

QNB FİNANSBANK ANONİM ŞİRKETİ

**UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED
DISCLOSURES AT SEPTEMBER 30, 2022
TOGETHER WITH AUDITOR'S INTERIM REVIEW REPORT**



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note I of Section Three)

To the General Assembly of QNB Finansbank Anonim Şirketi;

Introduction

We have reviewed the unconsolidated balance sheet of QNB Finansbank Anonim Şirketi ("the Bank") at September 30, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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



Basis for the Qualified Conclusion

As mentioned in Section Five Part II 9.4 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as of September 30, 2022 include a free provision amounting to TRY 3,200,000 thousand which was provided in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of QNB Finansbank A.Ş. at September 30, 2022 and its unconsolidated operations and its unconsolidated cash flows for the nine-months period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of September 30, 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Talar Gül, SMMM
Partner

Istanbul, October 27, 2022

**THE UNCONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

The Bank's;
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Phone number : (0 212) 318 50 00
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E-mail address : investor.relations@qnbfinansbank.com


The unconsolidated financial report for the nine months period ended September 30, 2022, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- INTERIM REVIEW REPORT
- INTERIM ACTIVITY REPORT


The accompanying unconsolidated financial statements and related disclosures and footnotes for the nine months period ended September 30, 2022, are prepared and reviewed 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 guidances, and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in **thousands of Turkish Lira (TL)**.




Mehmet Ömer Arif Aras
Chairman of
the Board of Directors



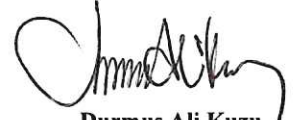
Ali Teoman Kerman
Member of the Board of
Directors and Chairman of the
Audit Committee



Ramzi J. A. Mari
Member of the Board of
Directors and of the
Audit Committee




Noor Mohd J. A. Al-Naimi
Member of the Board of
Directors and of the
Audit Committee



Durmuş Ali Kuzu
Member of the Board of
Directors and of the
Audit Committee



Osman Ömür Tan
General Manager
and Member of the
Board of Directors



Adnan Menderes Yayla
Executive Vice President
Responsible of Financial Control
and Planning



Ercan Sakarya
Director of Financial, Statutory
Reporting and
Treasury Control

Information related to the responsible personnel to whom the questions about the financial report can be communicated:

Name-Surname/Title : Elif Akan / Financial Reporting Manager
Phone Number : (0 212) 318 57 80
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QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD THEN ENDED SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. Explanatory Note on the Establishment Date, Nature of Activities and History of the Bank

QNB Finansbank Anonim Şirketi ("the Bank") was incorporated in Istanbul on September 23, 1987. The Bank's shares have been listed on the Borsa Istanbul ("BIST") (formerly known as Istanbul Stock Exchange ("ISE")) since 1990.

II. Information About the Bank's Shareholding Structure, Shareholders Who Individually or Jointly Have Power to Control The Management and Audit Directly or Indirectly, Changes Regarding These Subjects During the Year, If Any, And Information About the Controlling Group of The Bank

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Bank in previous periods, and Qatar National Bank Q.P.S.C. ("QNB") regarding the direct or indirect sales of NBG's shares, owned by affiliates and current associations of the Bank, at the rate of 99.81% to QNB at a price of EUR 2,750 million as of December 21, 2015. On April 7, 2016, BRSA permitted to transfer shares at ratios of 82.23%, 7.90%, 9.68% owned by National Bank of Greece S.A., NBGI Holdings B.V. and NBG Finance (Dollar) PLC respectively in the capital of the Bank to Qatar National Bank S.A.Q. in the framework of paragraph 1 of article 18 of Banking Law and dropping direct share of National Bank of Greece S.A. to 0% through the aforementioned share transfer. Necessary permissions related to share transfer have been completed on May 4, 2016 before the Competition Authority while permission transactions regarding direct/indirect share ownership which shall realize in related affiliates of the Bank (QNB Finans Yatırım Menkul Değerler A.Ş., QNB Finans Portföy Yönetimi A.Ş., QNB Finans Finansal Kiralama A.Ş. and Cigna Sağlık, Hayat ve Emeklilik A.Ş.) Before the related official bodies on May 12, 2016 and share transfer of the Bank has been completed on June 15, 2016.

The Bank has decided to change the logo and the name of the company within the scope of the main shareholder change and brand strategies the new logo and the company name of The Bank has started to be used as "QNB FİNANSBANK" as of October 20, 2016 and the company name started to be used with the registration of the General Assembly Resolution dated November 24, 2016 on November 30, 2016. According to the decision dated January 17, 2018 which was taken by the General Assembly. The Bank's trade name is changed from "FİNANS BANK A.Ş." to "QNB FİNANSBANK A.Ş." as of January 19, 2018.

99.88% of shares of QNB Finansbank A.Ş. are controlled by Qatar National Bank as of September 30, 2022 and remaining 0.12% of related shares are public shares.

50% of QNB shares, which is the first commercial bank of Qatar founded in 1964 and has been traded at Qatar Stock Exchange since 1997, are owned by Qatar Investment Authority while 50% of related shares are public shares. QNB is operating over 30 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

Regarding the partnership share in Cigna Sağlık Hayat ve Emeklilik A.Ş., whose capital is 49%; The Bank's Board of Directors determined that TRY 1,000,000,000 of the 22,950,000 shares with a nominal value of TRY 22,950,000, which corresponds to 51% of the capital of Cigna Sağlık Hayat ve Emeklilik A.Ş., owned by Cigna Nederland Gamma BV In this context, a Share Purchase Agreement was signed with Cigna Nederland Gamma BV on October 21, 2022. The share transfer process will be completed after the necessary permissions are obtained.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD THEN ENDED SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

GENERAL INFORMATION

III. Information About the Chairman and Members of Board of Directors, Members of Audit Committee, Managing Directors and Executive Vice Presidents; Any Changes, and the Information About the Bank Shares They Hold and Their Responsibilities

Name	Titles	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	PhD
Yousef Mahmoud H. N. Al-Neama	Deputy Chairman and Executive Member Board Member and Chairman of the Audit Committee	May 28, 2019	Masters
Ali Teoman Kerman	Board Member and Audit Committee Member	April 16, 2013	Masters
Ramzi T. A. Mari	Board Member	June 16, 2016	Masters
Fatma Abdulla S.S. Al-Suwaiddi	Board Member	June 16, 2016	Masters
Durmuş Ali Kuzu	Board Member and Audit Committee Member	August 25, 2016	PhD
Osman Ömür Tan	Board Member and General Manager	January 1, 2022	Masters
Temel Güzeloglu	Board Member	April 16, 2010	Masters
Esel Yıldız Çekin(*)	Board Member	September 2, 2022	Graduate
Adel Ali M. A. Al-Malki	Board Member	May 28, 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Audit Committee Member	June 22, 2017	Graduate
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	PhD
Enis Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Cumhur Türkmen	Executive Vice President	June 11, 2018	Graduate
Cenk Akıncılar	Executive Vice President	January 21, 2019	Graduate
Burçin Dünder Tüzün	Executive Vice President	December 1, 2019	Masters
Zeynep Kulalar	Executive Vice President	December 1, 2019	Graduate
Derya Düner	Executive Vice President	January 1, 2020	Graduate
Ali Yılmaz	Executive Vice President	January 1, 2020	Masters
Ahmet Erzençin	Head of the Department of Internal Control and Compliance	September 12, 2012	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

(*) Esel Yıldız Çekin was appointed as of September 2, 2022, and the oath process was completed on September 29, 2022.

The top level management listed above possesses immaterial number of shares of the Bank.

IV. Information About the Persons And Institutions That Have Qualified Shares

Name Surname/Trade Name	Amount of Shares	Percentage of Shares	Paid-up Shares	Unpaid Shares
Qatar National Bank Q.P.S.C. ("QNB")	3,345,892	99.88%	3,345,892	-
Other	4,108	0.12%	4,108	-

V. Explanations on The Bank's Services and Activities

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of September 30, 2022, the Bank operates through 438 domestic (December 31, 2021 – 442), 1 abroad (December 31, 2021 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2021 – 1) branches. As of September 30, 2022, the Bank has 11,385 employees (December 31, 2021 – 10,944 employees).

VI. The Existing Current or Likely Actual or Legal Barriers to Immediate Transfer of Equity or Repayment of Debts Between the Bank and its Subsidiaries

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Commitments and Contingencies
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- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flow

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF BALANCE SHEET SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET - ASSETS

		Current Period 30.09.2022			Prior Period 31.12.2021		
	Section 5 Part I	TRY	FC	Total	TRY	FC	Total
I. FINANCIAL ASSETS (NET)		61,485,357	120,835,749	182,321,106	36,875,476	91,014,591	127,890,067
1.1 Cash and Cash Equivalents		8,912,248	106,169,201	115,081,449	7,426,349	78,137,381	85,563,730
1.1.1 Cash and Balances with Central Bank	(1)	8,924,953	70,516,688	79,441,641	7,436,280	62,858,291	70,294,571
1.1.2 Banks	(3)	2,373	35,246,272	35,248,645	822	15,119,582	15,120,404
1.1.3 Money Markets	(4)	-	419,489	419,489	-	159,508	159,508
1.1.4 Expected Credit Losses (-)		15,078	13,248	28,326	10,753	-	10,753
1.2 Financial Assets at Fair Value Through Profit or Loss	(2)	512,188	352,367	864,555	181,903	499,454	681,357
1.2.1 Government Debt Securities		388,414	90,026	478,440	101,865	64,122	165,987
1.2.2 Equity Securities		91,089	-	91,089	47,353	-	47,353
1.2.3 Other Financial Assets		32,685	262,341	295,026	32,685	435,332	468,017
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(5)	30,926,862	9,824,838	40,751,700	9,633,009	10,008,077	19,641,086
1.3.1 Government Debt Securities		30,919,188	9,824,838	40,744,026	9,625,335	10,008,077	19,633,412
1.3.2 Equity Securities		7,674	-	7,674	7,674	-	7,674
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(12)	21,134,059	4,489,343	25,623,402	19,634,215	2,369,679	22,003,894
1.4.1 Derivative Financial Assets at Fair Value Through Profit/Loss		16,140,148	2,638,057	18,778,205	16,419,234	2,225,197	18,644,431
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income		4,993,911	1,851,286	6,845,197	3,214,981	144,482	3,359,463
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		233,918,050	123,120,420	357,038,470	132,561,876	97,907,918	230,469,794
2.1 Loans	(6)	213,311,871	107,371,422	320,683,293	129,816,752	82,927,002	212,743,754
2.2 Lease Receivables	(11)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Other Financial Assets Measured at Amortized Cost	(7)	32,070,765	20,126,540	52,197,305	14,876,060	14,980,916	29,856,976
2.4.1 Public Sector Debt Securities		32,070,765	19,472,242	51,543,007	14,876,060	14,417,974	29,294,034
2.4.2 Other Financial Assets		-	654,298	654,298	-	562,942	562,942
2.5 Expected Credit Losses (-)		11,464,586	4,377,542	15,842,128	12,130,936	-	12,130,936
III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(15)	-	-	-	-	-	-
3.1 Held for Sale Purpose		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		3,487,593	-	3,487,593	2,400,164	-	2,400,164
4.1 Investments in Associates (Net)	(8)	45,276	-	45,276	14,026	-	14,026
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		45,276	-	45,276	14,026	-	14,026
4.2 Subsidiaries (Net)	(9)	3,215,026	-	3,215,026	2,167,844	-	2,167,844
4.2.1 Unconsolidated Financial Subsidiaries		3,086,980	-	3,086,980	2,129,798	-	2,129,798
4.2.2 Unconsolidated Non-Financial Subsidiaries		128,046	-	128,046	38,046	-	38,046
4.3 Joint Ventures (Net)	(10)	227,291	-	227,291	218,294	-	218,294
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		227,291	-	227,291	218,294	-	218,294
V. PROPERTY AND EQUIPMENT (Net)		3,905,438	97	3,905,535	3,660,096	37	3,660,133
VI. INTANGIBLE ASSETS (Net)		914,581	-	914,581	628,673	-	628,673
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		914,581	-	914,581	628,673	-	628,673
VII. INVESTMENT PROPERTY (Net)	(13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET	(14)	-	-	-	2,040	-	2,040
IX. DEFERRED TAX ASSET	(14)	150,345	-	150,345	133,892	-	133,892
X. OTHER ASSETS (Net)	(16)	6,977,689	348,507	7,326,196	6,052,142	132,336	6,184,478
TOTAL ASSETS		310,839,053	244,304,773	555,143,826	182,314,359	189,054,882	371,369,241

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF BALANCE SHEET SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

I. BALANCE SHEET - LIABILITIES AND EQUITY

			Current Period 30.09.2022			Prior Period 31.12.2021		
Section 5 Part								
		II	TRY	FC	Total	TRY	FC	Total
I.	DEPOSITS	(1)	141,792,938	208,654,029	350,446,967	79,660,507	147,262,712	226,923,219
II.	FUNDS BORROWED	(3)	450,859	42,002,501	42,453,360	526,513	26,505,405	27,031,918
III.	MONEY MARKETS	(4)	13,834,637	15,257,984	29,092,621	2,302,812	15,717,177	18,019,989
IV.	SECURITIES ISSUED (Net)	(5)	5,097,224	20,763,801	25,861,025	4,609,660	23,779,092	28,388,752
4.1	Bills		5,097,224	2,527,021	7,624,245	4,609,660	2,154,632	6,764,292
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	18,236,780	18,236,780	-	21,624,460	21,624,460
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		4,394,637	3,719,699	8,114,336	9,160,015	3,292,413	12,452,428
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(2)	4,394,637	3,287,256	7,681,893	8,982,699	2,623,496	11,606,195
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	-	432,443	432,443	177,316	668,917	846,233
VIII.	FACTORING PAYABLES		-	-	-	-	-	-
IX.	LEASE PAYABLES (Net)	(7)	503,125	292	503,417	491,912	777	492,689
X.	PROVISIONS	(9)	5,096,027	273,495	5,369,522	1,567,815	-	1,567,815
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		1,244,083	-	1,244,083	977,114	-	977,114
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		3,851,944	273,495	4,125,439	590,701	-	590,701
XI.	CURRENT TAX LIABILITY	(10)	2,790,487	-	2,790,487	-	-	-
XII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII.	LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	17,262,406	17,262,406	-	11,852,564	11,852,564
14.1	Subordinated Loans		-	17,262,406	17,262,406	-	11,852,564	11,852,564
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES		19,212,050	15,716,817	34,928,867	10,570,280	11,925,527	22,495,807
XVI.	SHAREHOLDERS' EQUITY		40,262,618	(1,941,800)	38,320,818	24,785,657	(2,641,597)	22,144,060
16.1	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss		(209,352)	-	(209,352)	(223,943)	-	(223,943)
16.4	Other Comprehensive Income/Expense Items Reclassified to Profit or Loss		4,669,302	(1,941,800)	2,727,502	678,070	(2,641,597)	(1,963,527)
16.5	Profit Reserves		20,980,816	-	20,980,816	17,052,702	-	17,052,702
16.5.1	Legal Reserves		771,684	-	771,684	757,842	-	757,842
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		20,209,132	-	20,209,132	16,294,860	-	16,294,860
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		11,471,138	-	11,471,138	3,928,114	-	3,928,114
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		11,471,138	-	11,471,138	3,928,114	-	3,928,114
16.7	Minority Interest		-	-	-	-	-	-
TOTAL LIABILITIES			233,434,602	321,709,224	555,143,826	133,675,171	237,694,070	371,369,241

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

		Current Period 30.09.2022			Prior Period 31.12.2021		
		Section 5 Part III					
		TRY	FC	TOTAL	TRY	FC	TOTAL
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II-III)	400,675,359	610,815,752	1,011,491,111	250,865,291	432,479,100	683,344,391
I.	GUARANTEES	25,391,101	34,723,692	60,114,793	13,161,207	34,332,017	47,493,224
1.1.	Letters of guarantee	22,856,039	20,075,580	42,931,619	13,025,750	17,491,611	30,517,361
1.1.1.	Guarantees subject to State Tender Law	838,742	169,827	1,008,569	553,377	133,441	686,818
1.1.2.	Guarantees given for foreign trade operations	11,131,950	19,905,753	31,037,703	7,285,611	17,358,170	24,643,781
1.1.3.	Other letters of guarantee	10,885,347	-	10,885,347	5,186,762	-	5,186,762
1.2.	Bank loans	2,495,797	8,286,811	10,782,608	71,783	8,635,893	8,707,676
1.2.1.	Import letter of acceptance	2,495,797	8,286,811	10,782,608	71,783	8,635,893	8,707,676
1.2.2.	Other bank acceptances	-	-	-	-	-	-
1.3.	Letters of credit	39,265	6,361,301	6,400,566	63,674	8,204,513	8,268,187
1.3.1.	Documentary letters of credit	39,265	6,027,255	6,066,520	63,674	7,424,841	7,488,515
1.3.2.	Other letters of credit	-	334,046	334,046	-	779,672	779,672
1.4.	Prefinancing given as guarantee	-	-	-	-	-	-
1.5.	Endorsements	-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Turkey	-	-	-	-	-	-
1.5.2.	Other endorsements	-	-	-	-	-	-
1.6.	Securities issue purchase guarantees	-	-	-	-	-	-
1.7.	Factoring guarantees	-	-	-	-	-	-
1.8.	Other guarantees	-	-	-	-	-	-
1.9.	Other collaterals	-	-	-	-	-	-
II.	COMMITMENTS	212,291,207	86,148,231	298,439,438	150,120,272	5,965,872	156,086,144
2.1.	Irrevocable commitments	138,756,581	35,873,972	174,630,553	81,745,417	5,965,872	87,711,289
2.1.1.	Forward asset purchase commitments	6,037,865	24,640,754	30,678,619	1,107,989	2,858,065	3,966,054
2.1.2.	Forward deposit purchase and sales commitments	-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries	-	-	-	-	-	-
2.1.4.	Loan granting commitments	40,375,499	404,076	40,779,575	27,050,703	793,507	27,844,210
2.1.5.	Securities underwriting commitments	-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements	-	-	-	-	-	-
2.1.7.	Payment commitment for checks	3,737,474	-	3,737,474	2,885,779	-	2,885,779
2.1.8.	Tax and fund liabilities from export commitments	86,529	-	86,529	29,314	-	29,314
2.1.9.	Commitments for credit card expenditure limits	85,296,921	-	85,296,921	49,733,289	-	49,733,289
	Commitments for promotions related with credit cards and banking activities	98,959	-	98,959	71,498	-	71,498
2.1.10.	Receivables from short sale commitments	-	-	-	-	-	-
2.1.11.	Payables for short sale commitments	-	-	-	-	-	-
2.1.12.	Other irrevocable commitments	3,123,334	10,829,142	13,952,476	866,845	2,314,300	3,181,145
2.2.	Revocable commitments	73,534,626	50,274,259	123,808,885	68,374,855	-	68,374,855
2.2.1.	Revocable loan granting commitments	73,534,626	50,274,259	123,808,885	68,374,855	-	68,374,855
2.2.2.	Other revocable commitments	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	162,993,051	489,943,829	652,936,880	87,583,812	392,181,211	479,765,023
3.1.	Derivative financial instruments for hedging purposes	22,413,561	131,046,705	153,460,266	12,146,306	102,778,047	114,924,353
3.1.1.	Fair value hedge	6,439,313	41,060,784	47,500,097	5,829,388	42,107,334	47,936,722
3.1.2.	Cash flow hedge	15,974,248	89,985,921	105,960,169	6,316,918	60,670,713	66,987,631
3.1.3.	Hedge of net investment in foreign operations	-	-	-	-	-	-
3.2.	Held for trading transactions	140,579,490	358,897,124	499,476,614	75,437,506	289,403,164	364,840,670
3.2.1.	Forward foreign currency buy/sell transactions	13,575,361	25,077,244	38,652,605	7,288,292	16,053,812	23,342,104
3.2.1.1.	Forward foreign currency transactions-buy	13,313,219	6,101,048	19,414,267	6,377,847	4,862,254	11,240,101
3.2.1.2.	Forward foreign currency transactions-sell	262,142	18,976,196	19,238,338	910,445	11,191,558	12,102,003
3.2.2.	Swap transactions related to foreign currency and interest rates	112,401,133	315,666,516	428,067,649	66,545,184	268,882,455	335,427,639
3.2.2.1.	Foreign currency swap-buy	1,066,385	130,779,977	131,846,362	2,126,829	98,404,122	100,530,951
3.2.2.2.	Foreign currency swap-sell	77,899,950	54,057,885	131,957,835	37,918,755	62,467,695	100,386,450
3.2.2.3.	Interest rate swaps-buy	16,717,399	65,414,327	82,131,726	13,249,800	54,005,319	67,255,119
3.2.2.4.	Interest rate swaps-sell	16,717,399	65,414,327	82,131,726	13,249,800	54,005,319	67,255,119
3.2.3.	Foreign currency, interest rate and securities options	12,935,519	14,528,025	27,463,544	1,227,592	2,651,799	3,879,391
3.2.3.1.	Foreign currency options-buy	9,306,532	4,557,563	13,864,095	821,817	1,131,799	1,953,616
3.2.3.2.	Foreign currency options-sell	3,628,987	9,970,462	13,599,449	405,775	1,520,000	1,925,775
3.2.3.3.	Interest rate options-buy	-	-	-	-	-	-
3.2.3.4.	Interest rate options-sell	-	-	-	-	-	-
3.2.3.5.	Securities options-buy	-	-	-	-	-	-
3.2.3.6.	Securities options-sell	-	-	-	-	-	-
3.2.4.	Foreign currency futures	1,667,477	1,589,921	3,257,398	376,438	387,573	764,011
3.2.4.1.	Foreign currency futures-buy	878,809	762,320	1,641,129	361,015	18,895	379,910
3.2.4.2.	Foreign currency futures-sell	788,668	827,601	1,616,269	15,423	368,678	384,101
3.2.5.	Interest rate futures	-	-	-	-	-	-
3.2.5.1.	Interest rate futures-buy	-	-	-	-	-	-
3.2.5.2.	Interest rate futures-sell	-	-	-	-	-	-
3.2.6.	Other	-	2,035,418	2,035,418	-	1,427,525	1,427,525
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)	1,566,164,153	661,035,083	2,227,199,236	1,168,863,151	489,419,290	1,658,282,441
IV.	ITEMS HELD IN CUSTODY	27,545,592	21,818,024	49,363,616	22,219,062	16,495,503	38,714,565
4.1.	Assets under management	8,576,257	-	8,576,257	7,427,814	-	7,427,814
4.2.	Investment securities held in custody	274,784	17,611,916	17,886,700	1,633,011	11,510,543	13,143,554
4.3.	Checks received for collection	15,795,420	1,579,127	17,374,547	10,923,733	3,061,613	13,985,346
4.4.	Commercial notes received for collection	2,898,881	1,283,590	4,182,471	2,233,879	920,079	3,153,958
4.5.	Other assets received for collection	-	-	-	-	-	-
4.6.	Assets received for public offering	-	-	-	-	-	-
4.7.	Other items under custody	250	1,343,391	1,343,641	625	1,003,268	1,003,893
4.8.	Custodians	-	-	-	-	-	-
V.	PLEDGED ITEMS	888,402,578	363,989,248	1,252,391,826	666,936,857	290,504,187	957,441,044
5.1.	Marketable securities	5,407,417	23,700,937	29,108,354	5,098,635	18,744,531	23,843,166
5.2.	Guarantee notes	681,982	968,075	1,650,057	538,348	602,312	1,140,660
5.3.	Commodity	946,607	-	946,607	521,666	-	521,666
5.4.	Warranty	-	-	-	-	-	-
5.5.	Properties	188,003,690	169,839,718	357,843,408	130,004,304	146,855,545	276,859,849
5.6.	Other pledged items	693,362,882	169,480,518	862,843,400	530,773,904	124,301,799	655,075,703
5.7.	Pledged items-depository	-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES	650,215,983	275,227,811	925,443,794	479,707,232	182,419,600	662,126,832
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		1,966,839,512	1,271,850,835	3,238,690,347	1,419,728,442	921,898,390	2,341,626,832

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

III. STATEMENT OF PROFIT OR LOSS

	Part 5 Note IV	Current Period 01.01 - 30.09.2022	Current Period 3 Months 01.07 - 30.09.2022	Prior Period 01.01 - 30.09.2021	Prior Period 3 Months 01.07 - 30.09.2021
I. INTEREST INCOME	(1)	42,281,998	18,235,168	17,425,923	6,483,442
1.1 Interest income on loans		27,971,611	11,778,687	14,105,458	5,167,688
1.2 Interest income on reserve deposits		130,135	-	303,571	133,347
1.3 Interest income on banks		150,545	122,663	34,220	6,936
1.4 Interest income on money market transactions		44,608	18,886	12,422	87
1.5 Interest income on securities portfolio		13,957,240	6,307,126	2,954,387	1,171,073
1.5.1 Financial assets measured at FVTPL		58,650	22,782	16,662	5,991
1.5.2 Financial assets measured at FVOCI		3,639,418	1,637,518	1,258,365	500,076
1.5.3 Financial assets measured at amortized cost		10,259,172	4,646,826	1,679,360	665,006
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		27,859	7,806	15,865	4,311
II. INTEREST EXPENSE (-)	(2)	17,381,940	7,417,817	9,338,654	3,457,019
2.1 Interest on deposits		11,593,019	5,215,170	6,521,441	2,442,862
2.2 Interest on funds borrowed		1,894,886	765,847	941,951	303,946
2.3 Interest on money market transactions		1,976,724	694,929	836,628	291,653
2.4 Interest on securities issued		1,687,131	585,316	963,831	397,281
2.5 Interests on leaseings		73,321	25,575	46,240	14,937
2.6 Other interest expenses		156,859	130,980	28,563	6,340
III. NET INTEREST INCOME (I - II)		24,900,058	10,817,351	8,087,269	3,026,423
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		4,290,903	1,776,633	2,415,106	879,547
4.1 Fees and commissions received		5,730,038	2,342,783	3,105,687	1,179,161
4.1.1 Non-cash loans		303,235	124,500	195,812	68,105
4.1.2 Others		5,426,803	2,218,283	2,909,875	1,111,056
4.2 Fees and commissions paid (-)		1,439,135	566,150	690,581	299,614
4.2.1 Non-cash loans		1,542	657	1,757	660
4.2.2 Others		1,437,593	565,493	688,824	298,954
V. DIVIDEND INCOME	(3)	14,889	-	518	-
VI. TRADING INCOME / LOSS (Net)	(4)	(462,389)	(60,160)	(3,052,426)	(1,072,256)
6.1 Trading gains / losses on securities		312,046	170,941	57,187	13,615
6.2 Gain/losses from derivative transactions		(5,996,547)	(2,527,143)	(3,680,316)	(1,301,027)
6.3 Foreign exchange gain / losses		5,222,112	2,296,042	570,703	215,156
VII. OTHER OPERATING INCOME	(5)	259,476	74,129	390,120	220,135
VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)		29,002,937	12,607,953	7,840,587	3,053,849
IX. EXPECTED CREDIT LOSSES (-)	(6)	4,101,785	1,101,949	1,444,765	563,861
X. OTHER PROVISION LOSSES (-)		3,596,446	3,450,179	82,481	20,164
XI. PERSONNEL EXPENSES (-)		2,844,474	1,061,292	1,466,917	511,922
XII. OTHER OPERATING EXPENSES (-)	(7)	3,422,041	1,261,123	1,959,198	687,813
XIII. NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)		15,038,191	5,733,410	2,887,226	1,270,089
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		980,889	394,735	418,131	151,590
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)	(8)	16,019,080	6,128,145	3,305,357	1,421,679
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	(9)	4,547,942	2,272,507	712,322	314,478
18.1 Current tax charge		5,946,279	2,789,357	8,528	-
18.2 Deferred tax charge (+)		884,037	310,920	1,322,581	279,663
18.3 Deferred tax credit (-)		(2,282,374)	(827,770)	(618,787)	34,815
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	(10)	11,471,138	3,855,638	2,593,035	1,107,201
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
20.1 Income from assets held for sale		-	-	-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures		-	-	-	-
20.3 Others		-	-	-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
21.1 Expenses on assets held for sale		-	-	-	-
21.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-	-	-
21.3 Others		-	-	-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)		-	-	-	-
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-	-	-
23.1 Current tax charge		-	-	-	-
23.2 Deferred tax charge (+)		-	-	-	-
23.3 Deferred tax credit (-)		-	-	-	-
XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)		-	-	-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(11)	11,471,138	3,855,638	2,593,035	1,107,201
25.1 Group's profit/loss		11,471,138	3,855,638	2,593,035	1,107,201
25.2 Minority interest		-	-	-	-
Earnings Per Share		0.3424	0.1151	0.0774	0.0331

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

QNB FİNANSBANK ANONİM ŞİRKETİ**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Period 01.01 - 30.09.2022	Prior Period 01.01 - 30.09.2021
I. CURRENT PERIOD PROFIT/LOSS	11,471,138	2,593,035
II. OTHER COMPREHENSIVE INCOME	4,705,620	(198,797)
2.1 Other Income/Expense Items not Reclassified to Profit or Loss	14,591	234
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	2,673	167
2.1.4 Other Income/Expense Items not Reclassified to Profit or Loss	830	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	11,088	67
2.2 Other Income/Expense Items to Reclassified to Profit or Loss	4,691,029	(199,031)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	3,341,517	(648,472)
2.2.3 Gains/losses from Cash Flow Hedges	2,724,817	397,654
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to Reclassified to Profit or Loss	17,666	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(1,392,971)	51,787
III. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (I+II)	16,176,758	2,394,238

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss							Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							Total
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Other ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Other ^(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity
Prior Period - 01.01 - 30.09.2021															
I. Prior Period End Balance		3,350,000	714	-	-	-	(106,814)	(4,809)	-	(475,450)	(603,574)	14,204,536	2,848,166	-	19,212,769
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 Period (I+II)		3,350,000	714	-	-	-	(106,814)	(4,809)	-	(475,450)	(603,574)	14,204,536	2,848,166	-	19,212,769
IV. Total Comprehensive Income		-	-	-	-	-	132	102	-	(520,548)	321,517	-	-	2,593,035	2,394,238
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	2,848,166	(2,848,166)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	2,848,166	(2,848,166)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		3,350,000	714	-	-	-	(106,682)	(4,707)	-	(995,998)	(282,057)	17,052,702	-	2,593,035	21,607,007

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss							Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							Total
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Other ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Other ^(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Total Equity
Current Period - 01.01 - 30.09.2022															
I. Prior Period End Balance		3,350,000	714	-	-	-	(213,835)	(10,108)	-	(1,608,182)	(355,345)	17,052,702	3,928,114	-	22,144,060
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 Period (I+II)		3,350,000	714	-	-	-	(213,835)	(10,108)	-	(1,608,182)	(355,345)	17,052,702	3,928,114	-	22,144,060
IV. Total Comprehensive Income		-	-	-	-	-	15,369	(778)	-	2,606,649	2,084,380	-	-	11,471,138	16,176,758
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	3,928,114	(3,928,114)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3,928,114	(3,928,114)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		3,350,000	714	-	-	-	(198,466)	(10,886)	-	998,467	1,729,035	20,980,816	-	11,471,138	38,320,818

^(*)Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit / loss from other comprehensive income with other comprehensive income that will not reclassified to other profit or loss.

^(**)Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Bank for profit or loss from other comprehensive income and other comprehensive income reclassified to other profit or loss.

^(***)The restatement of the previous period is related to the Bank's TAS 27 policy, and the details are explained in Note XXVI of Section Three.

The accompanying notes are an integral part of those financial statement.

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UNCONSOLIDATED STATEMENT OF CASH FLOW SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOW

	Current Period 01.01 - 30.09.2022	Prior Period 01.01 - 30.09.2021
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	15,874,450	1,446,590
1.1.1 Interest Received	22,122,324	15,934,856
1.1.2 Interest Paid	(19,295,127)	(10,120,928)
1.1.3 Dividend Received	14,889	518
1.1.4 Fees and Commissions Received	5,776,837	3,105,125
1.1.5 Other Income	259,476	808,251
1.1.6 Collections From Previously Written Off Loans	1,727,050	1,592,271
1.1.7 Payments To Personnel and Service Suppliers	(2,666,450)	(1,502,084)
1.1.8 Taxes Paid	(4,797,742)	(1,222,295)
1.1.9 Others	12,733,193	(7,149,124)
1.2 Changes in Operating Assets and Liabilities	23,233,476	5,755,299
1.2.1 Net (Increase) Decrease in Financial Assets Measured at Fair Value Through Profit/Loss	(182,168)	42,250
1.2.2 Net (Increase) Decrease in Due From Banks	(3,500,228)	(3,224,817)
1.2.3 Net (Increase) Decrease in Loans	(79,286,434)	(23,005,409)
1.2.4 Net (Increase) Decrease in Other Assets	(5,172,450)	4,828,878
1.2.5 Net Increase (Decrease) in Bank Deposits	(1,194,128)	(2,814,238)
1.2.6 Net Increase (Decrease) in Other Deposits	79,768,294	26,396,121
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	5,279,874	(3,776,419)
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	27,520,716	7,308,933
I. Net Cash Provided From / (Used in) Banking Operations	39,107,926	7,201,889
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided From / (Used in) Investing Activities	(13,479,397)	(3,670,835)
2.1 Purchase Of Entities Under Common Control, Associates and Subsidiaries	-	(124,800)
2.2 Sale of Entities Under Common Control, Associates and Subsidiaries	-	25,650
2.3 Fixed Assets Purchases	(772,620)	(359,525)
2.4 Fixed Assets Sales	156,790	89,389
2.5 Purchase of Financial Assets Measured at Fair Value Through Other Comprehensive Income	(19,458,309)	(8,978,951)
2.6 Sale of Financial Assets Measured at Fair Value Through Other Comprehensive Income	14,311,486	7,026,427
2.7 Purchase of Financial Assets Measured at Amortized Cost	(9,284,217)	(3,666,627)
2.8 Sale of Financial Assets Measured at Amortized Cost	1,853,381	2,404,893
2.9 Others	(285,908)	(87,291)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided From / (Used in) Financing Activities	(2,092,303)	6,585,511
3.1 Cash Obtained From Funds Borrowed and Securities Issued	15,026,640	16,470,778
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(17,056,752)	(9,799,959)
3.3 Capital Increase	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(3,398)	(11,280)
3.6 Other	(58,793)	(74,028)
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	2,356,483	774,811
V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	25,892,709	10,891,376
VI. Cash and Cash Equivalents at Beginning of the Period	47,100,231	15,425,482
VII. Cash and Cash Equivalents at End of the Period (V+VI)	72,992,940	26,316,858

The accompanying notes are an integral part of those financial statement.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

**SECTION THREE
ACCOUNTING POLICIES**

I. Basis of Presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the 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 Law 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 and Turkish Accounting Standards published by the Public Oversight Accounting for the format and detail 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", published in Official Gazette no. 28337, dated June 28, 2012, and amendments to this Communiqué dated February 1, 2019 which include Turkish Accounting Standard principles.

Financial statements and the related disclosures and footnotes have been presented in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency is indicated by the full amount.

2. Accounting policies and valuation principles used in the preparation of the financial statements

The accounting policies followed and the valuation principles used in the preparation of the interim financial statements that have been determined and applied in accordance with the principles included in the "BRSA Accounting and Financial Reporting Legislation" with the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2021, VIII. is consistent except for the new regulations mentioned in the section. Accounting policies for the current period and valuation principles used are explained in Notes II to XXVI.

Financial statements are prepared on the historical cost basis, excluding financial assets and liabilities at fair value through profit or loss, financial assets and liabilities at fair value through other comprehensive income and subsidiaries and joint ventures accounted for using the equity method.

In preparing the unconsolidated financial statements in accordance with TFRS, the Bank's management is required to make assumptions and estimations about the assets and liabilities in the balance sheet and contingent matters as of the balance sheet date. These assumptions and estimations are reviewed regularly, necessary corrections are made and the details of the effects of these adjustments are reflected in the profit or loss statement as explained in the related footnotes.

2.1. Changes in accounting policies and disclosures

In its accompanying unconsolidated financial statements, the Bank announced the Phase 1 amendments to TFRS 9, TAS 39 and TFRS 7 within the scope of the Indicative Interest Rate Reform published by the POA in the Official Gazette dated Dec 14, 2019 and numbered 30978. It has been implemented since January 1, 2020.

In 2020, the International Accounting Standards Board and ("POA") published Phase 2 standards regarding the reform and related amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16. In this context; As of January 1, 2022, the necessary changes/transitions regarding the reference interest rates have been completed.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

2. Accounting policies and valuation principles used in the preparation of the financial statements (Continued)

Within the scope of the said reform; The Bank has transactions in the field of loans, securities, debt and derivative products and hedge accounting applications. With this; A significant portion of bank transactions are indexed to EURIBOR and USD LIBOR reference interest rates, and EURIBOR continues to be used after the transition. And also; It is anticipated that USD LIBOR rates will continue to be published overnight in 1M, 3M, 6M and 1Y grades until June, 2023.

Considering the published standards and the Group's portfolio of products under the reform, the benchmark interest rate reform does not have a significant impact on financial reports.

		Non-Derivative Financial Instruments
Current Period	Derivative	
USD LIBOR	162,517,951	36,111,993
Hedge Accounting Instruments	88,421,095	-
Total	162,517,951	36,111,993

		Non-Derivative Financial Instruments
Prior Period	Derivative	
USD LIBOR	119,086,162	31,030,011
Hedge Accounting Instruments	64,743,012	-
Total	119,086,162	31,030,011

2.2. Other

The ongoing COVID-19 pandemic, which has emerged in China, has spread to various countries in the world, causing potentially fatal respiratory infections, negatively affects both regional and global economic conditions, as well as it causes disruptions in operations, especially countries that are exposed to the epidemic. As a result of the spread of COVID-19 around the world, several measures have been taken in our country as well as in the world in order to prevent the spread of the virus and measures are still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of September 30, 2022, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in footnote numbered VIII "Explanations on Expected Provisions for Losses". In the upcoming periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates.

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies, the threshold value to be taken as a basis for determining whether there is hyperinflation in an economy by considering the economies with high inflation and the financial statements of the enterprises whose functional currency is the currency of a hyperinflationary economy are related to inflation. explains how to fix it. On January 20, 2022, the Public Oversight Authority ("POA") made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of September 30, 2022, no new announcement has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements for September 30, 2022.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

ACCOUNTING POLICIES (Continued)**I. Basis of Presentation (Continued)****2. Accounting policies and valuation principles used in the preparation of the financial statements (Continued)**

The tension between Russia and Ukraine since January, 2022 has subsequently turned into a crisis and a hot conflict, and the current situation continues as of the date of the report. The Bank does not carry out any activities in the two countries that are subject to the crisis. However, since the course of the crisis is uncertain as of the report date, developments that may occur on a global scale and the effects of these developments on the global and regional economy on the Bank's operations are closely monitored.

II. Strategy for the Use of Financial Instruments and the Foreign Currency Transactions**1. Strategy for the use of financial instruments**

The major funding sources of the Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear fixed interest rate and have an average maturity of up to 3 months in line with the sector. Domestic bond issues are realized within the maturity of 6 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad mostly bear floating rates and are reprised at an average period of 3-6 months. The Bank diverts its placements to assets with high return and sufficient collaterals. The Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and higher return on long-term placements is aimed.

Besides customer deposits, the Bank funds its long term fixed interest rate TRY loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from customer deposit accounts and the international markets to TRY liquidity using long term swap transactions (fixed TRY interest rate and floating FC interest rate). Thus, the Bank generates TRY denominated resources for funding long term loans with fixed interest rates.

The Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position based on the product. Risk limits are expressed in terms of "Value at Risk (VAR)" by taking the risk tolerance as a cap. The maximum VAR amounts are determined by interest and currency risk factors, which affect the securities portfolio that is subject to market risk, as well as determining the risk tolerance based on the total value at risk. The above mentioned limits are revised annually.

The strategies for hedging exchange rate risk resulting from the Bank's foreign currency debt securities which are categorized as financial assets at fair value through other comprehensive income explained in foreign currency risk section and the applications regarding the cash flow hedging of interest rate cash flow risk resulting from deposits are explained in the Interest Rate Risk section in detail.

2. Foreign currency transactions**2.1. Foreign currency exchange rates used in converting transactions denominated in foreign currencies and presentation of them in the financial statements**

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of September 30, 2022 are translated to TRY by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TRY by using foreign currency exchange rates of the Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency non-monetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

ACCOUNTING POLICIES (Continued)

II. Strategy for the Use of Financial Instruments and the Foreign Currency Transactions (Continued)

2. Foreign currency transactions (Continued)

2.2. Net profit or loss is included in the total foreign exchange differences for the period

The foreign currency position of the Bank and the profit/loss from the foreign exchange transactions realized are included in the statement of profit or loss and other comprehensive income of foreign exchange gains/losses and income/losses from derivative Financial instruments in the statement of profit or loss and other comprehensive income. While gain/loss from spot foreign exchange transactions are included in the profit/loss item of foreign exchange gain/loss on balance sheet, profit/loss from derivative transactions (forward, option etc.) for the purpose of hedging related transactions are included in income/loss statement of derivative financial instruments. Therefore, in order to determine the net profit/loss effects of foreign exchange transactions, two balances should be assessed together.

As of September 30, 2022, derivative financial transactions loss amounting to TRY 5,996,547 (September 30, 2021 – TRY 3,680,316 derivative financial transactions loss) and foreign exchange gain amounting to TRY 5,222,112 (September 30, 2021 – net foreign exchange gain of TRY 570,703), net interest expense amounting to TRY 4,080,127 arising from derivative transactions (September 30, 2021 – TRY 3,497,081 net interest expense) is excluded, resulting in net foreign currency transaction profit of TRY 3,305,692 (September 30, 2021 – TRY 387,468 net profit on foreign exchange transactions).

III. Information on Associates and Subsidiaries and Entities Under Common Control

The Communiqué Amending the “Communiqué on the Turkish Accounting Standard 27 (TAS 27) Concerning Individual Financial Statements” published in the Official Gazette dated April 9, 2015 and numbered 29321 came into effect for the accounting periods after January 1, 2016. While it is stated that a business that prepared its individual financial statements before the amendment can account for investments in its subsidiaries, joint ventures and associates at cost or in accordance with TFRS 9 Financial Instruments standard, with the amendment, while the business prepares its individual financial statements, its investments in subsidiaries, joint ventures and affiliates are accounted for using the equity method. also has the opportunity to be accounted for.

TAS 27, as the Bank considers that it is a more reliable and accurate value representation to present its financial subsidiaries in the unconsolidated financial statements of December 31, 2021 by means of the equity method instead of the fair value method, which is affected by the fluctuations in market conditions and for which it is not possible to make a sound calculation in terms of future projections. decided to account according to the equity method within the scope of the application and carried out the application retrospectively within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The relevant amendment is explained in Note XXVI Other Disclosures.

IV. Explanations on Derivative Financial Assets and Liabilities

The Bank enters into forward currency purchase/sale agreements and swap transactions to reduce the foreign currency risk and interest rate risk and manage foreign currency liquidity risk. The Bank also carries out currency and interest options, credit default swap and futures agreements.

Besides customer deposits, the Bank funds its long term fixed interest rate TRY loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank converts the foreign currency liquidity obtained from customer deposit accounts and the international markets to TRY liquidity with long term swap transactions (fixed TRY interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TRY but also hedges itself against interest rate risk.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

ACCOUNTING POLICIES (Continued)

IV. Explanations on Derivative Financial Assets and Liabilities (Continued)

The Bank's derivative instruments held for trading and derivative instruments hedging purpose are classified, measured and accounted in accordance with "TFRS 9" and TAS 39 "Financial Instruments: Recognition and Measurement", respectively. Derivative instruments held for trading and derivative instruments hedging purpose are initially recognized at fair value and subsequently measured at fair value. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values.

The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit or Loss", "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" or "Derivative Financial Liabilities at Fair Value Through Profit or Loss" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts of derivative transactions presented on the balance sheet, represent the fair value differences based on the valuation.

Fair values of forward foreign currency purchase and sales contracts, currency and interest rate swap transactions are calculated by using internal pricing models based on market data.

Fair values of option contracts are calculated with option pricing models.

Futures transactions are accounted for at settlement as of the balance sheet date.

The Bank does not have either any hybrid contract contains a host that is not an asset within the scope of this standard or a financial instrument which shall be separated from the host and accounted for as derivative under this standard.

Credit derivatives are capital market tools designed to transfer credit risk from one party to another. The Bank's credit derivatives portfolio included in the off-balance sheet accounts composes of credit default swaps resulted from protection buying or selling.

Credit default swap is a contract, in which the protection seller commits to pay the protection value to the protection buyer in case of certain credit risk events in return for the premium paid by the buyer for the contract. Credit default swaps are valued daily at their fair values.

Upon valuation of derivative instruments that are not subject to hedge accounting, differences in fair value, except for currency revaluation differences, are recorded in the statement of profit or loss and other comprehensive income on Gains/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under "Foreign Exchange Gains/Losses" account.

In cash flow hedge accounting:

The Bank applies cash flow hedge accounting using interest swap transactions to hedge its TRY and FC customer deposits with short term cyclical basis and subordinated loans and creditor loans which have floating interest payment. The Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Other Accumulated Comprehensive Income/Expense Items Reclassified to Profit or Loss" whereas the amount concerning ineffective parts is associated with statement of profit or loss and other comprehensive income.

In cash flow hedge accounting, when the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked; the hedging gains and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized.

In fair value hedge accounting:

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TRY government bonds with fixed coupon payment in financial assets which is classified as fair value through Other Comprehensive Income portfolio using swap transactions as hedging instruments.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

ACCOUNTING POLICIES (Continued)

IV. Explanations on Derivative Financial Assets and Liabilities (Continued)

The Bank applies fair value hedge accounting using interest rate swap transactions to hedge long term, fixed rate, foreign currency Eurobonds in financial assets which is classified as fair value through Other Comprehensive Income portfolio against interest rate fluctuations

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TRY government bonds with fixed coupon payment in financial assets which is classified as fair value through Other Comprehensive Income portfolio using swap transactions as hedging instruments.

The Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued by the Bank using interest rate swap transactions as hedging instruments.

The Bank applies fair value hedge accounting through interest rate swaps to hedge itself against the changes in the interest rates related to the foreign currency borrowings.

At each balance sheet date the Bank applies effectiveness tests for fair value hedge accounting.

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in statement of profit or loss and other comprehensive income.

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of September 30, 2022, fair value exchange difference adjustment amounting to TRY 1,149,428 which is shown intangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

V. Explanations on Interest Income and Expenses

Interest income is recorded according to the effective interest rate method (rate equal to net present value of future cash flows or financial assets and liabilities) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. When applying the effective interest rate method, an entity identifies fees that are an integral part of the effective interest rate method of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognized in profit or loss.

When applying the effective interest method, The Bank amortized any fees, transaction costs and other premiums or discounts that are included in the calculation of the effective interest rate over the expected life of the financial instrument. In case an interest was accrued on a security before its acquisition, the collected interest is divided into two parts as interest before and after the acquisition and only the interest of the period after the acquisition is recorded as interest income in the financial statements. If the expectation for the cash flows from financial asset is revised for reasons other than the credit risk, the change is reflected in the carrying amount of asset and in the related statement of profit or loss line and is amortized over the estimated life of financial asset.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

ACCOUNTING POLICIES (Continued)

V. Explanations on Interest Income and Expenses (Continued)

If the financial asset is impaired and classified as a non-performing receivable, the Bank applies the effective interest rate on the amortized cost of the asset for subsequent reporting periods. Such interest income calculation is made on an individual contract basis for all financial assets subject to impairment calculation. It is used effective interest rate during calculation of loss given default rate in expected credit loss models and accordingly, the calculation of expected credit losses includes an interest amount. Therefore, a reclassification is made between the accounts of “Expected Credit Losses” and “Interest Income From Loans” for calculated amount.

VI. Explanations on Fees and Commission Income and Expenses

Except for fees and commissions that are integral part of the effective interest rates of financial instruments measured at amortized costs, the fees and commissions are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers (“TFRS 15”). Except for certain fees related with certain banking transactions and recognized when the related service is given, fees and commissions received or paid, and other fees and commissions paid to financial institutions are accounted under accrual basis of accounting throughout the service period.

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

The Bank shall recognize 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 recognized and derecognized, 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 TFRS 15, 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 instruments 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.

As per TFRS 9, the Bank classifies a financial asset on the basis of its contractual cash flow characteristics if the financial asset is 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. In order to assess whether the element provides consideration for only the passage of time, an entity applies judgement and considers relevant factors such as the currency in which the financial asset is denominated and the period for which the interest rate is set. When the contractual conditions are exposed to the risks which are not consistent with the basic lending arrangement or variability of cash flows, the relevant financial asset is measured at fair value through profit or loss. The Bank tested all financial assets whether their “contractual cash-flows solely represent payments of principal and interest” and assessed the asset classification within the business model.

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments(Continued)

Assessment of business model

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

The Bank's business models are divided into 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 interest 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:

This is a model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income 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 interest on the principal amount outstanding. Financial Assets Measured at Fair Value through Other Comprehensive Income are assessed in this business model.

Other business models:

Financial assets are measured at fair value through profit or loss in case 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

Within the scope of TFRS 9, financial assets are classified in three main categories as listed below::

- 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 aimed 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 in case of the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest 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 measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the statement of profit or loss and other comprehensive income. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under trading account income/losses in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

The Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Bank's business model. In accordance with TFRS 9, the Bank has classified cash flows are solely payments of principal and interest at certain dates under financial assets at fair value through profit and loss related to private purpose loans as of December 2018.

Financial Assets at Fair Value Through Other Comprehensive Income:

"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 statement of profit or loss and other comprehensive income 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 "Other Accumulated Comprehensive Income or Expenses Reclassified to Profit or Loss" under shareholders' equity. When the aforementioned securities are collected or disposed, accumulated fair value differences which were reflected under equity, are reflected in the statement of profit or loss and other comprehensive income.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

The Bank has inflation indexed (CPI) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Republic of Turkey Ministry of Treasury and Finance . As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Republic of Turkey Ministry of Treasury and Finance, reference index used for the real payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. The estimated inflation rate used is updated during the year when necessary.

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

Some portion of the Eurobond portfolio which has been recognized as financial assets at FV through OCI are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009, hedged against interest rate fluctuations. Those securities are disclosed under financial assets at FV through OCI in order to be in line with balance sheet presentation. The fair value differences of Eurobond and TRY government bond hedged items are accounted for under “Trading Account Gain/ Losses” in the statement of profit or loss and other comprehensive income.

In cases where fair value hedge operations cannot be effectively performed as described in TAS 39, fair value hedge accounting is ceased. After fair value accounting is ceased value differences, previously reflected to the statement of profit or loss and other comprehensive income are amortized through the equity until the maturity of related hedged securities. The fair value differences of related portfolio securities sold prior to maturity are immediately recognized in the statement of profit or loss and other comprehensive income.

Financial Assets Measured at Amortized Cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in statement of profit or loss and other comprehensive income.

The Bank as explained in part IV, “Explanations on Derivative Financial Assets and Liabilities”, performs FX swap transactions against TRY in order to hedge the possible losses which might arise due to the changes in the fair value of a certain portion of its long-term loans and applies fair value hedge accounting as per TAS 39. The Bank accounts for the hedged loan portfolio at fair value related to hedged risk, the swap transactions used as the hedging instrument at fair value and reflects the related net gain or loss to respective period’s statement of profit or loss and other comprehensive income.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through statement of profit or loss and other comprehensive income until the maturity of the hedged loans.

VIII. Explanations on Expected Credit Losses

The Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized 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 22 June 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 Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Bank considers the changes in the default risk of financial instrument, when making the assessment.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

The expected credit losses estimate is unbiased, probability-weighted, and includes supportable information about estimates of past events, current conditions, and future economic conditions. These financial assets are divided into the following three categories based on the increase in credit risk observed from the time they are first recognized in the financial statements:

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 expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of September 30, 2022, minimum probability of default of Basel II is used in the calculation for the expected loss of receivables from public institutions and organizations. Such calculation is performed for each of two scenarios explained below.

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. The calculation method is similar to the one described in the above paragraph, but the probability of default and the loss rate in default are estimated throughout the life of the instrument.

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 Bank accounts lifetime expected credit losses. In determining the impairment, the Bank takes into consideration the following criteria:

- Delay of over 90 days and impairment of creditworthiness
- Collateral and/or equity of debtor is inadequate cover the payment of receivables on the maturity.
- In case the management believes that collection of receivables will be delayed by more than 90 days due to the macroeconomic, sector-specific or customer-specific reasons.

Calculation of expected credit losses

The 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). PDs and LGDs used in the ECL calculation are point in time ("PIT")-based for key portfolios and consider both current conditions and expected cyclical changes.

While the expected credit loss is estimated, two scenarios (internal bad, internal extreme bad) are evaluated. Each of these scenarios was associated with the different parameters.

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ACCOUNTING POLICIES (Continued)**VIII. Explanations on Expected Credit Losses (Continued)**

In addition, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash flows from the individual financial instrument to its present value using the effective interest rate.

When measuring expected credit losses, it shall be considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Such assessment is made by reflecting the estimate of expected credit losses which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

Probability of Default (PD)

The PD represents the likelihood of a default over a specified time period. A 12-month PD represents the likelihood of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. The lifetime PD calculation is based on a series of 12-month PIT PDs that are derived from TTC PDs (Through the Cycle Probability Defaults) and scenario forecasts. It is used internal rating systems for both retail and commercial portfolios to measure risk level. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. TO Models, on the other hand, include behavioral data of the product and customer in the Bank and demographic data of the customer. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

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 calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections. The Bank bases its estimates on models for collateralized portfolios and on previous experience for unsecured parties, except for corporate loans that are assigned by the Basel Committee individually or as designated by the Basel Committee.

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, interest payments and accruals, discounted at the effective interest rate. 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. While the expected credit loss is estimated, two scenarios (internal bad, internal extreme bad) are evaluated. Each of these scenarios was associated with the probability of different default and loss in default.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Consideration of the Macroeconomic Factors

Loss given default and probability of default parameters are determined by considering macroeconomic factors. The macroeconomic variables used in the calculation of the expected loss are as follows:

- Five years credit risk of Turkey (CDS Spread)
- Real GDP growth
- Unemployment rate
- Inflation rate
- Five years government bond interest rate of Turkey.

The stages were determined based on the models created for the Bank using internal information.

The Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on September 30, 2022. Due to its nature, model effects are reflected in the financial statements with a delay, since the events causing the change and their effects occur at different times. For this reason, the Bank made individual valuations in order to eliminate the timing discrepancy and established additional provisions for the sectors and customers whose impact is considered to be high.

This approach, which is preferred in reserve calculations for the third quarter of 2022, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

Calculating the Expected Loss Period

Lifetime ECL is calculated by taking into account maturity extensions, repayment options and the period during which the 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 Bank. Behavioral maturity analysis has been performed on credit cards and overdraft accounts. With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Significant increase in credit risk

The 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 Bank has calculated thresholds at which point the relative change is a significant deterioration. In the quantitative evaluation of the significant increase in credit risk, the Bank considers the absolute thresholds as well as the relative thresholds as an additional layer. Receivables of which default probability is above the absolute threshold value are evaluated in Stage 2, regardless of the relative change.

The 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 watch-list
- When there is a change in the payment plan due to restructuring

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Write-off policy

Receivables that are classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no results are obtained, through legal means.

In accordance with the provisions of the "Regulation on the Amendment of the Regulation on the Classification of Loans and the Procedures and Principles Regarding the Classification of Loans and Provisions for These" published in the Official Gazette dated July, 2021 and numbered 31533, they are classified under the "Fifth Group-Loans with Losses" and are expected for life due to the default of the debtor. The portion of the loans for which there is no reasonable expectation of the recovery of the loan loss provision is deducted from the records within the period determined specifically for the situation of the borrower within the scope of TFRS 9, starting from the first reporting period (interim or year-end reporting period) following their classification in this Group. In this context, deducting the loans that cannot be collected from the records is an accounting practice and does not result in the waiver of the right to receivable.

The portion of the loan receivables that do not have reasonable expectations regarding the recovery of the following items is deducted from the records within the scope of accounting practice:

- Within the scope of the regulation "Fifth Group-Loans with Losses",
- The number of days of delay is at least one year,
- Lifetime expected credit loss provision has been made due to the default of the debtor.

The portion of the loans that do not have reasonable expectations regarding the recovery of the loans is determined by the internal organs authorized by the Board of Directors. Within the scope of this article, deducting the loans from the records is an accounting practice. Receivables are followed up by the relevant credit and operation teams before the customer.

Within the scope of TFRS 9, the amount written off during the period is TRY 360,937 (December 31, 2021: TRY 126,001), and its effect on the NPL ratio is 0.11% (December 31, 2021: 0.05%). While the NPL ratio is 2.76% (December 31, 2021: 4.21%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 2.86% (December 31, 2021: 4.26%).

IX. Explanations on Netting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when the Bank has a legally enforceable right to offset the recognized amounts, and the intention of collecting or paying the net amount of related assets and liabilities or to realize the asset and settle the liability simultaneously.

X. Derecognition of Financial Instruments

a) Derecognition of financial assets due to change in contractual terms

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. When the Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle.

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ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments(Continued)

a) Derecognition of financial assets due to change in contractual terms(Continued)

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss. Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

b) Derecognition of financial assets without any change in contractual terms

The Bank derecognizes the asset if the contractual rights to cash flows from the financial asset are expired or the related financial asset and all risks and rewards of ownership of the asset are transferred to another party. Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

c) Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished-i.e. when the obligation specified in the contract is discharged or cancelled or expires.

d) Reclassification of financial instruments

Based on TFRS 9, it shall be reclassified all affected financial assets at amortized cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it is changed the business model for managing financial assets.

e) Restructuring and refinancing of financial instruments

The Bank may be changed the original contractual terms of a loan (maturity, repayment structure, guarantees and sureties) which were previously signed, in case the loan cannot be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is made for changing the financial terms of existing loans in order to facilitate the payment of debt. Refinancing is granting a new loan which will cover either the principal or the interest payment in whole or in part of one or a few existing loans due to the anticipated financial difficulty which the customer or group encounter currently or will encounter in the future.

Changes to the original terms of a credit risk can be made in an existing contract or in a new contract. Corporate and commercial companies that are restructured and refinanced may be excluded from close monitoring, as a minimum, within the scope of the Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions To Be Allocated These and when the following conditions are met:

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ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

e) Restructuring and refinancing of financial instruments (Continued)

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time (starting from the date when the debt is restructured all due principal and interest payments are made on time).
- At least 1 year should pass over the date of restructuring (or if it is later), the date of removal from nonperforming loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring/refinancing shall be paid.

In order for the restructured non-performing corporate and commercial loans to be classified to the watchlist category, the following conditions must be met:

- Recovery in debt service.
- At least 1 year should pass over the date of restructuring,
- Payment of all accrued and overdue amounts by debtor (interest and principal) since the date of restructuring/refinancing or the date when the debtor is classified as non-performing (earlier date to be considered) and fulfillment of the payment condition of all overdue amounts as of the date of restructuring/refinancing.
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue as of the date of reclassification.

During the follow-up period of at least one year following the date of restructuring/refinancing, if there is a new restructuring/refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again. The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

In personal loans, loans can be restructured in order to give liquidity power to the debtor and to ensure the collection of the receivables of the Bank in case of temporary liquidity problems due to the failure of the payment obligation to the Bank. The exclusion of customers from the scope of restructuring is carried out within the scope of the "Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions To Be Allocated These".

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

Securities sold under repurchase agreements are recorded on the balance in accordance with Uniform Chart of Accounts. Accordingly, government bonds and treasury bills sold to customers under repurchase agreements are classified as "Investments Subject to Repurchase Agreements" and valued based on the Bank management's future intentions, either at market prices or using discounting method with internal rate of return.

Funds obtained in return for repo agreements are monitored in the "Funds From Repo Transactions" accounts under liabilities, and the expense rediscount is calculated according to the internal yield method for the part of the difference between the sales and repurchase prices determined by the repo agreements, which corresponds to the period.

As of the balance sheet date, securities subject to repo amounting to TRY 33,844,720 (December 31, 2021 – TRY 22,990,663).

As of September 30, 2022 the Bank has no securities that are subject to lending transactions (December 31, 2021 – None).

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ACCOUNTING POLICIES (Continued)

XI. Explanations on Sales and Repurchase Agreements and Lending of Securities (Continued)

Securities purchased with a commitment to resell (reverse repurchase agreements) are recorded in a separate account under “Cash and Cash Equivalents” and on the line of “Money Market Placements” in the balance sheet. Income rediscount is calculated for the part of the difference between the purchase and resale prices of securities purchased with reverse repo, in the corresponding period.

XII. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with TFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the bank’s control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of September 30, 2022 the Bank has assets held for sale and discontinued operations and it is explained in footnote 1.15. of Section Five.

A discontinued operation is a part of the Bank’s business classified as disposed or held-for-sale. The operating results of the discontinued operations are disclosed separately in the statement of profit or loss and other comprehensive income. The Bank has no discontinuing operations.

The Bank classifies tangible assets which are acquired due to non-performing receivables as other assets.

XIII. Explanations on Goodwill and Other Intangible Assets

The Bank’s intangible assets consist of softwares and intangible rights.

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis.

Softwares have been classified as other intangible fixed assets. The useful life of softwares is determined as 3-5 years.

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ACCOUNTING POLICIES (Continued)

XIII. Explanations on Goodwill and Other Intangible Assets (Continued)

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the "Turkish Accounting Standard on Impairment of Assets" (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made. There is no goodwill regarding the associates, entities under common controls and subsidiaries in the accompanying unconsolidated financial statements.

XIV. Explanations on Tangible Assets

The tangible assets are recorded at their historical cost less accumulated depreciation and provision for impairment, if any.

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

Property	2%
Movables purchased and acquired under finance lease contracts	7% – 25%

The depreciation of leasehold improvements acquired before December 2009, under operating lease agreements, is calculated according to their useful lives. Depreciation of leasehold improvements acquired after this date is calculated over the lease period not exceeding 5 years where the lease duration is certain; or 5 years where the lease period is not certain in accordance with "Communiqué on the Amendment of Communiqué on Uniform Chart of Accounts and Explanatory Notes" dated January 10, 2011.

As of the balance sheet date, with respect to assets which are monitored under tangible assets for less than one year, the projected depreciation amount for a full year, is allocated in proportion to the tangible asset's period of stay in the assets.

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in "Other Operating Expenses" in the related period statement of profit or loss and other comprehensive income when the fair value is below the net book value in accordance with TAS 36.

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

Expenses for repairs are capitalized if the expenditure increases economic life of the asset; otherwise they are expensed.

There are no changes in the accounting estimates in regards to amortization duration that could have a significant impact on the current and future financial statements. There are no pledges, mortgages or other restrictions on the tangible assets. There are no purchase commitments related to the fixed assets.

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ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions

With the TFRS 16 Leases Standard, the difference between operating leases and financial leases has disappeared, and fixed assets purchased through lease are recorded as “Tangible Fixed Assets” in the Bank's assets and as “Financial Lease Liabilities” in its liabilities at the beginning of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

TFRS 16 Leases

TFRS 16 Leases standard abolishes the dual accounting model currently applied for lessees through recognizing finance leases in the balance sheet whereas not recognizing operational lease. Instead, it is set forth a single model similar to the accounting of finance leases (on balance sheet). For lessors, the accounting stays almost the same. The bank has started to apply the "TFRS 16 Leases" Standard with using the modified retrospective approach from January 1, 2019.

Set out below are the accounting policies of the Bank upon application of TFRS 16:

Right of use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The right use includes the presence of:

- The initial measurement of the lease,
- The amount obtained by deducting all lease payments received from all lease payments made on or on the date of actual lease; and
- All initial direct costs incurred by the Bank.

At the end of the lease term of the underlying asset's service, the transfer of the Bank is reasonably finalized, and the Bank depreciates the asset until the end of the life of the underlying asset on which the lease actually began. Right-of-use assets are subject to impairment.

Lease Liabilities

The Bank measures the lease obligation at the present value of the unpaid lease payments on the date that the lease commences.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

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ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

- Fixed payments,
- Variable lease payments based on an index or rate, the first measurement made using an index or rate on the actual date of the lease ,
- Amounts expected to be paid by the Bank under the residual value commitments
- The use price of this option and, if the Bank is reasonably confident that it will use the purchase option;
- Fines for termination of the lease if the lease term indicates that the Bank will use an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are recognized as an expense in the period in which the event or condition that triggered the payment occurred. The Bank revises the revised discount rate for the remainder of the lease term, if the implicit interest rate in the lease can be easily determined; the Bank's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Bank measures the lease obligation as follows:

- Increase the carrying amount to reflect the interest on the lease obligation; and
- Decreases the carrying amount to reflect the lease payments made.

In addition, in the event of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-Term Leases and Leases of Low-Value Assets

The Bank applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Due to the Bank's implementation of TFRS 16, assets classified under tangible assets as of September 30, 2022 amounted to TRY 492,861 (December 31, 2021 – TRY 478,814), lease liability amounted to TRY 495,718 (December 31, 2021 – TRY 482,495), financing expense amounted to TRY 72,404 (September 30, 2021 – TRY 43,851) and depreciation expense amounted to TRY 201,069 (September 30, 2021 – TRY 178,920).

XVI. Explanations on Provisions and Contingent Liabilities

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Bank. Whenever the amount of such obligations cannot be measured, they are regarded as "contingent". In the financial statements, a provision is made for an existing commitment resulted from past events if it is probable that the commitment will be settled, and a reliable estimate can be made of the amount obligation. If these criteria are not met, the Bank discloses these issues in the explanations and notes related to the financial statements. In cases where reliable estimate cannot be made of the amount of the obligation, it is considered contingent liabilities. For contingent liabilities if the probability that the event will occur is greater than the probability that it will not and the amount of the obligation can be measured reliably, a provision is made.

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ACCOUNTING POLICIES (Continued)

XVII. Explanations on Obligations of the Bank Concerning Employee Benefits

Provision for employee severance benefits has been accounted for in accordance with TAS 19 “Employee Benefits”.

In accordance with the existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Bank over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Bank.

The Bank has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, The Bank recognizes all actuarial gains and losses immediately through other comprehensive income.

The Bank does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date.

Provision for the employees’ unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

There are no foundations, pension funds or similar associations of which the employees are members.

XVIII. Explanations on Taxation

1. Corporate Tax

According to the Corporate Tax Law No. 5520 published in the Official Gazette dated June 21, 2006 and numbered 26205; While the corporate tax is calculated at the rate of 20% on the corporate income, the 20% rate is applied to the 2018, 2019 and 2020 taxation periods of the institutions (for the institutions designated as a special accounting period, the accounting periods that begin in the relevant year) pursuant to the Provisional Article 10 added to the Corporate Tax Law.) is applied as 22% for corporate earnings. Prepaid taxes are followed in “Current Tax Liability” or “Current Tax Asset” accounts to be deducted from the corporate tax liability of the relevant year. The corporate tax rate, which was 20% previously, will be applied as 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022 in accordance with the Article 11 of the Law No. 7316 on the Procedure for the Collection of Public Receivables and the Law on Amendments to Certain Laws published in the Official Gazette dated April 22, 2021, and with the temporary Article 13 added to the Corporate Tax Law.

With the Law No. 7394 published in the Official Gazette dated April 15, 2022 and number 31810 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, Article 26 of the Law on Amending Certain Laws and Decree-Laws and the paragraph added to the temporary 13th article of the Corporate Tax Law No. 5520, the Corporate Tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be applied as 25% for corporate earnings for the 2022 taxation period.

75% of the profits arising from the sale of participation shares held in the bank's assets for more than two years and the founder's shares, usufruct shares and preference rights held for the same period of time, and 50% of the profits arising from the sale of immovables that are in the assets for the same period of time are stated in the Corporate Tax Law. It is exempt from tax, provided that it is added to the capital or kept in a special fund account in liabilities for 5 years.

Companies calculate temporary tax at the rate of 22% for the taxation period of 2020 and 25% for the taxation periods of 2021 and 2022 (20% in the first temporary tax period of 2021 and 23% in the first temporary tax period of 2022) on their quarterly financial profits and it is declared and paid until the 17th day of the second month following that period. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or deducted.

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ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued)

1. Corporate Tax (Continued)

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. According to the Tax Procedure Law, declarations and related accounting records can be examined by the tax office within five years. On the other hand, if the provisions of the documents subject to stamp duty, whose tax and penalty are time-barred, are used after the statute of limitations expires, the tax receivable of the aforementioned document arises.

The corporate and income tax provisions calculated over the profit for the period are recorded in the "Current Tax Provision" account in the statement of profit or loss and other comprehensive income, and the current tax effects of the transactions that are directly accounted for in equity are reflected in the shareholders' equity.

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. Although, with the Council of Ministers' decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated February 3, 2009 and based on Corporate Tax Law No: 5520, 15th and 30th Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated December 22, 2021 and numbered 31697. In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration.

The financial statements should be subject to inflation if both of the following conditions are met within the framework of the Tax Procedure Law's reiterated article 298/A:

- If the increase in the price index (D-PPI- Domestic Producer Price Index) is more than 100% in the last three accounting periods, including the current period, and
- More than 10% in the current accounting period.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated December 31, 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

2. Deferred Taxes

The 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"). In the calculation of the Parent Bank's deferred tax, the enacted tax rates that are valid in accordance with the current tax legislation are used in accordance with the tax period for the related items. The Corporate Tax rate, which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Amendment of Certain Laws and the Law on the Collection of Public Claims, published in the Official Gazette on April 22, 2021, numbered 7316. It will be applied as 25% for corporate earnings and 25% for 2022.

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ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued)

2. Deferred Taxes (Continued)

With the Law No. 7394 published in the Official Gazette dated April 15, 2022 and number 31810 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, Article 26 of the Law on Amending Certain Laws and Decree-Laws and the paragraph added to the temporary 13th article of the Corporate Tax Law No. 5520, the Corporate Tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be applied as 25% for corporate earnings for the 2022 taxation period. This amendment will be valid in the taxation of corporate earnings for the periods starting from January 1, 2022, starting with the declarations that must be submitted as of July 1, 2022.

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.

The Bank is recognized deferred tax for the Stage 1 and Stage 2 expected credit losses provisions. Deferred tax effect related to transactions for which the profit or loss effect is directly accounted in equity, is also reflected to equity.

3. Transfer Pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of "disguised profit distribution" by way of transfer pricing. "The General Communiqué on Disguised Profit Distribution by way of Transfer Pricing" published on November 18, 2007 explains the application related issues in detail. According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm's length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

As discussed under subject Communiqué's "7.5 Transfer Pricing, Controlled Foreign Entities and Thin Capitalization Form" section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

XIX. Explanations on Additional Explanations on Borrowings

The Bank generates funds from domestically and internationally resident people and institutions by using debt instruments such as syndication, securitization, collateralized debt and bond issuance. Aforementioned transactions are initially recorded at transaction cost plus acquisition cost, reflective of their fair value, and are subsequently measured at amortized cost by using effective interest rate method.

XX. Explanations on Share Issues

There are no shares issued in 2022. (December 31, 2021 – None).

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ACCOUNTING POLICIES (Continued)

XXI. Explanations on Confirmed Bills of Exchange and Acceptances

Confirmed bills of Exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.

There are no acceptances and confirmed bills of exchange presented as liabilities against any assets

XXII. Explanations on Government Incentives

As of September 30, 2022 the Bank does not have any government incentives or grants (December 31, 2021 – None).

XXIII. Explanations on Segment Reporting

In addition to corporate banking, retail banking and commercial banking services, the Bank also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Bank serves its retail banking clients with time and demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Bank provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. The Bank also serves in trading financial instruments and treasury operations.

The calculations based on the statement of profit or loss and other comprehensive income for retail banking (consumer banking and plastic cards), corporate and commercial banking have operational units designated as the main profit centers, have been made according to the product and customer types. During the profitability calculations, the pricing of transfers among these units and treasury unit are made by using cost/return ratios that are determined by the Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Bank's internal policies are considered.

Corporate and Commercial Banking serves corporate firms with an annual turnover of TRY 1,5 billion or more, multinational companies operating in Turkey, and commercial firms with an annual turnover of TRY 125 million – 1,5 billion. In addition to the financing and investment needs of its customers, it offers products that will facilitate the payment and collection processes in both domestic and foreign trade. It produces solutions that will create added value for all the needs of its customers with its customer-oriented service approach, company-specific solution approach and strategy to establish long-term business partnerships.

The Consumer Banking meets the needs and expectations of the retail banking customers. The Private Banking Unit has formed and started to operate to serve customers with high level income, in a more effective way. The installments, discounts and bonus advantages are provided to the users of Card Finans in the plastic cards line. The main function of Treasury Segment is managing the liquidity of the Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Bank.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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ACCOUNTING POLICIES (Continued)

XXIII. Explanations on Segment Reporting (Continued)

Current Period (January 1 – September 30, 2022)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Operating Income	8,316,115	7,466,171	14,201,540	29,983,826
Dividend Income	-	-	14,889	14,889
P/L from Equity Applied Partnerships	-	-	980,81	980,889
Profit Before Taxes	2,739,930	3,035,604	10,243,546	16,019,080
Provision Tax (-) (*)	-	-	4,547,942	4,547,942
Net Profit/Loss	2,739,930	3,035,604	5,695,604	11,471,138
Total Assets	105,291,103	199,570,917	226,399,812	555,143,826
Segment Assets	105,291,103	199,570,917	226,399,812	531,261,832
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	3,487,593
Undistributed Assets	-	-	-	20,394,401
Total Liabilities	219,793,176	120,961,037	132,476,503	555,143,826
Segment Liabilities	219,793,176	120,961,037	132,476,503	473,230,716
Undistributed Liabilities	-	-	-	43,592,292
Equity	-	-	-	38,320,818
Other Segment Accounts	808,090	551,882	(75,925)	1,284,047
Capital Expenditures	439,659	300,263	(38,119)	701,803
Depreciation and Amortization	368,431	251,619	(37,806)	582,244

(*) Provision tax is not distributed.

Prior Period (January 1 – September 30, 2021)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Operating Income	4,741,015	3,253,478	264,224	8,258,717
Dividend Income	-	-	518	518
P/L from Equity Applied Partnerships	-	-	418,130	418,130
Profit Before Taxes	2,238,923	1,196,818	(130,384)	3,305,357
Provision Tax (-) (*)	-	-	712,322	712,322
Net Profit/Loss	2,238,923	1,196,818	(842,706)	2,593,035
Total Assets	61,143,413	104,541,822	92,177,965	272,796,333
Segment Assets	61,143,413	104,541,822	92,177,965	257,863,200
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	2,208,328
Undistributed Assets	-	-	-	12,724,805
Total Liabilities	110,854,717	50,413,866	71,149,642	272,796,332
Segment Liabilities	110,854,717	50,413,866	71,149,642	232,418,225
Undistributed Liabilities	-	-	-	18,771,393
Equity	-	-	-	21,606,714
Other Segment Accounts	648,748	452,002	(3,280)	1,097,470
Capital Expenditures	368,185	256,525	1,512	626,222
Depreciation and Amortization	280,563	195,477	(4,792)	471,248

(*) Provision tax is not distributed.

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ACCOUNTING POLICIES (Continued)

XXIV. Explanations on Profit Reserves and Profit Distribution

The General Assembly Meeting of the Bank was held on March 30, 2022. In the Board of Directors meeting, it was decided that profit from 2021 operations to be distributed as follows.

2021 profit distribution table:

Current Year Profit	3,928,114
A – I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	757,842
C – Extraordinary Reserves	3,258,114

XXV. Earnings Per Share

Earnings per share listed on statement of profit or loss and other comprehensive income is calculated by dividing net profit to weighted average amount of shares issued within respective year.

	Current Period	Prior Period
Net Profit for the Period	11,471,138	2,365,670
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings Per Share	0.3424	0.0706

In Turkey, companies can increase capital through “bonus share” distributed from previous year earnings to current shareholders. Such “bonus share” distributions are accounted as issued shares while calculating earnings per share. Accordingly, weighted average amount of shares issued used in these calculations is found through taking into consideration retroactive effects of subject share distributions. In case, amount of shares issued increases after the balance sheet date but before the date of financial statement preparation due to distribution of “bonus share”, earnings per share is calculated taking into consideration the new amount of shares.

Amount of issued bonus shared in 2022 is none (Amount of issued bonus shared in 2021 is none).

XXVI. Explanations on Other Matters

TAS 27, as the Bank considers that it is a more reliable and accurate value representation to present its financial subsidiaries in the unconsolidated financial statements of December 31, 2021 by means of the equity method instead of the fair value method, which is affected by the fluctuations in market conditions and for which it is not possible to make a sound calculation in terms of future projections. decided to account according to the equity method within the scope of the application and carried out the application retrospectively within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

As a result of the change made in the statement of profit or loss and other comprehensive income on September 30, 2021, the dividend income which was TRY 191,284 was TRY 518, and the profit/loss amount from the partnerships with equity management was reflected as TRY 418,131.

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SECTION FOUR
INFORMATION RELATED TO FINANCIAL POSITION AND
RISK MANAGEMENT OF THE BANK
I. Explanations on 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, 2022 Bank’s total capital has been calculated as TRY 59,378,239 (December 31, 2021 – TRY -37,423,424), capital adequacy ratio is 15.43% (December 31, 2021 – 15.91%).

In accordance with the BRSA's Decision dated Dec 21, 2021 and numbered 9996 and published in the Official Gazette dated 23.10.2015 and numbered 29511, in the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy; Banks have the right to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of December 31, 2021, when calculating the monetary assets and non-monetary assets, other than the items in foreign currency measured in historical cost, in accordance with the Turkish Accounting Standards and the related provision amounts. In the event that the net valuation differences of the securities in the portfolio of “Securities at Fair Value Through Other Comprehensive Income” are negative, these differences are not taken into account in the equity amount to be calculated and used for the capital adequacy ratio.

	Current Period September 30, 2022	Prior Period December 31, 2021
Explanations on Equity		
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	20,980,816	17,052,702
Gains recognized in equity as per TAS	3,560,435	298,650
Profit	11,471,138	3,928,114
Current Period Profit	11,471,138	3,928,114
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	829	-
Common Equity Tier 1 Capital Before Deductions	39,363,932	24,630,180
Deductions from Common Equity Tier 1 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	349,421	837,044
Improvement costs for operating leasing	94,000	78,386
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	825,458	573,325
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	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	1,268,879	1,488,755
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	-	130,312
Total Common Equity Tier 1 Capital	38,095,053	23,271,737

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Explanations on Equity (Continued)

	Current Period September 30, 2022	Prior Period December 31, 2021
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	9,714,495	6,813,188
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	9,714,495	6,813,188
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	9,714,495	6,813,188
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	47,809,548	30,084,925
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	7,123,963	4,996,338
Provisions (Article 8 of the Regulation on the Equity of Banks)	4,482,584	2,665,224
Tier II Capital Before Deductions	11,606,547	7,661,562
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	11,606,547	7,661,562
Total Capital (The sum of Tier I Capital and Tier II Capital)	59,416,095	37,746,487
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	7,619	8,140
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	46,064	314,923
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Explanations on Equity (Continued)

	Current Period September 30, 2022	Prior Period December 31, 2021
TOTAL CAPITAL		
Total Capital	59,362,412	37,423,424
Total Risk Weighted Amounts	384,812,780	235,207,150
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	9.90	9.89
Tier 1 Capital Adequacy Ratio (%)	12.42	12.79
Capital Adequacy Ratio (%)	15.43	15.91
BUFFERS		
Bank specific total common equity tier 1 capital ratio (%)	2.51	2.51
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.01	0.01
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 (%)	3.90	3.89
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	227,291	218,294
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	9,043,834	5,588,842
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	4,482,584	2,665,224
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	9,714,495	6,813,188
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	7,123,963	4,996,338
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Explanations on Equity (Continued)

Information on debt instruments included in the calculation of equity:

Information on debt instruments included in the calculation of equity:			
	1	2	3
Issuer	Qatar National Bank Q.P.S.C.	Qatar National Bank Q.P.S.C.	Qatar National Bank Q.P.S.C.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	No	No	No
Eligible at stand-alone / consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	9,950	2,399	4,914
Par value of instrument (Currency in million)	9,950	2,399	4,914
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	June 30, 2019	April 1, 2019	May 26, 2022
Perpetual or dated	Undated	Dated	Dated
Original maturity date	-	10 years	8 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	5 years	3 years
Subsequent call dates, if applicable	-	-	-
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.08%	6M LIBOR + 5.75%	SOFR + 5.10%
Existence of a dividend stopper	There will be no interest on the deducted value after thr impairment	-	-
Fully discretionary, partially discretionary or mandatory	Optional	-	-

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

I. Explanations on Equity (Continued)

	1	2	3
Existence of set-up or another incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	Yes
If convertible, conversion trigger(s)	-	Article number 7-2-i of "Own fund regulation"	Article number 7-2-i of "Own fund regulation"
If convertible, fully or partially	-	All of the remaining capital	All of the remaining capital
If convertible, conversion rate	-	(*)	(*)
If convertible, mandatory or optional conversion	-	Optional	Optional
If convertible, specify instrument type convertible into	-	Equity Share	Equity Share
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	QNB Finansbank A.Ş.
Write-down feature	Yes	None	None
If write-down, write-down trigger(s)	Non-existence of the core capital ratio is less than 5.125%	-	-
If write-down, full or partial	Full and partial	-	-
If write-down, permanent or temporary	Temporary	-	-
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5.125 %	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing and contribution capital	After borrowing, before additional capital, the same as other contribution capital	After borrowing, before additional capital, the same as other contribution capital
Incompliance with article number 7 and 8 of "Own fund regulation"	It fulfills the conditions within the Article number 7 of "Own fund regulation"the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation"the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation"the Regulation on the Equity of Banks.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	-

(*) The conversion rate/value will be calculated based on the market data available when the right is exercised.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

II. Explanations On Risk Management

Notes and explanations in this section have been prepared in accordance with the Communiqué on Disclosures about RWA flow statements of credit risk exposures under IRB Risk Management to Be Announced to Public by Banks that have been published in Official Gazette no. 29511 on October 23, 2015 and became effective as of March 31, 2016. The following tables, which must be disclosed quarterly in accordance with the relevant declaration, are not presented as of September 30, 2022, as the standard approach is used in the Bank's capital adequacy calculation:

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- IRB (stock investment subject to specialized loans and simple risk weight approach)
- RWA flow statements of market risk exposures under an IMA
- Comparing VaR estimations with profit/loss

GB1 – Overview of risk weighted assets:

	Risk Weighted Amount		Minimum Capital Requirement	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
1 Credit Risk (Excluding Counterparty Credit Risk)	342,569,935	203,244,172	27,405,595	16,259,534
2 Standardized approach	342,569,935	203,244,172	27,405,595	16,259,534
3 Internal rating-based approach	-	-	-	-
4 Counterparty credit risk	16,036,761	9,973,738	1,282,941	797,899
5 Standardized approach for counterparty credit Risk	16,036,761	9,973,738	1,282,941	797,899
6 Internal model method	-	-	-	-
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	-	-	-	-
14 IRB Supervisory Formula Approach	-	-	-	-
15 SA/simplified supervisory formula approach	-	-	-	-
16 Market risk	7,333,713	5,239,000	586,697	419,120
17 Standardized approach	7,333,713	5,239,000	586,697	419,120
18 Internal model approaches	-	-	-	-
19 Operational Risk	18,872,371	16,750,240	1,509,789	1,340,019
20 Basic Indicator Approach	18,872,371	16,750,240	1,509,789	1,340,019
21 Standard 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)	384,812,780	235,207,150	30,785,022	18,816,572

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

III. Explanations on Foreign Currency Exchange Rate Risk

1. Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Bank sets limits for positions that are monitored daily

The difference between the Bank's foreign currency denominated and foreign currency indexed assets and liabilities is defined as the "Net Foreign Currency Position" and is the basis of currency risk. Foreign currency denominated assets and liabilities, together with purchase and sale commitments, give rise to foreign exchange exposure ("cross currency risk").

Board of Directors determine the limits considering the consistency with the "Foreign Currency Net General Position." Positions are being followed daily and limits are reviewed at least once a year depending on economic conditions and Bank strategy and updated as deemed necessary.

In measuring the exchange rate exposure of the Bank, the "standard method" used in the legal reports and the internal method are used in the VaR. The measurements made within the scope of the standard method are carried out monthly and the measurements made within the scope of VaR calculations are carried out on a daily basis. In addition, the maximum foreign currency position that can be taken is determined on the basis of foreign currency types and table, and daily limit compliance control is performed by Risk Management.

2. The magnitude of hedging foreign currency debt instruments and net foreign currency investments by using derivatives

The Group hedges foreign currency borrowings with derivative instruments. The Group does not hedge net foreign currency investments with derivative instruments. The extent of the hedging of foreign currency debt instruments and net foreign currency investments by hedging derivative instruments is explained in Note III of Section Five.

3. Bank's spot foreign Exchange bid rates of the Bank as of the balance sheet date and for each of the five days prior to that date

US Dollar purchase rate at the date of the balance sheet	TRY 18.5038
Euro purchase rate at the date of the balance sheet	TRY 17.9232

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
September 30, 2022	18.5038	17.9232
September 29, 2022	18.4862	17.6711
September 28, 2022	18.4509	17.7719
September 27, 2022	18.4266	17.7909
September 26, 2022	18.3702	17.9431

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

III. Explanations on Foreign Currency Exchange Rate Risk (Continued)

4. The basic arithmetical average of the Bank's foreign exchange bid rate for the last thirty days

With the simple arithmetic average of September 2022, the US Dollar foreign exchange buying rate is TRY 18.2814, and the Euro foreign exchange buying rate is TRY 18.1282.

5. Information on the foreign currency exchange rate risk of the Bank (Thousands of TRY)

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽¹⁾	23,139,131	45,103,625	2,273,932	70,516,688
Due From Banks ⁽²⁾	10,524,984	24,131,674	576,366	35,233,024
Financial Assets at Fair Value through Profit/Loss ⁽³⁾	1,187,208	1,337,642	498	2,525,348
Money Market Placements	-	419,489	-	419,489
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	996,852	8,827,986	-	9,824,838
Loans and Receivables ⁽⁴⁾	59,534,504	43,388,348	386,745	103,309,597
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	1,379,999	18,746,541	-	20,126,540
Derivative Financial Assets Hedging Purposes	88,506	1,951,644	-	2,040,150
Tangible Assets	-	-	97	97
Intangible Assets	-	-	-	-
Other Assets ⁽⁵⁾	48,533	102,112	4,464	155,109
Total Assets	96,899,717	144,009,061	3,242,102	244,150,880
Liabilities				
Bank Deposits	3,638,377	5,972,407	65,099	9,675,883
Foreign Currency Deposits ⁽⁶⁾	40,714,908	130,926,339	27,336,899	198,978,146
Money Market Borrowings	1,639,535	13,618,449	-	15,257,984
Funds Provided from Other Financial Institutions	13,296,328	45,968,579	-	59,264,907
Securities Issues	717,859	15,065,388	4,980,554	20,763,801
Miscellaneous Payables	8,160,179	6,534,398	144,507	14,839,084
Derivative Fin. Liabilities for Hedging Purposes	945	844,957	-	845,902
Other Liabilities ⁽⁷⁾	1,215,560	1,908,642	2,256	3,126,458
Total Liabilities	69,383,691	220,839,159	32,529,315	322,752,165
Net Balance Sheet Position	27,516,026	(76,830,098)	(29,287,213)	(78,601,285)
Net Off-Balance Sheet Position	(26,917,388)	79,724,394	29,120,010	81,927,016
Financial Derivative Assets	39,287,806	220,633,588	32,284,230	292,205,624
Financial Derivative Liabilities	66,205,194	140,909,194	3,164,220	210,278,608
Non-Cash Loans ⁽⁸⁾	17,708,926	16,348,509	666,257	34,723,692
Prior Period				
Total Assets	87,952,855	95,988,942	5,424,976	189,366,773
Total Liabilities	51,597,317	160,358,315	28,186,060	240,141,692
Net Balance Sheet Position	36,355,538	(64,369,373)	(22,761,084)	(50,774,919)
Net Off-Balance Sheet Position	(36,160,955)	62,063,449	22,811,068	48,713,562
Financial Derivative Assets	32,278,439	164,612,702	23,228,937	220,120,078
Financial Derivative Liabilities	68,439,394	102,549,253	417,869	171,406,516
Non-Cash Loans	18,384,626	15,231,819	715,572	34,332,017

⁽¹⁾ Cash and Balances with TR Central Bank; Other FC include TRY 2,012,518 (December 31, 2021 – TRY 1,587,037) precious metal deposit account.

⁽²⁾ There are foreign bank guarantees amounting to TRY 8,706,088 (December 31, 2021 – TRY 7,481,729)

⁽³⁾ Does not include TRY 276,212 (December 31, 2021– TRY 327,091) of currency income accruals arising from derivative transactions.

⁽⁴⁾ Includes TRY 315,717 (December 31, 2021 – TRY 379,005) FC indexed loans.

⁽⁵⁾ Does not include FC prepaid expenses amounting to TRY 193,398 (December 31, 2021 – TRY 67,969) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.

⁽⁶⁾ Other foreign currency includes TRY 23,661,198 (December 31, 2021 – TRY 21,599,519) of precious metal deposit account..

⁽⁷⁾ Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 898,859 (December 31, 2021 – TRY 193,975)

⁽⁸⁾ Does not have an effect on Net Off-Balance Sheet Position.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

IV. Explanations on Interest Rate Risk

Interest rate risk that would arise from the changes in interest rates depending on the Bank's position is managed by the Asset/Liability Committee of the Bank.

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every month by taking the market developments into consideration.

The management of the Bank follows the interest rates in the market on a daily basis and revises interest rates of the Bank when necessary.

Besides customer deposits, the Bank funds its long term fixed interest rate TRY loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank changes the foreign currency liquidity obtained from customer deposit accounts and the international markets to TRY liquidity with long term swap transactions (fixed TRY interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TRY but also hedges itself from interest rate and maturity risk.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	41,489,233	-	-	-	-	37,942,945	79,432,178
Due From Banks ⁽³⁾	7,023,997	-	-	-	-	28,205,785	35,229,782
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	5,716	51,893	183,285	178,759	54,536	19,168,571	19,642,760
Money Market Placements	419,489	-	-	-	-	-	419,489
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) ⁽⁵⁾	1,929,561	7,546,488	7,392,225	9,311,516	11,831,108	9,585,999	47,596,897
Loans and Receivables	64,348,254	56,482,630	121,773,667	53,246,893	7,462,272	1,548,305	304,862,021
Financial Assets Measured at Amortized Cost ⁽⁶⁾	2,615,283	7,595,382	17,792,291	13,926,434	5,564,519	4,682,540	52,176,449
Other Assets	-	-	-	-	-	15,784,250	15,784,250
Total Assets	117,831,533	71,676,393	147,141,468	76,663,602	24,912,435	116,918,395	555,143,826
Liabilities							
Bank Deposits	2,962,148	5,289,412	404,874	-	-	1,036,322	9,692,756
Other Deposits	124,812,673	79,985,682	15,498,526	625,819	403	119,831,108	340,754,211
Money Market Borrowings	18,366,846	5,925,292	4,800,483	-	-	-	29,092,621
Miscellaneous Payables	14,839,084	-	-	-	-	11,365,699	26,204,783
Securities Issued	4,706,757	6,075,685	3,237,067	11,841,516	-	-	25,861,025
Funds Borrowed	5,035,372	29,133,118	15,230,818	366,770	9,949,688	-	59,715,766
Other Liabilities ⁽⁷⁾	597	1,628	14,856	486,337	-	63,319,246	63,822,664
Total Liabilities	170,723,477	126,410,817	39,186,624	13,320,442	9,950,091	195,552,375	555,143,826
On Balance Sheet Long Position	-	-	107,954,844	63,343,160	14,962,344	-	186,260,348
On Balance Sheet Short Position	(52,891,944)	(54,734,424)	-	-	-	(78,633,980)	(186,260,348)
Off-Balance Sheet Long Position	11,897,958	22,904,377	6,304,898	-	-	-	41,107,233
Off-Balance Sheet Short Position	-	-	-	(8,468,316)	(16,055,587)	-	(24,523,903)
Total Position	(40,993,986)	(31,830,047)	114,259,742	54,874,844	(1,093,243)	(78,633,980)	16,583,330

⁽¹⁾ Non Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.

⁽²⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank includes amount of TRY 9,463 expected loss provisions.

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY 18,863.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss include TRY 18,778,205 derivative financial assets used for hedging purposes.

⁽⁵⁾ Financial Assets at Fair Value Through Other Comprehensive Income include TRY 6,845,197 derivative financial assets used for hedging purposes.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 20,865.

⁽⁷⁾ Other Liabilities includes Derivative Financial Liabilities amounting to TRY 8,114,336.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

IV. Explanations on Interest Rate Risk (Continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non- Interest Bearing ⁽¹⁾	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	27,488,643	-	-	-	-	42,798,845	70,287,488
Due From Banks ⁽³⁾	1,152,880	-	-	-	-	13,963,854	15,116,734
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	1,015	291,123	22,665	46,998	10,637	18,953,350	19,325,788
Money Market Placements ⁽⁵⁾	159,508	-	-	-	-	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2,096,919	2,594,641	4,045,221	4,197,504	7,402,282	2,663,982	23,000,549
Loans and Receivables	42,630,390	32,261,945	72,795,492	44,112,402	6,613,966	2,208,416	200,622,611
Financial Assets Measured at Amortized Cost ⁽⁶⁾	4,961,252	2,568,882	6,556,088	8,429,626	6,240,942	1,090,393	29,847,183
Other Assets	-	-	-	-	-	13,009,380	13,009,380
Total Assets	78,490,607	37,716,591	83,419,466	56,786,530	20,267,827	94,688,220	371,369,241
Liabilities							
Bank Deposits	11,644,754	688,474	74,417	-	-	569,447	12,977,092
Other Deposits	85,091,893	26,809,133	6,145,884	412,329	326	95,486,562	213,946,127
Money Market Borrowings	5,087,867	9,583,496	3,348,626	-	-	-	18,019,989
Miscellaneous Payables	10,917,332	-	-	-	-	7,002,549	17,919,881
Securities Issued	5,602,803	1,499,034	12,525,753	8,761,162	-	-	28,388,752
Funds Borrowed	1,972,200	22,254,302	7,493,054	348,253	6,816,673	-	38,884,482
Other Liabilities ⁽⁷⁾	438	2,051	17,519	472,681	-	40,740,229	41,232,918
Total Liabilities	120,317,287	60,836,490	29,605,253	9,994,425	6,816,999	143,798,787	371,369,241
On Balance Sheet Long Position	-	-	53,814,213	46,792,105	13,450,828	-	114,057,146
On Balance Sheet Short Position	(41,826,680)	(23,119,899)	-	-	-	(49,110,567)	(114,057,146)
Off-Balance Sheet Long Position	8,135,890	18,598,817	-	435,415	-	-	27,170,122
Off-Balance Sheet Short Position	-	-	(2,318,854)	-	(13,500,760)	-	(15,819,614)
Total Position	(33,690,790)	(4,521,082)	51,495,359	47,227,520	(49,932)	(49,110,567)	11,350,508

⁽¹⁾ Non Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.

⁽²⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank includes amount of TRY 7,083 expected loss provisions.

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY 3,670.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss include TRY 18,644,431 derivative financial assets used for hedging purposes.

⁽⁵⁾ Financial Assets at Fair Value Through Other Comprehensive Income include TRY 3,359,463 derivative financial assets used for hedging purposes.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 9,793

⁽⁷⁾ Other Liabilities includes Derivative Financial Liabilities amounting to TRY 12,452,428.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

IV. Explanations on Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	JPY %	TRY %
Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	1.69	-	-
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	7.07	8.04	-	20.72
Money Market Placements	-	2.94	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.87	5.43	-	30.10
Loans and Receivables	4.86	6.72	1.66	23.85
Financial Assets Measured at Amortized Cost	4.60	5.65	-	68.83
Liabilities				
Bank Deposits	1.91	3.90	-	10.58
Other Deposits	1.37	3.21	0.25	16.99
Money Market Borrowings	0.60	3.37	-	11.99
Miscellaneous Payables	0.32	-	-	-
Securities Issued	1.82	6.60	-	22.95
Funds Borrowed	2.55	5.69	-	18.11
	EURO %	USD %	JPY %	TRY %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	8.50
Due from Banks	-	0.07	-	-
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	4.97	4.58	-	21.51
Money Market Placements	-	0.05	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.87	5.32	-	18.41
Loans and Receivables	4.02	4.86	1.49	18.81
Financial Assets Measured at Amortized Cost	4.60	5.61	-	22.41
Liabilities				
Bank Deposits	0.03	0.61	-	13.96
Other Deposits	0.22	0.81	0.27	18.22
Money Market Borrowings	(0.71)	1.17	-	13.91
Miscellaneous Payables	(0.39)	-	-	-
Securities Issued	-	5.51	-	16.62
Funds Borrowed	2.24	4.52	-	15.82

V. Explanations on Position Risk of Equity Securities in Banking Book

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
1. Investment in Shares- grade A	-	-	-
Quoted Securities	-	-	-
2. Investment in Shares- grade B	-	-	-
Quoted Securities	-	-	-
3. Investment in Shares- grade C	1,513,259	1,513,259	-
Quoted Securities	1,513,259	1,513,259	-
4. Investment in Shares grade Other^(*)	1,974,334	1,828,632	-

^(*) Includes associates, subsidiaries and entities under common control not quoted to BIST and not classified as investment in shares by Capital Market Board (CMB).

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK
(Continued)****V. Explanations on Position Risk of Equity Securities in Banking Book (Continued)**

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	1,809	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
4. Total	1,809	-	-	-	-	-

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio

Liquidity Risk of the Bank is monitored and managed in accordance with Liquidity Risk Management Policy. According to this policy, Board of Directors is responsible to review and approve risk profile and appetite of the Bank periodically. Senior Management takes necessary measures to monitor aforementioned risk and controls liquidity risk in line with accepted strategies and policies.

Treasury Department is responsible to carry out liquidity strategy determined and approved by Board of Directors. Risk Management Department is responsible to define, measure, monitor and control liquidity risk besides developing internal and external methods and procedures which are in line with context and structure of applicable activities in the Bank in order to monitor related limits. Senior management of the Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of Bank's liquidity risk profile. Assets and Liabilities Committee (ALCO) meetings, which ensure the necessary monitoring for liquidity risk, are held monthly. Risk Committee reviews the liquidity risk of the Bank monthly in addition to aforementioned meetings and informs Board of Directors. The Bank reviews its liquidity position daily. Internal and legal reports related to liquidity positions are examined in ALCO meetings monthly with the participation of senior management. Several decisions are taken related to management of short and long term liquidity in this scope. Internal metrics such as reserve liquidity and deposit concentration are monitored daily besides liquidity coverage rate related to measurement of liquidity coverage. Internal limit and warning level are periodically monitored and reported to related parties by the Board of Directors.

The liquidity management of the Bank is decentralized; each partnership controlled by the Bank is carried out independently from the Bank by the authorities in charge of liquidity management. Each subsidiary subject to consolidation manages its own liquidity position separately from the Bank. The amount of funds to be used by the subsidiaries from the Bank is determined within the framework of the limits.

It is essential for the Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Bank. Liquidity position is evaluated and funding strategy is developed taking into consideration customer based concentration and maturity levels. While developing this strategy, it is aimed to fully utilize funding from long term and consistent resources.

A large part of the Bank's liabilities consist of TRY, USD and EUR. Gap reports issued based on the aforementioned three currencies are presented in ALCO meetings. Maturity mismatches based on currencies are managed through FC swap and FC forward..

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)

The Bank diversifies its funding sources as customer deposits, foreign loans and bond issuance in order to reduce its liquidity risk. Measures are taken through making investments to assets having higher capacity to generate cash against liquidity crisis. The Bank watches over reducing customer deposit concentration and controls concentration level daily in line with warning level approved by the Board of Directors.

Liquidity life cycle approach is determined as the liquidity risk stress test methodology. This approach is a stress test to measure the period in which the Bank can meet its cumulative cash outflows without providing a fund from the market. Liquidity life cycle is calculated according to various scenarios and simulated in line with possible scenarios in crisis situation and the results are reported to Risk Committee and Board of Directors.

Emergency Funding Plan (EMP) of the Bank regulates funding activities to be used in liquidity crisis periods specific to the Bank or in liquidity crisis at financial markets. EMP defines components triggering the crisis and early warning indicators which help to evaluate and manage the liquidity crisis and determine primary funding structure. EMP also defines actions of the Bank against cash and guarantee need. In addition to aforementioned issues, EMP determines duties and responsibilities in performing actions in a liquidity crisis included in risk management and emergency funding plan.

Due to the financial uncertainty caused by the coronavirus epidemic, undemonstrative liquidity management has been one of the top priorities of the Bank. The Bank manages LCR above the limit by keeping its high-quality liquid assets at a sufficient level. The Bank has created four different stress test scenarios that measure how long it can meet the cumulative cash outflows, without providing any new funds from the market or by providing very low levels of funding. A new scenario created by observing the financial movements that occurred during the coronavirus epidemic process, and it is observed that the Bank's liquid assets can be converted into cash in order to meet its liquidity needs over 30 days, which is the minimum life span of all scenarios.

Liquidity Coverage Ratio

Current Period – September 30, 2022	Unweighted Amounts ^(*)		Weighted Amounts ^(*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			110,678,174	72,242,988
1 High Quality Liquid Assets			110,678,174	72,242,988
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	230,155,483	134,901,636	21,326,837	13,490,164
3 Stable deposits	33,774,221	-	1,688,711	-
4 Less stable deposits	196,381,262	134,901,636	19,638,126	13,490,164
5 Unsecured Funding other than Retail and Small Business Customers Deposits	96,362,988	65,892,624	50,845,275	34,597,381
6 Operational deposits	2,964,643	747,251	741,161	186,813
7 Non-Operational Deposits	79,322,369	61,566,747	39,199,532	30,861,635
8 Other Unsecured Funding	14,075,976	3,578,626	10,904,582	3,548,933
9 Secured funding	-	-	-	-
10 Other Cash Outflows	82,838,576	19,795,725	82,838,576	19,795,725
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	82,838,576	19,795,725	82,838,576	19,795,725
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	117,228,492	40,010,747	5,861,425	2,000,537
15 Other irrevocable or conditionally revocable commitments	195,458,252	46,913,898	14,481,685	4,671,409
16 TOTAL CASH OUTFLOWS			175,353,798	74,555,216
CASH INFLOWS				
17 Secured Lending Transactions	313,365	603,062	-	-
18 Unsecured Lending Transactions	40,058,953	23,777,928	30,958,203	22,328,961
19 Other contractual cash inflows	80,842,300	68,164,516	80,842,300	68,164,515
20 TOTAL CASH INFLOWS	121,214,618	92,545,506	111,800,503	90,493,476
			Capped Amounts	
21 TOTAL HIGH QUALITY LIQUID ASSETS	-	-	110,678,174	72,242,988
22 TOTAL NET CASH OUTFLOWS	-	-	63,553,295	18,638,804
23 LIQUIDITY COVERAGE RATIO (%)	-	-	174.15	387.59

^(*) Basic arithmetic average calculated for the last three months of values calculated by taking the weekly basic arithmetic average

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)

Prior Period – December 31, 2021		Unweighted Amounts ^(*)		Weighted Amounts ^(*)	
		TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS				60,813,146	42,159,807
1	High Quality Liquid Assets	-	-	60,813,146	42,159,807
CASH OUTFLOWS					
2	Retail and Small Business Customers Deposits	142,445,916	85,890,876	13,107,912	8,589,088
3	Stable deposits	22,733,598	-	1,136,680	-
4	Less stable deposits	119,712,318	85,890,876	11,971,232	8,589,088
5	Unsecured Funding other than Retail and Small Business Customers Deposits	53,088,632	33,169,750	28,190,637	17,673,287
6	Operational deposits	1,835,716	724,319	458,929	181,080
7	Non-Operational Deposits	41,503,111	29,074,970	19,838,642	14,178,884
8	Other Unsecured Funding	9,749,805	3,370,461	7,893,066	3,313,323
9	Secured funding	-	-	-	-
10	Other Cash Outflows	22,697,893	5,332,054	22,697,893	5,332,054
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	22,697,893	5,332,054	22,697,893	5,332,054
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	66,378,356	3,516,584	3,318,918	175,829
15	Other irrevocable or conditionally revocable commitments	123,596,393	33,282,667	9,141,360	3,226,641
16	TOTAL CASH OUTFLOWS	-	-	76,456,720	34,996,899
CASH INFLOWS					
17	Secured Lending Transactions	162,765	273,898	-	-
18	Unsecured Lending Transactions	16,599,230	9,206,568	11,943,644	8,140,506
19	Other contractual cash inflows	22,708,639	20,298,391	22,708,639	20,298,392
20	TOTAL CASH INFLOWS	39,470,634	29,778,857	34,652,283	28,438,898
21	TOTAL HIGH QUALITY LIQUID ASSETS	-	-	60,813,146	42,159,807
22	TOTAL NET CASH OUTFLOWS	-	-	41,804,437	9,895,194
23	LIQUIDITY COVERAGE RATIO (%)	-	-	145.47	426.06

^(*) Basic arithmetic average calculated for the last three months of values calculated by taking the weekly basic arithmetic average.

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2022 are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014.

	Maximum	Week	Minimum	Week	Average
TRY+FC	198.47	23/09/2022	157.72	22/07/2022	174.82
FC	417.54	19/08/2022	363.25	09/09/2022	388.74

Liquidity coverage ratio is regulated by the BRSA to make sure that the Banks sustain high quality liquid asset stock to cover probable cash outflows in the short term.

All of Bank’s high quality liquid assets are comprised of first quality liquid assets, most of which are CBRT accounts and securities that are issued by the Republic of Turkey Ministry of Treasury and Finance that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Bank mainly consist of deposits which constitute 63% of total liabilities of the bank (December 31, 2021 – 61%) and also include repo, syndication, securitization, securities issued and other instruments including subordinated debts.

The Bank effectively uses derivative transactions to manage interest and liquidity risk. Impact of derivative cash flows in terms of liquidity coverage ratio is limited. However, FX swaps used in short term foreign currency liquidity management cause liquidity coverage ratio to fluctuate due to changes in volume and 1-month maturity. In addition, possible cash outflow caused by margin call requirements of derivative transactions is taken into consideration in accordance with the respective regulations.

Secured funding consists repo securitized borrowing transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Republic of Turkey Ministry of Treasury and Finance and transactions are carried out both in CBRT market and interbank market.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)

The Bank manages all the transactions made before its foreign branches and partnership in the framework of central bank, markets and related legislation of the country in which the institutions are located. Legal lending limits and high limit transactions are closely monitored in this framework.

All cash inflow and outflow items related to liquidity profile of the Bank are included in liquidity coverage ratio tables above.

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 Years	5 Years and Over	Unallocated ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank ⁽²⁾	37,948,021	41,493,620	-	-	-	-	(9,463)	79,432,178
Due from Banks ⁽³⁾	19,510,524	15,738,121	-	-	-	-	(18,863)	35,229,782
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) ⁽⁴⁾	386,115	1,862,049	2,088,124	10,303,394	2,327,539	2,675,539	-	19,642,760
Money Markets Placements ⁽⁵⁾	-	419,489	-	-	-	-	-	419,489
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) ⁽⁶⁾	7,674	14,017	390,868	4,555,965	26,122,413	16,505,960	-	47,596,897
Loans and Receivables	-	57,840,123	35,714,846	111,439,883	74,924,173	23,394,692	1,548,304	304,862,021
Financial Assets Measured at Amortized Cost ⁽⁷⁾	-	1,416,140	-	4,281,550	29,019,599	17,480,016	(20,856)	52,176,449
Other Assets	-	6,464,802	-	-	872,609	-	8,446,839	15,784,250
Total Assets	57,852,334	125,248,361	38,193,838	130,580,792	133,266,333	60,056,207	9,945,961	555,143,826
Liabilities								
Bank Deposits	1,036,322	2,962,148	5,289,412	404,874	-	-	-	9,692,756
Other Deposits	119,831,108	124,812,673	79,985,682	15,498,526	625,819	403	-	340,754,211
Funds Borrowed	-	1,182,664	13,121,688	18,745,488	16,319,492	10,346,434	-	59,715,766
Money Market Borrowings	-	15,230,413	2,301,845	6,962,354	4,044,212	553,797	-	29,092,621
Securities Issued	-	2,836,742	5,147,966	5,107,082	12,769,235	-	-	25,861,025
Miscellaneous Payables	-	26,204,783	-	-	-	-	-	26,204,783
Other Liabilities ⁽⁸⁾	-	9,625,198	1,473,037	2,681,358	1,833,844	1,728,397	46,480,830	63,822,664
Total Liabilities	120,867,430	182,854,621	107,319,630	49,399,682	35,592,602	12,629,031	46,480,830	555,143,826
Liquidity Excess / (Gap)	(63,015,096)	(57,606,260)	(69,125,792)	81,181,110	97,673,731	47,427,176	(36,534,869)	-
Net Off Balance Sheet Position ⁽⁹⁾								
Receivables from Financial Derivative Instruments	-	839,086	938,789	8,642,721	4,009,674	36	-	14,430,306
Liabilities from Derivatives	-	113,585,105	55,881,854	37,705,068	66,085,087	60,426,479	-	333,683,593
Non-cash Loans ⁽¹⁰⁾	-	4,599,890	7,617,309	23,000,848	10,388,544	350,650	14,157,552	60,114,793
Prior period								
Total Assets	39,224,327	88,742,875	25,302,117	70,336,053	98,901,913	39,857,688	9,004,268	371,369,241
Total Liabilities	96,056,009	131,401,672	35,575,893	44,551,007	17,792,932	15,463,180	30,528,548	371,369,241
Liquidity Excess / (Gap)	(56,831,682)	(42,658,797)	(10,273,776)	25,785,046	81,108,981	24,394,508	(21,524,280)	-
Net-Off Balance Sheet Position ⁽⁹⁾								
Receivables from Derivative Instruments	-	(1,868,846)	2,132,681	3,220,098	5,587,225	37	-	9,071,195
Liabilities from Derivative Instruments	-	72,095,490	34,346,603	41,123,550	47,682,217	49,170,249	-	244,418,109
Non-cash Loans ⁽¹⁰⁾	-	1,534,845	5,201,610	10,822,178	3,857,735	337,993	25,738,863	47,493,224

⁽¹⁾ The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified "Unallocated" column. Unallocated other liabilities include shareholders' equity amounting to TRY 38,320,818 (December, 31 2021 : TRY 22,144,060) and unallocated provisions amounting to TRY 5,369,522 (December 31, 2021: TRY 1,567,815)

⁽²⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank includes expected loss provisions the amount of TRY 9,463 (December 31, 2021 : TRY 7,083).

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY 18,863 (December 31, 2021 : TRY 3,670).

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss includes TRY 18,778,205 (December 31, 2021 : TRY 18,644,431) fair value derivative financial assets used for Financial Assets at Fair Value Through Profit/Loss.

⁽⁵⁾ Receivables from Money Markets includes none/zero (December 31, 2021 : none) balance of expected loss provisions.

⁽⁶⁾ Financial Assets at Fair Value Through Other Comprehensive Income includes TRY 6,845,197 (December 31, 2021: TRY 3,359,463) fair value derivative financial assets used for hedging purposes.

⁽⁷⁾ Financial assets measured at amortized cost include TRY 20,856 (December 31, 2021: TRY 9,793) of expected loss provisions.

⁽⁸⁾ Other Liabilities includes Derivative Financial Liabilities amounting to TRY 8,114,336 (December 31, 2021 TRY 12,452,428).

⁽⁹⁾ Liquidity excess/(deficit) related to Derivative Financial Instruments constituting Net Off-Balance positions are included in Liquidity Excess/(deficit) through valuations of related transactions to balance sheet

⁽¹⁰⁾ Amounts related to letter of guarantees represent contractual maturities and amounts included in aforementioned maturities and they have on demand and optionally withdrawable nature.

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)

VII. Information Regarding Leverage Ratio

Information in regards to the differences between current period and prior period leverage ratio

The Bank's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.57% (December 31, 2021: 5.96%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

The table related to leverage ratio calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" published in Official Gazette dated November 5, 2013 and numbered 28812 is below:

	Book Value	
	Current Period (*)	Prior Period (*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit (Assets deducted from capital stock)	450,806,562 784,788	319,780,825 725,830
Total risk amount related to Assets on Balance sheet	450,021,774	319,054,995
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	23,212,423	19,899,502
Potential credit risk amount of derivative financial instruments and credit derivatives	2,602,464	1,898,270
Total risk amount related to derivative financial instruments and credit derivatives	25,814,887	21,797,772
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	2,528	2,665
Risk amount sourcing from transactions mediated	7,387,697	452,004
Total risk amount related to financial transactions having security or commodity collateral	7,390,225	454,669
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	319,541,431	191,895,841
(Adjustment amount sourcing from multiplying to credit conversion rates)	99,205,956	56,567,997
Total risk amount related to off-balance sheet transactions	220,335,475	135,327,844
Capital and Total Risk		
Core Capital	39,156,345	28,265,345
Amount of total risk	703,562,361	476,635,281
Financial leverage ratio		
Financial leverage ratio	5.57%	5.96%

(*) Amounts stated in table shows the last three months averages of related period.

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to Assets

1. a) Cash and balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	1,035,001	6,504,738	678,315	6,245,263
T.R. Central Bank	7,657,268	63,686,630	6,654,230	56,333,197
Other	232,684	325,320	103,735	279,831
Total	8,924,953	70,516,688	7,436,280	62,858,291

b) Balances with the Central Bank of Turkey

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	6,410,821	22,193,010	6,654,230	18,465,910
Restricted Time Deposits	1,246,447	41,493,620	-	37,867,287
Total	7,657,268	63,686,630	6,654,230	56,333,197

As of September 30, 2022 amount of TRY 9,463 (December 31, 2021: TRY 7,083) provision provided for the account T.R. Central Bank.

As of September 30, 2022, our bank has been appointed to CBRT depending on the maturity structure, the required reserve rates for TRY liabilities vary between 3% and 8% for TRY deposits and other liabilities according to their maturities. The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities. Gold deposit liabilities vary between 22% and 26% for gold liabilities according to their maturities.

Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the Central Bank of the Republic of Turkey. According to the required reserve communiqué, as long as the amount converted to Turkish lira deposits with a maturity of 1 month or longer, foreign currency deposits (including precious metals) existing on June 25, 2021, remain in the Turkish lira time deposit account, the "Turkish Lira Time Deposit Conversion Amount". Banks are no longer given interest in Turkish Lira.

As of September 2, 2022 excluding banks with a Turkish lira deposit/participation fund share of more than 50 percent in both real and legal person deposits, an annual commission of 3 percent will be applied over the required reserve amount for foreign currency deposit/participation fund (excluding foreign banks) liabilities.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. Explanations and Disclosures Related to Assets (Continued)****2. Further information on financial assets at fair value through profit/loss:****a) Information on financial assets at fair value through profit/loss given as collateral or blocked**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/ Blocked	-	-	-	19,850
Subject to repurchase agreements	-	-	-	-
Total	-	-	-	19,850

b) Positive differences related to derivative financial assets held for trading

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	457,824	-	373,516	-
Swap Transactions	4,569,071	1,920,381	7,657,503	1,729,687
Futures Transactions	-	-	-	-
Options	-	528,812	-	289,303
Total	5,026,895	2,449,193	8,031,019	2,018,990

3. a) Information on banks accounts

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	2,373	106,777	822	1,203,335
Foreign	-	35,139,495	-	13,916,247
Foreign Head Offices and Branches	-	-	-	-
Total	2,373	35,246,272	822	15,119,582

As of September 30, 2022 amount of TRY 18,863 provision provided for the Bank account (December 31, 2021 – TRY 3,670).

In accordance with the Uniform Chart of Accounts, which became effective as of January 1, 2021, foreign bank guarantees amounting to TRY 8,706,088 as of the balance sheet date, which were among the other assets of the previous period, are reported in the line of foreign banks in the current period, the average maturity of these guarantees is 1 for months.

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NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount ^(**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	14,826,088	1,240,635	8,706,087	7,478,485
USA and Canada	11,451,608	5,046,277	-	3,244
OECD Countries ^(*)	23,153	8,567	-	-
Off-shore Banking Regions	-	-	-	-
Other	132,559	139,039	-	-
Total	26,433,408	6,434,518	8,706,087	7,481,729

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

^(**) No money is kept in blocked accounts in foreign banks for loans used from foreign markets (December 31, 2021- None).

4. Information on Receivables from Reverse Repurchase Agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic Transactions	-	-	-	-
T.R Central Bank	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organization	-	-	-	-
Real Persons	-	-	-	-
Foreign Transactions	-	419,489	-	159,508
Central Banks	-	-	-	-
Banks	-	419,489	-	159,508
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
Total	-	419,489	-	159,508

5. Information on Financial Assets Measured at Fair Value through Other Comprehensive Income

a) Information on financial assets measured at fair value through other comprehensive income that are subject to repurchase agreements and given as Collateral/blocked

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/ Blocked	21,858,441	1,498,211	3,200,224	2,244,960
Subject to repurchase agreements	9,764	7,871,509	498,884	7,553,683
Total	21,868,205	9,369,720	3,699,108	9,798,643

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

5. Information on Financial Assets Measured at Fair Value through Other Comprehensive Income (Continued)

b) Information on financial assets at fair value through other comprehensive income

	Current Period	Prior Period
Debt securities	43,746,433	20,978,048
Quoted on a stock exchange (*)	43,746,433	20,978,048
Unquoted on a stock exchange	-	-
Share certificates	7,781	7,781
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	7,781	7,781
Impairment provision(-)**	(3,002,514)	(1,344,743)
Total	40,751,700	19,641,086

(*) The Eurobond Portfolio amounting to TRY 4,728,752 (December 31, 2021 – TRY 4,561,219) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009.

(**) As of September 30, 2022 amount of TRY 5,323 (December 31, 2021 – TRY 2,815) provision provided for financial assets measured at fair value through other comprehensive income account.

6. Information related to loans

a) Information on all types of loans and advances given to shareholders and employees of the Bank

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	115,649	-	55,271
Corporate Shareholders	-	115,649	-	55,271
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees(*)	222,255	-	170,379	-
Total	222,255	115,649	170,379	55,271

(*) Includes the advances given to the bank personnel.

b) Performing loans and loans under follow-up including restructured or rescheduled loans, and other receivables

b.1) Financial assets measured at amortized cost

	Loans Under Close Monitoring			
	Restructured Loans and Receivables			
	Standard Loans and Receivables	Loans and Receivables Not Subject to restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized Loans	280,036,933	21,638,210	214,956	9,956,233
Discount Notes	21,753,369	198,280	-	-
Export Loans	28,145,574	596,358	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	6,996,907	857	-	-
Retail Loans	51,450,779	4,483,779	35,140	1,087,014
Credit Cards	45,477,860	5,335,326	-	526,855
Other	126,212,444	11,023,610	179,816	8,342,364
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	280,036,933	21,638,210	214,956	9,956,233

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**I. Explanations and Disclosures Related to Assets (Continued)****6. Information related to loans (Continued)**

	Standard Loans	Loans Under Close Monitoring
Current Period		
Provision for 12 Month Expected Credit Losses	3,085,613	-
Significant Increase in Credit Risk	-	5,447,004
Prior Period		
Provision for 12 Month Expected Credit Losses	2,093,107	-
Significant Increase in Credit Risk	-	3,267,407

b.2) Loans measured at fair value through profit/loss

In the current period, the Bank has no loans followed under financial assets at fair value through profit or loss in accordance with TFRS 9 (December 31, 2021 – TRY 209,670). As of March 31, 2022, Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş. 192,500,000,000 Group A registered shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan corresponding to the Bank's share was closed. LYY's Türk Telekom Telekomünikasyon A.Ş. After the transfer of its shares to the Turkey Wealth Fund, the loan (TRY 353 million) was classified under the loans as loss, since it was no longer possible to make the principal and interest payments to our Bank, and the receivables, which were subsequently fully provisioned, were written off from the assets.

c) Loans measured at amortized cost and other receivables according to their maturity structure

Cash Loans	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Loans with Restructured Loans
Short-term Loans	137,394,150	5,335,326	526,855
Medium and Long-term Loans	142,642,783	16,302,884	9,644,334
Total	280,036,933	21,638,210	10,171,189

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

d) Information on consumer loans, individual credit cards, personnel loans and personnel credit cards

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	5,891,033	46,734,078	52,625,111
Housing Loans	2,641	3,427,592	3,430,233
Automobile Loans	980	20,719	21,699
Personal Need Loans	5,887,412	43,285,767	49,173,179
Other	-	-	-
Consumer Loans-FC Indexed	-	1,153	1,153
Housing Loans	-	1,140	1,140
Automobile Loans	-	-	-
Personal Need Loans	-	13	13
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	37,126,655	611,616	37,738,271
Installment	13,879,622	436,595	14,316,217
Non- Installment	23,247,033	175,021	23,422,054
Individual Credit Cards-FC	85,257	142	85,399
Installment	-	-	-
Non- Installment	85,257	142	85,399
Personnel Loans-TRY	18,420	101,097	119,517
Housing Loans	-	71	71
Automobile Loans	-	-	-
Personal Need Loans	18,420	101,026	119,446
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	97,852	736	98,588
Installment	39,776	299	40,075
Non- Installment	58,076	437	58,513
Personnel Credit Cards-FC	339	1	340
Installment	-	-	-
Non- Installment	339	1	340
Overdraft Accounts-TRY (Real Persons)	4,135,209	175,722	4,310,931
Overdraft Accounts-FC (Real Persons)	-	-	-
Total	47,354,765	47,624,545	94,979,310

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

e) Information on commercial loans with installments and corporate credit cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TRY	2,064,147	26,704,653	28,768,800
Real Estate Loans	-	246,764	246,764
Automobile Loans	84,815	1,361,537	1,446,352
Personal Need Loans	1,979,332	25,096,352	27,075,684
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	-	301,416	301,416
Real Estate Loans	-	1,542	1,542
Automobile Loans	-	-	-
Personal Need Loans	-	299,874	299,874
Other	-	-	-
Commercial Loans with Installment Facility – FC	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards –TRY	13,265,883	142,062	13,407,945
Installment	5,583,028	84,220	5,667,248
Non-Installment	7,682,855	57,842	7,740,697
Corporate Credit Cards –FC	9,482	16	9,498
Installment	-	-	-
Non-Installment	9,482	16	9,498
Overdraft Accounts-TRY (Legal Entities)	2,079,258	8,757	2,088,015
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	17,418,770	27,156,904	44,575,674

f) Allocation of loans to customers^(*)

	Current Period	Prior Period
Public	200,000	127,577
Private	311,646,332	203,647,133
Total	311,846,332	203,774,710

^(*) The table does not include non-performing loan amount.

g) Allocation of domestic and foreign loans^(*)

	Current Period	Prior Period
Domestic Loans	310,093,450	202,117,091
Foreign Loans	1,752,882	1,657,619
Total	311,846,332	203,774,710

^(*) The table does not include non-performing loan amount.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

h) Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	3,936,391	2,202,964
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	3,936,391	2,202,964

i) Specific provisions for loans (Stage III/Specific Provision)

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	454,512	608,541
Doubtful Loans and Other Receivables	757,252	440,090
Uncollectible Loans and Receivables	6,076,893	5,711,998
Total	7,288,657	6,760,629

j) Non-performing loans (NPLs) (Net)

j.1) Non-performing loans and other receivables restructured or rescheduled

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Gross Amounts Before the Provisions	490	154,311	258,601
Restructured Loans	490	154,311	258,601
Prior Period			
Gross Amounts Before the Provisions	580	592	191,581
Restructured Loans	580	592	191,581

j.2) Movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period End Balance	1,098,553	716,284	7,154,207
Additions (+)	1,491,562	31,213	432,908
Transfers from Other Categories of Non-Performing Loans (+)	-	1,740,972	968,637
Transfers to Other Categories of Non-Performing Loans (-)	1,740,972	968,637	-
Collections (-)	237,204	380,405	1,109,220
Write-offs (-)	-	-	360,937
Debt Sales (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	611,939	1,139,427	7,085,595
Provision (-)	454,512	757,252	6,076,893
Net Balances on Balance Sheet	157,427	382,175	1,008,702

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

j) Non-performing loans (NPLs) (Net) (Continued)

j.3) Information on foreign currency non-performing loans and other receivables

None (December 31, 2021- None).

j.4) Breakdown of non-performing loans according to their gross and net values

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (Net)	157,427	382,175	1,008,702
Loans to Real Persons and Legal Entities (Gross)	611,939	1,139,427	6,910,531
Provision (-)	454,512	757,252	5,901,829
Loans to Real Persons and Legal Entities (Net)	157,427	382,175	1,008,702
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	175,064
Provision (-)	-	-	175,064
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	490,012	276,194	1,442,209
Loans to Real Persons and Legal Entities (Gross)	1,098,553	716,284	7,009,968
Specific provision (-)	608,541	440,090	5,567,759
Loans to Real Persons and Legal Entities (Net)	490,012	276,194	1,442,209
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	144,239
Specific provision (-)	-	-	144,239
Other Loans and Receivables (Net)	-	-	-
	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (Net)			
Interest Accruals and Valuation Differences	93,764	148,274	1,186,312
Provision (-)	72,506	82,344	865,440
Prior Period (Net)			
Interest Accruals and Valuation Differences	199,336	86,316	1,195,269
Provision (-)	110,170	40,115	791,012

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. Explanations and Disclosures Related to Assets (Continued)****6. Information related to loans (Continued)****k) Liquidation policies for uncollectible loans and other receivables**

For the unrecoverable non-performing loans under legal follow-up, the loan quality, collateral quality, bona fide of the debtor and assessment of the emergency of legal follow-up are considered, before applying the best practice for unrecoverable non-performing loans under legal follow up. The bank prefers to liquidate the risk through negotiations with the debtors. If this cannot be possible, then the Bank starts the legal procedures for the liquidation of the risk. Ongoing legal follow-up procedures do not prevent negotiations with the debtors. An agreement is made with the debtor at all stage of the negotiations for the liquidation of the risk.

l) Write-off policy

The Bank's general policy regarding the write-off of NPLs is explained in the section three under the footnote VIII.

7. Information on Financial Assets Measured at Amortized Cost**a) Information on financial assets measured at amortized cost subject to repurchase agreements and provided as collateral/blocked**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral / Blocked	4,666,616	2,756,982	1,261,325	635,643
Subject to repurchase agreements	10,902,153	15,061,299	1,506,303	13,431,793
Total	15,568,769	17,818,281	2,767,628	14,067,436

b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bond	32,070,765	19,109,666	14,876,060	14,162,999
Treasury Bill	-	-	-	-
Other Debt Securities	-	362,576	-	254,975
Total	32,070,765	19,472,242	14,876,060	14,417,974

c) Information on investment securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt Securities	32,070,765	20,126,540	14,876,060	14,980,916
Publicly-traded	32,070,765	20,126,540	14,876,060	14,980,916
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	32,070,765	20,126,540	14,876,060	14,980,916

QNB FİNANSBANK ANONİM ŞİRKETİ

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

7. Information on Financial Assets Measured at Amortized Cost (Continued)

d) Movements of financial assets measured at amortized cost

	Current Period	Prior Period
Value at the beginning of the period	29,856,976	18,743,356
Exchange differences on monetary assets	5,981,623	6,418,170
Acquisitions during the year	9,284,217	5,543,888
Disposals through sales and redemptions	(1,853,381)	(2,609,710)
Provision for losses (-)	-	-
Valuation effect	8,927,870	1,761,272
The sum of end of the period	52,197,305	29,856,976

As of September 30, 2022, a provision amounting to TRY 20,856 (December 31, 2021 – TRY 9,793) is provided for the financial assets measured at amortized cost.

8. Investments in associates (Net)

8.1. Investments in associates

a) Information on the unconsolidated subsidiaries

Title	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkezi (BKM) (*)	İstanbul/Türkiye	4.52	4.52
Ulusal Derecelendirme A.Ş. (**)	İstanbul/Türkiye	2.86	2.86
İhracaatı Geliştirme A.Ş. (İGE) (****)	İstanbul/Türkiye	0.82	0.82

Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
601,847	494,145	102,593	28,736	-	122,202	53,975	-
104,324	86,888	31,176	4,486	-	58,825	2,467	-
-	-	-	-	-	-	-	-

(*) Current period information is based on June 30, 2022 financials. Prior period profit and loss amounts are based on June 30, 2021 financials.

(**) Current period information is based on December 31, 2022 financials. Prior period profit and loss amounts are based on December 31, 2021 financials.

(***) Total fixed assets consist of tangible and intangible assets.

(****) İhracaatı Geliştirme A.Ş. (İGE) period information has not been disclosed to the public yet, thus no information can be given.

b) Information on the consolidated subsidiaries

None (December 31, 2021 – None).

QNB FİNANSBANK ANONİM ŞİRKETİ

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

8. Investments in associates (Net) (Continued)

8.2. Movements of investments in associates

	Current Period	Prior Period
Balance at the Beginning of Period	14,026	14,026
Movements During the Period	31,250	-
Purchases	-	-
Bonus Shares Received (*)	31,250	-
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	45,276	14,026
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) In the item of Bonus Shares, İhracaatı Geliştirme A.Ş. (İGE) capital participation fee..

8.3. Sectoral information on investments and associates, and the related carrying amounts

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	45,276	14,026
Total	45,276	14,026

8.4. Quoted Associates

None (December 31, 2021 – None).

8.5. Valuation methods of investments in associates

	Current Period	Prior Period
Valued at Cost	45,276	14,026
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	45,276	14,026

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

9. Investments in subsidiaries (Net)

a) Information on the unconsolidated subsidiaries

Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1. İbtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş. ^(*)	İstanbul/Türkiye	99.91	99.99
2. EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. ^(*)	İstanbul/Türkiye	100.00	100.00

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	163,920	12,133	46,981	-	-	9,516	12,730	-
2.	168,306	129,416	7,999	5,481	-	16,679	6,614	-

^(*) Current period information is presented as of September 30, 2022, and prior period profit and loss amounts are based on the financial statements prepared as of September 30, 2021.

b) Information on the consolidated subsidiaries

b.1) Information on the consolidated subsidiaries

Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1. QNB Finans Yatırım Menkul Değerler A.Ş.	İstanbul/Türkiye	99.80	100.00
2. QNB Finans Finansal Kiralama A.Ş.	İstanbul/Türkiye	99.40	99.40
3. QNB Finans Portföy Yönetimi A.Ş.	İstanbul/Türkiye	88.89	100.00
4. QNB Finans Faktoring A.Ş.	İstanbul/Türkiye	99.99	100.00
5. QNB Finans Varlık Kiralama Şirketi A.Ş.	İstanbul/Türkiye	-	100.00

Information on subsidiaries in the order presented in the table above

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	2,290,097	958,629	23,028	227,759	9,247	298,998	136,234	-
2.	14,333,666	1,522,390	26,740	998,770	-	283,674	128,124	1,513,259
3.	205,500	193,164	1,247	2,919	-	40,762	13,214	-
4.	7,345,596	453,815	18,833	987,098	-	193,047	50,380	-
5.	110,015	749	-	-	-	366	(57)	-

QNB FİNANSBANK ANONİM ŞİRKETİ**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****I. Explanations and Disclosures Related to Assets (Continued)****9. Investments in subsidiaries (Net) (Continued)****b.2) Movement schedule for consolidated subsidiaries**

	Current Period	Prior Period
Balance at the beginning of the period	2,129,798	1,645,370
Movements during the period	957,182	484,428
Bonus Shares Received	-	-
Purchases	-	-
Dividends from Current Year Profit	-	-
Disposals (*)	-	(25,651)
Revaluation Increase (**)	957,182	510,079
Impairment Provision	-	-
Balance at the End of the Period	3,086,980	2,129,798
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) It is the amount of the sale transaction realized pursuant to the decision of the Board of Directors taken on October 19, 2020 of Hemenal Finansman A.Ş. As of the balance sheet date, the said sale transaction was completed on May 31, 2021.

(**) Includes equity method accounting differences.

b.3) Sectoral information on consolidated financial subsidiaries and the related carrying amounts

	Current Period	Prior Period
Factoring Companies	453,815	260,648
Leasing Companies	1,513,259	1,230,205
Finance Companies	-	-
Other Subsidiaries	1,119,906	638,945
Total	3,086,980	2,129,798

b.4) Subsidiaries quoted on stock exchange

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	1,513,259	1,230,205
Quoted on International Stock Exchanges	-	-
Total	1,513,259	1,230,205

b.5) Explanation to capital adequacy of the significant subsidiaries

The Bank does not have any significant subsidiaries.

10. Information on joint ventures

Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Cigna Sağlık, Hayat ve Emeklilik A.Ş. (*) (**)	İstanbul/Türkiye	49.00	49.00
2. Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (**)	İstanbul/Türkiye	33.33	33.33

QNB FİNANSBANK ANONİM ŞİRKETİ

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

10. Information on joint ventures (Continued)

	Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	3,521,050	351,257	46,453	-	-	307,565	168,121	-
2.	234,633	142,003	59,464	-	-	36,750	28,151	-

(*) Cigna Sağlık, Hayat ve Emeklilik A.Ş., is accounted with fair value method as Communique on Bank's unconsolidated Financial Statement and Turkish Financial Reporting Standards.

(**) Current period information is presented as of August 31, 2022, and prior period profit and loss amounts are presented based on the financial statements prepared as of August 31, 2021.

11. Information on lease receivables (Net)

None (December 31, 2021 – None).

12. Information on the hedging derivative financial assets

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge (*)	11,113,253	188,864	8,388,215	206,207
Cash Flow Hedge (**)	4,993,911	1,851,286	3,214,981	144,482
Foreign Net Investment Hedges	-	-	-	-
Total	16,107,164	2,040,150	11,603,196	350,689

(*) Derivative financial instruments for fair value hedging consist of swaps. As of September 30, 2022, TRY 11,113,253 of this amount is for loans (December 31, 2021 – TRY 8,388,215), TRY 188,864 for securities (December 31, 2021 – None) represents the derivative financial instruments used in fair value hedging transactions. In the current period; derivative financial instruments used in the fair value hedging of the securities issued have no fair value (December 31, 2021 – TRY 206,207).

(**) Represents the fair value of derivative financial instruments for cash flow hedge of deposits and floating interest borrowings.

13. Explanations regarding the investment properties

None (December 31, 2021- None).

14. Information on Tax Asset

As of September 30, 2022, the Bank has deferred tax assets of TRY 150,345 calculated within the scope of the relevant regulations.

Deferred tax assets and liabilities are reflected to the financial statements by netting off according to TAS 12. As of September 30, 2022, the Bank has deferred tax assets amounting to TRY 5,463,998 and deferred tax liabilities amounting to TRY 5,313,653, which arise between the carrying amount of the assets and liabilities in the balance sheet and the tax bases determined in accordance with tax legislation and calculated over the amounts to be taken into account in the calculation of financial profit / the tax liability is netted and recorded in the records.

Deferred tax is offset against deferred tax assets or liabilities, if the differences between the carrying amount and the fair value of the related assets are related to the equity account group. The deferred tax liability amounting to TRY 1,381,882 has been netted under equity (December 31, 2021 – TRY 255,491 deferred tax asset).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

14. Information on Tax Asset (Continued)

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.09.2022	31.12.2021	30.09.2022	31.12.2021
Provision for Employee Rights	1,244,083	977,114	311,021	195,423
Difference Between the Book Value of Financial Assets and Tax Base	9,504,385	4,139,112	2,376,096	827,822
Other (*)	11,107,525	7,941,900	2,776,881	1,588,380
Deferred Tax Assets			5,463,998	2,611,625
Difference Between the Book Value of Financial Assets and Tax Base	(549,791)	(446,957)	(137,448)	(89,391)
Difference Between the Book Value of Financial Assets and Tax Base	(17,078,634)	(10,772,225)	(4,269,659)	(2,154,445)
Other	(3,626,187)	(474,166)	(906,546)	(233,897)
Deferred Tax Liabilities			(5,313,653)	(2,477,733)
Deferred Tax Assets/(Liabilities), Net			150,345	133,892

(*) Includes expected loss provision and accumulated temporary differences for other provisions.

	Current Period 01.01-30.09.2022	Prior Period 01.01-30.09.2021
Deferred Tax as of January 1 Active/ Passive – Net	133,891	931,700
Deferred Tax (Loss) / Gain	1,398,337	(703,794)
Deferred Tax that is Realized Under Shareholder's Equity	(1,381,883)	51,854
Deferred Tax Active/ (Passive) – Net	150,345	279,760

15. Information on assets held for sale and discontinued operations

	Current Period	Prior Period
Net Book Value at the Beginning of the Period	-	-
Acquired	-	-
Impairment (-)	-	-
Net Book Value at the End of the Period	-	-

16. Information on other assets

Other assets item of the balance sheet does not exceed 10% of the total balance sheet excluding of the off balance sheet commitments.

As of September 30, 2022, the bank provisions for other assets to TRY 11,216 (December 31, 2021 – TRY 8,503).

QNB FİNANSBANK ANONİM ŞİRKETİ

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

17. Accrued interest and income

The details of interest and income accruals and rediscounts distributed on the related accounts and the details of the unrealized fair value increases (decreases) are presented in the table below:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Instruments	21,134,059	4,489,343	19,634,215	2,369,679
Loans	5,633,926	1,974,299	4,138,138	1,172,015
Financial Assets measured at amortized cost	5,660,141	(2,926,915)	280,503	(984,469)
Financial Assets at Fair Value Through Other Comprehensive Income	4,437,866	265,531	858,545	241,641
Central Bank of Turkey	-	-	143,453	-
Financial Assets at Fair Value Through Profit or Loss	4,311	(61)	-	10
Banks	-	590	3,139	81
Other Accruals	52,575	23,631	37,658	1,835
Total	36,922,878	3,826,418	25,095,651	2,800,792

II. Explanations and Disclosures Related to Liabilities

1. Information on maturity structure of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits ^(*)	14,151,552	-	17,231,515	9,654,173	49,435,088	1,810,369	1,939,559	1,169	94,223,425
Foreign Currency	72,207,836	-	20,408,248	56,885,181	19,655,953	3,464,378	2,690,152	5,200	175,316,948
Residents in Turkey	67,070,626	-	20,232,537	55,292,169	18,908,750	2,953,101	1,520,787	5,200	165,983,170
Residents Abroad	5,137,210	-	175,711	1,593,012	747,203	511,277	1,169,365	-	9,333,778
Public Sector Deposit	1,095,137	-	24,183	1,287	-	802	-	-	1,121,409
Commercial Deposits	10,091,851	-	11,215,509	6,003,073	10,744,922	4,615,981	2,561,982	-	45,233,318
Other Ins. Deposits	130,944	-	150,507	738,572	42,839	135,009	42	-	1,197,913
Precious Metal Depos	22,153,788	-	21,846	78,840	52,929	34,683	1,319,112	-	23,661,198
Bank Deposits	1,036,322	-	2,962,148	5,261,368	420,407	12,511	-	-	9,692,756
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	3,810	-	-	-	-	-	-	-	3,810
Foreign Banks	1,029,119	-	2,962,148	5,261,368	420,407	12,511	-	-	9,685,553
Participation Banks	3,393	-	-	-	-	-	-	-	3,393
Other	-	-	-	-	-	-	-	-	-
Total	120,867,430	-	52,013,956	78,622,494	80,352,138	10,073,733	8,510,847	6,369	350,446,967

^(*) As of September 30, 2022, the balance of savings deposits includes the amounts related to TRY 25,254,494 Treasury Currency Protected Deposits and TRY 43,318,678 CBRT Currency Protected Deposits.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

1. Information on maturity structure of deposits (Continued)

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits ^(*)	8,461,102	-	14,099,359	22,054,036	2,852,082	412,060	1,057,209	1,033	48,936,881
Foreign Currency	61,149,298	-	11,342,735	35,233,030	9,175,765	2,243,798	2,530,106	5,290	121,680,022
Residents in Turkey	58,663,884	-	11,108,157	34,389,617	8,755,156	2,140,704	1,566,486	5,290	116,629,294
Residents Abroad	2,485,414	-	234,578	843,413	420,609	103,094	963,620	-	5,050,728
Public Sector Deposits	523,066	-	22,699	1,886	859	719	-	-	549,229
Commercial Deposits	5,082,550	-	8,014,924	7,118,381	51,125	12,203	15,122	-	20,294,305
Other Ins. Deposits	76,498	-	39,437	735,107	1,234	33,650	245	-	886,171
Precious Metal									
Deposits	20,194,048	-	-	129,327	48,272	29,318	1,198,554	-	21,599,519
Bank Deposits	569,447	-	11,644,754	688,474	74,417	-	-	-	12,977,092
T.R Central Bank	-	-	8,629,829	-	-	-	-	-	8,629,829
Domestic Banks	3,857	-	210,075	-	-	-	-	-	213,932
Foreign Banks	561,120	-	2,804,850	688,474	74,417	-	-	-	4,128,861
Participation Banks	4,470	-	-	-	-	-	-	-	4,470
Other	-	-	-	-	-	-	-	-	-
Total	96,056,009	-	45,163,908	65,960,241	12,203,754	2,731,748	4,801,236	6,323	226,923,219

^(*) As of December 31, 2021, the balance of savings deposits includes the amounts related to TRY 2,442,291 Treasury Currency Protected Deposits and TRY 14,112 CBRT Currency Protected Deposits.

1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount other deposits exceeding the insurance coverage limit

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	38,502,510	23,295,512	55,720,915	25,641,369
Foreign Currency Savings Deposits	29,328,637	23,322,540	103,176,496	74,161,488
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	67,831,147	46,618,052	158,897,411	99,802,857

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Bank is not located abroad.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****1. Information on maturity structure of deposits (Continued)****1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund**

	Current Period	Prior Period
Deposits and accounts in branches abroad	8,583	3,014
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	470,785	410,147
Deposits obtained through illegal acts defined in the 282nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-
Total	479,368	413,161

2. Information on trading derivative financial liabilities**Negative differences table for derivative financial liabilities held for trading**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forwards	697,085	-	1,622,423	-
Swaps	3,695,492	2,625,531	7,358,117	1,735,075
Futures	-	-	-	-
Options	2,060	248,266	2,159	67,196
Other	-	-	-	-
Total	4,394,637	2,873,797	8,982,699	1,802,271

3. Information on funds borrowed**a) Information on banks and other financial institutions**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	450,859	535,422	526,513	366,330
Foreign Bank, Institutions and Funds	-	41,467,079	-	26,139,075
Total	450,859	42,002,501	526,513	26,505,405

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	450,859	11,042,167	526,513	2,679,024
Medium and Long-Term	-	30,960,334	-	23,826,381
Total	450,859	42,002,501	526,513	26,505,405

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****3. Information on funds borrowed (Continued)**

The Bank's fund sources include deposits, funds borrowed, securities issued and money market borrowings. Deposit is the most significant fund source of the Bank and does not present any risk concentration with its consistent structure extended to a wide base. Funds borrowed mainly consist of funds provided by foreign financial institutions which have different characteristics and maturity-interest structure such as syndication, securitization, and post-financing. There isn't risk concentration on the fund sources of the Bank.

c) Additional information on concentrations of the Bank's liabilities

As of September 30, 2022 the Bank's liabilities comprise; 63% deposits (December 31, 2021 – 61%), 8% funds borrowed (December 31, 2021 – 7%), 5% issued bonds (December 31, 2021 – 8%) and 5% Money Market Debts (December 31, 2021 – 5%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	13,650,074	-	1,891,193	-
Financial institutions and organizations	13,639,014	-	1,878,568	-
Other institutions and organizations	5,654	-	5,798	-
Real persons	5,406	-	6,827	-
From foreign transactions	184,563	15,257,984	411,619	15,717,177
Financial institutions and organizations	174,797	15,257,984	407,467	15,717,177
Other institutions and organizations	9,766	-	4,152	-
Real persons	-	-	-	-
Total	13,834,637	15,257,984	2,302,812	15,717,177

5. Information on securities issued (Net)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	5,097,224	2,527,021	4,609,660	2,154,632
Bills	-	18,236,780	-	21,624,460
Total	5,097,224	20,763,801	4,609,660	23,779,092

The Bank has USD 4 Billion bond issuance program (Global Medium Term Note Program) and USD 1 Billion green and/or sustainable debt instrument issuance limit.

6. If other liabilities account exceeds 10% of total liabilities excluding the off-balance sheet items, information given about components of other liabilities account that exceeds 20% of the individual liability item in the unconsolidated balance sheet

Other liabilities do not exceed 10% of total liabilities excluding the off-balance sheet items.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts

Interest rate and cash flow of the Bank are the main criteria which are taken into consideration determination of payment plans in the leasing contracts.

7.1. Changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2021 – None)

7.2. Financial Lease Payables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	20,656	17,062	25,058	20,008
Between 1 - 4 years	586,669	486,355	591,125	472,681
More than 4 years	-	-	-	-
Total	607,325	503,417	616,183	492,689

7.3. Information and footnotes on operational lease

The bank makes operating lease agreements for some branches and ATM machines. The lease agreements are amortized during the lease period by measuring the lease obligation based on the present value of the lease payments (lease obligation) that has not been paid at that time (the lease obligation) as well as the relevant usage right as of the same date. Lease payments are discounted using this rate if the implicit interest rate in the lease can be easily determined. If the tenant cannot easily determine this rate, he uses the alternative borrowing interest rate. The tenant separately records the interest expense on the rental obligation and the depreciation expense of the right to use asset.

7.4. Information on “Sale -and- lease back” agreements

The Bank does non sale-and-lease back transactions in the current period (December 31, 2021 None).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****8. Information on liabilities arising from hedging purpose derivatives**

	Current Period ^(***)		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge (*)	-	413,459	-	821,225
Cash Flow Hedge (**)	-	432,443	177,316	668,917
Net Investment Hedge	-	-	-	-
Total	-	845,902	177,316	1,490,142

(*) Derivative financial instruments for fair value hedge purposes consist of swaps. As of September 30, 2022, TRY 181,481 (December 31, 2021 – TRY 821,225) represents the fair value of securities, while TRY 231,978 (December 31, 2021 – None) represents the fair value of derivative financial instruments for fair value hedging purposes.

(**) It represents the fair value of deposits, floating rate loans extended as FC and derivative financial instruments for cash flow hedging of floating rate borrowings.

(***) Derivative financial liabilities for the fair value hedge purposes in the period are presented in line 7.1 of the financial statements and financial liabilities for the purpose of cash flow hedges are shown in line 7.2.

9. Information on provisions**9.1. Provision for currency exchange gain/loss on foreign currency indexed loans**

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans (*)	-	-

(*) The foreign exchange provision for foreign currency indexed loans netted against “Loans and Receivables” in asset.

9.2. Specific provisions for non-cash loans that are not indemnified and converted into cash or expected loss provision for non-cash

	Current Period	Prior Period
Stage 1	426,410	185,947
Stage 2	24,409	13,332
Stage 3	56,469	54,581
Total	507,288	253,860

9.3. Information on employee termination benefits and unused vacation accrual

The Bank calculated the provision for employee benefits using the actuarial valuation method specified in Turkish Accounting Standards No. 19 and reflected it in its financial statements.

As of September 30, 2022 the Bank presented the provision for severance pay of TRY 537,176 (December 31, 2021 – TRY 469,457) under the “Reserves for Employee Benefits” item in its financial statements.

As of September 30, 2022, the Bank has shown a total vacation liability of TRY 117,038 (December 31, 2021 – TRY 63,893) under the “Reserves for Employee Benefits” in its financial statements.

As of September 30, 2022 TRY 589,869 (December 31, 2021 – TRY 443,764) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the “Reserve for Employee Benefits” in its financial statements.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****9. Information on provisions (Continued)****9.3. Information on employee termination benefits and unused vacation accrual (Continued)****9.3.1. Movement of employee termination benefits**

	Current Period 01.01-30.09.2022	Prior Period 01.01-30.09.2021
As of January 1	469,457	282,700
Service Cost	42,470	26,188
Interest Cost	65,001	27,627
Settlement / curtailment / termination loss	20,750	16,210
Actuarial Difference	(2,673)	(167)
Paid during the period	(57,829)	(30,945)
Total	537,176	321,613

9.4. Information on other provisions

Except for those stated in footnote 9.3 above, other provisions amounting to TRY 418,151 (December 31, 2021 – TRY 336,841) are set aside for lawsuits and tax lawsuits against the Bank, taking into account the adverse situations that may arise from possible changes in the economy and market conditions, and all of them are set aside in accordance with the prudence principle. It includes free provision for possible risks amounting to TRY 3,200,000 (December 31, 2021 – None) written off as expense in the period. The Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

10. Taxation**10.1. Current Taxes****10.1.1. Current tax liability**

As of September 30, 2022, the Bank's current tax liability is TRY 2,790,487 (December 31, 2021 – none). As of September 30, 2022, the Bank's prepaid tax is amounting to TRY 466,042 (December 31, 2021 – TRY 2,040).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	2,790,487	-
Banking and Insurance Transaction Tax (BITT)	349,001	214,142
Taxation on Securities Income	113,665	75,403
Taxation on Real Estates Income	4,619	2,958
Other	88,009	61,269
Total	3,345,781	353,772

The "Corporate Taxes Payable" balance is presented in the "Current Tax Liability" account and other taxes are presented in the "Other Liabilities" account in the accompanying unconsolidated financial statements.

10.1.3. Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	29,655	14,388
Social Security Premiums - Employer Share	35,066	16,586
Unemployment Insurance - Employee Share	2,085	1,012
Unemployment Insurance - Employer Share	4,171	2,024
Total	70,977	34,010

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****11. Information on payables related to assets held for sale**

None (December 31, 2021 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital	-	9,949,688	-	6,816,673
Subordinated Loans	-	9,949,688	-	6,816,673
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	7,312,718	-	5,035,891
Subordinated loans	-	7,312,718	-	5,035,891
Subordinated debt instruments	-	-	-	-
Total	-	17,262,406	-	11,852,564

13. Information on shareholder's equity**13.1. Paid-in capital**

	Current Period	Prior Period
Common Stock	3,350,000	3,350,000
Preferred Stock	-	-

13.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

Capital System	Paid-in Capital	Ceiling
Registered Capital System	3,350,000	20,000,000

13.3. Information on share capital increases and their sources; other information on any increase in capital shares during the current period

None (December 31, 2021 – None).

13.4. Information on share capital increases from revaluation funds

None (December 31, 2021 – None).

13.5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments

The Bank does not have any capital commitments, all of the capital is fully paid-in.

13.6. Prior periods' indicators related with the Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Bank's equity

None (December 31, 2021 – None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

13. Information on shareholder's equity (Continued)

13.7. Information on the privileges given to stocks representing the capital

None (December 31, 2021 – None).

14. Common stock issue premiums, shares and equity instruments

	Current Period	Prior Period
Number of Stocks (Thousands)	33,500,000	33,500,000
Preferred Capital Stock	-	-
Common Stock Issue Premiums ^(*)	714	714
Common Stock Withdrawal Profits	-	-
Other Capital Instruments	-	-

^(*) Due to the Bank's capital increase at the prior periods, common stock issue premium accounted amounting to TRY 714.

15. Securities value increase fund

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Measured at Fair Value Through Other Comprehensive	4,078,130	(3,079,663)	371,814	(1,955,341)
Valuation Difference	4,078,130	(3,079,663)	371,814	(1,955,341)
Foreign Exchange Rate Difference	-	-	-	-
Total	4,078,130	(3,079,663)	371,814	(1,955,341)

16. Accrued interest and expenses

The details of interest and expense accruals and rediscounts distributed on the related accounts and the details of the unrealized fair value increases (decreases) are presented in the table below:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Liabilities	4,394,637	3,719,699	9,160,015	3,292,413
Deposits	1,879,361	283,133	347,788	61,807
Funds Borrowed	19,099	595,811	20,185	125,790
Money Market Borrowings	20,767	65,057	10,311	52,057
Securities Issued	-	172,305	17,839	436,439
Other Accruals	928,515	288,932	416,526	291,202
Total	7,242,379	5,124,937	9,972,664	4,259,708

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****III. Explanations and Disclosures Related to Off-Balance Sheet Items****1. Information related to off-balance sheet contingencies****1.1. Type and amount of irrevocable commitments**

	Current Period	Prior Period
Credit Cards Limit Commitments	85,296,921	49,733,289
Commitment For Use Guaranteed Credit Allocation	40,779,575	27,844,210
Forward, Asset Purchase Commitments	30,678,619	3,966,054
Other Irrevocable Commitments	13,952,476	3,181,145
Payment Commitments for Cheques	3,737,474	2,885,779
Commitments for Promotions Related with Credit Cards and	98,959	71,498
Tax and Fund Liabilities due to Export Commitments	86,529	29,314
Total	174,630,553	87,711,289

1.2. Type and amount of possible losses and commitments from off-balance sheet items

A provision of TRY 507,288 (December 31, 2021 – TRY 253,860) has been made for non-compensated and non-cash loans or expected credit losses on non-cash loans followed in off-balance sheet accounts.

1.3. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Bank Loans	10,782,608	8,707,676
Letters of Credit	6,400,566	8,268,187
Total	17,183,174	16,975,863

1.4. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Final Letters of Guarantee	15,752,725	11,143,617
Advance Letters of Guarantee	7,155,139	4,679,152
Provisional Letters of Guarantee	1,206,101	989,132
Letters of Guarantee Given to Customs Offices	1,008,569	686,818
Other Letters of Guarantee	17,809,085	13,018,642
Total	42,931,619	30,517,361

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash		
Loans	6,584,088	5,864,322
Less Than or Equal to One Year with Original Maturity	1,099,299	1,113,508
More Than One Year with Original Maturity	5,484,789	4,750,814
Other Non-Cash Loans	53,530,705	41,628,902
Total	60,114,793	47,493,224

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)

3. Information on risk concentration in sector terms in non-cash loans

	Current Period				Prior Period			
	TRY	%	FC	%	TRY	%	FC	%
Agricultural	140,084	0.55	5,019	0.01	64,146	0.49	187,880	0.55
Farming and Raising								
Livestock	62,255	0.25	538	-	48,540	0.37	3,788	0.01
Forestry	40,871	0.16	-	-	13,982	0.11	-	-
Fishing	36,958	0.15	4,481	0.01	1,624	0.01	184,092	0.54
Manufacturing	8,132,094	32.03	17,306,929	49.84	2,694,667	20.47	16,869,155	49.13
Mining and Quarrying	103,716	0.41	30,365	0.09	60,835	0.46	54,775	0.16
Production	7,608,695	29.97	17,042,086	49.08	2,419,032	18.38	16,439,294	47.88
Electricity, gas and water	419,683	1.65	234,478	0.68	214,800	1.63	375,086	1.09
Construction	5,541,942	21.83	6,408,273	18.46	3,711,216	28.20	5,393,318	15.71
Services	11,133,629	43.85	10,588,807	30.49	6,341,918	48.19	11,592,111	33.78
Wholesale and Retail Trade	7,721,892	30.41	3,063,706	8.82	4,009,451	30.46	3,844,435	11.20
Hotel, Food and Beverage								
Services	333,016	1.31	1,118,213	3.22	149,130	1.13	1,224,499	3.57
Transportation&Communication	653,945	2.58	767,904	2.21	560,897	4.26	332,004	0.97
Financial Institutions	1,397,702	5.50	5,150,272	14.83	988,705	7.51	5,811,220	16.93
Real Estate and Renting								
Services	69,574	0.27	18,633	0.05	27,266	0.21	16,753	0.05
Self Employment Services	546,541	2.15	302,304	0.87	296,136	2.25	262,665	0.77
Educational Services	31,058	0.12	-	-	17,433	0.13	-	-
Health and Social Services	379,901	1.50	167,775	0.48	292,900	2.23	100,535	0.29
Other	443,352	1.75	414,664	1.19	349,260	2.65	289,553	0.83
Total	25,391,101	100.00	34,723,692	100	13,161,207	100.00	34,332,017	100.00

4. Information on non-cash loans classified in first and second groups

	I.Group		II.Group	
	TRY	FC	TRY	FC
Current Period (*)				
Letters of Guarantee	22,414,350	19,860,643	385,220	214,937
Bills of Exchange and Acceptances	2,494,713	8,258,430	1,084	28,381
Letters of Credit	38,971	6,360,776	294	525
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-Cash Loans	24,948,034	34,479,849	386,598	243,843

(*) The amount of TRY 56,469 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

	I. Group		II. Group	
	TRY	FC	TRY	FC
Prior Period (*)				
Letters of Guarantee	12,812,490	17,387,175	158,679	104,436
Bills of Exchange and Acceptances	71,783	8,627,682	-	8,211
Letters of Credit	63,674	8,197,343	-	7,170
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-Cash Loans	12,947,947	34,212,200	158,679	119,817

(*) The amount of TRY 54,581 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	363,856,363	232,868,961
Forward transactions ^(*)	69,331,224	27,308,158
Swap transactions	263,804,197	200,917,401
Futures transactions	3,257,398	764,011
Option transactions	27,463,544	3,879,391
Interest Related Derivative Transactions (II)	164,263,452	134,510,238
Forward rate transactions	-	-
Interest rate swap transactions	164,263,452	134,510,238
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	2,035,418	1,427,525
A. Total Trading Derivative Transactions (I+II+III)	530,155,233	368,806,724
Types of hedging transactions		
Fair value hedges	47,500,097	47,936,722
Cash flow hedges	105,960,169	66,987,631
Net investment hedges	-	-
B. Total Hedging Related Derivatives	153,460,266	114,924,353
Total Derivative Transactions (A+B)	683,615,499	483,731,077

^(*) This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

Breakdown of the Bank's foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TRY	19,054,305	558,921	23,305,734	111,508,960	9,306,532	3,628,987	878,809	788,668	-
USD	7,747,376	26,583,332	211,506,554	110,891,511	3,462,187	8,674,644	762,320	827,601	2,035,418
Euro	5,799,593	5,542,661	32,975,369	59,943,583	1,083,345	1,283,834	-	-	-
Other	1,306,541	2,738,495	30,976,445	419,759	12,030	11,985	-	-	-
Total	33,907,815	35,423,409	298,764,102	282,763,813	13,864,094	13,599,450	1,641,129	1,616,269	2,035,418

^(*) This column also includes hedging purpose derivatives.

^(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TRY	6,855,300	1,540,982	17,376,629	61,314,860	821,817	405,775	361,015	15,423	-
USD	2,509,104	9,930,727	162,013,980	92,032,731	572,131	1,192,399	18,895	368,678	1,427,525
Euro	3,728,663	2,321,230	28,376,151	66,045,188	511,472	279,616	-	-	-
Other	122,863	299,289	23,077,722	114,731	48,196	47,985	-	-	-
Total	13,215,930	14,092,228	230,844,482	219,507,510	1,953,616	1,925,775	379,910	384,101	1,427,525

^(*) This column also includes hedging purpose derivatives.

^(**) This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)****5. Information on derivative financial instruments (Continued)****5.1. Fair value hedge accounting****a) Loans**

The Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. As of the balance sheet date, the TRY installment loans amounting to TRY 7,140,846 (December 31, 2021 – TRY 7,277,481) were subject to hedge accounting by swaps with a nominal amount of TRY 6,439,313 (December 31, 2021 – TRY 5,829,388). On September 30, 2022, the net market valuation difference loss of TRY 91,145, arising from TRY 156,354 loss from the aforementioned loans (December 31, 2021 – TRY 750,813 loss) and TRY 65,209 gain from swaps (December 31, 2021 – TRY 689,193 gain), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

According to TAS 39, fair value hedge accounting definitions, some of the fair value hedge accounting applications ceased. The fair value differences of the hedged loans are amortized through statement of profit or loss and other comprehensive income until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TRY 24,042 (December 31, 2021 – TRY 62,140 gain) related to the loans that are ineffective for hedge accounting under “Gains/Losses From Financial Derivatives Transactions” as gain during the current period.

b) Financial assets measured at fair value through other comprehensive income

The Bank applies fair value hedge accounting through swaps in order to hedge long term fixed coupon foreign currency eurobonds in its portfolio against interest rate fluctuations. As of the balance sheet date, eurobonds with a nominal value of USD 259,315 Million and EUR 44 Million (December 31, 2021 – USD 299,952 Million and EUR 44 Million) were subject to hedge accounting by interest swaps of the same nominal value. On September 30, 2022, net market valuation difference income of TRY 6,608, arising from, TRY 767,897 expense from aforementioned eurobonds (December 31, 2021 – TRY 131,060 income) and TRY 774,504 income from swaps (December 31, 2021 – TRY 130,504 expense), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

The Bank does not have a TRY denominated government bond portfolio subject to fair value hedge accounting in the current period (December 31, 2021 – None).

c) Marketable Securities Issued

The Bank applies fair value hedge accounting using interest rate swaps in order to hedge against changes in interest rate with regard to fixed rated, FC denominated securities issued. As of the balance sheet date, bonds with a nominal value of USD 330 Million (December 31, 2021 – USD 730 Million) are subject to hedge accounting with the same nominal amount of swaps. As of September 30, 2022, a net market valuation difference income of TRY 5,892, consisting of TRY 406,530 income from the aforementioned securities (December 31, 2021 – TRY 76,228 income) and TRY 400,638 expense from swaps (December 31, 2021 – TRY 75,193 expense), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)

5. Information on derivative financial instruments (Continued)

5.2. Cash flow hedge accounting

a) Floating Rate Loans

The Bank subject a certain portion of its floating rate TRY and FX loans to cash flow hedge accounting through interest rate swaps in order to protect them from changes in market interest rates. Regarding the subject; effectiveness tests are applied for hedge accounting at each balance sheet date, the effective parts are accounted for in the “Hedging Funds” account under equity in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the profit or loss statement.

As of the balance sheet date, swaps with a nominal amount of USD 525 Million (December 31, 2021 – USD 675 million) are subject to hedge accounting as a hedging instrument. As a result of the mentioned hedge accounting, fair value expense before tax amounting to TRY 535,790 (December 31, 2021 – TRY 91,416 income) has been recognized under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction. The expense amounting to TRY 20 related to the ineffective part is associated with the profit or loss statement (December 31, 2021 – None).

As of the balance sheet date, swaps with a nominal amount of TRY 5,472 million (December 31, 2021 – of TRY 1,850 million) have been subject to hedging accounting as hedging instruments. As a result of the aforementioned hedging accounting, fair value income before tax of TRY 295,763 (December 31, 2021 – TRY 165,120 gain) was accounted under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction. The gain amounting to TRY 47 related to the ineffective part is associated with the profit or loss statement (December 31, 2021 – None).

b) Deposit

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity until 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As at the balance sheet date, swaps amounting to TRY 50,000 are subject to hedge accounting as hedging instruments (December 31, 2021 – TRY 150,000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TRY 5,685 are accounted for under equity during the current period (December 31, 2021 – TRY 16,723 gain). There is no ineffective portion in the mentioned hedge accounting transaction (December 31, 2021 – None).

As of the balance sheet date, swaps with a nominal amount of USD 1,631 million (December 31, 2021 – USD 1,328 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 114 million (December 31, 2021 – EUR 74 million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value income before taxes amounting to TRY 2,446,978 are accounted for under equity during the current period (December 31, 2021 – TRY 526,927 gain). The income amounting to TRY 2,791 (December 31, 2021 – TRY 3,875 loss) relating to the ineffective portion is accounted for at the statement of profit or loss and other comprehensive income.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)

5. Information on derivative financial instruments (Continued)

5.2. Cash flow hedge accounting (Continued)

When the cash flow hedge accounting cannot be continued effectively as defined in TAS 39, the accounting application is terminated. Effective parts classified under equity due to hedge accounting are subtracted from equity and reclassified into profit or loss as a reclassification adjustment in the period or periods in which the hedged estimated cash flows affect profit or loss (such as the periods in which interest income or expense is recognized). Due to the swaps whose effectiveness was deteriorated or closed in the current period, a loss amounting to TRY 9,597 was transferred from equity to the statement of profit or loss and other comprehensive income (December 31, 2021 – TRY 28,640 loss).

The measurements as of September 30, 2022, hedge of cash flow transactions stated above are determined as effective.

c) Floating Rate Liabilities

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge its subordinated loans which have floating interest payment. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As at the balance sheet date, swaps amounting to USD 431 million are subject to hedge accounting as hedging instruments (December 31, 2021 – USD 454 million). As a result of the mentioned hedge accounting, fair value income before taxes amounting to TRY 402,433 are accounted for under equity during the current period (December 31, 2021 – TRY 48,015 income). Income amounting to TRY 803 related to the ineffective portion in the related transaction is associated with the profit or loss statement.

On the other hand, accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to this; The valuation effects classified under equity due to hedge accounting are reflected in the statement of profit or loss and other comprehensive income throughout the life of the item subject to hedge accounting. In this context; due to hedge accounting practices terminated in the current year, a loss amounting to TRY 29,891 (December 31, 2021 – TRY 39,561) was transferred from the equity to the statement of profit or loss and other comprehensive income.

6. Credit derivatives and risk exposures on credit derivatives

As of September 30, 2022, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2021 – None).

As of September 30, 2022, “Other Derivative Financial Assets” with nominal amount of USD 110,000,000 (December 31, 2021 – USD 110,000,000) are included in Bank’s “Credit Default Swap”. In aforementioned transaction, the Bank is the seller of the protection for USD 110,000,000.

7. Information on contingent liabilities and assets

The Bank has recorded a provision of TRY 277,981 (December 31, 2021 – TRY 222,837) for the lawsuits filed against the Bank with a high probability of occurrence, in accordance with Principle of Prudence. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)

8. Information on the services in the name and account of third parties

The Bank acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

9. Information on the Bank's rating by international rating institutions

MOODY'S August 2022	FITCH July 2022
Long-Term Deposit Rating (FC)	B3 Long -Term Issuer Default Rating(FC)
Long-Term Deposit Rating (TRY)	B1 Short-Term Issuer Default Rating(FC)
Short-Term Deposit Rating (FC)	NP Long-Term Issuer Default Rating(TRY)
Short-Term Deposit Rating (TRY)	NP Short-Term Issuer Default Rating(TRY)
Main Credit Evaluation	b3 Long-Term National Appearance
Adjusted Main Credit Evaluation	b1 Support
Appearance	Stable Financial Capacity Rating
Long-Term Foreign Currency Denominated Debt Rating(FC)	B3

IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income

1. a) Information on interest income received from loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term Loans	12,422,043	1,048,403	5,893,988	358,799
Medium and Long-Term Loans	10,910,620	3,113,913	5,949,247	1,554,701
Non-Performing Loans	476,632	-	348,723	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total (*)	23,809,295	4,162,316	12,191,958	1,913,500

(*) Includes fee and commission income related to cash loans.

b) Information on interest income from banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank (*)	-	-	-	-
Domestic Banks	6,185	276	22,844	13
Foreign Banks	785	143,299	2,382	8,981
Foreign Headquarters and Branches	-	-	-	-
Total	6,970	143,575	25,226	8,994

(*) The interest income on Required Reserve amounting TRY 130,135 is not included into interest income on Banks (September 30, 2021: TRY 303,571).

c) Information on interest income from securities portfolio

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	54,641	4,009
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	3,096,849	542,569
Financial Assets Measured at Amortized Cost	9,445,320	813,852
Total	12,596,810	1,360,430

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)****IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)****c) Information on interest income from securities portfolio (Continued)**

	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	14,606	2,056
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	895,687	362,678
Financial Assets Measured at Amortized Cost	1,271,916	407,444
Total	2,182,209	772,178

As stated in Section Three disclosure VII.2, the Bank has inflation indexed (CPI) government bonds in its Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) and Financial Assets Measured at Amortized Cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Republic of Turkey Ministry of Treasury and Finance, reference index used for the actual payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. The estimated inflation rate used is updated during the year when necessary. In this context, as of September 30, 2022, valuation of such assets is made according to estimated annual inflation rate of 72%. If valuation of these securities indexed to the CPI had been done by the reference index valid through September 30, 2022, the Bank's marketable securities valuation differences would be decreased by TRY 410,000 and net profit would be increased by TRY 2,797,000 to TRY 14,268,138.

d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	329,538	105,940

2. a) Information on interest expense related to funds borrowed^(*)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	60,981	1,833,905	51,521	890,430
T.R. Central Bank	-	-	-	-
Domestic Banks	58,120	12,385	48,637	5,151
Foreign Banks	2,861	1,821,520	2,884	885,279
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	60,981	1,833,905	51,521	890,430

^(*) Includes fee and commission expenses related to cash loans.

b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	14,604	6,007

c) Information on interest expense paid to securities issued

As of September 30, 2022 interest paid to securities issued is TRY 1,687,131 (September 30, 2021 – TRY 963,831).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)

d) Information on maturity structure of interest expenses on deposits (Current Period)

Time Deposits								
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Account								
Turkish Lira								
Bank Deposits	-	46,240	-	-	-	-	-	46,240
Saving Deposits	23	1,740,053	1,698,280	3,299,944	217,976	139,898	-	7,096,174
Public Sector Deposits	-	2,833	1,349	30	85	-	-	4,297
Commercial Deposits	2	893,409	512,439	337,025	1,083,035	127,697	-	2,953,607
Other Deposits	-	8,850	66,464	1,760	9,746	6	-	86,826
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	25	2,691,385	2,278,532	3,638,759	1,310,842	267,601	-	10,187,144
Foreign Currency								
Deposits	4	150,926	769,778	254,119	33,199	42,201	-	1,250,227
Bank Deposits	109	49,914	89,242	6,624	211	-	-	146,100
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	9,548	-	-	-	-	-	9,548
Total	113	210,388	859,020	260,743	33,410	42,201	-	1,405,875
Grand Total	138	2,901,773	3,137,552	3,899,502	1,344,252	309,802	-	11,593,019

Information on maturity structure of interest expenses on deposits (Prior Period)

Time Deposits								
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Account								
Turkish Lira								
Bank Deposits	-	49,031	-	-	-	-	-	49,031
Saving Deposits	31	1,175,002	2,967,457	273,651	106,271	128,024	-	4,650,436
Public Sector Deposits	-	1,221	48	129	3	-	-	1,401
Commercial Deposits	8	579,282	802,882	50,624	27,669	1,795	-	1,462,260
Other Deposits	-	4,312	60,152	8,964	20,135	23	-	93,586
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	39	1,808,848	3,830,539	333,368	154,078	129,842	-	6,256,714
Foreign Currency								
Deposits	3	10,352	158,859	37,858	8,188	21,563	-	236,823
Bank Deposits	119	10,687	10,181	2,610	-	-	-	23,597
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	4,307	-	-	-	-	-	4,307
Total	122	25,346	169,040	40,468	8,188	21,563	-	264,727
Grand Total	161	1,834,194	3,999,579	373,836	162,266	151,405	-	6,521,441

e) Information on interest expense on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expense on Repurchase Agreements ^(*)	1,736,940	239,784	735,758	100,716

^(*) Includes "Interest on Money Market Transactions".

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)

f) Information on lease expenses

	Current Period	Prior Period
Leasing Expenses	73,321	46,240

g) Information on interest expense on factoring payables

None (September 30, 2021 – None).

3. Information on dividend income

	Current Period	Prior Period
Financial Derivative Assets at Fair Value through Profit/Loss (FVTPL)	-	-
From Financial Assets at Fair Value through Profit and Loss	-	-
From Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other	14,889	518
Total	14,889	518

4. Information on trading gain/loss

	Current Period	Prior Period
Trading Gain	22,618,737	9,660,066
Gains on Capital Market Transactions	739,984	108,979
From Derivative Financial Instruments	9,392,100	3,936,893
Foreign Exchange Gains	12,486,653	5,614,194
Trading Loss (-)	23,081,126	12,712,492
Losses on Capital Market Transactions	427,938	51,792
From Derivative Financial Instruments	15,388,647	7,617,209
Foreign Exchange Losses	7,264,541	5,043,491
Net Trading Gain/Loss	(462,389)	(3,052,426)

5. Information on other operating income

The Bank recorded the current year collections from loans written off in the previous period, portfolio management fees and expense accrual cancellations in “Other Operating Income” account.

6. Provision for losses

	Current Period	Prior Period
Expected Credit Loss	4,099,277	1,443,727
12 month expected credit loss (stage 1)	1,023,854	464,358
Significant increase in credit risk (stage 2)	1,852,659	172,311
Non-performing loans (stage 3)	1,222,764	807,058
Marketable Securities Impairment Expense	2,508	1,038
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2,508	1,038
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other ^(*)	3,596,446	82,481
Total	7,698,231	1,527,246

^(*) Includes free provision expense for possible risks amounting to TRY 3,200,000 allocated in the current period

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)**IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)****7. Information on other operating expenses**

	Current Period	Prior Period
Reserve for Employee Termination Benefits(*)	70,391	39,076
Depreciation Expenses of Fixed Assets	418,820	343,379
Amortization Expenses of Intangible Assets	163,424	127,868
Other Operating Expenses	2,065,074	1,005,412
<i>Leasing Expenses Related to TFRS 16 Exemptions</i>	<i>1,801</i>	<i>1,230</i>
<i>Maintenance Expenses</i>	<i>690,202</i>	<i>292,243</i>
<i>Advertisement Expenses</i>	<i>150,000</i>	<i>71,250</i>
<i>Other Expenses</i>	<i>1,223,071</i>	<i>640,689</i>
Loss on Sales of Assets	61	424
Other	774,662	482,115
Total	3,492,432	1,998,274

(*) Includes in the Personnel Expenses item in the financial statement.

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

For the period ended September 30, 2022 net interest income in income items amounting to TRY 24,900,058 (September 30, 2021 – TRY 8,087,269), net fees and commission income amounting to TRY 4,290,903 (September 30, 2021 – TRY 2,415,106) and other operating income amounting to TRY 259,476 (September 30, 2021 – TRY 390,120) constitute an important part of the income.

9. Explanations on tax provision for continued and discontinued operations**9.1. Current period taxation benefit or charge and deferred tax benefit or charge**

As of September 30, 2022, the Bank has tax expense amounting to TRY 5,946,279 (September 30, 2021 – TRY 8,528). Deferred tax expense amounting to TRY 884,037 (September 30, 2021 – TRY 1,322,581) and deferred tax income amounting to TRY 2,282,374 (September 30, 2021 – TRY 618,787) has been reflected in the bank's records.

9.2. Explanations on operating profit/loss after taxes

None (September 30, 2021 – None).

10. Explanations on net profit/(loss) from continued and discontinued operations

Net profit of the Bank from continued operations is TRY 11,471,138 (September 30, 2021 – TRY 2,593,035).

11. Explanations on net income/loss for the period**11.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period**

None (September 30, 2021 – None).

11.2. Effect of changes in accounting estimates on statement of profit or loss and other comprehensive income for the current and for subsequent periods

None.

11.3. There is no profit or loss attributable to minority shares

None.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)

11. Explanations on net income/loss for the period (Continued)

11.4 There are no changes in the nature and amount of accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.

12. Information on the components of other items in the statement of profit or loss and other comprehensive income exceeding 10% of the total, or items that comprise at least 20% of the statement of profit or loss and other comprehensive income

Fees and commissions from credit cards, transfers commissions, accounts management fee and insurance intermediaries are recorded in the "Others" line under "Fees and Commissions Received" account, while fees and commissions given to credit cards are recorded in the "Others" line under "Fees and Commissions Paid" account by the Bank.

V. Explanations And Disclosures Related To Statement of Changes in Shareholders' Equity

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.

VI. Explanations And Disclosures Related To Cash Flows Statements

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.

VII. Explanations and Disclosures Related to the Bank's Risk Group

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period

1.1. As of September 30, 2022, the Bank's risk group has deposits amounting to TRY 1,304,290 (December 31, 2021 – TRY 1,572,400), cash loans amounting to TRY 3,939,229 (December 31, 2021 – TRY 2,204,737) and non-cash loans amounting to TRY 149,934 (December 31, 2021–TRY 85,277).

Current Period

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group ^(**)	
	Cash	NON-Cash	Cash	NON-Cash	Cash	NON-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	2,202,964	25,118	-	55,271	1,773	4,888
Balance at the End of the Period	3,936,391	28,795	-	115,649	2,838	5,490
Interest and Commission Income	329,538	65	-	1,705	646	-

Prior Period

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group ^(**)	
	Cash	NON-Cash	Cash	NON-Cash	Cash	NON-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	1,256,220	22,598	2,500	45,878	631	5,212
Balance at the End of the Period	2,202,964	25,118	-	55,271	1,773	4,888
Interest and Commission Income ^(***)	105,940	26	-	267	678	-

^(*) As described in the Article 49 of Banking Law No 5411.

^(**) Includes the loans given to the Bank's indirect subsidiaries.

^(***) Prior Period Balance Represents September 30, 2021 balance.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and Disclosures Related to the Bank's Risk Group (Continued)

1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period (Continued)

1.2. Information on deposits held by the Bank's risk group

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group ^(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the Beginning of the Period	1,046,640	284,875	-	-	525,760	293,470
Balance at the End of the Period	770,042	1,046,640	-	-	534,248	525,760
Interest on deposits ^(***)	14,604	6,007	-	-	22,617	18,133

^(*) As described in the Article 49 of Banking Law No 5411.

^(**) Includes the loans given to the Bank's indirect subsidiaries.

^(***) Prior Period Balance Represents September 30, 2021 balance.

1.3. Information on forward and option agreements and similar agreements made with the Bank's risk group

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group ^(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	1,473,687	1,506,342	-	-	-	-
End of the Period	991,820	1,473,687	-	-	-	-
Total Income/Loss ^(***)	(154,087)	(122,946)	-	198	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss ^(***)	-	-	-	-	-	-

^(*) As described in the Article 49 of Banking Law No 5411.

^(**) Includes the loans given to the Bank's indirect subsidiaries.

^(***) Prior Period Balance Represents September 30, 2021 balance.

1.4. Information on benefits provided to top management

As of September 30, 2022, the total amount of remuneration and bonuses paid to top management of the Bank is TRY 232,448 (September 30, 2021 – TRY 156,072).

2. Disclosures of transactions with the Bank's risk group

2.1. Relations with entities in the risk group of / or controlled by the Bank regardless of the nature of relationship among the parties

Transactions with the risk group are made on an arms-length basis; terms are set according to the market conditions and in compliance with the Banking Law.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VII. Explanations and Disclosures Related to the Bank's Risk Group (Continued)

2. Disclosures of transactions with the Bank's risk group (Continued)

2.2. In addition to the structure of the relationship, type of transaction, amount, and share in total transaction volume, amount of significant items, and share in all items, pricing policy and other

As of September 30, 2022, cash loans of the risk group represented 1.2% of the Bank's total cash loans (December 31, 2021 – 1.0%), the deposits represented 0.2% of the Bank's total deposits (December 31, 2021 – 0.7%) and derivative transactions represented 0.15% of the Bank's total derivative transactions (December 31, 2021 – 0.3%).

2.3. Explanations on purchase and sale of real estate and other assets, sales and purchases of services, agent contracts, financial lease agreements, transfer of data obtained from research and development, licensing agreements, financing (including loans and cash and in-kind capital support), guarantees and promissory notes, and management contracts

The Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş. As of September 30, 2022, the Bank has net finance lease payables to QNB Finans Finansal Kiralama A.Ş. amounting to TRY 9,462 (December 31, 2021 – TRY 10,194) relating with finance lease agreements.

The Bank has signed an agreement with Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Bank participated 33.33% shareholding, provides cash transfer services to the Bank.

Information about the Bank's subordinated loans is explained under Section 5, Part II. footnote 12.

The Bank provides agency services to Cigna Sağlık, Hayat ve Emeklilik A.Ş., which is a jointly controlled entity with 49.00% shares held by the Bank.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

VIII. Explanations and Disclosures Related to Subsequent Events

1. Disclosure related to subsequent events and transactions that have not been finalized yet, and their impact on the financial statements

The issuance of The Bank after the balance sheet date are as follows:

Date	Currency	Nominal	Due Date
07/10/2022	TRY	850,290	91
14/10/2022	TRY	602,000	126
24/10/2022	GBP	9,600	91

2. The effect of the changes in the exchange rates after the balance sheet date, which are not disclosed and which have a significant effect on the evaluation and decision-making of the users of the financial statements, on the foreign currency transactions, items and financial statements, and the effect of the bank on its activities abroad

There are no significant changes in the exchange rates that emerged after the balance sheet date and whose disclosures would affect the evaluation and decision-making of the financial statements users.

3. Other Matters

None.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION SIX

AUDITOR’S REVIEW REPORT

I. Explanations on the Auditor’s Review Report

The unconsolidated financial statements for the period ended September 30, 2022 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor’s report dated September 27, 2022 is presented preceding the unconsolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None (December 31, 2021 – None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION SEVEN

CONSOLIDATED INTERIM ACTIVITY REPORT

I. Interim Consolidated Activity Report that Includes the Assessment of the Chairman of the Board of Directors and General Manager of Operations

Message by the Chairman

Dear Shareholders,

After the pandemic, we are in the fourth quarter of 2022, the year that the war in Ukraine, the energy crisis, and high inflation have dominated the agenda.

The inflation problem which took effect all over the world, and the trend of slowing down production, which comes with the energy shortage in Europe, affect our region adversely as well.

The International Monetary Fund (IMF) published the October 2022 issue of the World Economic Outlook Report with the title of "Countering the Cost-of-Living Crisis". While emphasizing that the world economy is experiencing a series of turbulent difficulties, it was noted that high inflation, tightening financial conditions in most regions, Russia's war in Ukraine, and the Covid-19 pandemic generate heavy pressure on the economic outlook.

In its report, the IMF maintained its 2022 growth forecast for the global economy at 3.2% and revised its growth forecast for 2023 from 2.9% to 2.7%. The IMF's 2022 and 2023 growth expectations for the Turkish economy were announced as 5% and 3%, respectively, while the 2023 inflation projection was announced as 50%.

In the face of all these conditions, while Türkiye is an essential producer in the critical supply chain in both Europe and the region, Türkiye is working to improve exports and current account balance and decrease inflation.

The statements of the Central Bank that it will stop the decreasing interest rate series also started to provide relief in the markets. The most important issue for Türkiye will be the efforts to provide the appropriate macro policies and fiscal discipline to reduce inflation.

Within the framework of all these conditions, the banking sector will continue its efforts to contribute to the real economy, support the balance in the markets and production and investments with the need for funding.

Türkiye has faced such important economic fluctuations several times. The robust banking sector emerged as the most important assurance in these periods. Today, I firmly believe that the banking sector will be the guarantee of the economy.

In a year prevailed by global cyclical uncertainties, the Turkish banking sector continues to sustain its robust structure. Our bank continues to support the Turkish economy with its strong capital structure, steady financial performance, and proactive risk management approach. As of September 30, 2022, the total assets of our Bank increased by 49%, compared to the year end of 2021, reaching TRY 555 billion 144 million. In the same period, net loans grew by 52% to TRY 304 billion 862 million, and customer deposits rose by 59% to TRY 340 billion 754 million. In the first nine months of 2022, our Bank's net profit for the period realized at TRY 11 billion 471 million.

As the banking sector, we manage the economic fluctuations in the world and Türkiye with the right and timely strategies, while catching up with the pace of digitalization and speeding up our sustainability efforts for a better future.

We continue to work on sustainability at full speed. While we carry out activities that will raise awareness among our financiers, our customers, and the public, we also continue to constantly review our credit policies from a sustainability perspective and take remedial actions.

I would like to thank all our financiers, customers, and business partners who contributed to this success.

Kind regards,

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION SEVEN (Continued)

UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

I. Interim Unconsolidated Activity Report that Includes the Assessment of the Chairman of the Board of Directors and General Manager of Operations (Continued)

Message by the General Manager

Dear Shareholders and Board Members,

The world is entering the fourth quarter of 2022 with struggling whilst the inflationary backdrop including the developed economies, the ongoing energy crisis in Europe, political uncertainties that have been going on for some time and slowing economic activity as a result of all these factors.

Along with the world, Türkiye continues to struggle with high inflation as well. The fight against inflation and markets functioning in a stable environment based on trust stands out as the most important matters in the economy.

Our focus is on the energy shortage experienced in Europe, where we export the most, and the effects of the decrease in production and demand, which will be experienced along with it. On the other hand, the production for Europe's needs and the importance of the supply chain provides an opportunity for Türkiye.

As the banking sector, we will continue to support the economy in this process for growth in both exports and production, by contributing to economic growth.

Amid all these uncertainties, QNB Finansbank wrapped up the third quarter of 2022 with steady growth on the back of right strategies and successful management. As of September 30, 2022, the total assets of our bank increased by 49%, compared to the end of 2021, reaching TRY 555 billion 144 million. In the same period, our Bank's net loans increased by 52% to TRY 304 billion 862 million, while customer deposits rose by 59% to TRY 340 billion 754 million. In the first 9 months of 2022, our Bank's net profit for the period realized at TRY 11 billion 471 million. As of September 30, 2022, total equities increased by 73%, compared to the year-end of 2021, reaching TRY 38 billion 321 million.

While we launched many banking products and services supporting both our customers and economy in the third quarter of 2022, we continued to carry out important strategic studies with all our banks and subsidiaries regarding sustainability.

In this context, we will continue to offer e-Invoice and other e-Transformation Services free of charge to new customers until 2025, on the Digital Bridge Platform, which we have implemented to accelerate the digital transformation of SMEs and larger-scale companies, and which also contains very important services for the manufacturing and exports. On the other hand, we started to train foreign trade ambassadors with the Digital Bridge Step-by-Step Export Program. In this context, the "Foreign Trade Advanced Level Certificate Training Program", which we organized in-house under the "Digital Bridge Step-by-Step Export Program", had its first graduates.

We continued to introduce sustainability-related resources to our economy and increase our product range in this field. We have raised up to USD 50 million in funding from the EBRD to be used for women-led SMEs. We have agreed with Merrill Lynch International to perform swap transactions based on sustainability performance criteria. In addition, we provide all the electrical energy needed by our bank from renewable energy sources.

Furthermore, sustainability is now becoming an indispensable condition in supporting the economy. Our subsidiary, QNB Finansleasing, and the European Bank for Reconstruction and Development signed a new loan agreement of EUR 25 million. The funding raised will be used to finance investments that support the green economy, energy efficiency projects of SMEs, and green transformation-based investments of women entrepreneurs.

In the capital markets, our subsidiary, QNB Finansinvest broke a record with a total public offering of TRY 3.1 billion in the first 9 months of 2022. With the public offerings it led as a brokerage house during this period, QNB Finansinvest introduced important brands in the renewable energy, textile, iron-steel, and technology sectors to the capital markets.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION SEVEN (Continued)

UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

I. Interim Unconsolidated Activity Report that Includes the Assessment of the Chairman of the Board of Directors and General Manager of Operations (Continued)

QNB Finansbank has taken its place among the best employer brands in the world by receiving two awards from the Stevie Awards for Great Employers Program with its human resources applications while being the winner of the 'Best Digital Transformation Bank of the Year' and 'Best Online Services Bank for Micro and SMEs' awards from Global Finance and Review magazine with its Digital Bridge solutions.

Under the umbrella of our Little Hands Big Dreams Platform, we continue our trainings with no decelerating, in the scope of many subjects, from coding to mathematics to art, to producing projects for a sustainable future for children.

Thank you very much to our esteemed financiers, customers and shareholders, who have been a part of the Bank's growth within the framework of sustainability principles by contributing to all these achievements.

Kind regards,

Summary Financial Belonging to the Period of September 30, 2022

Principal Financial Indicators (Million TRY)	September 30, 2022	December 30, 2021
Total Loans	304,862	200,832
Securities	93,793	49,960
Total Assets	555,144	371,369
Customer Deposits	340,754	213,946
Equity	38,321	22,144
	September 30, 2022	September 30, 2021
Net interest income	24,900	8,087
Net fees and commission income	4,291	2,415
Provision loans and other Receivables(-)	(7,698)	(1,527)
Profit before tax	16,019	3,078
Tax Provision	(4,548)	(712)
Net profit for the period	11,471	2,366

As of September 30, 2022, compared to 2021 year-end assets of the Bank increased by 49% and realized TRY 555 billion and 144 million. When compared with the end of year 2021, total loans increased by 52% and reached TRY 304 billion and 862 million while Customer Deposits increased by 59% and realized by TRY 340 billion and 754 million.

Net interest incomes in 2022 reached TRY 24 billion 900 million and net fee and commission incomes were TRY 4 billion 291 million. While the Bank's profit before tax was TRY 16 billion 19 million, its net profit for the period was TRY 11 billion 471 million.

Total shareholders' equity increased by 73% compared with the end of the year and reached to TRY 38 billion 321 million. The capital adequacy ratio of the Bank has been realized as 15.43% as of September 30, 2022.

As of September 30, 2022 the Bank has 11,385 personnel and 440 branches.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION SEVEN (Continued)

UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

I. Interim Unconsolidated Activity Report that Includes the Assessment of the Chairman of the Board of Directors and General Manager of Operations (Continued)

Information Regarding the Financial Status, Profitability and Solvency of the Bank

Assets

The bank which is continuing its customer-oriented activities in 2022, sustained to grow especially in corporate and commercial loans. As of September 30, 2022, total performing loans increased by 52% and reached TRY 304 billion 862 million while total consolidated assets increased by 49% and reached TRY 555 billion and 144 million compared to the end of the prior year.

Liabilities

As of September 30, 2022, the Bank's total customer deposits increased by 59% compared to the end of 2021 and reached TRY 340 billion 754 million, while its shareholders' equity increased by 73% compared to the end of 2021 and reached TRY 38 billion 321 million.

Profitability

In 2022, the Bank's net interest income reached TRY 24 billion 900 million, while its net fee and commission income was TRY 4 billion 291 million. Profit before tax was realized as TRY 16 billion 19 million and net profit for the period was TRY 11 billion 471 million.

The bank operates with 11,385 employees.

Solvency

Due to its strong capital structure and high shareholders' equity profitability, the Parent Bank has a sound financial structure. Parent Bank has been utilizing of its capital efficiently for its banking activities and it maintains its profitability of shareholders' equity. When taking into consideration of its funding structure; Parent Bank is funding its credit facilities both by its large basis of deposits as well as by utilization of long-term external sources. Parent Bank has a quite great cost advantage due to benefiting from such various funding resources and at the same time it is minimizing the risks probable to occur due to differences in the maturity dates. As having a significant place in the Turkish financial markets; QNB Finansbank with its strong financial structure also proves its credibility by the high ratings it received from the independent rating firms.

General Grants realized during the Period

General grants realized as of September 30, 2022 was TRY 934.

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