

**QNB FİNANSBANK ANONİM ŞİRKETİ**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**RELATED DISCLOSURES AT MARCH 31, 2023**  
**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 consolidated balance sheet of QNB Finansbank Anonim Şirketi (“the Bank”) and its consolidated subsidiaries (collectively referred to as “the Group”) at March 31, 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders’ equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the three-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 Consolidated Financial Statements; the accompanying consolidated financial statements as of March 31, 2023 include a free provision amounting to TRY 6,000,000 thousand which consist of TRY 5,400,000 thousand provided in prior year and TRY 600,000 thousand recognized in the current year by the Group 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 consolidated 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 consolidated financial information do not present fairly in all material respects the consolidated financial position of QNB Finansbank A.Ş. and its consolidated subsidiaries at March 31, 2023 and its consolidated operations and its consolidated cash flows for the three-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 consolidated 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 March 31, 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Talar Gül, SMMM  
Partner

Istanbul, April 27, 2023

**THE CONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

The Parent Bank's;

Address of the Head Office : Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL  
Phone number : (0 212) 318 50 00  
Facsimile number : (0 212) 318 56 48  
Web page : [www.qnbfinansbank.com](http://www.qnbfinansbank.com)  
E-mail address : [investor.relations@qnbfinansbank.com](mailto:investor.relations@qnbfinansbank.com)

The consolidated financial report for the three months period ended March 31, 2023, 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 PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE PARENT BANK
- INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- INTERIM REVIEW REPORT
- INTERIM CONSOLIDATED ACTIVITY REPORT

Within the context of this financial report for the three months period, the consolidated subsidiaries and structured entities are as follows. There is no associate consolidated in the financial statements of the Parent Bank.

**Subsidiaries**

1. QNB Finans Finansal Kiralama Anonim Şirketi
2. QNB Finans Yatırım Menkul Değerler Anonim Şirketi
3. QNB Finans Portföy Yönetimi Anonim Şirketi
4. QNB Finans Faktoring Anonim Şirketi
5. QNB Finans Varlık Kiralama Şirketi Anonim Şirketi
6. Cigna Sağlık, Hayat ve Emeklilik A.Ş.
7. QNBeyond Ventures B.V.

**Structured Entities**

1. Bosphorus Financial Services Limited
2. Finance Capital Finance Limited

The consolidated financial statements and related disclosures and footnotes for the three months period ended March 31, 2023, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira (TRY)**.

**Mehmet Ömer Arif Aras**  
Chairman of  
the Board of Directors

**Saleh Nofal**  
Member of the Board of  
Directors and Chairman of the  
Audit Committee

**Ramzi T.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 statements can be communicated:

Name - Surname/Title : Elif Akan / Financial Reporting Manager

Phone Number : (0 212) 318 57 80

Facsimile Number : (0 212) 318 55 78

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FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

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**SECTION ONE**

**GENERAL INFORMATION ABOUT THE PARENT BANK**

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

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

**II. Information About the Parent Bank's Shareholding Structure, Shareholders Who Individually or Jointly Have the 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 Parent Bank**

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Parent 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 Parent 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 Parent 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 Parent 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 Genel 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 Parent 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 Parent Bank are controlled by Qatar National Bank as of March 31, 2023 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.

## QNB FİNANSBANK ANONİM ŞİRKETİ

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

#### GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

| Name                          | Title   | Date of Appointment | Education |
|-------------------------------|---|---------------------|-----------|
| Dr. Ömer A. Aras              | Chairman  | April 16, 2010      | PhD       |
| Yousef Mahmoud H. N. Al-Neama | Deputy Chairman and Executive Member                      | May 28, 2019        | Graduate  |
| Saleh Nofal <sup>(*)</sup>    | Board Member and Chairman of the Audit Committee          | March 30, 2023      | Graduate  |
| Ramzi T. A. Mari              | Board Member and Audit Committee Member                   | June 16, 2016       | Masters   |
| Fatma Abdulla S.S. Al-Suwaidi | 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 Güzelöğlu               | Board Member  | April 16, 2010      | Masters   |
| Yeşim Güra <sup>(*)</sup>     | Board Member  | March 30, 2023      | 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 Kurtoglu                 | 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 Diner                   | Executive Vice President                                  | January 1, 2020     | Graduate  |
| Ali Yılmaz                    | Executive Vice President                                  | January 1, 2020     | Masters   |
| İsmail Işık                   | Executive Vice President                                  | January 18, 2023    | Masters   |
| Ahmet Erzen                   | 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   |

<sup>(\*)</sup> Saleh Nofal and Yeşim Güra were appointed to their duties as of March 30, 2023, and the oath process was completed on April 5, 2023.

The shares of the persons mentioned above in the Parent Bank are insignificant.

#### IV. Information About the Persons and Institutions That Have Qualified Shares in the Parent Bank

| 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 Parent Bank's Services and Activities

The Parent Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of March 31, 2023, the Parent Bank operates through 434 domestic (December 31, 2022 - 434), 1 foreign (December 31, 2022 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2022 - 1) branches. As of March 31, 2023, the Group has 13,892 employees (December 31, 2022 - 13,021 employees).

#### VI. Current or Likely Actual or Legal Barriers to Immediate Transfer of Shareholders' Equity or Repayment of Debts Between the Parent Bank and Its Subsidiaries

None.

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

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**SECTION TWO**

**CONSOLIDATED FINANCIAL STATEMENTS**

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



# QNB FİNANSBANK ANONİM ŞİRKETİ

## CONSOLIDATED BALANCE SHEET – ASSETS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023 (Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

### I. CONSOLIDATED BALANCE SHEET – ASSETS

|              |  | Current Period<br>31.03.2023 |             |             | Prior Period<br>31.12.2022 |             |             |             |
|--------------|--|------------------------------|-------------|-------------|----------------------------|-------------|-------------|-------------|
|              |  | Section 5<br>Part I          | TRY         | FC          | TOTAL                      | TRY         | FC          | TOTAL       |
| I.           | FINANCIAL ASSETS (Net)   |                              | 61,664,294  | 98,360,701  | 160,024,995                | 68,912,958  | 109,703,251 | 178,616,209 |
| 1.1          | Cash and Cash Equivalents  |                              | 16,667,812  | 81,684,517  | 98,352,329                 | 20,873,217  | 93,254,542  | 114,127,759 |
| 1.1.1        | Cash and Balances with The Central Bank                                      | (1)                          | 10,716,770  | 73,531,235  | 84,248,005                 | 9,719,857   | 84,817,934  | 94,537,791  |
| 1.1.2        | Banks  | (3)                          | 1,450,775   | 8,164,739   | 9,615,514                  | 3,127,925   | 8,015,778   | 11,143,703  |
| 1.1.3        | Receivables From Money Market  | (4)                          | 4,507,376   | -           | 4,507,376                  | 8,040,936   | 427,044     | 8,467,980   |
| 1.1.4        | Expected Credit Losses (-)   |                              | 7,109       | 11,457      | 18,566                     | 15,501      | 6,214       | 21,715      |
| 1.2          | Financial Assets Measured at Fair Value through Profit/Loss                  | (2)                          | 1,774,136   | 842,843     | 2,616,979                  | 1,069,093   | 549,922     | 1,619,015   |
| 1.2.1        | Public Sector Debt Securities  |                              | 1,136,938   | 376,626     | 1,513,564                  | 436,626     | 239,920     | 676,546     |
| 1.2.2        | Equity Securities  |                              | 525,989     | 121,589     | 647,578                    | 535,326     | -           | 535,326     |
| 1.2.3        | Other Financial Assets   |                              | 111,209     | 344,628     | 455,837                    | 97,141      | 310,002     | 407,143     |
| 1.3          | Financial Assets Measured at Fair Value through Other Comprehensive Income   | (5)                          | 32,269,988  | 11,130,643  | 43,400,631                 | 29,672,154  | 10,585,327  | 40,257,481  |
| 1.3.1        | Public Sector Debt Securities  |                              | 32,269,988  | 11,130,643  | 43,391,438                 | 29,662,961  | 10,468,015  | 40,130,976  |
| 1.3.2        | Equity Securities  |                              | 9,193       | -           | 9,193                      | 9,193       | 117,312     | 126,505     |
| 1.3.3        | Other Financial Assets   |                              | -           | -           | -                          | -           | -           | -           |
| 1.4          | Derivative Financial Assets  | (12)                         | 10,952,358  | 4,702,698   | 15,655,056                 | 17,298,494  | 5,313,460   | 22,611,954  |
| 1.4.1        | Derivative Financial Assets at Fair Value Through Profit/Loss                |                              | 8,580,651   | 2,961,360   | 11,542,011                 | 12,467,643  | 3,275,585   | 15,743,228  |
| 1.4.2        | Derivative Financial Assets at Fair Value Through Other Comprehensive Income |                              | 2,371,707   | 1,741,338   | 4,113,045                  | 4,830,851   | 2,037,875   | 6,868,726   |
| II.          | FINANCIAL ASSETS MEASURED AT AMORTIZED COST(Net)                             |                              | 328,670,568 | 141,676,372 | 470,346,940                | 289,882,206 | 135,165,998 | 425,048,204 |
| 2.1          | Loans  | (6)                          | 275,579,169 | 115,841,145 | 391,420,314                | 247,116,343 | 109,023,513 | 356,139,856 |
| 2.2          | Lease Receivables  | (11)                         | 5,506,521   | 10,289,417  | 15,795,938                 | 4,588,489   | 10,018,732  | 14,607,221  |
| 2.3          | Factoring Receivables  | (7)                          | 9,156,718   | 372,684     | 9,529,402                  | 9,129,082   | 464,403     | 9,593,485   |
| 2.4          | Other Financial Assets Measured at Amortized Cost                            | (8)                          | 54,430,206  | 20,344,812  | 74,775,018                 | 41,598,971  | 20,364,334  | 61,963,305  |
| 2.4.1        | Government Debt Securities   |                              | 54,430,206  | 20,072,934  | 74,503,140                 | 41,598,971  | 19,872,597  | 61,471,568  |
| 2.4.2        | Other Financial Assets   |                              | -           | 271,878     | 271,878                    | -           | 491,737     | 491,737     |
| 2.5          | Expected Credit Losses (-)   |                              | 16,002,046  | 5,171,686   | 21,173,732                 | 12,550,679  | 4,704,984   | 17,255,663  |
| III.         | ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)             | (15)                         | -           | -           | -                          | -           | -           | -           |
| 3.1          | Held for sale  |                              | -           | -           | -                          | -           | -           | -           |
| 3.2          | Discontinued Operations  |                              | -           | -           | -                          | -           | -           | -           |
| IV.          | INVESTMENTS  |                              | 178,732     | -           | 178,732                    | 462,086     | -           | 462,086     |
| 4.1          | Investment in Associates (Net)   | (9)                          | 47,886      | -           | 47,886                     | 45,477      | -           | 45,477      |
| 4.1.1        | Equity Method Associates   |                              | -           | -           | -                          | -           | -           | -           |
| 4.1.2        | Unconsolidated   |                              | 47,886      | -           | 47,886                     | 45,477      | -           | 45,477      |
| 4.2          | Investment in Subsidiaries (Net)   |                              | 128,046     | -           | 128,046                    | 128,046     | -           | 128,046     |
| 4.2.1        | Unconsolidated Financial Investments   |                              | -           | -           | -                          | -           | -           | -           |
| 4.2.2        | Unconsolidated Non-Financial Investments                                     |                              | 128,046     | -           | 128,046                    | 128,046     | -           | 128,046     |
| 4.3          | Equity Under Common Control (Joint Ventures) (Net)                           | (10)                         | 2,800       | -           | 2,800                      | 288,563     | -           | 288,563     |
| 4.3.1        | Equity method associates   |                              | -           | -           | -                          | 285,763     | -           | 285,763     |
| 4.3.2        | Unconsolidated   |                              | 2,800       | -           | 2,800                      | 2,800       | -           | 2,800       |
| V.           | TANGIBLE ASSETS (Net)  |                              | 5,056,828   | 97          | 5,056,925                  | 4,790,853   | 94          | 4,790,947   |
| VI.          | INTANGIBLE ASSETS (Net)  |                              | 3,320,475   | -           | 3,320,475                  | 1,054,534   | -           | 1,054,534   |
| 6.1          | Goodwill   |                              | -           | -           | -                          | -           | -           | -           |
| 6.2          | Others   |                              | 3,320,475   | -           | 3,320,475                  | 1,054,534   | -           | 1,054,534   |
| VII.         | INVESTMENT PROPERTIES (Net)  | (13)                         | -           | -           | -                          | -           | -           | -           |
| VIII.        | CURRENT TAX ASSET  |                              | 110,204     | -           | 110,204                    | 101,935     | -           | 101,935     |
| IX.          | DEFERRED TAX ASSET   | (14)                         | 5,076,357   | -           | 5,076,357                  | 563,762     | -           | 563,762     |
| X.           | OTHER ASSETS (Net)   | (16)                         | 14,706,603  | 1,055,987   | 15,762,590                 | 9,502,136   | 1,004,001   | 10,506,137  |
| TOTAL ASSETS |  |                              | 418,784,061 | 241,093,157 | 659,877,218                | 375,270,470 | 245,873,344 | 621,143,814 |

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

**QNB FİNANSBANK ANONİM ŞİRKETİ**
**CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

**I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY**

|                   |   | Current Period<br>31.03.2023 |             |             | Prior Period<br>31.12.2022 |             |             |             |
|-------------------|---|------------------------------|-------------|-------------|----------------------------|-------------|-------------|-------------|
|                   |   | Section 5<br>Part II         | TRY         | FC          | TOTAL                      | TRY         | FC          | TOTAL       |
| I.                | DEPOSITS  | (1)                          | 269,561,594 | 159,834,153 | 429,395,747                | 234,983,599 | 157,779,523 | 392,763,122 |
| II.               | FUNDS BORROWED  | (3)                          | 7,412,304   | 53,939,402  | 61,351,706                 | 6,196,254   | 49,021,103  | 55,217,357  |
| III.              | MONEY MARKET BORROWINGS   | (4)                          | 7,279,123   | 13,101,609  | 20,380,732                 | 1,344,833   | 21,733,804  | 23,078,637  |
| IV.               | SECURITIES ISSUED (NET)   | (5)                          | 2,449,818   | 21,467,347  | 23,917,165                 | 8,732,587   | 23,284,322  | 32,016,909  |
| 4.1               | Bills   |                              | 2,082,748   | 6,161,825   | 8,244,573                  | 8,418,087   | 5,911,335   | 14,329,422  |
| 4.2               | Asset Backed Securities   |                              | 367,070     | -           | 367,070                    | 314,500     | -           | 314,500     |
| 4.3               | Bonds   |                              | -           | 15,305,522  | 15,305,522                 | -           | 17,372,987  | 17,372,987  |
| V.                | FUNDS   |                              | -           | -           | -                          | -           | -           | -           |
| 5.1               | Borrowers' Funds  |                              | -           | -           | -                          | -           | -           | -           |
| 5.2               | Others  |                              | -           | -           | -                          | -           | -           | -           |
| VI.               | FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS (NET)                   |                              | -           | -           | -                          | -           | -           | -           |
| VII.              | DERIVATIVE FINANCIAL LIABILITIES  |                              | 2,522,062   | 3,389,117   | 5,911,179                  | 3,008,663   | 3,706,325   | 6,714,988   |
| 7.1               | Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)        | (2)                          | 2,517,985   | 2,932,433   | 5,450,418                  | 3,008,663   | 3,260,937   | 6,269,600   |
| 7.2               | Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income | (8)                          | 4,077       | 456,684     | 460,761                    | -           | 445,388     | 445,388     |
| VIII.             | FACTORING PAYABLES  |                              | -           | -           | -                          | -           | -           | -           |
| IX.               | LEASE PAYABLES (Net)  | (7)                          | 809,234     | 189         | 809,423                    | 741,286     | 336         | 741,622     |
| X.                | PROVISIONS  | (9)                          | 10,433,707  | 578,490     | 11,012,197                 | 8,803,052   | 293,969     | 9,097,021   |
| 10.1              | Restructuring Provisions  |                              | -           | -           | -                          | -           | -           | -           |
| 10.2              | Reserve for Employee Benefits   |                              | 1,909,175   | 18,917      | 1,928,092                  | 2,578,626   | 18,146      | 2,596,772   |
| 10.3              | Insurance Technical Provisions (Net)  |                              | 1,295,375   | 493,428     | 1,788,803                  | -           | -           | -           |
| 10.4              | Other Provisions  |                              | 7,229,157   | 66,145      | 7,295,302                  | 6,224,426   | 275,823     | 6,500,249   |
| XI.               | CURRENT TAX LIABILITY   | (10)                         | 5,133,834   | -           | 5,133,834                  | 2,843,483   | -           | 2,843,483   |
| 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              | Subcontinued Operations   |                              | -           | -           | -                          | -           | -           | -           |
| XIV.              | SUBORDINATED DEBT INSTRUMENTS   | (12)                         | -           | 17,935,695  | 17,935,695                 | -           | 17,127,724  | 17,127,724  |
| 14.1              | Subordinated Loans  |                              | -           | 17,935,695  | 17,935,695                 | -           | 17,127,724  | 17,127,724  |
| 14.2              | Other Debt Instruments  |                              | -           | -           | -                          | -           | -           | -           |
| XV.               | OTHER LIABILITIES   |                              | 22,770,118  | 12,114,528  | 34,884,646                 | 19,815,961  | 17,450,858  | 37,266,819  |
| XVI.              | SHAREHOLDERS' EQUITY  |                              | 50,047,102  | (902,208)   | 49,144,894                 | 44,948,075  | (671,943)   | 44,276,132  |
| 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 to be Reclassified to Profit or Loss |                              | (709,405)   | -           | (709,405)                  | (672,157)   | -           | (672,157)   |
| 16.4              | Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss     |                              | 2,557,802   | (902,208)   | 1,655,594                  | 4,054,334   | (671,943)   | 3,382,391   |
| 16.5              | Profit Reserves   |                              | 38,203,368  | -           | 38,203,368                 | 20,979,569  | -           | 20,979,569  |
| 16.5.1            | Legal Reserves  |                              | 816,367     | -           | 816,367                    | 771,685     | -           | 771,685     |
| 16.5.2            | Status Reserves   |                              | -           | -           | -                          | -           | -           | -           |
| 16.5.3            | Extraordinary Reserves  |                              | 37,387,001  | -           | 37,387,001                 | 20,207,884  | -           | 20,207,884  |
| 16.5.4            | Other Profit Reserves   |                              | -           | -           | -                          | -           | -           | -           |
| 16.6              | Profit/Loss   |                              | 6,631,883   | -           | 6,631,883                  | 17,223,799  | -           | 17,223,799  |
| 16.6.1            | Prior Periods' Profit/Loss  |                              | -           | -           | -                          | -           | -           | -           |
| 16.6.2            | Current Period's Net Profit/Loss  |                              | 6,631,883   | -           | 6,631,883                  | 17,223,799  | -           | 17,223,799  |
| 16.7              | Minority Interest   |                              | 12,740      | -           | 12,740                     | 11,816      | -           | 11,816      |
| TOTAL LIABILITIES |   |                              | 378,418,896 | 281,458,322 | 659,877,218                | 331,417,793 | 289,726,021 | 621,143,814 |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

### II. CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES

|   |   | Current Period<br>31.03.2023 |                      |                      | Prior Period<br>31.12.2022 |                      |                      |
|---|---|------------------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|
|   |   | Section 5 Part<br>III        |                      |                      |                            |                      |                      |
|   |   | TRY                          | FC                   | TOTAL                | TRY                        | FC                   | TOTAL                |
| <b>A.</b>                                     | <b>OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II-III)</b>           | <b>491,572,532</b>           | <b>587,240,726</b>   | <b>1,078,813,258</b> | <b>480,095,115</b>         | <b>600,797,641</b>   | <b>1,080,892,756</b> |
| <b>I.</b>                                     | <b>GUARANTEES</b>   | <b>35,892,911</b>            | <b>37,641,110</b>    | <b>73,534,021</b>    | <b>29,655,581</b>          | <b>35,538,119</b>    | <b>65,193,700</b>    |
| 1.1.  | Letters of guarantee  | 30,533,389                   | 19,336,910           | 49,870,299           | 25,589,026                 | 20,031,380           | 45,620,406           |
| 1.1.1.  | Guarantees subject to State Tender Law                                      | 915,808                      | 188,652              | 1,104,460            | 884,755                    | 188,383              | 1,073,138            |
| 1.1.2.  | Guarantees given for foreign trade operations                               | 13,746,223                   | 19,148,258           | 32,894,481           | 12,326,430                 | 19,842,997           | 32,169,427           |
| 1.1.3.  | Other letters of guarantee  | 15,871,358                   | -                    | 15,871,358           | 12,377,841                 | -                    | 12,377,841           |
| 1.2.  | Bank loans  | 5,322,796                    | 9,537,571            | 14,860,367           | 4,028,331                  | 9,696,287            | 13,724,618           |
| 1.2.1.  | Import letter of acceptance   | 5,322,796                    | 9,537,571            | 14,860,367           | 4,028,331                  | 9,696,287            | 13,724,618           |
| 1.2.2.  | Other bank acceptances  | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.3.  | Letters of credit   | 36,726                       | 8,766,629            | 8,803,355            | 38,224                     | 5,810,452            | 5,848,676            |
| 1.3.1.  | Documentary letters of credit   | 36,726                       | 8,319,865            | 8,356,591            | 38,224                     | 5,228,027            | 5,266,251            |
| 1.3.2.  | Other letters of credit   | -                            | 446,764              | 446,764              | -                          | 582,425              | 582,425              |
| 1.4.  | Prefinancing given as guarantee   | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.5.  | Endorsements  | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.5.1.  | Endorsements to the Central Bank of Türkiye                                 | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.5.2.  | Other endorsements  | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.6.  | Securities issue purchase guarantees  | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.7.  | Factoring guarantees  | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.8.  | Other guarantees  | -                            | -                    | -                    | -                          | -                    | -                    |
| 1.9.  | Other collaterals   | -                            | -                    | -                    | -                          | -                    | -                    |
| <b>II.</b>                                    | <b>COMMITMENTS</b>  | <b>331,170,759</b>           | <b>68,726,207</b>    | <b>399,896,966</b>   | <b>252,607,322</b>         | <b>24,746,561</b>    | <b>277,353,883</b>   |
| 2.1.  | Irrevocable commitments   | 247,626,523                  | 13,780,451           | 261,406,974          | 172,054,958                | 23,241,741           | 195,296,699          |
| 2.1.1.  | Forward asset purchase commitments  | 5,909,818                    | 12,694,751           | 18,604,569           | 4,018,129                  | 10,831,566           | 14,849,695           |
| 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   | 53,542,012                   | 1,915                | 53,543,927           | 47,343,805                 | 1,870                | 47,345,675           |
| 2.1.5.  | Securities underwriting commitments   | -                            | -                    | -                    | -                          | -                    | -                    |
| 2.1.6.  | Commitments for reserve deposit requirements                                | -                            | -                    | -                    | -                          | -                    | -                    |
| 2.1.7.  | Payment commitment for checks   | 6,145,526                    | -                    | 6,145,526            | 3,895,823                  | -                    | 3,895,823            |
| 2.1.8.  | Tax and fund liabilities from export commitments                            | 166,396                      | -                    | 166,396              | 118,666                    | -                    | 118,666              |
| 2.1.9.  | Commitments for credit card expenditure limits                              | 175,878,695                  | -                    | 175,878,695          | 111,928,372                | -                    | 111,928,372          |
| 2.1.10.                                       | Commitments for promotions related with credit cards and banking activities | 130,985                      | -                    | 130,985              | 109,533                    | -                    | 109,533              |
| 2.1.11.                                       | Receivables from short sale commitments                                     | -                            | -                    | -                    | -                          | -                    | -                    |
| 2.1.12.                                       | Payables for short sale commitments   | -                            | -                    | -                    | -                          | -                    | -                    |
| 2.1.13.                                       | Other irrevocable commitments   | 5,853,091                    | 1,083,785            | 6,936,876            | 4,640,630                  | 12,408,305           | 17,048,935           |
| 2.2.  | Revocable commitments   | 83,544,236                   | 54,945,756           | 138,489,992          | 80,552,364                 | 1,504,820            | 82,057,184           |
| 2.2.1.  | Revocable loan granting commitments   | 81,379,900                   | 53,301,766           | 134,681,666          | 79,347,287                 | -                    | 79,347,287           |
| 2.2.2.  | Other revocable commitments   | 2,164,336                    | 1,643,990            | 3,808,326            | 1,205,077                  | 1,504,820            | 2,709,897            |
| <b>III.</b>                                   | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                                     | <b>124,508,862</b>           | <b>480,873,409</b>   | <b>605,382,271</b>   | <b>197,832,212</b>         | <b>540,512,961</b>   | <b>738,345,173</b>   |
| 3.1   | Derivative financial instruments for hedging purposes                       | 11,253,020                   | 118,469,795          | 129,722,815          | 22,065,418                 | 128,742,067          | 150,807,485          |
| 3.1.1   | Fair value hedge  | 2,075,295                    | 26,419,670           | 28,494,965           | 6,235,235                  | 36,659,431           | 42,894,666           |
| 3.1.2   | Cash flow hedge   | 9,177,725                    | 92,050,125           | 101,227,850          | 15,830,183                 | 92,082,636           | 107,912,819          |
| 3.1.3   | Hedge of net investment in foreign operations                               | -                            | -                    | -                    | -                          | -                    | -                    |
| 3.2   | Held for trading transactions   | 113,255,842                  | 362,403,614          | 475,659,456          | 175,766,794                | 411,770,894          | 587,537,688          |
| 3.2.1   | Forward foreign currency buy/sell transactions                              | 11,938,885                   | 20,250,532           | 32,189,417           | 10,544,244                 | 19,818,125           | 30,362,369           |
| 3.2.1.1                                       | Forward foreign currency transactions-buy                                   | 11,806,351                   | 4,745,313            | 16,551,664           | 10,071,714                 | 5,490,339            | 15,562,053           |
| 3.2.1.2                                       | Forward foreign currency transactions-sell                                  | 132,534                      | 15,505,219           | 15,637,753           | 472,530                    | 14,327,786           | 14,800,316           |
| 3.2.2   | Swap transactions related to foreign currency and interest rates            | 90,703,091                   | 323,362,065          | 414,065,156          | 105,687,546                | 326,800,908          | 432,488,454          |
| 3.2.2.1                                       | Foreign currency swap-buy   | 836,819                      | 126,367,444          | 127,204,263          | 6,624,797                  | 132,828,947          | 139,453,744          |
| 3.2.2.2                                       | Foreign currency swap-sell  | 50,346,874                   | 74,421,795           | 124,768,669          | 60,927,351                 | 75,886,225           | 136,813,576          |
| 3.2.2.3                                       | Interest rate swaps-buy   | 19,759,699                   | 61,286,413           | 81,046,112           | 19,067,699                 | 59,042,868           | 78,110,567           |
| 3.2.2.4                                       | Interest rate swaps-sell  | 19,759,699                   | 61,286,413           | 81,046,112           | 19,067,699                 | 59,042,868           | 78,110,567           |
| 3.2.3   | Foreign currency, interest rate and securities options                      | 8,740,165                    | 9,860,289            | 18,600,454           | 58,709,719                 | 58,732,290           | 117,442,009          |
| 3.2.3.1                                       | Foreign currency options-buy  | 5,959,254                    | 3,528,636            | 9,487,890            | 45,910,391                 | 13,322,787           | 59,233,178           |
| 3.2.3.2                                       | Foreign currency options-sell   | 2,780,911                    | 6,331,653            | 9,112,564            | 12,799,328                 | 45,409,503           | 58,208,831           |
| 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  | 1,873,701                    | 2,032,352            | 3,906,053            | 825,285                    | 792,923              | 1,618,208            |
| 3.2.4.1                                       | Foreign currency futures-buy  | 1,766,386                    | 208,131              | 1,974,517            | -                          | 792,923              | 792,923              |
| 3.2.4.2                                       | Foreign currency futures-sell   | 107,315                      | 1,824,221            | 1,931,536            | 825,285                    | -                    | 825,285              |
| 3.2.5   | Interest rate futures   | -                            | 4,791,524            | 4,791,524            | -                          | 3,570,022            | 3,570,022            |
| 3.2.5.1                                       | Interest rate futures-buy   | -                            | 2,395,762            | 2,395,762            | -                          | 1,785,011            | 1,785,011            |
| 3.2.5.2                                       | Interest rate futures-sell  | -                            | 2,395,762            | 2,395,762            | -                          | 1,785,011            | 1,785,011            |
| 3.2.6   | Other   | -                            | 2,106,852            | 2,106,852            | -                          | 2,056,626            | 2,056,626            |
| <b>B.</b>                                     | <b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>                                  | <b>2,631,813,672</b>         | <b>749,923,078</b>   | <b>3,381,736,750</b> | <b>2,121,542,054</b>       | <b>716,989,813</b>   | <b>2,838,531,867</b> |
| <b>IV.</b>                                    | <b>ITEMS HELD IN CUSTODY</b>  | <b>360,310,521</b>           | <b>48,368,962</b>    | <b>408,679,483</b>   | <b>400,872,053</b>         | <b>33,839,097</b>    | <b>434,711,150</b>   |
| 4.1.  | Assets under management   | 17,956,570                   | 18,719               | 17,975,289           | 15,019,765                 | 7,963                | 15,027,728           |
| 4.2.  | Investment securities held in custody                                       | 181,660,409                  | 26,617,014           | 208,277,423          | 237,790,076                | 12,787,625           | 250,577,701          |
| 4.3.  | Checks received for collection  | 30,462,747                   | 2,108,826            | 32,571,573           | 32,048,284                 | 2,269,091            | 34,317,375           |
| 4.4.  | Commercial notes received for collection                                    | 4,696,035                    | 1,572,055            | 6,268,090            | 3,714,274                  | 1,470,469            | 5,184,743            |
| 4.5.  | Other assets received for collection  | -                            | -                    | -                    | -                          | -                    | -                    |
| 4.6.  | Assets received for public offering   | -                            | -                    | -                    | -                          | -                    | -                    |
| 4.7.  | Other items under custody   | 125,534,760                  | 18,052,348           | 143,587,108          | 112,299,654                | 17,303,949           | 129,603,603          |
| 4.8.  | Custodians  | -                            | -                    | -                    | -                          | -                    | -                    |
| <b>V.</b>                                     | <b>PLEDGED ITEMS</b>  | <b>1,106,502,469</b>         | <b>394,594,645</b>   | <b>1,501,097,114</b> | <b>994,474,840</b>         | <b>388,564,158</b>   | <b>1,383,038,998</b> |
| 5.1.  | Marketable securities   | 5,819,373                    | 21,077,185           | 26,896,558           | 5,758,007                  | 25,835,961           | 31,593,968           |
| 5.2.  | Guarantee notes   | 754,983                      | 1,020,394            | 1,775,377            | 754,876                    | 505,077              | 1,259,953            |
| 5.3.  | Commodity   | 1,024,356                    | -                    | 1,024,356            | 1,005,497                  | -                    | 1,005,497            |
| 5.4.  | Warranty  | -                            | -                    | -                    | -                          | -                    | -                    |
| 5.5.  | Properties  | 262,032,488                  | 182,257,076          | 444,289,564          | 223,359,270                | 180,431,706          | 403,790,976          |
| 5.6.  | Other pledged items   | 836,871,269                  | 190,239,990          | 1,027,111,259        | 763,597,190                | 181,791,414          | 945,388,604          |
| 5.7.  | Pledged items-depository  | -                            | -                    | -                    | -                          | -                    | -                    |
| <b>VI.</b>                                    | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                       | <b>1,165,000,682</b>         | <b>306,959,471</b>   | <b>1,471,960,153</b> | <b>726,195,161</b>         | <b>294,586,558</b>   | <b>1,020,781,719</b> |
| <b>TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)</b> |   | <b>3,123,386,204</b>         | <b>1,337,163,804</b> | <b>4,460,550,008</b> | <b>2,601,637,169</b>       | <b>1,317,787,454</b> | <b>3,919,424,623</b> |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

### III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|  | Section 5<br>Part IV | Current Period<br>01.01 - 31.03.2023 | Prior Period<br>01.01 - 31.03.2022 |
|--|----------------------|--------------------------------------|------------------------------------|
| <b>I. INTEREST INCOME</b>  | <b>(1)</b>           | <b>20,425,758</b>                    | <b>9,943,148</b>                   |
| 1.1 Interest income on loans   |                      | 13,512,422                           | 6,830,291                          |
| 1.2 Interest income on reserve deposits  |                      | 169,783                              | 111,494                            |
| 1.3 Interest income on banks   |                      | 172,404                              | 9,702                              |
| 1.4 Interest income on money market transactions                               |                      | 141,396                              | 17,624                             |
| 1.5 Interest income on securities portfolio                                    |                      | 5,204,447                            | 2,426,096                          |
| 1.5.1 Financial assets measured at FVTPL                                       |                      | 16,451                               | 15,005                             |
| 1.5.2 Financial assets measured at FVOCI                                       |                      | 1,508,848                            | 740,093                            |
| 1.5.3 Financial assets measured at amortized cost                              |                      | 3,679,148                            | 1,670,998                          |
| 1.6 Financial lease income   |                      | 539,519                              | 286,634                            |
| 1.7 Other interest income  |                      | 685,787                              | 261,307                            |
| <b>II. INTEREST EXPENSE (-)</b>  | <b>(2)</b>           | <b>13,529,075</b>                    | <b>4,684,256</b>                   |
| 2.1 Interest on deposits   |                      | 11,069,480                           | 2,770,230                          |
| 2.2 Interest on funds borrowed   |                      | 1,382,382                            | 706,452                            |
| 2.3 Interest on money market transactions                                      |                      | 386,272                              | 428,682                            |
| 2.4 Interest on securities issued  |                      | 628,070                              | 618,147                            |
| 2.5 Interest on leases   |                      | 30,631                               | 22,402                             |
| 2.6 Other interest expenses  |                      | 32,240                               | 138,343                            |
| <b>III. NET INTEREST INCOME/EXPENSE (I - II)</b>                               |                      | <b>6,896,683</b>                     | <b>5,258,892</b>                   |
| <b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>                            |                      | <b>2,399,816</b>                     | <b>1,172,744</b>                   |
| 4.1 Fees and commissions received  |                      | 3,667,360                            | 1,571,644                          |
| 4.1.1 Non-cash loans   |                      | 175,004                              | 84,075                             |
| 4.1.2 Others   |                      | 3,492,356                            | 1,487,569                          |
| 4.2 Fees and commissions paid (-)  |                      | 1,267,544                            | 398,900                            |
| 4.2.1 Non-cash loans   |                      | 2,810                                | 1,301                              |
| 4.2.2 Others   |                      | 1,264,734                            | 397,599                            |
| <b>V. DIVIDEND INCOME</b>  | <b>(3)</b>           | <b>3,859</b>                         | <b>14,331</b>                      |
| <b>VI. NET TRADING INCOME/LOSS (Net)</b>                                       | <b>(4)</b>           | <b>3,590,174</b>                     | <b>(370,198)</b>                   |
| 6.1 Trading account gain/losses  |                      | 1,560,984                            | 56,363                             |
| 6.2 Gain/losses from derivative transactions                                   |                      | 471,426                              | (1,592,368)                        |
| 6.3 Foreign exchange gain/losses   |                      | 1,557,764                            | 1,165,807                          |
| <b>VII. OTHER OPERATING INCOME</b>   | <b>(5)</b>           | <b>1,634,170</b>                     | <b>62,571</b>                      |
| <b>VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII+VIII)</b>               |                      | <b>14,524,702</b>                    | <b>6,138,340</b>                   |
| <b>IX. EXPECTED CREDIT LOSSES (-)</b>  | <b>(6)</b>           | <b>4,044,619</b>                     | <b>1,026,564</b>                   |
| <b>X. OTHER PROVISION EXPENSES (-)</b>   |                      | <b>1,013,268</b>                     | <b>89,291</b>                      |
| <b>XI. PERSONEL EXPENSES</b>   |                      | <b>1,925,275</b>                     | <b>862,588</b>                     |
| <b>XII. OTHER OPERATING EXPENSES</b>   | <b>(7)</b>           | <b>2,470,059</b>                     | <b>1,033,430</b>                   |
| <b>XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)</b>                      |                      | <b>5,071,481</b>                     | <b>3,126,467</b>                   |
| <b>XIV. INCOME RESULTED FROM MERGERS</b>                                       |                      | -                                    | -                                  |
| <b>XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>                |                      | -                                    | <b>33,264</b>                      |
| <b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>                                 |                      | -                                    | -                                  |
| <b>XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XV)</b>                  | <b>(8)</b>           | <b>5,071,481</b>                     | <b>3,159,731</b>                   |
| <b>XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>                  | <b>(9)</b>           | <b>(1,561,326)</b>                   | <b>775,933</b>                     |
| 18.1 Current tax charge  |                      | 2,355,068                            | 2,238,434                          |
| 18.2 Deferred tax charge (+)   |                      | 766,427                              | 447,826                            |
| 18.3 Deferred tax credit (-)   |                      | (4,682,821)                          | (1,910,327)                        |
| <b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVI±XVII)</b>                   | <b>(10)</b>          | <b>6,632,807</b>                     | <b>2,383,798</b>                   |
| <b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>                                 |                      | -                                    | -                                  |
| 20.1 Income from assets held for sale  |                      | -                                    | -                                  |
| 20.2 Income from sale of associates, subsidiaries and joint-ventures           |                      | -                                    | -                                  |
| 20.3 Others  |                      | -                                    | -                                  |
| <b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>                          |                      | -                                    | -                                  |
| 21.1 Expenses on assets held for sale  |                      | -                                    | -                                  |
| 21.2 Expenses on sale of associates, subsidiaries and joint-ventures           |                      | -                                    | -                                  |
| 21.3 Others  |                      | -                                    | -                                  |
| <b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XIX+XX)</b>      |                      | -                                    | -                                  |
| <b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>               |                      | -                                    | -                                  |
| 23.1 Current tax charge  |                      | -                                    | -                                  |
| 23.2 Deferred tax charge (+)   |                      | -                                    | -                                  |
| 23.3 Deferred tax credit (-)   |                      | -                                    | -                                  |
| <b>XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXI±XXII)</b> |                      | -                                    | -                                  |
| <b>XXV. NET PROFIT/LOSS (XVIII+XXIII)</b>                                      | <b>(11)</b>          | <b>6,632,807</b>                     | <b>2,383,798</b>                   |
| 25.1 Group's profit/loss   |                      | 6,631,883                            | 2,383,355                          |
| 25.2 Minority interest   |                      | 924                                  | 443                                |
| Earnings Per Share   |                      | 0.1980                               | 0.0711                             |

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

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

**IV. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|             |  | <b>Current Period</b><br><b>01.01 - 31.03.2023</b> | <b>Prior Period</b><br><b>01.01 - 31.03.2022</b> |
|-------------|--|--|--|
| <b>I.</b>   | <b>CURRENT PERIOD PROFIT/LOSS</b>  | <b>6,632,807</b>                                   | <b>2,383,798</b>                                 |
| <b>II.</b>  | <b>OTHER COMPREHENSIVE INCOME</b>  | <b>(1,764,045)</b>                                 | <b>1,795,138</b>                                 |
| <b>2.1</b>  | <b>Other Income/Expense Items not to be Reclassified to Profit or Loss</b>                   | <b>(37,248)</b>                                    | <b>2,462</b>                                     |
| 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  | (49,666)   | 4,049  |
| 2.1.4       | Other Income/Expense Items not to be Reclassified to Profit or Loss                          | -  | 829  |
| 2.1.5       | Deferred Taxes on Other Comprehensive Income not to be Reclassified to Profit or Loss        | 12,418   | (2,416)  |
| <b>2.2</b>  | <b>Other Income/Expense Items to be Reclassified to Profit or Loss</b>                       | <b>(1,726,797)</b>                                 | <b>1,792,676</b>                                 |
| 2.2.1       | Translation Differences  | -  | -  |
| 2.2.2       | Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI | (1,747,423)  | 1,461,706  |
| 2.2.3       | Gains/losses from Cash Flow Hedges   | (541,994)  | 777,724  |
| 2.2.4       | Gains/Losses on Hedges of Net Investments in Foreign Operations                              | -  | -  |
| 2.2.5       | Other Income/Expense Items to be Reclassified to Profit or Loss                              | -  | -  |
| 2.2.6       | Deferred Taxes on Other Comprehensive Income to be Reclassified to Profit or Loss            | 562,620  | (446,754)  |
| <b>III.</b> | <b>TOTAL COMPREHENSIVE INCOME (I+II)</b>   | <b>4,868,762</b>                                   | <b>4,178,936</b>                                 |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

### V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| Other Comprehensive Income/Expense Items<br>not to be Reclassified to Profit or Loss |                     |                    |                  |                                  |                              |  |   |               |                            | Other Comprehensive Income/Expense Items to be<br>Reclassified to Profit or Loss   |                    |                                  |   |  |                      |                                  |            |  |  | Shareholders' Equity |  |  |  |
|--|---------------------|--------------------|------------------|----------------------------------|------------------------------|--|---|---------------|----------------------------|--|--------------------|----------------------------------|---|--|----------------------|----------------------------------|------------|--|--|----------------------|--|--|--|
|  | Section 5<br>Part V | Paid-in<br>Capital | Share<br>Premium | Share<br>Cancellation<br>Profits | Other<br>Capital<br>Reserves | Revaluation<br>surplus on<br>tangible and<br>intangible assets | Defined Benefit<br>Plans' Actuarial<br>Gains/Losses | Others<br>(*) | Translation<br>Differences | Income/Expenses from<br>Valuation and/or<br>Reclassification of Financial<br>Assets Measured at FVOCI Others <sup>(**)</sup> | Profit<br>Reserves | Prior<br>Periods'<br>Profit/Loss | Current<br>Period's<br>Net<br>Profit/Loss | Equity<br>Before<br>Minority<br>Interest | Minority<br>Interest | Total<br>Shareholders'<br>Equity |            |  |  |                      |  |  |  |
| Prior Period- 01.01 – 31.03.2022   |                     |                    |                  |                                  |                              |  |   |               |                            |  |                    |                                  |   |  |                      |                                  |            |  |  |                      |  |  |  |
| I. Balances at Beginning of Period   |                     | 3,350,000          | 714              | -                                | -                            | -  | (223,943)   | -             | -                          | (1,583,528)  | (379,998)          | 17,072,922                       | -   | 3,906,647                                | 22,142,814           | 9,395                            | 22,152,209 |  |  |                      |  |  |  |
| 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              | -                                | -                            | -  | (223,943)   | -             | -                          | (1,583,528)  | (379,998)          | 17,072,922                       | -   | 3,906,647                                | 22,142,814           | 9,395                            | 22,152,209 |  |  |                      |  |  |  |
| IV. Total Comprehensive Income   |                     | -                  | -                | -                                | -                            | -  | 1,633   | 829           | -                          | 1,138,948  | 653,728            | -                                | -   | 2,383,355                                | 4,178,493            | 443                              | 4,178,936  |  |  |                      |  |  |  |
| 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 Liabilities   |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| X. Others Changes  |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| XI. Profit Distribution  |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | 3,906,647          | -                                | (3,906,647)                               | -  | -                    | -                                |            |  |  |                      |  |  |  |
| 11.1 Dividends   |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| 11.2 Transfers to Reserves   |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | 3,906,647          | -                                | (3,906,647)                               | -  | -                    | -                                |            |  |  |                      |  |  |  |
| 11.3 Others  |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| Balances at end of the period (III+IV+.....+X+XI)                                    |                     | 3,350,000          | 714              | -                                | -                            | -  | (222,310)   | 829           | -                          | (444,580)  | 273,730            | 20,979,569                       | -   | 2,383,355                                | 26,321,307           | 9,838                            | 26,331,145 |  |  |                      |  |  |  |

| Other Comprehensive Income/Expense Items<br>not to be Reclassified to Profit or Loss |                     |                    |                  |                                  |                              |  |   |               |                            | Other Comprehensive Income/Expense Items to be<br>Reclassified to Profit or Loss   |                    |                                  |   |  |                      |                                  |            |  |  | Shareholders' Equity |  |  |  |
|--|---------------------|--------------------|------------------|----------------------------------|------------------------------|--|---|---------------|----------------------------|--|--------------------|----------------------------------|---|--|----------------------|----------------------------------|------------|--|--|----------------------|--|--|--|
|  | Section 5<br>Part V | Paid-in<br>Capital | Share<br>Premium | Share<br>Cancellation<br>Profits | Other<br>Capital<br>Reserves | Revaluation<br>surplus on<br>tangible and<br>intangible assets | Defined Benefit<br>Plans' Actuarial<br>Gains/Losses | Others<br>(*) | Translation<br>Differences | Income/Expenses from<br>Valuation and/or<br>Reclassification of Financial<br>Assets Measured at FVOCI Others <sup>(**)</sup> | Profit<br>Reserves | Prior<br>Periods'<br>Profit/Loss | Current<br>Period's<br>Net<br>Profit/Loss | Equity<br>Before<br>Minority<br>Interest | Minority<br>Interest | Total<br>Shareholders'<br>Equity |            |  |  |                      |  |  |  |
| Current Period- 01.01 – 31.03.2023   |                     |                    |                  |                                  |                              |  |   |               |                            |  |                    |                                  |   |  |                      |                                  |            |  |  |                      |  |  |  |
| I. Balances at Beginning of Period   |                     | 3,350,000          | 714              | -                                | -                            | -  | (673,188)   | 1,031         | -                          | 1,851,783  | 1,530,608          | 20,979,569                       | -   | 17,223,799                               | 44,264,316           | 11,816                           | 44,276,132 |  |  |                      |  |  |  |
| 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              | -                                | -                            | -  | (673,188)   | 1,031         | -                          | 1,851,783  | 1,530,608          | 20,979,569                       | -   | 17,223,799                               | 44,264,316           | 11,816                           | 44,276,132 |  |  |                      |  |  |  |
| IV. Total Comprehensive Income   |                     | -                  | -                | -                                | -                            | -  | (37,248)  | -             | -                          | (1,290,842)  | (435,955)          | -                                | -   | 6,631,883                                | 4,867,838            | 924                              | 4,868,762  |  |  |                      |  |  |  |
| 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 Liabilities   |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| X. Others Changes  |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| XI. Profit Distribution  |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | 17,223,799         | -                                | (17,223,799)                              | -  | -                    | -                                |            |  |  |                      |  |  |  |
| 11.1 Dividends   |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| 11.2 Transfers to Reserves   |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | 17,223,799         | -                                | (17,223,799)                              | -  | -                    | -                                |            |  |  |                      |  |  |  |
| 11.3 Others  |                     | -                  | -                | -                                | -                            | -  | -   | -             | -                          | -  | -                  | -                                | -   | -  | -                    | -                                |            |  |  |                      |  |  |  |
| Balances at end of the period (III+IV+.....+X+XI)                                    |                     | 3,350,000          | 714              | -                                | -                            | -  | (710,436)   | 1,031         | -                          | 560,941  | 1,094,653          | 38,203,368                       | -   | 6,631,883                                | 49,132,154           | 12,740                           | 49,144,894 |  |  |                      |  |  |  |

(\*) 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 be reclassified to other profit or loss.

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

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023 (Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

### VI. CONSOLIDATED STATEMENT OF CASH FLOWS

|   | Section 5<br>Part VI | Current Period<br>01.01 - 31.03.2023 | Prior Period<br>01.01 - 31.03.2022 |
|---|----------------------|--------------------------------------|------------------------------------|
| <b>A. CASH FLOWS FROM/(TO) BANKING OPERATIONS</b>   |                      |                                      |                                    |
| <b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities (+)</b>                    |                      | <b>14,811,534</b>                    | <b>116,787</b>                     |
| 1.1.1 Interest received   |                      | 15,524,718                           | 6,721,052                          |
| 1.1.2 Interest paid   |                      | (13,557,412)                         | (4,366,31)                         |
| 1.1.3 Dividend received   |                      | 3,859                                | 14,331                             |
| 1.1.4 Fees and commissions received   |                      | 3,698,000                            | 1,581,294                          |
| 1.1.5 Other income  |                      | 297,828                              | 62,571                             |
| 1.1.6 Collections from previously written off loans   |                      | 604,454                              | 640,200                            |
| 1.1.7 Payments to personnel and service suppliers   |                      | (2,517,278)                          | (1,007,958)                        |
| 1.1.8 Taxes paid  |                      | 1,367,523                            | (71,990)                           |
| 1.1.9 Other   |                      | 9,389,842                            | (3,456,482)                        |
| <b>1.2 Changes in Assets and Liabilities</b>  |                      | <b>(5,387,332)</b>                   | <b>7,385,821</b>                   |
| 1.2.1 Net (increase) decrease in financial assets measured at fair value through profit/loss          |                      | (951,971)                            | 1,097,011                          |
| 1.2.2 Net (increase) decrease in due from banks   |                      | 4,611,426                            | 5,566,996                          |
| 1.2.3 Net (increase) decrease in loans  |                      | (27,320,917)                         | (30,859,484)                       |
| 1.2.4 Net (increase) decrease in other assets   |                      | (8,841,338)                          | (1,417,493)                        |
| 1.2.5 Net increase (decrease) in bank deposits  |                      | (444,646)                            | (5,463,997)                        |
| 1.2.6 Net increase (decrease) in other deposits   |                      | 33,350,547                           | 19,495,102                         |
| 1.2.7 Net (increase) decrease in financial liabilities measured at fair value through profit and loss |                      | -                                    | -                                  |
| 1.2.8 Net increase (decrease) in funds borrowed   |                      | 4,093,150                            | 3,748,915                          |
| 1.2.9 Net increase (decrease) in matured payables   |                      | -                                    | -                                  |
| 1.2.10 Net increase (decrease) in other liabilities   |                      | (9,883,583)                          | 15,218,771                         |
| <b>I. Net Cash Provided from Banking Operations (+/-)</b>   |                      | <b>9,424,202</b>                     | <b>7,502,608</b>                   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                      |                                      |                                    |
| <b>II. Net Cash Provided from/(Used In) Investing Activities (+/-)</b>                                |                      | <b>(13,475,096)</b>                  | <b>(8,315,030)</b>                 |
| 2.1 Purchase of entities under common control, associates and subsidiaries                            |                      | -                                    | -                                  |
| 2.2 Sale of entities under common control, associates and subsidiaries                                |                      | -                                    | -                                  |
| 2.3 Fixed assets purchases  |                      | (512,444)                            | (138,148)                          |
| 2.4 Fixed assets sales  |                      | 36,531                               | 3,373                              |
| 2.5 Purchase of financial assets measured at fair value through other comprehensive income            |                      | (13,237,917)                         | (3,552,733)                        |
| 2.6 Sale of financial assets measured at fair value through other comprehensive income                |                      | 10,647,437                           | 869,753                            |
| 2.7 Purchase of Financial Assets Measured at Amortized Cost   |                      | (17,351,581)                         | (6,233,276)                        |
| 2.8 Sale of Financial Assets Measured at Amortized Cost   |                      | 7,956,533                            | 857,793                            |
| 2.9 Other   |                      | (1,013,655)                          | (121,792)                          |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                      |                                      |                                    |
| <b>III. Net Cash Provided from/(Used In) Financing Activities</b>                                     |                      | <b>(8,793,173)</b>                   | <b>4,920,965</b>                   |
| 3.1 Cash obtained from funds borrowed and securities issued   |                      | 1,631,701                            | 3,528,813                          |
| 3.2 Cash used for repayment of funds borrowed and securities issued                                   |                      | (10,463,782)                         | 1,387,883                          |
| 3.3 Capital increase  |                      | -                                    | -                                  |
| 3.4 Dividends paid  |                      | -                                    | -                                  |
| 3.5 Payments for finance leases   |                      | -                                    | -                                  |
| 3.6 Other   |                      | 38,908                               | 4,269                              |
| <b>IV. Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents (+/-)</b>      |                      | <b>1,696,695</b>                     | <b>2,976,194</b>                   |
| <b>V. Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>                          |                      | <b>(11,147,372)</b>                  | <b>7,084,737</b>                   |
| <b>VI. Cash and Cash Equivalents at the Beginning Of The Period (+)</b>                               |                      | <b>73,255,713</b>                    | <b>47,798,834</b>                  |
| <b>VII. Cash and Cash Equivalents at End of the Period (V+VI)</b>                                     |                      | <b>62,108,341</b>                    | <b>54,883,571</b>                  |

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

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**SECTION THREE  
ACCOUNTING POLICIES**

**I. Basis of Presentation**

**1. Preparation of the consolidated 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 financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law No. 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 Financial Reporting Standards ("TFRS") published by the Public Oversight Accounting for the format and detail of the publicly announced consolidated 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 consolidated financial statements**

The accounting policies and valuation principles used in the preparation of the interim financial statements are determined and applied, 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 are consistent with the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2022. The accounting policies and valuation principles related with current period are explained in Notes II to XXVII below.

Consolidated financial statements are prepared on the historical cost basis, excluding financial assets and liabilities at fair value through profit or loss and financial assets and liabilities at fair value through other comprehensive income.

In preparing the consolidated 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

Due to the earthquake disaster occurred in Kahramanmaraş, Hatay and surrounding cities in February, the Parent Bank took measures to maintain its existing banking services uninterruptedly. The Parent Bank offered general banking services free of charge and postponed loan and credit card debt payments on an interest-free basis for its customers affected by the earthquake in addition to its supports to the earthquake region. In order to reflect the possible effects of the earthquake disaster in its financial statements, the Parent Bank allocated additional expected loan loss provision for its existing loans in the earthquake region, taking into account the reasonable and supportable information it has.

**2.1. Changes in Accounting policies and disclosures**

In its accompanying consolidated financial statements, the Parent 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 December 14, 2019 and No. 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. According to this; As of January 1, 2022, necessary changes/transitions regarding reference interest rates should be completed.

Within the scope of the said reform; The Bank has operations in the field of loans, securities, borrowing and derivative products, as well as 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.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(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 consolidated financial statements (Continued)**

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.

| <b>Current Period (Full TRY)</b> | <b>Non-Derivative</b> |                              |
|----------------------------------|-----------------------|------------------------------|
|                                  | <b>Derivative</b>     | <b>Financial Instruments</b> |
| USD LIBOR                        | 162,292,352           | 29,462,920                   |
| Hedge Accounting Instruments     | 89,829,026            | -                            |
| <b>Total</b>                     | <b>252,121,378</b>    | <b>29,462,920</b>            |

  

| <b>Prior Period (Full TRY)</b> | <b>Non-Derivative</b> |                              |
|--------------------------------|-----------------------|------------------------------|
|                                | <b>Derivative</b>     | <b>Financial Instruments</b> |
| USD LIBOR                      | 163,431,174           | 31,984,554                   |
| Hedge Accounting Instruments   | 89,029,911            | -                            |
| <b>Total</b>                   | <b>252,461,085</b>    | <b>31,984,554</b>            |

**2.2. Other**

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 the preparation date of these financial statements, no new disclosure 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 dated March 31, 2023.

TFRS 17 Insurance Contracts Standard was published in the Official Gazette dated February 16, 2019 and No. 30688 by the Public Oversight Accounting and Auditing Standards Authority and is valid for annual reporting periods beginning on or after January 1, 2024. This standard replaces TFRS 4, which currently allows for a wide variety of applications. As of March 31, 2023, the related standard has no significant effect on the unconsolidated financial statements of the Parent Bank.

Regarding the partnership share in Cigna Sağlık Hayat ve Emeklilik A.Ş., whose 49% capital is owned by the Parent Bank, with the decision of Bank's Board of Directors, 22,950,000 shares with a total nominal value of TRY 22,950,000, which is owned by Cigna Nederland Gamma BV and corresponds to 51% of the capital of Cigna Sağlık Hayat ve Emeklilik A.Ş., was decided to be purchased with a price of TRY 981,000,000 (in full TRY). In this context, a Share Purchase Agreement was signed with Cigna Nederland Gamma BV on October 21, 2022. The said share transfer transaction was realized with the General Assembly held on December 21, 2022, after the necessary permissions were obtained, but due to the fact that the original of the document subject to the transfer could not be found, a lawsuit was filed by the Bank for the cancellation of the document. The registration of the General Assembly regarding the share transfer was completed on January 13, 2023.

Cigna Sağlık Hayat ve Emeklilik A.Ş., which has been a "Joint Venture" and has been accounted for using the equity method in the accompanying unconsolidated financial statements as of December 31, 2022, became a "Subsidiary" as of the reporting date and accounted for using the equity method in the accompanying unconsolidated financial statements

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FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(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 consolidated financial statements (Continued)**

As explained in detail above, 51% of the Parent Bank's subsidiary Cigna shares were purchased on December 21, 2022. Turkish Financial Reporting Standard No. 3 ("TFRS 3"), which is about business combinations, requires the acquisition price to be accounted for by distributing the identifiable assets and assumed identifiable liabilities, including the intangible assets of the acquired business, to their fair values at the acquisition date. The studies initiated by the Parent Bank by appointing independent valuation companies in order to determine the fair value, distribution of the purchase price and the determination of the goodwill amount that may occur have not been completed at the report date of the approval of these consolidated financial statements, additionally, in the consolidated financial statements, provisional amounts are reported for items that have not been accounted for in accordance with TFRS 3 paragraph 45.

The profit/loss calculation arising from the change of control is as follows:

|   |                  |
|---|------------------|
| Purchase price of additional Cigna shares (51%)                                     | 981,000          |
| Fair value of Cigna shares held by the Parent Bank before the acquisition (49%)     | 1,275,521        |
|   | <b>2,256,521</b> |
| Fair value of net assets controlled (100%)  | 2,603,105        |
| <b>Gain from bargaining purchase</b>  | <b>346,584</b>   |
| Carrying value of Cigna shares held by the Parent Bank before the acquisition (49%) | 285,763          |
| Fair value of Cigna shares held by the Parent Bank before the acquisition (49%)     | 1,275,521        |
| <b>Value increase in shares owned before the acquisition</b>                        | <b>989,758</b>   |
| <b>Net profit resulting from the change of control</b>                              | <b>1,336,342</b> |

The temporary determined fair values of the identifiable assets and liabilities arising from the acquisition within the scope of TFRS 3 are as follows:

|   |                  |
|---|------------------|
| <b>Assets</b>   | <b>4,340,559</b> |
| Cash and Cash Equivalents   | 1,124,051        |
| Agency Contract   | 2,130,246        |
| Other Assets  | 1,086,262        |
| <b>Liabilities</b>  | <b>1,737,454</b> |
| Trade Payables  | 96,264           |
| Insurance Technical Provisions  | 1,443,976        |
| Tax Liability   | 68,541           |
| Other Liabilities   | 128,673          |
| <b>Net Assets Defined at Fair Value</b>   | <b>2,603,105</b> |
| Carrying value of Cigna shares held by the Parent Bank before the acquisition (49%) | (285,763)        |
| Net profit as a result of control transfer  | (1,336,342)      |
| <b>Purchase price of additional Cigna shares (51%)</b>                              | <b>981,000</b>   |

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FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(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**

**1. Strategy for the use of financial instruments**

The major funding sources of the Parent Bank are customer deposits, bond issues and funds borrowed from international markets. The customer deposits bear a 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 Parent Bank diverts its placements to assets with high return and sufficient collaterals. The Parent 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 a higher return on long-term placements is aimed.

Besides customer deposits, the Parent 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 Parent Bank converts the foreign currency liquidity obtained from the international markets to TRY liquidity using long term swap transactions (fixed TRY interest rate and floating FX interest rate). Thus, the Parent Bank generates TRY denominated resources for funding long term loans with fixed interest rates.

The Parent 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 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 Group’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 Group 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 March 31, 2023 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 Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

**2.2. Total exchange rate differences that are included in net profit or loss for the year**

The foreign currency position of the Parent Bank and the profit/loss from the foreign exchange transactions realized are included in the statement of profit or loss comprehensive foreign exchange gains/losses and income/losses from derivative financial instruments in the statement of profit or loss comprehensive. 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 March 31, 2023, derivative financial transactions gain amounting to TRY 471,426 (March 31, 2022 – TRY 1,592,368 derivative financial transactions loss) and foreign exchange gain amounting to TRY 1,557,764 (March 31, 2022 – TRY 1,165,807 net foreign exchange gain), excluding net interest expense amounting to TRY 39,832 (March 31, 2022 – TRY 1,300,829 net interest expense) arising from derivative transactions, the net profit on foreign currency transactions is TRY 1,989,358 (March 31, 2022 – TRY 874,268 net profit on foreign currency transactions).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

(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)**

**2.3. Foreign associates**

None.

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

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 “Turkish Financial Reporting Standard in regards to Consolidated Financial Statements” and BRSA’s “Regulation on Preparation of Consolidated Financial Statements of Banks” published on the Official Gazette No. 26340 and dated November 8, 2006. The corporations included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

|   | Consolidation Method | Place of Establishment | Subject of Operations            | Effective Share of the Group (%) |                   |
|---|----------------------|------------------------|----------------------------------|----------------------------------|-------------------|
|   |                      |                        |                                  | March 31, 2023                   | December 31, 2022 |
| 1. QNB Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım) | Full Consolidation   | Türkiye                | Securities Intermediary Services | 100.00                           | 100.00            |
| 2. QNB Finans Portföy Yönetimi A.Ş. (Finans Portföy)        | Full Consolidation   | Türkiye                | Portfolio Management             | 100.00                           | 100.00            |
| 3. QNB Finans Finansal Kiralama A.Ş. (Finans Leasing)       | Full Consolidation   | Türkiye                | Financial Leasing                | 99.40                            | 99.40             |
| 4. QNB Finans Faktoring A.Ş. (Finans Faktoring)             | Full Consolidation   | Türkiye                | Factoring Services               | 100.00                           | 100.00            |
| 5. QNB Finans Varlık Kiralama Şirketi A.Ş.                  | Full Consolidation   | Türkiye                | Asset Lease                      | 100.00                           | 100.00            |
| 6. QNBeyond Ventures B.V.                                   | Full Consolidation   | Netherlands            | Financial Holding                | 100.00                           | 100.00            |
| 7. Cigna Sağlık, Hayat ve Emeklilik A.Ş.                    | Full Consolidation   | Türkiye                | Private Pension and Insurance    | 100.00                           | 49.00             |

Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on accounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board (“CMB”) regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to 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, in accordance with Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) and related additions and interpretations published by Public Accounting and Auditing Oversight Authority (“POA”).

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of March 31, 2023.

**1. Subsidiaries**

Subsidiaries are the entities controlled directly or indirectly by the Parent Bank.

Control is defined as the power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the Parent Bank’s returns.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

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**ACCOUNTING POLICIES (Continued)**

**III. Information on Associates, Subsidiaries and Entities Under Common Control (Continued)**

**1. Subsidiaries (Continued)**

Subsidiaries are consolidated using the full consolidation method based on the size of their asset, equity and result of operations. Financial statements of related subsidiaries are consolidated from the date when the control is transferred to the Group and are put out of consolidation's scope as soon as control is removed. Accounting policies applied by subsidiaries that are included in consolidated financial statements are not different from the Parent Bank's accounting policies.

According to full consolidation method, 100% of subsidiaries' asset, liability, income, expense and off balance sheet items are consolidated with the Parent Bank's asset, liability, income, expense and off balance sheet items. Book value of the Group's investment in each subsidiary is netted off with Group's equity shares. Unrealized gains and losses and balances that arise due to transactions between subsidiaries within consolidation scope, have been net off. Non-controlling interests are shown separately from earnings per share on consolidated balance sheet and statement of profit or loss and other comprehensive income.

**2. Associates and entities under common control**

The Parent Bank does not have any financial associates that are consolidated in the accompanying financial statements.

The joint venture is established locally, has its primary operations in private pension and insurance, is controlled jointly with another group with a partnership agreement, and is included in Parent Bank's capital. The related joint venture is included in consolidated financial statements by using equity method.

Equity method is a method of accounting whereby the book value of the investor's share capital in the subsidiary or the joint venture is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or joint venture's equity within the period. The method also foresees that profit will be deducted from the subsidiary's or joint venture's accordingly recalculated value.

**IV. Explanations on Derivative Financial Assets and Liabilities**

The Group 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 Group also carries out currency and interest options and credit default swap and futures agreements.

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

The Parent 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/Loss", "Derivative Financial Liabilities at Fair Value Through Profit & Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" 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 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.

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**ACCOUNTING POLICIES (Continued)**

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

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

The Parent 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 Parent 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 Parent 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 loans with floating rate financial receivables which have floating interest payment. The Parent 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 Comprehensive Income/Expense Items to be Reclassified to Profit or Loss" whereas the amount concerning ineffective parts is associated with the statement of profit or loss and other comprehensive income.

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent Bank, applies cash flow hedge accounting through interest rate swaps to hedge itself against changes floating rate foreign currency borrowings and floating rates TRY securities.

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 Parent Bank applies fair value hedge accounting within the framework of TAS 39 using swaps to hedge a portion of its long term, fixed rate mortgage and project finance loans against possible fair value change due to market interest rate fluctuations.

The Parent Bank applies fair value hedge accounting using interest rate swaps to hedge long term, fixed rate, foreign currency Eurobonds in financial assets measured at fair value through other comprehensive portfolio against interest rate fluctuations.

The Parent 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 measured at fair value through other comprehensive income portfolio using swap transactions as hedging instruments.

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

QNB Finans Finansal Kiralama AŞ., the subsidiary of the Parent bank, applies fair value hedge accounting through interest rate swaps to hedge itself against changes in interest rates related to fixed rate TRY securities issued.

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**ACCOUNTING POLICIES (Continued)**

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

QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent bank, applies fair value hedge accounting through interest rate swaps to hedge itself against changes in interest rates related to TRY borrowings.

QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank applies hedge accounting by means of swaps for the purpose of hedging the changes in interest and exchange rates regarding securities issued, borrowings and financial leasing receivables.

Fair value hedge accounting effects are accounted under “Derivative Financial Transactions Profit/Loss from Derivative Financial Transactions” in the statement of profit or loss.

QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts efficiency tests on every balance sheet date for transactions where fair value hedge accounting is applied.

QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts cash flow hedge accounting transactions effectiveness tests on every balance sheet date, the active segments are as defined in TAS 39 accounted in line with under Equity, “Reclassification of Accumulated Other Comprehensive Income and Expense in Profit or Loss” in financial statements and the amount related to the inactive part is associated with statement of profit or loss.

At each balance sheet date the Parent Bank and QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank, apply 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 March 31, 2023, fair value exchange difference adjustment amounting to TRY 1,135,623 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 of financial assets or 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 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 Parent 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.

If the financial asset is impaired and classified as a non-performing receivable, the Parent 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 such calculated amount.

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**ACCOUNTING POLICIES (Continued)**

**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. 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 Parent 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 Revenue from contracts with customers, at initial recognition, the Parent 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 Parent 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 Parent Bank tested all financial assets within the scope of TFRS 9 whether their “contractual cash-flows solely represent payments of principal and interest” and assessed the asset classification within the business model.

**Assessment of business model**

As per TFRS 9, the Parent 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 Parent 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, receivables from money markets, investments under financial assets measured at amortized cost, loans and other receivables are assessed within this business model.



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**ACCOUNTING POLICIES (Continued)**

**VII. Explanations and Disclosures on Financial Instruments (Continued)**

**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: the Bank may hold financial assets in a business 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 when 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 are assessed in this business model.

**Measurement categories of financial assets and liabilities**

Financial assets are classified in three main categories as listed below in accordance with TFRS 9:

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

**Financial assets at the fair value through profit or loss**

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and 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.

The Parent 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 Group' business model. In accordance with TFRS 9, the Parent 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**

In addition to financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income. Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are measured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to statement of profit or loss.

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**ACCOUNTING POLICIES (Continued)**

**VII. Explanations and Disclosures on Financial Instruments (Continued)**

**Financial assets at fair value through other comprehensive income (Continued)**

“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 are accounted under the “Other comprehensive income/expense items to be reclassified to profit/loss” under shareholders’ equity. 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 Parent 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 Treasury. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the real payments is determined based on the inflation rates of two months before. The estimated inflation rate used is updated during the year when necessary.

Some portion of the Eurobond portfolio which has been recognized as financial assets at fair value through other comprehensive income are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April, 2009, and some portion of the TRY government bonds are designated as fair value hedged items, hedged against interest rate fluctuations, starting from July 2011. 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 Gains/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 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 Parent Bank as explained in part IV, “Explanations on Derivative Financial Assets and Liabilities”, enters into 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 Parent 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 could not 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.

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**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Expected Credit Losses**

The Group 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 June 22, 2016 in connection with “Procedures and Principals regarding Classification of Loans and Allowances Allocated for Such Loans” effective from January 1, 2018. At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group considers the changes in the default risk of financial instrument, when making the assessment.

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

**Stage 1**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of 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 March 31, 2023, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three 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. Calculation approach is quite similar with approach mentioned above, but probability of default and loss amount in default ratios estimated for the lifetime of instruments.

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

- Delay of over 90 days and impairment of credit worthiness.
- Collateral and/or equity of debtor is inadequate cover the payment of receivables on the maturity.
- If it is convinced that will be delayed by more than 90 days for recovery of receivables due to macroeconomic, sector-specific or customer-specific reasons.

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**ACCOUNTING POLICIES (Continued)**

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

**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 adverse, internal severe negative) are evaluated. Each of these scenarios was associated with the different PD and LGD.

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 loss 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 through the cycle (TTC) PDs 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. Whereas behavioral and application scorecards used in the retail portfolio include; the behavioral data of the customer and the product in the Bank, the demographic information of the customer, and the behavioral data of the customer in the sector. 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 economic 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 adverse, internal severe negative) 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 year credit risk of Türkiye (CDS Spread),
- Real GDP growth,
- Unemployment rate,
- Inflation rate,
- Five year government bond interest rate of Türkiye.

Stages were determined through the models created using internal information for the Parent Bank, the simplified method has been applied for other financial institutions.

The Parent Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on March 31, 2023. Due to the nature of the model effects, events that cause changes and their effects occur at different times. For this reason, the Bank has made individual valuations in order to eliminate the timing difference and provided additional provisions for the sector and customers that are considered to have a high impact.

This approach, which is preferred in provision calculations for the first quarter of 2023, will be revised in the following reporting periods, taking into account the existing 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 Parent 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 Parent 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 Parent 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 Parent 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 Parent Bank considers the absolute thresholds as well as the relative thresholds as an additional layer. Receivables below the absolute threshold value of default are not included in the relative threshold value comparison.

The Parent 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 of the Bank,
- 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 this context, in case the write-off of the uncollectible receivables comes to the agenda, one of the methods of destruction, sale of receivables and write-down can be applied.

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 No. 31533, they are classified under the "Fifth Group – Loans with a Loss Qualification" and are 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 expected 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:

- Classified as "Fifth Group – Loans with a Loss Qualification" under the regulation,
- 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 borrower.

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 by the Parent Bank during the period is TRY 2,408 (December 31, 2022: TRY 361,940) and the effect on the NPL ratio of the Parent Bank is 0.00% (December 31, 2022: 0.10%). While the NPL ratio is 2.42% (December 31, 2022: 2.66%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 2.42% (December 31, 2022: 2.76%).

**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 Group 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 as 'new' financial asset. When the Parent 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.

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 Parent Bank retains control of the asset, the Parent Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Parent 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.

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**ACCOUNTING POLICIES (Continued)**

**X. Derecognition of Financial Instruments (Continued)**

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

The Parent 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 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 amortised 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 Parent 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 can not be repaid or if a potential payment difficulty is encountered based on the new financing power and structure of the borrower.

Restructuring is to change 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 in the original terms of a credit risk can be made in the current contract or through a new contract. Corporate and commercial companies which have been 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:

- 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,
- At least 1 year should pass over the date of restructuring (or if it is later), the date of removal from non-performing 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 and no overdue amount (principal and interest) shall remain at the date of restructuring/refinancing.

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 and there is no doubt that future payments will be made on time.

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**ACCOUNTING POLICIES (Continued)**

**X. Derecognition of Financial Instruments (Continued)**

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.

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 Parent 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 Set Aside For 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 Group’s 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.

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TRY 24,563,995 (December 31, 2022 – TRY 30,168,346).

As of March 31, 2023 the Parent Bank has no securities that are subject to lending transactions (December 31, 2022 – None).

Securities purchased with a commitment to resell (reverse repurchase agreements) has shown under “Cash and Cash Equivalents” on the line of “Money Market Placements” in the balance sheet. The difference resulting from purchase and resale prices is treated as interest income and accrued over the life of the agreement.

**XII. Explanations on Assets Held for Sale and Discontinued Operations**

In accordance with IFRS 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 Group’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 March 31, 2023, the Group has assets held for sale and discontinued operations explained in footnote 1.15. of Section Five.

A discontinued operation is a part of the Parent Banks’ 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 Parent Bank has no discontinuing operations.

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



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**ACCOUNTING POLICIES (Continued)**

**XIII. Explanations on Goodwill and Other Intangible Assets**

The Group's intangible assets consist of software, intangible rights and goodwill.

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.

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.

**XIV. Explanations on Tangible Assets**

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:

|   |          |
|---|----------|
| Properties  | 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 the 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 "Turkish Accounting Standard on Impairment of Assets" (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, which 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.

**XV. Explanations on Leasing Transactions**

With the TFRS 16 Leases Standard, the difference between operating leases and financial leases has disappeared, and fixed assets acquired under finance lease contracts are presented under "Tangible Fixed Assets" on the asset side and under "Financial Lease Payables" on the liability side at the initial date 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%.

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**ACCOUNTING POLICIES (Continued)**

**XV. Explanations on Leasing Transactions (Continued)**

**TFRS 16 Leases**

TFRS 16 Leasing 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 financial leases (on balance sheet). For lessors, the accounting stays almost the same. The Group has started to apply "TFRS 16 Leases" Standard starting from January 1, 2019.

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

**Right of use assets**

The Group recognizes 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 Group.

At the end of the lease term of the underlying asset's service, the transfer of the Group is reasonably finalized, and the Group 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 Group 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:

- 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 Group under the residual value commitments,
- The use price of this option and, if the Group is reasonably confident that it will use the purchase option,
- Fines for termination of the lease if the lease term indicates that the Group 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 Group 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 Group's alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group 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.

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**ACCOUNTING POLICIES (Continued)**

**XV. Explanations on Leasing Transactions (Continued)**

**Short-Term Leases And Leases Of Low-Value Assets**

The Group 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 recognized as expense on a straight-line basis over the lease term.

Due to the Group's implementation of TFRS 16, assets classified under tangible assets as of March 31, 2023 amounted to TRY 852,530 (December 31, 2022 – TRY 763,013), lease liability amounted to TRY 819,132 (December 31, 2022 – TRY 755,012), financing expense amounted to TRY 26,096 (March 31, 2022 – TRY 21,621) and depreciation expense amounted to TRY 76,316 (March 31, 2022 – TRY 61,394).

**XVI. Explanations on Factoring Receivables**

Factoring receivables are measured at amortized cost using the effective interest rate method after deducting unearned interest income and expected provisions for losses.

**XVII. 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 Parent Bank. A provision is recorded in the financial statements if there is a present obligation as a result of past events, it is probable that the obligation will be settled and the amount of the obligation can be measured reliably. If the mentioned criteria are not met, the Group explains the said issues in the explanations and footnotes 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.

**XVIII. Explanations on Obligations of the Group for Employee Benefits**

Provision for employee severance benefits of the Group has been accounted for in accordance with TAS 19 "Employee Benefits".

In accordance with the existing social legislation in Türkiye, the Group 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 Group 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 Group.

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

The Group 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 trusts or similar associations of which the Bank employees are members.

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**ACCOUNTING POLICIES (Continued)**

**XIX. Explanations on Taxation**

**1. Corporate tax**

According to the Corporate Tax Law No. 5520 published in the Official Gazette dated 21 June 2006 and numbered 26205; while the corporate tax is calculated at the rate of 20% on the corporate income, with Law No. 7394 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette No. 31810 and dated April 15, 2022, 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 the banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been applied as 25% for the corporate earnings of the 2022 taxation period. This amendment has been valid in the taxation of corporate income for the periods starting from 1 January 2022, beginning with the declarations that must be submitted as of 1 July 2022. 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.

With the 75% of the profits arising from the sale of the participation shares held in the Parent Bank's assets for more than two years and the founder's shares, usufruct shares and preference rights held for the same period and 50% of the gains arising from the sale of immovables that are in the assets of the Parent Bank for the same period is exempt from tax on the condition that it is added to the capital or kept in a special fund account for 5 years as stipulated in the Corporate Tax Law.

For the 2023 taxation period, companies calculate and pay provisional tax at a rate of 25% based on their quarterly financial profits, and declare and pay it until the 17th day of the second month following the relevant period. With the 9th article of the Law No. 7338 on the Amendment of the Tax Procedure Law and Some Laws published in the Official Gazette dated October 26, 2021 and numbered 31640, the repetitive article 120 of the Income Tax Law No. 193 was amended and it has been stated that provisional tax will be calculated and paid on the quarterly earnings determined for the first nine months of the relevant accounting period, which is applied from the declarations submitted. 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.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, if 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 provision of a document subject to stamp duty, whose tax and penalty is time-barred, is utilized after the expiry of the statute of limitations, the tax receivable of the aforementioned document arises.

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

In cases where the profit for the period is not distributed and added to the capital or distributed to fully taxpayer institutions while not subject to withholding tax, in accordance with the Council of Ministers Decision no 2009/14593 and the Council of Ministers Decision no 2009/14594 published in the Official Gazette dated February 3, 2009, and No. 27130, and articles 15 and 30 of the Corporate Tax Law No. 5520. Real persons who are fully taxpayers, those who are not liable for corporate tax and income tax, those who are exempt from corporate tax and income tax, non-resident corporations (except for those who receive dividends through a workplace or permanent representative in Türkiye) and non-resident taxpayers while profit distribution to real persons is subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated December 22, 2021 and No. 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.

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**ACCOUNTING POLICIES (Continued)**

**XIX. Explanations on Taxation (Continued)**

**1. Corporate tax (Continued)**

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:

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

The law on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, with the Law No. 7352, and the conditions regarding the inflation adjustment within the scope of the repeated article 298 are determined in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary accounting periods. It has been decided that the financial statements will not be subject to inflation adjustment, regardless of whether the financial statements have been made. 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.

A regulation has been introduced regarding the calculation of additional tax at a rate of 10% on the exemption and deduction amounts applied from the corporate income in accordance with the arrangements in the Law No. 5520 and other laws, and the discounted tax base subject to corporate income tax under Article 32/A of the same Law, without being related to the period earnings, which are to be shown in the corporate tax return for 2022 as per the Law No. 7440 on the Restructuring of Some Receivables and Amendments to Some Laws published in the Official Gazette on March 12, 2023, paragraph 27 of Article 10. Additionally, a regulation has been made for the calculation of an additional tax at a rate of 5% on the exempt gains specified in the first paragraph (a) of Article 5 of the Law No. 5520, and foreign-sourced gains confirmed to be subject to at least 15% tax burden.

Temporary Article 32 was added to the Tax Procedure Law with Article 52 of Law No. 7338. Taxpayers who can perform revaluation under the (Ç) paragraph added to Article 298 of the same Law with the Law that introduced this article may revalue their immovable properties and other depreciable assets (excluding immovable and depreciable assets subject to sale-leaseback transactions or lease certificate issuances, as long as they maintain their qualification) recorded in their balance sheets as of the end of the previous fiscal period before the fiscal period in which they will perform revaluation, subject to the conditions specified in the law. Revaluation under this article can only be performed once, prior to the revaluation to be made under the (Ç) paragraph of the aforementioned Law. In order to perform the revaluation within the scope of this article, a tax of 2% must be calculated on the value increase amount shown in a special fund account in the liabilities.

Article 31 of Law No. 7338 and additional paragraph Ç to article 298 of Law No. 213 have been added, which provides for taxpayers subject to full income or corporation tax and who keep their books on the basis of balance sheet accounting (including partnerships, ordinary limited partnerships, and ordinary companies, except for those who make inflation adjustments regardless of the conditions set forth in item (1) of the paragraph (9) of the item (A), and those who are allowed to keep their records in a currency other than the Turkish lira), to reevaluate their amortizable economic assets that are included in their balance sheets at the end of the fiscal year in which the conditions for making inflation adjustments under item (1) of paragraph (A) are not met, provided that such assets retain their qualities as such (except for those that are subject to sale-leaseback transactions or issuance of lease certificates), and their amortizations shown in the balance sheet's liabilities section, in accordance with the conditions stipulated by the law.

Explanations on the subject of revaluation of economic assets within the scope of reiterated article 298/ç and Provisional Article 32, added by Law No. 7338, were made in the Communiqué of Tax Procedure Law with serial number 537.

In this context, as of the end of the 2022 accounting period, the economic assets registered in the assets of our Bank were revalued within the scope of Provisional Article 32 and Reiterated Article 298/ç of the Tax Procedure Law.

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**ACCOUNTING POLICIES (Continued)**

**XIX. Explanations on Taxation (Continued)**

**2. Deferred Tax**

The Group 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.

With the Law No. 7394 published in the Official Gazette No. 31810 and dated April 15, 2022 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%. Deferred tax calculations have been made based on the 25% rate for assets and liabilities as of March 31, 2023.

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 Parent 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 Annual Documentation 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.

**XX. Additional Explanations on Borrowings**

The Parent Bank and consolidated Group companies generate 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.

**XXI. Explanations on Share Issues**

There are no shares issued in the current year (December 31, 2022 - None).

**XXII. 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.

**XXIII.Explanations on Government Incentives**

As of March 31, 2023, the Group does not have any governmental incentives or support (December 31, 2022 – None).

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**ACCOUNTING POLICIES (Continued)****XXIV. 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 that 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 Parent Bank's senior management and which are updated periodically. In this pricing method, general market conditions and the Parent Bank's internal policies are considered.

Corporate and Commercial Banking serves corporate firms with an annual turnover of TRY 2,5 billion (full TRY) or more, multinational companies operating in Türkiye, and commercial firms with an annual turnover of TRY 250 million – 2,5 billion (full TRY). 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 Parent Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, SME and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Parent Bank.

|   | Retail<br>Banking  | Corporate and<br>Commercial<br>Banking | Treasury and<br>Head Office | Total Operations<br>of the Group |
|---|--------------------|--|-----------------------------|----------------------------------|
| <b>Current Period (January 1 – March 31, 2023)</b>          |                    |  |                             |                                  |
| <b>Operating Income</b>                                     | <b>7,462,958</b>   | <b>4,850,313</b>                       | <b>2,211,431</b>            | <b>14,524,702</b>                |
| Dividend Income   | -                  | -                                      | 3,859                       | 3,859                            |
| Gain/(Loss) on joint venture accounted for at equity method | -                  | -                                      | -                           | -                                |
| <b>Profit Before Taxes</b>                                  | <b>1,591,640</b>   | <b>2,429,959</b>                       | <b>1,049,882</b>            | <b>5,07,481</b>                  |
| <b>Provision Tax (-) <sup>(*)</sup></b>                     | <b>-</b>           | <b>-</b>                               | <b>(1,561,326)</b>          | <b>(1,561,326)</b>               |
| <b>Net Profit/Loss</b>                                      | <b>1,591,640</b>   | <b>2,429,959</b>                       | <b>2,611,208</b>            | <b>6,632,807</b>                 |
| <b>Total Assets</b>   | <b>148,719,845</b> | <b>246,852,076</b>                     | <b>227,000,449</b>          | <b>659,877,218</b>               |
| Segment Assets  | 148,719,845        | 246,852,076                            | 227,000,449                 | 622,572,370                      |
| Associates, Subsidiaries and Entities Under Common Control  | -                  | -                                      | -                           | 178,732                          |
| Undistributed Assets  | -                  | -                                      | -                           | 37,126,116                       |
| <b>Total Liabilities</b>                                    | <b>287,647,752</b> | <b>132,180,329</b>                     | <b>139,064,144</b>          | <b>659,877,218</b>               |
| Segment Liabilities   | 287,647,752        | 132,180,329                            | 139,064,144                 | 558,892,225                      |
| Undistributed Liabilities                                   | -                  | -                                      | -                           | 51,840,099                       |
| Equity  | -                  | -                                      | -                           | 49,144,894                       |
| <b>Other Segment Accounts</b>                               | <b>585,683</b>     | <b>386,553</b>                         | <b>(85,690)</b>             | <b>886,546</b>                   |
| Capital Expenditures  | 385,731            | 254,584                                | (54,587)                    | 585,728                          |
| Depreciation and Amortization                               | 199,952            | 131,969                                | (31,103)                    | 300,818                          |

(\*) No tax provision has been distributed.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

**ACCOUNTING POLICIES (Continued)****XXIV. Explanation on Segment Reporting (Continued)**

| Prior Period (January 1– March 31, 2022)                    | Retail Banking     | Corporate and Commercial Banking | Treasury and Head Office | Total Operations of the Group |
|---|--------------------|----------------------------------|--------------------------|-------------------------------|
| <b>Operating Income</b>                                     | <b>1,969,057</b>   | <b>1,838,312</b>                 | <b>2,364,235</b>         | <b>6,171,604</b>              |
| Dividend Income   | -                  | -                                | 14,331                   | 14,331                        |
| Gain/(Loss) on joint venture accounted for at equity method | -                  | -                                | 33,264                   | 33,264                        |
| <b>Profit Before Taxes</b>                                  | <b>766,628</b>     | <b>304,978</b>                   | <b>2,088,125</b>         | <b>3,159,731</b>              |
| <b>Provision Tax (-) <sup>(*)</sup></b>                     | <b>-</b>           | <b>-</b>                         | <b>775,933</b>           | <b>775,933</b>                |
| <b>Net Profit/Loss</b>                                      | <b>766,628</b>     | <b>328,605</b>                   | <b>1,288,565</b>         | <b>2,383,798</b>              |
| <b>Total Assets</b>   | <b>72,178,150</b>  | <b>181,745,655</b>               | <b>163,835,729</b>       | <b>439,468,729</b>            |
| Segment Assets  | 72,178,150         | 181,745,655                      | 163,835,732              | 417,759,537                   |
| Associates, Subsidiaries and Entities Under Common Control  | -                  | -                                | -                        | 304,473                       |
| Undistributed Assets  | -                  | -                                | -                        | 21,404,719                    |
| <b>Total Liabilities</b>                                    | <b>161,450,298</b> | <b>86,082,265</b>                | <b>133,296,392</b>       | <b>439,468,729</b>            |
| Segment Liabilities   | 161,450,298        | 86,082,265                       | 133,296,392              | 380,828,955                   |
| Undistributed Liabilities                                   | -                  | -                                | -                        | 32,308,629                    |
| Equity  | -                  | -                                | -                        | 26,331,145                    |
| <b>Other Segment Accounts</b>                               | <b>552,186</b>     | <b>382,552</b>                   | <b>(47,968)</b>          | <b>886,770</b>                |
| Capital Expenditures  | 436,007            | 302,064                          | (34,943)                 | 703,128                       |
| Depreciation and Amortization                               | 116,179            | 80,488                           | (11,992)                 | 184,675                       |

(\*) No tax provision has been distributed.

**XXV. Explanations on Profit Reserves and Profit Distribution**

The General Assembly Meeting of the Parent Bank was held on March 30, 2023. In the Board of Directors, it was decided that profit distribution 2022 operations to be distributed as follows.

**2022 Profit Distribution Table**

|   |                   |
|---|-------------------|
| <b>Current Year Profit</b>                                  | <b>17,223,766</b> |
| A – First Legal Reserves (Turkish Commercial Code 519/A) 5% | 28,298            |
| C – Extraordinary Reserves                                  | 17,195,468        |

**XXVI. 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  |
|--|----------------|---------------|
| Group's Net Profit for the Period                    | 6,631,883      | 2,383,355     |
| Weighted Average Amount of Shares Issued (Thousands) | 33,500,000     | 33,500,000    |
| <b>Earnings per Share</b>                            | <b>0.1980</b>  | <b>0.0711</b> |

In Türkiye, 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 2023 is none (Amount of issued bonus shared in 2022 is none).

**XXVII. Explanations on Other Matters**

None.



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

**SECTION FOUR****INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP****I. Explanations on Consolidated 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 March 31, 2023, Group's total capital has been calculated as TRY 68,998,417 (December 31, 2022: TRY 65,069,913), capital adequacy ratio is 12.79% (December 31, 2022: 14.50%) calculated pursuant to former regulations.

In the calculation of the amount subject to credit risk, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Regulation) published in the Official Gazette dated October 23, 2015, as stated in the Board Decision dated April 28, 2022 and numbered 9996, with the decision dated January 31, 2023 and numbered 10496; when calculating the values of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, pursuant to TAS and related special provisions; the application for the use of the Central Bank of the Republic of Türkiye foreign exchange buying rate as of December 31, 2021 has been decided to continue using the CBRT's foreign exchange buying rate as of December 30, 2022, until a BRSA Decision to the contrary is taken.

In accordance with the BRSA's decision numbered 9996, dated December 21, 2021, if the net fair value gain/loss of the securities held by banks in the "Securities at Fair Value Through Other Comprehensive Income" portfolio are negative as of this decision date, the option is provided to not take into account these losses in the calculation of the equity amount to be used for the calculation of capital adequacy ratio, to be calculated in accordance with the Regulation on Banks' Equity published in the Official Gazette dated September 5, 2013. It is also decided to continue the application of the current provisions of the Regulation for the "Securities at Fair Value Through Other Comprehensive Income" acquired after the date of this decision.

**Components of consolidated shareholders' equity items**

|   | Current Period<br>March 31, 2023 | Prior Period<br>December 31, 2022 |
|---|----------------------------------|-----------------------------------|
| <b>COMMON EQUITY TIER 1 CAPITAL</b>   |                                  |                                   |
| 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  | 38,203,368                       | 2,979,569                         |
| Gains recognized in equity as per TAS   | 2,289,161                        | 3,460,024                         |
| Profit  | 6,631,883                        | 17,223,799                        |
| Current Period Profit   | 6,631,883                        | 17,223,799                        |
| Prior Period Profit   | -                                | -                                 |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period  | 1,031                            | 1,031                             |
| Minorities' Share   | 12,740                           | 11,816                            |
| <b>Common Equity Tier 1 Capital Before Deductions</b>   | <b>50,488,897</b>                | <b>45,026,953</b>                 |
| <b>Deductions from Common Equity Tier 1 Capital</b>   |                                  |                                   |
| 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   | 1,364,357                        | 1,099,566                         |
| Improvement costs for operating leasing   | 107,731                          | 110,385                           |
| Goodwill (net of related tax liability)   | -                                | -                                 |
| Other intangibles other than mortgage-servicing rights (net of related tax liability)   | 3,207,729                        | 948,015                           |
| 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  | 294,116                          | -                                 |
| 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   | -                                | -                                 |
| <b>Total Deductions From Common Equity Tier 1 Capital</b>   | <b>4,973,933</b>                 | <b>2,157,966</b>                  |
| Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adoption  | -                                | -                                 |
| <b>Total Common Equity Tier 1 Capital</b>   | <b>45,514,964</b>                | <b>42,868,987</b>                 |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

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

#### I. Explanations on Consolidated Equity (Continued)

|  | Current Period<br>March 31, 2023 | Prior Period<br>December 31, 2022 |
|--|----------------------------------|-----------------------------------|
| <b>ADDITIONAL TIER I CAPITAL</b>   |                                  |                                   |
| Preferred Stock not Included in Common Equity and the Related Share Premiums   | -                                | -                                 |
| Debt instruments and premiums approved by BRSA   | 10,055,430                       | 9,815,715                         |
| Debt instruments and premiums approved by BRSA(Temporary Article 4)  | -                                | -                                 |
| Third parties' share in the Additional Tier I capital  | -                                | -                                 |
| Third parties' share in the Additional Tier I capital (Temporary Article 3)  | -                                | -                                 |
| <b>Additional Tier I Capital before Deductions</b>   | <b>10,055,430</b>                | <b>9,815,715</b>                  |
| <b>Deductions from Additional Tier I Capital</b>   |                                  |                                   |
| 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  | -                                | -                                 |
| <b>Transition from the Core Capital to Continue to deduce Components</b>   |                                  |                                   |
| 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 (-)   | -                                | -                                 |
| <b>Total Deductions From Additional Tier I Capital</b>   |                                  |                                   |
| <b>Total Additional Tier I Capital</b>   | <b>-</b>                         | <b>-</b>                          |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>   | <b>55,570,394</b>                | <b>52,684,702</b>                 |
| <b>TIER II CAPITAL</b>   |                                  |                                   |
| Debt instruments and premiums deemed suitable by the BRSA  | -                                | -                                 |
| Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)  | 7,373,982                        | 7,198,191                         |
| Third parties' share in the Tier II Capital  | -                                | -                                 |
| Third parties' share in the Tier II Capital (Temporary Article 3)  | -                                | -                                 |
| Provisions (Article 8 of the Regulation on the Equity of Banks)  | 6,100,921                        | 5,227,864                         |
| <b>Tier II Capital Before Deductions</b>   | <b>13,474,903</b>                | <b>12,426,055</b>                 |
| <b>Deductions From Tier II Capital</b>   |                                  |                                   |
| 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 (-)  | -                                | -                                 |
| <b>Total Deductions from Tier II Capital</b>   |                                  |                                   |
| <b>Total Tier II Capital</b>   | <b>13,474,903</b>                | <b>12,426,055</b>                 |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>   | <b>69,045,297</b>                | <b>65,110,757</b>                 |
| <b>Total Capital</b>   |                                  |                                   |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law   | 7,018                            | 8,049                             |
| 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 (-)  | 39,861                           | 32,795                            |
| <b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>  |                                  |                                   |
| The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | -                                | -                                 |
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds                       | -                                | -                                 |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds               | -                                | -                                 |

# QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

#### I. Explanations on Consolidated Equity (Continued)

|  | Current Period<br>March 31, 2023 | Prior Period<br>December 31, 2022 |
|--|----------------------------------|-----------------------------------|
| <b>TOTAL CAPITAL</b>   |                                  |                                   |
| Total Capital  | 68,998,418                       | 65,069,913                        |
| Total risk weighted amounts  | 539,458,888                      | 448,723,522                       |
| <b>Capital Adequacy Ratios</b>   |                                  |                                   |
| Consolidated Core Capital Adequacy Ratio (%)   | 8.44                             | 9.55                              |
| Consolidated Tier I Capital Adequacy Ratio (%)   | 10.30                            | 11.74                             |
| Consolidated Capital Adequacy Ratio (%)  | 12.79                            | 14.50                             |
| <b>BUFFERS</b>   |                                  |                                   |
| Bank specific total common equity tier I capital ratio   | 3.50                             | 3.51                              |
| a) Capital conservation buffer requirement (%)   | 2.50                             | 2.50                              |
| b) Bank specific counter-cyclical buffer requirement (%)   | 0.00                             | 0.01                              |
| c) Systemic significant bank buffer ratio (%)  | 1.00                             | 1.00                              |
| The ratio of Additional Common Equity Tier I 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 (%)                  | 2.44                             | 3.55                              |
| <b>Amounts below the Excess Limits as per the Deduction Principles</b>   |                                  |                                   |
| 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                       | 2,800                            | 288,563                           |
| Amount arising from mortgage-servicing rights  | -                                | -                                 |
| Amount arising from deferred tax assets based on temporary differences   | -                                | -                                 |
| <b>Limits related to provisions considered in Tier II calculation</b>  |                                  |                                   |
| General provisions for standard based receivables (before ten thousand twenty-five limitation)   | 14,358,165                       | 10,030,638                        |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used   | 6,100,921                        | 5,227,864                         |
| 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   | -                                | -                                 |
| <b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>   |                                  |                                   |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4   | 10,055,430                       | 9,815,715                         |
| 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  | 7,373,982                        | 7,198,191                         |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

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

### I. Explanations on Consolidated 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 (e.g. 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                         |
| Since 1.1.2015 10% reduction by being subject to the application                                | No  | No  | No  |
| Eligible at stand-alone/consolidated  | Standalone - Consolidated   | Standalone - Consolidated                     | Standalone - 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) | 10,301  | 2,515   | 5,120   |
| Par value of instrument (Currency in million)   | 10,301  | 2,515   | 5,120   |
| 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  | Perpetual   | 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   | Interest will not be processed for the value reduced after the impairment date. | -   | -   |
| Fully discretionary, partially discretionary or mandatory                                       | Discretionary   | -   | -   |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

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

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

### I. Explanations on Consolidated Equity (Continued)

#### Information on debt instruments included in the calculation of equity(Continued)

|   | 1  | 2  | 3  |
|---|--|--|--|
| Existence of step up or other 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

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

**II. Explanations on Consolidated Risk Management**

**GB1 – Overview of risk weighted assets**

|  | Risk Weighted Assets |                    | Minimum Capital Requirements |                   |
|--|----------------------|--------------------|------------------------------|-------------------|
|  | 31.03.2023           | 31.12.2022         | 31.03.2023                   | 31.12.2022        |
| 1 Credit risk (excluding counterparty credit risk)                                       | 470,806,116          | 399,456,740        | 37,664,489                   | 31,956,540        |
| 2 Standardised approach  | 470,806,116          | 399,456,740        | 37,664,489                   | 31,956,540        |
| 3 Internal rating-based approach   | -                    | -                  | -                            | -                 |
| 4 Counterparty credit risk   | 17,267,538           | 18,772,414         | 1,381,403                    | 1,501,793         |
| 5 Standardised approach for counterparty credit risk                                     | 17,267,538           | 18,772,414         | 1,381,403                    | 1,501,793         |
| 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 Securitisation exposures in banking accounts  | -                    | -                  | -                            | -                 |
| 13 IRB ratings-based approach  | -                    | -                  | -                            | -                 |
| 14 IRB Supervisory Formula Approach  | -                    | -                  | -                            | -                 |
| 15 SA/simplified supervisory formula approach  | -                    | -                  | -                            | -                 |
| 16 Market risk   | 8,553,713            | 10,050,275         | 684,297                      | 804,022           |
| 17 Standardised approach   | 8,553,713            | 10,050,275         | 684,297                      | 804,022           |
| 18 Internal model approaches   | -                    | -                  | -                            | -                 |
| 19 Operational risk  | 42,831,521           | 20,444,093         | 3,426,522                    | 1,635,527         |
| 20 Basic Indicator Approach  | 42,831,521           | 20,444,093         | 3,426,522                    | 1,635,527         |
| 21 Standardised Approach   | -                    | -                  | -                            | -                 |
| 22 Advanced Measurement Approach   | -                    | -                  | -                            | -                 |
| 23 The amount of the discount threshold under the equity (subject to a 250% risk weight) | -                    | -                  | -                            | -                 |
| 24 Floor adjustment  | -                    | -                  | -                            | -                 |
| <b>25 TOTAL(1+4+7+8+9+10+11+12+16+19+23+24)</b>  | <b>539,458,888</b>   | <b>448,723,522</b> | <b>43,156,711</b>            | <b>35,897,882</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

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

**III. Explanations on Consolidated Foreign Exchange Risk**

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

The difference between the Parent 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 has determined 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 The Parent Bank strategy and updated as deemed necessary.

In measuring the exchange rate exposure of The Parent Bank, the "standard method" used in the legal reports and the internal method. 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 currency types and table, and daily limit compliance control is carried out 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. The spot foreign exchange bid rates of the Parent Bank as of the balance sheet date and for each of the five days prior to that date**

|  |             |
|--|-------------|
| US Dollars purchase rate in the balance sheet date | TRY 19.1532 |
| Euro purchase rate in the balance sheet date       | TRY 20.8450 |

| <u>Date</u>    | <u>US Dollar</u> | <u>Euro</u> |
|----------------|------------------|-------------|
| March 31, 2023 | 19.1532          | 20.8450     |
| March 30, 2023 | 19.1460          | 20.8021     |
| March 29, 2023 | 19.1070          | 20.7201     |
| March 28, 2023 | 19.0839          | 20.6467     |
| March 27, 2023 | 19.0680          | 20.5252     |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****III. Explanations on Consolidated Foreign Exchange Risk (Continued)****4. The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days**

The arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for March 2023 are TRY 18.9821 and TRY 20.3247 respectively.

**5. Information on the consolidated foreign exchange risk**

| <b>Current Period</b>  | <b>EUR</b>          | <b>USD</b>          | <b>Other</b>        | <b>Total</b>        |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |                     |                     |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank <sup>(1)</sup> | 32,983,077          | 32,246,390          | 8,301,768           | 73,531,235          |
| Due From Banks <sup>(3)</sup>  | 3,669,062           | 4,224,675           | 259,545             | 8,153,282           |
| Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) <sup>(3)</sup>   | 1,293,710           | 1,531,493           | 3,563               | 2,828,766           |
| Money Market Placements  | -                   | -                   | -                   | -                   |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)   | 1,187,622           | 9,943,021           | -                   | 11,130,643          |
| Loans <sup>(4)</sup>   | 75,023,708          | 46,038,074          | 453,413             | 121,515,195         |
| Investments in Assoc., Subsidiaries and Entities under Common Control  | -                   | -                   | -                   | -                   |
| Investment Assets Measured at Amortized Cost   | 1,576,054           | 18,768,758          | -                   | 20,344,812          |
| Derivative Financial Assets Hedging Purposes   | 117,818             | 1,800,353           | -                   | 1,918,171           |
| Tangible Assets  | -                   | -                   | 97                  | 97                  |
| Intangible Assets  | -                   | -                   | -                   | -                   |
| Other Assets <sup>(5)</sup>  | 434,178             | 340,303             | 1,024               | 775,505             |
| <b>Total Assets</b>  | <b>116,285,229</b>  | <b>114,893,067</b>  | <b>9,019,410</b>    | <b>240,197,706</b>  |
| <b>Liabilities</b>   |                     |                     |                     |                     |
| Bank Deposits  | 2,076,831           | 5,505,422           | 687,884             | 8,270,137           |
| Foreign Currency Deposits <sup>(6)</sup>   | 37,333,532          | 83,688,729          | 30,541,755          | 151,564,016         |
| Money Market Borrowings  | 829,360             | 12,272,249          | -                   | 13,101,609          |
| Funds Provided from Other Financial Institutions   | 24,304,193          | 47,553,810          | 17,094              | 71,875,097          |
| Securities Issued  | 2,022,041           | 15,394,677          | 4,050,629           | 21,467,347          |
| Sundry Creditors   | 4,992,394           | 5,255,234           | 46,460              | 10,294,088          |
| Derivative Fin. Liabilities Hedging Purposes   | 377                 | 1,148,035           | -                   | 1,148,412           |
| Other Liabilities <sup>(7)</sup>   | 1,654,222           | 2,558,156           | 19,512              | 4,231,890           |
| <b>Total Liabilities</b>   | <b>73,212,950</b>   | <b>173,376,312</b>  | <b>35,363,334</b>   | <b>281,952,596</b>  |
| <b>Net Balance Sheet Position</b>  | <b>43,072,279</b>   | <b>(58,483,245)</b> | <b>(26,343,924)</b> | <b>(41,754,890)</b> |
| <b>Net Off-Balance Sheet Position</b>  | <b>(41,243,355)</b> | <b>60,649,338</b>   | <b>26,401,023</b>   | <b>45,126,006</b>   |
| Financial Derivative Assets  | 37,887,134          | 197,193,349         | 28,196,053          | 263,276,536         |
| Financial Derivative Liabilities   | 79,811,489          | 136,544,011         | 1,795,030           | 218,150,530         |
| Non-Cash Loans <sup>(8)</sup>  | 20,458,149          | 16,708,193          | 474,768             | 37,641,110          |
| <b>Prior Period</b>  |                     |                     |                     |                     |
| Total Assets   | 119,252,598         | 119,408,510         | 6,851,092           | 245,512,200         |
| Total Liabilities  | 73,747,271          | 183,864,004         | 32,631,727          | 290,243,002         |
| <b>Net Balance Sheet Position</b>  | <b>45,505,327</b>   | <b>(64,554,944)</b> | <b>(25,780,635)</b> | <b>(44,730,802)</b> |
| <b>Net Off-Balance Sheet Position</b>  | <b>(45,107,396)</b> | <b>66,570,093</b>   | <b>26,048,445</b>   | <b>47,511,142</b>   |
| Financial Derivative Assets  | 32,202,013          | 225,595,182         | 28,403,576          | 286,200,771         |
| Financial Derivative Liabilities   | 77,309,409          | 159,025,089         | 2,355,131           | 238,689,629         |
| Non-Cash Loans   | 18,043,661          | 17,030,918          | 463,540             | 35,538,119          |

<sup>(1)</sup> Cash and Balances with TR Central; Other FC include TRY 7,882,793 (December 31, 2022 – TRY 5,494,682) precious metal deposit account.

<sup>(2)</sup> Includes foreign bank guarantees amounting to TRY 3,840,012 (December 31, 2022 – TRY 4,516,091).

<sup>(3)</sup> Foreign exchange accruals of TRY 798,604 (December 31, 2022 - TRY 369,444) for derivative financial instruments are not included.

<sup>(4)</sup> Includes foreign currency indexed loans amounting to TRY 183,226 (December 31, 2022 - TRY 232,939) followed as TRY in the balance sheet. There are no repealed leasing receivables followed as FC in the balance sheet (31 December 2022 - None). There are no foreign currency indexed factoring receivables that are followed as TRY in the balance sheet (December 31, 2022 - None).

<sup>(5)</sup> Does not include FC prepaid expenses amounting to TRY 280,482 (December 31, 2022 – TRY 224,639) as per BRSA's Communiqué published in Official Gazette no 26085 on February 19, 2006.

<sup>(6)</sup> Foreign currency deposits include TRY 26,915,867 (December 31, 2022 – TRY 22,159,406) of precious metal deposit account.

<sup>(7)</sup> Other Liabilities do not include the Foreign Currency Index Factoring payables amounting to TRY 10,035 (December 31, 2022 – TRY 3,260).

<sup>(8)</sup> Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 397,899 (December 31, 2022 – TRY 151,702).

<sup>(9)</sup> Does not have an effect on Net Off-balance Sheet Position.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****IV. Explanations on Consolidated Interest Rate Risk**

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

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

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

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

**Interest Rate Sensitivity of Assets, Liabilities and off-Balance Sheet Items**

(Based on repricing dates)

|   | Up to 1<br>Month   | 1-3 Months          | 3-12 Months        | 1-5 Years         | 5 Years and<br>Over | Non-Interest<br>Bearing <sup>(1)</sup> | Total              |
|---|--------------------|---------------------|--------------------|-------------------|---------------------|--|--------------------|
| <b>End of Current Period</b>  |                    |                     |                    |                   |                     |  |                    |
| <b>Assets</b>   |                    |                     |                    |                   |                     |  |                    |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(2)</sup> | 35,807,484         | -                   | -                  | -                 | -                   | 48,430,200                             | 84,237,684         |
| Due from Banks <sup>(3)</sup>   | 690,369            | 411,179             | -                  | -                 | -                   | 8,510,959                              | 9,612,507          |
| Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>   | 114,208            | 847,646             | 220,774            | 266,984           | 106,858             | 12,602,520                             | 14,158,990         |
| Money Market Placements   | 4,507,376          | -                   | -                  | -                 | -                   | (5,238)                                | 4,502,138          |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) <sup>(5)</sup>  | 11,417,710         | 6,686,253           | 3,694,920          | 7,866,567         | 11,637,567          | 6,210,659                              | 47,513,676         |
| Loans and Receivables   | 95,658,670         | 78,207,301          | 150,163,545        | 64,523,832        | 11,712,932          | (4,675,328)                            | 395,590,952        |
| Financial Assets Measured at Amortized Cost <sup>(6)</sup>  | 36,021,711         | 1,193,064           | 3,162,186          | 20,038,835        | 10,181,788          | 4,158,404                              | 74,755,988         |
| Other Assets  | -                  | -                   | -                  | -                 | -                   | 29,505,283                             | 29,505,283         |
| <b>Total Assets</b>   | <b>184,217,528</b> | <b>87,345,443</b>   | <b>157,241,425</b> | <b>92,696,218</b> | <b>33,639,145</b>   | <b>104,737,459</b>                     | <b>659,877,218</b> |
| <b>Liabilities</b>  |                    |                     |                    |                   |                     |  |                    |
| Bank Deposits   | 3,348,038          | 2,503,387           | 3,395,887          | -                 | -                   | 320,354                                | 9,567,666          |
| Other Deposits  | 153,346,513        | 89,502,032          | 18,752,913         | 804,344           | 742                 | 157,421,537                            | 419,828,081        |
| Money Market Borrowings   | 10,405,457         | 3,737,651           | 6,092,606          | -                 | -                   | 145,018                                | 20,380,732         |
| Miscellaneous Payables  | 9,775,214          | -                   | -                  | -                 | -                   | 14,046,426                             | 23,821,640         |
| Securities Issued   | 3,509,773          | 4,120,980           | 3,973,261          | 12,283,428        | -                   | 29,723                                 | 23,917,165         |
| Funds Borrowed  | 6,441,922          | 35,914,800          | 21,589,428         | 3,619,045         | 10,301,110          | 1,421,096                              | 79,287,401         |
| Other Liabilities <sup>(7)</sup>  | 532                | 795                 | 18,206             | 768,380           | -                   | 82,286,620                             | 83,074,533         |
| <b>Total Liabilities</b>  | <b>186,827,449</b> | <b>135,779,645</b>  | <b>53,822,301</b>  | <b>17,475,197</b> | <b>10,301,852</b>   | <b>255,670,774</b>                     | <b>659,877,218</b> |
| On Balance Sheet Long Position  | -                  | -                   | 103,419,124        | 75,221,021        | 23,337,293          | -                                      | 201,977,438        |
| On Balance Sheet Short Position   | (2,609,921)        | (48,434,202)        | -                  | -                 | -                   | (150,933,315)                          | (201,977,438)      |
| Off-Balance Sheet Long Position   | 8,274,650          | 2,181,562           | -                  | -                 | -                   | -                                      | 29,456,212         |
| Off-Balance Sheet Short Position  | -                  | -                   | (4,246,891)        | (4,171,993)       | (14,543,606)        | -                                      | (22,962,490)       |
| <b>Total Position</b>   | <b>5,664,729</b>   | <b>(27,252,640)</b> | <b>99,172,233</b>  | <b>71,049,028</b> | <b>8,793,687</b>    | <b>(150,933,315)</b>                   | <b>6,493,722</b>   |

<sup>(1)</sup> Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.<sup>(2)</sup> Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TRY 10,321 expected loss provisions.<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 3,007.<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 11,542,011.<sup>(5)</sup> Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 4,113,045.<sup>(6)</sup> Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 19,030.<sup>(7)</sup> Other Liabilities includes Derivative Financial Liabilities amounting to TRY 5,911,179.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

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

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****IV. Explanations on Consolidated Interest Rate Risk (Continued)****Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (Continued)**

(Based on repricing dates)

|   | Up to 1<br>Month    | 1-3 Months          | 3-12 Months        | 1-5 Years         | 5 Years and<br>Over | Non-Interest<br>Bearing <sup>(1)</sup> | Total              |
|---|---------------------|---------------------|--------------------|-------------------|---------------------|--|--------------------|
| <b>End of Prior Period</b>  |                     |                     |                    |                   |                     |  |                    |
| <b>Assets</b>   |                     |                     |                    |                   |                     |  |                    |
| Cash (Cash in Vault, Foreign Currency, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(2)</sup> | 36,498,079          | -                   | -                  | -                 | -                   | 58,029,097                             | 94,527,176         |
| Due from Banks <sup>(3)</sup>   | 2,941,212           | -                   | -                  | -                 | -                   | 8,196,473                              | 11,137,685         |
| Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>   | 302,530             | 104,379             | 118,529            | 191,795           | 34,143              | 16,610,867                             | 17,362,243         |
| Money Market Placements   | 4,427,376           | 4,040,604           | -                  | -                 | -                   | (5,082)                                | 8,462,898          |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) <sup>(5)</sup>  | 7,070,186           | 5,959,770           | 3,354,114          | 9,825,209         | 9,624,704           | 11,292,224                             | 47,126,207         |
| Loans and Receivables   | 82,955,431          | 70,375,199          | 135,559,924        | 64,146,706        | 8,464,963           | 1,602,714                              | 363,104,937        |
| Financial Assets Measured at Amortized Cost <sup>(6)</sup>  | 28,418,409          | 647,443             | 2,276,143          | 15,932,112        | 7,588,431           | 7,080,729                              | 61,943,267         |
| Other Assets  | -                   | -                   | -                  | -                 | -                   | 17,479,401                             | 17,479,401         |
| <b>Total Assets</b>   | <b>162,613,223</b>  | <b>81,127,395</b>   | <b>141,308,710</b> | <b>90,095,822</b> | <b>25,712,241</b>   | <b>120,286,423</b>                     | <b>621,143,814</b> |
| <b>Liabilities</b>  |                     |                     |                    |                   |                     |  |                    |
| Bank Deposits   | 3,762,400           | 3,283,443           | 2,487,067          | -                 | -                   | 692,867                                | 10,225,777         |
| Other Deposits  | 148,288,212         | 95,663,898          | 12,667,551         | 589,295           | 504                 | 125,327,885                            | 382,537,345        |
| Money Market Borrowings   | 12,075,878          | 7,644,329           | 3,209,343          | -                 | -                   | 149,087                                | 23,078,637         |
| Miscellaneous Payables  | 15,775,865          | -                   | -                  | -                 | -                   | 13,926,779                             | 29,702,644         |
| Securities Issued   | 6,179,495           | 9,842,834           | 3,680,636          | 12,135,273        | -                   | 178,671                                | 32,016,909         |
| Funds Borrowed  | 9,627,502           | 17,463,759          | 30,434,536         | 3,873,655         | 10,162,444          | 783,185                                | 72,345,081         |
| Other Liabilities <sup>(7)</sup>  | 397                 | 1,161               | 21,331             | 726,580           | -                   | 70,487,952                             | 71,237,421         |
| <b>Total Liabilities</b>  | <b>195,709,749</b>  | <b>133,899,424</b>  | <b>52,500,464</b>  | <b>17,324,803</b> | <b>10,162,948</b>   | <b>211,546,426</b>                     | <b>621,143,814</b> |
| On Balance Sheet Long Position  | -                   | -                   | 88,808,246         | 72,771,019        | 15,549,293          | -                                      | 177,128,558        |
| On Balance Sheet Short Position   | (33,096,526)        | (52,772,029)        | -                  | -                 | -                   | (91,260,003)                           | (177,128,558)      |
| Off-Balance Sheet Long Position   | 14,883,737          | 27,602,409          | -                  | -                 | -                   | -                                      | 42,486,146         |
| Off-Balance Sheet Short Position  | -                   | -                   | (3,548,564)        | (8,375,774)       | (16,493,564)        | -                                      | (28,417,902)       |
| <b>Total Position</b>   | <b>(18,212,789)</b> | <b>(25,169,620)</b> | <b>85,259,682</b>  | <b>64,395,245</b> | <b>(944,271)</b>    | <b>(91,260,003)</b>                    | <b>14,068,244</b>  |

<sup>(1)</sup> Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.<sup>(2)</sup> Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TRY 10,615 expected loss provisions.<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 6,018.<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 15,743,228.<sup>(5)</sup> Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 6,868,726.<sup>(6)</sup> Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 20,038.<sup>(7)</sup> Other Liabilities includes Derivative Financial Liabilities amounting to TRY 6,714,988.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****IV. Explanations on Consolidated Interest Rate Risk (Continued)****Average interest rates applied to monetary financial instruments**

|   | EUR % | USD % | JPY % | TRY%  |
|---|-------|-------|-------|-------|
| <b>End of Current Period</b>  |       |       |       |       |
| <b>Assets</b>   |       |       |       |       |
| Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T,R, Central Bank | -     | -     | -     | -     |
| Due from Banks  | 0.02  | 1.34  | -     | 27.78 |
| Financial Assets Measured at Fair Value through Profit/Loss   | 5.38  | 7.08  | -     | 13.94 |
| Money Market Placements   | -     | -     | -     | 16.63 |
| Financial Assets Measured at Fair Value through Other Comprehensive Income  | 2.87  | 5.60  | -     | 19.12 |
| Loans and Receivables   | 6.36  | 8.61  | 4.92  | 22.38 |
| Financial Assets Measured at Amortized Cost   | 4.61  | 5.67  | -     | 28.45 |
| <b>Liabilities</b>  |       |       |       |       |
| Bank Deposits   | 4.61  | 6.36  | -     | 25.62 |
| Other Deposits  | 1.04  | 2.60  | 0.05  | 18.59 |
| Money Market Borrowings   | 2.45  | 5.94  | -     | 9.80  |
| Miscellaneous Payables  | 1.67  | -     | -     | -     |
| Securities Issued   | 5.47  | 7.06  | -     | 24.00 |
| Funds Borrowed  | 4.68  | 7.91  | -     | 19.02 |
|   | EUR % | USD % | JPY % | TRY%  |
| <b>End of Prior Period</b>  |       |       |       |       |
| <b>Assets</b>   |       |       |       |       |
| Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T,R, Central Bank | -     | -     | -     | -     |
| Due from Banks  | -     | 0.08  | -     | 9.73  |
| Financial Assets Measured at Fair Value through Profit/Loss   | 5.32  | 7.22  | -     | 24.01 |
| Money Market Placements   | -     | 2.92  | -     | -     |
| Financial Assets Measured at Fair Value through Other Comprehensive Income  | 2.87  | 5.42  | -     | 31.34 |
| Loans and Receivables   | 5.56  | 6.88  | 4.92  | 23.39 |
| Financial Assets Measured at Amortized Cost   | 4.60  | 5.65  | -     | 72.82 |
| <b>Liabilities</b>  |       |       |       |       |
| Bank Deposits   | 3.79  | 5.65  | -     | 25.86 |
| Other Deposits  | 1.00  | 3.04  | 0.17  | 17.98 |
| Money Market Borrowings   | 1.69  | 4.38  | -     | 13.00 |
| Miscellaneous Payables  | 1.15  | -     | -     | -     |
| Securities Issued   | 4.97  | 6.91  | -     | 22.56 |
| Funds Borrowed  | 4.00  | 7.36  | -     | 17.60 |

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

| Equity Securities (shares)                   | Comparison     |            |                |
|--|----------------|------------|----------------|
|  | Carrying Value | Fair Value | Carrying Value |
| <b>1. Equity Investments Group A</b>         | <b>230,803</b> | -          | <b>230,803</b> |
| Quoted Securities                            | 230,803        | -          | 230,803        |
| <b>2. Equity Investments Group B</b>         | -              | -          | -              |
| Quoted Securities                            | -              | -          | -              |
| <b>3. Equity Investments Group C</b>         | -              | -          | -              |
| Quoted Securities                            | -              | -          | -              |
| <b>4. Equity Investments Group Other (*)</b> | <b>178,732</b> | -          | <b>178,732</b> |

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

| Portfolio                     | Gains/Losses<br>in Current<br>Period | Revaluation Surpluses                    |                                 | Unrealized Gains and Losses              |                                 |
|-------------------------------|--------------------------------------|--|---------------------------------|--|---------------------------------|
|                               |                                      | Amount under<br>Supplementary<br>Capital | Amount under<br>Core<br>Capital | Amount under<br>Supplementary<br>Capital | Amount under<br>Core<br>Capital |
| 1. Private Equity Investments | -                                    | -  | -                               | -  | -                               |
| 2. Quoted Shares              | 24,023                               | -  | 7,711                           | -  | 7,711                           |
| 3. Other Shares               | -                                    | -  | -                               | -  | -                               |
| <b>4. Total</b>               | <b>24,023</b>                        | -  | <b>7,711</b>                    | -  | <b>7,711</b>                    |

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

**VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio**

Liquidity Risk of the Parent 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 Parent 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 Parent Bank in order to monitor related limits. Senior management of The Parent Bank is informed periodically regarding current liquidity risk amount exposed in order to ensure being under the approved limits of the Parent 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 Parent Bank monthly in addition to aforementioned meetings and informs Board of Directors. The Parent 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 Parent Bank is decentralized; each partnership controlled by the Parent Bank is carried out independently from the Parent Bank by the authorities in charge of liquidity management. Each subsidiary subject to consolidation manages its own liquidity position separately from the Parent Bank. The amount of funds to be used by the subsidiaries from the Parent Bank is determined within the framework of the limits.

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Parent 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 Parent Bank. While developing this strategy, it is aimed to provide funding from long-term and stable sources as much as possible.

A large part of the Parent Bank's liabilities consists 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 FX swap and FX forward.

The Parent 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 Parent 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 Parent 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 Parent Bank regulates funding activities to be used in liquidity crisis periods specific to the Parent 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 Parent 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.

Cautious liquidity management against possible financial fluctuations in the market has been one of the main priorities of the Parent Bank. The Parent Bank manages LCR above the limit by keeping its high quality liquid assets at a sufficient level. The Parent Bank has created four different stress test scenarios that measure how long it can meet the cumulative cash outflows without any new funds from the market or by providing very low levels of funds. In scenarios created by observing financial movements in the past and using statistical analysis, it has been observed that the Parent Bank withstands stress over the minimum life expectancy of 30 days.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (Continued)****Liquidity Coverage Ratio**

| Current Period – March 31, 2023   | Unweighted Amounts <sup>(*)</sup> |                   | Weighted Amounts <sup>(*)</sup>   |                   |
|---|-----------------------------------|-------------------|-----------------------------------|-------------------|
|   | TRY+FC                            | FC                | TRY+FC                            | FC                |
| <b>HIGH QUALITY LIQUID ASSETS</b>   |                                   |                   | <b>158,364,618</b>                | <b>83,824,710</b> |
| 1 High Quality Liquid Assets  |                                   |                   | 158,364,618                       | 83,824,710        |
| <b>CASH OUTFLOWS</b>  |                                   |                   |                                   |                   |
| 2 Retail and Small Business Customers Deposits  | 305,137,534                       | 114,210,289       | 28,156,304                        | 11,421,029        |
| 3 Stable deposits   | 47,148,992                        | -                 | 2,357,450                         | -                 |
| 4 Less stable deposits  | 257,988,542                       | 114,210,289       | 25,798,854                        | 11,421,029        |
| 5 Unsecured Funding other than Retail and Small Business Customers Deposits                                 | 116,204,826                       | 50,988,005        | 67,630,871                        | 29,324,020        |
| 6 Operational deposits  | 4,004,159                         | 993,212           | 1,001,040                         | 248,303           |
| 7 Non-Operational Deposits  | 88,558,085                        | 43,062,972        | 49,307,644                        | 22,875,804        |
| 8 Other Unsecured Funding   | 23,642,582                        | 6,931,821         | 17,322,187                        | 6,199,913         |
| 9 Secured funding   | -                                 | -                 | -                                 | -                 |
| 10 Other Cash Outflows  | 66,651,835                        | 14,931,733        | 66,651,835                        | 14,931,733        |
| 11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions          | 66,651,835                        | 14,931,733        | 66,651,835                        | 14,931,733        |
| 12 Debts related to the structured financial products   | -                                 | -                 | -                                 | -                 |
| 13 Commitment related to debts to financial markets and other off balance sheet liabilities                 | -                                 | -                 | -                                 | -                 |
| 14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | 100,596,914                       | 18,137,622        | 5,029,846                         | 906,881           |
| 15 Other irrevocable or conditionally revocable commitments   | 269,297,407                       | 39,212,515        | 18,477,491                        | 3,672,059         |
| <b>16 TOTAL CASH OUTFLOWS</b>   | <b>-</b>                          | <b>-</b>          | <b>185,946,347</b>                | <b>60,255,722</b> |
| <b>CASH INFLOWS</b>   |                                   |                   |                                   |                   |
| 17 Secured Lending Transactions   | 428,685                           | 155,359           | -                                 | -                 |
| 18 Unsecured Lending Transactions   | 43,351,243                        | 12,597,677        | 27,999,579                        | 9,893,013         |
| 19 Other contractual cash inflows   | 65,823,982                        | 56,866,993        | 65,823,983                        | 56,866,993        |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>109,603,910</b>                | <b>69,620,029</b> | <b>93,823,562</b>                 | <b>66,760,006</b> |
|   |                                   |                   | <b>Upper Limit Applied Values</b> |                   |
| <b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>  |                                   |                   | <b>158,364,618</b>                | <b>83,824,710</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   |                                   |                   | <b>92,122,785</b>                 | <b>15,063,931</b> |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  |                                   |                   | <b>171.91</b>                     | <b>556.46</b>     |

(\*) Simple arithmetic average calculated for the last three month of values calculated by taking the weekly simple arithmetic average.

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

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

| Prior Period – December 31, 2022  | Unweighted Amounts <sup>(*)</sup> |                   | Weighted Amounts <sup>(*)</sup>   |                   |
|---|-----------------------------------|-------------------|-----------------------------------|-------------------|
|   | TRY+FC                            | FC                | TRY+FC                            | FC                |
| <b>HIGH QUALITY LIQUID ASSETS</b>   |                                   |                   | <b>134,724,292</b>                | <b>71,736,563</b> |
| 1 High Quality Liquid Assets  |                                   |                   | 134,724,292                       | 71,736,563        |
| <b>CASH OUTFLOWS</b>  |                                   |                   |                                   |                   |
| 2 Retail and Small Business Customers Deposits  | 260,608,133                       | 127,826,867       | 24,129,643                        | 12,782,687        |
| 3 Stable deposits   | 38,623,407                        | -                 | 1,931,170                         | -                 |
| 4 Less stable deposits  | 221,984,726                       | 127,826,867       | 22,198,473                        | 12,782,687        |
| 5 Unsecured Funding other than Retail and Small Business Customers Deposits                                 | 110,799,404                       | 61,806,911        | 64,350,982                        | 35,594,369        |
| 6 Operational deposits  | 3,585,378                         | 907,137           | 896,345                           | 226,784           |
| 7 Non-Operational Deposits  | 85,680,017                        | 52,454,345        | 46,686,595                        | 27,637,566        |
| 8 Other Unsecured Funding   | 21,534,009                        | 8,445,429         | 16,768,042                        | 7,730,019         |
| 9 Secured funding   | -                                 | -                 | -                                 | -                 |
| 10 Other Cash Outflows  | 90,836,397                        | 20,535,216        | 90,836,397                        | 20,535,216        |
| 11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions          | 90,836,397                        | 20,535,216        | 90,836,397                        | 20,535,216        |
| 12 Debts related to the structured financial products   | -                                 | -                 | -                                 | -                 |
| 13 Commitment related to debts to financial markets and other off balance sheet liabilities                 | -                                 | -                 | -                                 | -                 |
| 14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | 117,777,721                       | 40,423,002        | 5,888,886                         | 2,021,150         |
| 15 Other irrevocable or conditionally revocable commitments   | 224,072,756                       | 45,451,099        | 16,172,035                        | 4,491,184         |
| <b>16 TOTAL CASH OUTFLOWS</b>   | <b>-</b>                          | <b>-</b>          | <b>201,377,943</b>                | <b>75,424,606</b> |
| <b>CASH INFLOWS</b>   |                                   |                   |                                   |                   |
| 17 Secured Lending Transactions   | 1,408,853                         | 420,035           | -                                 | -                 |
| 18 Unsecured Lending Transactions   | 41,167,505                        | 18,563,682        | 29,070,600                        | 16,275,342        |
| 19 Other contractual cash inflows   | 87,994,177                        | 74,450,173        | 87,994,177                        | 74,450,173        |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>130,570,535</b>                | <b>93,433,890</b> | <b>117,064,777</b>                | <b>90,725,515</b> |
|   |                                   |                   | <b>Upper Limit Applied Values</b> |                   |
| <b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>  |                                   |                   | <b>134,724,292</b>                | <b>71,736,563</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   |                                   |                   | <b>84,313,166</b>                 | <b>18,856,152</b> |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  |                                   |                   | <b>159.79</b>                     | <b>380.44</b>     |

(\*) Simple arithmetic average calculated for the last three month of values calculated by taking the weekly simple arithmetic average.

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

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

Consolidated liquidity coverage ratios related to last three months of 2023 are calculated weekly and explained in the table below according to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette No. 28948, dated March 21, 2014.

|               | Maximum | Date       | Minimum | Date      | Average |
|---------------|---------|------------|---------|-----------|---------|
| <b>TRY+FC</b> | 194.52  | 10.02.2023 | 144.11  | 8.01.2023 | 172.44  |
| <b>FC</b>     | 730.08  | 13.02.2023 | 411.48  | 9.01.2023 | 564.95  |

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 the Parent 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 Turkish Treasury 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 Parent Bank mainly consist of deposits which constitute 65% of total liabilities of the Group (December 31, 2022 – 63%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

The Parent 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 one 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.

At The Parent Bank, Secured funding consists of repo and secured loan transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Treasury of the Republic of Türkiye and transactions are carried out both in CBRT market and interbank market.

The Parent 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 Parent Bank are included in liquidity coverage ratio tables above.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (Continued)****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 <sup>(1)</sup> | Total              |
|---|----------------------|---------------------|---------------------|--------------------|--------------------|-------------------|----------------------------|--------------------|
| <b>Assets</b>   |                      |                     |                     |                    |                    |                   |                            |                    |
| Cash (Cash in Vault, Foreign Currency, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(2)</sup> | 48,440,521           | 35,807,484          | -                   | -                  | -                  | -                 | (10,321)                   | 84,237,684         |
| Due from Banks <sup>(3)</sup>   | 4,590,707            | 4,550,427           | 470,256             | 3,949              | -                  | -                 | (2,832)                    | 9,612,507          |
| Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>   | 1,103,415            | 1,945,380           | 2,436,872           | 3,635,458          | 2,708,754          | 2,315,148         | 13,963                     | 14,158,990         |
| Money Market Placements   | -                    | 4,507,376           | -                   | -                  | -                  | -                 | (5,238)                    | 4,502,138          |
| Financial Assets Measured at Fair Value through Other Comprehensive Income <sup>(5)</sup>   | 12,671               | 976,263             | 625,590             | 3,422,256          | 24,906,752         | 17,570,144        | -                          | 47,513,676         |
| Loans and Receivables <sup>(6)</sup>  | -                    | 91,833,509          | 56,161,169          | 142,152,559        | 89,357,718         | 27,767,762        | (11,681,765)               | 395,590,952        |
| Financial Assets Measured at Amortized Cost <sup>(7)</sup>  | -                    | 369,730             | 2,237,696           | 7,711,662          | 40,400,168         | 24,055,762        | (19,030)                   | 74,755,988         |
| Other Assets  | 549                  | 10,852,563          | 193,637             | 620,669            | 1,000,367          | 13,640            | 16,823,858                 | 29,505,283         |
| <b>Total Assets</b>   | <b>54,147,863</b>    | <b>150,842,732</b>  | <b>62,125,220</b>   | <b>157,546,553</b> | <b>158,373,759</b> | <b>71,722,456</b> | <b>5,118,635</b>           | <b>659,877,218</b> |
| <b>Liabilities</b>  |                      |                     |                     |                    |                    |                   |                            |                    |
| Bank Deposits   | 231,341              | 3,368,981           | 2,521,431           | 3,445,913          | -                  | -                 | -                          | 9,567,666          |
| Other Deposits  | 154,068,855          | 155,006,142         | 90,839,172          | 19,071,283         | 841,884            | 745               | -                          | 419,828,081        |
| Funds Borrowed  | -                    | 2,880,697           | 13,689,420          | 33,218,079         | 26,920,878         | 2,578,327         | -                          | 79,287,401         |
| Money Market Borrowings   | -                    | 7,935,981           | 524                 | 8,827,936          | 3,035,254          | 581,037           | -                          | 20,380,732         |
| Securities Issued   | -                    | 3,513,419           | 3,185,951           | 3,973,261          | 13,244,534         | -                 | -                          | 23,917,165         |
| Miscellaneous Payables  | -                    | 23,400,371          | -                   | -                  | -                  | -                 | 421,269                    | 23,821,640         |
| Other Liabilities <sup>(8)</sup>  | -                    | 11,157,937          | 720,882             | 2,168,398          | 2,691,189          | 2,094,585         | 64,241,542                 | 83,074,533         |
| <b>Total Liabilities</b>  | <b>154,300,196</b>   | <b>207,263,528</b>  | <b>110,957,380</b>  | <b>70,704,870</b>  | <b>46,733,739</b>  | <b>5,254,694</b>  | <b>64,662,811</b>          | <b>659,877,218</b> |
| <b>Liquidity Excess/Gap</b>   | <b>(100,152,333)</b> | <b>(56,420,796)</b> | <b>(48,832,160)</b> | <b>86,841,683</b>  | <b>111,640,020</b> | <b>66,467,762</b> | <b>(59,544,176)</b>        | <b>-</b>           |
| <b>Net Off- Balance Sheet Position <sup>(9)</sup></b>   | <b>-</b>             | <b>1,356,045</b>    | <b>623,097</b>      | <b>3,838,808</b>   | <b>1,252,589</b>   | <b>-</b>          | <b>-</b>                   | <b>7,070,539</b>   |
| Receivables from financial derivative instruments   | -                    | 118,613,635         | 26,406,689          | 47,887,654         | 53,569,941         | 59,748,486        | -                          | 306,226,405        |
| Liabilities from derivative financial instruments   | -                    | 117,257,590         | 25,783,592          | 44,048,846         | 52,317,352         | 59,748,486        | -                          | 299,155,866        |
| <b>Non Cash Loans <sup>(10)</sup></b>   | <b>-</b>             | <b>4,210,112</b>    | <b>8,876,293</b>    | <b>34,436,581</b>  | <b>8,850,271</b>   | <b>1,044,257</b>  | <b>16,116,507</b>          | <b>73,534,021</b>  |
| <b>Prior period</b>   |                      |                     |                     |                    |                    |                   |                            |                    |
| Total Assets  | 58,821,285           | 139,013,980         | 62,880,469          | 137,722,970        | 146,972,416        | 64,252,302        | 11,480,392                 | 621,143,814        |
| Total Liabilities   | 126,020,752          | 210,472,266         | 121,515,595         | 55,254,371         | 40,397,991         | 9,933,718         | 57,549,121                 | 621,143,814        |
| <b>Liquidity Excess/Gap</b>   | <b>(67,199,467)</b>  | <b>(71,458,286)</b> | <b>(58,635,126)</b> | <b>82,468,599</b>  | <b>106,574,425</b> | <b>54,318,584</b> | <b>(46,068,729)</b>        | <b>-</b>           |
| <b>Net Off- Balance Sheet Position <sup>(10)</sup></b>  | <b>-</b>             | <b>1,465,746</b>    | <b>5,992,273</b>    | <b>4,187,211</b>   | <b>2,600,912</b>   | <b>37</b>         | <b>-</b>                   | <b>14,246,179</b>  |
| Receivables from financial derivative instruments   | -                    | 138,984,434         | 75,431,503          | 40,346,479         | 62,732,529         | 58,800,731        | -                          | 376,295,676        |
| Liabilities from derivative financial instruments   | -                    | 137,518,688         | 69,439,230          | 36,159,268         | 60,131,617         | 58,800,694        | -                          | 362,049,497        |
| <b>Non Cash Loans <sup>(11)</sup></b>   | <b>-</b>             | <b>3,167,528</b>    | <b>7,830,151</b>    | <b>27,428,783</b>  | <b>9,713,322</b>   | <b>922,518</b>    | <b>16,131,398</b>          | <b>65,193,700</b>  |

(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 under "Unallocated" column. Unallocated other liabilities include equities amounting to TRY 49,144,894 (December 31, 2022 - TRY 44,276,132), unallocated provisions amounting to TRY 11,012,197 (December 31, 2022 - TRY 9,097,021) and deferred tax liabilities amounting to TRY 5,133,834 (December 31, 2022 - TRY 2,843,483).

(2) Cash (Cash in Vault, Foreign Currency Cash, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TRY 10,321 (December 31, 2022 - TRY 10,615).

(3) Banks include balance of expected loss provisions amounting to TRY 3,007 (December 31, 2022 - TRY 6,018).

(4) Financial assets at fair value through profit/loss include derivative financial assets through profit loss amounting to TRY 11,542,011 (December 31, 2022 - TRY 15,743,228).

(5) Financial assets at fair value through other comprehensive income include derivative financial assets through other comprehensive income amounting to TRY 4,113,045 (December 31, 2022 - TRY 6,868,726).

(6) Loans and receivables include leasing and factoring receivables.

(7) Financial assets measured at amortized cost include TRY 19,030 (December 31, 2022 - TRY 20,038) of expected loss provisions.

(8) Other Liabilities also includes the portion of derivative financial liabilities at fair value through other comprehensive income amounting to TRY 5,911,179 (December 31, 2022 - TRY 6,714,988).

(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 GROUP (Continued)**

**VII. Explanations on Consolidated Leverage Ratio**

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

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.62% (December 31, 2022: 5.88%). 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.

**b) Summary comparative table for total asset and total risk amount in consolidated financial statements prepared in accordance with TFRS**

|          |  | <b>Current Period <sup>(**)</sup></b> | <b>Prior Period <sup>(**)</sup></b> |
|----------|--|---------------------------------------|-------------------------------------|
| <b>1</b> | Total asset amount in consolidated financial statements prepared in accordance with TFRS <sup>(*)</sup>  | 652,105,478                           | 599,134,667                         |
| <b>2</b> | Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements | 1,750,511                             | 1,382,506                           |
| <b>3</b> | Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives                             | 11,328,549                            | 8,369,267                           |
| <b>4</b> | Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized    | 1,759,389                             | 899,050                             |
| <b>5</b> | Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of off balance transactions  | 309,010,558                           | 268,206,049                         |
| <b>6</b> | Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements   | (5,713,443)                           | (1,926,409)                         |
| <b>7</b> | <b>Total Risk Amount</b>   | <b>970,241,042</b>                    | <b>876,065,130</b>                  |

<sup>(\*)</sup> Consolidated financial statements prepared in accordance with the 5th clause and 6th subclause of Communiqué on the Preparation of Consolidated Financial Statements.

<sup>(\*\*)</sup> Amounts presented above represent the arithmetic average of the last three months.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)**

**VII. Explanations on Consolidated Leverage Ratio (Continued)**

**c) Leverage ratio public disclosure template**

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 No. 28812 and dated November 5, 2013 is below:

|  | Book Value                    |                             |
|--|-------------------------------|-----------------------------|
|  | Current Period <sup>(*)</sup> | Prior Period <sup>(*)</sup> |
| <b>Assets on Balance sheet</b>   |                               |                             |
| Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees) | 636,268,804                   | 577,289,514                 |
| (Assets deducted from capital stock)   | 5,713,443                     | 1,926,409                   |
| <b>Total risk amount related to Assets on Balance sheet</b>  | <b>630,555,361</b>            | <b>575,363,105</b>          |
| <b>Derivative financial instruments and credit derivatives</b>   |                               |                             |
| Replacement cost of derivative financial instruments and credit derivatives  | 17,587,185                    | 23,227,659                  |
| Potential credit risk amount of derivative financial instruments and credit derivatives                            | 11,328,549                    | 8,369,267                   |
| <b>Total risk amount related to derivative financial instruments and credit derivatives</b>                        | <b>28,915,734</b>             | <b>31,596,926</b>           |
| <b>Financial transactions having security or commodity collateral</b>  |                               |                             |
| Risk amount of financial transactions having security or commodity collateral                                      | -                             | 49,485                      |
| Risk amount sourcing from transactions mediated  | 1,759,389                     | 849,565                     |
| <b>Total risk amount related to financial transactions having security or commodity collateral</b>                 | <b>1,759,389</b>              | <b>899,050</b>              |
| <b>Off-Balance sheet Transaction</b>   |                               |                             |
| Gross nominal amount of off-balance sheet transactions   | 398,046,007                   | 365,192,728                 |
| (Adjustment amount sourcing from multiplying to credit conversion rates)   | 89,035,449                    | 96,986,679                  |
| <b>Total risk amount related to off-balance sheet transactions</b>   | <b>309,010,558</b>            | <b>268,206,049</b>          |
| <b>Capital and Total Risk</b>  |                               |                             |
| Core Capital   | 54,543,287                    | 51,554,037                  |
| Amount of total risk   | 970,241,042                   | 876,065,130                 |
| <b>Financial leverage ratio</b>  |                               |                             |
| Financial leverage ratio   | 5.62%                         | 5.88%                       |

<sup>(\*)</sup> Amounts stated in table shows the last 3 months’ averages of the related period.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
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**SECTION FIVE****EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Disclosures Related To Consolidated Assets****1. a) Information on cash equivalents and the account of the CBRT**

|                              | Current Period    |                   | Prior Period     |                   |
|------------------------------|-------------------|-------------------|------------------|-------------------|
|                              | TRY               | FC                | TRY              | FC                |
| Cash in TRY/Foreign Currency | 1,668,188         | 5,039,587         | 1,621,492        | 6,809,684         |
| T.R. Central Bank            | 8,810,694         | 67,637,746        | 7,929,515        | 74,677,290        |
| Others                       | 237,888           | 853,902           | 168,850          | 3,330,960         |
| <b>Total</b>                 | <b>10,716,770</b> | <b>73,531,235</b> | <b>9,719,857</b> | <b>84,817,934</b> |

**b) Information related to the account of the CBRT**

|                              | Current Period   |                   | Prior Period     |                   |
|------------------------------|------------------|-------------------|------------------|-------------------|
|                              | TRY              | FC                | TRY              | FC                |
| Unrestricted Demand Deposits | 8,810,694        | 31,830,261        | 7,929,515        | 34,202,891        |
| Restricted Time Deposits     | -                | 35,807,485        | -                | 40,474,399        |
| <b>Total</b>                 | <b>8,810,694</b> | <b>67,637,746</b> | <b>7,929,515</b> | <b>74,677,290</b> |

As of March 31, 2023, a provision amounting to TRY 10,321 (December 31, 2022 – TRY 10,615) has been provided to the Central Bank account.

As of March 31, 2023, our bank has been appointed to CBRT depending on the maturity structure, the required reserve rates for TRY liabilities vary between 0% 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, Gold deposit liabilities vary between 22% and 26% for gold liabilities according to their maturities.

**2. Further information on financial assets at fair value through profit/loss (net amounts are expressed)****a) Information on financial assets at fair value through profit or loss that are subject to repurchase agreements and given as collateral/blocked**

|                                 | Current Period |          | Prior Period  |          |
|---------------------------------|----------------|----------|---------------|----------|
|                                 | TRY            | FC       | TRY           | FC       |
| Given as Collateral/blocked     | 167,498        | -        | 56,131        | -        |
| Subject to repurchase agreement | 2,919          | -        | -             | -        |
| <b>Total</b>                    | <b>170,417</b> | <b>-</b> | <b>56,131</b> | <b>-</b> |

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

|                      | Current Period   |                  | Prior Period     |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | TRY              | FC               | TRY              | FC               |
| Forward Transactions | 399,459          | -                | 457,631          | -                |
| Swap Transactions    | 4,059,282        | 2,436,510        | 4,600,327        | 2,273,153        |
| Futures              | -                | -                | -                | 514              |
| Options              | -                | 348,017          | -                | 758,724          |
| <b>Total</b>         | <b>4,458,741</b> | <b>2,784,527</b> | <b>5,057,958</b> | <b>3,032,391</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Consolidated Assets (Continued)****3. a) Information on banks**

|                                   | Current Period   |                  | Prior Period     |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | TRY              | FC               | TRY              | FC               |
| <b>Banks</b>                      | <b>1,450,775</b> | <b>8,164,739</b> | <b>3,127,925</b> | <b>8,015,778</b> |
| Domestic                          | 1,450,770        | 535,916          | 3,127,920        | 230,110          |
| Foreign                           | 5                | 7,628,823        | 5                | 7,785,668        |
| Foreign Head Offices and Branches | -                | -                | -                | -                |
| <b>Total</b>                      | <b>1,450,775</b> | <b>8,164,739</b> | <b>3,127,925</b> | <b>8,015,778</b> |

Amount of TRY 8,070 provision is provided for banks account as of March 31, 2023 (December 31, 2022 – TRY 11,000).

**b) Information on foreign bank accounts**

|                               | Unrestricted Amount |                  | Restricted Amount <sup>(**)</sup> |                  |
|-------------------------------|---------------------|------------------|-----------------------------------|------------------|
|                               | Current Period      | Prior Period     | Current Period                    | Prior Period     |
| EU Countries                  | 1,181,130           | 1,601,789        | 47,439                            | 135,032          |
| USA and Canada                | 1,954,362           | 892,625          | -                                 | -                |
| OECD Countries <sup>(*)</sup> | 452,403             | 644,395          | 3,794,505                         | 4,383,255        |
| Off-shore Banking Regions     | -                   | -                | -                                 | -                |
| Other                         | 198,989             | 128,577          | -                                 | -                |
| <b>Total</b>                  | <b>3,786,884</b>    | <b>3,267,386</b> | <b>3,841,944</b>                  | <b>4,518,287</b> |

<sup>(\*)</sup> Include OECD countries other than the EU countries, USA and Canada.

<sup>(\*\*)</sup> Includes the guarantees in foreign banks for the borrowings from foreign markets.

**4. Information on receivables from reverse repurchase agreements**

|                              | Current Period |          | Prior Period     |                |
|------------------------------|----------------|----------|------------------|----------------|
|                              | TRY            | FC       | TRY              | FC             |
| <b>Domestic Transactions</b> | <b>-</b>       | <b>-</b> | <b>3,613,560</b> | <b>-</b>       |
| T.R. Central Bank            | -              | -        | -                | -              |
| Banks                        | -              | -        | 3,613,560        | -              |
| Intermediary Institutions    | -              | -        | -                | -              |
| Other Financial Institutions | -              | -        | -                | -              |
| Other Institutions           | -              | -        | -                | -              |
| Real Persons                 | -              | -        | -                | -              |
| <b>Foreign Transactions</b>  | <b>-</b>       | <b>-</b> | <b>-</b>         | <b>427,044</b> |
| Central Banks                | -              | -        | -                | -              |
| Banks                        | -              | -        | -                | 427,044        |
| Intermediary Institutions    | -              | -        | -                | -              |
| Other Financial Institutions | -              | -        | -                | -              |
| Other Institutions           | -              | -        | -                | -              |
| Real Persons                 | -              | -        | -                | -              |
| <b>Total</b>                 | <b>-</b>       | <b>-</b> | <b>3,613,560</b> | <b>427,044</b> |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Consolidated Assets (Continued)****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 subject to repurchase agreements and provided as collateral/blocked**

|                                  | Current Period    |                  | Prior Period      |                   |
|----------------------------------|-------------------|------------------|-------------------|-------------------|
|                                  | TRY               | FC               | TRY               | FC                |
| Given as Collateral/Blocked      | 15,246,282        | -                | 12,462,239        | -                 |
| Subject to repurchase agreements | 35,226            | 7,014,436        | 9,095             | 10,279,690        |
| <b>Total</b>                     | <b>15,281,508</b> | <b>7,014,436</b> | <b>12,471,334</b> | <b>10,279,690</b> |

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

|   | Current Period     | Prior Period       |
|---|--------------------|--------------------|
| <b>Debt Securities</b>                              | <b>45,274,788</b>  | <b>41,939,468</b>  |
| Quoted on a stock exchange <sup>(*)</sup>           | 45,274,788         | 41,939,468         |
| Unquoted on a stock exchange                        | -                  | -                  |
| <b>Stocks</b>                                       | <b>9,298</b>       | <b>126,612</b>     |
| Quoted on a stock exchange                          | 1,518              | 118,831            |
| Unquoted on a stock exchange                        | 7,780              | 7,781              |
| <b>Provision for Impairment (-) <sup>(**)</sup></b> | <b>(1,883,455)</b> | <b>(1,808,599)</b> |
| <b>Total</b>  | <b>43,400,631</b>  | <b>40,257,481</b>  |

<sup>(\*)</sup> The Eurobond Portfolio amounting to TRY 4,644,862 (December 31, 2022 – TRY 5,436,447) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from 2009.

<sup>(\*\*)</sup> As of March 31, 2023 amount of TRY 5,753 (December 31, 2022 – TRY 5,094) 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 Parent Bank**

|  | Current Period |                | Prior Period   |                |
|--|----------------|----------------|----------------|----------------|
|  | Cash           | Non-Cash       | Cash           | Non-Cash       |
| <b>Direct Loans Granted to Shareholders</b>      | <b>-</b>       | <b>119,708</b> | <b>-</b>       | <b>116,854</b> |
| Corporate Shareholders                           | -              | 119,708        | -              | 116,854        |
| Individual Shareholders                          | -              | -              | -              | -              |
| <b>Indirect Loans Granted to Shareholders</b>    | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>       |
| <b>Loans Granted to Employees <sup>(*)</sup></b> | <b>400,858</b> | <b>-</b>       | <b>333,147</b> | <b>-</b>       |
| <b>Total</b>                                     | <b>400,858</b> | <b>119,708</b> | <b>333,147</b> | <b>116,854</b> |

<sup>(\*)</sup> Includes advances given to the bank personnel.

**b) Information on first and second group loans, other receivables, restructured or rescheduled loans and other receivables****b.1) Financial assets measured at amortized cost**

| Cash Loans                   | Standard Loans and Other Receivables | Loans Under Close Monitoring <sup>(*)</sup>        |   |                   |
|------------------------------|--------------------------------------|--|---|-------------------|
|                              |                                      | Loans and Receivables Not Subject to Restructuring | Restructured Loans and Receivables                |                   |
|                              |                                      |  | Loans and Receivables with Revised Contract Terms | Refinance         |
| <b>Non Specialized Loans</b> | <b>343,472,401</b>                   | <b>27,530,264</b>                                  | <b>364,713</b>                                    | <b>11,048,590</b> |
| Enterprise Loans             | 22,599,048                           | 82,430   | -   | -                 |
| Export Loans                 | 29,459,081                           | 373,865  | -   | -                 |
| Import Loans                 | -                                    | -  | -   | -                 |
| Financial Sector Loans       | 3,654,254                            | 11,612   | -   | -                 |
| Consumer Loans               | 72,127,813                           | 6,595,491  | 237,120   | 1,441,557         |
| Credit Cards                 | 71,902,174                           | 8,532,783  | -   | 707,016           |
| Other                        | 143,730,031                          | 11,934,083   | 127,593   | 8,900,017         |
| <b>Specialized Loans</b>     | <b>-</b>                             | <b>-</b>   | <b>-</b>  | <b>-</b>          |
| <b>Other Receivables</b>     | <b>-</b>                             | <b>-</b>   | <b>-</b>  | <b>-</b>          |
| <b>Total</b>                 | <b>343,472,401</b>                   | <b>27,530,264</b>                                  | <b>364,713</b>                                    | <b>11,048,590</b> |

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

|                                     | Standard<br>Loans | Loans Under Close Monitoring |
|-------------------------------------|-------------------|------------------------------|
| <b>Current Period</b>               |                   |                              |
| 12 Month Expected Credit Losses     | 6,316,273         | -                            |
| Significant Increase in Credit Risk | -                 | 7,032,123                    |
| <b>Prior Period</b>                 |                   |                              |
| 12 Month Expected Credit Losses     | 3,604,877         | -                            |
| Significant Increase in Credit Risk | -                 | 5,801,712                    |

**b.2) Loans at fair value through profit or loss**

In the current period, the Parent Bank has no loans followed under financial assets at fair value through profit or loss in accordance with TFRS 9 (December 31, 2022 – None).

**c) Loans with amortized cost and other receivables according to their maturity structure**

| Cash Loans                 | Standard Loans     | Loans Under Close Monitoring       |                    |
|----------------------------|--------------------|------------------------------------|--------------------|
|                            |                    | Loans Not Subject to Restructuring | Restructured Loans |
| Short-term Loans           | 177,768,628        | 8,532,784                          | 707,015            |
| Medium and Long-term Loans | 165,703,773        | 18,997,480                         | 10,706,288         |
| <b>Total</b>               | <b>343,472,401</b> | <b>27,530,264</b>                  | <b>11,413,303</b>  |

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

|  | Short Term        | Medium and Long Term | Total              |
|--|-------------------|----------------------|--------------------|
| <b>Consumer Loans-TRY</b>                    | <b>10,112,506</b> | <b>63,682,981</b>    | <b>73,795,487</b>  |
| Housing Loans                                | 1,579             | 3,267,741            | 3,269,320          |
| Automobile Loans                             | 1,290             | 24,080               | 25,370             |
| Personal Need Loans                          | 10,109,637        | 60,391,160           | 70,500,797         |
| Other  | -                 | -                    | -                  |
| <b>Consumer Loans-FC Indexed</b>             | <b>-</b>          | <b>781</b>           | <b>781</b>         |
| Housing Loans                                | -                 | 772                  | 772                |
| Automobile Loans                             | -                 | -                    | -                  |
| Personal Need Loans                          | -                 | 9                    | 9                  |
| Other  | -                 | -                    | -                  |
| <b>Consumer Loans-FC</b>                     | <b>-</b>          | <b>-</b>             | <b>-</b>           |
| Housing Loans                                | -                 | -                    | -                  |
| Automobile Loans                             | -                 | -                    | -                  |
| Personal Need Loans                          | -                 | -                    | -                  |
| Other  | -                 | -                    | -                  |
| <b>Individual Credit Cards-TRY</b>           | <b>60,949,175</b> | <b>787,496</b>       | <b>61,736,671</b>  |
| Installment                                  | 26,471,952        | 573,077              | 27,045,029         |
| Non- Installment                             | 34,477,223        | 214,419              | 34,691,642         |
| <b>Individual Credit Cards-FC</b>            | <b>124,168</b>    | <b>146</b>           | <b>124,314</b>     |
| Installment                                  | -                 | -                    | -                  |
| Non- Installment                             | 124,168           | 146                  | 124,314            |
| <b>Personnel Loans-TRY</b>                   | <b>52,184</b>     | <b>180,232</b>       | <b>232,416</b>     |
| Housing Loans                                | -                 | 32                   | 32                 |
| Automobile Loans                             | -                 | -                    | -                  |
| Personal Need Loans                          | 52,184            | 180,200              | 232,384            |
| Other  | -                 | -                    | -                  |
| <b>Personnel Loans-FC Indexed</b>            | <b>-</b>          | <b>-</b>             | <b>-</b>           |
| Housing Loans                                | -                 | -                    | -                  |
| Automobile Loans                             | -                 | -                    | -                  |
| Personal Need Loans                          | -                 | -                    | -                  |
| Other  | -                 | -                    | -                  |
| <b>Personnel Loans-FC</b>                    | <b>-</b>          | <b>-</b>             | <b>-</b>           |
| Housing Loans                                | -                 | -                    | -                  |
| Automobile Loans                             | -                 | -                    | -                  |
| Personal Need Loans                          | -                 | -                    | -                  |
| Other  | -                 | -                    | -                  |
| <b>Personnel Credit Cards-TRY</b>            | <b>158,590</b>    | <b>987</b>           | <b>159,577</b>     |
| Installment                                  | 75,191            | 468                  | 75,659             |
| Non-Installment                              | 83,399            | 519                  | 83,918             |
| <b>Personnel Credit Cards-FC</b>             | <b>446</b>        | <b>1</b>             | <b>447</b>         |
| Installment                                  | -                 | -                    | -                  |
| Non-Installment                              | 446               | 1                    | 447                |
| <b>Overdraft Accounts-TRY (Real Persons)</b> | <b>6,223,293</b>  | <b>150,004</b>       | <b>6,373,297</b>   |
| <b>Overdraft Accounts-FC (Real Persons)</b>  | <b>-</b>          | <b>-</b>             | <b>-</b>           |
| <b>Total</b>                                 | <b>77,620,362</b> | <b>64,802,628</b>    | <b>142,422,990</b> |

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

**I. Explanations and Disclosures Related to Consolidated Assets (Continued)**

**6. Information related to loans (Continued)**

**e) Information on commercial installment loans and corporate credit cards**

|  | Short Term        | Medium and Long Term | Total             |
|--|-------------------|----------------------|-------------------|
| <b>Commercial Loans with Installment Facility – TRY</b>        | <b>2,087,298</b>  | <b>32,571,071</b>    | <b>34,658,369</b> |
| Real Estate Loans  | 7,041             | 343,655              | 350,696           |
| Automobile Loans   | 107,917           | 2,209,591            | 2,317,508         |
| Personal Need Loans  | 1,972,340         | 30,017,825           | 31,990,165        |
| Other  | -                 | -                    | -                 |
| <b>Commercial Loans with Installment Facility - FC Indexed</b> | <b>-</b>          | <b>175,520</b>       | <b>175,520</b>    |
| Real Estate Loans  | -                 | 1,202                | 1,202             |
| Automobile Loans   | -                 | -                    | -                 |
| Personal Need Loans  | -                 | 174,318              | 174,318           |
| Other  | -                 | -                    | -                 |
| <b>Commercial Loans with Installment Facility - FC</b>         | <b>-</b>          | <b>-</b>             | <b>-</b>          |
| Real Estate Loans  | -                 | -                    | -                 |
| Automobile Loans   | -                 | -                    | -                 |
| Personal Need Loans  | -                 | -                    | -                 |
| Other  | -                 | -                    | -                 |
| <b>Corporate Credit Cards –TRY</b>                             | <b>18,946,044</b> | <b>161,718</b>       | <b>19,107,762</b> |
| Installment  | 8,187,116         | 94,807               | 8,281,923         |
| Non-Installment  | 10,758,928        | 66,911               | 10,825,839        |
| <b>Corporate Credit Cards –FC</b>                              | <b>13,186</b>     | <b>16</b>            | <b>13,202</b>     |
| Installment  | -                 | -                    | -                 |
| Non-Installment  | 13,186            | 16                   | 13,202            |
| <b>Overdraft Accounts-TRY (Legal Entities)</b>                 | <b>2,280,059</b>  | <b>5,717</b>         | <b>2,285,776</b>  |
| <b>Overdraft Accounts-FC (Legal Entities)</b>                  | <b>-</b>          | <b>-</b>             | <b>-</b>          |
| <b>Total</b>   | <b>23,326,587</b> | <b>32,914,042</b>    | <b>56,240,629</b> |

**f) Allocation of loans by customers (\*)**

|              | Current Period     | Prior Period       |
|--------------|--------------------|--------------------|
| Public       | 75,000             | 4,285,525          |
| Private      | 382,340,968        | 342,829,405        |
| <b>Total</b> | <b>382,415,968</b> | <b>347,114,930</b> |

(\*) It does not include the non-performing loan amount.

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

|              | Current Period     | Prior Period       |
|--------------|--------------------|--------------------|
| Public       | 380,789,667        | 345,259,369        |
| Private      | 1,626,301          | 1,855,561          |
| <b>Total</b> | <b>382,415,968</b> | <b>347,114,930</b> |

(\*) It does not include the non-performing loan amount.

**h) Loans to associates and subsidiaries**

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Direct Loans Granted to Subsidiaries and Associates   | 6,493,157        | 5,341,116        |
| Indirect Loans Granted to Subsidiaries and Associates | -                | -                |
| <b>Total</b>  | <b>6,493,157</b> | <b>5,341,116</b> |

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

**I. Explanations and Disclosures Related to Consolidated Assets (Continued)**

**6. Information related to loans (Continued)**

**i) Specific provisions for loans (Third Stage)**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Provisions</b>                                  |                       |                     |
| Loans and Receivables with Limited Collectability  | 365,623               | 631,552             |
| Loans and Receivables with Doubtful Collectability | 765,294               | 462,383             |
| Uncollectible Loans and Receivables                | 6,675,390             | 6,735,101           |
| <b>Total</b>                                       | <b>7,806,307</b>      | <b>7,829,036</b>    |

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

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

|                                     | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                      |
|-------------------------------------|--|---|--|
|                                     | <b>Loans and Other<br/>Receivables with<br/>Limited Collectability</b> | <b>Loans and Other<br/>Receivables with Doubtful<br/>Collectability</b> | <b>Uncollectible Loans and<br/>Other Receivables</b> |
| <b>Current Period</b>               |  |   |  |
| Gross Amounts Before the Provisions | 585  | 11,578  | 591,884  |
| Restructured Loans                  | 585  | 11,578  | 591,884  |
| <b>Prior Period</b>                 |  |   |  |
| Gross Amounts Before the Provisions | 46   | 16,863  | 599,291  |
| Restructured Loans                  | 46   | 16,863  | 599,291  |

**j.2) Movement of non-performing loans**

|   | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>                                      |
|---|--|---|--|
|   | <b>Loans and Other<br/>Receivables with<br/>Limited Collectability</b> | <b>Loans and Other<br/>Receivables with Doubtful<br/>Collectability</b> | <b>Uncollectible Loans and<br/>Other Receivables</b> |
| <b>Prior Period End Balance</b>                             | <b>875,123</b>   | <b>642,611</b>  | <b>7,976,786</b>                                     |
| Additions (+)   | 514,260  | 13,781  | 54,623   |
| Transfers from Other Categories of Non-Performing Loans (+) | -  | 718,574   | 284,483  |
| Transfers to Other Categories of Non-Performing Loans (-)   | 718,574  | 284,483   | -  |
| Collections (-)   | 112,278  | 66,478  | 423,096  |
| Non-registered(-)   | -  | -   | 2,408  |
| <b>Write-offs (-)</b>                                       | <b>-</b>   | <b>-</b>  | <b>-</b>   |
| Corporate and Commercial Loans                              | -  | -   | -  |
| Consumer Loans  | -  | -   | -  |
| Credit Cards  | -  | -   | -  |
| Others  | -  | -   | -  |
| <b>Current Period End Balance</b>                           | <b>558,531</b>   | <b>1,024,005</b>  | <b>7,890,388</b>                                     |
| Specific Provision (-)                                      | 365,623  | 765,294   | 6,675,390  |
| <b>Prior Period End Balance</b>                             | <b>192,908</b>   | <b>258,711</b>  | <b>1,214,998</b>                                     |

**j.3) Information on non-performing loans granted as foreign currency loans**

None (December 31, 2022 – None).



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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Consolidated Assets (Continued)****6. Information related to loans (Continued)****j.4) Breakdown of non-performing loans according to their gross and net values**

|  | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>  |
|--|--|---|--|
|  | <b>Loans and Other<br/>Receivables with<br/>Limited Collectibility</b> | <b>Loans and Other<br/>Receivables with<br/>Doubtful Collectibility</b> | <b>Uncollectible<br/>Loans and<br/>Other Receivables</b> |
| <b>Current Period (Net)</b>                      | <b>192,908</b>   | <b>258,711</b>  | <b>1,214,998</b>   |
| Loans to Real Persons and Legal Entities (Gross) | 558,531  | 1,024,005   | 7,671,721  |
| Provision (-)                                    | 365,623  | 765,294   | 6,456,723  |
| Loans to Real Persons and Legal Entities (Net)   | 192,908  | 258,711   | 1,214,998  |
| Banks (Gross)                                    | -  | -   | -  |
| Provision (-)                                    | -  | -   | -  |
| Banks (Net)                                      | -  | -   | -  |
| Other Loans and Receivables (Gross)              | -  | -   | 218,667  |
| Provision (-)                                    | -  | -   | 218,667  |
| Other Loans and Receivables (Net)                | -  | -   | -  |
| <b>Prior Period (Net)</b>                        | <b>243,571</b>   | <b>180,228</b>  | <b>1,241,685</b>   |
| Loans to Real Persons and Legal Entities (Gross) | 875,123  | 642,611   | 7,785,799  |
| Provision (-)                                    | 631,552  | 462,383   | 6,544,114  |
| Loans to Real Persons and Legal Entities (Net)   | 243,571  | 180,228   | 1,241,685  |
| Banks (Gross)                                    | -  | -   | -  |
| Provision (-)                                    | -  | -   | -  |
| Banks (Net)                                      | -  | -   | -  |
| Other Loans and Receivables (Gross)              | -  | -   | 190,987  |
| Provision (-)                                    | -  | -   | 190,987  |
| Other Loans and Receivables (Net)                | -  | -   | -  |

  

|   | <b>III. Group</b>  | <b>IV. Group</b>  | <b>V. Group</b>  |
|---|--|---|--|
|   | <b>Loans and Other<br/>Receivables with<br/>Limited Collectibility</b> | <b>Loans and Other<br/>Receivables with<br/>Doubtful Collectibility</b> | <b>Uncollectible<br/>Loans and<br/>Other Receivables</b> |
| <b>Current Year (Net)</b>                                   |  |   |  |
| Interest accruals and valuation differences                 | 45,720   | 140,367   | 1,231,038  |
| Provision Amount (-)  | 22,184   | 96,147  | 829,091  |
| <b>Prior Period (Net)</b>                                   |  |   |  |
| Interest Accruals and Rediscounts and Valuation Differences | 120,514  | 56,981  | 1,264,638  |
| Provision Amount (-)  | 86,994   | 40,884  | 1,068,121  |

**k) Explanation on liquidation policy 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 Parent Bank prefers to liquidate the risk through negotiations with the debtors as well as The Parent 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) Explanations regarding the write-off policy**

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

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Consolidated Assets (Continued)****7. Information on factoring receivables**

|                      | Current Period   |                | Prior Period     |                |
|----------------------|------------------|----------------|------------------|----------------|
|                      | TRY              | FC             | TRY              | FC             |
| Short Term           | 9,156,718        | 372,684        | 9,129,082        | 464,403        |
| Medium and Long Term | -                | -              | -                | -              |
| <b>Total</b>         | <b>9,156,718</b> | <b>372,684</b> | <b>9,129,082</b> | <b>464,403</b> |

Changes in provision for non-performing factoring receivables are as follows

|                                       | Current Period | Prior Period  |
|---------------------------------------|----------------|---------------|
| Prior Period End Balance              | 81,651         | 73,017        |
| Provided Provision/(reversal), Net    | 1,853          | 39,878        |
| Collections                           | (11,922)       | (31,244)      |
| Write-offs                            | -              | -             |
| <b>Provision at the End of Period</b> | <b>71,582</b>  | <b>81,651</b> |

**8. Information on financial assets measured at amortized cost****a) Information on financial assets measured at amortized cost which are subject to repurchase agreements and given as Collateral/Blocked**

|                                  | Current Period    |                   | Prior Period     |                   |
|----------------------------------|-------------------|-------------------|------------------|-------------------|
|                                  | TRY               | FC                | TRY              | FC                |
| Given as Collateral/Blocked      | 17,006,251        | -                 | 7,436,978        | -                 |
| Subject to repurchase agreements | 4,785,858         | 12,731,394        | 234,667          | 19,644,899        |
| <b>Total</b>                     | <b>21,792,109</b> | <b>12,731,394</b> | <b>7,671,645</b> | <b>19,644,899</b> |

**b) Information on government debt securities measured at amortized cost**

|                                     | Current Period    |                   | Prior Period      |                   |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | TRY               | FC                | TRY               | FC                |
| Government Bond                     | 54,430,206        | 19,697,527        | 41,598,971        | 19,504,773        |
| Treasury Bill                       | -                 | -                 | -                 | -                 |
| Other Public Sector Debt Securities | -                 | 375,407           | -                 | 367,824           |
| <b>Total</b>                        | <b>54,430,206</b> | <b>20,072,934</b> | <b>41,598,971</b> | <b>19,872,597</b> |

**c) Information on investments securities measured at amortized cost**

|                                 | Current Period    |                   | Prior Period      |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | TRY               | FC                | TRY               | FC                |
| <b>Debt Securities</b>          | <b>54,430,206</b> | <b>20,344,812</b> | <b>41,598,971</b> | <b>20,364,334</b> |
| Publicly-traded                 | 54,430,206        | 20,344,812        | 41,598,971        | 20,364,334        |
| Non-publicly traded             | -                 | -                 | -                 | -                 |
| <b>Provision for losses (-)</b> | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Total</b>                    | <b>54,430,206</b> | <b>20,344,812</b> | <b>41,598,971</b> | <b>20,364,334</b> |

**d) Movement of investment measured at amortized cost within the period**

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| <b>Balance at the beginning of the period</b> | <b>61,963,305</b> | <b>29,856,976</b> |
| Exchange differences on monetary assets       | 521,760           | 6,288,072         |
| Acquisitions during the year                  | 17,351,581        | 12,898,683        |
| Disposals through sales and redemptions       | (7,956,533)       | (10,005,623)      |
| Impairment provision (-)                      | -                 | -                 |
| Valuation Effect                              | 2,894,905         | 22,925,197        |
| <b>Total</b>                                  | <b>74,775,018</b> | <b>61,963,305</b> |

As of March 31, 2023, a provision amounting to TRY 19,030 (December 31, 2022 – TRY 20,038) is provided for the financial assets measured at amortized cost.

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

**I. Explanations and Disclosures Related to Consolidated Assets (Continued)**

**9. Information on investments in associates (Net)**

**9.1. Information on unconsolidated associates**

|    | <b>Title</b>                                    | <b>Address<br/>(City/Country)</b> | <b>Bank's Share-If Different,<br/>Voting Rights(%)</b> | <b>Bank's Risk Group<br/>Share(%)</b> |
|----|---|-----------------------------------|--|---------------------------------------|
| 1. | Bankalararası Kart Merkezi (BKM) <sup>(*)</sup> | Istanbul/Türkiye                  | 4.52   | 4.52                                  |
| 2. | Ulusal Derecelendirme A.Ş. <sup>(**)</sup>      | Istanbul/Türkiye                  | 2.86   | 2.86                                  |
| 3. | İhracatı Geliştirme A.Ş. (İGE) <sup>(***)</sup> | Istanbul/Türkiye                  | 0.52   | 0.52                                  |
| 4. | Emeklilik Gözetim Merkezi (EGM) <sup>(*)</sup>  | Istanbul/Türkiye                  | -  | 6.25                                  |

  

|    | <b>Total<br/>Assets</b> | <b>Shareholder's<br/>Equity</b> | <b>Total Fixed<br/>Assets<sup>(**)</sup></b> | <b>Interest<br/>Income</b> | <b>Income on<br/>Securities<br/>Portfolio</b> | <b>Current<br/>Period<br/>Profit/Loss</b> | <b>Prior Period<br/>Profit/Loss</b> | <b>Company's<br/>Fair Value</b> |
|----|-------------------------|---------------------------------|--|----------------------------|---|---|-------------------------------------|---------------------------------|
| 1. | 805,905                 | 685,073                         | 126,948                                      | 83,118                     | -   | 314,832                                   | 137,294                             | -                               |
| 2. | 181,747                 | 142,869                         | 10,448                                       | 15,355                     | -   | 100,751                                   | 58,825                              | -                               |
| 3. | 4,563,113               | 4,532,905                       | 13,404                                       | 429,893                    | -   | 1,154,146                                 | 22,740                              | -                               |
| 4. | 37,958                  | 13,997                          | 6,040  | 1,441                      | 18  | 184                                       | 3,755                               | -                               |

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

<sup>(\*\*)</sup> Total fixed assets consist of non-current assets.

**9.2. Movements of investments in associates**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Balance at the Beginning of Period</b>            | <b>45,477</b>         | <b>14,026</b>       |
| <b>Movements During the Period</b>                   | <b>2,409</b>          | <b>31,451</b>       |
| Purchases  | 1,905                 | -                   |
| Impact of business combinations                      | 504                   | -                   |
| Bonus Shares Received <sup>(*)</sup>                 | -                     | 31,451              |
| Dividends From Current Year Profit                   | -                     | -                   |
| Sales  | -                     | -                   |
| Reclassifications                                    | -                     | -                   |
| Increase/Decrease in Market Values                   | -                     | -                   |
| Currency Differences on Foreign Associates           | -                     | -                   |
| Impairment Losses (-)                                | -                     | -                   |
| <b>Balance at the End of the Period</b>              | <b>47,886</b>         | <b>45,477</b>       |
| <b>Capital Commitments</b>                           | <b>-</b>              | <b>-</b>            |
| <b>Share Percentage at the end of the Period (%)</b> | <b>-</b>              | <b>-</b>            |

<sup>(\*)</sup> In the item of Bonus Shares, İhracatı Geliştirme A.Ş. (İGE) capital participation fee.

**9.3. Sectoral information on investment and associates, and the related carrying amounts**

|                     | <b>Current Period</b> | <b>Prior Period</b> |
|---------------------|-----------------------|---------------------|
| Factoring Companies | -                     | -                   |
| Leasing Companies   | -                     | -                   |
| Finance Companies   | -                     | -                   |
| Other Associates    | 47,886                | 45,477              |
| <b>Total</b>        | <b>47,886</b>         | <b>45,477</b>       |

**9.4. Quoted Associates**

None (December 31, 2022 - None).

**9.5. Valuation methods of investments in associates**

|                         | <b>Current Period</b> | <b>Prior Period</b> |
|-------------------------|-----------------------|---------------------|
| Valued at Cost          | 47,886                | 45,477              |
| Valued at Fair Value    | -                     | -                   |
| Valued at Equity Method | -                     | -                   |
| <b>Total</b>            | <b>47,886</b>         | <b>45,477</b>       |

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Consolidated Assets (Continued)****9. Information on investments in associates (Net) (Continued)****9.6. Investments in associates sold during the current period**

None (December 31, 2022 - None).

**9.7. Information on subsidiaries (Net)****a) Information on the Parent Bank's unconsolidated subsidiaries**

Subsidiaries below have not been consolidated since they are Non-financial investments, they are instead valued by cost method.

| Title   | Address<br>(City/Country) | Bank's Share – If<br>Different, Voting<br>Rights (%) | Bank's Risk<br>Group<br>Share (%) |
|---|---------------------------|--|-----------------------------------|
| 1. Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş. | Istanbul/Türkiye          | 99.91  | 99.99                             |
| 2. EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.  | Istanbul/Türkiye          | 100.00   | 100.00                            |

|    | Total Assets | Shareholders' Equity | Total Fixed Assets | Interest Income | Income on Securities Portfolio | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value |
|----|--------------|----------------------|--------------------|-----------------|--------------------------------|----------------------------|--------------------------|----------------------|
| 1. | 195,847      | (4,351)              | 69,039             | -               | -                              | 4,314                      | (8,864)                  | -                    |
| 2. | 190,072      | 140,469              | 14,072             | 4,763           | -                              | 2,430                      | 8,942                    | -                    |

**b) Information on the Parent Bank's consolidated subsidiaries****b.1) Information on the consolidated subsidiaries**

| Subsidiary                                 | Address<br>(City/Country) | Bank's Share – If Different,<br>Voting Rights (%) | Bank's Risk<br>Group Share (%) |
|--|---------------------------|---|--------------------------------|
| 1. QNB Finans Yatırım Menkul Değerler A.Ş. | Istanbul/Türkiye          | 99.80   | 100.00                         |
| 2. QNB Finans Finansal Kiralama A.Ş.       | Istanbul/Türkiye          | 99.40   | 99.40                          |
| 3. QNB Finans Portföy Yönetimi A.Ş.        | Istanbul/Türkiye          | 88.89   | 100.00                         |
| 4. QNB Finans Faktoring A.Ş.               | Istanbul/Türkiye          | 99.99   | 100.00                         |
| 5. QNB Finans Varlık Kiralama Şirketi A.Ş. | Istanbul/Türkiye          | -   | 100.00                         |
| 6. Cigna Sağlık, Hayat ve Emeklilik A.Ş.   | İstanbul/Türkiye          | 100.00  | 100.00                         |

Information on subsidiaries in the order as 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. | 3,668,761    | 1,303,734             | 42,529             | 190,806         | 2,585                          | 168,005                    | 77,234                   | -                        |
| 2. | 19,121,202   | 1,793,735             | 33,277             | 541,873         | -                              | 153,362                    | 73,470                   | 1,764,867                |
| 3. | 374,835      | 245,847               | 1,576              | 745             | -                              | 50,978                     | 11,144                   | -                        |
| 4. | 9,819,418    | 701,371               | 23,131             | 524,428         | -                              | 149,773                    | 45,875                   | -                        |
| 5. | 393,903      | 790                   | -                  | -               | -                              | 53                         | 527                      | -                        |
| 6. | 2,717,993    | 644,161               | 77,032             | 82,937          | 12,644                         | 133,878                    | 99,244                   | -                        |

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

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

**I. Explanations and Disclosures Related to Consolidated Assets (Continued)**

**9. Information on investments in associates (Net) (Continued)**

**b.2) Movement schedule for consolidated subsidiaries**

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| <b>Balance at the Beginning of the Period</b>        | <b>3,490,203</b> | <b>2,129,798</b> |
| <b>Movements during the Period</b>                   | <b>3,127,331</b> | <b>1,360,405</b> |
| Purchases <sup>(*)</sup>                             | 981,000          | -                |
| Bonus Shares Received                                | -                | -                |
| Dividends from Current Year Profit                   | -                | -                |
| Disposals  | -                | -                |
| Revaluation Difference <sup>(**)</sup>               | 2,146,331        | 1,360,405        |
| Provisions for Impairment                            | -                | -                |
| <b>Balance at the End of the Period</b>              | <b>6,617,534</b> | <b>3,490,203</b> |
| <b>Capital Commitments</b>                           |                  | -                |
| <b>Share Percentage at the end of the Period (%)</b> |                  | -                |

<sup>(\*)</sup> Regarding the partnership share in Cigna Sağlık Hayat ve Emeklilik A.Ş., whose 49% capital is owned by the Parent Bank, with the decision of the Parent Bank's Board of Directors, 22,950,000 shares with a total nominal value of TRY 22,950,000, which is owned by Cigna Nederland Gamma BV and corresponds to 51% of the capital of Cigna Sağlık Hayat ve Emeklilik A.Ş., was decided to be purchased with a price of TRY 981,000,000 (in full TRY). In this context, a Share Purchase Agreement was signed with Cigna Nederland Gamma BV on October 21, 2022. The Parent Bank's shareholding in Cigna Sağlık Hayat ve Emeklilik A.Ş. has increased to 100% following the completion of the said share transfer transactions, obtaining the necessary permits, and the registration of the General Assembly regarding the share transfer on January 13, 2023.

<sup>(\*\*)</sup> Includes equity method accounting differences.

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

|                     | Current Period   | Prior Period     |
|---------------------|------------------|------------------|
| Factoring Companies | 701,371          | 551,597          |
| Leasing Companies   | 1,764,867        | 1,622,787        |
| Finance Companies   | -                | -                |
| Other Subsidiaries  | 4,151,296        | 1,315,819        |
| <b>Total</b>        | <b>6,617,534</b> | <b>3,490,203</b> |

The balances of the subsidiaries have been eliminated as part of the consolidation principles.

**b.4) Subsidiaries quoted to a stock exchange**

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Quoted on Domestic Stock Exchanges      | 1,764,867        | 1,622,787        |
| Quoted on International Stock Exchanges | -                | -                |
| <b>Total</b>                            | <b>1,764,867</b> | <b>1,622,787</b> |

**b.5) Information on shareholders' equity of the significant subsidiaries**

None.

**10. Information on joint ventures**

| Title  | Address different, (City/Country) | Bank's Share-If Voting Rights (%) | Bank' Risk Group Share (%) |
|--|-----------------------------------|-----------------------------------|----------------------------|
|  |                                   |                                   |                            |
| Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. <sup>(*)</sup> | İstanbul/Türkiye                  | 33.33                             | 33.33                      |

  

| Total Assets | Shareholders' Equity | Total Fixed Asset | Interest Income | Securities Income | Current Period Profit/Loss | Prior Period Profit/Loss | Company's Fair Value |
|--------------|----------------------|-------------------|-----------------|-------------------|----------------------------|--------------------------|----------------------|
| 323,996      | 116,852              | 116,537           | -               | -                 | (38,735)                   | (7,904)                  | -                    |

<sup>(\*)</sup> Current period information is stated as of February 28, 2023, prior period profit and loss amounts are based on the financial statements prepared as of February 28, 2022.

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

**I. Explanations and Disclosures Related to Consolidated Assets (Continued)**

**11. Information on lease receivables (Net)**

**11.1 Maturity analysis of financial lease receivables**

|                   | Current Period    |                   | Prior Period      |                   |
|-------------------|-------------------|-------------------|-------------------|-------------------|
|                   | Gross             | Net               | Gross             | Net               |
| Less than 1 year  | 7,462,077         | 5,772,174         | 7,140,530         | 5,674,402         |
| Between 1-4 years | 10,616,539        | 8,758,909         | 9,762,187         | 8,126,818         |
| Over 4 years      | 1,413,983         | 1,264,855         | 882,557           | 806,001           |
| <b>Total</b>      | <b>19,492,599</b> | <b>15,795,938</b> | <b>17,785,274</b> | <b>14,607,221</b> |

Finance lease receivables include non-performing finance lease receivables amounting to TRY 396,996 (December 31, 2022 – TRY 387,943) and expected credit loss amounting to TRY 312,210 (December 31, 2022 – TRY 318,272).

Changes in non-performing finance lease receivables provisions are as follows

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| End of the prior period                   | 318,272        | 298,510        |
| Provided provision/(reversal), Net        | (2,858)        | 76,852         |
| Collections                               | (3,204)        | (24,867)       |
| Written-off                               | -              | (32,223)       |
| <b>Provision at the end of the period</b> | <b>312,210</b> | <b>318,272</b> |

**11.2. Information on net investments in finance leases**

|                                  | Current Period    | Prior Period      |
|----------------------------------|-------------------|-------------------|
| Gross Finance Lease Investments  | 19,487,048        | 17,779,015        |
| Unearned Finance Income (-)      | 3,691,110         | 3,171,794         |
| Cancelled Leasing Agreements (-) | -                 | -                 |
| <b>Net Investment on Leases</b>  | <b>15,795,938</b> | <b>14,607,221</b> |

**11.3. Information of finance lease contracts of the Parent Bank**

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

**12. Information on the hedging derivative financial assets**

|                                 | Current Period   |                  | Prior Period      |                  |
|---------------------------------|------------------|------------------|-------------------|------------------|
|                                 | TRY              | FC               | TRY               | FC               |
| Fair Value Hedge <sup>(*)</sup> | 4,121,910        | 176,833          | 7,409,685         | 243,194          |
| Cash Flow Hedge <sup>(**)</sup> | 2,371,707        | 1,741,338        | 4,830,851         | 2,037,875        |
| Net Investment Hedge            | -                | -                | -                 | -                |
| <b>Total</b>                    | <b>6,493,617</b> | <b>1,918,171</b> | <b>12,240,536</b> | <b>2,281,069</b> |

<sup>(\*)</sup> Derivative financial instruments for fair value hedging consist of swaps. As of March 31, 2023, TRY 4,121,910 (December 31, 2022 - TRY 7,409,685) from loans, TRY 176,833 (December 31, 2022 - TRY 243,194) of securities represents the fair value of derivatives which are designated as hedging instruments.

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

**13. Explanations on investment properties**

None. (December 31, 2022 - None).

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

**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Consolidated Assets (Continued)****14. Information on tax asset.**

As of March 31, 2023, the Parent Bank has deferred tax asset amounting to TRY 5,067,357 under the related regulations.

According to TAS 12, deferred tax assets and liabilities are netted off in the financial statements. As of March 31, 2023, the Parent Bank has deferred tax assets amounting to TRY 8,618,349 and deferred tax liabilities amounting to TRY 3,541,992 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.

In cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax liability amounting to TRY 575,040 is netted under equity. (December 31, 2022 – TRY 1,436,588 deferred tax assets).

|   | <b>Temporary Differences</b> |                   | <b>Deferred Tax Assets/(Liabilities)</b> |                    |
|---|------------------------------|-------------------|--|--------------------|
|   | <b>31.03.2023</b>            | <b>31.12.2022</b> | <b>31.03.2023</b>                        | <b>31.12.2022</b>  |
| Provision for Employee Rights   | 1,928,092                    | 2,596,772         | 482,021                                  | 649,192            |
| Difference Between the Book Value of Financial Assets and Tax Base        | 7,260,433                    | 7,021,079         | 1,766,792                                | 1,704,569          |
| Other <sup>(*)</sup>  | 25,471,943                   | 11,917,779        | 6,369,536                                | 2,979,445          |
| <b>Deferred Tax Assets</b>  |                              |                   | <b>8,618,349</b>                         | <b>5,333,206</b>   |
| Differences Between Carrying Value and Tax Value of Tangible Fixed Assets | (748,152)                    | (750,417)         | (186,636)                                | (187,204)          |
| Differences Between Carrying Value and Tax Basis of Financial Assets      | (11,837,007)                 | (17,498,210)      | (2,948,812)                              | (4,366,998)        |
| Other   | (1,626,176)                  | (860,966)         | (406,544)                                | (215,242)          |
| <b>Deferred Tax Liabilities</b>   |                              |                   | <b>(3,541,992)</b>                       | <b>(4,769,444)</b> |
| <b>Deferred Tax Asset/(Debt), Net</b>                                     |                              |                   | <b>5,076,357</b>                         | <b>563,762</b>     |

<sup>(\*)</sup> Includes accumulated temporary differences regarding expected loss provisions and other provisions.

<sup>(\*\*)</sup> Within the scope of the Provisional Article 32 and Reiterated Articles 298/ç of the Tax Procedure Law, TRY 2,110,005 deferred tax assets arising from the revaluation of economic assets are included.

|  | <b>Current Period<br/>01.01-31.03.2023</b> | <b>Prior Period<br/>01.01-31.03.2022</b> |
|--|--|--|
| Deferred Tax as of January 1 Asset/(Liability)- Net      | 563,762                                    | 341,690                                  |
| Impact of business combinations                          | 21,163                                     | -  |
| Deferred Tax (Loss)/Gain                                 | 3,916,394                                  | 1,462,501                                |
| Deferred Tax that is Realized Under Shareholder's Equity | 575,038                                    | (449,171)                                |
| <b>Deferred Tax Asset/(Liability) – Net</b>              | <b>5,076,357</b>                           | <b>1,355,020</b>                         |

**15. Information on assets held for sale and discontinued operations**

|                                       | <b>Current Period</b> | <b>Prior Period</b> |
|---------------------------------------|-----------------------|---------------------|
| <b>Opening Balance Net Book Value</b> | -                     | -                   |
| Additions                             | -                     | -                   |
| Impairment (-)                        | -                     | -                   |
| <b>Closing Net Book Value</b>         | <b>-</b>              | <b>-</b>            |

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Consolidated Assets (Continued)****16. Information on other assets**

Other assets of the balance sheet do not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

As of March 31, 2023, provisions for other assets amount to TRY 15,302 (December 31, 2022 – TRY 13,215).

**17. Information on 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 Assets   | 10,952,358        | 4,702,698        | 17,298,494        | 5,313,460        |
| Loans   | 6,425,802         | 2,553,142        | 6,424,904         | 1,969,786        |
| Securities Measured at Amortized Cost   | 3,980,266         | 197,170          | 6,876,724         | 224,043          |
| Financial Assets Measured at Fair Value through<br>Other Comprehensive Income | 3,726,653         | (1,657,088)      | 6,055,460         | (1,750,115)      |
| Central Bank  | -                 | -                | -                 | -                |
| Leasing Receivables   | -                 | -                | -                 | -                |
| Banks   | 43,015            | 125              | 23,357            | 2                |
| Financial Assets Measured at Fair Value through<br>Profit/Loss                | 61,675            | 6,627            | 18,612            | 3,697            |
| Other Accruals  | 325,907           | 14,230           | 38,319            | 18,593           |
| <b>Total</b>  | <b>25,515,676</b> | <b>5,816,904</b> | <b>36,735,870</b> | <b>5,779,466</b> |

**II. Explanations and Disclosures Related to Consolidated Liabilities****1. Information on maturity structure of deposits****Current Period**

| Current Period                 | Demand             | 7 Days<br>Notice | Up to 1<br>Month  | 1-3 Months        | 3-6 Months         | 6-12 Months       | 1 Year and<br>Over | Accumulated<br>Deposit<br>Accounts | Total              |
|--------------------------------|--------------------|------------------|-------------------|-------------------|--------------------|-------------------|--------------------|------------------------------------|--------------------|
| Saving Deposits <sup>(*)</sup> | 22,946,405         | -                | 36,668,008        | 41,131,394        | 81,801,059         | 2,831,900         | 2,778,255          | 1,340                              | 188,158,361        |
| Foreign Currency Deposits      | 89,456,908         | -                | 11,201,931        | 14,270,127        | 6,205,628          | 1,640,776         | 1,867,765          | 5,014                              | 124,648,149        |
| Residents in Türkiye           | 84,117,127         | -                | 10,855,669        | 13,602,649        | 5,889,451          | 1,109,894         | 1,130,618          | 5,014                              | 116,710,422        |
| Residents Abroad               | 5,339,781          | -                | 346,262           | 667,478           | 316,177            | 530,882           | 737,147            | -                                  | 7,937,727          |
| Public Sector Deposits         | 1,507,657          | -                | 227               | 1,421             | -                  | 53                | -                  | -                                  | 1,509,358          |
| Commercial Deposits            | 13,644,573         | -                | 19,612,104        | 13,535,000        | 16,866,772         | 7,776,070         | 4,486,496          | -                                  | 75,921,015         |
| Other Ins. Deposits            | 249,881            | -                | 242,772           | 1,275,172         | 666,400            | 241,087           | 19                 | -                                  | 2,675,331          |
| Precious Metal Deposits        | 26,263,431         | -                | -                 | 14,487            | -                  | 28,306            | 609,643            | -                                  | 26,915,867         |
| Bank Deposits                  | 231,341            | -                | 3,368,981         | 2,521,430         | 1,276,289          | 2,169,625         | -                  | -                                  | 9,567,666          |
| T.R. Central Bank              | -                  | -                | -                 | -                 | -                  | -                 | -                  | -                                  | -                  |
| Domestic Banks                 | 7,784              | -                | 105,477           | 34,208            | -                  | -                 | -                  | -                                  | 147,469            |
| Foreign Banks                  | 220,087            | -                | 3,263,504         | 2,487,222         | 1,276,289          | 2,169,625         | -                  | -                                  | 9,416,727          |
| Participation Banks            | 3,470              | -                | -                 | -                 | -                  | -                 | -                  | -                                  | 3,470              |
| Other                          | -                  | -                | -                 | -                 | -                  | -                 | -                  | -                                  | -                  |
| <b>Total</b>                   | <b>154,300,196</b> | <b>-</b>         | <b>71,094,023</b> | <b>72,749,031</b> | <b>106,816,148</b> | <b>14,687,817</b> | <b>9,742,178</b>   | <b>6,354</b>                       | <b>429,395,747</b> |

<sup>(\*)</sup> As of March 31, 2023, the balance of saving deposits includes TRY 7,174,459 “Treasury Currency Protected Deposits” and TRY 102,117,244 “CBRT Currency Protected Deposits”.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Disclosures Related to Consolidated Liabilities (Continued)****1. Information on maturity structure of deposits (Continued)****Prior Period**

| 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 <sup>(*)</sup> | 17,850,909         | -             | 28,462,849        | 30,209,586        | 76,800,432         | 2,528,154         | 2,095,541        | 1,273                        | 157,948,744        |
| Foreign Currency Deposits      | 71,128,746         | -             | 12,944,578        | 22,158,132        | 14,478,140         | 2,823,557         | 2,297,663        | 4,903                        | 125,835,719        |
| Residents in Türkiye           | 66,321,443         | -             | 12,474,253        | 21,291,812        | 13,872,696         | 2,277,577         | 1,395,762        | 4,903                        | 117,638,446        |
| Residents Abroad               | 4,807,303          | -             | 470,325           | 866,320           | 605,444            | 545,980           | 901,901          | -                            | 8,197,273          |
| Public Sector Deposits         | 578,667            | -             | 44,150            | 1,347             | -                  | 51                | -                | -                            | 624,215            |
| Commercial Deposits            | 14,207,720         | -             | 20,269,122        | 14,992,744        | 15,036,159         | 5,678,716         | 3,316,340        | -                            | 73,500,801         |
| Other Ins. Deposits            | 141,156            | -             | 359,955           | 1,380,266         | 347,147            | 239,893           | 43               | -                            | 2,468,460          |
| Precious Metal Deposits        | 21,420,687         | -             | -                 | 22,269            | 14,806             | 25,226            | 676,418          | -                            | 22,159,406         |
| Bank Deposits                  | 692,867            | -             | 3,762,400         | 3,163,722         | 810,537            | 1,796,251         | -                | -                            | 10,225,777         |
| T.R. Central Bank              | -                  | -             | -                 | -                 | -                  | -                 | -                | -                            | -                  |
| Domestic Banks                 | 10,889             | -             | 433,923           | -                 | -                  | -                 | -                | -                            | 444,812            |
| Foreign Banks                  | 678,633            | -             | 3,328,477         | 3,163,722         | 810,537            | 1,796,251         | -                | -                            | 9,777,620          |
| Participation Banks            | 3,345              | -             | -                 | -                 | -                  | -                 | -                | -                            | 3,345              |
| Other                          | -                  | -             | -                 | -                 | -                  | -                 | -                | -                            | -                  |
| <b>Total</b>                   | <b>126,020,752</b> | <b>-</b>      | <b>65,840,008</b> | <b>71,931,112</b> | <b>107,487,221</b> | <b>13,091,848</b> | <b>8,386,005</b> | <b>6,176</b>                 | <b>392,763,122</b> |

<sup>(\*)</sup> As of December 31, 2022, the balance of saving deposits includes the amounts related to TRY 15,313,257 “Treasury Currency Protected Deposits” and TRY 82,014,820 “CBRT Currency Protected Deposits”.

**1.1. Information on savings deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund <sup>(\*)</sup>**

|   | Covered by<br>Deposit Insurance Fund |                   | Exceeding the<br>Deposit Insurance Limit |                    |
|---|--------------------------------------|-------------------|--|--------------------|
|   | Current Period                       | Prior Period      | Current Period                           | Prior Period       |
| Saving Deposits   | 37,151,976                           | 55,175,426        | 231,112,089                              | 179,366,796        |
| Foreign Currency Savings Deposits                           | 22,820,698                           | 29,307,602        | 128,743,318                              | 118,687,523        |
| Other Saving Deposits                                       | -                                    | -                 | -  | -                  |
| Foreign Branches' Deposits Under Foreign Insurance Coverage | -                                    | -                 | -  | -                  |
| Off-Shore Deposits Under Foreign Insurance Coverage         | -                                    | -                 | -  | -                  |
| <b>Total</b>  | <b>59,972,674</b>                    | <b>84,483,028</b> | <b>359,855,407</b>                       | <b>298,054,319</b> |

<sup>(\*)</sup> With the amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums Collected by The Savings Deposit Insurance Fund published in the Official Gazette dated August 27, 2022 and No. 31936, all deposits and participation funds in credit institutions, other than those belonging to official institutions, credit institutions and financial institutions, started to be insured. In this context, commercial deposits covered by insurance amount to TRY 4,717,417 (December 31, 2022 – TRY 9,717,740) is included in the footnote.

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Disclosures Related to Consolidated Liabilities (Continued)****1. Information on maturity structure of deposits (Continued)****1.2. Savings deposits in Türkiye are not covered under insurance in another country since headquarter of the Group is not located abroad.****1.3. Savings deposits which are not under the guarantee of saving deposit insurance fund**

|   | Current Period | Prior Period   |
|---|----------------|----------------|
| Deposits and accounts in branches abroad  | 9,542          | 9,181          |
| Deposits of ultimate shareholders and their close family members  | -              | -              |
| Deposits of chairman and members of the Board of Directors and their close family members   | 579,320        | 515,786        |
| Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the Turkish Criminal Code No. 5237 dated September 26, 2004. | -              | -              |
| Saving deposits in banks established in Türkiye exclusively for off-shore banking activities  | -              | -              |
| <b>Total</b>  | <b>588,862</b> | <b>524,967</b> |

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

|              | Current Period   |                  | Prior Period     |                  |
|--------------|------------------|------------------|------------------|------------------|
|              | TRY              | FC               | TRY              | FC               |
| Forwards     | 608,048          | 19,812           | 421,525          | 11,658           |
| Swaps        | 1,908,544        | 2,093,023        | 2,556,751        | 2,087,711        |
| Futures      | -                | 4,209            | -                | -                |
| Options      | 1,393            | 123,661          | 30,387           | 483,367          |
| Other        | -                | -                | -                | -                |
| <b>Total</b> | <b>2,517,985</b> | <b>2,240,705</b> | <b>3,008,663</b> | <b>2,582,736</b> |

**3. Information on borrowings****a) Negative differences table for derivative financial liabilities held for trading**

|                                       | Current Period   |                   | Prior Period     |                   |
|---------------------------------------|------------------|-------------------|------------------|-------------------|
|                                       | TRY              | FC                | TRY              | FC                |
| T.R. Central Bank Loans               | -                | -                 | -                | -                 |
| Domestic Banks and Institutions       | 6,531,479        | 2,003,650         | 5,775,489        | 1,963,023         |
| Foreign Banks, Institutions and Funds | 880,825          | 51,935,752        | 420,765          | 47,058,080        |
| <b>Total</b>                          | <b>7,412,304</b> | <b>53,939,402</b> | <b>6,196,254</b> | <b>49,021,103</b> |

**b) Information on maturity structure of borrowings**

|                      | Current Period   |                   | Prior Period     |                   |
|----------------------|------------------|-------------------|------------------|-------------------|
|                      | TRY              | FC                | TRY              | FC                |
| Short-Term           | 6,564,857        | 16,566,945        | 5,519,452        | 15,617,892        |
| Medium and Long-Term | 847,447          | 37,372,457        | 676,802          | 33,403,211        |
| <b>Total</b>         | <b>7,412,304</b> | <b>53,939,402</b> | <b>6,196,254</b> | <b>49,021,103</b> |

The Parent Bank's fund sources include deposits, funds borrowed, securities issued and money market borrowings. Deposit is the most significant fund source of the Parent 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 Parent Bank.

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Disclosures Related to Consolidated Liabilities (Continued)****3. Information on borrowings (Continued)****c) Additional information on concentrations of the Group's liabilities**

As of March 31, 2023, the Group's liabilities comprise; 65% deposits (December 31, 2022 – 63%), 9% funds borrowed (December 31, 2022 – 9%), 4% issued bonds (December 31, 2022 – 4%) and 3% money market debts (December 31, 2022 – 5%).

**4. Information on funds provided under repurchase agreements**

|  | Current Period   |                   | Prior Period     |                   |
|--|------------------|-------------------|------------------|-------------------|
|  | TRY              | FC                | TRY              | FC                |
| <b>From domestic transactions</b>        | <b>7,082,163</b> | -                 | <b>1,165,878</b> | -                 |
| Financial institutions and organizations | 7,056,140        | -                 | 1,149,893        | -                 |
| Other institutions and organizations     | 12,422           | -                 | 8,772            | -                 |
| Real persons                             | 13,601           | -                 | 7,213            | -                 |
| <b>From foreign transactions</b>         | <b>196,960</b>   | <b>13,101,609</b> | <b>178,955</b>   | <b>21,733,804</b> |
| Financial institutions and organizations | 171,979          | 13,101,609        | 169,856          | 13,970,191        |
| Other institutions and organizations     | 23,600           | -                 | 9,099            | 181,991           |
| Real persons                             | 1,381            | -                 | -                | 7,581,622         |
| <b>Total</b>                             | <b>7,279,123</b> | <b>13,101,609</b> | <b>1,344,833</b> | <b>21,733,804</b> |

**5. Information on marketable securities issued (Net)**

|                         | Current Period   |                   | Prior Period     |                   |
|-------------------------|------------------|-------------------|------------------|-------------------|
|                         | TRY              | FC                | TRY              | FC                |
| Bank Bonds              | 2,082,748        | 6,161,825         | 8,401,709        | 5,911,335         |
| Asset backed securities | 367,070          | -                 | 330,878          | -                 |
| Bills                   | -                | 15,305,522        | -                | 17,372,987        |
| <b>Total</b>            | <b>2,449,818</b> | <b>21,467,347</b> | <b>8,732,587</b> | <b>23,284,322</b> |

The Parent 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. Information on the subaccounts of other liabilities account that exceeds 20% of the individual other liabilities account exceeding 10% of the total liabilities excluding the off-balance sheet items**

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

**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 flows of the Group are the main criteria which are taken into consideration for the determination of payment plans in the leasing contracts.

**7.1. Explanations of changes in agreements and further commitments arising**

No changes have been made to the leasing agreements in the current period (December 31, 2022 – None).

**7.2. Explanations on financial lease liabilities**

The leasing balances between the Parent Bank and the subsidiaries have been eliminated as part of the consolidation principles.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Disclosures Related to Consolidated 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 (Continued)****7.2. Explanations on financial lease liabilities**

|                   | Current Period |                | Prior Period   |                |
|-------------------|----------------|----------------|----------------|----------------|
|                   | Gross          | Net            | Gross          | Net            |
| Less than 1 year  | 43,483         | 24,236         | 39,077         | 13,515         |
| Between 1-4 years | 921,880        | 784,984        | 868,095        | 728,013        |
| More than 4 years | 265            | 203            | 174            | 94             |
| <b>Total</b>      | <b>965,628</b> | <b>809,423</b> | <b>907,346</b> | <b>741,622</b> |

**7.3. Explanations and notes on financial lease**

The Parent 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 Parent Bank does non sale-and-lease back transactions in the current period (December 31, 2022 - None).

**8. Information on the hedging derivative financial liabilities**

|                                 | Current Period <sup>(***)</sup> |                  | Prior Period |                  |
|---------------------------------|---------------------------------|------------------|--------------|------------------|
|                                 | TRY                             | FC               | TRY          | FC               |
| Fair Value Hedge <sup>(*)</sup> | -                               | 691,728          | -            | 678,201          |
| Cash Flow Hedge <sup>(**)</sup> | 4,077                           | 456,684          | -            | 445,388          |
| Net Investment Hedge            | -                               | -                | -            | -                |
| <b>Total</b>                    | <b>4,077</b>                    | <b>1,148,412</b> | <b>-</b>     | <b>1,123,589</b> |

<sup>(\*)</sup> Derivative financial instruments for fair value hedging consist of swaps. As of March 31, 2023, TRY 202,157 (December 31, 2022 – TRY 136,028) of securities, TRY 216,111 (December 31, 2022 – TRY 227,293) of securities issued, TRY 273,461 of loans received (December 31, 2022 – TRY 314,881) represent the fair value of derivative financial instruments for fair value hedging purposes.

<sup>(\*\*)</sup> It represents the fair value of derivative financial instruments for cash flow hedging of deposits and floating rate borrowings.

<sup>(\*\*\*)</sup> Derivative financial liabilities for Fair Value Hedge are shown in line 7.1 in the financial statements, and derivative financial liabilities for Cash Flow Hedges are shown in line 7.2 of financial statements.

**9. Information on provisions****9.1 Information on provision related with foreign currency difference of foreign indexed loans**

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Foreign Exchange Provision for Foreign Currency Indexed Loans <sup>(*)</sup> | -              | -            |

<sup>(\*)</sup> 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 provisions for non-cash loans**

|              | Current Period   | Prior Period   |
|--------------|------------------|----------------|
| Stage I      | 922,153          | 544,980        |
| Stage II     | 35,525           | 24,102         |
| Stage III    | 54,648           | 55,641         |
| <b>Total</b> | <b>1,012,326</b> | <b>624,723</b> |

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Disclosures Related to Consolidated Liabilities (Continued)****9. Information on provisions (Continued)****9.3. Information on reserve for employee rights**

The Group calculated the provision for employee benefits using the actuarial valuation method specified in the TAS 19 and reflected it in its financial statements.

As of March 31, 2023, the Group presented the provision for severance pay of TRY 1,005,340 (December 31, 2022 – TRY 1,200,277) under the “Reserves for Employee Benefits” item in its financial statements.

As of March 31, 2023, the Group has shown a total vacation liability of TRY 190,373 (December 31, 2022 – TRY 145,545) under the “Reserves for Employee Benefits” in its financial statements.

As of March 31, 2023, TRY 732,382 (December 31, 2022 – TRY 1,250,950) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the “Reserves for Employee Benefits” in its financial statements.

**9.3.1 Movement of employee termination benefits**

|   | <b>Current Period</b>   | <b>Prior Period</b>     |
|---|-------------------------|-------------------------|
|   | <b>01.01-31.03.2023</b> | <b>01.01-31.03.2022</b> |
| As of January 1                         | 1,200,277               | 489,568                 |
| Impact of business combinations         | 30,276                  | -                       |
| Service cost                            | 35,824                  | 16,448                  |
| Interest cost                           | 31,368                  | 24,332                  |
| Settlement/curtailment/termination loss | 753                     | 6,177                   |
| Actuarial differences                   | 49,666                  | (4,049)                 |
| Paid during the period                  | (342,824)               | (21,776)                |
| <b>Total</b>                            | <b>1,005,340</b>        | <b>510,700</b>          |

**9.4. Information on other provisions**

Except for those mentioned in note 9.3 above, there is a provision for lawsuits against the Group and tax lawsuits in the amount of TRY 283,510 (December 31, 2022 – TRY 475,524) in other provisions. The Parent Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

In the consolidated financial statements prepared as of March 31, 2023, other provisions include a free provision of TRY 6,000,000, of which TRY 600,000 is allocated in the current period and TRY 5,400,000 in the previous period, which are not the requirements of the BRSA's Accounting and Financial Reporting Legislation.

**10. Explanations on tax liabilities****10.1 Information on current tax liability****10.1.1 Information on tax provision**

The Group has reflected the current tax liability and prepaid tax amounts to the consolidated financial statements by offsetting the balances in the financial statements of the consolidated subsidiaries separately. As a result of offsetting, there is a tax liability of TRY 5,497,898 (December 31, 2022 - TRY 3,167,083) and a current tax receivable of TRY 110,204 (December 31, 2022 - TRY 101,935) in the accompanying consolidated financial statements, and as of March 31, 2023, there is prepaid tax amounting to TRY 364,064 (31 December 2022 – TRY 323,601).

**10.1.2. Information on taxes payable**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Corporate Taxes Payable                      | 5,133,834             | 2,843,483           |
| Banking and Insurance Transaction Tax (BITT) | 438,837               | 386,347             |
| Taxation on Securities Income                | 179,854               | 97,627              |
| Taxation on Real Estates Income              | 12,443                | 5,444               |
| VAT Payable                                  | 683                   | 103                 |
| Other  | 220,560               | 152,517             |
| <b>Total</b>                                 | <b>5,986,211</b>      | <b>3,485,521</b>    |

The Group presents The “Corporate Taxes Payable” balance in the “Current Tax Liability” account and other taxes are presented in the “Other Liabilities” account in the accompanying consolidated financial statements.

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

**II. Explanations and Disclosures Related to Consolidated Liabilities (Continued)**

**10. Explanations on tax liabilities (Continued)**

**10.1.3. Information on premium payables**

|  | Current Period | Prior Period   |
|--|----------------|----------------|
| Social Security Premiums - Employee Share        | 54,251         | 49,995         |
| Social Security Premiums - Employer Share        | 67,533         | 57,705         |
| Pension Fund Fee and Provisions – Employee Share | 130            | 68             |
| Pension Fund Fee and Provisions – Employer Share | 426            | 223            |
| Unemployment Insurance - Employee Share          | 3,710          | 3,514          |
| Unemployment Insurance - Employer Share          | 7,420          | 7,031          |
| Other  | 198            | 61             |
| <b>Total</b>                                     | <b>133,668</b> | <b>118,597</b> |

**11. Information on payables related to assets held for sale**

None (December 31, 2022 - None).

**12. Information on subordinated loans**

|   | Current Period |                   | Prior Period |                   |
|---|----------------|-------------------|--------------|-------------------|
|   | TRY            | FC                | TRY          | FC                |
| <b>Debt Instruments subject to common equity</b>        | -              | <b>10,300,518</b> | -            | <b>9,826,193</b>  |
| Subordinated Loans                                      | -              | 10,300,518        | -            | 9,826,193         |
| Subordinated Debt Instruments                           | -              | -                 | -            | -                 |
| <b>Debt Instruments subject to tier 2 common equity</b> | -              | <b>7,635,177</b>  | -            | <b>7,301,531</b>  |
| Subordinated Loans                                      | -              | 7,635,177         | -            | 7,301,531         |
| Subordinated Debt Instruments                           | -              | -                 | -            | -                 |
| <b>Total</b>  | -              | <b>17,935,695</b> | -            | <b>17,127,724</b> |

**13. Information on shareholder's equity**

**13.1. Presentation of paid-in capital**

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

**13.2. Amount of paid-in capital, explanations as to whether the registered share capital system is applied, if so the amount of registered share capital ceiling**

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

**13.3. Capital increases and sources in the current period and other information based on increased capital shares**

None (December 31, 2022 – None).

**13.4. Information on share capital increases from revaluation fund during the current period**

None (December 31, 2022 – None)

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****II. Explanations and Disclosures Related to Consolidated Liabilities (Continued)****13. Information on shareholder's equity (Continued)****13.5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period**

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

**13.6. Information on prior period's indicators on the Bank's income, profitability and liquidity, and possible effects of these future assumptions on the Bank's equity due to uncertainties of these indicators**

None (December 31, 2022 – None).

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

None (December 31, 2022 – 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 <sup>(*)</sup> | 714            | 714          |
| Common Stock Withdrawal Profits            | -              | -            |

<sup>(\*)</sup> Due to the Parent Bank's capital increase at the prior periods, common stock issue premium accounted amounting to TRY 714.

**15. Information on marketable securities value increase fund**

|  | Current Period   |                    | Prior Period     |                    |
|--|------------------|--------------------|------------------|--------------------|
|  | TRY              | FC                 | TRY              | FC                 |
| Associates, Subsidiaries and Entities under Common Control   | 47,699           | -                  | 81,784           | -                  |
| Valuation Differences  | -                | -                  | 41,812           | -                  |
| Foreign Exchange Rate Differences                            | 47,699           | -                  | 39,972           | -                  |
| Securities Measured at FV Through Other Comprehensive Income | 2,395,048        | (1,881,806)        | 3,616,031        | (1,846,032)        |
| Valuation Differences  | 2,395,048        | (1,881,806)        | 3,616,031        | (1,846,032)        |
| Foreign Exchange Rate Differences                            | -                | -                  | -                | -                  |
| <b>Total</b>   | <b>2,442,747</b> | <b>(1,881,806)</b> | <b>3,697,815</b> | <b>(1,846,032)</b> |

**16. Information on 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 | 2,522,062        | 3,389,117        | 3,008,663        | 3,706,325        |
| Deposits                         | 3,203,102        | 221,870          | 2,984,266        | 250,152          |
| Funds Borrowed                   | 158,810          | 1,074,537        | 93,425           | 505,155          |
| Money Market Borrowings          | 25,609           | 206,751          | 2,767            | 139,542          |
| Issued Securities                | 7,766            | 136,546          | 24,714           | 400,290          |
| Other Accruals                   | 1,502,963        | 655,880          | 1,307,501        | 368,615          |
| <b>Total</b>                     | <b>7,420,312</b> | <b>5,684,701</b> | <b>7,421,336</b> | <b>5,370,079</b> |

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

**III. Explanations and Disclosures Related to Consolidated Off-Balance Sheet Items**

**1. Explanations on off-balance-sheet-commitments**

**1.1. Type and amount of irrevocable commitments**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Credit Cards Limit Commitments  | 175,878,695           | 111,928,372         |
| Commitment For Use Guaranteed Credit Allocation                             | 53,543,927            | 47,345,675          |
| Payment Commitments for Cheques   | 18,604,569            | 14,849,695          |
| Forward Asset Purchase Commitments  | 6,936,876             | 17,048,935          |
| Other Irrevocable Commitments   | 6,145,526             | 3,895,823           |
| Commitments for Promotions Related with Credit Cards and Banking Activities | 130,985               | 109,533             |
| Tax and Fund Liabilities due to Export Commitments                          | 166,396               | 118,666             |
| <b>Total</b>  | <b>261,406,974</b>    | <b>195,296,699</b>  |

**1.2. Type and amount of probable losses and obligations arising from off-balance sheet items**

A provision of TRY 1,012,326 (December 31, 2022 – TRY 624,723) has been made for non-compensated and non-cash loans or expected loan losses on off-balance sheet loans.

**1.3. Non-cash loans including guarantees, bank acceptance loans, collaterals that are accepted as financial guarantees and other letter of credits**

|                            | <b>Current Period</b> | <b>Prior Period</b> |
|----------------------------|-----------------------|---------------------|
| Bank Loans                 | 14,860,367            | 13,724,618          |
| Other Letters of Guarantee | 8,803,355             | 5,848,676           |
| <b>Total</b>               | <b>23,663,722</b>     | <b>19,573,294</b>   |

**1.4. Guarantees, suretyships and other similar transactions**

|   | <b>Current Period</b> | <b>Prior Period</b> |
|---|-----------------------|---------------------|
| Provisional Letters of Guarantee              | 18,604,319            | 17,059,240          |
| Final Letters of Guarantee                    | 7,686,312             | 7,239,998           |
| Advance Letters of Guarantee                  | 1,020,235             | 1,327,806           |
| Letters of Guarantee Given to Customs Offices | 1,104,460             | 1,073,138           |
| Other Letters of Guarantee                    | 21,454,973            | 18,920,224          |
| <b>Total</b>                                  | <b>49,870,299</b>     | <b>45,620,406</b>   |

**2. Total amount of non-cash loans**

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| <b>Non-Cash Loans granted for Obtaining Cash Loans</b> | <b>9,176,092</b>      | <b>7,483,761</b>    |
| Less Than or Equal to One Year with Original Maturity  | 906,510               | 578,172             |
| More Than One Year with Original Maturity              | 8,269,582             | 6,905,589           |
| <b>Other Non-Cash Loans</b>                            | <b>64,357,929</b>     | <b>57,709,939</b>   |
| <b>Total</b>   | <b>73,534,021</b>     | <b>65,193,700</b>   |



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

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

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

|                                   | Current Period    |               |                   |               | Prior Period      |               |                   |               |
|-----------------------------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|-------------------|---------------|
|                                   | TRY               | %             | TRY               | %             | TRY               | %             | TRY               | %             |
| <b>Agricultural</b>               | <b>201,942</b>    | <b>0.56</b>   | <b>625</b>        | <b>0.00</b>   | <b>165,630</b>    | <b>0.56</b>   | <b>596</b>        | <b>0.00</b>   |
| Farming and Raising Livestock     | 127,076           | 0.35          | 625               | 0.00          | 79,656            | 0.27          | 596               | 0.00          |
| Forestry                          | 33,468            | 0.09          | -                 | -             | 45,255            | 0.15          | -                 | -             |
| Fishing                           | 41,398            | 0.12          | -                 | -             | 40,719            | 0.14          | -                 | -             |
| <b>Manufacturing</b>              | <b>13,271,737</b> | <b>36.98</b>  | <b>21,525,288</b> | <b>57.19</b>  | <b>10,058,694</b> | <b>33.92</b>  | <b>18,219,721</b> | <b>51.27</b>  |
| Mining and Quarrying              | 176,825           | 0.49          | 27,139            | 0.07          | 161,862           | 0.55          | 33,296            | 0.09          |
| Production                        | 12,662,415        | 35.29         | 21,157,547        | 56.22         | 9,498,871         | 32.03         | 17,910,743        | 50.40         |
| Electricity, gas and water        | 432,497           | 1.20          | 340,602           | 0.90          | 397,961           | 1.34          | 275,682           | 0.78          |
| <b>Construction</b>               | <b>6,596,835</b>  | <b>18.38</b>  | <b>6,295,055</b>  | <b>16.72</b>  | <b>6,222,108</b>  | <b>20.98</b>  | <b>6,167,027</b>  | <b>17.35</b>  |
| <b>Services</b>                   | <b>15,398,617</b> | <b>42.90</b>  | <b>9,289,002</b>  | <b>24.68</b>  | <b>12,797,899</b> | <b>43.16</b>  | <b>10,669,011</b> | <b>30.01</b>  |
| Wholesale and Retail Trade        | 10,544,087        | 29.37         | 3,729,184         | 9.90          | 8,726,222         | 29.43         | 4,304,979         | 12.11         |
| Hotel, Food and Beverage Services | 905,419           | 2.52          | 643,396           | 1.71          | 609,706           | 2.06          | 1,135,063         | 3.19          |
| Transportation&Communication      | 721,657           | 2.01          | 1,294,617         | 3.44          | 713,008           | 2.40          | 842,222           | 2.37          |
| Financial Institutions            | 2,073,112         | 5.78          | 2,853,100         | 7.58          | 1,614,311         | 5.44          | 3,808,729         | 10.72         |
| Real Estate and Renting Services  | 81,963            | 0.23          | 37,067            | 0.10          | 89,435            | 0.30          | 20,669            | 0.06          |
| Self Employment Services          | 662,252           | 1.85          | 540,416           | 1.44          | 583,415           | 1.97          | 417,290           | 1.17          |
| Educational Services              | 24,996            | 0.07          | -                 | -             | 31,168            | 0.11          | -                 | -             |
| Health and Social Services        | 385,131           | 1.07          | 191,222           | 0.51          | 430,634           | 1.45          | 140,059           | 0.39          |
| <b>Other</b>                      | <b>423,780</b>    | <b>1.18</b>   | <b>531,140</b>    | <b>1.41</b>   | <b>411,250</b>    | <b>1.38</b>   | <b>481,764</b>    | <b>1.37</b>   |
| <b>Total</b>                      | <b>35,892,911</b> | <b>100.00</b> | <b>37,641,110</b> | <b>100.00</b> | <b>29,655,581</b> | <b>100.00</b> | <b>35,538,119</b> | <b>100.00</b> |

**4. Information on non-cash loans classified under group I and II**

| Current Period (*)                        | I. Group          |                   | II. Group      |                |
|---|-------------------|-------------------|----------------|----------------|
|   | TRY               | FC                | TRY            | FC             |
| Letters of Guarantee                      | 29,995,835        | 19,001,051        | 482,906        | 335,859        |
| Bill of Exchange and Acceptances          | 5,261,796         | 9,537,571         | 61,000         | -              |
| Letters of Credit                         | 36,541            | 8,766,517         | 185            | 112            |
| Endorsements                              | -                 | -                 | -              | -              |
| Purchase Guarantees for Securities Issued | -                 | -                 | -              | -              |
| Factoring Related Guarantees              | -                 | -                 | -              | -              |
| Other Collaterals and Sureties            | -                 | -                 | -              | -              |
| <b>Non-cash Loans</b>                     | <b>35,294,172</b> | <b>37,305,139</b> | <b>544,091</b> | <b>335,971</b> |

(\*) The amount of TRY 54,648 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.

| Prior Period (*)                          | I. Group          |                   | II. Group      |                |
|---|-------------------|-------------------|----------------|----------------|
|   | TRY               | FC                | TRY            | FC             |
| Letters of Guarantee                      | 25,165,547        | 19,889,615        | 367,838        | 141,765        |
| Bill of Exchange and Acceptances          | 3,970,331         | 9,694,144         | 58,000         | 2,143          |
| Letters of Credit                         | 38,039            | 5,809,183         | 185            | 1,269          |
| Endorsements                              | -                 | -                 | -              | -              |
| Purchase Guarantees for Securities Issued | -                 | -                 | -              | -              |
| Factoring Related Guarantees              | -                 | -                 | -              | -              |
| Other Collaterals and Sureties            | -                 | -                 | -              | -              |
| <b>Non-cash Loans</b>                     | <b>29,173,917</b> | <b>35,392,942</b> | <b>426,023</b> | <b>145,177</b> |

(\*) The amount of TRY 55,641 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**5. Information on derivative financial instruments**

|   | Current Period     | Prior Period       |
|---|--------------------|--------------------|
| <b>Types of trading transactions</b>                        |                    |                    |
| <b>Foreign Currency Related Derivative Transactions (I)</b> | <b>325,273,425</b> | <b>440,539,601</b> |
| Forward transactions <sup>(*)</sup>                         | 50,793,986         | 45,212,064         |
| Swap transactions   | 251,972,932        | 276,267,320        |
| Futures transactions  | 3,906,053          | 1,618,208          |
| Option transactions   | 18,600,454         | 117,442,009        |
| <b>Interest Related Derivative Transactions (II)</b>        | <b>166,883,748</b> | <b>159,791,156</b> |
| Forward rate transactions                                   | -                  | -                  |
| Interest rate swap transactions                             | 162,092,224        | 156,221,134        |
| Interest option transactions                                | -                  | -                  |
| Futures interest transactions                               | 4,791,524          | 3,570,022          |
| Security option transactions                                | -                  | -                  |
| <b>Other trading derivative transactions (III)</b>          | <b>2,106,852</b>   | <b>2,056,626</b>   |
| <b>A, Total Trading Derivative Transactions (I+II+III)</b>  | <b>494,264,025</b> | <b>602,387,383</b> |
| <b>Types of hedging transactions</b>                        |                    |                    |
| Fair value hedges   | 28,494,965         | 42,894,666         |
| Cash flow hedges  | 101,227,850        | 107,912,819        |
| Net investment hedges                                       | -                  | -                  |
| <b>B, Total Hedging Related Derivatives</b>                 | <b>129,722,815</b> | <b>150,807,485</b> |
| <b>Total Derivative Transactions (A+B)</b>                  | <b>623,986,840</b> | <b>753,194,868</b> |

<sup>(\*)</sup> This line also includes Forward Asset Purchase Commitments accounted for under Commitments.

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

|                           | Forward<br>Buy <sup>(**)</sup> | Forward<br>Sell <sup>(**)</sup> | Swap Buy<br>(*)    | Swap Sell<br>(*)   | Option<br>Buy    | Option<br>Sell   | Futures<br>Buy  | Futures<br>Sell  | Other            |
|---------------------------|--------------------------------|---------------------------------|--------------------|--------------------|------------------|------------------|-----------------|------------------|------------------|
| <b>Current<br/>Period</b> |                                |                                 |                    |                    |                  |                  |                 |                  |                  |
| TRY                       | 15,808,094                     | 2,040,609                       | 24,720,742         | 77,235,370         | 5,959,254        | 2,780,911        | 1,766,386       | 107,315          | -                |
| USD                       | 4,458,130                      | 18,126,490                      | 191,408,618        | 114,529,113        | 2,710,500        | 4,902,351        | 2,499,668       | 4,115,758        | 2,106,852        |
| Euro                      | 5,357,491                      | 3,044,671                       | 31,722,189         | 76,140,490         | 818,136          | 1,416,784        | 104,225         | 104,225          | -                |
| Other                     | 231,030                        | 1,727,471                       | 27,965,021         | 66,428             | -                | 12,518           | -               | -                | -                |
| <b>Total</b>              | <b>25,854,745</b>              | <b>24,939,241</b>               | <b>275,816,570</b> | <b>267,971,401</b> | <b>9,487,890</b> | <b>9,112,564</b> | <b>4,37,279</b> | <b>4,327,298</b> | <b>2,106,852</b> |

<sup>(\*)</sup> This column also includes hedging purpose derivatives.

<sup>(\*\*)</sup> This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

|                         | Forward<br>Buy <sup>(**)</sup> | Forward<br>Sell <sup>(**)</sup> | Swap Buy<br>(*)    | Swap Sell<br>(*)   | Option<br>Buy     | Option<br>Sell    | Futures<br>Buy   | Futures<br>Sell  | Other            |
|-------------------------|--------------------------------|---------------------------------|--------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|
| <b>Prior<br/>Period</b> |                                |                                 |                    |                    |                   |                   |                  |                  |                  |
| TRY                     | 13,715,428                     | 846,945                         | 32,777,465         | 94,975,499         | 45,910,391        | 12,799,328        | -                | 825,285          | -                |
| USD                     | 3,300,933                      | 17,975,259                      | 211,798,828        | 116,675,752        | 11,634,673        | 36,843,573        | 2,577,934        | 1,785,011        | 2,056,626        |
| Euro                    | 4,944,415                      | 2,287,495                       | 26,313,609         | 72,342,218         | 1,684,385         | 7,378,288         | -                | -                | -                |
| Other                   | 369,698                        | 1,771,891                       | 28,032,608         | 379,960            | 3,729             | 1,187,642         | -                | -                | -                |
| <b>Total</b>            | <b>22,330,474</b>              | <b>22,881,590</b>               | <b>298,922,510</b> | <b>284,373,429</b> | <b>59,233,178</b> | <b>58,208,831</b> | <b>2,577,934</b> | <b>2,610,296</b> | <b>2,056,626</b> |

<sup>(\*)</sup> This column also includes hedging purpose derivatives.

<sup>(\*\*)</sup> This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

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

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

**5. Information on derivative financial instruments (Continued)**

**5.1. Fair value hedge accounting**

**a) Loans**

The Parent 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 2,015,503 (December 31, 2022 – TRY 2,113,014) were subject to hedge accounting by swaps with a nominal amount of TRY 1,765,168 (December 31, 2022 – TRY 4,808,155). On March 31, 2023, the net market valuation difference loss of TRY 15,262 arising from TRY 14,356 loss from the aforementioned loans (December 31, 2022 – TRY 196,115 gain) and TRY 725 loss from swaps (December 31, 2022 – TRY 301,175 loss), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest rate swaps in order to protect itself from interest rate changes in relation to its fixed rate foreign currency lease transactions. As of the balance sheet date, swaps amounting to TRY 39,854 have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference expense amounting to TRY 169 before tax was recognized in the financial statements as “Profit/Loss from Derivative Financial Transactions”.

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. The Bank has booked the valuation effect amounting to TRY 26,089 (December 31, 2022 TRY 67,268 gain) related to the loans that are ineffective for hedge accounting under “gain/(loss) from financial derivatives transactions” as gain during the current period.

Similarly; Subsidiary QNB Finans Finansal Kiralama A.Ş. has no valuation effect arising from the financial leasing transactions whose hedge accounting effectiveness has deteriorated, in the current period (December 31, 2022 – TRY 35) in the “Gains/Losses From Financial Derivatives Transactions”.

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

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As of the balance sheet date; Eurobonds with a nominal of USD 259,023 million (December 31, 2022 – USD 259,315 million and EUR 44 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On March 31, 2023, the net market valuation difference loss amounting to TRY 3,936 due to gain from Eurobonds amounting to TRY 129,563 (December 31, 2022 – TRY 844,795 loss) and loss from swaps amounting to TRY 125,627 (December 31, 2022 – TRY 839,160 gain) is accounted for under “gain/(loss) from financial derivatives transactions” line in the accompanying financial statements.

The Parent Bank does not apply fair value hedge on TRY government bonds in the current period (December 31, 2022 – None).

**c) Marketable securities issued**

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 330 million (December 31, 2022 – USD 330 million) have been subject to hedge accounting with the same nominal amount of swaps. As of March 31, 2023, TRY 3,524 net fair valuation difference gain, due to net of TRY 33,982 (December 31, 2022 – TRY 417,088 gain) loss from issued bonds and TRY 37,506 (December 31, 2022 – TRY 414,503 loss) gain from swaps, has been recorded under “Gain/(loss) from financial derivatives transactions” on accompanying financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**5. Information on derivative financial instruments (Continued)**

**5.1. Fair value hedge accounting (Continued)**

**d) Borrowings**

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TRY loans. As of the balance sheet date, swaps amounting to TRY 321,420 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference loss amounting to TRY 482 before tax was recognized in the financial statements as “Profit/Loss from Derivative Financial Transactions”.

**5.2. Cash flow hedge accounting**

**a) Floating Rate Loans**

The Parent Bank is subject to cash flow hedge accounting through interest swaps in order to protect a certain part of its long term floating interest rate loans from changes in market interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the “Hedge Funds” account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the statement of profit or loss and other comprehensive income.

In this context; as of the balance sheet date, swaps with a nominal amount of TRY 3,622 Million (December 31, 2022 – TRY 5,472 Million) regarding the floating rate TRY loans extended by the Bank are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value gain before tax amounting to TRY 104,363 (December 31, 2022 – TRY 330,708 gain) has been accounted for under equity in the current period. The gain amounting to TRY 118 related to the ineffective portion is associated with the profit or loss statement (December 31, 2022 – TRY 75 gain).

On the other hand; as of the balance sheet date, swaps with a nominal amount of USD 525 Million (December 31, 2022 – USD 525 Million) regarding the floating rate FX loans extended by the Bank are subject to hedge accounting as a hedging instrument. As a result of the said hedge accounting, fair value gain before tax amounting to TRY 74,085 (December 31, 2022 – TRY 572,313 loss) has been accounted for under equity in the current period. The loss of the ineffective portion amounting to TRY 50 is associated with the statement of profit or loss (December 31, 2022 – TRY 4 loss).

**b) Deposit**

The Parent 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 of 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Parent 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, 2022 – TRY 50,000). As a result of the mentioned hedge accounting, fair value loss before taxes amounting to TRY 35 are accounted for under equity during the current period (December 31, 2022 – TRY 2,192 loss). There is no ineffective portion in the mentioned hedge accounting transaction (December 31, 2022- None).

As of the balance sheet date, swaps with a nominal amount of USD 1,356 Million (December 31, 2022 – USD 1,621 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 124 Million (December 31, 2022 – EUR 114 Million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value loss before taxes amounting to TRY 318,619 (December 31, 2022 – TRY 2,123,518 gain) are accounted under equity during the current period. The loss amounting to TRY 2,943 (December 31, 2022 – TRY 13,216 gain) relating to the ineffective portion is accounted under at the statement of profit or loss and other comprehensive income.

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

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

**5. Information on derivative financial instruments (Continued)**

**c) Floating Rate Liabilities**

The Parent Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with variable interest payments from changes in interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the “Hedge Funds” account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the statement of profit or loss and other comprehensive income. As of the balance sheet date, the nominal amount of USD 415 Million (December 31, 2022 - USD 423 Million) was subject to hedge accounting as hedging instrument. As a result of the mentioned hedge accounting, the fair value loss amounting to TRY 62,247 (December 31, 2022 - TRY 423,088 gain) before tax was recognized under equity. The gain amounting to TRY 4,976 related to the ineffective portion of the relevant transaction is associated with the statement of profit or loss.

On the other hand; accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to that the effective amounts classified under equity due to hedge accounting are reclassified into profit or loss as the reclassification adjustments during periods or periods when the estimated cash flows subject to hedging in case of deterioration of the event affect profit or loss (such as the periods when interest income or expense is accounted for). Due to hedge accounting practices terminated in the current year, a loss amounting to TRY 14,197 (December 31, 2022 - TRY 39,964) was transferred from the “Gain/losses from derivative transactions” to the statement of profit or loss and other comprehensive income.

When the cash flow hedge accounting cannot be maintained effectively as defined in TAS 39, the accounting practice is terminated. According to this; The valuation effects classified under equity due to hedge accounting are reflected in the profit or loss statement over the life of the hedged item. In this context; In the current period, a loss amounting to TRY 18,376 (December 31, 2022 - TRY 12,357 loss) has been transferred from shareholders' equity to the statement of profit or loss in relation to the hedge accounting practices that the Bank has terminated.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies cash flow hedge accounting by means of interest and currency swaps in order to protect itself from the changes in interest rates regarding the floating rate foreign currency loans and floating rate securities. The Company applies effectiveness tests for hedge accounting at each balance sheet date, the effective parts are accounted for in the “Hedging Funds” account item 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 amounting to TRY 1,027,567 are subject to hedge accounting. As a result of the aforementioned hedge accounting, in the current period, net market valuation difference income before tax amounting to TRY 3,223 has been accounted for under “Hedging Funds” account item in the consolidated financial statements (December 31, 2022 – TRY 2,147).

In the measurements made as of March 31, 2023, it has been determined that the above-mentioned cash flow hedging transactions are effective.

**6. Credit derivatives and risk exposures on credit derivatives**

As of March 31, 2023, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2022 - None).

As of March 31, 2023, “Other Derivative Financial Instruments” with nominal amount of USD 110,000,000 (December 31, 2022: 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 Parent Bank has recorded a provision of TRY 63,666 (December 31, 2022 – TRY 280,929) 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

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

The Parent 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 Parent Bank's rating by international rating institutions**

| <b>MOODY'S August 2022</b>                          |        | <b>FITCH July 2022</b>    |                  |
|---|--------|---------------------------|------------------|
| Long-Term Deposit Rating (FC)                       | B3     | Long -Term Foreign Curr.  | B- (Negative)    |
| Long-Term Deposit Rating (TRY)                      | B1     | Short-Term Foreign Curr.  | B                |
| Short-Term Deposit Rating (FC)                      | NP     | Long-Term TRY             | B (Negative)     |
| Short-Term Deposit Rating (TRY)                     | NP     | Short-Term TRY            | B                |
| Main Credit Evaluation                              | b3     | Long-Term National        | AA(tur) (Stable) |
| Adjusted Main Credit Evaluation                     | b1     | Support                   | b-               |
| Appearance  | Stable | Financial Capacity Rating | b-               |
| Long-Term Foreign Currency<br>Denominated Debt (FC) | B3     |                           |                  |

**IV. Explanations and Disclosures Related to Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**1. a) Information on interest income on loans**

|  | <b>Current Period</b> |                  | <b>Prior Period</b> |                  |
|--|-----------------------|------------------|---------------------|------------------|
|  | <b>TRY</b>            | <b>FC</b>        | <b>TRY</b>          | <b>FC</b>        |
| Short-Term Loans                           | 5,456,858             | 674,271          | 2,806,615           | 262,789          |
| Medium and Long-Term Loans                 | 5,693,974             | 1,501,837        | 2,702,747           | 903,768          |
| Non-Performing Loans                       | 185,482               | -                | 154,372             | -                |
| Resource Utilization Support Fund Premiums | -                     | -                | -                   | -                |
| <b>Total <sup>(*)</sup></b>                | <b>11,336,314</b>     | <b>2,176,108</b> | <b>5,663,734</b>    | <b>1,166,557</b> |

<sup>(\*)</sup> Includes fees and commissions income from cash loans

**b) Information on interest income from banks**

|                                   | <b>Current Period</b> |                | <b>Prior Period</b> |              |
|-----------------------------------|-----------------------|----------------|---------------------|--------------|
|                                   | <b>TRY</b>            | <b>FC</b>      | <b>TRY</b>          | <b>FC</b>    |
| T,R, Central Bank <sup>(*)</sup>  | -                     | -              | -                   | -            |
| Domestic Banks                    | 69,325                | 330            | 4,307               | 307          |
| Foreign Banks                     | 627                   | 102,122        | 38                  | 5,050        |
| Foreign Headquarters and Branches | -                     | -              | -                   | -            |
| <b>Total</b>                      | <b>69,952</b>         | <b>102,452</b> | <b>4,345</b>        | <b>5,357</b> |

<sup>(\*)</sup> The interest income on Required Reserve amounting TRY 169,783 excluded from interest income on Banks. (March 31, 2022 - TRY 111,494).

**c) Information on interest income on marketable securities**

|  | <b>Current Period</b> |                |
|--|-----------------------|----------------|
|  | <b>TRY</b>            | <b>FC</b>      |
| Financial Assets Measured at Fair Value through Profit/Loss                | 10,803                | 5,648          |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 1,337,970             | 170,878        |
| Financial Assets Measured at Amortized Cost                                | 3,399,949             | 279,199        |
| <b>Total</b>   | <b>4,748,722</b>      | <b>455,725</b> |
|  | <b>Prior Period</b>   |                |
|  | <b>TRY</b>            | <b>FC</b>      |
| Financial Assets Measured at Fair Value through Profit/Loss                | 14,110                | 895            |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | 574,053               | 166,040        |
| Financial Assets Measured at Amortized Cost                                | 1,424,149             | 246,849        |
| <b>Total</b>   | <b>2,012,312</b>      | <b>413,784</b> |

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

**IV. Explanations and Disclosures Related to Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)**

**c) Information on interest income on marketable securities (Continued)**

As stated in Section Three disclosure VII, the Parent Bank has inflation indexed (CPI) government bonds in its financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. In parallel with this, the Parent Bank determines the estimated inflation rate used in the valuation of the related securities. The estimated inflation rate used is updated during the year when deemed necessary. As of March 31, 2023, an annual rate of 35% has been taken into account for the estimated inflation rate used in the valuation of these securities. If the valuation of these CPI-indexed securities were made according to the reference index valid for March 31, 2023, the Parent Bank's securities valuation differences under shareholders' equity would have decreased by TRY 164,800 after tax, and the net profit for the period would have increased by TRY 820,500 to TRY 7,453,053.

**d) Information on interest income received from associates and subsidiaries**

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Interest income received from associates and subsidiaries | -              | -            |

**2. a) Information on interest expense on borrowings <sup>(\*)</sup>**

|                                   | Current Period |                  | Prior Period   |                |
|-----------------------------------|----------------|------------------|----------------|----------------|
|                                   | TRY            | FC               | TRY            | FC             |
| <b>Banks</b>                      | <b>203,647</b> | <b>1,178,735</b> | <b>167,883</b> | <b>538,569</b> |
| T.R. Central Bank                 | -              | -                | -              | -              |
| Domestic Banks                    | 174,266        | 61,629           | 158,085        | 30,190         |
| Foreign Banks                     | 29,381         | 1,117,106        | 9,798          | 508,379        |
| Foreign Headquarters and Branches | -              | -                | -              | -              |
| <b>Other Institutions</b>         | <b>-</b>       | <b>-</b>         | <b>-</b>       | <b>-</b>       |
| <b>Total</b>                      | <b>203,647</b> | <b>1,178,735</b> | <b>167,883</b> | <b>538,569</b> |

<sup>(\*)</sup> Includes fees and commissions expenses related to the cash loans.

**b) Information on interest expense paid to associates and subsidiaries**

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 172            | -            |

**c) Information on interest expense paid to securities issued**

As of March 31, 2023 the amount paid to securities issued is TRY 628,070 (March 31, 2022 – TRY 618,147).

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****IV. Explanations and Disclosures Related to Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)****d) Information on maturity structure of interest expenses on deposits**

| Current Period          |                 | Time Deposits |                |                |              |             |                 |            |  |
|-------------------------|-----------------|---------------|----------------|----------------|--------------|-------------|-----------------|------------|--|
|                         |                 |               |                |                |              |             | Accumulated     |            |  |
| Account Name            | Demand Deposits | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | Over 1 Year | Deposit Account | Total      |  |
| Turkish Lira            |                 |               |                |                |              |             |                 |            |  |
| Bank Deposits           | -               | 21,306        | 7,077          | -              | -            | -           | -               | 28,383     |  |
| Saving Deposits         | 18              | 1,686,819     | 2,587,625      | 2,848,227      | 99,198       | 85,873      | -               | 7,307,760  |  |
| Public Sector Deposits  | -               | 1,148         | 78             | -              | 2            | -           | -               | 1,228      |  |
| Commercial Deposits     | 17              | 1,086,233     | 1,019,860      | 613,469        | 202,473      | 136,701     | -               | 3,058,753  |  |
| Other Deposits          | -               | 16,830        | 115,596        | 22,681         | 11,456       | 1           | -               | 166,564    |  |
| 7 Days Call Accounts    | -               | -             | -              | -              | -            | -           | -               | -          |  |
| Total                   | 35              | 2,812,336     | 3,730,236      | 3,484,377      | 313,129      | 222,575     | -               | 10,562,688 |  |
| Foreign Currency        |                 |               |                |                |              |             |                 |            |  |
| Deposits                | 1               | 997           | 13,458         | 231,230        | 12,232       | 12,586      | -               | 270,504    |  |
| Bank Deposits           | 1,138           | 83,494        | 63,524         | 32,426         | 54,932       | -           | -               | 235,514    |  |
| 7 Days Call Accounts    | -               | -             | -              | -              | -            | -           | -               | -          |  |
| Precious Metal Deposits | -               | 774           | -              | -              | -            | -           | -               | 774        |  |
| Total                   | 1,139           | 85,265        | 76,982         | 263,656        | 67,164       | 12,586      | -               | 506,792    |  |
| Grand Total             | 1,174           | 2,897,601     | 3,807,218      | 3,748,033      | 380,293      | 235,161     | -               | 11,069,480 |  |

| Prior Period            |                 | Time Deposits |                |                |              |             |                 |           |  |
|-------------------------|-----------------|---------------|----------------|----------------|--------------|-------------|-----------------|-----------|--|
|                         |                 |               |                |                |              |             | Accumulated     |           |  |
| Account Name            | Demand Deposits | Up to 1 Month | Up to 3 Months | Up to 6 Months | Up to 1 Year | Over 1 Year | Deposit Account | Total     |  |
| Turkish Lira            |                 |               |                |                |              |             |                 |           |  |
| Bank Deposits           | -               | 37,856        | 40             | -              | -            | -           | -               | 37,896    |  |
| Saving Deposits         | 3               | 512,732       | 792,184        | 443,615        | 48,484       | 34,213      | -               | 1,831,231 |  |
| Public Sector Deposits  | -               | 369           | 1,097          | 27             | 26           | -           | -               | 1,519     |  |
| Commercial Deposits     | -               | 247,518       | 196,509        | 4,544          | 254,336      | 7,432       | -               | 710,339   |  |
| Other Deposits          | -               | 1,419         | 17,708         | 38             | 1,713        | 4           | -               | 20,882    |  |
| 7 Days Call Accounts    | -               | -             | -              | -              | -            | -           | -               | -         |  |
| Total                   | 3               | 799,894       | 1,007,538      | 448,224        | 304,559      | 41,649      | -               | 2,601,867 |  |
| Foreign Currency        |                 |               |                |                |              |             |                 |           |  |
| Deposits                | 2               | 21,422        | 89,849         | 23,398         | 5,064        | 13,487      | -               | 153,222   |  |
| Bank Deposits           | 6               | 8,166         | 4,588          | -              | -            | -           | -               | 12,760    |  |
| 7 Days Call Accounts    | -               | -             | -              | -              | -            | -           | -               | -         |  |
| Precious Metal Deposits | -               | 2,381         | -              | -              | -            | -           | -               | 2,381     |  |
| Total                   | 8               | 31,969        | 94,437         | 23,398         | 5,064        | 13,487      | -               | 168,363   |  |
| Grand Total             | 11              | 831,863       | 1,101,975      | 471,622        | 309,623      | 55,136      | -               | 2,770,230 |  |

**e) Information on interest expenses on repurchase agreements**

|   | Current Period |         | Prior Period |        |
|---|----------------|---------|--------------|--------|
|   | TRY            | FC      | TRY          | FC     |
| Interest Expenses on Repurchase Agreements <sup>(*)</sup> | 108,316        | 195,144 | 353,170      | 48,847 |

<sup>(\*)</sup> Disclosed in "Interest on Money Market Transactions".**f) Information on financial lease expenses**

|                  | Current Period | Prior Period |
|------------------|----------------|--------------|
| Leasing Expenses | 30,631         | 22,402       |

**g) Information on interest expenses on factoring payables**

None (March 31, 2022 – None)



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

**IV. Explanations and Disclosures Related to Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)**

**3. Information on dividend income**

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| Financial Assets at Fair Value Through Profit or Loss                      | 3,859          | 892           |
| Financial Assets Measured at Fair Value through Other Comprehensive Income | -              | -             |
| Other  | -              | 13,439        |
| <b>Total</b>   | <b>3,859</b>   | <b>14,331</b> |

**4. Information on trading income/loss**

|                                     | Current Period    | Prior Period     |
|-------------------------------------|-------------------|------------------|
| <b>Trading Gain</b>                 | <b>14,839,222</b> | <b>9,306,681</b> |
| Gain on Capital Market Transactions | 1,739,601         | 168,762          |
| From Derivative Transactions        | 5,369,888         | 2,475,264        |
| Foreign Exchange Gains              | 7,729,733         | 6,662,655        |
| <b>Trading Loss (-)</b>             | <b>11,249,048</b> | <b>9,676,879</b> |
| Losses on Capital Market Operations | 178,617           | 112,399          |
| From Derivative Transactions        | 4,898,462         | 4,067,632        |
| Foreign Exchange Losses             | 6,171,969         | 5,496,848        |
| <b>Net Trading Income/Loss</b>      | <b>3,590,174</b>  | <b>(370,198)</b> |

**5. Information on other operating income**

The Group recorded the current year collections from loans written off in the previous periods, portfolio management fees and expense accruals cancelations in "Other Operating Income" account.

**6. Provision for losses and other provision expenses**

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>Expected Credit Losses Provisions</b>  | <b>4,044,066</b> | <b>1,025,983</b> |
| 12 Month Expected Credit Loss (Stage 1)   | 2,699,025        | 355,695          |
| Significant Increase in Credit Risk (Stage 2)   | 1,230,338        | 71,507           |
| Lifetime ECL Impaired Credits (Stage 3)   | 114,703          | 598,781          |
| <b>Marketable Securities Impairment Provision</b>   | <b>553</b>       | <b>581</b>       |
| Financial Assets Measured at Fair Value Through Profit/Loss                                   | -                | -                |
| Financial Assets Measured at Other Comprehensive Income                                       | 553              | 581              |
| <b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b> | <b>-</b>         | <b>-</b>         |
| Investment in Associates  | -                | -                |
| Subsidiaries  | -                | -                |
| Joint Ventures  | -                | -                |
| <b>Other <sup>(*)</sup></b>   | <b>1,013,268</b> | <b>89,291</b>    |
| <b>Total</b>  | <b>5,057,887</b> | <b>1,115,855</b> |

<sup>(\*)</sup> Includes free provision expense for possible risks amounting to TRY 600,000 allocated in the current period.

**7. Information on other operating expenses**

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| Reserve for employee termination benefits <sup>(*)</sup> | 67,902           | 25,181           |
| Impairment expenses on tangible fixed asset              | 216,761          | 135,702          |
| Goodwill impairment expenses                             | 84,057           | 49,036           |
| Other Operating Expenses                                 | 1,503,017        | 622,607          |
| Leasing Expenses Related to TFRS 16 Exceptions           | 1,622            | 910              |
| Maintenance expenses                                     | 308,619          | 194,748          |
| Advertisements expenses                                  | 93,255           | 51,071           |
| Other expenses   | 1,099,521        | 375,878          |
| Loss on sales of assets                                  | 71               | 25               |
| Other  | 666,153          | 226,060          |
| <b>Total</b>   | <b>2,537,961</b> | <b>1,058,611</b> |

<sup>(\*)</sup> "Reserve for employee termination benefits" is included in the "Personnel Expenses" account item in the financial statement.

<sup>(\*\*)</sup> A cash donation of TRY 300,000, made to the Republic of Türkiye Ministry of Interior Disaster and Emergency Management Presidency due to the earthquake disaster, was included.

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

**IV. Explanations and Disclosures Related to Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)**

**8. Explanation on profit/loss before tax from continuing and discontinued operations**

As of March 31, 2023, net interest income amounting to TRY 6,896,683 (March 31, 2022- TRY 5,258,892), net fee and commission income amounting to TRY 2,399,816 (March 31, 2022 – TRY 1,172,744) and other operating revenues amounting to TRY 1,634,170 (March 31, 2022 – TRY 62,571) have important place among income items related to continuing operations.

**9. Explanation on tax provision for continuing and discontinued operations**

**9.1. Calculated current tax income or expense and deferred tax income or expense**

As of March 31, 2023, the Group recorded current deferred tax income of TRY 3,916,394 (March 31, 2022 – TRY 1,462,501 deferred tax expense) and current tax expense of TRY 2,355,068 (March 31, 2022 – TRY 2,238,434 current tax income) reflected.

**9.2. Explanations on operating profit/loss after tax**

None (March 31, 2022- None).

**10. Explanation on net profit/loss for the period from continuing and discontinued operations**

The profit generated by the Group from continuing operations is TRY 6,632,807 (March 31, 2022 – TRY 2,383,798).

**11. Explanations on net profit and loss for the period**

**11.1. If disclosure of the nature, amount and recurrence rate of income and expense items arising from ordinary banking transactions is necessary for an understanding of the Group's performance during the period, the nature and amount of these items**

None (March 31, 2022 - None).

**11.2. The effect of the change in the estimates made by the Group regarding the financial statement items on profit/loss**

None (March 31, 2022 - None).

**11.3. Profit or loss attributable to minority shares**

|   | Current Period | Prior Period |
|---|----------------|--------------|
| Profit/Loss Attributable to Minority Shares | 924            | 443          |

**11.4. There is no change in the 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 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 Parent Bank.

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

**V. Explanations and Disclosures Related to Consolidated Statement of Changes in Shareholders' Equity**

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

**VI. Explanations and Disclosures Related to Consolidated Statement of Cash Flows**

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

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

**1. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period**

- 1.1.** As of March 31, 2023, the Parent Bank's risk group has deposits amounting to TRY 813,801 (December 31, 2022 – TRY 724,884), cash loans amounting to TRY 5,028 (December 31, 2022 – TRY 4,102) and non-cash loans amounting to TRY 121,228 (December 31, 2022 – TRY 118,429).

**Current Period**

| Parent Bank's Risk Group <sup>(*)</sup> | Associates and Subsidiaries<br>(Partnerships) |           | Bank's Direct and<br>Indirect Shareholders |           | Other Legal and Real<br>Persons in Risk Group |           |
|---|---|-----------|--|-----------|---|-----------|
|   | Cash  | Non- Cash | Cash                                       | Non- Cash | Cash  | Non- Cash |
| <b>Loans and Other Receivables</b>      |   |           |  |           |   |           |
| Balance at the Beginning of the Period  | -   | 226       | -  | 116,854   | 4,102   | 1,349     |
| Balance at the End of the Period        | -   | 171       | -  | 119,708   | 5,028   | 1,349     |
| Interest and Commission Income          | -   | -         | -  | 338       | 311   | -         |

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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)****VII. Explanations and Disclosures Related to the Parent Bank's Risk Group (Continued)****1. The volume of transactions relating to the Bank's risk group, outstanding loan and deposit transactions and profit and loss of the period (Continued)****Prior Period**

| Parent Bank's Risk Group <sup>(*)</sup>        | 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 |
| <b>Loans and Other Receivables</b>             |                             |          |   |          |  |          |
| Balance at the Beginning of the Period         | -                           | 730      | -                                       | 55,271   | 1,773                                      | 4,888    |
| Balance at the End of the Period               | -                           | 226      | -                                       | 116,854  | 4,102                                      | 1,349    |
| Interest and Commission Income <sup>(**)</sup> | -                           | -        | -                                       | 1,734    | 923  | -        |

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.<sup>(\*\*)</sup> Represents the balances of March 31, 2022.**1.2. Information on deposits of the Parent Bank's risk group**

| Parent Bank's Risk Group <sup>(*)</sup> | 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 |
| <b>Deposits</b>                         |                             |              |   |              |  |              |
| Balance at the Beginning of the Period  | 152,259                     | 60,887       | -                                       | -            | 572,625                                    | 525,760      |
| Balance at the End of the Period        | 137,554                     | 152,259      | -                                       | -            | 676,247                                    | 572,625      |
| Interest on deposits <sup>(**)</sup>    | 172                         | -            | -                                       | -            | 1,157                                      | 7            |

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.<sup>(\*\*)</sup> Previous period's balances represent March 31, 2022 balances.**1.3. Information on forward and option agreements and similar agreements made with the Parent Bank's risk group**

| Parent Bank's Risk Group <sup>(*)</sup>  | 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 |
| <b>Transactions for Trading Purposes</b> |                             |              |   |              |  |              |
| Beginning of the Period                  | -                           | -            | -                                       | -            | -  | -            |
| End of the Period                        | -                           | -            | -                                       | -            | -  | -            |
| Total Income/Loss <sup>(**)</sup>        | -                           | -            | 21                                      | -            | 48   | 384          |
| <b>Transactions for Hedging Purposes</b> |                             |              |   |              |  |              |
| Beginning of the Period                  | -                           | -            | -                                       | -            | -  | -            |
| End of the Period                        | -                           | -            | -                                       | -            | -  | -            |
| Total Income/Loss <sup>(**)</sup>        | -                           | -            | -                                       | -            | -  | -            |

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.<sup>(\*\*)</sup> Prior Period represents March 31, 2022 balance.**1.4. Information regarding benefits provided to the Top Management**

As of March 31, 2023, the total amount of remuneration and bonuses paid to key management of the Group is TRY 295,199 (March 31, 2022 – TRY 200,876).

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

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

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

**2.1. Relations with entities in the risk group of/or controlled by the Parent 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.

**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 matters**

As of March 31, 2023, the rate of cash loans of the risk group divided by to total loans is 0.0%; (December 31, 2022 – 0.0%); the deposits represented 0.2% (December 31, 2022 – 0.2%), the ratio of total derivative transactions with derivatives risk is 0.0% (December 31, 2022 – 0.0%).

**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 Parent Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş.

The Parent Bank has signed an agreement with İbtech 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 Parent Bank participated with 33.33% shareholding, provides cash transfer services to the Parent Bank.

Information in regard to subordinate loans the Parent Bank received from Parent's Bank is explained in Section 5 Note II. 12.

The Parent Bank offers agency services to Cigna Sağlık, Hayat ve Emeklilik A.Ş. that is 100.00% jointly controlled for its insurance services.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**VIII. Other Explanations Related to the Parent Bank's Operations**

**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:

| <u>Issue Date</u> | <u>Currency</u> | <u>Nominal Amount</u> | <u>Maturity</u> |
|-------------------|-----------------|-----------------------|-----------------|
| 13.04.2023        | EUR             | 21,230,000            | 92              |
| 17.04.2023        | GBP             | 10,250,000            | 189             |
| 25.04.2023        | EUR             | 10,000,000            | 91              |
| 26.04.2023        | EUR             | 22,732,000            | 93              |
| 26.04.2023        | TRY             | 350,500,000           | 79              |
| 27.04.2023        | GBP             | 24,200,000            | 188             |

**2. Information on the effects of significant changes in foreign exchange rates after balance sheet date on the items denominated in foreign currency and financial statements and the Group's operations abroad that would affect decision making process of users and foreign operations of the Bank**

There are no significant fluctuations in the currency exchange rates after the balance sheet date that would affect the analysis and decision making process of the readers of the financial statements.

**3. Other matters**

None.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

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**SECTION SIX**

**INTERIM REVIEW REPORT**

**I. Explanations on the Interim Review Report**

The consolidated financial statements for the period ended March 31, 2023 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated April 27, 2023 is presented preceding the consolidated financial statements.

**II. Explanations and Notes Prepared by Independent Auditor**

None (December 31, 2022 – None).

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**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,

The earthquake disaster that struck our 11 provinces reminded us all how important human health, unity and taking the necessary precautions are. The grief for our losses is unspeakable. I would like to commemorate with the mercy and grace of Allah our employees, beloved Kenan Keçecioglu, Mehmet Can Badur, Dilek Kazmacı, Ahmet Ramazan Sezer, and 112 relatives of our employees.

More than 50 thousand people lost their lives. We have now a new responsibility area for the economic losses of these provinces where the disaster was experienced. We must rebuild these cities and help the people recover.

Elevated inflation because of the implemented economic policies implemented after the pandemic led to tight monetary policies by central banks of many developed and developing countries. Consequently, the slowdown in economic activity is expected to become more evident in combination with the recent problems experienced in the US and European banking sectors. In its latest World Economic Outlook report, the IMF expects global growth to be 2.8 percent, below last year's growth of 3.4 percent. The IMF also points out that if the stress in the banking sector continues, the growth could slow down to 2.5 percent. Moreover, even with such a demand outlook, the decline in inflation is expected to be slow, which could lead to a prolonged period of high-interest rates in advanced economies.

Turkey is struggling to overcome the effects of facing the greatest earthquake disaster in its history. The impact on growth is expected to be more limited due to supportive fiscal measures and monetary policy. However, policies aimed at permanently reducing inflation and decreasing the external deficit will be important for the sustainability of the strong growth momentum in the upcoming period.

As a Group, we continue to manage this process successfully based on the right strategies.

From the day one of the earthquake disaster, we have been in the region to support first our employees and then the other earthquake victims. Our Bank and our group companies have demonstrated great solidarity in this disaster affecting a wide geographic area. All units that have not been affected by the earthquake have made every effort to support our compatriots in the impacted regions. This painful experience once again demonstrated that our bank is a close-knit team. I would like to thank all our employees for this exemplary unity and solidarity.

Thanks to the project we initiated 3 years ago to check the resistance of our branches to earthquakes, no destruction have occurred that would lead to loss of life, even though some of our 50 branches in the earthquake zone were damaged. This showed us once again that earthquake-resistant buildings can prevent a disaster from becoming a catastrophe.

With the timely actions that we have taken during this period, we continued both our support for the earthquake zone and contribution to the Turkish economy. With our efforts, we once again ended the first quarter of 2023 with successful and stable growth. As of March 31, 2023, net loans increased by 9% banks, compared to year-end of 2022, above the average of private banks, reaching TL 395 billion 591 million, while our asset base grew by 6% to TL 659 billion 877 million in the same period. In the first quarter of 2023, our net profit amounted to TL 6 billion 633 million.

Working for a sustainable future cannot be achieved only by combating environmental and climate problems. Equality also plays a very important role in these endeavors. In our bank, where 58 percent of employees are women, we assume our share of responsibility. As a Group, we have taken action for more equal working conditions with an assertive step in the banking sector. We published the Gender Equality Guidebook, which includes the Parent Bank "Gender Equality Sensitive Banking Principles" and Action Plan. I believe that this guidebook will provide guidance for the banking sector in particular to ensure an equal working environment.

I would like to thank all our employees, customers and business partners, who have contributed to our country, our sector, and our bank with their volunteering activities and efforts during this challenging period.

Kind regards,



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**  
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**SECTION SEVEN(Continued)**

**CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)**

**I. Interim Consolidated 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,

2023 started with a painful experience that shook us all with the earthquake disaster, requiring us to prioritize our responsibilities towards human health, our country, and our sector.

As a Group, we were also shaken by the loss of our four dear colleagues, Kenan, Mehmet Can, Dilek, and Ahmet, and the valuable relatives of our employees in the region. Many of our friends' houses were damaged and they lost their beloved families and friends. I wish Allah's mercy to all our citizens who lost their lives in the earthquake disaster, especially our employees and their relatives, and patience and condolences to their relatives.

After the earthquake, we have taken a series of actions for our employees, including solving their accommodation problems in the region, and providing support for their needs. We continue to work for future improvements.

We have also carried out a massive relief effort, not only for our employees, but also for the entire earthquake victims, and sent relief supplies to the region quickly. We continue to support earthquake victims through our volunteer employees and regional directorates.

We have accelerated our efforts to put banking services into operation swiftly in the most affected cities in the region, especially in Hatay, Adıyaman, Kahramanmaraş, Osmaniye, and Malatya, and we have made our mobile and container bank branches operational. Banking is a responsibility of utmost priority for the continuation of life, trade, and social life in the earthquake zone. We strive to provide uninterrupted banking services to our customers in order to provide them with the necessary support in these challenging times.

As a Group, we have allocated a support fund of TL 350 million for earthquake victims. In this context, we donated TL 300 million to AFAD to support the reconstruction of the earthquake zone, while allocating TL 50 million of our donation to our children and young people affected by the earthquake. We allocated TL 36 million of this fund into scholarships to support our children continue their education without interruption. With the "QNB Finansbank Small Hands Big Dreams Education Scholarship" scholarships provided to 350 earthquake-affected students through the Turkish Education Foundation and the Turkish Education Association for their entire education life."

In addition, we launched a campaign on the occasion of April 23 National Sovereignty and Children's Day for further contributions to our scholarship fund. Because we want our children, who are our future, to continue their education and fulfill their dreams.

The world is struggling with economic fluctuations. In Turkey, high inflation and the uncertainty caused by the election period persist. We fulfilled our social responsibilities with the actions taken to heal the wounds during and after the earthquake. Within the scope of our banking responsibilities, we also ensured the continuation of our services within the framework of our uninterrupted service approach.

We continued to support Turkish economy steadily in the first quarter of 2023 without losing pace. As of March 31, 2023, compared to end of 2022, net loans of our bank increased by 9% to TL 395 billion 591 million, above the average of private banks, while total assets increased by 6% to TL 659 billion 877 million in the same period. As of March 31, 2023, customer deposits grew by 10% compared to end-2022, reaching TL 419 billion 828 million, while the share of TL deposits in total deposits, which was above 60% by the end of 2022, remained above 60% at the end of the first quarter of 2023. In the first quarter of 2023, our net profit for the period amounted to TL 6 billion 633 million.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**SECTION SEVEN(Continued)**

**CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)**

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

In this period, we also carried out important projects, especially under the roof of sustainability and our Small Hands Big Dreams Corporate Social Responsibility Platform.

Within the framework of our activities on sustainability and combating climate change, we added the QNB Finansbank Clean Energy Index to the capital market instruments that we offer to investors. The index was officially disclosed to the public at a gong ceremony held at Borsa Istanbul on January 11, 2023.

In January 2023, we launched a new sustainability project under the roof of the Small Hands Big Dreams Platform. As a Group, we have become the supporter of the Nature Pioneers Youth Program jointly carried out by WWF (World Wildlife Fund) Turkey, one of the world's most important environmental foundations, and the Ministry of National Education. Within the scope of the project, one thousand schools and ten thousand students in ten new provinces will develop special projects and receive training for a more sustainable future in 2023.

We blazed another trail in the banking sector for a more equal and better world. Endeavoring in collaboration with Kadir Has University, we published the Gender Equality Guidebook, which includes QNB Finansbank "Gender Equality Sensitive Banking Principles" and Action Plan, under the slogan "Our goal is an equal world... QNB Finansbank breaks the glass ceiling!". This is not merely a communication language guidebook. With our commitments, we will again pioneer many innovations with our ambitious goals to break the glass ceiling in our sector.

In addition, while offering new solutions to our customers with our digital solutions, for which we assumed a pioneering role in 2023, we continue to support SMEs in their financing and technology requirements.

I would like to thank our valuable employees, customers, and partners who stand behind all these achievements.

Kind regards,

**Summary Consolidated Financials Belonging to the Period of March 31, 2023**

| <b>Principal Financial Indicators (Million TRY)</b> | <b>March 31, 2023</b> | <b>December 31, 2022</b> |
|---|-----------------------|--------------------------|
| Total Loans   | 395,591               | 363,105                  |
| Securities  | 120,773               | 103,820                  |
| Total Assets  | 659,877               | 621,144                  |
| Customer Deposits                                   | 419,828               | 382,537                  |
| Equity  | 49,145                | 44,276                   |
|   | <b>March 31, 2023</b> | <b>March 31, 2022</b>    |
| Net Interest Income                                 | 6,897                 | 5,259                    |
| Net Fee and Commission Income                       | 2,400                 | 1,173                    |
| Provision for Loans and Other Receivables (-)       | 5,058                 | 1,116                    |
| <b>Profit Before Tax</b>                            | <b>5,071</b>          | <b>3,160</b>             |
| Tax Provision                                       | 1,561                 | (776)                    |
| <b>Net Profit for the Period</b>                    | <b>6,633</b>          | <b>2,384</b>             |

As of March 31, 2023, the Group's total assets increased by 6% compared to the year end and reached TRY 659 billion 877 million. In the same period, net loans increased by 9% and reached TRY 395 billion 591 million, while customer deposits increased by 10% and reached TRY 419 billion 145 million.

In the first three months of 2023, the Group's net interest income has reached TRY 6 billion 897 million, while its net fee and commission income has been TRY 2 billion 400 million. The Group's profit before tax was TRY 5 billion 71 million and its net profit for the period was TRY 6 billion 633 million.

As of March 31, 2023, the Group's total shareholders' equity increased by 11% compared to the end of 2022 and reached TRY 49 billion 145 million; capital adequacy ratio was realized as 12.79%.

As of March 31, 2023, the Group has operated with 436 branches and 13,892 employees.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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**SECTION SEVEN(Continued)**

**CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)**

**I. Interim Consolidated 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**

As of March 31, 2023, total consolidated performing loans increased by 9% and reached TRY 395 billion 591 million, while total consolidated assets increased by 6% and reached TRY 659 billion and 877 million compared to the end of the previous year.

**Liabilities**

As of March 31, 2023, shareholders' equity of the Group increased by 11% and reached TRY 49 billion and 145 million and total customer deposits of the Group increased by 10% and reached TRY 419 billion and 828 million compared to year-end of 2022.

**Profitability**

In the first three months period of 2023 compared to same period of prior year, the Group's net interest income increased and reached TRY 6 billion and 897 million and net fees and commission income increased and reached TRY 2 billion 400 million. The net profit of the group for the period reached TRY 6 billion 633 million.

As of March 31, 2023, the Group operates with 436 branches and 13,892 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 it 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 March 31, 2023 was TRY 339,048.

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