include TL 10,668 (December 31, 2022: TL 3,789), which is the result of the Participation Bank's accounting for the changes in the fair value of spot transactions during the period between the commercial transaction date and the balance sheet date, TL 491 (December 31, 2022: TL 517) of Albaraka portfolio start-up venture capital investment fund and TL 9,271 of Karz-ı Hasen loans with zero profit share (December 31, 2022: TL 3,395).

As of the balance sheet date, there are TL 6,814,001 financial assets at fair value through profit or loss given as collateral (December 31, 2022: TL 4,490,049).

As of the balance sheet date, there are no financial assets at fair value through profit or loss subject to repurchase agreements or given as collateral (December 31, 2022: None).

4. Information on Financial Assets Valued at Fair Value Through Other Comprehensive Income

	Current Period	Prior Period
Debt Securities	35,016,179	27,961,797
Quoted on a Stock Exchange (*)	35,016,179	27,961,797
Not Quoted	-	-
Share Certificates	48,176	45,014
Quoted on a Stock Exchange	-	-
Not Quoted (**)	48,176	45,014
Impairment Provision (-)	(330,061)	(218,725)
Other	-	-
Total	34,734,294	27,788,086

(*) Includes debt securities quoted on a stock exchange which are not traded at the related period ends.

(**) As of September 30, 2023, not quoted on a stock exchange includes Credit Guarantee Fund amounting to TL 4,897 (December 31, 2022: TL 4,897), Swift amounting to TL 10,091 (December 31, 2022: TL 6,929), İhracatı Geliştirme AŞ amounting to TL 30,420 (December 31, 2022: TL 30,420), JCR Eurasia Rating A.Ş amounting to TL 2,753 (December 31, 2022: TL 2,753) and BIST amounting to TL 15 (December 31, 2022: TL 15).

As of September 30, 2023, the Participation Bank's "financial assets valued at fair value through other comprehensive income" portfolio includes the rent certificate at a total face value of TL 20,858,771 (December 31, 2022: TL 15,907,153), a total carrying value amounting to TL 27,011,316 (December 31, 2022: TL 20,880,991) which is issued by Republic of Turkey Under-Secretariat of Treasury.

4.1 Information on Given Collateral or Blocked Financial Assets Valued at Fair Value Through Other Comprehensive Income

As of the balance sheet date, there are financial assets of TL 10,693,518 (December 31, 2022: TL 1,365,648) given as collateral at fair value through other comprehensive income.

4.2 Information on Subject to Repurchase Agreement Financial Assets at Fair Value through Comprehensive Income

As of the balance sheet date, there is a repurchase agreement financial assets amounting to TL 8,707,163 (December 31, 2022: TL 15,426,640) at fair value through comprehensive income.

5. Information on Derivative Financial Assets:

Derivative Financial Assets at Fair Value through Profit or Loss

Financial Derivative Assets Held for Trading	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	122,317	14,097	122,179	15,885
Swap Transactions	261,501	68,465	-	126,975
Futures Transactions	-	-	-	-
Options	-	14,824	-	50,041
Other	-	-	-	-
Total	383,818	97,386	122,179	192,901

6. Information on Financial Assets Measured at Amortized Cost:

6.1. Information on All Types of Loans and Advances Given to Shareholders and Employees of the Participation Bank

	Current Period		Prior Period	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Shareholders	125	-	117	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	125	-	117	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees	189,392	-	94,381	-
Total	189,517	-	94,498	-

6.2. Information about the First And Second Group Loans and Other Receivables Including Loans That Have Been Restructured or Rescheduled

Current Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not-Subject to restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Cash Loans				
Loans	97,369,952	3,012,611	-	4,028,323
Export Loans	17,851,750	98,824	-	27,062
Import Loans	2,213,362	29,116	-	-
Business Loans	50,058,457	2,708,541	-	3,988,342
Consumer Loans	22,174,695	80,559	-	6,961
Credit Cards	3,634,498	91,937	-	5,958
Loans Given to Financial Sector	1,435,548	2,211	-	-
Other	1,642	1,423	-	-
Other Receivables	-	-	-	-
Total	97,369,952	3,012,611	-	4,028,323

Prior Period	Standard Loans and Other Receivables	Loans and Other Receivables Under Close Monitoring		
		Loans and Receivables Not- Subject to restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Cash Loans				
Loans	72,087,984	1,416,757	-	4,141,999
Export Loans	13,289,575	64,683	-	21,880
Import Loans	2,486,376	11,398	-	-
Business Loans	41,104,177	1,229,051	-	4,105,235
Consumer Loans	10,793,390	70,678	-	11,326
Credit Cards	2,674,046	34,408	-	3,558
Loans Given to Financial Sector	1,740,194	590	-	-
Other	226	5,949	-	-
Other Receivables	-	-	-	-
Total	72,087,984	1,416,757	-	4,141,999

Expected Credit Loss Stage One and Two

	Current Period		Prior Period	
	Standard Loans and Other Receivables	Loans Under Close Monitoring	Standard Loans and Other Receivables	Loans Under Close Monitoring
12 Month Expected Credit Losses	394,445	-	187,679	-
Significant Increase in Credit Risk	-	1,432,860	-	1,169,284
Total	394,445	1,432,860	187,679	1,169,284

6.3. Information on Consumer Loans, Individual Credit Cards, Personnel Loans and Personnel Credit Cards

Current Period	Short Term	Medium and Long Term	Total
Consumer Loans - TL	2,336,605	19,777,856	22,114,461
Real Estate Loans	16,823	6,825,367	6,842,190
Vehicle Loans	598,880	8,279,224	8,878,104
General Purpose Consumer Loans	1,720,902	4,673,265	6,394,167
Other	-	-	-
Consumer Loans - FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	2,385,641	51,850	2,437,491
With Instalment	585,530	51,850	637,380
Without Instalment	1,800,111	-	1,800,111
Individual Credit Cards - FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Personnel Loans - TL	72,874	74,880	147,754
Real Estate Loans	-	1,120	1,120
Vehicle Loans	1,883	15,765	17,648
General Purpose Consumer Loans	70,991	57,995	128,986
Other	-	-	-
Personnel Loans - FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	40,986	652	41,638
With Instalment	13,649	652	14,301
Without Instalment	27,337	-	27,337
Personnel Credit Cards - FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Overdraft Accounts - TL (real persons)	-	-	-
Overdraft Accounts - FC (real persons)	-	-	-
Total	4,836,106	19,905,238	24,741,344

Prior Period	Short Term	Medium and Long Term	Total
Consumer Loans - TL	791,798	10,012,625	10,804,423
Real Estate Loans	31,124	2,220,182	2,251,306
Vehicle Loans	78,128	3,570,771	3,648,899
General Purpose Consumer Loans	682,546	4,221,672	4,904,218
Other	-	-	-
Consumer Loans - FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Individual Credit Cards - TL	1,385,705	13,400	1,399,105
With Instalment	382,361	13,400	395,761
Without Instalment	1,003,344	-	1,003,344
Individual Credit Cards - FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Personnel Loans -TL	15,492	55,479	70,971
Real Estate Loans	-	12	12
Vehicle Loans	459	6,032	6,491
General Purpose Consumer Loans	15,033	49,435	64,468
Other	-	-	-
Personnel Loans - FC Indexed	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Loans - FC	-	-	-
Real Estate Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	23,296	114	23,410
With Instalment	7,882	114	7,996
Without Instalment	15,414	-	15,414
Personnel Credit Cards - FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Overdraft Accounts - TL (real persons)	-	-	-
Overdraft Accounts - FC (real persons)	-	-	-
Total	2,216,291	10,081,618	12,297,909

6.4. Information on Commercial Loans and Corporate Credit Cards

Current Period	Short Term	Medium and Long Term	Total
Commercial Loans with Instalment-TL	64,510	19,635	84,145
Business Loans	-	-	-
Vehicle Loans	-	19,347	19,347
General Purpose Consumer Loans	64,510	288	64,798
Other	-	-	-
Commercial Loans with Instalment - FC Indexed	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Commercial Loans with Instalments - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	1,223,647	29,617	1,253,264
With Instalment	269,383	29,617	299,000
Without Instalment	954,264	-	954,264
Corporate Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Overdraft Accounts - TL (corporate)	-	-	-
Overdraft Accounts - FC (corporate)	-	-	-
Total	1,288,157	49,252	1,337,409

Prior Period	Short Term	Medium and Long Term	Total
Commercial Loans with Instalment-TL	74	44,360	44,434
Business Loans	-	-	-
Vehicle Loans	72	24,786	24,858
General Purpose Consumer Loans	2	19,574	19,576
Other	-	-	-
Commercial Loans with Instalment - FC Indexed	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Commercial Loans with Instalments - FC	-	-	-
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Consumer Loans	-	-	-
Other	-	-	-
Corporate Credit Cards-TL	1,278,615	10,882	1,289,497
With Instalment	565,242	10,882	576,124
Without Instalment	713,373	-	713,373
Corporate Credit Cards-FC	-	-	-
With Instalment	-	-	-
Without Instalment	-	-	-
Overdraft Accounts - TL (corporate)	-	-	-
Overdraft Accounts - FC (corporate)	-	-	-
Total	1,278,689	55,242	1,333,931

6.5. International and Domestic Loans

	Current Period	Prior Period
Domestic Loans	104,017,426	77,302,174
International Loans	393,460	344,566
Total	104,410,886	77,646,740

6.6. Loans Granted to Subsidiaries and Participations

As of the balance sheet date, The Participation Bank does not have any loans to subsidiaries and associates (December 31, 2022: None).

6.7. Information on Finance Lease Receivables

6.7.1. Presentation of Finance Lease Investment According to Their Remaining Maturities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Up to 1 year	5,125,596	3,907,414	901,032	809,775
1-4 Years	6,560,328	4,997,319	1,224,796	1,093,723
More Than 4 Years	8,101	6,171	24,694	22,051
Total	11,694,025	8,910,904	2,150,522	1,925,549

6.7.2. Information on Net Investment in Financial Leasing

	Current Period	Prior Period
Gross Finance Lease Receivables	11,694,025	2,150,522
Income Earned from Other Operations apart from Finance Lease (-)	(2,783,121)	(224,973)
Written off leasing amounts	-	-
Total	8,910,904	1,925,549

6.7.3. General Information on Criteria Used in Determination of Contingent Lease Installments, If Any, Updates About Available Situations and Contract Amounts Related to Renewal or Purchase Options and Constraints due to Leasing Contracts, Any Past Due Situations, Renewal of Contracts, If Renewed Conditions on It, Any Matter Caused to Constraints and Other Important Issues Related to Finance Lease Contracts

Finance lease contracts are realized in consistent with the Legislation of Finance Lease Nr. 6361. There is not any constraint due to finance lease contracts or any renewal that affects financial statements (December 31, 2022: None).

6.8. Other Financial Assets Measured at Amortized Cost

6.8.1. Information on Subject to Repurchase Agreement, Given as Collateral/Blocked:

As of the balance sheet date, other financial assets measured with their amortized cost given as collateral are TL 7,903,821 (December 31, 2022: TL 2,646,073).

As of the balance sheet date, there are no other financial assets measured at amortized cost, which are subject to repurchase agreements and sales (December 31, 2022: TL 1,102,060).

6.8.2. Information on Other Financial Assets Measured at Amortized Cost

	Current Period	Prior Period
Debt Securities	15,781,935	7,036,428
Quoted on a Stock Exchange	15,781,935	7,036,428
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	15,781,935	7,036,428

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

	Current Period	Prior Period
Opening Balance	7,036,428	918,533
Foreign Exchange Gain/Loss	-	-
Purchases During the Year	7,500,000	5,960,000
Disposals Through Sales and Redemptions	-	(900,000)
Impairment Provision (-)	-	-
Income Accruals and Discounts	1,245,507	1,057,895
Ending Balance	15,781,935	7,036,428

6.9. Specific Provisions for Loans

	Current Period	Prior Period
Loans and Receivables with Limited Collectibility	211,704	156,011
Loans and Receivables with Doubtful Collectibility	247,655	182,578
Uncollectible Loans and Receivables	1,286,794	1,731,848
Total	1,746,153	2,070,437

6.10. Information on Non-Performing Loans (Net)

6.10.1 Information on Loans and Other Receivables Included in Loans under Follow-Up Account, which are Restructured or Rescheduled

	III. Group Loans and Receivables with Limited Collectibility	IV. Group Loans and Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Receivables
Current Period:	792	1,247	387,850
(Gross Amount Before Specific Provisions)	792	1,247	387,850
Restructured Loans and Receivables	792	1,247	387,850
Prior Period:	472	979	394,457
(Gross Amount Before Specific Provisions)	472	979	394,457
Restructured Loans and Receivables	472	979	394,457

6.10.2. Information on Total Non-Performing Loans Movements

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Current Period			
Prior Period Ending Balance	218,992	233,501	2,038,448
Additions (+)(*)	423,155	3,620	178,975
Transfers from Other Categories of Non- performing Loans (+)	-	330,306	257,764
Transfers to Other Categories of Non-performing Loans (-)	(330,306)	(257,764)	-
Collections (-)	(41,312)	(20,397)	(297,147)
Write-offs (-) (**)	-	-	(625,512)
Corporate and Commercial Loans	-	-	(302,677)
Retail Loans	-	-	(6,132)
Credit Cards	-	-	(9,759)
Other	-	-	(306,944)
Non-performing Rediscounts	(118)	3,799	(77,077)
Current Period Ending Balance	270,411	293,065	1,475,451
Specific Provisions (-)	(211,704)	(247,655)	(1,286,794)
Net Balance on Balance Sheet	58,707	45,410	188,657

(*) TL 97,659 of the transfer amounts during the period is an increase in exchange rate difference.

(**) The Participation Bank has written off TL 477,847 of its non-performing loans, excluding rediscount, for which it had provided 100% provision, from its assets. Its effect on NPL ratio is 0.40%. At the same time, Participation Bank transferred TL 147,666 of its non-performing loans portfolio in the current period to asset management companies and third parties in return for TL 42,090. The effect of transfer on the NPL ratio is 0.13%. The total effect of these two separate transactions on the NPL ratio is 0.53%.

	Group III	Group IV	Group V
	Loans and Receivables with Limited Collectibility	Loans and Receivables with Doubtful Collectibility	Uncollectible Loans and Receivables
Prior Period			
Prior Period Ending Balance	147,990	147,627	2,522,542
Additions (+)(*)	557,302	15,759	246,665
Transfers from Other Categories of Non- performing Loans (+)	-	454,399	304,424
Transfers to Other Categories of Non-performing Loans (-)	(454,399)	(304,424)	-
Collections (-)	(31,934)	(83,464)	(545,608)
Write-offs (-) (**)	-	(2,405)	(445,544)
Corporate and Commercial Loans	-	(2,405)	(413,498)
Retail Loans	-	-	(19,451)
Credit Cards	-	-	(2,088)
Other	-	-	(10,507)
Non-performing Rediscounts	33	6,009	(44,031)
Current Period Ending Balance	218,992	233,501	2,038,448
Specific Provisions (-)	(156,011)	(182,578)	(1,731,848)
Net Balance on Balance Sheet	62,981	50,923	306,600

(*) TL 230,209 of the transfer amounts during the period is the increase in exchange rate difference.

(**) The Participation Bank wrote off TL 447,949 of its non-performing loans portfolio from assets. The Participation Bank do not transferred any amount written off to the third parties. The effect on NPL ratio is 0.53%.

6.10.3. Information on Foreign Currency Loans and Other Receivables Included in Loans under Follow-Up Account

Participation Bank has decided to follow its non-performing loans in Turkish lira accounts that was previously followed in foreign currency accounts and transferred related amounts to Turkish lira accounts as of September 24, 2017.

6.10.4. Information on Gross and Net Non-Performing Loans and Receivables as per Customer Categories:

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Current Period (Net)	58,707	45,410	188,657
Loans to Individuals and Corporates (Gross)	269,947	291,435	1,464,878
Specific Provisions (-)	(211,426)	(246,377)	(1,276,845)
Loans to Individuals and Corporates (Net)	58,521	45,058	188,033
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Others Loans and Receivables (Gross)	464	1,630	10,573
Specific Provisions (-)	(278)	(1,278)	(9,949)
Other Loans and Receivables (Net)	186	352	624

	Group III Loans and Receivables with Limited Collectibility	Group IV Loans and Receivables with Doubtful Collectibility	Group V Uncollectible Loans and Receivables
Prior Period (Net)	62,981	50,923	306,600
Loans to Individuals and Corporates (Gross)	218,165	232,613	2,023,705
Specific Provisions (-)	(155,287)	(181,965)	(1,718,326)
Loans to Individuals and Corporates (Net)	62,878	50,648	305,379
Banks (Gross)	-	-	-
Specific Provisions (-)	-	-	-
Banks (Net)	-	-	-
Others Loans and Receivables (Gross)	827	888	14,743
Specific Provisions (-)	(724)	(613)	(13,522)
Others Loans and Receivables (Net)	103	275	1,221

6.10.5 Information on Profit Share Accruals, Rediscounts and Valuation Differences Calculated for Non-Performing Loans and Their Provisions

	III. Grup Loans and Receivables with Limited Collectibility	IV. Grup Loans and Receivables with Doubtful Collectibility	V. Grup Uncollectible Loans and Other Receivables
Current Period(Net)	542	2,617	63,287
Interest accruals and valuation differences	1,148	12,807	415,022
Provision (-)	(606)	(10,190)	(351,735)
Prior Period(Net)	336	1,844	74,068
Interest accruals and valuation differences	1,269	9,011	600,831
Provision (-)	(933)	(7,167)	(526,763)

6.10.6.Explanations on Active Write-Off Policy

Loans and other receivables, which are considered to be impossible to collect, are collected by means of converting the legal proceedings and collaterals into cash or are written off from the asset by fulfilling the requirements of the Tax Procedure Law in line with the decision taken by the Senior Management of the Participation Bank. In the current period, TL 166,419 transferred amount to the asset management companies and third parties (December 31, 2022: None). Loan written off from assets was TL 477,847 without rediscount (December 31, 2022: TL 447,949). The risk amount that was canceled in previous years but transferred to asset management companies and third parties in the current period is TL 259,817 and the sales income is TL 73,810.

As of the third quarter of 2023, the amount of non-performing loans (NPL) written off by cancellation and transfer is TL 719,799, including the rediscount, and its effect on the NPL ratio is 0.53% (31 December 2022: TL 519,937, 0.53%).

7. Information on Non-Current Assets Held for Sale

The Participation Bank has assets held for sale amounting to TL 1,794 as of the balance sheet date (December 31, 2022: TL 11,691).

8. Information on Associates (Net)

The details of the Participation Bank's subsidiaries are given below (31 December 2022: None).

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	Katılım Finans Kefalet A.Ş.	İstanbul / Turkey	15.00%	-

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	161,139	155,998	14,111	19,363	1,843	5,591	-	-

9. Information on Subsidiaries (Net)

According to a decision of the Parent Participation Bank's Board of Directors on October 22, 2012, asset lease company was established purposing rent certificate issues with the capital TL 50 as of February 11, 2013. Asset lease company named TF Varlık Kiralama AŞ was established with the authorizations of Banking Regulation and Supervision Agency dated December 20, 2012, Capital Markets Board dated February 1, 2013 and Ministry of Customs and Trade dated February 8, 2013. According to a decision of the Parent Participation Bank, second asset lease company was established purposing rent certificate issues with the capital of TL 50 as of July 8, 2014 named TFKB Varlık Kiralama AŞ.

	Associate	Address (City/ Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1	TF Varlık Kiralama A.Ş.	İstanbul / Turkey	100.00	-
2	TFKB Varlık Kiralama AŞ	İstanbul / Turkey	100.00	-

The values stated in the table below are taken from the reviewed financial statements of TF Varlık Kiralama AŞ and unreviewed financial statements of TFKB Varlık Kiralama AŞ as of September 30, 2023.

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1	7,488,741	90	-	-	-	3	4	-
2	69,519	99	-	-	-	(1)	2	-

10. Information on Entities under Common Control

The Participation Bank does not have any entities under common control (December 31, 2022: None).

11. Information on Investment Property

The Participation Bank does not have any investment property (December 31, 2022: None).

12. Explanations Related to the Deferred Tax Asset

As of September 30, 2023, the Participation Bank calculates TL 745,792 (December 31, 2022: TL 730,214) over the amounts that arise between the book value of the assets and liabilities in the balance sheet and the tax base determined in accordance with the tax legislation and to be taken into account in the calculation of financial profit / loss in the following periods. As a result of netting off the deferred tax liability amounting to TL 2,760,233 (December 31, 2022: TL 1,106,796), the net deferred tax asset amounting to TL 2,014,441 (December 31, 2022: TL 376,582) was recorded.

13. Information on Other Assets

Other assets do not exceed 10% of total assets as of September 30, 2023 and December 31, 2022.

II. Explanations Related to the Liabilities of Financial Statements

1. Information on Funds Collected

1.1. The 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	5,992,651	-	-	-	-	-	-	-	5,992,651
II. Real Persons Profit Sharing Accounts-TL	-	813,973	31,380,451	4,019,604	-	14,927,477	1,214,968	-	52,356,473
III. Other Current Accounts-TL	5,996,409	-	-	-	-	-	-	-	5,996,409
Public Sector	134,601	-	-	-	-	-	-	-	134,601
Commercial Sector	5,359,483	-	-	-	-	-	-	-	5,359,483
Other Institutions	134,557	-	-	-	-	-	-	-	134,557
Commercial and Other Institutions	358,919	-	-	-	-	-	-	-	358,919
Banks and Participation Banks	8,849	-	-	-	-	-	-	-	8,849
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	8,765	-	-	-	-	-	-	-	8,765
Participation Banks	80	-	-	-	-	-	-	-	80
Other	4	-	-	-	-	-	-	-	4
IV. Profit Sharing Accounts-TL	-	4,849,110	22,439,036	1,519,374	-	2,593,187	6,514	-	31,407,221
Public Sector	-	105,880	25,521	-	-	-	-	-	131,401
Commercial Sector	-	4,607,529	20,443,553	1,503,898	-	2,591,743	4,960	-	29,151,683
Other Institutions	-	74,143	1,698,745	15,476	-	1,444	1,554	-	1,791,362
Commercial and Other Institutions	-	1	212	-	-	-	-	-	213
Banks and Participation Banks	-	61,557	271,005	-	-	-	-	-	332,562
V. Real Persons Current Accounts-FC	14,418,837	-	-	-	-	-	-	-	14,418,837
VI. Real Persons Profit Sharing Accounts-FC	-	1,487,570	8,351,539	39,712	-	764,720	246,187	-	10,889,728
VII. Other Current Accounts-FC	12,117,999	-	-	-	-	-	-	-	12,117,999
Commercial Residents in Turkey	11,128,231	-	-	-	-	-	-	-	11,128,231
Commercial Residents in Abroad	972,760	-	-	-	-	-	-	-	972,760
Banks and Participation Banks	17,008	-	-	-	-	-	-	-	17,008
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	6	-	-	-	-	-	-	-	6
Foreign Banks	16,955	-	-	-	-	-	-	-	16,955
Participation Banks	47	-	-	-	-	-	-	-	47
Other	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts Other-FC	-	4,056,086	11,931,153	28,873	-	49,789	76,774	-	16,142,675
Public Sector	-	986	-	-	-	-	-	-	986
Commercial Sector	-	3,920,994	11,473,993	28,835	-	32,500	8,306	-	15,464,628
Other Institutions	-	4,889	352,404	38	-	16,972	-	-	374,303
Commercial and Other Institutions	-	125,961	94,701	-	-	317	68,468	-	289,447
Banks and Participation Banks	-	3,256	10,055	-	-	-	-	-	13,311
IX. Precious Metal Accounts	12,324,917	7,465	2,239,440	1,117,966	-	223,547	6,423	-	15,919,758
X. Profit Sharing Accounts Special Fund Pools-TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Fund Pools.-FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	50,850,813	11,214,204	76,341,619	6,725,529	-	18,558,720	1,550,866	-	165,241,751

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	5,509,230	-	-	-	-	-	-	-	5,509,230
II. Real Persons Profit Sharing Accounts-TL	-	1,860,166	23,355,716	1,354,369	-	2,388,224	254,892	-	29,213,367
III. Other Current Accounts-TL	5,322,354	-	-	-	-	-	-	-	5,322,354
Public Sector	108,110	-	-	-	-	-	-	-	108,110
Commercial Sector	5,104,065	-	-	-	-	-	-	-	5,104,065
Other Institutions	82,820	-	-	-	-	-	-	-	82,820
Commercial and Other Institutions	20,781	-	-	-	-	-	-	-	20,781
Banks and Participation Banks	6,578	-	-	-	-	-	-	-	6,578
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-	-	-
Foreign Banks	6,504	-	-	-	-	-	-	-	6,504
Participation Banks	70	-	-	-	-	-	-	-	70
Other	4	-	-	-	-	-	-	-	4
IV. Profit Sharing Accounts-TL	-	1,980,410	7,687,617	1,047,767	-	2,050,922	4,131	-	12,770,847
Public Sector	-	184,322	20,243	-	-	-	-	-	204,565
Commercial Sector	-	1,741,461	7,283,252	1,044,093	-	2,049,775	2,549	-	12,121,130
Other Institutions	-	34,606	383,053	3,674	-	1,147	1,582	-	424,062
Commercial and Other Institutions	-	9	1,039	-	-	-	-	-	1,048
Banks and Participation Banks	-	20,012	30	-	-	-	-	-	20,042
V. Real Persons Current Accounts-FC	10,918,189	-	-	-	-	-	-	-	10,918,189
VI. Real Persons Profit Sharing Accounts-FC	-	3,570,927	6,628,770	67,379	-	842,921	231,849	-	11,341,846
VII. Other Current Accounts-FC	9,016,001	-	-	-	-	-	-	-	9,016,001
Commercial Residents in Turkey	7,874,525	-	-	-	-	-	-	-	7,874,525
Commercial Residents in Abroad	1,135,106	-	-	-	-	-	-	-	1,135,106
Banks and Participation Banks	6,370	-	-	-	-	-	-	-	6,370
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	4	-	-	-	-	-	-	-	4
Foreign Banks	6,360	-	-	-	-	-	-	-	6,360
Participation Banks	6	-	-	-	-	-	-	-	6
Other	-	-	-	-	-	-	-	-	-
VIII. Profit Sharing Accounts Other-FC	-	1,031,072	1,775,845	25,838	-	60,571	49,520	-	2,942,846
Public Sector	-	-	-	-	-	-	-	-	-
Commercial Sector	-	883,944	1,610,304	24,375	-	48,714	2,722	-	2,570,059
Other Institutions	-	68,981	55,343	1,463	-	11,640	-	-	137,427
Commercial and Other Institutions	-	78,147	110,198	-	-	217	46,798	-	235,360
Banks and Participation Banks	-	-	-	-	-	-	-	-	-
IX. Precious Metal Accounts	12,318,276	18,509	1,948,997	1,306,578	-	205,217	15,001	-	15,812,578
X. Profit Sharing Accounts Special Fund Pools-TL	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
XI. Profit Sharing Accounts Special Fund Pools.-FC	-	-	-	-	-	-	-	-	-
Residents in Turkey	-	-	-	-	-	-	-	-	-
Residents in Abroad	-	-	-	-	-	-	-	-	-
Total (I+II+.....+IX+X+XI)	43,084,050	8,461,084	41,396,945	3,801,931	-	5,547,855	555,393	-	102,847,258

1.2. Information on Current and Participation Accounts of Real Persons and Corporate Entities under the Guarantee of Savings Deposit Insurance Fund and Exceeding the Guarantee Limit

On August 27, 2022, the "Regulation Amending the Regulation on Insurance Deposits and Participation Funds and Premiums to be Collected by the Savings Deposit Insurance Fund" was published by the Savings Deposit Insurance Fund. With the amendment made, the scope of deposit insurance limited to savings deposits and participation funds belonging to real persons in Turkey; expanded to include commercial deposits; those belonging to official institutions, credit institutions and financial institutions are excluded from the insurance coverage. As of September 30, 2022, premiums have also started to be calculated over legal person participation funds.

	Under the Guarantee of insurance		Exceeding the Limit of insurance	
	Current Period	Prior Period	Current Period	Prior Period
Real Persons Current and Profit Sharing Accounts	30,951,744	22,032,170	66,979,863	49,722,664
TL Accounts	15,419,659	10,662,006	42,926,152	24,059,894
FC Accounts	15,532,085	11,370,164	24,053,711	25,662,770
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

	Under the Guarantee of insurance		Exceeding the Limit of insurance	
	Current Period	Prior Period	Current Period	Prior Period
Corporate Entities Current and Profit Sharing Accounts	3,619,473	2,418,857	50,685,377	24,848,587
TL Accounts	2,509,330	1,801,862	21,892,319	13,207,459
FC Accounts	1,110,143	616,995	28,793,058	11,641,128
Foreign Branches' Deposits Under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits Under Foreign Authorities' Insurance	-	-	-	-

1.3. Profit Sharing Accounts of Real Persons and Corporate Entities which are not Under the Guarantee of Deposit Insurance Fund

Real Persons	Current Period	Prior Period
Foreign Branches' Profit Share Funds and Other Accounts	-	-
Profit Sharing Accounts and Other Accounts held by Shareholders and Their Relatives	-	-
Profit Sharing Accounts and Other Accounts of the Chairman and Board of Directors, Chief Executive Officer, Senior Executive Officers and Their Relatives	3,313	2,588
Profit Sharing Accounts and Other Accounts Held as Assets Subject to the Crime defined in the Article 282 of the Turkish Criminal Code No. 5237 dated 26/9/2004	-	-
Participation Funds Available in Participation Banks Established Exclusively for Offshore Banking Activities in Türkiye	-	-

Corporate Entities	Current Period	Prior Period
Foreign Branches' Profit Share Funds and Other Accounts	-	-
Participation Fund and Other Accounts held by Main Shareholder with Qualified Shareholders and Corporates Under Their Control	8,933	6,723
Profit Sharing Accounts of Governmental Institutions, Credit Institutions and Financial Institutions	12,993,048	3,815,669

1.4. Information on the Current and Profit Sharing Accounts of the Real Persons and Corporate Entities at the Turkish Branches of the Participation Bank Headquartered Abroad, Whether the Headquarters under the Coverage by Insurance in the Country Where It Is Located

The center of the Participation Bank is in Turkey and under the guarantee of Saving Deposits Insurance Fund of Turkey.

2. Information on Borrowings

2.1. Information on Banks and Other Financial Institutions

	Current Period		Prior Period	
	TL	FC	TL	FC
Funds Borrowed from the Central Bank of Turkey	-	-	-	-
Funds Borrowed from Domestic Banks and Institutions	14,879,985	2,822,863	10,523,466	10,093,596
Funds Borrowed from Foreign Banks, Institutions and Funds	-	3,121,255	-	1,379,621
Total	14,879,985	5,944,118	10,523,466	11,473,217

2.2. Maturity Analysis of Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-Term	14,879,985	4,843,664	10,523,466	11,068,473
Medium and Long-Term	-	1,100,454	-	404,744
Total	14,879,985	5,944,118	10,523,466	11,473,217

3. Information on Derivative Financial Liabilities

Derivative Financial Liabilities Value at Fair Value through Profit or Loss

	Current Period		Prior Period	
	TL	FC	TL	FC
Derivative Financial Liabilities Held for Trading				
Forward Transaction	479,916	6,225	30,025	9,882
Swap Transaction	2,909	13,586	425	333,318
Future	-	-	-	-
Options	-	14,824	-	50,038
Other	-	-	-	-
Total	482,825	34,635	30,450	393,238

4. Information on Finance Lease Payables (Net)

	Current Period		Prior Period	
	TL	FC	TL	FC
Less than 1 Year	170,055	785	133,129	788
1-5 Years	346,288	1,239	254,202	-
More than 5 Years	59,117	-	60,265	-
Total	575,460	2,024	447,596	788

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

5. Information on Provisions

5.1 Information on Foreign Exchange Losses on the Foreign Currency Indexed Loans and Finance Lease Receivables

There are no foreign exchange differences on foreign currency indexed loans are netted with loans on the asset side as of balance sheet date (December 31, 2022: None).

5.2 Information on Employee Termination Benefits

As of September 30, 2023, the Participation Bank has unused vacation amounting to TL 56,068 (December 31, 2022: TL 34,441), performance premium provision of TL 494,416 (December 31, 2022: TL 342,729) and provision amount for severance indemnities amounting to TL 465,675 (December 31, 2022: TL 484,660).

5.3 Information on Other Provisions

Other Provisions Exceeding 10% of Total Provisions and Name, Amount and Breakdown of Such Provisions

	Current Period	Prior Period
Specific Provision for Cheques	13,825	10,875
Specific Provision for Non Cash Loans not Indemnified or not Converted into Cash	194,528	105,125
Expected Loss Provisions for stage 1 and stage 2 Non-cash Loans	51,997	16,425
Provision for Lawsuits against Participation Bank	160,101	121,491
Provision for Decrease in Value Spot Transactions	10,399	2,106
Provision for Profits will be Allocated to Participation Accounts (*)	248,316	269,830
Provision for Credit Cards Promotion Commitments	9,111	9,349
Other (**)	1,157,630	1,157,629
Total	1,845,907	1,692,830

(*) The Participation Bank allocates profit balancing reserve for the participation accounts at the end of the period, provided that the balance is finally transferred to the fund pool.

(**) Includes free provision for possible risks amounting to TL 1,155,000 in current period (December 31, 2022: TL 1,155,000).

6. Information on Tax Liability

6.1 Information on Tax Provision

The Participation Bank has corporate tax liability amounting to TL 2,013,203 (December 31, 2022: TL 2,002,770) and The Participation Bank has prepaid tax amounting to TL 1,416,493 (December 31, 2022: TL 1,123,788) as of balance sheet date. The remaining corporate tax liability after the deduction of the prepaid tax amount is reflected to financial statements.

6.2 Information on Taxes Payable

	Current Period	Prior Period
Corporate Tax Payables	596,710	878,982
Tax on Securities Income	47,710	23,668
Tax on Real Estate Income	3,627	2,444
Banking Insurance Transaction Tax	87,610	65,712
Foreign Exchange Transaction Tax	5,601	9,514
Value Added Tax Payables	9,318	13,543
Other	50,023	30,326
Total	800,599	1,024,189

6.3. Information on Premiums

	Current Period	Prior Period
Social Security Premiums-Employees	27,828	14,749
Social Security Premiums-Employer	29,687	15,613
Bank Pension Fund Premiums- Employees	-	-
Bank Pension Fund Premiums- Employer	-	-
Pension Fund Membership Fees and Provisions- Employees	-	-
Pension Fund Membership Fees and Provisions- Employers	-	-
Unemployment Insurance- Employees	1,988	1,054
Unemployment Insurance- Employer	3,975	2,107
Other	5,134	128
Total	68,612	33,651

7. Information on Deferred Tax Liabilities

The Participation Bank does not have net deferred tax liability as of the balance sheet date (December 31, 2022: None).

8. Information on Liabilities Regarding Assets Held for Sale and Discontinued Operations

In the current period, The Participation Bank has no outstanding debts on assets held for sale and discontinued operations (December 31, 2022: None).

9. Information on Sub-Ordinated Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Domestic Banks	-	-	-	-
Other Domestic Institutions	-	-	-	-
Foreign Banks	-	7,003,263	-	4,678,005
Other Foreign Institutions	-	-	-	-
Total	-	7,003,263	-	4,678,005

The Participation Bank provided sub-ordinated loans amounting to USD 100 million and USD 150 Million, in terms of a 7.23%, 7.78% profit share rates and ten years maturity, on March 31, 2015 and June 30, 2015 respectively. In accordance with article of BRSA dated March 26, 2015 and June 30, 2015, since the date, sub-ordinated loan is recorded into Bank's accounts in cash. The Participation Bank paid the existing loans on December 28, 2020 and provided a sub-ordinated loan amounting to USD 250 million in terms of a 9% profit share rate on June 30, 2030 from the National Commercial Bank.

10. Other Liabilities Exceeding 10% of the Balance Sheet Total and the Breakdown of Such Liabilities Constituting at Least 20% of the Grand Total

Other liabilities do not exceed 10% of total liabilities as of September 30, 2023 and December 31, 2022.

11. Information on Shareholders' Equity

11.1. Presentation of Paid-in Capital

	Current Period	Prior Period
Common Stock	2,600,000	2,600,000
Preferred Stock	-	-

11.2. Paid-in Capital Amount, Explanation as to Whether the Registered Share Capital System is Applicable at Participation Bank if so Amount of Registered Share Capital Ceiling

Registered share capital system is not applied in Participation Bank.

11.2.1. Information on Share Capital Increases and Their Sources; Other Information on Increased Capital Shares in Current Period

There is no increasing in share capital in current period (December 31, 2022: None).

11.2.2. Information on Capital Reserves Transferred to the Capital during the Period

During the current period there are no capital reserves transferred to the capital (December 31, 2022: None).

No balance has been added to capital reserves from revaluation fund in the current period (December 31, 2022: None).

11.2.3. Capital Commitments in the Last Fiscal Year and at the end of the Following Year-End Period, the General Purpose of These Commitments and Projected Resources Required Meeting These Commitments

As of the balance sheet date, the Participation Bank has no capital commitments. (December 31, 2022: None).

11.3. Indicators of the Participation Bank's Income, Profitability and Liquidity for the Previous Periods and Possible Effects of These Future Assumptions on the Participation Bank's Equity Due to the Uncertainty of These Indicators

There is no uncertainty in the past indicators regarding the revenues, profitability and liquidity of the Participation Bank.

11.4. Information on Privileges Granted to Shares Representing the Capital

The Participation Bank does not have any preferred shares (December 31, 2022: None).

11.5. Information on Securities Value Increase Fund

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial assets valued at fair value through profit or loss	593,379	(222,278)	1,305,972	(205,844)
Valuation Differences	593,379	(222,278)	1,305,972	(205,844)
Exchange Rate Differences	-	-	-	-
Total	593,379	(222,278)	1,305,972	(205,844)

11.6. Other Information on Shareholders' Equity

Participation Bank purchased 30,719 shares from its shareholders on October 21, 2020 for TL 92.

In accordance with the decision taken at the Ordinary General Assembly held on May 18, 2023, the Participation Bank transferred TL 110,242 to legal reserves and TL 2,793,296 to extraordinary reserves of its 2022 profit amounting to TL 2,904,105.

III. Explanations Related to the Off-Balance Sheet Items

1. Information on Off-Balance Sheet Liabilities

1.1. Types and Amounts of Irrevocable Loan Commitments

	Current Period	Prior Period
Forward asset purchase and sale commitments	9,052,123	3,196,886
Share capital commitments to associates and subsidiaries	67,500	-
Loan granting commitments	1,002,676	76
Commitments for cheque payments	1,573,798	1,024,121
Tax and fund obligations on export commitments	139,609	76,344
Commitments for credit card limits	6,359,745	3,298,057
Commitments for credit cards and banking services related promotion	9,111	9,349
Other irrevocable commitments	603,202	887,569
Total	18,807,764	8,492,402

1.2 Information on the Nature and the Amount of Possible Losses and Commitments Stemmed from Off-Balance Sheet Items

1.2.1. Non-Cash Loans Including Guarantees, Acceptances, Financial Guarantee and Other Letters of Credits

	Current Period	Prior Period
Guarantees	21,672,102	14,245,781
Bank Endorsement and Acceptances	1,459,103	706,511
Letter of Credits	6,751,764	3,898,659
Other guarantees	-	-
Total	29,882,969	18,850,951

1.2.2. Permanent Guarantees, Temporary Guarantees, Suretyships and Similar Transaction

	Current Period	Prior Period
Temporary Guarantee Letters	550,448	751,499
Permanent Guarantee Letters	13,158,812	8,832,179
Advance Guarantee Letters	1,471,365	536,748
Guarantee Letters Given to Duties	801,421	780,064
Guarantee Letters for Cash Loan Coverage	4,404,595	2,161,927
Other Guarantee Letters	1,285,461	1,183,364
Total	21,672,102	14,245,781

1.2.3. Total Non-Cash Loans

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	4,404,595	2,161,927
With maturity of 1 year or less than 1 year	52,017	50,981
With maturity more than 1 year	4,352,578	2,110,946
Other non cash loans	25,478,374	16,689,024
Total	29,882,969	18,850,951

IV. Explanations Related to the Statement of Profit or Loss

1. Profit Share Income

1.1. Information on Profit Share on Loans

	Current Period		Prior Period	
	TL	FC	TL	FC
Profit Share on Loans (*)	8,907,490	1,255,561	5,570,965	972,858
Short Term Loans	5,008,119	501,364	3,218,135	256,750
Medium and Long Term Loans	3,832,375	753,036	2,283,496	714,907
Profit Share on Non Performing Loans	66,996	1,161	69,334	1,201
Premiums Received From Resource Utilization Support Fund	-	-	-	-
Total	8,907,490	1,255,561	5,570,965	972,858

(*) Profit Share on Loans includes commission income on cash loans.

1.2. Information on Profit Share on Participation Banks

	Current Period		Prior Period	
	TL	FC	TL	FC
Central Bank of Turkey	33,791	-	41,799	-
Domestic Banks	35	-	46	-
Foreign Banks	459	57,891	-	12,335
Branches and Head Office Abroad	-	-	-	-
Total	34,285	57,891	41,845	12,335

1.3. Information on Profit Share on Marketable Securities Portfolio

	Current Period		Prior Period	
	TL	FC	TL	FC
Financial Assets at Fair Value Through Profit and Loss	-	104,397	-	69,037
Financial Assets at Fair Value through Other Comprehensive Income	3,447,053	575,655	2,808,788	359,244
Financial Assets Measured at Amortised Cost	1,777,077	-	758,811	-
Total	5,224,130	680,052	3,567,599	428,281

1.4. Information on Profit Share Income Received from Associates and Subsidiaries

	Current Period	Prior Period
Profit Share Income Received from Associates and Subsidiaries	1,057,133	313,488

2. Profit Share Expenses

2.1. Information on Profit Share on Funds Borrowed

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks	83,842	253,654	34,310	69,781
Central Bank of Turkey	-	-	-	-
Domestic Banks	83,842	57,714	34,310	12,742
Foreign Banks (*)	-	195,940	-	57,039
Branches and Head Office Abroad	-	-	-	-
Other Institutions	1,107,047	-	533,187	-
Total	1,190,889	253,654	567,497	69,781

(*) Profit Share on Funds Borrowed includes commission expense on cash loans.

2.2. Information on Profit Share Expense Given to Associates and Subsidiaries

	Current Period	Prior Period
Profit Share Expense Given to Associates and Subsidiaries	1,107,047	533,187

2.3. Information on Profit Share Expense Given to Associates and Subsidiaries

The Participation Bank does not have any securities issued in the current period (September 30, 2022: None).

3. Information on Trading Income/Losses (Net)

	Current Period	Prior Period
Profit	1,072,444,139	844,642,353
Trading Account Profit	32,333	17,506
Derivative Financial Instruments	3,665,721	4,345,213
Foreign Exchange Gains	1,068,746,085	840,279,634
Loss	(1,068,913,439)	(843,292,805)
Trading Account Losses	(22,649)	(17,641)
Derivative Financial Instruments	(3,820,354)	(2,407,976)
Foreign Exchange Losses	(1,065,070,436)	(840,867,188)

4. Information on Other Operating Income

	Current Period	Prior Period
Communication Expense Charged to Customers	14,771	7,399
Gain on Sale of Assets	350,539	172,692
Checkbook Expenses	3,339	2,652
Reversals Related to Prior Year's Expenses	1,231,165	875,348
Other	21,105	7,760
Total	1,620,919	1,065,851

5. Expected Loss Provisions of the Participation Bank:

	Current Period	Prior Period
Expected Credit Loss	1,885,893	1,869,460
12 Month expected credit loss (stage 1)	303,507	120,097
Significant increase in credit risk (stage 2)	768,152	854,303
Non-performing loans (stage 3)	814,234	895,060
Marketable Securities Impairment Losses	149	992
Financial Assets at Fair Value Through Profit and Losses	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	149	992
Investment in Associates,Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investment in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other (*)	136,419	1,060,771
Total	2,022,461	2,931,223

(*) Other provision expenses amounting to TL 136,419 consist of profits to be distributed to participation accounts amounting to TL 96,318, litigation expenses amounting to TL 39,988 and other expenses amounting to TL 113 (September 30, 2022: Other provision expenses amounting to TL 1,060,771 consist of free provision for possible risks amounting to TL 880,000, amounts to be distributed to the participation accounts amounting to TL 117,155, provision for litigation expenses amounting to TL 63,597 and other expenses amounting to TL 19).

6. Information on Other Operating Expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits	53,969	58,387
Bank Pension Fund Deficit Provisions	-	-
Impairment Losses on Tangible Assets	457	-
Depreciation Expenses of Tangible Assets	226,613	137,230
Impairment Losses on Intangible Assets	-	-
Amortization Expenses of Goodwill	-	-
Depreciation Expenses of Intangible Assets	79,333	57,046
Impairment Provision for Investments Accounted for Under Equity Method	-	-
Impairment Losses on Assets to be Disposed	-	-
Depreciation Expenses of Assets to be Disposed	-	-
Impairment Losses on Assets Held for Sale	-	-
Other Operating Expenses	770,541	346,295
Operating Lease Expenses according to TFRS16	5,504	1,987
Repair and Maintenance Expenses	16,841	10,964
Advertisement Expenses	34,534	38,193
Communication Expenses	56,475	34,519
Electricity and Water Expenses	65,352	50,793
Cleaning Expenses	78,436	35,880
Vehicle Expenses	25,171	18,147
Stationery Expenses	13,923	11,201
Other Expenses	474,305	144,611
Loss on Sales of Assets	28,114	12,886
Other(*)	1,002,008	502,820
Total	2,161,035	1,114,664

(*) Other operating expenses include short-term employee benefits provision expenses amounting to TL 519,269, premiums paid to the Savings Deposit Insurance Fund amounting to TL 197,604 and other taxes and fees paid amounting to TL 180,107 (September 30, 2022: Short-term employee benefits provision expenses amounting to TL 222,911, Savings Deposit Insurance Fund amounting to TL 136,896 and other taxes and fees paid amounting to TL 89,445).

7. Information on Provision for Taxes

The Participation Bank tax reconciliation is listed below:

	Current Period	Prior Period
Profit Before Tax	6,780,043	3,088,801
Corporate Tax Ratio	30%	25%
Calculated Tax	2,034,013	772,200
Deductions	(1,882,706)	(1,118,743)
Other	1,505,781	1,300,552
Income Tax Expense	1,657,088	954,009

8. Explanation on Net Period Profit / Loss

8.1. 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 the Complete Understanding of the Participation Bank's Performance for the Period

Profit share income from ordinary banking operations is TL 17,204,765 and profit share expenses are TL 11,604,053 (September 30, 2022: profit share income TL 10,764,791 and profit share expenses: TL 5,264,582).

8.2. Effect of Changes in Accounting Estimates on Income Statement for the Current and, If Any, for Subsequent Period

There is no effect of changes in accounting estimates and effect on income statement (September 30, 2022: None).

8.3. Nature and Amount of Changes in Accounting Estimates which Have Material Effects on the Current Period or Expected to Have Material Effects on the Subsequent Periods

There is no change in accounting estimates which have material effects on the current period or expected to have material effects on the subsequent periods (September 30, 2022: None).

9. If the Other Items in the Income Statement Exceed 10% of the Income Statement Total, Accounts Amounting to At Least 20% of These Items are shown below

Other Fees and Commissions Received	Current Period	Prior Period
Commissions of Letters of Credit on Imports	2,666	1,358
Commission of Collection Note/Check	1,828	1,247
Commissions on Remittance	24,501	10,771
Insurance Commissions	318,367	105,568
Credit Letter Commissions	514	416
Expert Fees	44,260	7,727
Credit Card Fees and Commissions	221,555	135,575
Commissions on Member Firm -POS	79,985	52,760
Cash Import Commissions	543	485
Other Commissions and Fees	1,981,554	223,462
Total	2,675,773	539,369

Other Fees and Commissions Given	Current Period	Prior Period
POS Transaction Commission Expense	89,458	72,958
7/24 Card Domestic ATM Commission Given	9,928	4,788
Credit Card Service and Usage Expense	54,555	30,840
Commissions and Fees Given for Remittance	14,675	9,224
Expertise Fees	48,249	9,257
Other Commissions and Fees	355,223	381,588
Total	572,088	508,655

V. Explanations Related to Statement of Cash Flows

Information on Cash and Cash Equivalents at Beginning and End of Periods

	Current Period	Prior Period
Cash	22,621,255	10,974,609
Cash in TL and Foreign Currency	2,059,766	1,402,724
Central Bank of Turkey	16,202,138	6,760,347
Coins on the Road	4,359,351	2,811,538
Cash Equivalents	2,204,016	11,777,518
Receivables from Interbank Money Markets	-	-
Banks and Other Financial Institutions	2,204,016	11,777,518
Total Cash and Cash Equivalents	24,825,271	22,752,127

VI. Explanations on the Risk Group of the Participation Bank

1. Information on the Volume of Transactions Relating to the Participation Bank's Risk group, Incomplete Loan and Funds Collected Transactions and Period's Profit and Loss

1.1. Information on loans and other receivables of the Participation Bank's risk group

Current Period

Bank's Risk Group (*)	Associates,Subsidiaries and Jointly Controlled Entities (Business Associates)		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Cash	Non Cash	Cash	Non Cash	Cash	Non Cash
Loans and Others Receivables						
Balance at the beginning of the period	6,862,081	-	117	-	2,691	13,468
Balance at the end of the period	7,674,802	-	125	-	4,705	14,954
Profit Share and Commission Income	1,057,133	-	10	-	688	150

(*) The information given in the table includes credits and securities.

Prior Period

Bank's Risk Group (*)	Associates,Subsidiaries and Jointly Controlled Entities (Business Associates)		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Cash	Non Cash	Cash	Non Cash	Cash	Non Cash
Loans and Others Receivables						
Balance at the beginning of the period	3,174,557	-	166	-	1,412	15,497
Balance at the end of the period	6,862,081	-	117	-	2,691	13,468
Profit Share and Commission Income (**)	313,488	-	17	-	466	133

(*) The information given in the table includes credits and securities.

(**) Prior period balances represents amount to September 30, 2022.

1.2 Information on Current and Profit Sharing Accounts Related to Risk Group of the Participation Bank

Bank's Risk Group	Associates,Subsidiaries and Jointly Controlled Entities (Business Associates)		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Current and Profit Sharing Accounts						
Balance at the beginning of the period	206	155	7,422	2,163	96,740	57,315
Balance at the end of the period	174	206	9,309	7,422	259,205	96,740
Profit Share Expenses (*)	6	4	17	18	1,707	513

(*) Prior period balances represents amount to September 30, 2022.

1.3 Forward Transactions, Option Contracts and Other Similar Contracts Made With the Participation Bank Risk Group

None.

1.4 Funds Borrowed from the Participation Bank's Risk Group

Bank's Risk Group	Associates,Subsidiaries and Jointly Controlled Entities (Business Associates)		Direct and Indirect Shareholders of the Bank		Other items that have been included in the Risk Group	
Loans Received	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Balance at the Beginning of the period	7,427,630	4,155,951	4,678,005	3,246,755	-	-
Balance at the End of the period	7,737,569	7,427,630	8,734,904	4,678,005	-	-
Profit Share and Commission Expense (*)	1,107,047	533,187	571,877	294,273	-	-

(*) Prior period balances represent amount to September 30, 2022.

1.5. Information Regarding Benefits Provided to The Bank's Top Management:

Salaries and benefits paid to the Bank's top management amount to TL 84,078 as of September 30, 2023 (September 30, 2022: TL 32,605).

VII. Explanations Related to Subsequent Events

None.

SECTION SIX: INDEPENDENT AUDITOR'S REVIEW REPORT

I. Explanations on the Independent Auditor's Review Report

The unconsolidated financial statements and footnotes of the Participation Bank as of September 30, 2023 and for the period ended, have been subject to limited review by KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ and the limited review report dated November 7, 2023 is presented before this report.

II. Explanations and Notes Prepared by Independent Auditors

None.

SECTION SEVEN: UNCONSOLIDATED INTERIM ACTIVITY REPORT

I. Unconsolidated Interim Activity Report

Reporting Period	01.01.2023 - 30.09.2023
Headquarters Address	Saray Mah. Sokullu Cad. No: 6 Ümraniye / İSTANBUL
Headquarters Telephone and Fax	0216 676 20 00 (pbx) / 0216 676 29 05
Website	www.turkiyefinans.com.tr
Corporate E-mail	turkiyefinans@hs03.kep.tr
SWIFT Code	AFKBTRIS
Trade Register No	401492 İstanbul Trade Register Directorate
Central Registry (Mersis) No	0068006387095226

Türkiye Finans in Brief

Thanks to its integrated channeling strategy, Türkiye Finans continuously digitalizes its services through a rapid, uninterrupted and high quality customer experience, and offers its customers a wide range of transactions and services with diversity in distribution channels through ongoing technological investments.

Türkiye Finans was established in 2005 with the merger between Anadolu Finans, was the first special finance corporation in Turkey, founded in 1991 with 100% domestic funds, and Family Finans, which operated in the participation banking sector between 1985 and 2001 under the name of the Faisal Finans Kurumu. This union of strengths was established in order to generate more value for Turkey and to bolster the competitive advantages of both entities.

The merger between Anadolu Finans and Family Finans was approved by the Banking Regulation and Supervision Agency (BRSA) on December 28, 2005. The name of the Bank was changed to Türkiye Finans Katılım Bankası AŞ on December 30, 2005.

This merger brought new growth momentum into the participation banking sector and Türkiye Finans quickly became one of biggest participation banks in Turkey.

A new era of momentous change and transformation at Türkiye Finans began on March 31, 2008 when the National Commercial Bank (NCB) acquired a 60% stake in the Bank.

With the participation in the NCB, which is one of the largest capital in the Middle East area, Türkiye Finans assumed a new and reinforced corporate identity, bringing a new breath of fresh air to participation banking, whose target audience had been growing steadily.

With the National Commercial Bank (Saudi Arabia) as its main shareholder, Türkiye Finans is a leading company that has achieved a remarkable transformation, underpinned by its “growth reflex”, deeply-rooted know-how, experience and its vision to carve out a name for itself in the future of our country’s participation banking.

As of April 1, 2021, National Commercial Bank merged with Samba Financial Group and changed its title to The Saudi National Bank (“SNB”).

Türkiye Finans: A face of participation banking looking ahead

Having shaped its objectives and road map for growth in line with the principles of participation banking, Türkiye Finans continues its operations with the aim of ongoing improvement in technological infrastructure, business processes and service approach through a customer-oriented understanding.

Thanks to its integrated channeling strategy, Türkiye Finans continuously digitalizes its services through a rapid, uninterrupted and high quality customer experience, and offers its customers a wide range of transactions and services with diversity in distribution channels through ongoing technological investments.

Taking firm steps towards sustainable growth, Türkiye Finans offers an innovative and high value-added products, services and solutions to a wide range of customers in the commercial and corporate banking and retail banking segments through its strong service platform which was comprised of 3,923 employees, 306 branches, 522 ATMs and effective alternative distribution channels as of the third quarter of 2023.

Capital And Shareholder Structure

Shareholder	Share Amount (TL)	Share Ratio (%)
The Saudi National Bank (SNB)	1,742,676,447	67.03
Gözde Girişim Sermayesi Yatırım Ortaklığı AŞ	274,838,187	10.57
Others	582,485,366	22.40
Total	2,600,000,000	100.00

The Saudi National Bank is the controlling shareholder which holds the management control of Türkiye Finans through its 67.03% share in the paid-in capital.

About The Saudi National Bank (SNB)

The Saudi National Bank is the largest financial institution in the Saudi Arabia.

SNB is one of the largest banks in the Arab financial world with a paidin capital of SAR 44.8 billion (USD 12 billion). As of the end of 2022, its total assets amounted to SAR 9,145 billion (USD 252 billion), while writing a net profit of SAR 19 billion (USD 5 billion) for the same period. Its shareholders' equity increased to SAR 167 billion (USD 44 billion), while generating a Return on Equity of 11.4%.

In 2008, the SNB undertook its first international acquisition and became the controlling partner of Türkiye Finans, one of Turkey's leading participation banks. The SNB holds a 67.03% stake in Türkiye Finans.

Information about shares

The Bank's capital is represented by shares, each of which has a nominal value of TL 1.00 (one Turkish lira). All shares have been issued against cash and all are registered in the shareholder's name. No shareholder nor any group of shareholders enjoys any preferential rights arising from their shareholding interests. None of the Bank's shares are preferred shares.

Voting rights

At meetings of the Bank's general assembly, shareholders may cast one vote for each share which they own or control and which is worth one Turkish lira. Shareholders may exercise their voting rights personally or through a proxy. Voting may be conducted by a show of hands, or by standing up, or by individually saying "aye" or "nay"; however it may also be conducted employing electronic devices, each one of which is individually assigned to each shareholder upon entry into the meeting place on the day the general assembly convenes or also by other means which allow cast votes to be counted. Recourse shall be had to secret ballots upon the demand of one twentieth of the shares represented at a general meeting.

Shares belonging to Board of Directors and Executive Vice Presidents in Türkiye Finans

None of the Board of Directors nor the executive vice presidents, do not have any shares in Türkiye Finans.

Articles Of Assotiation Amendment and its Reason

No changes were made in the Articles of Association as of the third quarter of 2023.

Macro-economic Perspective and Developments in Banking Sector

Global Macro View

The global economy performed more resiliently than expected in the first half of 2023, while the outlook remains weak. Global growth in 2024 is projected to materialize slower than in 2023 due to tighter monetary policies and a weaker-than-expected recovery in China.

Following momentum loss in global growth and the ease in supply-side bottlenecks, global inflation has lost momentum in the last quarter. Despite the decline in headline inflation in the first half of the year, the elevated course in core inflation led central banks to continue their tightening cycle. However, the effects rate hikes have started to impact core inflation as well. The recent rise in commodity prices, especially oil prices, may lead to an increase in headline inflation, albeit limited, in the upcoming period. As such, both the Fed and the ECB are expected to maintain their tight policy stance in 2024. Both central bank governors make cautious statements on the next easing cycle.

Turkish Macro View

Having started the second half of the year with the uncertainty of the elections behind it, the Turkish economy has been subject to sort of optimistic expectations among both domestic and foreign investors. This was mainly due to the appointment of Mehmet Şimsek as the head of the economic administration, Cevdet Yılmaz as the Vice President in charge of the economy, Hafize Gaye Erkan as the Governor of the CBRT and the selection of names trusted by the market as deputy central bank governors. Although the credit rating outlook was changed from "negative" to "stable" by credit rating agencies Fitch and SP as a confirmation of this, rating increase and sustainable capital inflows to cover external financing need require a permanent return to orthodox policies and real results of the steps taken to be seen.

Having ended 2022 at 64.3%, consumer price inflation fell to 38.2% in June, but rose to 61.5% in September due to exchange rate pass-through, rising oil prices, strong domestic demand and hence import demand. In its last Inflation Report, the Central Bank had announced its inflation forecast for the end of this year as 58% and for the end of next year as 33%. With the return to conventional policies in the post-election period, the Central Bank started policy rate hikes in June and the weekly repo rate, which was 8.5% until June, was raised to 30% as of September. With the transition to a tight monetary policy, loan and deposit rates also increased. Accordingly, consumer loan rates, which were 44% in the last week of June, increased to 58.9% as of the 3rd week of September, while commercial loan rates, which were 18.4%, rose to 42.2%. Yet, real interest rates are still negative and high inflation continues to reduce purchasing power seems to prevent inflation expectations from improving, preventing an improvement in inflation expectations.

Having grown by 3.84% in the second quarter of the year, the Turkish economy grew by 3.89% in the first half of the year. While this is a significant slowdown compared to the 7.7% growth recorded in the same period last year, the composition of growth continued to be dominated by domestic consumption. Private consumption expenditures grew by 16.3% in the first half of the year, while investment expenditures grew by 4.4%. Growth indicators for the third quarter point to a slowdown in economic activity due to the tight monetary policy and the increase in credit costs as well as the ongoing negative impact of the global slowdown on exports. Among the growth indicators, consumer loans and credit cards declined from 32.7% to 12.2% in real terms in the third quarter, while commercial loans showed a much more pronounced slowdown from 36.5% to 8%. Real sector confidence index declined from 108.2 to 105.4 while consumer confidence index, showed a significant decline from 87.9 to 73.2. Although the data do not indicate a sudden stop in economic activity, they point to a significant slowdown in the second half of the year.

Turkish Banking Sector and Participation Banking

According to the BRSA weekly bulletin data, In the third quarter of 2023, Sector's deposits were up by 50% to TRY 13.9 trillion, while participation banks' deposits increased by 49% to TRY 1,339 billion. Over the same period, loans increased by 41% to TRY 10.8 trillion for the sector, while it rose by 40% to TRY 829 billion for the participation banks.

Sector's NPL ratio and stage-3 coverage ratio were realized at 1.5% and 86.6%, respectively in 3Q23, whereas Participation Banks' NPL ratio was at 1.2% and stage-3 coverage ratio was at 100%.

Sector and Participation Banks non-cash loan volume increased by 51% and 54% respectively in 3Q23.

Summary Financials

	30/09/2023	31/12/2022
Assets	222,410,687	152,762,122
Financial Assets (Net)	87,523,528	62,349,535
Cash and cash equivalents	45,444,864	29,717,788
Financial assets valued at fair value through profit or loss	6,863,166	4,528,581
Financial assets valued at fair value through other compr. Income	34,734,294	27,788,086
Derivative financial assets	481,204	315,080
Loans (including leasing, gross) ⁽¹⁾	115,348,129	82,014,948
Financial assets valued at amortised cost	15,781,935	7,036,428
Expected Loss Provisions	(3,573,458)	(3,427,400)
Tangible Assets (Net)	3,045,053	2,712,010
Other Assets ⁽²⁾	4,285,500	2,076,601
Liabilities	222,410,687	152,762,122
Funds Collected	165,241,751	102,847,258
- Special Current Accounts	50,850,813	43,084,050
- Participation Accounts ⁽³⁾	114,390,938	59,763,208
Funds Borrowed	20,824,103	21,996,683
Money Market Balances	1,767,238	3,130,312
Subordinated Loans	7,003,263	4,678,005
Shareholders' Equity	16,612,296	11,075,195
-Paid-in capital	2,600,000	2,600,000
Other Liabilities ⁽⁴⁾	10,962,036	9,034,669
Non-cash Loans	29,882,969	18,850,951
Income / Expense Items	01.01.2023-30.09.2023	01.01.2022-30.09.2022
Profit Share Income	17,204,765	10,764,791
Profit Share Expenses	(11,604,053)	(5,264,582)
Net Profit Share Income	5,600,712	5,500,209
Net Fee and Commission Income	2,276,732	140,184
Other Non-Profit Income	5,152,333	2,416,198
Non-Profit Share Expenses	(6,249,734)	(4,967,790)
Profit Before Tax	6,780,043	3,088,801
Provision for Taxes	(1,657,088)	(954,009)
Net Profit for the Period	5,122,955	2,134,792
Key Ratios (%)	30/09/2023	31/12/2022
Capital Adequacy Ratio	23.39	21.09
Loans/Total Assets ⁽¹⁾	51.86	53.69
Current Accounts/Funds Collected	30.77	41.89
Other	30/09/2023	31/12/2022
Total Number of Branches	306	308
Total Number of Staff	3,923	3,735

(1) Loans include financial leasing receivables.

(2) Indicates the total of other assets items apart from the items that are mentioned above.

(3) Participation accounts include precious-metal accounts.

(4) Indicates the total of other liabilities items apart from the items that are mentioned above.

Chairman of the Board of Directors' Message

Dear Stakeholders,

Despite the socio-political developments and economic uncertainties that prevailed around the globe, Türkiye Finans has made considerable strides in accordance with the principles of the participation finance system thanks to its vision of supporting production and exports, technological investments and innovative solutions.

In the third quarter of 2023, Türkiye Finans expanded its customer base and continued to record healthy growth by enhancing its human-centric banking approach with its ever-growing range of digital technologies.

Our Bank will continue to contribute to the development of the participation finance system with full commitment to sustainable and profitable growth, introduce new products to the industry, and reach out to all segments of society by utilizing the opportunities offered by digitalization to the fullest.

On behalf of our Board of Directors, I would like to thank all our stakeholders, and especially our colleagues, for supporting us throughout our Bank's journey and contributing to our success. Hereby, I would like to congratulate sincerely the 100th anniversary of the foundation of Turkish Republic.

Kind regards,

Wael Abdulaziz A. RAIES

Chairman

CEO's message

Dear Stakeholders,

As Türkiye Finans, we have maintained our sustainable and profitable growth strategy in the third quarter of 2023, providing robust financial backing to the country's economy in both retail and commercial domains. Türkiye Finans has upheld its resilient capital structure this quarter as well, witnessing a 48 percent increase in regulatory capital compared to the end of the previous year's. Our regulatory capital has now reached TRY 24.3 billion, while maintaining a capital adequacy ratio of 23.39 percent.

Making a substantial contribution to the national economy, Türkiye Finans has provided a total of TRY 145.2 billion, comprising TRY 115.3 billion in cash and TRY 29.9 billion in non-cash funds. The funds collected have surged to TRY 165.2 billion, reflecting a remarkable 61 percent increase from the previous year's end. In the first nine months of 2023, Türkiye Finans has channeled its improved funding sources towards expanding its financing volume, specifically to SMEs and production, which serve as the lifeblood of the economy.

During the first nine months of 2023, our investments in our vision of ubiquitous banking and our innovative approach enabled us to differentiate ourselves as the bank that adapted best to global trend of instant accessibility and digitalization of financial services. We seized the opportunity to transform changing digital habits, behaviors, and technological capabilities into an advantage, allowing us to offer products and services that exceed expectations.

In order to enhance our competitive edge and further strengthen our pioneering role in digitization, which is at the core of all our fundamental strategies such as supporting production and trade, increasing financial inclusivity, and sustainable growth, we made organizational changes by forming the Digital Banking Business Group.

In line with our vision of pioneering digital banking, we have widened our customer base with innovative and competitive products and services like eXtra Limit, personal loan and investment products. While introducing Türkiye Finans to extended customer groups we have taken clear steps to refine our brand and customer experience. Under the motto "Ready for Tomorrow," we undertook several groundbreaking initiatives to reduce paper consumption and carbon footprint while becoming the first participation finance institution to introduce the "Digital Slip" feature for card transactions. In digitalization projects that preceded this initiative, we reduced our annual paper consumption from 25,000 to 5,000 boxes, simultaneously increasing our efficiency, performance, and the satisfaction of our employees and customers, thereby achieving multifaceted benefits through our digital transformation.

As Türkiye Finans, we continue to reflect our strategies more effectively and competitively on the field, and support production and the national economy with our ever-stronger digital infrastructure and digital-focused organization.

I would like to extend my thanks to the entire Türkiye Finans family and our esteemed stakeholders who have played a significant role in enhancing the reputation of our brand through the exceptional performance and prestigious awards we have achieved in the first nine months of 2023.

On the other hand, we are filled with pride of reaching the 100th anniversary of our Republic and the happiness of confidently starting the next 100 years. Also in Turkey's second century, our national production goals take center stage. In line with these objectives, at Türkiye Finans, we will continue our efforts to elevate our country into the world's largest economies with a strong sense of responsibility. Happy 100th anniversary of our Republic, which Mustafa Kemal Atatürk referred to as "my greatest work."

Here's to many more centuries to come...

Sincerely,

Murat Akşam

Board Member and CEO

Review of the First Nine-Month of 2023

Review of the first nine-month financial result of 2023 in Türkiye Finans

The size of assets of Türkiye Finans has stood at TL 222.4 billion at the end of September 2023. Loans allocated (gross) has amounted to TL 115.3 billion. As of September 2023, collected funds, the most important funding resources of the Bank, increased by 61% compared to end-2022 and reached TL 165.2 billion. The share of the collected funds in the balance sheet is 74% and consists of TL and foreign currency account at ratios of 58% and 42%, respectively.

Shareholders' equities have reached to TL 16.6 billion through keeping retained earnings within the Bank.

Profit share income of Türkiye Finans has reached to TL 17.2 billion at the end of September 2023 and net profit share income has become TL 5.6 billion. Pre-tax profit of the Bank has reached to TL 6.8 billion and net income has reached to TL 5.1 billion.

Capital Adequacy Standard Ratio, which was 21.09% at the end of 2022, has become 23.39% as of September 2023.

Assessment Regarding Financial Position, Profitability and Solvency

Selected Financial Figures (TL thousand)	31/12/2021	31/12/2022	30/09/2023
Total Loans (*)	61,691,866	82,014,948	115,348,129
Total Assets	115,643,263	152,762,122	222,410,687
Funds Collected	84,477,543	102,847,258	165,241,751
Shareholders' Equity	6,556,794	11,075,195	16,612,296
Capital Adequacy Ratio (%)	17.85	21.09	23.39

(*) Loans amount includes net non-performing funds and financial leasing.

Net Profit (TL thousand)	30/09/2021	30/09/2022	30/09/2023
Net Profit for the Period	483,480	2,134,792	5,122,955

Material Event Disclosure of Türkiye Finans Katılım Bankası AŞ for the First Nine-Month Period of 2023

9 February 2023

Financial statements and their footnotes at the end of 2022

Unconsolidated and consolidated balance sheet, income statement, cash flow statement, off-balance sheet statement, changes in equity statement, financial statement disclosures and state of responsibility have been announced to public.

30 March 2023

Annual Report

Our Bank has announced annual report and state of responsibility to public regarding between January 1, 2022 and December 31, 2022.

14 April 2023

32nd Ordinary General Assembly Meeting Agenda

It has been announced to the public that 32nd General Assembly Meeting shall be held on May 18, 2023 at Saray Mah. Sokullu Cad. No:6 Ümraniye/ İstanbul at 10:00 a.m. and General Assembly Meeting Agenda.

3 May 2023

Board of Directors Decision Regarding Dividend Distribution

Our Board of Directors resolved to propose at the 2022 Ordinary General Assembly that the Bank would set aside TRY 110,241,970 as the first legal reserve required by Article 519/1 of Turkish Commercial Code from the current period net profit of TRY 2,904,104,894, which is the amount remaining after the taxes and dues payable in the amount of TRY 1,303,504,617 are deducted from the current period profit of 2022 amounting to TRY 4,207,609,512, set aside TRY 566,434 special reserve fund from the amount remaining after setting aside the first legal reserve to benefit from R&D deduction from corporate tax pursuant to the Law no. 5746 on Supporting Research, Development and Design Activities and set aside as extraordinary reserve TRY 2,793,296,491 which is remaining after setting aside all reserves and funds.

9 May 2023

Financial statements and their footnotes for the first quarter of 2023

Unconsolidated and consolidated balance sheet, income statement, cash flow statement, off-balance sheet statement, changes in equity statement, financial statement disclosures and state of responsibility have been announced to public.

18 May 2023

Result of 32nd Ordinary General Assembly Meeting

Minutes of 32nd Ordinary General Assembly held at May 18, 2023 has been announced to public.

26 May 2023

Registration of 32nd Annual General Assembly Decisions

32nd Annual General Assembly of Türkiye Finans Katılım Bankası AŞ which was held at May 18, 2023 has been registered by Istanbul Chamber of Commerce.

17 July 2023

Credit Rating Notes

On July 14, 2023, international credit rating agency, Fitch Ratings, affirmed the long-term local currency (TL) credit rating of Türkiye Finans Katılım Bankası AŞ as "B" and foreign currency credit rating as "B-". Financial capacity rating of the Bank was affirmed as "b-".

8 August 2023

Financial statements and their footnotes for the second quarter of 2023

Unconsolidated and consolidated balance sheet, income statement, cash flow statement, off-balance sheet statement, changes in equity statement, financial statement disclosures and state of responsibility have been announced to public.

22 August 2023

Board of Directors Decision on Issue of Lease Certificate

The decision of the Board of Directors regarding the issue ceiling limited to the issue ceiling of TL 15,000,000,000 (Fifteen Billion Turkish Liras) has been announced.

25 September 2023

Credit Rating Notes

On September 22, 2023, international credit rating agency, Fitch Ratings, affirmed the long-term foreign and local currency credit ratings of Türkiye Finans Katılım Bankası AŞ as “B-” and “B”, respectively, while revised their outlook from “Negative” to “Stable”, following revising Turkey's long-term rating Outlook from “Negative” to “Stable” on September 8, 2023. Financial capacity rating of the Bank was affirmed as “b-”.