

# **QNB FİNANSBANK ANONİM ŞİRKETİ**

## **INDEPENDENT AUDITOR'S REPORT, UNCONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2023**

(Convenience translation of unconsolidated financial statements and independent auditor's report originally issued in Turkish, See Note I. of Section three.)



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH  
(See Note I of Section Three)  
INDEPENDENT AUDITOR'S REPORT**

**To the General Assembly of QNB Finansbank A.Ş.**

**A. Audit of the Unconsolidated Financial Statements**

**1. Qualified Opinion**

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

In our opinion, except for the effect of the matter on the unconsolidated financial statements described in the basis for the qualified opinion paragraph below, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2023, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.



## **2. Basis for Qualified Opinion**

As explained in Section Five Part II 9.4 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as at 31 December 2023 include a free provision amounting to TL 6.800.000 thousand which consist of TL 5.400.000 thousand provided in prior year and TL 1.400.000 thousand recognized in the current period by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Unconsolidated Financial Statements” section of our report. We hereby declare that we are independent of the Bank in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

## **3. Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p><b>Impairment of loans determined within the framework of TFRS 9</b></p> <p>The Bank has total expected credit losses for loans amounting to TL 27.004.228 thousand in respect to total loans amounting to TL 598.048.152 thousand which represent a significant portion of the Bank's total assets in its unconsolidated financial statements as at 31 December 2023. Explanations and notes regarding the provision for impairment of loans are represented in Notes VIII of Section Three, II.1 of Section Four, II.4 of Section Four and 1.6 of Section Five of the accompanying unconsolidated financial statements as at 31 December 2023.</p> <p>The Bank recognizes provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements and interpretations are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred.</p>	<p>With respect to stage classification of loans and calculation of expected credit losses in accordance with TFRS 9, we have assessed policy, procedure and management principles of the Bank within the scope of our audit. We tested the design and the operating effectiveness of relevant controls implemented in accordance with these principles.</p> <p>We checked appropriateness of matters considered in methodology applied by the Bank with TFRS 9 for calculation of the provision amount through stage classification of loans. For forward looking assumptions by the Bank's management in its expected credit losses calculations, we held discussions with management, evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model, and approaches in relation to projection of macroeconomic expectations with our financial risk experts. We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors). Our procedures also included the following:</p> <ul style="list-style-type: none"> <li>• Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used.</li> </ul>

<b>Key Audit Matters</b>	<b>How the key audit matter was addressed in the audit</b>
<p><b>Impairment of loans determined within the framework of TFRS 9 (Continued)</b></p> <p>Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macroeconomic expectations, current conditions, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.</p>	<ul style="list-style-type: none"> <li>• For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations.</li> <li>• We checked the calculation of the Loss Given Default (LGD) used by the Bank in the expected credit losses calculations, and tested collaterals, recovery and costs in addition to arithmetical calculations.</li> <li>• For a selected sample, we checked expected credit losses determined based on individual assessment per Bank's policy by means of supporting data, and evaluated appropriateness via communications with management.</li> <li>• We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists.</li> <li>• We checked accuracy of expected credit losses calculations.</li> <li>• To assess appropriateness of the Bank's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample.</li> <li>• We have reviewed disclosures made within the TFRS 9 framework in the unconsolidated financial statements of the Bank with respect to loans and related impairment provisions.</li> </ul>



#### **4. Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

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

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

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

#### **5. Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



## **B. Other Responsibilities Arising From Regulatory Requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

### **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 31 December 2023. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Talar Gül, SMMM  
Independent Auditor

Istanbul, 29 January 2024



**THE UNCONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON ACCOUNTING POLICIES OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The accompanying unconsolidated financial statements and related disclosures and footnotes for the year ended December 31, 2023, are prepared and independently audited in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances, and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

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

**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**  
Members of the Board of  
Directors and of the  
Audit Committee

**Durmuş Ali Kuzu**  
Members 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 for Financial Control and  
Planning

**Ercan Sakarya**  
Director of Financial, Statutory  
Reporting and Treasury Control

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

Name-Surname/Title : Mehmet Demirci / Financial Reporting Manager  
Phone Number : (0 212) 319 69 22  
Facsimile Number : (0 212) 318 55 78

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**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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**SECTION ONE  
GENERAL INFORMATION**

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

It was established in Istanbul on October 26, 1987 under the title of QNB Finansbank Anonim Şirketi ("Bank") in accordance with the provisions of the Banking Law and the Turkish Commercial Code published in the Turkish Trade Registry Gazette No. 1857 dated September 25, 1987. The Bank's shares have been listed on the Borsa Istanbul ("BIST") since 1990.

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

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

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

With the amendment to the articles of association of Cigna Sağlık Hayat ve Emeklilik A.Ş. (Cigna Finans Emeklilik) made at the Extraordinary General Assembly dated 30 May 2023, the brand name was changed to QNB Sigorta and the commercial name was changed to QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş. (QNB Sigorta).

99.88% of shares of QNB Finansbank A.Ş. are controlled by Qatar National Bank as of December 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 28 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 UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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

<b>Name</b>	<b>Titles</b>	<b>Date of Appointment</b>	<b>Education</b>
Dr. Ömer A. Aras	Chairman	April 16, 2010	PhD
Yousef Mahmoud H. N. Al-Neama	Deputy Chairman and Executive Member	May 28, 2019	Masters
Saleh Nofal	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
Dr. Fatma Abdulla S.S. Al-Suwaiddi	Board Member	June 16, 2016	PhD
Dr. Durmuş Ali Kuzu	Board Member and Audit Committee Member	August 25, 2016	PhD
Osman Ömür Tan	Board Member and General Manager	January 1, 2022	Masters
Temel Güzeloglu	Board Member	April 16, 2010	Masters
Yeşim Güra	Board Member	March 30, 2023	Masters
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	Masters
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	Masters
Cenk Akıncılar	Executive Vice President	January 21, 2019	Graduate
Burçin Dündar Tüzün	Executive Vice President	December 1, 2019	Masters
Zeynep Kulalar	Executive Vice President	December 1, 2019	Graduate
Derya Düner	Executive Vice President	January 1, 2020	Graduate
Ali Yılmaz	Executive Vice President	January 1, 2020	Masters
İsmail Işık	Executive Vice President	January 18, 2023	Masters
Ahmet Erzenin	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

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

**IV. Information About the Persons and Institutions That Have Qualified Shares**

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

**V. Explanations on The Bank's Services and Activities**

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of December 31, 2023, the Bank operates through 434 domestics (December 31, 2022 – 434), 1 abroad (December 31, 2022 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2022 – 1) branches. As of December 31, 2023, the Bank has 11,756 (December 31, 2022 – 11,427) employees.

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

None.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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**SECTION TWO**

**UNCONSOLIDATED FINANCIAL STATEMENTS**

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STAMENET OF BALANCE SHEET–ASSETS FOR THE YEAR ENDED DECEMBER 31, 2023

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

### I. BALANCE SHEET - ASSETS

		Current Period 31.12.2023			Prior Period 31.12.2022			
		Section 5 Part I	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	FINANCIAL ASSETS (NET)		123,149,804	144,661,317	267,811,121	68,402,783	109,337,997	177,740,780
1.1	Cash and Cash Equivalents		65,570,536	119,528,818	185,099,354	20,619,505	93,032,986	113,652,491
1.1.1	Cash and Balances with Central Bank	(1)	59,793,397	102,786,314	162,579,711	9,719,857	84,817,934	94,537,791
1.1.2	Banks	(3)	47,396	16,766,307	16,813,703	2,874,204	7,794,093	10,668,297
1.1.3	Money Markets	(4)	5,736,581	-	5,736,581	8,040,936	427,044	8,467,980
1.1.4	Expected Credit Losses (-)		6,838	23,803	30,641	15,492	6,085	21,577
1.2	Financial Assets at Fair Value Through Profit or Loss	(2)	1,261,340	1,100,629	2,361,969	722,557	549,922	1,272,479
1.2.1	Government Debt Securities		602,135	488,760	1,090,895	429,424	239,920	669,344
1.2.2	Equity Securities		274,661	-	274,661	151,484	-	151,484
1.2.3	Other Financial Assets		384,544	611,869	996,413	141,649	310,002	451,651
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5)	49,557,935	17,794,151	67,352,086	29,670,635	10,468,015	40,138,650
1.3.1	Government Debt Securities		49,557,935	17,794,151	67,352,086	29,662,961	10,468,015	40,130,976
1.3.2	Equity Securities		-	-	-	7,674	-	7,674
1.3.3	Other Financial Assets		-	-	-	-	-	-
1.4	Derivative Financial Assets	(12)	6,759,993	6,237,719	12,997,712	17,390,086	5,287,074	22,677,160
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss		5,633,449	3,281,804	8,915,253	12,559,235	3,249,441	15,808,676
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1,126,544	2,955,915	4,082,459	4,830,851	2,037,633	6,868,484
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		466,587,932	206,523,859	673,111,791	280,427,104	126,473,361	406,900,465
2.1	Loans	(6)	414,264,230	183,783,922	598,048,152	251,039,775	110,441,197	361,480,972
2.2	Lease Receivables	(11)	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(7)	72,305,609	29,788,256	102,093,865	41,598,971	20,364,334	61,963,305
2.4.1	Public Sector Debt Securities		72,305,609	29,669,309	101,974,918	41,598,971	19,872,597	61,471,568
2.4.2	Other Financial Assets		-	118,947	118,947	-	491,737	491,737
2.5	Expected Credit Losses (-)		19,981,907	7,048,319	27,030,226	12,211,642	4,332,170	16,543,812
III.	PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(15)	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		9,974,398	-	9,974,398	3,952,289	-	3,952,289
4.1	Investments in Associates (Net)	(8)	53,722	-	53,722	45,477	-	45,477
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		53,722	-	53,722	45,477	-	45,477
4.2	Subsidiaries (Net)	(9)	9,917,876	-	9,917,876	3,618,249	-	3,618,249
4.2.1	Unconsolidated Financial Subsidiaries		9,789,830	-	9,789,830	3,490,203	-	3,490,203
4.2.2	Unconsolidated Non-Financial Subsidiaries		128,046	-	128,046	128,046	-	128,046
4.3	Joint Ventures (Net)	(10)	2,800	-	2,800	288,563	-	288,563
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		2,800	-	2,800	288,563	-	288,563
V.	PROPERTY AND EQUIPMENT (Net)		14,484,108	487	14,484,595	4,729,373	94	4,729,467
VI.	INTANGIBLE ASSETS (Net)		2,189,315	-	2,189,315	1,028,549	-	1,028,549
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		2,189,315	-	2,189,315	1,028,549	-	1,028,549
VII.	INVESTMENT PROPERTY (Net)	(13)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(14)	-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(14)	6,581,490	-	6,581,490	354,327	-	354,327
X.	OTHER ASSETS (Net)	(16)	12,388,685	1,275,172	13,663,857	6,702,020	347,279	7,049,299
TOTAL ASSETS			635,355,732	352,460,835	987,816,567	365,596,445	236,158,731	601,755,176

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

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED BALANCE SHEET–LIABILITIES AND EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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

		Current Period 31.12.2023			Prior Period 31.12.2022			
		Section 5 Part II	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	DEPOSITS	(1)	387,802,236	244,247,872	632,050,108	235,567,273	158,716,760	394,284,033
II.	FUNDS BORROWED	(3)	473,527	104,350,115	104,823,642	361,183	41,292,134	41,653,317
III.	MONEY MARKETS	(4)	1,099,251	27,736,364	28,835,615	195,056	21,733,804	21,928,860
IV.	SECURITIES ISSUED (Net)	(5)	3,814,855	42,134,323	45,949,178	4,655,384	23,284,322	27,939,706
4.1	Bills		3,814,855	13,001,776	16,816,631	4,655,384	5,911,335	10,566,719
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	29,132,547	29,132,547	-	17,372,987	17,372,987
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		1,436,361	3,490,719	4,927,080	3,008,663	3,387,575	6,396,238
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(2)	1,331,159	3,121,513	4,452,672	3,008,663	2,942,187	5,950,850
		(8)	105,202	369,206	474,408	-	445,388	445,388
VIII.	FACTORING PAYABLES		-	-	-	-	-	-
IX.	LEASE PAYABLES (Net)	(7)	1,150,029	1,213	1,151,242	744,979	339	745,318
X.	PROVISIONS	(9)	11,648,908	187,976	11,836,884	8,624,321	293,936	8,918,257
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		2,748,658	31,702	2,780,360	2,443,812	18,146	2,461,958
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		8,900,250	156,274	9,056,524	6,180,509	275,790	6,456,299
XI.	CURRENT TAX LIABILITY	(10)	2,141,659	-	2,141,659	2,766,075	-	2,766,075
XII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII.	LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	26,948,856	26,948,856	-	17,127,724	17,127,724
14.1	Subordinated Loans		-	17,997,595	17,997,595	-	17,127,724	17,127,724
14.2	Other Debt Instruments		-	8,951,261	8,951,261	-	-	-
XV.	OTHER LIABILITIES		35,520,714	12,013,203	47,533,917	18,843,473	16,886,646	35,730,119
XVI.	SHAREHOLDERS' EQUITY		81,648,407	(30,021)	81,618,386	44,937,472	(671,943)	44,265,529
16.1	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss		7,329,944	-	7,329,944	(672,158)	-	(672,158)
16.4	Other Comprehensive Income/Expense Items Reclassified to Profit or Loss		(409,275)	(30,021)	(439,296)	4,054,334	(671,943)	3,382,391
16.5	Profit Reserves		38,204,582	-	38,204,582	20,980,816	-	20,980,816
16.5.1	Legal Reserves		771,684	-	771,684	771,684	-	771,684
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		37,432,898	-	37,432,898	20,209,132	-	20,209,132
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		33,172,442	-	33,172,442	17,223,766	-	17,223,766
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		33,172,442	-	33,172,442	17,223,766	-	17,223,766
TOTAL LIABILITIES			526,735,947	461,080,620	987,816,567	319,703,879	282,051,297	601,755,176

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

# UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

			Current Period 31.12.2023			Prior Period 31.12.2022		
Section 5 Part III			TRY	FC	TOTAL	TRY	FC	TOTAL
A.	OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II-III)		906,414,157	920,386,613	1,826,800,770	477,282,216	597,878,783	1,075,160,999
I.	GUARANTEES	(1), (2), (3), (4)	48,589,723	54,274,597	102,864,320	29,691,070	35,538,119	65,229,189
1.1.	Letters of guarantee		44,117,603	34,125,730	78,243,333	25,624,515	20,031,380	45,655,895
1.1.1.	Guarantees subject to State Tender Law		1,053,713	296,168	1,349,881	884,755	188,383	1,073,138
1.1.2.	Guarantees given for foreign trade operations		19,387,931	33,829,562	53,217,493	12,326,738	19,842,997	32,169,735
1.1.3.	Other letters of guarantee		23,675,959	-	23,675,959	12,413,022	-	12,413,022
1.2.	Bank loans		4,424,551	8,634,539	13,059,090	4,028,331	9,696,287	13,724,618
1.2.1.	Import letter of acceptance		4,424,551	8,634,539	13,059,090	4,028,331	9,696,287	13,724,618
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		47,569	11,514,328	11,561,897	38,224	5,810,452	5,848,676
1.3.1.	Documentary letters of credit		47,569	10,658,640	10,706,209	38,224	5,228,027	5,266,251
1.3.2.	Other letters of credit		-	855,688	855,688	-	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		-	-	-	-	-	-
II.	COMMITMENTS		571,535,563	103,305,713	674,841,276	251,402,245	23,241,741	274,643,986
2.1.	Irrevocable commitments	(1)	485,304,663	9,176,161	494,480,824	172,054,958	23,241,741	195,296,699
2.1.1.	Forward asset purchase commitments		2,941,702	8,020,668	10,962,370	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		93,558,042	2,944	93,560,986	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		6,684,472	-	6,684,472	3,895,823	-	3,895,823
2.1.8.	Tax and fund liabilities from export commitments		279,060	-	279,060	118,666	-	118,666
2.1.9.	Commitments for credit card expenditure limits		376,605,042	-	376,605,042	111,928,372	-	111,928,372
2.1.10.	Commitments for promotions related with credit cards and banking activities		211,656	-	211,656	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		5,024,689	1,152,549	6,177,238	4,640,630	12,408,305	17,048,935
2.2.	Revocable commitments		86,230,900	94,129,552	180,360,452	79,347,287	-	79,347,287
2.2.1.	Revocable loan granting commitments		86,230,900	94,129,552	180,360,452	79,347,287	-	79,347,287
2.2.2.	Other revocable commitments		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	286,288,871	762,806,303	1,049,095,174	196,188,901	539,098,923	735,287,824
3.1	Derivative financial instruments for hedging purposes		19,524,240	184,897,927	204,422,167	20,638,338	127,538,657	148,176,995
3.1.1	Fair value hedge		696,365	33,716,807	34,413,172	4,808,155	36,409,473	41,217,628
3.1.2	Cash flow hedge		18,827,875	151,181,120	170,008,995	15,830,183	91,129,184	106,959,367
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		266,764,631	577,908,376	844,673,007	175,550,563	411,560,266	587,110,829
3.2.1	Forward foreign currency buy/sell transactions		19,577,116	32,006,901	51,584,017	10,544,244	19,818,125	30,362,369
3.2.1.1	Forward foreign currency transactions-buy		18,911,051	7,747,196	26,658,247	10,071,714	5,490,339	15,562,053
3.2.1.2	Forward foreign currency transactions-sell		666,065	24,259,705	24,925,770	472,530	14,327,786	14,800,316
3.2.2	Swap transactions related to foreign currency and interest rates		231,627,564	530,103,983	761,731,547	105,471,315	326,590,280	432,061,595
3.2.2.1	Foreign currency swap-buy		76,658	218,997,022	219,073,680	6,408,566	132,828,947	139,237,513
3.2.2.2	Foreign currency swap-sell		138,769,508	85,720,981	224,490,489	60,927,351	75,675,597	136,602,948
3.2.2.3	Interest rate swaps-buy		46,390,699	112,692,990	159,083,689	19,067,699	59,042,868	78,110,567
3.2.2.4	Interest rate swaps-sell		46,390,699	112,692,990	159,083,689	19,067,699	59,042,868	78,110,567
3.2.3	Foreign currency, interest rate and securities options		7,553,316	7,053,806	14,607,122	58,709,719	58,732,290	117,442,009
3.2.3.1	Foreign currency options-buy		7,212,979	529,529	7,742,508	45,910,391	13,322,787	59,233,178
3.2.3.2	Foreign currency options-sell		340,337	6,524,277	6,864,614	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		8,006,635	7,566,158	15,572,793	825,285	792,923	1,618,208
3.2.4.1	Foreign currency futures-buy		8,006,635	-	8,006,635	-	792,923	792,923
3.2.4.2	Foreign currency futures-sell		-	7,566,158	7,566,158	825,285	-	825,285
3.2.5	Interest rate futures		-	-	-	-	3,570,022	3,570,022
3.2.5.1	Interest rate futures-buy		-	-	-	-	1,785,011	1,785,011
3.2.5.2	Interest rate futures-sell		-	-	-	-	1,785,011	1,785,011
3.2.6	Other		-	1,177,528	1,177,528	-	2,056,626	2,056,626
B.	CUSTODY AND PLEDGED ITEMS (IV+V+VI)		2,645,744,535	1,183,177,946	3,828,922,481	1,761,989,623	700,599,629	2,462,589,252
IV.	ITEMS HELD IN CUSTODY		95,659,734	42,252,943	137,912,677	41,319,622	17,448,913	58,768,535
4.1.	Customer Fund and Portfolio Assets		50,559,811	-	50,559,811	10,712,892	-	10,712,892
4.2.	Investment securities held in custody		1,829,329	35,898,115	37,727,444	241,029	12,787,625	13,028,654
4.3.	Checks received for collection		38,107,346	2,363,435	40,470,781	26,852,980	2,065,638	28,918,618
4.4.	Commercial notes received for collection		5,163,248	1,736,736	6,899,984	3,512,596	1,187,016	4,699,612
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		-	2,254,657	2,254,657	125	1,408,634	1,408,759
4.8.	Custodians		-	-	-	-	-	-
V.	PLEDGED ITEMS		1,431,923,260	636,309,351	2,068,232,611	994,474,840	388,564,158	1,383,038,998
5.1.	Marketable securities		6,113,180	31,504,275	37,617,455	5,758,007	25,835,961	31,593,968
5.2.	Guarantee notes		951,802	431,079	1,382,881	754,876	505,077	1,259,953
5.3.	Commodity		1,167,097	-	1,167,097	1,005,497	-	1,005,497
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		348,159,077	298,122,947	646,282,024	223,359,270	180,431,706	403,790,976
5.6.	Other pledged items		1,075,532,104	306,251,050	1,381,783,154	763,597,190	181,791,414	945,388,604
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		1,118,161,541	504,615,652	1,622,777,193	726,195,161	294,586,558	1,020,781,719
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)			3,552,158,692	2,103,564,559	5,655,723,251	2,239,271,839	1,298,478,412	3,537,750,251

The accompanying notes are an integral part of these financial statement



# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2023

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

### III. STATEMENT OF PROFIT OR LOSS

		Current Period 01.01 - 31.12.2023	Prior Period 01.01 - 31.12.2022
INCOME AND EXPENSE ITEMS			
<b>I.</b>	<b>INTEREST INCOME</b>	<b>(1)</b>	<b>121,756,615</b>
1.1	Interest income on loans	83,669,716	40,947,844
1.2	Interest income on reserve deposits	412,862	130,135
1.3	Interest income on banks	897,426	296,661
1.4	Interest income on money market transactions	1,041,073	137,714
1.5	Interest income on securities portfolio	35,232,750	22,577,620
1.5.1	Financial assets measured at FVTPL	389,737	80,517
1.5.2	Financial assets measured at FVOCI	10,166,347	5,650,136
1.5.3	Financial assets measured at amortized cost	24,676,666	16,846,967
1.6	Financial lease income	-	-
1.7	Other interest income	502,788	41,107
<b>II.</b>	<b>INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>87,207,758</b>
2.1	Interest on deposits	73,525,946	18,772,159
2.2	Interest on funds borrowed	7,637,112	2,903,250
2.3	Interest on money market transactions	2,547,746	2,305,838
2.4	Interest on securities issued	2,888,108	2,314,161
2.5	Interests on leases	138,951	100,886
2.6	Other interest expenses	469,895	338,529
<b>III.</b>	<b>NET INTEREST INCOME (I - II)</b>	<b>34,548,857</b>	<b>37,396,258</b>
<b>IV.</b>	<b>NET FEES AND COMMISSIONS INCOME/EXPENSES</b>	<b>18,317,334</b>	<b>6,128,001</b>
4.1	Fees and commissions received	23,497,609	8,290,784
4.1.1	Non-cash loans	890,168	429,239
4.1.2	Others	22,607,441	7,861,545
4.2	Fees and commissions paid (-)	5,180,275	2,162,783
4.2.1	Non-cash loans	1,672	2,123
4.2.2	Others	5,178,603	2,160,660
<b>V.</b>	<b>DIVIDEND INCOME</b>	<b>(3)</b>	<b>11,227</b>
<b>VI.</b>	<b>TRADING INCOME / LOSS (Net)</b>	<b>(4)</b>	<b>12,015,576</b>
6.1	Trading gains / losses on securities	2,134,564	1,477,770
6.2	Gain/losses from derivative transactions	(9,340,711)	(7,119,963)
6.3	Foreign exchange gain / losses	19,221,723	6,158,577
<b>VII.</b>	<b>OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>2,376,629</b>
<b>VIII.</b>	<b>TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)</b>	<b>67,269,623</b>	<b>44,365,353</b>
<b>IX.</b>	<b>EXPECTED CREDIT LOSSES (-)</b>	<b>(6)</b>	<b>11,997,737</b>
<b>X.</b>	<b>OTHER PROVISION LOSSES (-)</b>	<b>2,851,339</b>	<b>5,933,517</b>
<b>XI.</b>	<b>PERSONNEL EXPENSES (-)</b>	<b>8,585,015</b>	<b>4,473,419</b>
<b>XII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>9,644,550</b>
<b>XIII.</b>	<b>NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)</b>	<b>34,190,982</b>	<b>22,848,958</b>
<b>XIV.</b>	<b>EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>	<b>-</b>	<b>-</b>
<b>XV.</b>	<b>INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>	<b>3,541,658</b>	<b>1,433,856</b>
<b>XVI.</b>	<b>GAIN/LOSS ON NET MONETARY POSITION</b>	<b>-</b>	<b>-</b>
<b>XVII.</b>	<b>OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)</b>	<b>(8)</b>	<b>37,732,640</b>
<b>XVIII.</b>	<b>PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>4,560,198</b>
18.1	Current tax charge	9,367,050	8,720,618
18.2	Deferred tax charge (+)	3,301,966	1,697,992
18.3	Deferred tax credit (-)	(8,108,818)	(3,359,562)
<b>XIX.</b>	<b>NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>(10)</b>	<b>33,172,442</b>
<b>XX.</b>	<b>INCOME FROM DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</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.</b>	<b>EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>	<b>-</b>	<b>-</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.</b>	<b>PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)</b>	<b>-</b>	<b>-</b>
<b>XXIII.</b>	<b>PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>	<b>-</b>	<b>-</b>
23.1	Current tax charge	-	-
23.2	Deferred tax charge (+)	-	-
23.3	Deferred tax credit (-)	-	-
<b>XXIV.</b>	<b>NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)</b>	<b>-</b>	<b>-</b>
<b>XXV.</b>	<b>NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(11)</b>	<b>33,172,442</b>
	Group's profit/loss	0.9902	0.5141
	Minority interest	-	-
	Earnings Per Share	-	-

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

**QNB FİNANSBANK ANONİM ŞİRKETİ****QNB FİNANSBANK ANONİM ŞİRKETİ****UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

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

	<b>Current Period</b> <b>01.01 - 31.12.2023</b>	<b>Prior Period</b> <b>01.01 - 31.12.2022</b>
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>33,172,442</b>	<b>17,223,766</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>4,180,415</b>	<b>4,897,703</b>
<b>2.1 Other Income/Expense Items not Reclassified to Profit or Loss</b>	<b>8,002,102</b>	<b>(448,215)</b>
2.1.1 Revaluation Surplus on Tangible Assets	7,914,871	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	53,860	(578,606)
2.1.4 Other Income/Expense Items not Reclassified to Profit or Loss	7,234	(26,018)
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	26,137	156,409
<b>2.2 Other Income/Expense Items to Reclassified to Profit or Loss</b>	<b>(3,821,687)</b>	<b>5,345,918</b>
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(4,603,029)	4,479,271
2.2.3 Gains/losses from Cash Flow Hedges	(777,885)	2,407,949
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to Reclassified to Profit or Loss	165,053	56,242
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	1,394,174	(1,597,544)
<b>III. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (I+II)</b>	<b>37,352,857</b>	<b>22,121,469</b>

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss							Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							Current Period's Net Shareholders' Total Equity
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Other <sup>(*)</sup>	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others <sup>(**)</sup>	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Profit/Loss	
<b>Prior Period - 01.01 - 31.12.2022</b>															
I. Prior Period End Balance		3,350,000	714	-	-	-	(213,835)	(10,108)	-	(1,608,182)	(355,345)	17,052,702	3,928,114	-	22,144,060
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	-	(213,835)	(10,108)	-	(1,608,182)	(355,345)	17,052,702	3,928,114	-	22,144,060
IV. Total Comprehensive Income		-	-	-	-	-	(420,591)	(27,624)	-	3,459,965	1,885,953	-	-	17,223,766	22,121,469
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	3,928,114	(3,928,114)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3,928,114	(3,928,114)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>3,350,000</b>	<b>714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(634,426)</b>	<b>(37,732)</b>	<b>-</b>	<b>1,851,783</b>	<b>1,530,608</b>	<b>20,980,816</b>	<b>-</b>	<b>17,223,766</b>	<b>44,265,529</b>

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss							Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							Current Period's Net Shareholders' Total Equity
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Other <sup>(*)</sup>	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others <sup>(**)</sup>	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Profit/Loss	
<b>Current Period - 01.01 – 31.12.2023</b>															
I. Prior Period End Balance		3,350,000	714	-	-	-	(634,426)	(37,732)	-	1,851,783	1,530,608	20,980,816	17,223,766	-	44,265,529
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	-	-	-	(634,426)	(37,732)	-	1,851,783	1,530,608	20,980,816	17,223,766	-	44,265,529
IV. Total Comprehensive Income		-	-	-	-	7,914,871	79,997	7,234	-	(3,345,573)	(476,114)	-	-	33,172,442	37,352,857
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	17,223,766	(17,223,766)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	17,223,766	(17,223,766)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>3,350,000</b>	<b>714</b>	<b>-</b>	<b>-</b>	<b>7,914,871</b>	<b>(554,429)</b>	<b>(30,498)</b>	<b>-</b>	<b>(1,493,790)</b>	<b>1,054,494</b>	<b>38,204,582</b>	<b>-</b>	<b>33,172,442</b>	<b>81,618,386</b>

(\*) Accumulated amounts of share of investments accounted for by the equity method that cannot 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 Bank 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 financial statements.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

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

### VI. STATEMENT OF CASH FLOWS

	Current Period 01.01 - 31.12.2023	Prior Period 01.01 - 31.12.2022
<b>A. CASH FLOWS FROM BANKING OPERATIONS</b>		
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>81,402,568</b>	<b>9,417,796</b>
1.1.1 Interest Received	89,137,466	28,020,863
1.1.2 Interest Paid	(72,805,405)	(30,871,012)
1.1.3 Dividend Received	11,227	14,948
1.1.4 Fees and Commissions Received	23,551,509	8,381,713
1.1.5 Other Income	1,057,107	309,762
1.1.6 Collections From Previously Written Off Loans	3,111,751	2,246,618
1.1.7 Payments To Personnel and Service Suppliers	(7,479,533)	(3,669,832)
1.1.8 Taxes Paid	(8,985,561)	(7,434,364)
1.1.9 Others	53,804,007	12,419,100
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(37,186,546)</b>	<b>21,225,104</b>
1.2.1 Net (Increase) Decrease in Financial Assets Measured at Fair Value Through Profit/Loss	(1,059,403)	(580,021)
1.2.2 Net (Increase) Decrease in Due From Banks	(25,961,313)	(2,298,732)
1.2.3 Net (Increase) Decrease in Loans	(155,549,608)	(112,297,581)
1.2.4 Net (Increase) Decrease in Other Assets	(8,045,574)	(4,951,535)
1.2.5 Net Increase (Decrease) in Bank Deposits	8,129,678	(1,890,347)
1.2.6 Net Increase (Decrease) in Other Deposits	142,510,754	124,410,817
1.2.7 Net increase (Decrease) in financial liabilities at fair value through profit or loss	-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed	(13,559,251)	3,065,727
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	16,348,171	15,766,776
<b>I. Net Cash Provided From / (Used in) Banking Operations</b>	<b>44,216,022</b>	<b>30,642,900</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash Provided From / (Used in) Investing Activities</b>	<b>(35,056,995)</b>	<b>(6,864,317)</b>
2.1 Purchase Of Entities Under Common Control, Associates and Subsidiaries	(981,000)	-
2.2 Sale of Entities Under Common Control, Associates and Subsidiaries	-	-
2.3 Fixed Assets Purchases	(5,250,158)	(2,597,863)
2.4 Fixed Assets Sales	1,055,691	572,573
2.5 Purchase of Financial Assets Measured at Fair Value Through Other Comprehensive Income	(49,140,423)	(27,886,210)
2.6 Sale of Financial Assets Measured at Fair Value Through Other Comprehensive Income	29,630,115	25,940,243
2.7 Purchase of Financial Assets Measured at Amortized Cost	(33,404,616)	(12,898,683)
2.8 Sale of Financial Assets Measured at Amortized Cost	23,033,396	10,005,623
2.9 Others	-	-
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Provided From / (Used in) Financing Activities</b>	<b>34,225,180</b>	<b>448,366</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued	97,257,338	21,389,523
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(62,458,213)	(21,092,362)
3.3 Capital Increase	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(575,850)	(4,455)
3.6 Other	1,905	155,660
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>2,214,140</b>	<b>1,454,238</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>45,598,347</b>	<b>25,681,187</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>72,781,418</b>	<b>47,100,231</b>
<b>VII. Cash and Cash Equivalents at End of the Period (V+VI)</b>	<b>118,379,765</b>	<b>72,781,418</b>

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT APPROPRIATION FOR THE YEAR ENDED DECEMBER 31, 2023

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

### VII. UNCONSOLIDATED STATEMENT OF PROFIT APPROPRIATION

	Current Period 31.12.2023 <sup>(*)</sup>	Prior Period 31.12.2022
<b>I. DISTRIBUTION OF CURRENT YEAR INCOME</b>		
1.1 CURRENT YEAR INCOME	37,732,640	24,282,814
1.2 TAXES AND DUTIES PAYABLE (-)	4,560,198	7,059,048
1.2.1 Corporate Tax (Income Tax)	9,367,050	8,720,618
1.2.2 Income Withholding Tax		-
1.2.3 Other Taxes And Duties (**)	(4,806,852)	(1,661,570)
<b>A. NET INCOME FOR THE YEAR (1.1-1.2)</b>	<b>33,172,442</b>	<b>17,223,766</b>
1.3 PRIOR YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 OTHER STATUTORY RESERVES (-)	-	-
<b>B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A)-(1.3+1.4+1.5)]</b>	<b>33,172,442</b>	<b>17,223,766</b>
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Privileged Shares	-	-
1.6.3 To Owners of Preferred Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Holders of Profit And (Loss) Sharing Certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Privileged Shares	-	-
1.9.3 To Owners of Preferred Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Holders of Profit And (Loss) Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	17,194,697
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	29,069
<b>II. DISTRIBUTION OF RESERVES</b>		
2.1 APPROPRIATED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Privileged Shares	-	-
2.3.3 To Owners of Preferred Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Holders of Profit And (Loss) Sharing Certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
<b>III. EARNINGS PER SHARE</b>		
3.1 TO OWNERS OF ORDINARY SHARES	0.9902	0.5141
3.2 TO OWNERS OF ORDINARY SHARES (%)	99.02%	51.41%
3.3 TO OWNERS OF PRIVILEGED SHARES	-	-
3.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-
<b>IV. DIVIDEND PER SHARE</b>		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PRIVILEGED SHARES	-	-
4.4 TO OWNERS OF PRIVILEGED SHARES (%)	-	-

<sup>(\*)</sup> Decision regarding the profit distribution for the 2022 will be taken at the General Meeting.

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 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 financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents**

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law 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 ("POA") for the format and detail of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated June 28, 2012, and amendments to this Communiqué dated February 1, 2019 which include Turkish Accounting Standard principles.

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

**Explanation for convenience translation to English**

BRSA Accounting and Financial Reporting Legislation, as described in the preceding paragraphs, 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 December 31, 2023 and the differences between accounting principles have not been quantified in the accompanying consolidated financial statements. 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 Bank in accordance with IFRS.

**2. Accounting policies and valuation principles used in the preparation of the 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"). The accounting policies and valuation principles related with current period are explained in Notes II to XXVII below.

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

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

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**ACCOUNTING POLICIES (Continued)**

**I. Basis of Presentation (Continued)**

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

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

Within the scope of the Benchmark Interest Rate Reform process, which continues on a global basis, the Bank has loan, securities, borrowing and derivative transactions. The necessary infrastructure developments for each product have been completed and started to be used in our bank. EURIBOR is not subject to reform and continues to be used. The reform-related transformation of transactions indexed to USD LIBOR rates has been completed as of December 31, 2023.

**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. In the announcement dated November 23, 2023, issued by the Public Oversight, Accounting and Auditing Standards Authority, flexibility has been granted to competent institutions or organizations authorized to regulate and supervise in their respective fields to determine different transition dates for the application of inflation accounting for the financial statements of companies subject to independent audit. In this context, according to the decision numbered 10744 dated December 12, 2023, by the Banking Regulation and Supervision Agency ("BRSA"), it has been decided that the financial statements of banks, financial leasing, factoring, financing, savings financing, and asset management companies as of December 31, 2023, will not be subject to inflation adjustment required under IAS 29. Accordingly, inflation adjustment has not been applied in the preparation of the consolidated financial statements as of December 31, 2023, in accordance with IAS 29.

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. Based on this, the Bank has not applied the relevant standard in its consolidated financial statements for QNB Sigorta company, which is its subsidiary.

Regarding the partnership share in QNB Sağlık Hayat ve Emeklilik A.Ş., whose 49% capital is owned by the 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 QNB 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, the decision was made 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, and as of this date, the acquisition has been completed.

QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., which was accounted for by the equity method as a joint venture in the unconsolidated financial statements on December 31, 2022, became a "Subsidiary" as of January 2023 and was accounted for by the equity method in the unconsolidated financial statements in accordance with the provisions of TAS 28.

As explained in detail above, 51% of the Bank's subsidiary QNB Sigorta 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 Bank by appointing independent valuation companies in order to reliably determine the fair value, distribution of the purchase price and the amount of goodwill that may arise have been completed and the necessary adjustment records have been made as of the date of purchase.

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**ACCOUNTING POLICIES (Continued)****I. Basis of Presentation (Continued)****2. Accounting policies and valuation principles used in the preparation of the financial statements (Continued)****2.2. Other (Continued)**

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

Purchase price of additional QNB Sigorta shares (51%)	981,000
Fair value of QNB Sigorta shares held by the Bank before the acquisition (49%)	1,267,280
	<b>2,248,280</b>
Fair value of net assets controlled (100%)	2,586,285
<b>Gain from bargaining purchase</b>	<b>338,005</b>
Carrying value of QNB Sigorta shares held by the Bank before the acquisition (49%)	285,763
Fair value of QNB Sigorta shares held by the Bank before the acquisition (49%)	1,267,280
<b>Value increase in shares owned before the acquisition</b>	<b>981,517</b>
<b>Gross profit resulting from the change of control</b>	<b>1,319,522</b>
Tax effect	(99,312)
<b>Net profit resulting from the change of control</b>	<b>1,220,211</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>4,323,739</b>
Cash and Cash Equivalents	1,124,051
Agency Contract	2,113,426
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>2,586,285</b>
Carrying value of QNB Sigorta shares held by the Bank before the acquisition (49%)	(285,763)
Net profit as a result of control transfer	(1,319,522)
<b>Purchase price of additional QNB Sigorta shares (51%)</b>	<b>981,000</b>



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

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

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

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

**2. Foreign currency transactions**

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

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from transactions that are completed as of December 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 Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency non-monetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

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**ACCOUNTING POLICIES (Continued)**

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

**2. Foreign currency transactions (Continued)**

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

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

As of December 31, 2023, derivative financial transactions loss amounting to TRY 9,340,711 (December 31, 2022 – TRY 7,119,963 derivative financial transactions loss) and net foreign exchange gain amounting to TRY 19,221,723 (December 31, 2022 – TRY 6,158,577 net foreign exchange gain), excluding net interest expense amounting to TRY 4,477,259 (December 31, 2022 – TRY 4,731,113 net interest expense) arising from derivative transactions, the net profit on foreign currency transactions is TRY 14,358,271 (December 31, 2022 – TRY 3,769,727 net profit on foreign currency transactions).

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

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

In unconsolidated financial statements, the Bank accounts its financial subsidiaries according to the equity method defined in "Investments in Subsidiaries and Joint Ventures Turkish Accounting Standard 28 (TAS 28)" within the framework of "Individual Financial Statements Turkish Accounting Standard 27 (TAS 27)".

**IV. Explanations on Futures and Options Contracts and Derivative Products**

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**IV. Explanations on Futures and Options Contracts and Derivative Products (Continued)**

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

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

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

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

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

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

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 the statement of profit or loss and other comprehensive income on Gains/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under “Foreign Exchange Gains/Losses” account.

In cash flow hedge accounting

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

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

In fair value hedge accounting

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

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**ACCOUNTING POLICIES (Continued)**

**IV. Explanations on Futures and Options Contracts and Derivative Products (Continued)**

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

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

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

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

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

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of December 31, 2023, fair value exchange difference adjustment amounting to TRY 1,114,764 which is shown tangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

**V. Explanations on Interest Income and Expenses**

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

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

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

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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 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. A financial asset or financial liability, excluding assets assessed under TFRS 15, is initially measured at its fair value when first recognized in the financial statements. In the initial measurement of financial assets and liabilities, excluding those for which fair value changes are reflected in profit or loss, transaction costs directly attributable to the acquisition or issuance are either added to or deducted from their fair value.

**Classification of financial instruments**

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

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

**Assessment of business model**

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

The Bank’s business models are divided into three categories.

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

This is a model whose objective is to hold assets in order to collect contractual cash flows are managed to realise cash flows by collecting contractual payments over the life of the instrument. The financial assets that are held within the scope of this business model are measured at amortized cost when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Receivables from the Central Bank, Banks, Money Market Placements, investments under financial assets measured at amortized cost, loans, leasing receivables, factoring receivables and other receivables are assessed within this business model.

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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. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are assessed in this business model.

**Other business models**

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

**Measurement categories of financial assets and liabilities**

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
- Financial assets measured at amortized cost

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

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

In accordance with the Uniform Chart of Accounts (UCoA) explanations, the positive difference between the acquisition cost and the discounted value of a financial asset is recorded under "Interest Income" If the fair value of the asset exceeds the discounted value, the positive difference is recorded in the "Capital Market Transactions Profits" account. Conversely, if the fair value is lower than the discounted value, the negative difference between the discounted value and the fair value is recorded in the "Capital Market Transactions Losses" account. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

**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 the 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 the statement of profit or loss and other comprehensive income of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Other Accumulated Comprehensive Income or Expenses Reclassified to Profit or Loss” under shareholders’ equity. When the aforementioned securities are collected or disposed, accumulated fair value differences which were reflected under equity, are reflected in the the statement of profit or loss and other comprehensive income. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

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

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

**Financial Assets Measured at Amortized Cost**

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**VIII. Explanations on Expected Credit Losses**

The Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette No. 29750 dated 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 Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Bank considers the changes in the default risk of financial instrument, when making the assessment.

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

**Stage 1**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of December 31, 2023, minimum probability of default of Basel II is used in the calculation for the expected loss of receivables from public institutions and organizations. Such calculation is performed for each of 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. The calculation method is similar to the one described in the above paragraph, but the probability of default and the loss rate in default are estimated throughout the life of the instrument.

**Stage 3**

Financial assets considered as impaired at the reporting date are classified as Stage 3. The probability of default is taken into account as 100% in the calculation of impairment provision and the Bank accounts lifetime expected credit losses. In determining the impairment, the Bank takes into consideration the following criteria:

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

**Calculation of expected credit losses**

The Bank measured expected credit losses with the reasonable, objective and supportable information based on a probability-weighted including estimations about time value of money, past events, current conditions and future economic conditions as of the reporting date, without undue cost or effort. The calculation of expected credit losses consists of three main parameters: probability of default (PD), loss given default (LGD) and exposure at default (EAD). PDs and LGDs used in the ECL calculation are point in time (“PIT”) based for key portfolios and consider both current conditions and expected cyclical changes.

While the expected credit loss is estimated, three scenarios (internal mild negative, internal negative, internal severe negative) are evaluated. Each of these scenarios was associated with the probability of different default and loss in default.

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

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



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**ACCOUNTING POLICIES (Continued)**

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

**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. PD models used in the retail portfolio include the behavioral data of the customer and the product in the bank and the demographic information of the customer. Probability of default calculation has been carried out based on past information, current conditions and forward looking macroeconomic parameters.

**Loss Given Default (LGD)**

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

**Exposure at Default (EAD)**

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals, discounted at the effective interest rate. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios. While the expected credit loss is estimated, three scenarios (internal mild negative, internal negative, internal severe negative) are evaluated. Each of these scenarios was associated with the probability of different default and loss in default.

**Consideration of the Macroeconomic Factors**

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

- Five years credit risk of Türkiye (CDS spread),
- Real GDP growth,
- Unemployment rate,
- Inflation rate,
- Five years government bond interest rate of Türkiye.

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

The Bank updates the macroeconomic variables used in expected credit loss calculations twice a year and applies them to its models. In addition, The Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on December 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 2023, will be revised in the following reporting periods, taking into account the existing portfolio and future expectations.

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**ACCOUNTING POLICIES (Continued)**

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

**Calculating the Expected Loss Period**

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

**Significant increase in credit risk**

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

Within the scope of quantitative assessment, the quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date. If there is a significant deterioration in PD, it is considered that there is a significant increase in credit risk and the financial asset is classified as stage 2. In this context, the Bank has calculated thresholds at which point the relative change is a significant deterioration. In the quantitative evaluation of the significant increase in credit risk, the Bank considers the absolute thresholds as well as the relative thresholds as an additional layer. Receivables with a probability of default above the absolute threshold value are evaluated in Stage 2, regardless of the relative change.

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

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

**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 case the write-off of the uncollectible receivables comes to the agenda, one of the methods of destruction, sale of receivables and write-off 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 numbered 31533, they are classified under the "Fifth Group-Loans with Losses" and are expected for life due to the default of the debtor. The portion of the loans for which there is no reasonable expectation of the recovery of the loan loss provision is deducted from the records within the period determined specifically for the situation of the borrower within the scope of TFRS 9, starting from the first reporting period (interim or year-end reporting period) following their classification in this Group. In this context, deducting the loans that cannot be collected from the records is an accounting practice and does not result in the waiver of the right to receivable.

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

- 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 Bank during the period is TRY 10,113 (December 31, 2022 – TRY 361,940) and the effect on the NPL ratio of the Bank is 0.00% (December 31, 2022 – 0.10%). While the NPL ratio is 1.75% (December 31, 2022 – 2.50%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 1.75% (December 31, 2022 – 2.59%).

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**ACCOUNTING POLICIES (Continued)**

**IX. Explanations on Netting of Financial Instruments**

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

**X. Derecognition of Financial Instruments**

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

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

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

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

The 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 is derecognized. 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 amortized cost to financial assets measured at fair value through other comprehensive income and fair value through profit or loss in the subsequent accounting when, and only when, it is changed the business model for managing financial assets.

**e) Restructuring and refinancing of financial instruments**

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

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

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**ACCOUNTING POLICIES (Continued)**

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

**Restructuring and refinancing of financial instruments (Continued)**

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

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

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

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

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 Bank. The exclusion of customers from the scope of restructuring is carried out within the scope of the "Regulation on the Determination of the Qualifications of Loans and Other Receivables by Banks and the Procedures and Principles Regarding the Provisions to be Allocated These".

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

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

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

As of the balance sheet date, securities subject to repo amounting to TRY 39,923,647 (December 31, 2022 – TRY 30,168,346).

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

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**ACCOUNTING POLICIES (Continued)**

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

Securities purchased with a commitment to resell (reverse repurchase agreements) are recorded in a separate account under “Cash and Cash Equivalents” and on the line of “Money Market Placements” in the balance sheet. 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 TFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the bank’s control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of December 31, 2023 the Bank has assets held for sale and discontinued operations and it is explained in footnote 1.15. of Section Five.

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

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

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

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

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

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

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

**XIV. Explanations on Tangible Assets**

Initial records of tangible fixed assets are made based on their cost, which is calculated by adding the acquisition amount and other direct expenses necessary to make the asset usable. Tangible assets are valued at their remaining amounts after deducting accumulated depreciation and accumulated value decreases, if any, from their cost in the period following their recording.

As of December 31, 2023, the Bank started to account for its properties, under the tangible assets with their revalued amounts instead of their cost values in accordance with "TAS 16 Plant and Equipment". The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board (“CMB”) and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders’ Equity.

As of each reporting date, the Bank evaluates whether there is any indication that its assets may be impaired; If such an indication exists, the recoverable amount of the relevant asset is estimated within the framework of TAS 36 - Impairment of Assets standard and allocates a provision for impairment if the recoverable amount is below the book value of the relevant asset.

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**ACCOUNTING POLICIES (Continued)**

**XIV. Explanations on Tangible Assets (Continued)**

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).

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

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

The Bank depreciates special expenses on real estate acquired through operating leases before December, 2009 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.

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

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

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

**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. At the beginning of the lease, the Bank calculates the right-of-use amount based on the present value of the lease payments of the fixed asset and shows it under “Tangible Fixed Assets”. In liabilities, on the other hand, it measures the unpaid lease payments as of the relevant date over their present value and records them as “Financial Lease Payables”. Lease payments are discounted using the borrowing interest rate. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

**TFRS 16 Leases**

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

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**ACCOUNTING POLICIES (Continued)**

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

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

**Right of use assets**

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

The right use includes the presence of:

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

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

**Lease Liabilities**

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

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

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

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

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

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

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

**Short-Term Leases and Leases of Low-Value Assets**

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

Due to the Bank's implementation of TFRS 16, assets classified under tangible assets as of December 31, 2023 amounted to TRY 1,308,043 (December 31, 2022 – TRY 746,576), lease liability amounted to TRY 1,147,645 (December 31, 2022 – TRY 738,360), financing expense amounted to TRY 138,206 (December 31, 2022 - TRY 99,646), and depreciation expense amounted to TRY 361,584 (December 31, 2022 – TRY 276,552).

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**ACCOUNTING POLICIES (Continued)**

**XVI. Explanations on Provisions and Contingent Liabilities**

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

**XVII. Explanations on Obligations of the Bank Concerning Employee Benefits**

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

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

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

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

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

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

**XVIII. Explanations on Taxation**

**1. Corporate Tax**

According to the Corporate Tax Law No. 5520 published in the Official Gazette No. 26205 dated June 21, 2006, it is stated that; "While corporate tax is calculated at a rate of 20% on corporate profits, Corporate tax is collected at a rate of 25% on the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies".

Law No. 7456, which entered into force after being published in the Official Gazette No. 32249 dated July 15, 2023, on the Issue of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes that Occurred on February 6, 2023 and in the 21st article of Amending Certain Laws and the Decree Law No. 375 with in the first paragraph of the 32nd article of the Law No. 5520 the phrase "20%" has been changed to "25%" and the phrase "25%" to "30%". This change is valid to be applied to the earnings earned in 2023 and subsequent taxation periods, starting from the returns that must be submitted as of October 1, 2023. Prepaid taxes are tracked in the "Current Tax Liability" or "Current Tax Asset" accounts to be offset with 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 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 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. With the 19th article of Law No. 7456, the exemption for the transfer and delivery of immovable properties that have been in the assets of institutions for at least two full years has been abolished. With the 22nd article of the same Law, it has been regulated that the 50% exception rate in paragraph 5/1-(e) of Law No. 5520 will be applied as 25% in the sales of immovable properties that were in the assets of the institutions before the date of entry into force of the said regulation, as of the date of entry into force of this article.



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**ACCOUNTING POLICIES (Continued)**

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

**1. Corporate Tax (Continued)**

According to the Corporate Tax Law No. 5520 published in the Official Gazette No. 26205 dated June 21, 2006, it is stated that; "While corporate tax is calculated at a rate of 20% on corporate profits, Corporate tax is collected at a rate of 25% on the corporate earnings of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies".

Law No. 7456, which entered into force after being published in the Official Gazette No. 32249 dated July 15, 2023, on the Issue of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes that Occurred on February 6, 2023 and in the 21st article of Amending Certain Laws and the Decree Law No. 375 with in the first paragraph of the 32nd article of the Law No. 5520 the phrase "20%" has been changed to "25%" and the phrase "25%" to "30%". This change is valid to be applied to the earnings earned in 2023 and subsequent taxation periods, starting from the returns that must be submitted as of October 1, 2023. Prepaid taxes are tracked in the "Current Tax Liability" or "Current Tax Asset" accounts to be offset with 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 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 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. With the 19th article of Law No. 7456, the exemption for the transfer and delivery of immovable properties that have been in the assets of institutions for at least two full years has been abolished. With the 22nd article of the same Law, it has been regulated that the 50% exception rate in paragraph 5/1-(e) of Law No. 5520 will be applied as 25% in the sales of immovable properties that were in the assets of the institutions before the date of entry into force of the said regulation, as of the date of entry into force of this article.

Companies calculate provisional tax at the rate of 30% on their quarterly financial profits to be applied to their profits earned in 2023 and subsequent taxation periods, starting from the declarations that must be submitted as of October 1, 2023 for the 2023 taxation periods, and they declare and pay it until the 17th day of the second month following that 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.

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**ACCOUNTING POLICIES (Continued)**

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

**1. Corporate Tax (Continued)**

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 15th and 30th of the Corporate Tax Law No. 5520. Natural 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 natural 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 natural persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration.

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

- 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. After the third paragraph of temporary Article 33 of Law No. 213 and Article 17 of Law No. 7491, the following provision is added: 'For banks, companies within the scope of Law No. 6361 on Financial Leasing, Factoring, Financing, and Savings Financing Companies, payment and electronic money institutions, authorized exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, the profit/loss difference arising from inflation adjustments made during the 2024 and 2025 accounting periods, including temporary tax periods, shall not be considered in determining income.

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.

In this context, the economic assets registered as assets of the Bank were subject to revaluation within the scope of temporary Article 32 and Recurrent Article 298/ç of the Tax Procedure Law.

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**ACCOUNTING POLICIES (Continued)**

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

**2. Deferred Taxes**

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with “Turkish Accounting Standard for Income Taxes” (“TAS 12”). In the calculation of the Bank's deferred tax, the enacted tax rates that are valid in accordance with the current tax legislation are used in accordance with the tax period for the related items.

The Corporate Tax rate 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 30%, starting from the declarations that must be submitted as of October 1, 2023, and will also be applied to the profits earned in 2023 and subsequent taxation periods. As of December 31, 2023, deferred tax calculation has been made for assets and liabilities at a rate of 30%.

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

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

**3. Transfer Pricing**

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

As discussed under subject Communiqué's 7.5 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.

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**ACCOUNTING POLICIES (Continued)**

**XIX. Explanations on Additional Explanations on Borrowings**

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

**XX. Explanations on Share Issues**

There are no shares issued in 2023 (December 31, 2022 – None).

**XXI. Explanations on Confirmed Bills of Exchange and Acceptances**

Confirmed bills of Exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any. There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

**XXII. Explanations on Government Incentives**

As of December 31, 2023 the Bank does not have any government incentives or supports (December 31, 2022 – None).

**XXIII. Explanations on Segment Reporting**

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

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

Corporate and Commercial Banking serves corporate firms with an annual turnover of TRY 2,5 billion or more, multinational companies operating in Türkiye, and commercial firms with an annual turnover of TRY 250 million – 2,5 billion. In addition to the financing and investment needs of its customers, it offers products that will facilitate the payment and collection processes in both domestic and foreign trade. It produces solutions that will create added value for all the needs of its customers with its customer-oriented service approach, company-specific solution approach and strategy to establish long-term business partnerships.

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

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**ACCOUNTING POLICIES (Continued)****XXIII. Explanations on Segment Reporting (Continued)**

<b>Current Period (January 1 - December 31, 2023)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Bank</b>
<b>Operating income</b>	<b>44,035,202</b>	<b>23,650,786</b>	<b>3,125,293</b>	<b>70,811,281</b>
Dividend Income	-	-	11,227	11,227
Gain/(Loss) on joint venture accounted for at equity method	-	-	3,541,658	3,541,658
<b>Profit Before Taxes</b>	<b>24,047,221</b>	<b>13,934,743</b>	<b>(249,324)</b>	<b>37,732,640</b>
<b>Provision Tax (-)(*)</b>	<b>-</b>	<b>-</b>	<b>4,560,198</b>	<b>4,560,198</b>
<b>Net Profit/Loss</b>	<b>24,047,221</b>	<b>13,934,743</b>	<b>(4,809,522)</b>	<b>33,172,442</b>
<b>Total Assets</b>	<b>275,133,998</b>	<b>295,909,926</b>	<b>356,945,504</b>	<b>987,816,567</b>
Segment Assets	275,133,998	295,909,926	356,945,504	927,989,428
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	9,974,398
Undistributed Assets	-	-	-	49,852,741
<b>Total Liabilities</b>	<b>407,646,366</b>	<b>198,819,841</b>	<b>237,068,272</b>	<b>987,816,567</b>
Segment Liabilities	407,646,366	198,819,841	237,068,272	843,534,479
Undistributed Liabilities	-	-	-	62,663,702
Equity	-	-	-	81,618,386
<b>Other Segment Accounts</b>	<b>3,303,016</b>	<b>2,244,536</b>	<b>(720,560)</b>	<b>4,826,992</b>
Capital Expenditures	2,463,638	1,674,144	(531,919)	3,605,863
Amortization	839,378	570,392	(188,641)	1,221,129

(\*) Provision tax is not distributed.

<b>Prior Period (January 1 – December 31, 2022)</b>	<b>Retail Banking</b>	<b>Corporate and Commercial Banking</b>	<b>Treasury and Head Office</b>	<b>Total Operations of the Bank</b>
<b>Operating Income</b>	<b>13,442,486</b>	<b>11,324,230</b>	<b>21,032,493</b>	<b>45,799,209</b>
Dividend Income	-	-	14,948	14,948
P/L from Equity Applied Partnerships	-	-	1,433,856	1,433,856
<b>Profit Before Taxes</b>	<b>4,723,097</b>	<b>6,047,224</b>	<b>13,512,493</b>	<b>24,282,814</b>
<b>Provision Tax (-) (*)</b>	<b>-</b>	<b>-</b>	<b>7,059,048</b>	<b>7,059,048</b>
<b>Net Profit/Loss</b>	<b>4,723,097</b>	<b>6,047,224</b>	<b>6,453,445</b>	<b>17,223,766</b>
<b>Total Assets</b>	<b>131,795,902</b>	<b>213,161,296</b>	<b>227,753,060</b>	<b>601,755,176</b>
Segment Assets	131,795,902	213,161,296	227,753,060	572,710,258
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	3,952,289
Undistributed Assets	-	-	-	25,092,629
<b>Total Liabilities</b>	<b>253,680,550</b>	<b>130,377,708</b>	<b>125,271,620</b>	<b>601,755,176</b>
Segment Liabilities	253,680,550	130,377,708	125,271,620	509,329,878
Undistributed Liabilities	-	-	-	48,159,769
Equity	-	-	-	44,265,529
<b>Other Segment Accounts</b>	<b>966,170</b>	<b>651,413</b>	<b>(99,776)</b>	<b>1,517,807</b>
Capital Expenditures	442,465	298,320	(38,982)	701,803
Amortization	523,705	353,093	(60,794)	816,004

(\*) Provision tax is not distributed.

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**ACCOUNTING POLICIES (Continued)****XXIV. Profit Reserves and Profit Distribution**

The General Assembly Meeting of the Bank was held on March 30, 2023. In the Board of Directors meeting, it was decided that profit from 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

**XXV. Earnings Per Share**

Earnings per share listed on the 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.

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit for the Period	33,172,442	17,223,766
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
<b>Earnings Per Share</b>	<b>0.9902</b>	<b>0.5141</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).

**XXVI. Explanations on Other Matters**

As stated in the PDP statement made on November 25, 2022, it was decided to continue the Enpara banking services, which are offered under the "Enpara" trademark within the Bank, under a separate legal entity independent from the Bank in order to ensure maximum value creation for the Bank's shareholders. In order to implement this decision, it is planned to establish a deposit bank under the name of Enpara Bank A.Ş. and transfer the Bank's Enpara banking services to the newly established bank by partial separation. The application for establishment permit made by the founding partners for the new bank establishment in question was finalized on August 5, 2023 and the establishment permit was obtained for the Enpara Bank A.Ş.

After obtaining the establishment permit, Enpara Bank A.Ş. was registered on December 4, 2023, and the application for obtaining the operational permit in accordance with the required regulations was submitted on December 5, 2023. The completion of the audit process and after obtaining the operating permit, an application will be made to BRSA, CMB and other institutions and organizations that require permission in order to carry out partial separation transactions in a structure where the shareholder status and current share ratios of the Bank's controlling shareholder (QNB Group) and minority shareholders are preserved.

As of December 31, 2023, Enpara's banking activities to be separated represent 9.6% of the Bank's unconsolidated assets and liabilities. Assets and liabilities that will be removed from the balance sheet will not create any change in the Bank's equity. If such a separation had occurred on December 31, 2023, the Bank's capital adequacy ratio would have increased by 207 basis points to 18.72%. If such a separation had occurred on December 31, 2022, the Bank's net profit in 2023 would have been 12% lower.

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**SECTION FOUR**

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

**I. Explanations on Equity**

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of December 31, 2023 Bank’s total capital has been calculated as TRY 112,258,551 (December 31, 2022 – TRY 64,881,289), capital adequacy ratio is 16.66% (December 31, 2022 – 15.11%).

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.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. Explanations on Equity (Continued)**

<b>Explanations on Equity</b>	<b>Current Period December 31, 2023</b>	<b>Prior Period December 31, 2022</b>
<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	38,204,582	20,980,816
Gains recognized in equity as per TAS	9,637,262	3,460,024
Profit	33,172,442	17,223,766
Current Period Profit	33,172,442	17,223,766
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	1,602	1,031
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>84,366,602</b>	<b>45,016,351</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	2,741,678	1,100,811
Improvement costs for operating leasing	199,786	108,497
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,666,620	922,029
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>6,608,084</b>	<b>2,131,337</b>
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	-	-
<b>Total Common Equity Tier 1 Capital</b>	<b>77,758,518</b>	<b>42,885,014</b>



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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. Explanations on Equity (Continued)**

	Current Period December 31, 2023	Prior Period 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	15,455,055	9,815,715
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>15,455,055</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 I 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>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>15,455,055</b>	<b>9,815,715</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>93,213,573</b>	<b>52,700,729</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)	11,333,707	7,198,191
Provisions (Article 8 of the Regulation on the Equity of Banks)	7,770,666	5,023,213
<b>Tier II Capital Before Deductions</b>	<b>19,104,373</b>	<b>12,221,404</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>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>19,104,373</b>	<b>12,221,404</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>112,317,946</b>	<b>64,922,133</b>
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	9,598	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 (-)	49,797	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 owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. Explanations on Equity (Continued)**

	Current Period December 31, 2023	Prior Period December 31, 2022
<b>TOTAL CAPITAL</b>		
Total Capital	112,258,551	64,881,289
Total Risk Weighted Amounts	673,967,939	429,487,393
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	11.54	9.99
Tier I Capital Adequacy Ratio (%)	13.83	12.27
Capital Adequacy Ratio (%)	16.66	15.11
<b>BUFFERS</b>		
Bank specific total common equity tier I capital ratio (%)	2.50	2.50
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	-	-
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 (%)	5.54	3.99
<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 tenthousandtwentyfive limitation)	20,571,780	9,718,573
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	7,770,666	5,023,213
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, 2023)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	15,455,055	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	11,333,707	7,198,191
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

##### Information on debt instruments included in the calculation of equity

Information on debt instruments included in the calculation of equity			
	1	2	3
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QNB FİNANSBANK A.Ş.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	ISIN: XS2678233243 Common Code: 267823324
Governing law(s) of the instrument	BRSA	BRSA	It is subject to English Law and, with respect to certain articles, to Turkish regulations (CMB-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	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Subordinated debt instrument (Bond)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	15,469	2,529	8,831
Par value of instrument (Currency in million)	15,469	2,529	8,831
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	June 30, 2019	May 26, 2022	Nov 15, 2023
Perpetual or dated	Undated	Dated	Dated
Original maturity date	-	8 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	3 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons/dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Fixed
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.36%	SOFR + 5.10%	10.75%
Existence of a dividend stopper	There will be no interest on the deducted value after the impairment	-	-
Fully discretionary, partially discretionary or mandatory	Optional	-	-

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

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

	1	2	3
Existence of set-up or another incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	None
If convertible, conversion trigger(s)	-	Article number 7-2-i of "Own fund regulation"	-
If convertible, fully or partially	-	All of the remaining capital	-
If convertible, conversion rate	-	(*)	-
If convertible, mandatory or optional conversion	-	Optional	-
If convertible, specify instrument type convertible into	-	Equity Share	-
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	-
Write-down feature	Yes	None	Yes
If write-down, write-down trigger(s)	Non-existence of the core capital ratio is less than 5.125%	-	The occurrence of non-existence
If write-down, full or partial	Full and partial	-	Full and partial
If write-down, permanent or temporary	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"	-	-	It does not fulfill the conditions within the Article number 7 of "Own fund regulation" the Regulation on the Equity of Banks.

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****I. Explanations on Consolidated Equity (Continued)****Explanations on the reconciliation of shareholders' equity items and balance sheet amounts**

	Current Period	Prior Period
<b>Balance sheet total equity</b>	<b>81,618,386</b>	<b>44,265,529</b>
Hedge funds	(842,911)	(1,518,960)
Discounts made within the scope of the regulation	(3,866,035)	(1,029,880)
TFRS 9 transition period application (Temporary Article 5)	-	-
Accumulated revaluation and/or reclassification gains/losses on financial assets at fair value through other comprehensive income	849,078	1,168,325
<b>Core Capital</b>	<b>77,758,518</b>	<b>42,885,014</b>
Additional capital	15,455,055	9,815,715
<b>Capital</b>	<b>93,213,573</b>	<b>52,700,729</b>
Expected loss allowance (Stages 1 and 2)	7,770,666	5,023,213
Debt instruments deemed appropriate by the institution	11,333,707	7,198,191
Discounts made within the scope of the regulation	(59,395)	(40,844)
<b>Total Equity</b>	<b>112,258,551</b>	<b>64,881,289</b>

**II. Explanations on Risk Management****1. Explanations on credit risk**

Credit risk represents the risk arising due to the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

Loan strategies and policies are determined by the Policy Committees. These policies and strategies are constituted in line with the applications of the Bank, and credit risk is managed according to these policies and strategies. The quality of loan portfolio is monitored regularly with the help of metrics which are in line with the Bank's risk appetite, as specified in Risk Management Strategies.

Credit Risk Management takes place in every step of the Bank's credit process from the beginning. Loan applications are evaluated by non-profit oriented independent loan granting departments. Loan limits are determined on a product basis and in the aggregate for every individual, corporate customer and risk group. Furthermore, concentration on product, industry, region, are monitored within the frame of loan limits in line with the regulation.

The credibility of the debtors is monitored periodically in accordance with the related regulation. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulation.

Loan limits of the loan customers are revised periodically in line with the Bank's loan limit revision procedures.

The Bank analyses the credibility of the loans within the framework of its loan policies and obtains collaterals for loans

The Bank has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations.

The Bank monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the past due but not impaired loans.

The restructured and rescheduled loans are monitored by the Bank in line with Bank's credit risk management procedures. The debtor's financial position and commercial activities are continuously analyzed and the principal and interest payments of rescheduled loans are monitored by the related departments.

The restructured and rescheduled loans are evaluated in the Bank's current internal rating system besides the follow up method determined in the related regulation.

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

**II. Explanations on Risk Management (Continued)**

**1. Explanations on credit risk (Continued)**

The risk of banking operations abroad and credit transactions is acceptable and there is no significant credit risk density in the international banking market.

The policies implemented by the bank regarding the calculation of expected loss provisions are explained in note VIII of the third part. The bank has taken into consideration the general provision for overdue loans and special provision for impaired loans under the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation).

In accordance with the Banking Regulation and Supervision Agency's Decision No. 10496 dated January 31, 2023;

In the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) published in the Official Gazette dated October 23, 2015 and numbered 29511, specified in the Board Decision No. 9996 dated April 28, 2022; The practice of using the foreign exchange buying rate of the Central Bank of the Republic of Turkey (Central Bank) as of December 31, 2021 when calculating the valued amounts of monetary assets and non-monetary assets, other than foreign currency items measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts; until a Board Decision to the contrary is taken, it will be continued by using the Central Bank foreign exchange buying rate of December 30, 2022,

In case the net valuation differences of the securities held by the banks in the portfolio of "Securities at Fair Value Through Other Comprehensive Income" as of the date of this Decision are negative, these differences will be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated September 5, 2013, and allowing the opportunity not to be taken into account in the amount of equity to be used for the capital adequacy ratio, continuing to apply the existing provisions of the aforementioned Regulation for "Securities at Fair Value Reflected in Other Comprehensive Income" acquired after the date of this decision,

With the attached decision of the Banking Regulation and Supervision Agency dated January 31, 2023 and numbered 10496, the Capital Adequacy Regulation;

The limit related to the definition of small and medium-sized enterprises (SMEs) stated in the first paragraph of Article 3(vv) is determined as 500,000,000 TL for domestically resident SMEs and for internationally resident SMEs, it determined to use the SME definition employed by the banking authority of the country where the SME is located for the calculation of capital adequacy.

It has been reported that a decision has been made to set the retail credit limit mentioned in the first sentence of the second paragraph of Article 6(c) at 20,000,000 Turkish Lira.

- The receivables of the Bank from its top 100 cash loan customers are 23% in the total cash loans (December 31, 2022 – 26%).
- The receivables of the Bank from its top 200 cash loan customers are 28% in the total cash loans (December 31, 2022 - 30%).
- The receivables of the Bank from its top 100 non-cash loan customers are 44% in the total non-cash loans (December 31, 2022 – 44%).
- The receivables of the Bank from its top 200 non-cash loan customers are 53% in the total non-cash loans (December 31, 2022 – 53%).
- The share of cash and non-cash receivables of the Bank from its top 100 loan customers in total cash and non-cash loans are 23% (December 31, 2022 – 25%).
- The share of cash and non-cash receivables of the Bank from its top 200 loan customers in total cash and non-cash loans are 28% (December 31, 2022 – 30%).
- The general loan loss provision taken by the Bank is TRY 20,571,780 (December 31, 2022 – TRY 9,718,573).
- As of December 31, 2023, the Bank does not take any provision for probable risks in loan portfolio amounted (December 31, 2022 - None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP (Continued)****II. Explanations on Risk Management (Continued)****1. Explanations on credit risk (Continued)**

Exposure Categories	Current Period		Prior Period	
	Risk Amount <sup>(**)</sup>	Average Risk Amount <sup>(*)</sup>	Risk Amount <sup>(**)</sup>	Average Risk Amount <sup>(*)</sup>
Conditional and unconditional receivables from central governments and Central Banks	278,931,981	223,881,298	159,077,176	139,439,702
Conditional and unconditional receivables from regional or local governments	177,659	217,896	238,920	258,761
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	726,187	642,471	894,033	1,476,421
Conditional and unconditional receivables from multilateral development banks	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	73,608,543	78,551,771	63,732,448	63,794,402
Conditional and unconditional receivables from corporates	191,602,513	187,914,313	168,768,415	146,801,310
Conditional and unconditional receivables from retail portfolios	237,304,438	199,300,468	137,571,334	101,650,869
Conditional and unconditional receivables secured by mortgages	19,356,360	16,273,589	13,352,070	13,061,220
Past due receivables	1,820,351	1,479,849	1,519,660	1,564,461
Receivables defined under high risk category by BRSA	122,316,817	79,519,902	54,519,023	33,536,899
Securities collateralized by mortgages	-	-	-	-
Securitization positions	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-
Investments similar to collective investment funds	-	-	-	-
Investment in equities	8,296,731	6,283,659	3,959,964	2,884,637
Other receivables	37,010,020	28,865,405	20,474,815	15,335,542

<sup>(\*)</sup> The average risk amount is determined by calculating the arithmetic average of the post-transformation risk amounts for the January, 2023 – December, 2023 periods.

<sup>(\*\*)</sup> The risk amounts are given after the loan conversion rate, and before Loan Risk Reduction.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

#### II. Explanations on Risk Management (Continued)

#### 2. Explanations on credit risk (Continued)

#### Profile of significant exposures in major region

Exposure Categories <sup>(*)</sup>																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Current Period																		
Domestic	278,931,981	177,659	726,187	-	-	16,287,766	189,882,739	237,211,710	19,210,199	1,820,110	122,276,587	-	-	-	-	8,296,731	37,010,020	911,831,689
EU countries	-	-	-	-	-	3,210,540	377,451	710	-	11	192	-	-	-	-	-	-	3,588,904
OECD countries <sup>(**)</sup>	-	-	-	-	-	40,733,028	-	2,310	-	-	65	-	-	-	-	-	-	40,735,403
Off-shore banking regions	-	-	-	-	-	7,797,239	230,343	994	926	-	8	-	-	-	-	-	-	8,029,510
USA, Canada	-	-	-	-	-	5,354,301	-	7	-	-	-	-	-	-	-	-	-	5,354,308
Other countries	-	-	-	-	-	225,669	1,111,980	88,707	145,235	230	39,965	-	-	-	-	-	-	1,611,786
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	278,931,981	177,659	726,187	-	-	73,608,543	191,602,513	237,304,438	19,356,360	1,820,351	122,316,817	-	-	-	-	8,296,731	37,010,020	971,151,600
Exposure Categories <sup>(*)</sup>																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	Total
Prior Period																		
Domestic	159,077,176	238,920	894,033	-	-	17,081,473	167,185,325	137,393,062	13,292,121	1,519,592	54,488,508	-	-	-	-	3,959,964	20,474,815	575,604,989
EU countries	-	-	-	-	-	2,797,599	315,372	6,323	586	11	126	-	-	-	-	-	-	3,120,017
OECD countries <sup>(**)</sup>	-	-	-	-	-	38,621,246	18	9,732	-	-	-	-	-	-	-	-	-	38,630,996
Off-shore banking regions	-	-	-	-	-	3,673,122	489,579	43,248	1,172	-	-	-	-	-	-	-	-	4,207,121
USA, Canada	-	-	-	-	-	1,407,457	-	193	-	-	-	-	-	-	-	-	-	1,407,650
Other countries	-	-	-	-	-	151,551	778,121	118,776	58,191	57	30,389	-	-	-	-	-	-	1,137,085
Investment and associates, subsidiaries and joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Undistributed Assets/Liabilities <sup>(***)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	159,077,176	238,920	894,033	-	-	63,732,448	168,768,415	137,571,334	13,352,070	1,519,660	54,519,023	-	-	-	-	3,959,964	20,474,815	624,107,888

(\*) Exposure categories based on "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks. The risk amounts are given after the loan conversion rate, and before Loan Risk Reduction.

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

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

- 1-Conditional and unconditional receivables from central governments or central banks
- 2-Conditional and unconditional receivables from regional or local governments
- 3-Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4-Conditional and unconditional receivables from multilateral development banks
- 5-Conditional and unconditional receivables from international organizations
- 6-Conditional and unconditional receivables from banks and brokerage houses
- 7-Conditional and unconditional receivables from corporates
- 8-Conditional and unconditional retail receivables
- 9-Conditional and unconditional receivables secured by mortgages
- 10-Past due receivables
- 11-Receivables defined as high risk category by the Regulator
- 12-Mortgage-backed Securities
- 13-Securitization Positions
- 14-Short-Term Receivables and Short-Term Corporate Receivables from banks and brokerage houses
- 15-Investments in the Nature of Collective Investment
- 16-Investment in equities
- 17-Other receivable



# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

#### II. Explanations on Risk Management (Continued)

##### 1. Explanations on credit risk (Continued)

##### Risk profile by sectors or counterparties

Exposure Categories <sup>(*)</sup>																				
Current Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TRY	FC	Total
Agriculture	-	-	220	-	-	-	1,356,964	1,240,165	200,736	10,116	107,828	-	-	-	-	-	-	2,216,638	699,391	2,916,029
Farming and Livestock	-	-	220	-	-	-	757,554	1,177,909	188,370	10,103	78,270	-	-	-	-	-	-	2,006,887	205,539	2,212,426
Forestation	-	-	-	-	-	-	7,921	27,746	487	-	-	-	-	-	-	-	-	36,154	-	36,154
Fishing Industry	-	-	-	-	-	-	591,489	34,510	11,879	13	29,558	-	-	-	-	-	-	173,597	493,852	667,449
Industrial	-	67,022	1,307	-	-	-	82,211,659	14,203,732	4,551,308	205,037	7,671,454	-	-	-	-	-	-	57,312,270	51,599,249	108,911,519
Mining and Quarrying	-	-	-	-	-	-	584,719	224,550	98,850	4,172	82,974	-	-	-	-	-	-	758,669	236,596	995,265
Manufacturing Industry	-	-	-	-	1,307	-	72,915,903	13,788,725	4,444,601	200,837	7,213,937	-	-	-	-	-	-	54,672,542	43,892,768	98,565,310
Electricity, Gas, Water	-	67,022	-	-	-	-	8,711,037	190,457	7,857	28	374,543	-	-	-	-	-	-	1,881,059	7,469,885	9,350,944
Construction	-	-	-	-	-	-	10,079,351	7,533,266	2,312,187	101,763	769,784	-	-	-	-	-	-	16,164,502	4,631,849	20,796,351
Services	124,647,112	18,133	19,302	-	-	66,016,098	85,970,072	30,642,574	10,572,004	475,520	13,409,344	-	-	-	-	-	-	165,884,882	165,885,277	331,770,159
Wholesale and Retail Trade	-	-	3,460	-	-	-	30,046,383	23,108,152	4,077,503	101,745	11,239,668	-	-	-	-	-	-	57,606,979	10,969,932	68,576,911
Hotels and Restaurants	-	-	-	-	-	-	7,279,162	492,050	1,321,122	1,184	93,950	-	-	-	-	-	-	2,538,093	6,649,375	9,187,468
Transportation and Communications	-	18,133	-	-	-	-	27,508,346	2,825,556	203,860	3,936	293,042	-	-	-	-	-	-	4,853,292	25,999,581	30,852,873
Financial Institutions	124,647,112	-	-	-	-	66,016,098	913,249	296,215	9,880	375	39,870	-	-	-	-	-	-	91,606,030	100,316,769	191,922,799
Real Estate and Rent Services	-	-	-	-	-	-	11,226,909	475,402	4,553,632	359,326	678,229	-	-	-	-	-	-	2,221,688	15,071,810	17,293,498
Independent Business Services	-	-	15,788	-	-	-	1,896,505	1,884,694	185,722	5,909	37,071	-	-	-	-	-	-	3,110,174	915,515	4,025,689
Education Services	-	-	-	-	-	-	214,227	367,340	36,926	214	167,956	-	-	-	-	-	-	786,663	-	786,663
Health and Social Services	-	-	54	-	-	-	6,885,291	1,193,165	183,359	2,831	859,558	-	-	-	-	-	-	3,161,963	5,962,295	9,124,258
Other	154,284,869	92,504	705,358	-	-	7,592,445	11,984,467	183,684,701	1,720,125	1,027,915	100,358,407	-	-	-	-	8,296,731	37,010,020	459,138,664	47,618,878	506,757,542
Total	278,931,981	177,659	726,187	-	-	73,608,543	191,602,513	237,304,438	19,356,360	1,820,351	122,316,817	-	-	-	-	8,296,731	37,010,020	700,716,956	270,434,644	971,151,600

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

- 1-Conditional and unconditional receivables from central governments or central banks
- 2-Conditional and unconditional receivables from regional or local governments
- 3-Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4-Conditional and unconditional receivables from multilateral development banks
- 5-Conditional and unconditional receivables from international organizations
- 6-Conditional and unconditional receivables from banks and brokerage houses
- 7-Conditional and unconditional receivables from corporates
- 8-Conditional and unconditional retail receivables
- 9-Conditional and unconditional receivables secured by mortgages
- 10-Past due receivables
- 11-Receivables defined as high risk category by the Regulator
- 12-Mortgage-backed Securities
- 13-Securitization Positions
- 14-Short-Term Receivables and Short-Term Corporate Receivables from banks and brokerage houses
- 15-Investments in the Nature of Collective Investment
- 16-Investment in equities
- 17-Other receivable

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

#### II. Explanations on Risk Management (Continued)

##### 1. Explanations on credit risk (Continued)

Prior Period	Risk Categories <sup>(*)</sup>																	TRY	FC	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
<b>Agriculture</b>	-	-	<b>1,478</b>	-	-	-	<b>1,283,474</b>	<b>1,429,927</b>	<b>71,364</b>	<b>35,697</b>	<b>130,383</b>	-	-	-	-	-	-	<b>2,539,642</b>	<b>412,681</b>	<b>2,952,323</b>
Farming and Livestock	-	-	1,478	-	-	-	661,451	1,361,591	69,817	35,556	130,383	-	-	-	-	-	-	2,176,006	84,270	2,260,276
Forestation	-	-	-	-	-	-	34,289	23,326	731	1	-	-	-	-	-	-	-	57,474	873	58,347
Fishing Industry	-	-	-	-	-	-	587,734	45,010	816	140	-	-	-	-	-	-	-	306,162	327,538	633,700
<b>Industrial</b>	-	<b>144,509</b>	<b>1,045</b>	-	-	-	<b>62,420,766</b>	<b>8,889,834</b>	<b>2,649,102</b>	<b>147,607</b>	<b>4,288,291</b>	-	-	-	-	-	-	<b>42,725,654</b>	<b>35,815,500</b>	<b>78,541,154</b>
Mining and Quarrying	-	-	-	-	-	-	438,719	134,599	72,391	2,478	74,338	-	-	-	-	-	-	551,803	170,722	722,525
Manufacturing Industry	-	-	1,045	-	-	-	54,230,040	8,668,577	2,540,378	145,027	4,142,205	-	-	-	-	-	-	40,915,020	28,812,252	69,727,272
Electricity, Gas, Water	-	144,509	-	-	-	-	7,752,007	86,658	36,333	102	71,748	-	-	-	-	-	-	1,258,831	6,832,526	8,091,357
<b>Construction</b>	-	-	-	-	-	-	<b>8,427,831</b>	<b>5,263,504</b>	<b>1,301,342</b>	<b>296,326</b>	<b>481,824</b>	-	-	-	-	-	-	<b>12,500,800</b>	<b>3,270,027</b>	<b>15,770,827</b>
<b>Services</b>	<b>63,704,102</b>	<b>54,038</b>	<b>18,921</b>	-	-	<b>59,224,588</b>	<b>75,559,095</b>	<b>22,795,153</b>	<b>7,796,870</b>	<b>519,571</b>	<b>8,009,885</b>	-	-	-	-	-	-	<b>103,361,032</b>	<b>134,321,191</b>	<b>237,682,223</b>
Wholesale and Retail Trade	-	-	1,134	-	-	-	26,160,949	17,454,240	2,947,373	166,232	6,301,489	-	-	-	-	-	-	46,153,543	6,877,874	53,031,417
Hotels and Restaurants	-	-	-	-	-	-	5,792,386	358,257	749,351	25,633	5,649	-	-	-	-	-	-	1,933,005	4,998,271	6,931,276
Transportation and Communications	-	54,005	-	-	-	-	23,146,837	2,114,562	236,282	9,515	587,100	-	-	-	-	-	-	4,391,310	21,756,991	26,148,301
Financial Institutions	63,704,102	33	-	-	-	59,224,588	3,582,874	181,276	5,164	270	30,173	-	-	-	-	-	-	43,763,303	82,965,177	126,728,480
Real Estate and Rent Services	-	-	-	-	-	-	9,179,975	294,471	3,534,404	297,401	467,922	-	-	-	-	-	-	1,840,931	11,933,242	13,774,173
Independent Business Services	-	-	17,707	-	-	-	1,503,604	1,188,610	194,321	11,383	51,776	-	-	-	-	-	-	2,149,728	817,673	2,967,401
Education Services	-	-	-	-	-	-	176,645	328,087	17,408	6,053	171,938	-	-	-	-	-	-	700,131	-	700,131
Health and Social Services	-	-	80	-	-	-	6,015,825	875,650	112,567	3,084	393,838	-	-	-	-	-	-	2,429,081	4,971,963	7,401,044
<b>Other</b>	<b>95,373,074</b>	<b>40,373</b>	<b>872,589</b>	-	-	<b>4,507,860</b>	<b>21,077,249</b>	<b>99,192,916</b>	<b>1,533,392</b>	<b>520,459</b>	<b>41,608,640</b>	-	-	-	-	<b>3,959,964</b>	<b>20,474,815</b>	<b>235,482,863</b>	<b>53,678,468</b>	<b>289,161,331</b>
<b>Total</b>	<b>159,077,176</b>	<b>238,920</b>	<b>894,033</b>	-	-	<b>63,732,448</b>	<b>168,768,415</b>	<b>137,571,334</b>	<b>13,352,070</b>	<b>1,519,660</b>	<b>54,519,023</b>	-	-	-	-	<b>3,959,964</b>	<b>20,474,815</b>	<b>396,609,991</b>	<b>227,497,867</b>	<b>624,107,858</b>

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

- 1-Conditional and unconditional receivables from central governments or central banks
- 2-Conditional and unconditional receivables from regional or local governments
- 3-Conditional and unconditional receivables from administrative units and non-commercial enterprises
- 4-Conditional and unconditional receivables from multilateral development banks
- 5-Conditional and unconditional receivables from international organizations
- 6-Conditional and unconditional receivables from banks and brokerage houses
- 7-Conditional and unconditional receivables from corporates
- 8-Conditional and unconditional retail receivables
- 9-Conditional and unconditional receivables secured by mortgages
- 10-Past due receivables
- 11-Receivables defined as high risk category by the Regulator
- 12-Mortgage-backed Securities
- 13-Securitization Positions
- 14-Short-Term Receivables and Short-Term Corporate Receivables from banks and brokerage houses
- 15-Investments in the Nature of Collective Investment
- 16-Investment in equities
- 17-Other receivable

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

#### II. Explanations on Risk Management (Continued)

##### 1. Explanations on credit risk (Continued)

##### Analysis of maturity-bearing exposures according to remaining maturities (\*)

Current Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	2,142,465	2,159,983	3,044,119	3,022,874	43,915,428
Conditional and unconditional receivables from regional or local governments	-	3,068	18,133	3,763	152,662
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	118,871	230,211	93,004	294	225,567
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	11,828,568	26,775,739	5,091,841	3,565,614	8,349,606
Conditional and unconditional receivables from corporates	15,457,025	26,362,689	25,361,880	33,985,666	71,913,743
Conditional and unconditional receivables from retail portfolios	22,025,522	26,402,545	22,142,620	32,778,077	28,276,593
Conditional and unconditional receivables secured by mortgages	776,408	1,179,890	2,424,657	3,632,690	10,744,861
Past due receivables	-	-	-	-	-
Receivables defined under high risk category by BRSA	3,456,320	8,873,147	8,937,113	28,586,186	39,081,414
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Stock investments	-	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total</b>	<b>55,805,179</b>	<b>91,987,272</b>	<b>67,113,367</b>	<b>105,575,164</b>	<b>02,659,874</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions and items with maturity items are taken into consideration.

Prior Period Exposure Categories	Term to Maturity				
	Up to 1 month	1-3 months	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	2,559,232	2,252,336	322,789	1,807,675	38,301,974
Conditional and unconditional receivables from regional or local governments	-	-	3,656	-	175,226
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	616	777	9,750	-	195,007
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	6,958,091	9,444,736	1,227,883	6,250,355	5,748,629
Conditional and unconditional receivables from corporates	7,527,764	9,635,423	10,714,683	14,735,986	47,548,208
Conditional and unconditional receivables from retail portfolios	8,668,479	12,710,834	7,691,548	10,803,422	32,980,220
Conditional and unconditional receivables secured by mortgages	118,023	292,342	727,375	1,126,136	11,399,373
Past due receivables	-	-	-	-	-
Receivables defined under high risk category by BRSA	-	-	-	-	12,719,133
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Stock investments	7,674	-	-	-	-
Other receivables	-	-	-	-	-
<b>Total</b>	<b>25,839,879</b>	<b>34,336,448</b>	<b>20,697,684</b>	<b>34,723,574</b>	<b>149,067,770</b>

(\*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions and items with maturity items are taken into consideration.

#### Exposures by Risk Weights

##### Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	500%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	287,934,239	-	36,450,309	9,250	58,534,679	206,660,613	259,092,607	100,473,580	21,386,661	-	456,576	153,086	4,175,228
2. Exposures After Credit Risk Mitigation	288,951,458	-	29,228,781	2,838,532	48,487,431	195,653,544	246,253,174	100,411,928	21,386,661	-	456,576	153,086	4,175,228

##### Prior Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	500%	2%	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	167,952,474	-	23,232,687	-	38,211,768	114,085,753	226,085,630	41,621,952	12,700,634	-	196,437	20,523	1,177,889
2. Exposures After Credit Risk Mitigation	169,290,107	-	17,069,087	1,814,699	35,781,944	102,284,317	212,006,637	41,083,646	12,700,634	-	196,437	20,523	1,177,889

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations On Risk Management (Continued)****Information by major sectors and type of counterparties**

Information about impaired credits and past due credits and value adjustments and provisioning methods are described in Part IV Footnote 2.

Current Period	Loans <sup>(*)</sup>			Provisions	
	Impaired Loans (TFRS 9)		Non-Performing (Regulation of Provision)	Provision For Expected Losses of Credit (TFRS 9)	(Regulation of Provision)
	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)			
<b>Major Sectors/Counterparties</b>					
<b>1. Agriculture</b>	<b>85,292</b>	<b>149,260</b>	-	<b>141,587</b>	-
1.1. Farming and Livestock	79,511	147,266	-	138,790	-
1.2. Forestation	3,493	104	-	600	-
1.3. Fishing	2,288	1,890	-	2,197	-
<b>2. Industrial</b>	<b>3,511,009</b>	<b>1,901,346</b>	-	<b>2,030,528</b>	-
2.1. Mining and Quarrying	13,637	24,341	-	21,354	-
2.2. Manufacturing Industry	3,472,217	1,817,317	-	1,948,793	-
2.3. Electricity, Gas, Water	25,155	59,688	-	60,381	-
<b>3. Construction</b>	<b>2,084,607</b>	<b>681,351</b>	-	<b>1,155,747</b>	-
<b>4. Services</b>	<b>26,413,751</b>	<b>2,793,202</b>	-	<b>7,153,200</b>	-
4.1. Wholesale and Retail Commerce	4,641,187	1,452,396	-	1,800,224	-
4.2. Hotel and Restaurant Services	1,774,322	145,729	-	478,709	-
4.3. Transportation and Communication	460,093	96,911	-	155,970	-
4.4. Financial Corporations	13,360	9,919	-	10,824	-
4.5. Real Estate and Loan Services	17,949,561	799,465	-	4,004,418	-
4.6. Independent Business Services	709,728	232,558	-	420,986	-
4.7. Education Services	44,752	26,928	-	32,557	-
4.8. Health and Social Services	820,748	29,296	-	249,512	-
<b>5. Other</b>	<b>31,360,317</b>	<b>4,929,315</b>	-	<b>8,819,951</b>	-
<b>6. Total</b>	<b>63,454,976</b>	<b>10,454,474</b>	-	<b>19,301,013</b>	-

(\*) Represents the distribution of cash loans.

Prior Period	Loans <sup>(*)</sup>			Provisions	
	Impaired Loans (TFRS 9)		Non-Performing (Regulation of Provision)	Provision For Expected Losses of Credit (TFRS 9)	(Regulation of Provision)
	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)			
<b>Major Sectors/Counterparties</b>					
<b>1. Agriculture</b>	<b>142,855</b>	<b>235,189</b>	-	<b>199,158</b>	-
1.1. Farming and Livestock	133,225	232,789	-	196,103	-
1.2. Forestation	4,236	104	-	559	-
1.3. Fishing	5,394	2,296	-	2,496	-
<b>2. Industrial</b>	<b>2,835,561</b>	<b>1,579,081</b>	-	<b>1,712,570</b>	-
2.1. Mining and Quarrying	36,000	18,608	-	14,967	-
2.2. Manufacturing Industry	2,780,315	1,251,177	-	1,387,621	-
2.3. Electricity, Gas, Water	19,246	309,296	-	309,982	-
<b>3. Construction</b>	<b>1,113,394</b>	<b>963,713</b>	-	<b>765,603</b>	-
<b>4. Services</b>	<b>19,344,003</b>	<b>3,096,630</b>	-	<b>6,023,086</b>	-
4.1. Wholesale and Retail Commerce	4,698,583	1,716,036	-	1,922,030	-
4.2. Hotel and Restaurant Services	1,447,733	260,506	-	520,207	-
4.3. Transportation and Communication	441,084	126,724	-	166,205	-
4.4. Financial Corporations	32,486	8,950	-	11,303	-
4.5. Real Estate and Loan Services	11,188,469	810,278	-	2,832,590	-
4.6. Independent Business Services	846,616	101,121	-	302,366	-
4.7. Education Services	59,133	36,817	-	34,752	-
4.8. Health and Social Services	629,899	36,198	-	233,633	-
<b>5. Other</b>	<b>12,915,604</b>	<b>3,150,313</b>	-	<b>4,337,928</b>	-
<b>6. Total</b>	<b>36,351,417</b>	<b>9,024,926</b>	-	<b>13,038,345</b>	-

(\*) Represents the distribution of cash loans.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations On Risk Management (Continued)****Movements in value adjustments and provisions**

<b>Current Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments <sup>(*)</sup></b>	<b>Closing Balance</b>
1. Stage 3 Provisions <sup>(**)</sup>	7,429,113	2,805,186	(903,898)	(908,332)	8,422,069
2. Stage 1-2 Provisions	9,094,661	11,087,320	(1,599,822)	-	18,582,159

(\*) Represents the provision of loans written-off.

(\*\*) Demonstrates provision movement of Stage 3 cash loans.

<b>Prior Period</b>	<b>Opening Balance</b>	<b>Provision for Period</b>	<b>Provision Reversals</b>	<b>Other Adjustments <sup>(*)</sup></b>	<b>Closing Balance</b>
1. Stage 3 Provisions <sup>(**)</sup>	6,760,629	1,625,345	(594,921)	(361,940)	7,429,113
2. Stage 1-2 Provisions	5,360,514	4,795,475	(1,061,328)	-	9,094,661

(\*) Represents the provision of loans written-off.

(\*\*) Demonstrates provision movement of Stage 3 cash loans.

**Exposures subject to countercyclical capital buffer**

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué “Regulation on Capital Conservation and Countercyclical Capital buffers of Banks” published in the Official Gazette No. 28812 dated November 5, 2013 is presented below:

**Information on private sector receivables**

<b>Current Period</b>	<b>RWAs of Banking Book for Private Sector Lending</b>	<b>RWAs of Trading Book</b>	<b>Total</b>
<b>Country</b>			
Türkiye	684,072,718	-	684,072,718
Malta	591,450	-	591,450
Other	366,995	-	366,995
<b>Total</b>	<b>685,031,163</b>	<b>-</b>	<b>685,031,163</b>

<b>Prior Period</b>	<b>RWAs of Banking Book for Private Sector Lending</b>	<b>RWAs of Trading Book</b>	<b>Total</b>
<b>Country</b>			
Türkiye	464,709,722	-	464,709,722
Malta	442,373	-	442,373
Other	1,125,920	-	1,125,920
<b>Total</b>	<b>466,278,015</b>	<b>-</b>	<b>466,278,015</b>

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

**II Explanations On Risk Management (Continued)**

**2. Risk Management and General Disclosures regarding Risk Weighted Amounts**

**2.1 GBA – Risk management approach of the Bank**

**a) The way risk profile of the Bank is determined by business model and the interaction between (e.g. key risks related to business model and in which way those risks are reflected to disclosures) and in which way the risk profile of the Bank is related to risk appetite approved by board of directors**

Bank acknowledges that business and strategy risks are material since the Bank's growth oriented business plan is sensitive to changes in market conditions. From this point of view, Bank classifies business and strategy risk as an important risk. Bank reviews its 5 year long term business plans once a year periodically. If the economic developments and market conditions require, then business plans are reviewed and revised more often.

**b) Risk management structure: Allocation of responsibilities in the Bank (e.g. supervision and delegation of authorization; separation of responsibilities with respect to their risk type, business unit etc.; relations between structures included in risk management processes [e.g. board of directors, senior management, separate risk committee, risk management unit, legal compliance, internal audit function])**

Bank's risk measurement, monitoring, and control functions have clearly defined responsibilities that are sufficiently independent from position/risk taking functions. Risk exposures are directly reported to Senior Management and the Board of Directors/Board Risk Committee. Bank's internal control systems are designed to provide adequate segregation of duties, in order to prevent conflicts of interest with respect to the distinct functions of undertaking, approving, monitoring and controlling risks. In particular the functions that undertake transactions (front line) are administratively and operationally separate from the functions of, confirmation, accounting and settlement of transactions, as well as the safekeeping of the assets of the Bank or its customers.

Risk management governance at the Bank starts with the Board of Directors. The Board Risk Committee ("BRC"), Audit Committee (the "AC"), Assets and Liabilities Committee (the "ALCO"), Corporate and Retail Credit Policy Committee ("CPC"), Operational Risk Management Committee ("ORMC"), Reputation Risk Management and Risk Management Department are the important bodies of the risk management structure. The Board of Directors determines the general risk policy and the risk appetite of the Bank.

The Audit Committee is responsible for supervising whether the Bank complies with the provisions of applicable risk management legislation, and the internal risk management policies and procedures approved by the BoD. The AC reviewing whether the Bank has the methods, instruments and procedures required for identifying, measuring, monitoring and controlling the risk exposures of the Bank.

The ALCO, meeting monthly, is responsible for monitoring and managing the structural asset-liability mismatches of the Bank, as well as monitoring and controlling liquidity risk and foreign currency exchange risk.

The CPC meets monthly and is responsible for monitoring and evaluating the Bank's lending portfolio and determining principles and policies regarding the credit risk management processes such as loan approval, limit setting, rating, monitoring and problem management. The ORMC meets every three months and is responsible for reviewing operational risk issues of the Bank and defining the necessary actions to be taken to minimize these risks. The Reputation Risk Management Committee is established to identify, evaluate and monitor the reputational risks that the Bank is exposed to and to take necessary actions to prevent risks and meets quarterly.

The Risk Management Department, working independently from the executive functions and reporting to the Board of Directors, is organized under three main sections as market risk, credit risk, operational risk and model validation, each having responsibility for identifying, measuring, monitoring, controlling and managing the relevant risks as well as for model validation, assessing the predictive ability of risk estimates and the use of ratings in credit processes.

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

**II. Explanations on Risk Management (Continued)**

**1. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)**

**2.1 GBA – Risk management approach of the Bank (Continued)**

**b) Risk management structure: Allocation of responsibilities in the Bank (e.g. supervision and delegation of authorization; separation of responsibilities with respect to their risk type, business unit etc.; relations between structures included in risk management processes [e.g. board of directors, senior management, separate risk committee, risk management unit, legal compliance, internal audit function]) (Continued)**

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. In doing so, the compliance function informs all Bank employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Bank risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Bank has and controls relevant to them during audit works.

**c) Channels which are used to extend and apply risk culture in the Bank (e.g. behavior rules, manuals including operation limits or procedures which shall be applied when the risk limits are exceeded, procedures regarding sharing of risk matters between business units and risk units)**

The Risk Appetite Statement stands out as the basic risk management policy document in which the Bank defines its risks and determines its risk appetite and management principles. It also defines current and targeted risk profile and appetite, risk management organization, and core risk management capabilities.

Corporate and Retail Loan Policies and application directions also determines the Bank's credit risk management workflow and procedures.

TFRS 9 Impairment Policy is to define TFRS 9 Impairment and related activities to be performed in accordance with the requirements of TFRS 9 Implementation Guide. The policy is to determine the roles and responsibilities of the Bank units within the framework of TFRS 9, to determine the changes specific to TFRS 9 apart from the existing credit policy guidelines, to establish guidelines for TFRS 9 risk monitoring, control and reporting activities, and to establish the TFRS 9 Impairment framework applied within the Bank. aims to provide.

Corporate Rating Governance Policy regulates the internal governance framework for corporate and commercial segment risk rating system operations.

Capital Management Policy sets a framework for managing capital requirements and adequacy assessment, capital planning, capital measurement and monitoring, capital allocation, risk-adjusted aims to establish performance measurement and pricing principles.

Counterparty Credit Risk Policy, the risk strategy determined by the Bank with risk policies and local legislation in comply with effective and sufficient counterparty credit risk management with caution, constant to establish based on the principles of applicability.

The Enterprise Risk Management Policy aims to coordinate the Bank's risk management activities, establish the necessary standards and optimize performance and decision-making through the classification of risks and developing a structured approach for the Bank to address these risks.

Country Risk Policy is to set a consistent framework for the identification, management and reporting of country risk that QNB Finansbank is exposed to through its counterparties in different countries.

The Market Risk Management Policy determines the key principles underlying the operations of the Bank in money and capital markets including limit structure.

Banking Account Interest Rate Risk (BHFOR) Policy sets the basic principles for the management of interest rate risk related to banking activities other than trading accounts.

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

**II. Explanations on Risk Management (Continued)**

**2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)**

**2.1 GBA – Risk management approach of the Bank (Continued)**

**c) Channels which are used to extend and apply risk culture in the Bank (e.g. behavior rules, manuals including operation limits or procedures which shall be applied when the risk limits are exceeded, procedures regarding sharing of risk matters between business units and risk units) (Continued)**

The liquidity policy outlines the Bank's view and identifies the guidelines for incurring, retaining and managing liquidity risk.

The Fair Value Policy aims to define the main principles, roles and responsibilities for measuring the fair value of financial instruments in accordance with accounting provisions and regulatory principles.

Investment Portfolio Risk Policy ensures that the activities related to the management of the Bank's investment portfolio are carried out in accordance with generally accepted practices. This policy explains the objectives and targets of the investment portfolio, whose management is given to the Treasury Trading and Asset-Liability Management units by the Asset-Liability Committee (ALCO). It also defines the management and risk control framework for managing and maintaining the investment portfolio.

The Operational Risk Management Policy ensures that all the Bank's stakeholders manage operational risk within a formalised framework aligned to business objectives.

Reputation Risk Policy, identifies the rules and frame of managing the reputation risk.

The Environmental and Social Risk Policy (Policy) sets forth QNB Finansbank's approach to environmental and social issues in line with the sustainability policy, strategy and ESG (Environmental, Social, Governance) commitments of QNB Group and QNB Finansbank.

**d) Key elements and scope of risk measurement systems**

Consistent across the Bank internal risk rating systems appropriate to the nature, size and complexity of each activity and fully integrated in credit processes. The internal risk rating system employs appropriate credit risk rating models the scope and coverage of which are adequate to accommodate the Bank's strategic aspirations and regulatory requirements. In particular, the Bank's internal rating systems form the basis of capital assessment and allocation and constitute a key element of risk adjusted performance measurement, pricing and profitability measurement.

Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities, providing adequate information on the composition of the credit portfolio of the Bank, including identification of any concentrations of risk.

The Market Risk Management Policy determines the key principles underlying the operations of the Bank in money and capital markets. Key principles of Market Risk Management Framework are:

The Board Risk Committee is responsible for ensuring that market risk strategy and policy are consistently implemented. This includes

- Implementation of the market risk management policy.
- Designation of risk limits.
- Definition of responsibilities for every unit involved in market risk management.
- Ongoing market risk monitoring and control, ensuring that risk appetite remains within the approved limits.
- Setting up appropriate IT systems for evaluating and monitoring the risks taken.
- Setting up standard models for market risk positions valuation and performance evaluation.
- Setting up comprehensive reporting and internal control systems.
- Providing for the maintenance of an adequate level of regulatory capital against the market risk undertaken.
- Providing for the disclosure of information regarding the type and level of the market risk assumed and for the implementation of policies for the management thereof.



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

**II. Explanations on Risk Management (Continued)**

**2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)**

**2.1 GBA – Risk management approach of the Bank (Continued)**

**e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)**

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operation Risk.

Credit Risk section of the report consists of three main sub sections such as General Outlook to the Total Portfolio, Business Loans and Retail Loans, and include;

- Basic risk appetite parameters included in the Bank's Risk Appetite Statement document,
- Exposures by segments, monthly and annual changes, portfolio growth
- Sector concentration and risk metrics
- Delinquency amounts, product types and delinquencies by segments, new NPLs and recoveries from NPLS
- Detailed watchlist analyses for business segments
- Rating distributions, PD distributions, expected loss trend, collateral structure
- New NPLs, vintage analyses, recoveries by segments and products
- Restructured credits by segments
- Derivative products exposures by segments, stress testing
- Credit risk information regarding subsidiaries

The Risk Management Division is required to inform Senior Management and Board Member who is responsible from Internal Systems on Market Risk of Trading Book and AFS portfolio.

Reports are prepared daily and indicatively include the following:

- Estimation of the VaR on aggregate basis and by type of risk (interest rate, FX, equity).
- Estimation of stress VaR on aggregate basis and by type of risk (interest rate, FX, equity).
- Sensitivity of the trading and AFS portfolio.
- Nominal values of bond portfolios.
- Breakdowns of the portfolio and utilization of the relevant limits.
- Utilization of limits on option Greeks.
- Subsidiary VaR calculation.

In addition, Board of Directors Risk Committee Report is prepared monthly in a way covering abovementioned market risk metrics and stress tests in order to be presented to Board of Directors and Risk Committee.

Operational Risk segment reporting broadly covers the following:

- Operational risk loss events experienced in the Bank
- Key risk indicators and risk metrics
- Action tracking

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

**II. Explanations on Risk Management (Continued)**

**2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)**

**2.1 GBA – Risk management approach of the Bank (Continued)**

**f) Disclosures regarding stress test (e.g. assets included in stress test, adapted scenarios and used methodologies and use of stress test in risk management)**

Stress test constitute the center of capital planning within the scope of the Bank's APICA (Assessment Process of Internal Capital Adequacy). The Bank's general principles on these stress testing framework can be summarized as follows:

- Comprehensive stress testing, aggregated per risk category, is conducted at least annually on year end data and business plan.
- Stress testing is integrated to the ICAAP document which is subject to Board of Directors approval.
- A historical scenario is selected as an anchor scenario to be used on the construct of base adverse scenario for the stress test use. However, final scenario is applied by enriching with hypothetical components as independent from anchor scenario.
- Bank's stress testing framework encompasses sensitivity tests.
- The impact of the stress testing on the Bank's financial strength and capital position are analyzed through some key ratios and key items including but not limited to the following: Non-performing Loan Ratio, Return of Equity, Return on Asset, Leverage Ratio, Core Tier I Ratio, Capital Adequacy Ratio, Loan Balances, Balance Sheet Items, the Statement of Profit or Loss Items.
- The stress testing framework also includes reverse stress tests, where scenarios and shocks that could lead to the failure of the Bank are quantitatively or qualitatively outlined.

In scenarios using stress testing, as a result of increase in non-performing loans due to significant deterioration in asset quality and a decrease in capital adequacy, The Bank's ability to meet capital-strengthening actions and cash outflows that may occur in case of a possible liquidity crisis were tested. In this context, when potential risks are assessed, it is believed that the Bank has sufficient capacity for actions that may be taken.

Market Risk Management defines the stress test approaches as below;

- To move the risk factors parallel in one direction
- To move the risk factors non parallel.
- To perform tests to the existing portfolio based on past extreme situations.

Trading book consists of Financial Assets at Fair Value Through Profit or Loss securities, Financial Assets at Fair Value Through Profit or Loss derivatives and open currency positions which are clearly defined in Market Risk Management Policy.

Within the scope of liquidity stress test to identify possible sources of liquidity weaknesses, scenarios that are specific to the bank, related to the market in general and taking both situations into account have been defined. Thus, the Bank's ability to meet its obligations during a funding crisis is tested. The Bank has had four different stress tests measuring how much it can meet its promises, without providing any new funds from the market or at very low levels of funds, cumulative cash outflows. For effective and sufficient liquidity risk management, the stress tests in question have been created based on crisis scenarios specific to the Bank, a general market crisis scenario, and a combined scenario in accordance with the "Guidance on Liquidity Risk Management".

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)****2.1 GBA – Risk management approach of the Bank (Continued)****g) Risk management, protection and mitigation strategies and process of the Bank sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation**

Forecasts related to effectiveness of credit risk mitigation methods and collection ability of the Bank associated with miscellaneous collateral types are stated with consideration ratios on the basis of collaterals. The aforementioned ratios are determined based on long term historical observations of the Bank and judgement of expert business units and most importantly with precautionary principle.

Likewise, conservatism is also embedded in regulatory rules through respective haircuts, collateral eligibility requirements and so forth. Furthermore, the collaterals used as a risk mitigant in the Bank's capital adequacy calculations are predominantly cash or equivalent collaterals. The treatment of cash collaterals is straight forward, issues about recovery, and valuation are not relevant.

Regarding the exposure secured with mortgages, the new capital adequacy regime with Basel II increased the operational requirements for the recognition.

**2.2. GB1 – Overview of Risk Weighted Assets**

	Risk Weighted Amount		Minimum Capital Requirement	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
1 Credit Risk (excluding counterparty Credit Risk)	611,260,776	383,252,539	48,900,862	30,660,203
2 Standardized approach	611,260,776	383,252,539	48,900,862	30,660,203
3 Internal rating-based approach	-	-	-	-
4 Counterparty credit risk	10,392,504	18,604,519	831,400	1,488,362
5 Standardized approach for counterparty credit Risk	10,392,504	18,604,519	831,400	1,488,362
6 Internal model method	-	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-	-
11 Settlement risk	-	-	-	-
12 Securitization positions in banking accounts	-	-	-	-
13 IRB ratings-based approach	-	-	-	-
14 IRB Supervisory Formula Approach	-	-	-	-
15 SA/simplified supervisory formula approach	-	-	-	-
16 Market risk	12,166,450	8,757,963	973,316	700,637
17 Standardized approach	12,166,450	8,757,963	973,316	700,637
18 Internal model approaches	-	-	-	-
19 Operational Risk	40,148,209	18,872,372	3,211,857	1,509,790
20 Basic Indicator Approach	40,148,209	18,872,372	3,211,857	1,509,790
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24 Floor adjustment	-	-	-	-
<b>25 TOTAL(1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>673,967,939</b>	<b>429,487,393</b>	<b>53,917,435</b>	<b>34,358,992</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

### II. Explanations on Risk Management (Continued)

#### 3. Linkages between financial statements and risk amount

##### 3.1. B1 - Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts

Current Period		Carrying values of items in accordance with TAS				
Assets	Financial statements prepared as per TAS	Subject to credit risk	Subject to counterparty credit risk	Subject to the securitization framework	Subject to market risk	Not subject to capital requirements or subject to deduction from capital
Cash and balances with the Central Bank	162,571,776	162,579,711	-	-	-	-
Trading Financial Assets <sup>(*)</sup>	5,741,087	-	5,731,425	-	2,289,167	-
Financial Assets at Fair Value Through Profit or Loss	2,361,969	-	-	-	1,716,023	-
Banks	16,791,144	16,813,703	-	-	-	-
Money Market Placements	5,736,434	5,435,500	301,081	-	-	-
Financial Assets Available-for-Sale (net)	67,352,086	67,352,086	9,860,710	-	-	-
Loans and Receivables	571,043,924	589,566,688	-	-	-	59,395
Factoring Receivables	-	-	-	-	-	-
Held-to-maturity investments (net)	102,067,867	102,093,865	30,062,937	-	-	-
Investment in Associates (net)	53,722	53,722	-	-	-	-
Investment in Subsidiaries (net)	9,917,876	8,191,144	-	-	-	1,726,732
Investment in Joint ventures (net)	2,800	2,800	-	-	-	-
Lease Receivables	-	-	-	-	-	-
Derivative Financial Assets Held For Hedging <sup>(*)</sup>	7,256,625	-	7,256,625	-	-	-
Property And Equipment (Net)	14,484,595	14,284,809	-	-	-	199,786
Intangible Assets (Net)	2,189,315	-	-	-	-	2,189,315
Investment Property (Net)	-	-	-	-	-	-
Tax Asset	6,581,490	6,581,490	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	13,663,857	13,686,540	-	-	-	-
<b>Cash and balances with the Central Bank</b>	<b>987,816,567</b>	<b>986,642,058</b>	<b>53,212,778</b>	<b>-</b>	<b>4,005,190</b>	<b>4,175,228</b>
<b>Liabilities</b>						
Deposits	632,050,108	-	-	-	-	-
Derivative Financial Liabilities Held for Trading <sup>(**)</sup>	4,151,498	-	-	-	1,667,369	-
Funds Borrowed	104,823,642	-	-	-	-	-
Money Markets	28,835,615	-	28,835,615	-	-	-
Marketable Securities Issued	45,949,178	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables <sup>(***)</sup>	38,025,209	-	-	-	-	-
Other Liabilities <sup>(***)</sup>	9,508,708	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-
Lease Payables	1,151,242	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging <sup>(**)</sup>	775,582	-	-	-	-	-
Provisions	11,836,884	-	-	-	-	-
Tax Liability	2,141,659	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Loans	26,948,856	-	-	-	-	-
Shareholder's Equity	81,618,386	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>987,816,567</b>	<b>-</b>	<b>28,835,615</b>	<b>-</b>	<b>1,667,369</b>	<b>-</b>

(\*) Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.

(\*\*) Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.

(\*\*\*) Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

#### II. Explanations on Risk Management (Continued)

#### 3. Linkages between financial statements and risk amount (Continued)

#### 3.1. B1 - Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts (Continued)

Prior Period	Financial statements prepared as per TAS	Carrying values of items in accordance with TAS				Not subject to capital requirements or subject to deduction from capital
		Subject to credit risk	Subject to counterparty credit risk	Subject to the Securitization framework	Subject to market risk	
<b>Assets</b>						
Cash and balances with the Central Bank	94,532,864	94,537,791	-	-	-	-
Trading Financial Assets	8,183,699	-	7,756,703	-	3,885,422	-
Financial Assets at Fair Value Through Profit or Loss	1,272,479	-	-	-	820,827	-
Banks	10,656,730	10,668,297	-	-	-	-
Money Market Placements	8,462,898	4,427,376	4,040,604	-	-	-
Financial Assets Available-for-Sale (net)	40,138,650	40,128,060	10,288,785	-	-	-
Loans and Receivables	344,947,316	354,001,133	-	-	-	40,844
Factoring Receivables	-	-	-	-	-	-
Held-to-maturity investments (net)	61,953,149	61,958,244	19,879,566	-	-	-
Investment in Associates (net)	45,477	45,477	-	-	-	-
Investment in Subsidiaries (net)	3,618,249	3,618,249	-	-	-	-
Investment in Joint ventures (net)	288,563	288,563	-	-	-	-
Lease Receivables	-	-	-	-	-	-
Derivative Financial Assets Held For Hedging <sup>(*)</sup>	14,493,461	-	14,493,461	-	-	-
Property And Equipment (Net)	4,729,467	4,620,971	-	-	-	108,496
Intangible Assets (Net)	1,028,549	-	-	-	-	1,028,549
Investment Property (Net)	-	-	-	-	-	-
Tax Asset	354,327	354,327	-	-	-	-
Assets Held For Resale And Related To Discontinued Operations (Net)	-	-	-	-	-	-
Other Assets	7,049,298	7,052,346	-	-	-	-
<b>TOTAL ASSETS</b>	<b>601,755,176</b>	<b>581,700,834</b>	<b>56,459,119</b>	<b>-</b>	<b>4,706,249</b>	<b>1,177,889</b>
<b>Liabilities</b>						
Deposits	394,284,033	-	-	-	-	-
Derivative Financial Liabilities Held for Trading <sup>(**)</sup>	5,592,169	-	-	-	3,505,391	-
Funds Borrowed	41,653,317	-	-	-	-	-
Money Markets	21,928,860	-	21,928,860	-	-	-
Marketable Securities Issued	27,939,706	-	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables <sup>(***)</sup>	29,177,464	-	-	-	-	-
Other Liabilities	6,552,655	-	-	-	-	-
Factoring Payables	-	-	-	-	-	-
Lease Payables	745,318	-	-	-	-	-
Derivative Financial Liabilities Held For Hedging <sup>(**)</sup>	804,069	-	-	-	-	-
Provisions	8,918,257	-	-	-	-	-
Tax Liability	2,766,075	-	-	-	-	-
Liabilities For Property And Equipment Held For Sale And Related To Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Loans	17,127,724	-	-	-	-	-
Shareholder's Equity	44,265,529	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>601,755,176</b>	<b>-</b>	<b>21,928,860</b>	<b>-</b>	<b>3,505,391</b>	<b>-</b>

(\*) Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.

(\*\*) Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.

(\*\*\*) Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****3. Linkages between financial statements and risk amount (Continued)****3.2. B2 - The main sources of the differences between the risk amounts and the amounts assessed in accordance with TAS in the financial statements**

Current period	Total	Subject To Credit Risk	Subject to the Securitization	Subject To Counterparty Credit Risk	Subject To Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	1,043,860,026	986,642,058	-	53,212,778	4,005,190
2 Liabilities carrying value amount under regulatory scope of consolidation	30,502,984	-	-	28,835,615	1,667,369
3 Total net amount under regulatory scope of consolidation	1,013,357,042	986,642,058	-	24,377,163	2,337,821
4 Off-Balance Sheet Amounts	777,638,424	76,874,478	-	-	-
5 Differences due to different netting rules	9,828,629	-	-	-	9,828,629
6 Repo transactions	608,004	-	-	608,004	-
7 Potential credit risk amount calculated for the counterparty	3,689,064	-	-	3,689,064	-
8 Differences due to credit risk reduction	(16,573,337)	(12,411,172)	-	(4,162,165)	-
9 Average exchange rate effect (*)	(141,796,260)	(141,796,260)	-	-	-
<b>Risk Amounts</b>	<b>1,788,547,826</b>	<b>909,309,104</b>	<b>-</b>	<b>24,512,066</b>	<b>12,166,450</b>

(\*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated January 31, 2023

Prior period	Total	Subject To Credit Risk	Subject to the Securitization	Subject To Counterparty Credit Risk	Subject To Market Risk
1 Asset carrying value amount under scope of regulatory consolidation	642,866,202	581,700,834	-	56,459,119	4,706,249
2 Liabilities carrying value amount under regulatory scope of consolidation	25,434,251	-	-	21,928,860	3,505,391
3 Total net amount under regulatory scope of consolidation	617,431,951	581,700,834	-	34,530,259	1,200,858
4 Off-Balance Sheet Amounts	339,817,534	58,108,374	-	-	-
5 Differences due to different netting rules	7,557,105	-	-	-	7,557,104
6 Repo transactions	2,471,321	-	-	2,471,321	-
7 Potential credit risk amount calculated for the counterparty	9,096,636	-	-	9,096,636	-
8 Differences due to credit risk reduction	(25,163,085)	(10,125,788)	-	(15,037,297)	-
9 Average exchange rate effect (*)	(69,728,898)	(69,728,898)	-	-	-
<b>Risk Amounts</b>	<b>951,211,463</b>	<b>559,954,522</b>	<b>-</b>	<b>31,060,919</b>	<b>8,757,963</b>

(\*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated December 21, 2022.

**3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures****a) None.**

**b)** There is no significant difference between amounts valued in accordance with TAS included in B2 and risk exposures except for "Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)". There is a significant difference between amounts valued according to TAS and risk exposures, since the securities which are subject to repurchase that include in Money Market Payables account item are subject to counter party risk.

**c) Valuation methodologies regarding the disclosure related to use of Market Value and Model Value**

In general terms, market risk is the possibility of making loss as a result of changes occurring in the current market values of financial assets and positions in the bank's trading accounts. In this framework, the following elements of the Bank, which must be reflected on balance sheet over their current market values (market to market), are included in market risk.

- Equity shares included in trading, investment fund participation documents, securities such as bonds and bills.
- Open foreign exchange position with respect to each foreign currency.
- Derivative contracts (forwards) sensitive to interest changes and concluded for trading, future transactions, simple or complex options, swaps, credit derivatives are subject to market risk. Classification of Trading Accounts are made in accordance with Appedix-3 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

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

**II. Explanations on Risk Management (Continued)**

**3. Linkages between financial statements and risk amount (Continued)**

**3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures (Continued)**

Classification of Trading Accounts are made in accordance with Appedix-3 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy.

QNB Finansbank calculates its value at market risk with standard method in the framework of "Regulation on Measurement and Evaluation of Bank's Capital Adequacy". Accordingly, capital requirement is reached through multiplying of total of general market risk, commodity risk, settlement risk, exchange risk option risk to 12.5.

The Bank's market risk basis value is reached by determining the amounts related to market risk. The details of the analysis are as follows:

- Commodity risk analysis: Simplified approach (Standard method).
- Interest rate risk analysis: General Market Risk Calculation (Standard method – maturity approach) – Specific risk calculation (standard method).
- Equity share risk analysis: Position risk in equity share investments (Standard method).
- Exchange rate exposure analysis (standard method).
- Option risk analysis: Weighting method with delta factor (standard method).

Securities such as equity share, bond and bills, whose market prices are monitored directly, and derivative products such as futures, which are traded in stock exchange, are reviewed over their transaction prices as of reporting date. If a security included in Financial Assets at Fair Value through Profit/Loss portfolio cannot be treated as of reporting date, it is evaluated over the price determined in scope of precautionary principles.

Market value of products, which are traded at over the counter markets such as forward foreign exchange, foreign exchange swaps and interest swaps, are calculated in line with discounting of cash flows over market interest rates. Market value of option transactions is performed based on softwares which are internationally accepted valuation methodologies

**Definition of independent price approval processes**

There are four main price parameters which shall have an impact on current market value of financial assets and positions held by the Banks:

- Market interest rates (bond, bill and derivative prices),
- Share Prices,
- Exchange rates,
- Gold, other precious metals and commodity prices.

Total risk of loss sourcing from price movements (interest, equity share, exchange and commodity risk) related to financial assets and positions are called as "general market risk".

Independency of price process in ensured through the recording and management of prices to Bank systems by back office. In addition, the pricing and valuation systems in question are also reviewed and validated by Validation Unit. Details belonging to aforementioned valuation and accounting are strictly documented and monitored by Treasury Control Unit.

**Processes for valuation adjustments or differences (It includes definition of process and methodology definition for the valuation of trading positions according to type of financial instrument)**

TRY borrowing instruments included in securities portfolio of Financial Assets at Fair Value through Profit/Loss account consist of government securities. The aforementioned securities are evaluated based on weighted average price traded in the market. For the TRY securities not traded, market price is calculated based on CBRT prices. Average of quotation of purchase and sell in the market are accepted as market price for Foreign Currency securities included in the same portfolio.

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

**II. Explanations on Risk Management (Continued)**

**4. Credit Risk Disclosures**

**4.1. General Information on Credit Risk**

**4.1.1. CRA – General Qualitative Information on Credit Risk**

**a) Conversion of Bank's business model to components of credit risk profile**

The Bank deploys forward looking, risk sensitive measurement systems and tools, including appropriate information technology applications and management information systems, to account for expected and unexpected losses in both normal and stress market conditions, for all types of risks as appropriate. The conversion of business model to components in risk profile is digitized through aforementioned instruments.

**b) Criteria and approach used during the determination of credit risk policy and credit risk limits**

Bank credit policies have been established to form effective and satisfactory loan allocation processes based on prudence and applicability principles in a way that it is in line with the risk boundaries set by the Bank, Bank Credit Policies and legal authorities. Pillars of credit risk management policy in Bank are;

- Rules and Regulations of BRSA (Banking Regulation and Supervision Agency).
- Decisions of institutions auditing QNB Bank.
- Credit policies and procedures at Group level.
- Credit policies and procedures at Bank level.
- Risk Appetite Statement Document.
- Corporate, commercial and SME banking credit policies and corporate grading management documents.
- Individual credit and credit cards policies.

Risk Appetite Statement Document comes out as the main risk management policy document in which the Bank defines its risks, determines the risk appetite and the risk management principles. Credit risk limits are reviewed annually, consistent to risk strategy.

**c) Structure and organization of credit risk management and control function**

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Bank in favor of individuals or legal entities are reviewed in scope of credit risk management. Activities related to capital management includes calculation of legal and economic capital requirement of annual and long term business plans of the Bank.

Activities related to Credit Risk and Capital Management are carried out by Credit Risk Analytic, Strategy and Capital Management unit. Bank's Credit Risk organization, duties and responsibilities, related units and responsibilities of those units are identified in detail in the own Credit Policy documents of the Bank, Risk Appetite Statement Document and Risk Management Department operation instruction and also main principles, applications, limits and reporting processes, which are going to be adopted in Credit Risk Management, are included.

Main responsibilities of Credit Risk Management Department are as follows:

- To establish risk management policies and strategies related to risks exposed by the Bank and to submit those policies and strategies for the approval of Board of Directors Risk Committee,
- To ensure fulfilment of risk identification, measurement, analysis, monitoring, control and mitigation activities in accordance with risk management policies and processes approved by Board of Directors and to report all significant in balance and off balance risks which are undertaken at Bank level to senior management,
- To make internal capital adequacy review covering all risks and to make forecasts related to course of capital adequacy ratio in the framework of long term business plans of the Bank,
- To make periodic stress tests and scenario analysis and establish early warning systems,
- To support decision-making processes of the Bank through providing reviews and risk point of view with respect to risk management,
- To encourage risk awareness and management culture at Bank level,
- To develop of forecasting models/approaches and the measurement monitoring of portfolio credit risk through Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD),
- Implementation of risk based Credit Classification and Expected Credit Loss (ECL) calculations under TFRS 9, determination of credit risk measurement framework, development and implementation of relevant models/approaches.



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

**II. Explanations on Risk Management (Continued)**

**4. Credit Risk Disclosures (Continued)**

**4.1. General Information on Credit Risk (Continued)**

**4.1.1. CRA – General Qualitative Information on Credit Risk (Continued)**

**d) Relationship between credit risk management, risk control, legal compliance and internal audit functions**

Risk governance model includes three lines of defense consisting of:

- The risk taking units (lines of business) at the first level, responsible for assessing and minimizing risks for a given level of return.
- Risk Management Unit, at the second level, identifies, monitors, controls, quantifies risk, provides appropriate tools and methodologies, provides coordination and assistance; measures risk adjusted performance across the business lines; reports to appropriate levels and proposes mitigation measures, being supported by business lines, where the risk is actually created, and specialized units.
- Internal Audit – provides the independent review function.

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. the compliance function informs all Bank employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Bank risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Bank has and controls relevant to them during audit works.

**e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)**

A Board of Directors Risk Committee Report is prepared monthly to be submitted to the Board of Directors Risk Committee, and the report mainly consists of information on capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operational Risk. The main content and scope of the report contains development in risk parameters, change in risk profile, concentration and risk metrics, stress tests and results, delay amounts and rates on the basis of segments, third stage, second stage, rating and default probability distributions, aging analysis collateral structure, collection amounts by segment and product, and non-performing loan restructurings. In addition to this monthly report, a quarterly comparison analysis with peer banks based on capital adequacy and credit risk metrics is reported to senior management and the board of directors.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****4. Credit Risk Disclosures (Continued)****4.2. CR1 – Credit quality of assets**

Current Period	Gross carrying values of as per TAS		Provision/ Allowances/ Impairments	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
1 Loans	10,454,474	587,593,678	8,422,069	589,626,083
2 Debt Securities	-	169,445,951	-	169,445,951
3 Off-balance sheet Exposures	-	586,382,774	27,904	586,354,870
<b>4 Total</b>	<b>10,454,474</b>	<b>1,343,422,403</b>	<b>8,449,973</b>	<b>1,345,426,904</b>

Prior Period	Gross carrying values of as per TAS		Provision/ Allowances/ Impairments	Net Values
	Defaulted Exposures	Non-defaulted Exposures		
1 Loans <sup>(*)</sup>	9,024,926	352,456,046	7,429,113	354,051,859
2 Debt Securities	-	102,094,281	-	102,094,281
3 Off-balance sheet exposures	52,021	245,624,172	55,641	245,620,552
<b>4 Total</b>	<b>9,076,947</b>	<b>700,174,499</b>	<b>7,484,754</b>	<b>701,766,692</b>

**4.3. CR2 – Changes in stock of defaulted loans and debt securities**

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	9,024,926	8,969,045
2 Loans and debt securities that have defaulted since the last reporting period	5,011,372	2,663,024
3 Returned to non-defaulted status	-	-
4 Amounts written off <sup>(*)</sup>	917,816	361,940
5 Other changes <sup>(**)</sup>	2,664,008	2,245,203
<b>6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)</b>	<b>10,454,474</b>	<b>9,024,926</b>

<sup>(\*)</sup> In prior period, there is TRY 907,703 balance regarding sales of non-performing loans.<sup>(\*\*)</sup> Includes collections from credits in default.**4.4. CRB – Additional disclosures related to credit quality of assets**

- The criteria taken into consideration by the Bank in determining the impairment are explained in footnote VIII of the third section.
- There is no part of past due receivables which is not reviewed as “loans subject to provisioning”.
- The Bank's specific provision calculation is explained in footnote VIII of the third section.
- In receivables of the customers having difficulties in payment of receivables to the Bank or expected to have possible difficulties in payments then receivables in aforementioned scope are identified as “restructured receivables”.
- Exposures provisioned according to major regions, major sectors and remaining maturity.

*Exposures provisioned against by major regions*

Country	Current Period	Prior Period
Türkiye	585,238,969	350,600,485
European Union (EU) Countries	803	1,035
USA,Canada	2	28
OECD Countries <sup>(*)</sup>	2,236	432
Off-Shore Banking Regions	869,732	763,195
Other	1,481,936	1,090,871
<b>Total <sup>(*)</sup></b>	<b>587,593,678</b>	<b>352,456,046</b>

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****4. Credit Risk Disclosures (Continued)****4.4. CRB – Additional disclosures related to credit quality of assets (Continued)****e) Exposures provisioned according to major regions, major sectors and remaining maturity (Continued)***Exposures provisioned against by major sectors*

	Current Period	Prior Period
<b>1. Agriculture</b>	<b>3,206,115</b>	<b>2,986,225</b>
1.1. Farming and Raising Livestock	2,235,461	2,240,146
1.2. Forestry	36,489	42,472
1.3. Fishing	934,165	703,607
<b>2. Manufacturing</b>	<b>111,625,809</b>	<b>76,599,281</b>
2.1. Mining and Quarrying	963,553	659,976
2.2. Production	98,017,568	65,591,520
2.3. Electricity, Gas, Water	12,644,688	10,347,785
<b>3. Construction</b>	<b>15,096,310</b>	<b>11,221,790</b>
<b>4. Services</b>	<b>195,069,797</b>	<b>140,237,070</b>
4.1. Wholesale and retail trade	71,954,428	54,134,919
4.2. Hotel, food and beverage services	16,809,256	10,198,976
4.3. Transportation and telecommunication	46,529,727	33,428,456
4.4. Financial institutions	15,737,101	12,098,970
4.5. Real estate and leasing services	26,671,005	17,574,338
4.6. Self-employment services	4,064,145	3,133,492
4.7. Education services	931,756	789,278
4.8. Health and social services	12,372,379	8,878,641
<b>5. Other</b>	<b>262,595,647</b>	<b>121,411,680</b>
<b>6. Total<sup>(*)</sup></b>	<b>587,593,678</b>	<b>352,456,046</b>

*Breakdown of Loans according to remaining maturity*

Current period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables <sup>(*)</sup>	-	194,793,166	91,222,484	181,143,106	88,307,276	32,127,497	587,593,529

<sup>(\*)</sup> Provision amounts have been deducted from current period balances.

Prior period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables <sup>(*)</sup>	-	74,018,497	49,088,923	118,050,268	79,548,732	22,654,964	343,361,384

<sup>(\*)</sup> Provision amounts have been deducted from current period balances.**f) Exposures provisioned against by major regions and Loans written off during the period an uncollectible***Loan Amounts provisioned on the basis of by geographical regions Loans written off during the assets*

Current Period	Loans Subject to Provision	Provision	Written-off from Assets
Türkiye	10,437,391	8,405,257	917,816
European Union (EU) Countries	26	15	-
USA, Canada	-	-	-
OECD Countries <sup>(*)</sup>	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	17,057	16,798	-
<b>Total</b>	<b>10,454,474</b>	<b>8,422,070</b>	<b>917,816</b>

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****4. Credit Risk Disclosures (Continued)****4.4. CRB – Additional disclosures related to credit quality of assets (Continued)****f) Exposures provisioned against by major regions and Loans written off during the period an uncollectible (Continued)***Loan Amounts provisioned on the basis of by geographical regions Loans written off during the assets (Continued)*

<b>Prior Period</b>	<b>Loans Subject to Provision</b>	<b>Provision</b>	<b>Written-off from Assets</b>
Türkiye	9,008,552	7,412,814	361,940
European Union (EU) Countries	26	15	-
USA,Canada	-	-	-
OECD Countries (*)	-	-	-
Off-Shore Banking Regions	-	-	-
Other Countries	16,348	16,284	-
<b>Total</b>	<b>9,024,926</b>	<b>7,429,113</b>	<b>361,940</b>

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

*Exposures provisioned against by major sectors and Loans written off*

	<b>Current Period</b>			<b>Prior Period</b>		
	<b>Loans subject to provision</b>	<b>Provision</b>	<b>Written-off from Assets</b>	<b>Loans subject to provision</b>	<b>Provision</b>	<b>Written-off from Assets</b>
<b>1. Agriculture</b>	<b>149,260</b>	<b>130,447</b>	<b>19,541</b>	<b>235,189</b>	<b>187,177</b>	<b>-</b>
1.1. Farming and Raising Livestock	147,266	128,469	19,232	232,789	184,930	-
1.2. Forestry	104	104	-	104	102	-
1.3. Fishing	1,890	1,874	309	2,296	2,145	-
<b>2. Industrial</b>	<b>1,901,346</b>	<b>1,628,688</b>	<b>51,068</b>	<b>1,579,081</b>	<b>1,412,314</b>	<b>-</b>
2.1. Mining and Quarrying	24,341	20,123	231	18,608	13,345	-
2.2. Production	1,817,317	1,548,909	50,647	1,251,177	1,089,788	-
2.3. Electricity, Gas, Water	59,688	59,656	190	309,296	309,181	-
<b>3. Construction</b>	<b>681,351</b>	<b>462,520</b>	<b>26,317</b>	<b>963,713</b>	<b>648,639</b>	<b>-</b>
<b>4. Services</b>	<b>2,793,202</b>	<b>2,243,542</b>	<b>227,358</b>	<b>3,096,630</b>	<b>2,483,603</b>	<b>327,946</b>
4.1. Wholesale and Retail Trade	1,452,396	1,303,247	168,886	1,716,036	1,498,694	-
4.2. Hotel, Food and Beverage Services	145,729	125,409	22,959	260,506	198,280	-
4.3. Transportation and Communication	96,911	89,297	17,995	126,724	113,756	327,946
4.4. Financial Institutions	9,919	9,248	536	8,950	8,600	-
4.5. Real Estate and Renting Services	799,465	439,812	5,900	810,278	512,553	-
4.6. Self-Employment Services	232,558	225,536	6,221	101,121	88,490	-
4.7. Educational Services	26,928	24,901	1,436	36,817	30,432	-
4.8. Health and Social Services	29,296	26,092	3,425	36,198	32,798	-
<b>5. Other</b>	<b>4,929,315</b>	<b>3,956,873</b>	<b>593,532</b>	<b>3,150,313</b>	<b>2,697,380</b>	<b>33,994</b>
<b>6. Total</b>	<b>10,454,474</b>	<b>8,422,070</b>	<b>917,816</b>	<b>9,024,926</b>	<b>7,429,113</b>	<b>361,940</b>

**g) Aging Analysis**

<b>Overdue Days</b>	<b>Current Period</b>	<b>Prior Period</b>
0-30	582,034,490	350,803,728
31-60	4,080,208	1,139,778
61-90	1,478,980	512,540
90+	10,454,474	9,024,926
<b>Total</b>	<b>598,048,152</b>	<b>361,480,972</b>

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****5. Credit risk mitigation****5.1. CRM - Qualitative disclosure on credit risk mitigation techniques**

Collateralization is used as main risk mitigation method. Tangible and intangible assets which can be accepted as collateral and their consideration rates are defined in detail in instructions. The Bank follows a conservative approach in collateral valuation. The value of the collateral is determined both with independent valuation and also internal valuation.

Legality and operational applicability is the precondition for the validity of collaterals. Legal teams should have performed sufficient legal examinations and confirmed all legal regulations related to collateral and validity of collateral before the receipt of the collateral. In addition, all contracts and other related documents should be obtained.

Collateral value should not have a positive correlation with the credit worthiness of the debtor.

Monitoring of collateral values is important to maintain credit quality. Market value of the collateral is periodically reviewed in line with determined frequency in directives and necessary precautions are taken when there is a significant deterioration indication in market value of the collateral.

Insurance policies of the collaterals should be obtained.

Collateral value meets Debt-Collateral ratio determined for credit type or specific sectors legally or in internal application of the Bank.

The Bank takes netting agreements concluded with counterparties into account in the framework of rules mentioned in scope of Appendix-2 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy during the counterparty risk measurement.

**5.2. CR3 - Credit risk mitigation techniques – Overview**

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
<b>Current Period</b>							
1 Loans	575,101,442	14,524,641	9,094,694	-	-	-	-
2 Debt securities	169,445,951	-	-	-	-	-	-
<b>3 Total</b>	<b>744,547,393</b>	<b>14,524,641</b>	<b>9,094,694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	1,924,351	80,149	20,088	-	-	-	-
	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
<b>Prior Period</b>							
1 Loans	339,778,153	14,273,706	7,994,306	-	-	-	-
2 Debt securities	102,094,281	-	-	-	-	-	-
<b>3 Total</b>	<b>441,872,434</b>	<b>14,273,706</b>	<b>7,994,306</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4 Of which defaulted	1,574,919	17,273	309	-	-	-	-

**6. Credit risk when standard approach is used****6.1. CRA – Qualitative disclosures which shall be made related to grading marks used by the Banks while calculating credit risk with standard approach**

- Ratings of Fitch and JCR Avrasya Derecelendirme A.Ş. credit rating agencies are used in credit risk standard approach calculations.
- Ratings of Fitch credit rating agency are used to determine the risk weights of receivables from central governments or central banks, receivables from banks and intermediary institutions, which are subject to risk classes. The ratings of JCR Avrasya Değerlendirme A.Ş. are used in determining the risk weights for corporate receivables subject to risk categories.
- Mark is assigned to a debtor by taking for all assets of the debtor into account.
- CRA, which is not included in twinning table of the institution, is not used.

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Current Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>Exposure Categories</b>						
1 Exposures to central governments or central banks	275,425,552	-	276,442,771	-	-	-
2 Exposures to regional governments or local authorities	177,626	115	177,626	-	88,813	50%
3 Exposures to public sector entities	663,115	292,560	663,115	62,192	725,307	100%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	24,282,778	5,969,144	24,278,776	3,470,039	10,327,335	37%
7 Exposures to corporates	143,377,020	174,839,277	137,017,317	45,599,860	170,708,870	93%
8 Retail exposures	224,098,701	533,016,298	220,432,133	12,446,638	183,972,551	79%
9 Exposures secured by residential property	2,664,150	328,547	2,664,150	174,382	993,486	35%
10 Exposures secured by commercial real estate	14,809,568	3,367,436	14,809,568	1,708,260	11,606,690	70%
11 Past-due loans	1,820,351	-	1,800,361	-	1,012,204	56%
12 Higher-risk categories by the Agency Board	122,179,318	221,174	122,117,665	137,500	195,674,096	160%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other assets	37,010,020	1,481,019	37,010,020	-	27,854,558	75%
17 Investments in equities	8,296,731	-	8,296,731	-	8,296,731	100%
<b>18 Total</b>	<b>854,804,930</b>	<b>719,515,570</b>	<b>845,710,233</b>	<b>63,598,871</b>	<b>611,260,641</b>	<b>67%</b>

  

Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
<b>Exposure Categories</b>						
1 Exposures to central governments or central banks	158,304,772	-	159,642,405	-	-	-
2 Exposures to regional governments or local authorities	238,887	115	238,887	-	119,444	50%
3 Exposures to public sector entities	787,487	160,548	786,230	35,695	821,924	100%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	18,339,883	3,836,139	18,330,908	2,182,661	7,123,678	35%
7 Exposures to corporates	124,727,956	100,699,305	119,225,124	39,719,492	158,944,613	100%
8 Retail exposures	124,368,290	217,242,500	121,088,035	6,650,760	102,613,238	80%
9 Exposures secured by residential property	1,760,178	173,017	1,760,178	54,521	635,145	35%
10 Exposures secured by commercial real estate	10,762,656	1,562,221	10,762,656	774,714	8,285,863	72%
11 Past-due loans	1,519,660	-	1,519,351	-	988,513	65%
12 Higher-risk categories by the Agency Board	54,488,900	30,173	53,950,544	30,173	88,008,924	163%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other assets	20,474,815	56,194	20,474,815	-	11,578,994	57%
17 Investments in equities	3,959,964	-	3,959,964	-	3,959,964	100%
<b>18 Total</b>	<b>519,733,448</b>	<b>323,760,212</b>	<b>511,739,097</b>	<b>49,448,016</b>	<b>383,080,300</b>	<b>68%</b>

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Current Period										Total Credit Risk Exposure Amount
Exposure Categories/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	
1 Exposures to central governments or central banks	276,442,771	-	-	-	-	-	-	-	-	276,442,771
2 Exposures to regional governments or local authorities	-	-	-	-	177,626	-	-	-	-	177,626
3 Exposures to public sector entities	-	-	-	-	-	-	725,307	-	-	725,307
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	11,991,043	-	15,657,289	-	100,483	-	-	27,748,815
7 Exposures to corporates	-	-	8,530,534	-	10,167,756	-	163,918,887	-	-	182,617,177
8 Retail exposures	-	-	-	-	-	195,624,875	37,253,896	-	-	232,878,771
9 Exposures secured by residential property	-	-	-	2,838,532	-	-	-	-	-	2,838,532
10 Exposures secured by commercial real estate	-	-	-	-	9,822,275	-	6,695,553	-	-	16,517,828
11 Past-due loans	-	-	-	-	1,576,316	-	224,045	-	-	1,800,361
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	100,411,928	21,843,237	122,255,165
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	8,296,731	-	-	8,296,731
17 Other Assets	9,155,344	-	148	-	-	-	27,854,528	-	-	37,010,020
<b>18 Total</b>	<b>285,598,115</b>	<b>-</b>	<b>20,521,725</b>	<b>2,838,532</b>	<b>37,401,262</b>	<b>195,624,875</b>	<b>245,069,430</b>	<b>100,411,928</b>	<b>21,843,237</b>	<b>909,309,104</b>

  

Prior Period										Total Credit Risk Exposure Amount
Exposure Categories/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	
1 Exposures to central governments or central banks	159,642,405	-	-	-	-	-	-	-	-	159,642,405
2 Exposures to regional governments or local authorities	-	-	-	-	238,887	-	-	-	-	238,887
3 Exposures to public sector entities	-	-	-	-	-	-	821,925	-	-	821,925
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	10,606,492	-	9,809,396	-	97,681	-	-	20,513,569
7 Exposures to corporates	-	-	-	-	-	-	158,944,616	-	-	158,944,616
8 Retail exposures	-	-	-	-	-	100,502,223	27,236,572	-	-	127,738,795
9 Exposures secured by residential property	-	-	-	1,814,699	-	-	-	-	-	1,814,699
10 Exposures secured by commercial real estate	-	-	-	-	6,503,016	-	5,034,354	-	-	11,537,370
11 Past-due loans	-	-	-	-	1,061,677	-	457,674	-	-	1,519,351
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	41,083,646	12,897,071	53,980,717
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	3,959,964	-	-	3,959,964
17 Other Assets	8,895,821	-	-	-	-	-	11,578,994	-	-	20,474,815
<b>18 Total</b>	<b>168,538,226</b>	<b>-</b>	<b>10,606,492</b>	<b>1,814,699</b>	<b>17,612,976</b>	<b>100,502,223</b>	<b>208,131,780</b>	<b>41,083,646</b>	<b>12,897,071</b>	<b>561,187,113</b>

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**II. Explanations on Risk Management (Continued)**

**7. Disclosures regarding counterparty credit risk**

**7.1. Qualitative disclosures regarding DCCR – CCR table**

a) Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. CCR causes credit risk for banks carrying out money and capital market transactions. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope.

The most significant part of CCR in the Bank is sourced from derivative financial instruments. Derivative transactions are made with financial institutions, individual and commercial customers for the purposes of trading, management of interest risk of banking accounts and meeting customer demands.

CCR is managed within the framework of the Counterparty Credit Policy approved by the Board of Directors. In this policy, the scope of the CCR, the risk calculation method, and the distribution of responsibility distribution were determined. The general lines determined in the CCR policy are detailed with the Derivative Products Application Instructions.

Main Bank does make a distinction between banks, non-bank financial institutions and individual customers with respect to counterparty credit risk. Transactions made with non-bank financial institutions are reviewed in the framework of corporate-commercial credit risk while banks are considered in the framework of financial institutions.

Derivative risk amount which can be carried by the customer is limited within the credit policies framework. Related risk and limit amounts are monitored on a daily basis and when a collateral shortfall exists, shortfall collateral amount is completed in line with given standards in Derivative Products Application Instruction.

b) A clear definition of risk appetite and its approval by Board of Directors is the precondition to establish a consistent risk limit system. The Bank has determined the following limit structure in order to limit the risk carried over derivative transactions. Those limits are determined in Market Risk Policy and approved by Board of Directors.

- Limits on option sensitivity indexes basis: Maximum risk which can be taken in delta, gama and vega positions is limited.
- Option nominal position limit: Maximum nominal position which can be taken on option type basis is limited.
- Interest sensitivity limit of forward exchanges included in trading accounts: Interest risk which can be carried by swap and forward exchanges made for the purposes of trading.

Derivative limit on the basis of customer has been prepared in addition to abovementioned limit structure. The Bank has established required control mechanism in order to stay in the framework of determined limits.

c) CCR is tried to be reduced with various techniques. The Bank uses daily exchange limits in addition to credit support and global repo agreements in order to reduce exchange risk. Limits, defined for financial institutions, are allocated according to creditability of counterparty and monitored as real time and online. Parties, having over the counter transactions with the Bank, are financial institutions which are well known and having a long term of business relationship.

d) Countertrend risk states that probability of default of counterparty has a positive correlation with general market risk factors. The Bank monitors impacts of market risk factors such as interest and exchange on customer credit risk. Especially, in periods having sharp financial movements, required actions are taken in line with analysis performed.

e) If there is a decline in credit rating grade, there is no additional collateral amount which must be provided by the Bank.



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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****7. Disclosures regarding counterparty credit risk (Continued)****7.2. CCR1 – Assessment of Counterparty Credit Risk according to the models of measurement**

<b>Current Period</b>		<b>Revaluation Cost</b>	<b>Potential credit risk exposure</b>	<b>EEPE</b>	<b>The alpha used to calculate the legal risk amount</b>	<b>Exposure after credit risk mitigation</b>	<b>Risk Weighted Amounts</b>
1	Standard approach - CCR (for derivatives)	5,250,185	3,689,064	-	1,4	12,514,949	4,095,651
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions.	-	-	-	-	-	-
4	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	11,997,117	4,397,153
5	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
<b>6</b>	<b>Total</b>	-	-	-	-	-	<b>8,492,804</b>

<b>Prior Period</b>		<b>Revaluation Cost</b>	<b>Potential credit risk exposure</b>	<b>EEPE</b>	<b>The alpha used to calculate the legal risk amount</b>	<b>Exposure after credit risk mitigation</b>	<b>Risk Weighted Amounts</b>
1	Standard approach - CCR (for derivatives)	6,149,267	9,096,636	-	1,4	21,344,262	9,963,376
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions.	-	-	-	-	-	-
4	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	9,716,657	5,625,466
5	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
<b>6</b>	<b>Total</b>	-	-	-	-	-	<b>15,588,842</b>

**7.3. CCR2 – Credit valuation adjustment (CVA) capital charge**

		<b>Exposure (After credit risk mitigation methods)</b>		<b>Risk Weighted Amounts</b>	
		<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
	Total portfolio value with comprehensive approach CVA capital adequacy	-	-	-	-
1	(i) Value at risk component (3*multiplier included)	-	-	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	12,514,949	21,344,262	1,899,700	3,187,872
<b>4</b>	<b>Total amount of CVA capital adequacy</b>	<b>12,514,949</b>	<b>21,344,262</b>	<b>1,899,700</b>	<b>3,187,872</b>

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Current Period									
Exposure Categories/Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Risk
1 Exposures from central governments or central banks	3,353,343	-	-	-	-	-	-	153,086	3,506,429
2 Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3 Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	6	-	-	6
4 Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5 Exposures from international organizations	-	-	-	-	-	-	-	-	-
6 Exposures from banks and brokerage houses	-	-	8,290,741	10,963,195	-	32,883	-	-	19,286,819
7 Exposures from corporates	-	-	416,315	122,973	-	1,150,855	-	-	1,690,143
8 Retail receivables	-	-	-	-	28,669	-	-	-	28,669
9 Mortgage receivables	-	-	-	-	-	-	-	-	-
10 Overdue receivables	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	-	-	-
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-
17 Other Receivables	-	-	-	-	-	-	-	-	-
18 Other Assets	-	-	-	-	-	-	-	-	-
<b>19 Total</b>	<b>3,353,343</b>	<b>-</b>	<b>8,707,056</b>	<b>11,086,168</b>	<b>28,669</b>	<b>1,183,744</b>	<b>-</b>	<b>153,086</b>	<b>24,512,066</b>

  

Prior Period									
Exposure Categories/Risk Weight	0%	10%	20%	50%	75%	100%	150%	Others	Total Credit Risk
1 Exposures from central governments or central banks	751,881	-	-	-	-	-	-	20,523	772,404
2 Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3 Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	502	-	-	502
4 Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5 Exposures from international organizations	-	-	-	-	-	-	-	-	-
6 Exposures from banks and brokerage houses	-	-	6,462,595	18,168,968	-	900,503	-	-	25,532,066
7 Exposures from corporates	-	-	-	-	-	2,973,853	-	-	2,973,853
8 Retail receivables	-	-	-	-	1,782,094	-	-	-	1,782,094
9 Mortgage receivables	-	-	-	-	-	-	-	-	-
10 Overdue receivables	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	-	-	-
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-
17 Other Receivables	-	-	-	-	-	-	-	-	-
18 Other Assets	-	-	-	-	-	-	-	-	-
<b>19 Total</b>	<b>751,881</b>	<b>-</b>	<b>6,462,595</b>	<b>18,168,968</b>	<b>1,782,094</b>	<b>3,874,858</b>	<b>-</b>	<b>20,523</b>	<b>31,060,919</b>

**7.5. CCR4 – Risk Class and Counterparty Credit Risk on the basis of Possibility of Default**

Related table is not presented due to standard method is used for calculation of capital adequacy (December 31, 2022 – None).

**7.6. CCR5 – Composition of collateral for CCR exposure**

Current Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-Local Currency	-	47,999	-	737,134	24,811,951	-
Cash - Foreign Currency	-	8,003,192	-	3,025,514	1,873,538	-
Government bond-domestic	-	-	-	-	-	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>8,051,191</b>	<b>-</b>	<b>3,762,648</b>	<b>26,685,489</b>	<b>-</b>

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Prior Period	Collaterals for Derivatives				aCollaterals or Other Transactions	
	Alınan teminatlar		Collaterals Taken		Collaterals Given	Collaterals Taken
	Segregated	Unsegregated	Segregated	Unsegregated		
Cash-Local Currency	-	-	-	-	5,155,375	-
Cash - Foreign Currency	-	14,917,942	-	4,741,482	18,076,585	-
Government bond-domestic	-	-	-	-	-	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
<b>Total</b>	-	<b>14,917,942</b>	-	<b>4,741,482</b>	<b>23,231,960</b>	-

**7.7. CCR6 – Credit derivatives**

Related table is not presented due to the Bank has no risk arrived from derivative credit received or sold.  
(December 31, 2022 - None)

**7.8. CCR7 – RWA changes on CCR within the internal model method**

Related table is not presented due to usage of standard approach for the calculation of capital adequacy  
(December 31, 2022 - None).

**7.9. CCR8 – Exposures to central counterparties**

	Current Period		Prior Period	
	Exposure at Default (Post – CRM)	RWA	Exposure at Default (Post – CRM)	RWA
<b>1 Exposure to Qualified Central Counterparties (QCCPs) Total</b>	<b>158,086</b>	<b>3,062</b>	<b>20,523</b>	<b>410</b>
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions) of which	-	-	-	-
3 (i) OTC Derivatives	158,086	3,062	20,523	410
4 (ii) Exchange-traded Derivatives	-	-	-	-
5 (iii) Securities financing transactions	-	-	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	-	-	-	-
10 Unfunded default fund contributions	-	-	-	-
11 Exposures to non-QCCPs (total)	-	-	-	-
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13 (i) OTC Derivatives	-	-	-	-
14 (ii) Exchange-traded Derivatives	-	-	-	-
15 (iii) Securities financing transactions	-	-	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
17 Segregated initial margin	-	-	-	-
18 Non-segregated initial margin	-	-	-	-
19 Pre-funded default fund contributions	-	-	-	-
20 Unfunded default fund contributions	-	-	-	-

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****8. Securitization exposures**

The Bank has no securitization transactions. (December 31, 2022 - None).

**9. Disclosures regarding Market Risk (Continued)****9.1. MRD – Qualitative information which shall be disclosed to public related to market risk**

a) Market risk states the risk sourcing from change in market prices on positions held in order to make profit in trading accounts in line with short term expectations in market prices or interest rates. Financial Assets at Fair Value through Profit/Loss accounts covers all derivative products except for financial assets held for trading, open exchange position and having hedging purposes.

The Bank has established a structure to effectively define, monitor and manage the risk sourcing from changes in market prices including interest rates, stocks, bond prices, exchange rates and uncertainty of aforementioned prices in their volatility levels. The aforementioned structure is determined in Market Risk Policy of the Bank which is approved by the Board of Directors. This policy determines principles, measurement methods, processes and limits covering all transactions of the Bank sourcing from market risk.

Market risk is calculated and reported on a monthly basis with standard method for capital adequacy calculation in line with regulation on Measurement and Evaluation of Bank's Capital Adequacy published by BRSA.

Market risk also includes value at risk limits in line with internal policies based on internal model. Limits include value at risk limits, positions, limits on options sensitivity and loss cessation limits for each of the market risk types.

b) Risk Committee of the Bank is responsible to ensure implementation of market risk strategy and policies in a consistent manner. Market risk unit operates totally independent from risk carrying units and directly subject to Risk Committee of the Bank in given authorization and responsibilities framework.

Internal Control Department is responsible for the evaluation of internal control system related to market risk through periodical independent audits. Required system evaluation reports are shared with Board of Directors and other related authorities. Risk Committee of Board of Directors provides holding of sufficient capital against market risk carried by QNB Finansbank.

c) QNB Finansbank makes its capital calculation for market risk in accordance with standard method approach defined in Basel II first pillar. Capital calculation method for each risk category is made by BRSA in line with Basel standards as of month-ends as solo and consolidated.

The Bank calculates market risk with value at risk approach for the purpose of monitoring and management of risk at the Bank except for standard method. The aforementioned calculation is made both for the risk of trading portfolio and the risk of positions of the trading desk. Value at risk calculation is made daily with historical simulation at 99% confidence interval through 252 working days observation period and exponential weighted moving average volatility assumption. Dynamic structure of the volatility is reached through giving weight to recent observations in exponential weighted moving average. In addition to the VaR calculation, risk amounts are calculated by stress VaR and stress tests, taking into account the risk that may occur during stress periods.

**9.2. MR1 – Standardized approach**

		RWA <sup>(*)</sup>	
		Current Period	Prior Period
	Outright products <sup>(*)</sup>	11,314,176	7,828,713
1	Interest rate risk (general and specific)	2,569,188	3,938,938
2	Equity risk (general and specific)	549,325	272,925
3	Foreign exchange risk	7,234,563	3,344,875
4	Commodity risk	961,100	271,975
	Options	852,275	929,250
5	Simplified approach	-	-
6	Delta-plus method	852,275	929,250
7	Scenario approach	-	-
8	Securitization	-	-
9	<b>Total</b>	<b>12,166,451</b>	<b>8,757,963</b>

(\*) Outright products refer to position in products that are not optional.

(\*\*) The Market Risk represents the capital requirement multiplied by 12.5 times Risk Weighted Amount.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****II. Explanations on Risk Management (Continued)****10. Explanations related to the operational risk**

The Bank calculates the amount subject to operational risk based on “Basic Indicator Method” by using 2021, 2020, 2019 year-end gross income balances of the Bank, in accordance with Section 3 of the “Regulation Regarding Measurement and Evaluation of Banks’ Capital Adequacy Ratio”, published in the Official Gazette No. 28337 dated June 28, 2012, namely “The Calculation of the Amount Subject to Operational Risk. As of December 31, 2022, the total amount subject to operational risk is TRY 18,872,375 (December 31, 2021 – TRY 16,750,240).

Current Year Basic Indicator Method	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	9,301,396	12,088,532	42,847,206	21,412,378	15	3,211,857
<b>Value at operational risk (Total*12,5)</b>						<b>40,148,213</b>
Prior Year Basic Indicator Method	2 PP Amount	1 PP Amount	CP Amount	Total/No. of Years of Positive Gross	Rate (%)	Total
Gross Income	8,805,867	9,301,396	12,088,533	10,065,265	15	1,509,790
<b>Value at operational risk (Total*12,5)</b>						<b>18,872,375</b>

Annual gross income is calculated by deducting the profit/loss arising from the sale of securities followed up in the securities available for sale and held-to-maturity accounts, the extraordinary incomes and the amounts indemnified from insurance, from the sum of the net amounts of interest income and non-interest income.

**III. Explanations on Foreign Currency Exchange Rate Risk****1. Whether the Bank is exposed to foreign exchange risk, whether the effects of this situation are estimated, and whether the Board of Directors of the Bank sets limits for positions that are monitored daily**

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

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

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

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

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

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

US Dollar purchase rate at the date of the balance sheet TRY 29.4382  
Euro purchase rate at the date of the balance sheet TRY 32.5739

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
December 29, 2023	29.4382	32.5739
December 28, 2023	29.3973	32.6937
December 27, 2023	29.3374	32.4186
December 26, 2023	29.2647	32.2421
December 25, 2023	29.2108	32.1766

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

The arithmetical average of the Bank's US Dollar and Euro purchase rates for December, 2023 are TRY 29.0520 and TRY 31.7082 respectively.

**5. Information on the foreign currency exchange rate risk**

<b>Current Period</b>	<b>EUR</b>	<b>USD</b>	<b>Other FC</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>	31,260,479	63,384,771	8,141,064	102,786,314
Due From Banks <sup>(2)</sup>	6,593,420	8,886,002	1,263,082	16,742,504
Financial Assets at Fair Value through Profit/Loss <sup>(3)</sup>	1,156,713	2,153,024	-	3,309,737
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2,619	17,791,532	-	17,794,151
Loans and Receivables <sup>(4)</sup>	104,009,929	72,237,060	670,308	176,917,297
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	2,264,075	27,524,181	-	29,788,256
Derivative Financial Assets Hedging Purposes	146,740	3,093,612	-	3,240,352
Tangible Assets	-	-	487	487
Intangible Assets	-	-	-	-
Other Assets <sup>(5)</sup>	142,927	144,642	4,457	292,026
<b>Total Assets</b>	<b>145,576,902</b>	<b>195,214,824</b>	<b>10,079,398</b>	<b>350,871,124</b>
<b>Liabilities</b>				
Bank Deposits	4,080,103	19,171,268	1,098,990	24,350,361
Foreign Currency Deposits <sup>(6)</sup>	55,546,603	124,452,987	39,897,921	219,897,511
Money Market Borrowings	-	27,736,364	-	27,736,364
Funds Provided from Other Financial Institutions	26,316,247	96,031,463	-	122,347,710
Securities Issues	3,784,841	40,491,371	6,809,372	51,085,584
Sundry Creditors	4,177,463	5,395,454	59,289	9,632,206
Derivative Fin. Liabilities for Hedging Purposes	33,489	636,891	-	670,380
Other Liabilities <sup>(7)</sup>	1,911,767	3,207,899	33,098	5,152,764
<b>Total Liabilities</b>	<b>95,850,513</b>	<b>317,123,697</b>	<b>47,898,670</b>	<b>460,872,880</b>
<b>Net Balance Sheet Position</b>	<b>49,726,389</b>	<b>(121,908,873)</b>	<b>(37,819,272)</b>	<b>(110,001,756)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(49,583,914)</b>	<b>127,268,368</b>	<b>37,901,309</b>	<b>115,585,763</b>
Financial Derivative Assets	51,411,835	348,738,608	40,167,072	440,317,515
Financial Derivative Liabilities	100,995,749	221,470,240	2,265,763	324,731,752
Non-Cash Loans <sup>(8)</sup>	27,623,029	24,683,603	1,967,965	54,274,597
<b>Prior Period</b>	<b>111,844,219</b>	<b>117,106,125</b>	<b>6,847,243</b>	<b>235,797,587</b>
Total Assets	66,887,180	183,055,000	32,629,358	282,571,538
Total Liabilities	<b>44,957,039</b>	<b>(65,948,875)</b>	<b>(25,782,115)</b>	<b>(46,773,951)</b>
<b>Net Balance Sheet Position</b>	<b>(44,727,420)</b>	<b>68,298,664</b>	<b>26,048,445</b>	<b>49,619,689</b>
<b>Net Off-Balance Sheet Position</b>	<b>32,484,296</b>	<b>225,660,154</b>	<b>28,403,576</b>	<b>286,548,026</b>
Financial Derivative Assets	77,211,716	157,361,490	2,355,131	236,928,337
Financial Derivative Liabilities	18,043,661	17,030,918	463,540	35,538,119
Non-Cash Loans	18,043,661	17,030,918	463,540	35,538,119

<sup>(1)</sup> Cash and Balances with TR Central Bank; Other FC include TRY 7,765,222 (December 31, 2022 – TRY 5,494,682) precious metal deposit account.

<sup>(2)</sup> There are foreign bank guarantees amounting to TRY 3,025,514 (December 31, 2022 – TRY 4,516,091).

<sup>(3)</sup> Does not include TRY 788,259 (December 31, 2022 – TRY 369,444) of currency income accruals arising from derivative transactions.

<sup>(4)</sup> Includes TRY 181,694 (December 31, 2022 – TRY 232,939) FC indexed loans..

<sup>(5)</sup> Does not include FC prepaid expenses amounting to TRY 983,146 (December 31, 2022 – TRY 224,639) as per BRSA's Communiqué published in Official Gazette no 26085 on February 19, 2006.

<sup>(6)</sup> Other foreign currency includes TRY 34,499,557 (December 31, 2022 – TRY 22,159,406) of precious metal deposit account.

<sup>(7)</sup> Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 237,761 (December 31, 2022 – TRY 151,702)

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****III. Explanations on Foreign Currency Exchange Rate Risk (Continued)****6. Sensitivity to foreign exchange risk**

The Bank is exposed to currency risk in Euro and US Dollars.

The following table details the Bank's sensitivity to a 10% increase and decrease in USD and EUR. Other variables are assumed to be unchanged.

	Change in Currency rate in %	Net Effect on Profit or Loss (After Tax)	Net Effect on Equity (*)	Net Effect on Profit or Loss (After Tax)	Net Effect on Equity (*)
		Current Period	Current Period	Prior Period	Prior Period
US Dollar	10% increase	(115,290)	(124,946)	(3,572)	(66,141)
	10% decrease	115,290	124,946	3,572	66,141
EURO	10% increase	5,614	12,869	(3,390)	5,423
	10% decrease	(5,614)	(12,869)	3,390	(5,423)

(\*) Effect on Shareholders Equity include the effect of the change of exchange rates on the statement of profit or loss and other comprehensive income.

**IV. Explanations on Interest Rate Risk**

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

Interest rate sensitivity of assets, liabilities and off balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every month by taking the market developments into consideration. The management of the Bank follows the interest rates in the market on a daily basis and revises interest rates of the Bank when necessary.

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****IV. Explanations on Interest Rate Risk (Continued)****Interest rate sensitivity of assets, liabilities and off-balance sheet items***(Based on repricing dates)*

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing <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>	67,348,689	-	-	-	-	95,212,950	162,561,639
Due from Banks <sup>(3)</sup>	45,549	-	-	-	-	16,755,732	16,801,281
Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>	43,340	519,531	44,809	346,732	92,073	10,230,737	11,277,222
Money Market Placements <sup>(5)</sup>	5,736,581	-	-	-	-	(147)	5,736,434
Financial Assets at Fair Value Through Other Comprehensive Income <sup>(5)</sup>	16,070,800	18,622,711	4,847,209	6,858,295	19,209,390	5,826,140	71,434,545
Loans and Receivables	198,317,791	115,058,581	193,931,669	52,483,924	15,015,175	(3,763,216)	571,043,924
Inv. Securities Held to Maturity <sup>(6)</sup>	43,957,379	3,100,307	1,453,707	28,001,276	13,998,447	11,556,751	102,067,867
Other Assets	-	-	-	-	-	46,893,655	46,893,655
<b>Total Assets</b>	<b>331,520,129</b>	<b>137,301,130</b>	<b>200,277,394</b>	<b>87,690,227</b>	<b>48,315,085</b>	<b>182,712,602</b>	<b>987,816,567</b>
<b>Liabilities</b>							
Bank Deposits	9,311,620	12,040,967	2,880,962	-	-	1,350,352	25,583,901
Other Deposits	238,083,304	83,018,971	59,130,390	819,009	909	225,413,624	606,466,207
Money Market Borrowings	4,092,826	16,831,236	7,382,723	-	-	528,830	28,835,615
Sundry Creditors	9,632,206	-	-	-	-	28,393,003	38,025,209
Securities Issued	2,047,126	10,607,254	30,621,799	2,672,999	8,951,261	-	54,900,439
Funds Borrowed	29,259,047	40,036,581	34,305,319	2,196,620	15,455,056	1,568,614	122,821,237
Other Liabilities <sup>(7)</sup>	330	739	34,590	1,115,581	-	110,032,719	111,183,959
<b>Total Liabilities</b>	<b>292,426,459</b>	<b>162,535,748</b>	<b>134,355,783</b>	<b>6,804,209</b>	<b>24,407,226</b>	<b>367,287,142</b>	<b>987,816,567</b>
On Balance Sheet Long Position	39,093,670	-	65,921,611	80,886,018	23,907,859	-	209,809,158
On Balance Sheet Short Position	-	(25,234,618)	-	-	-	(184,574,540)	(209,809,158)
Off-Balance Sheet Long Position	19,575,774	18,111,839	9,687,177	-	-	-	47,374,790
Off-Balance Sheet Short Position	-	-	-	(38,551,879)	(4,755,214)	-	(43,307,093)
<b>Total Position</b>	<b>58,669,444</b>	<b>(7,122,779)</b>	<b>75,608,788</b>	<b>42,334,139</b>	<b>19,152,645</b>	<b>(184,574,540)</b>	<b>4,067,697</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 18,072 expected loss provisions.<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 12,423.<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss include TRY 8,915,253 derivative financial assets used for hedging purposes.<sup>(5)</sup> Financial Assets at Fair Value Through Other Comprehensive Income include TRY 4,082,459 derivative financial assets used for hedging purposes.<sup>(6)</sup> Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 25,998.<sup>(7)</sup> Other Liabilities includes Derivative Financial Assets amounting to TRY 4,927,080.



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

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>End of Prior 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>	36,498,079	-	-	-	-	58,029,097	94,527,176
Due from Banks <sup>(3)</sup>	2,870,720	-	-	-	-	7,791,698	10,662,418
Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>	212,289	104,379	113,413	190,798	34,143	16,426,133	17,081,155
Money Market Placements <sup>(5)</sup>	4,427,376	4,040,604	-	-	-	(5,082)	8,462,898
Financial Assets at Fair Value Through Other Comprehensive Income <sup>(5)</sup>	7,070,186	5,959,770	3,354,114	9,825,209	9,627,121	11,170,734	47,007,134
Loans and Receivables	78,137,369	68,051,425	133,041,642	55,907,099	8,182,938	1,636,725	344,957,198
Inv. Securities Held to Maturity <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	-	-	-	-	-	17,113,930	17,113,930
<b>Total Assets</b>	<b>157,634,428</b>	<b>78,803,621</b>	<b>138,785,312</b>	<b>81,855,218</b>	<b>25,432,633</b>	<b>119,243,964</b>	<b>601,755,176</b>
<b>Liabilities</b>							
Bank Deposits	4,246,561	2,763,128	2,476,493	-	-	739,593	10,225,775
Other Deposits	146,145,168	95,663,898	12,667,551	589,295	504	128,991,842	384,058,258
Money Market Borrowings	10,932,878	7,644,329	3,209,343	-	-	142,310	21,928,860
Sundry Creditors	15,775,865	-	-	-	-	13,401,599	29,177,464
Securities Issued	4,578,601	8,111,372	2,960,503	12,135,273	-	153,957	27,939,706
Funds Borrowed	5,935,228	15,789,605	26,592,624	213,503	9,815,715	434,366	58,781,041
Other Liabilities <sup>(7)</sup>	379	1,113	17,767	726,060	-	68,898,753	69,644,072
<b>Total Liabilities</b>	<b>187,614,680</b>	<b>129,973,445</b>	<b>47,924,281</b>	<b>13,664,131</b>	<b>9,816,219</b>	<b>212,762,420</b>	<b>601,755,176</b>
On Balance Sheet Long Position	-	-	90,861,031	68,191,087	15,616,414	-	174,668,532
On Balance Sheet Short Position	(29,980,252)	(51,169,824)	-	-	-	(93,518,456)	(174,668,532)
Off-Balance Sheet Long Position	14,371,955	27,735,850	-	-	-	-	42,107,805
Off-Balance Sheet Short Position	-	-	(3,051,112)	(7,727,922)	(16,486,471)	-	(27,265,505)
<b>Total Position</b>	<b>(15,608,297)</b>	<b>(23,433,974)</b>	<b>87,809,919</b>	<b>60,463,165</b>	<b>(870,057)</b>	<b>(93,518,456)</b>	<b>14,842,300</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 5,879.<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss include TRY 15,808,676 derivative financial assets used for hedging purposes.<sup>(5)</sup> Financial Assets at Fair Value Through Other Comprehensive Income include TRY 6,868,484 derivative financial assets used for hedging purposes.<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 Assets amounting to TRY 6,396,238.

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

	EURO %	USD %	JPY %	TRY %
<b>End of Current Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	-	-	42.09
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	4.92	7.69	-	47.78
Money Market Placements	-	-	-	43.28
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.77	6.17	-	43.95
Loans and Receivables	7.43	9.31	4.92	38.31
Financial Assets Measured at Amortized Cost	4.73	5.61	-	47.12
<b>Liabilities</b>				
Bank Deposits	5.21	7.14	-	40.94
Other Deposits	1.00	2.60	0.05	37.14
Money Market Borrowings	-	6.55	-	39.33
Sundry Creditors	4.00	5.23	-	-
Securities Issued	6.76	8.59	-	38.02
Funds Borrowed	5.68	8.20	-	36.64
<b>End of Prior Period</b>				
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	-	-	9.97
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.32	7.22	-	24.02
Money Market Placements	-	2.92	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.87	5.42	-	31.34
Loans and Receivables	5.54	6.87	4.92	23.28
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	-	6.73
Sundry Creditors	1.52	-	-	-
Securities Issued	4.97	6.91	-	22.07
Funds Borrowed	4.14	7.36	-	18.81

**Interest rate risk on banking book**

The interest rate risk resulting from banking book comprises of maturity mismatch risk, yield-curve risk, base risk and option risk. Within the scope of the interest rate risk, the Bank analyzes all these risks periodically, and considering market conditions, manages all aspects of interest rate risk on banking book effectively in accordance with the bank strategy. In order to this, within the scope of “Banking Books Interest Rate Risk Management” risks are measured, monitored and limited on a regular basis.

In the calculation of the interest rate risk on banking book, income approach and the economic value approach are applied. The analysis of economic value, duration and gap analysis are calculated twice in a month, analysis of the standard economic value approach is supported by different scenarios.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) included in banking book are monitored daily. In this context, the risk level of this portfolio is managed considering the sensitivity of nominal interest rate and limits.

The interest rate risk on banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published in the Official Gazette No. 28034 dated August 23, 2011, and the legal limit as per this measurement is monitored and reported monthly to the Assets and Liability Committee, the Risk Committee and the Board of Directors.

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****IV. Explanations on Interest Rate Risk (Continued)****Interest rate risk on banking book (Continued)**

In calculations within the framework of the mentioned regulation, behavioral maturity modeling is carried out for demand deposits with low sensitivity to interest rate changes and with a principal maturity longer than the contract maturity. In the studies defined as core deposit analysis, based on historical data, analyses are conducted regarding how much of demand deposits will remain within the Company Bank at which maturity. These analyses are taken into account in economic value, gap, and duration analyses. In addition, the sensitivity of the net interest income is monitored, the prepayment rates of loans are considered managing the interest rate risk.

All these analyses are reported to Asset and Liability Committee and Risk Committee and by considering market conditions and the bank strategy, the interest rate risk on banking book is managed within specified limits parallel to the Bank's appetite of risk.

Type of Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity-- Losses/Equity
1. TRY	+500 bp	(3,610,547)	(3.22%)
	-400 bp	3,488,611	3.11%
2. EUR	+200 bp	1,664,987	1.48%
	-200 bp	(1,650,868)	(1.47%)
3. USD	+200 bp	(192,662)	(0.17%)
	-200 bp	329,844	0.29%
<b>Total (of negative shocks)</b>		<b>2,167,587</b>	<b>1.93%</b>
<b>Total (of positive shocks)</b>		<b>(2,138,222)</b>	<b>(1.90%)</b>

**V. Explanations on Position Risk of Equity Securities**

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
<b>1. Investment in Shares- grade A</b>	-	-	-
Quoted Securities	-	-	-
<b>2. Investment in Shares- grade B</b>	-	-	-
Quoted Securities	-	-	-
<b>3. Investment in Shares- grade C</b>	<b>2,435,631</b>	<b>2,435,631</b>	-
Quoted Securities	2,435,631	2,435,631	-
<b>4. Investment in Shares- grade Other (*)</b>	<b>7,538,767</b>	<b>7,538,767</b>	-

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

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount under Core Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	234,091	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
<b>4. Total</b>	<b>234,091</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

**VI. Explanations on Remarks regarding Liquidity Risk Management and Liquidity Coverage Ratio**

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

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

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

It is essential for the Bank to monitor its liquidity position and funding strategy consistently. The primary priority is for the liquidity risk faced by the Company Bank to be in line with the risk appetite arising from the risk capacity determined within the limits prescribed by regulations and aligned with the fundamental strategies of the Company Bank. It is essential for the Company Bank to maintain a sufficient level of readily marketable or repoable liquid assets at all times to address significant decreases in liquidity sources.

Funding management of the Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Bank. While developing this strategy, it is aimed to provide funding from long-term and stable sources as much as possible. Deposits, which constitute the main fund source of the Bank, are obtained from a large number of customers as a natural result of the stable core deposit base.

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

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

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

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

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

Cautious liquidity management against possible financial fluctuations in the market has been one of the main priorities of the Bank. The Bank manages LCR above the limit by keeping its high quality liquid assets at a sufficient level. The Bank has created four different stress test scenarios that measure how long it can meet the cumulative cash outflows without 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 Bank withstands stress over the minimum life expectancy of 30 days.

**Liquidity Coverage Ratio**

Current Period – December 31, 2023	Consideration Rate Unweighted Amounts <sup>(*)</sup>		Consideration Rate Weighted Amounts <sup>(*)</sup>	
	TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>			<b>226,219,677</b>	<b>95,729,238</b>
1 High Quality Liquid Assets			226,219,677	95,729,238
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Customers Deposits	419,011,022	143,776,709	37,990,758	14,377,671
3 Stable deposits	78,206,883	-	3,910,344	-
4 Less stable deposits	340,804,139	143,776,709	34,080,414	14,377,671
5 Unsecured Funding other than Retail and Small Business Customers Deposits	161,179,180	86,371,080	94,791,079	52,269,377
6 Operational deposits	5,281,616	1,287,965	1,320,404	321,991
7 Non-Operational Deposits	116,691,412	69,623,257	62,578,061	36,532,999
8 Other Unsecured Funding	39,206,152	15,459,858	30,892,614	15,414,387
9 Secured funding	-	-	66,424	66,424
10 Other Cash Outflows	63,490,022	17,356,565	63,490,022	17,356,565
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	63,490,022	17,356,565	63,490,022	17,356,565
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	199,211,161	102,832,223	9,960,558	5,141,611
15 Other irrevocable or conditionally revocable commitments	544,839,514	52,553,552	34,471,261	5,124,754
<b>16 TOTAL CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>240,770,102</b>	<b>94,336,402</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	91,928	-	-	-
18 Unsecured Lending Transactions	79,622,273	28,632,129	48,505,258	20,831,837
19 Other Cash Inflows	62,003,251	50,627,245	62,003,251	50,627,245
<b>20 TOTAL CASH INFLOWS</b>	<b>141,717,452</b>	<b>79,259,374</b>	<b>110,508,509</b>	<b>71,459,082</b>
			<b>Upper Limit Applied Values</b>	
<b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>226,219,677</b>	<b>95,729,238</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>130,261,593</b>	<b>27,180,912</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>173.67</b>	<b>352.19</b>

<sup>(\*)</sup> Basic arithmetic average calculated for the last three months of values calculated by taking the weekly basic arithmetic average.

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

Prior Period – December 31, 2022		Consideration Rate Unweighted Amounts <sup>(*)</sup>		Consideration Rate Weighted Amounts <sup>(*)</sup>	
		TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				<b>135,335,819</b>	<b>71,792,143</b>
1	High Quality Liquid Assets	-	-	135,335,819	71,792,143
<b>CASH OUTFLOWS</b>					
2	Retail and Small Business Customers Deposits	261,208,217	127,364,753	24,183,395	12,736,475
3	Stable deposits	38,748,538	-	1,937,427	-
4	Less stable deposits	222,459,679	127,364,753	22,245,968	12,736,475
5	Unsecured Funding other than Retail and Small Business Customers Deposits	104,651,091	60,087,696	58,760,542	34,514,778
6	Operational deposits	3,582,794	907,722	895,699	226,931
7	Non-Operational Deposits	81,010,726	51,450,661	42,023,691	26,796,058
8	Other Unsecured Funding	20,057,571	7,729,313	15,841,152	7,491,789
9	Secured funding	-	-	-	-
10	Other Cash Outflows	90,617,498	20,253,280	90,617,498	20,253,280
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	90,617,498	20,253,280	90,617,498	20,253,280
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	117,210,477	39,762,282	5,860,524	1,988,114
15	Other irrevocable or conditionally revocable commitments	224,756,397	45,467,424	16,211,722	4,491,084
16	<b>TOTAL CASH OUTFLOWS</b>	-	-	<b>195,633,681</b>	<b>73,983,731</b>
<b>CASH INFLOWS</b>					
17	Secured Lending Transactions	1,459,513	840,212	-	-
18	Unsecured Lending Transactions	37,486,873	16,917,100	26,729,756	14,965,787
19	Other Cash Inflows	87,780,473	74,397,584	87,780,473	74,397,584
20	<b>TOTAL CASH INFLOWS</b>	<b>126,726,859</b>	<b>92,154,896</b>	<b>114,510,229</b>	<b>89,363,371</b>
				<b>Upper Limit Applied Values</b>	
21	<b>TOTAL HIGH QUALITY LIQUID ASSETS</b>	-	-	<b>135,335,819</b>	<b>71,792,143</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>	-	-	<b>81,123,452</b>	<b>18,495,933</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>	-	-	<b>166.83</b>	<b>388.15</b>

<sup>(\*)</sup> Basic arithmetic average calculated for the last three months of values calculated by taking the weekly basic arithmetic average.

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

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

**Liquidity Coverage Ratio (Continued)**

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2023 are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014.

	Maximum	Week	Minimum	Week	Average
<b>TRY+FC</b>	197.15	29/12/2023	157.77	01/12/2023	174.34
<b>FC</b>	489.99	29/12/2023	279.13	27/10/2023	362.52

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

Funding sources of the Bank mainly consist of deposits which constitute 64% of total liabilities of the bank (December 31, 2022 – 63%) and also include repo, syndication, securities issued and other instruments including subordinated debts.

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

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

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

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****Presentation of assets and liabilities according to their remaining maturities**

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 Years</b>	<b>5 Years and Over</b>	<b>Unallocated <sup>(1)</sup></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>(2)</sup>	95,231,022	67,348,689	-	-	-	-	(18,072)	162,561,639
Due from Banks <sup>(3)</sup>	13,742,641	3,071,063	-	-	-	-	(12,423)	16,801,281
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) <sup>(4)</sup>	1,271,074	1,233,425	1,407,509	2,224,172	3,047,386	2,093,656	-	11,277,222
Money Markets Placements <sup>(5)</sup>	-	5,736,581	-	-	-	-	(147)	5,736,434
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) <sup>(6)</sup>	-	923,906	510,938	1,871,487	42,668,897	25,459,317	-	71,434,545
Loans and Receivables	-	194,793,166	91,222,484	181,143,106	88,307,276	32,127,497	(16,549,605)	571,043,924
Financial Assets Measured at Amortized Cost <sup>(7)</sup>	-	1,532,855	2,889,692	5,272,742	58,122,572	34,276,004	(25,998)	102,067,867
Other Assets	-	13,117,249	-	-	569,290	-	33,207,116	46,893,655
<b>Total Assets</b>	<b>110,244,737</b>	<b>287,756,934</b>	<b>96,030,623</b>	<b>190,511,507</b>	<b>192,715,421</b>	<b>93,956,474</b>	<b>16,600,871</b>	<b>987,816,567</b>
<b>Liabilities</b>								
Bank Deposits	1,126,701	9,390,256	12,161,208	2,905,736	-	-	-	25,583,901
Other Deposits	212,404,262	244,086,749	86,808,752	62,303,156	862,369	919	-	606,466,207
Funds Borrowed	-	5,325,125	12,997,648	89,515,683	12,454,171	2,528,610	-	122,821,237
Money Market Borrowings	-	4,297,038	15,366,643	3,708,831	5,463,103	-	-	28,835,615
Securities Issued	-	2,047,126	9,129,385	32,099,668	2,672,999	8,951,261	-	54,900,439
Miscellaneous Payables	-	38,025,209	-	-	-	-	-	38,025,209
Other Liabilities <sup>(8)</sup>	-	10,101,592	359,360	1,227,565	2,746,085	1,152,433	95,596,924	111,183,959
<b>Total Liabilities</b>	<b>213,530,963</b>	<b>313,273,095</b>	<b>136,822,996</b>	<b>191,760,639</b>	<b>24,198,727</b>	<b>12,633,223</b>	<b>95,596,924</b>	<b>987,816,567</b>
<b>Liquidity Excess/(Gap)</b>	<b>(103,286,226)</b>	<b>(25,516,161)</b>	<b>(40,792,373)</b>	<b>(1,249,132)</b>	<b>168,516,694</b>	<b>81,323,251</b>	<b>(78,996,053)</b>	<b>-</b>
<b>Net Off Balance Sheet Position <sup>(9)</sup></b>	<b>-</b>	<b>(202,422)</b>	<b>(3,932,353)</b>	<b>2,261,081</b>	<b>2,189,002</b>	<b>-</b>	<b>-</b>	<b>315,308</b>
Receivables from Financial Derivative Instruments	-	139,236,527	131,642,958	91,674,163	91,064,462	71,087,131	-	524,705,241
Liabilities from Derivatives	-	139,438,949	135,575,311	89,413,082	88,875,460	71,087,131	-	524,389,933
<b>Non-cash Loans <sup>(10)</sup></b>	<b>-</b>	<b>7,522,893</b>	<b>14,448,578</b>	<b>39,591,926</b>	<b>13,000,054</b>	<b>1,178,206</b>	<b>27,122,663</b>	<b>102,864,320</b>
<b>Prior period</b>								
Total Assets	57,955,686	135,132,784	59,704,765	134,619,104	138,759,535	63,977,688	11,605,614	601,755,176
Total Liabilities	126,496,579	205,755,843	117,064,890	50,946,718	35,758,347	9,782,939	55,949,860	601,755,176
<b>Liquidity Excess/(Gap)</b>	<b>(68,540,893)</b>	<b>(70,623,059)</b>	<b>(57,360,125)</b>	<b>83,672,386</b>	<b>103,001,188</b>	<b>54,194,749</b>	<b>(44,344,246)</b>	<b>-</b>
<b>Net-Off Balance Sheet Position <sup>(9)</sup></b>	<b>-</b>	<b>1,451,298</b>	<b>6,050,828</b>	<b>4,699,451</b>	<b>2,600,912</b>	<b>37</b>	<b>-</b>	<b>14,802,526</b>
Receivables from Derivative Instruments	-	138,454,055	74,488,201	40,445,173	62,708,472	58,949,274	-	375,045,175
Liabilities from Derivative Instruments	-	137,002,757	68,437,373	35,745,722	60,107,560	58,949,237	-	360,242,649
<b>Non-cash Loans <sup>(10)</sup></b>	<b>-</b>	<b>3,167,528</b>	<b>7,830,151</b>	<b>27,464,272</b>	<b>9,713,322</b>	<b>922,518</b>	<b>16,131,398</b>	<b>65,229,189</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 "Unallocated" column. Unallocated other liabilities include shareholders' equity amounting to TRY 81,618,386 (December 31, 2022 – TRY 44,265,529), unallocated provisions amounting to TRY 11,836,884 (December 31, 2022 – TRY 8,918,257) and current tax liabilities amounting to TRY 2,141,659 (December 31, 2022 – TRY 2,766,075).

(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank includes expected loss provisions the amount of TRY 18,072 (December 31, 2022 – TRY 10,615).

(3) Banks include balance of expected loss provisions amounting to TRY 12,423 (December 31, 2022 – TRY 5,879).

(4) Financial Assets at Fair Value Through Profit/Loss include TRY 8,915,253 (December 31, 2022 – TRY 15,808,676) derivative financial assets used for hedging purposes.

(5) Receivables from Money Markets includes the balance of expected loss provisions amounting to TRY 147 (December 31, 2022 – TRY 5,082).

(6) Financial Assets at Fair Value Through Other Comprehensive Income include TRY 4,082,459 (December 31, 2022 – TRY 6,868,484) derivative financial assets used for hedging purposes.

(7) Financial assets measured at amortized cost include TRY 25,998 (December 31, 2022 – TRY 20,038) of expected loss provisions.

(8) Other Liabilities include Derivative Financial Assets amounting to TRY 4,927,080 (December 31, 2022 – TRY 6,396,238).

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

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



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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****VI. Explanations on Liquidity Risk Management and Liquidity Coverage Ratio (Continued)****Analysis of financial liabilities by remaining contractual maturities**

The table below shows the Bank's maturity distribution of certain financial liabilities other than derivatives. The tables below are prepared by considering the future cash flows expected on the earliest cash flow dates. The total interest that will be paid for these assets and liabilities is included in the table below.

<b>Current Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>	<b>Carrying Amount</b>
Bank Deposits	1,126,701	9,416,723	12,288,330	3,022,266	-	-	25,854,020	25,583,901
Other Deposits	212,404,261	245,925,724	91,546,564	70,559,490	1,215,417	1,289	621,652,745	606,466,207
Payables to Money Market Funds from other Financial Institutions	-	4,349,975	15,546,320	4,494,736	6,784,102	-	31,175,133	28,835,615
Securities Issued	-	5,340,797	13,024,584	109,566,338	12,469,811	2,528,610	142,930,140	122,821,237
Noncash Loans <sup>(*)</sup>	27,122,663	2,066,266	10,068,507	34,198,495	6,622,434	13,578,370	66,534,072	54,900,439
		7,522,893	14,448,578	39,591,926	13,000,054	1,178,206	102,864,320	102,864,320
<b>Prior Period</b>	<b>Demand</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>	<b>Carrying Amount</b>
Bank Deposits	692,867	4,280,270	2,804,405	2,592,937	-	-	10,370,479	10,225,775
Other Deposits	125,803,712	148,205,691	98,853,408	13,711,700	714,345	651	387,289,507	384,058,258
Payables to Money Market Funds from other Financial Institutions	-	18,628,995	3,292,865	3,967,205	4,223,210	583,569	30,695,844	21,928,860
Securities Issued	-	2,037,282	6,195,755	27,452,400	16,128,701	7,454,202	59,268,340	58,781,041
Noncash Loans <sup>(*)</sup>	16,131,398	4,643,044	8,285,198	3,598,147	13,925,187	-	30,451,576	27,939,706
		3,167,528	7,830,151	27,464,272	9,713,322	922,518	65,229,189	65,229,189

(\*) Amounts related to letters of guarantee represent maturities based on contract and amounts per these maturities and the amounts have the nature to be withdrawn on demand optionally.

The table below shows the remaining maturities of derivative financial assets and liabilities:

<b>Current Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and Longer</b>	<b>Total</b>
Forward Contracts Buy <sup>(**)</sup>	10,138,764	8,821,169	12,095,862	1,078,087	-	32,133,882
Forward Contracts Sell <sup>(**)</sup>	(10,165,416)	(8,520,114)	(10,906,251)	(820,724)	-	(30,412,505)
Swap Contracts Buy <sup>(*)</sup>	134,154,827	114,463,877	72,706,958	89,885,060	71,087,131	482,297,853
Swap Contracts Sell <sup>(*)</sup>	(134,316,757)	(118,959,440)	(71,508,096)	(87,984,437)	(71,087,131)	(483,855,861)
Futures Buy	-	7,147,722	757,596	101,317	-	8,006,635
Futures Sell	-	(6,843,480)	(652,380)	(70,298)	-	(7,566,158)
Options Buy	418,572	1,210,190	6,113,746	-	-	7,742,508
Options Sell	(443,509)	(1,252,278)	(5,168,827)	-	-	(6,864,614)
Other	-	-	1,177,528	-	-	1,177,528
<b>Total</b>	<b>(213,519)</b>	<b>(3,932,354)</b>	<b>4,616,136</b>	<b>2,189,005</b>	<b>-</b>	<b>2,659,268</b>

(\*) This line also includes hedging purpose derivatives.

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

<b>Prior Period</b>	<b>Up to 1 Month</b>	<b>1-3 Months</b>	<b>3-12 Months</b>	<b>1-5 Years</b>	<b>5 years and Longer</b>	<b>Total</b>
Forward Contracts Buy <sup>(**)</sup>	9,936,299	5,574,106	6,532,312	287,757	-	22,330,474
Forward Contracts Sell <sup>(**)</sup>	(10,930,615)	(5,645,193)	(6,015,957)	(289,825)	-	(22,881,590)
Swap Contracts Buy <sup>(*)</sup>	121,017,044	28,135,907	27,216,419	62,353,367	58,949,272	297,672,009
Swap Contracts Sell <sup>(*)</sup>	(119,691,704)	(22,963,629)	(21,959,487)	(59,002,523)	(58,949,238)	(282,566,581)
Futures Buy	-	2,577,934	-	-	-	2,577,934
Futures Sell	-	(2,610,296)	-	-	-	(2,610,296)
Options Buy	13,589,634	38,879,754	6,696,442	67,348	-	59,233,178
Options Sell	(13,526,882)	(38,153,086)	(6,461,515)	(67,348)	-	(58,208,831)
Other	-	-	1,308,762	747,864	-	2,056,626
<b>Total</b>	<b>393,776</b>	<b>5,795,497</b>	<b>7,316,976</b>	<b>4,096,640</b>	<b>34</b>	<b>17,602,923</b>

(\*) This line also includes hedging purpose derivatives.

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

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)**
**VII. Explanations on Leverage Ratio**
**Information in regards to the differences between current period and prior period leverage ratio**

The Bank's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.50% (December 31, 2022 – 5.97%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

	Book Value	
	Current Period (*)	Prior Period (*)
<b>Assets on Balance sheet</b>		
Assets on Balance sheet (except for derivative financial instruments and credit (Assets deducted from capital stock)	928,220,222	564,542,488
Total risk amount related to Assets on Balance sheet	<b>924,466,141</b>	<b>563,553,916</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	18,925,386	23,234,025
Potential credit risk amount of derivative financial instruments and credit derivatives	7,578,848	7,924,670
Total risk amount related to derivative financial instruments and credit derivatives	<b>26,504,234</b>	<b>31,158,695</b>
<b>Financial transactions having security or commodity collateral</b>		
Risk amount of financial transactions having security or commodity collateral	3,189	49,485
Risk amount sourcing from transactions mediated	14,069	849,565
Total risk amount related to financial transactions having security or commodity Collateral	<b>17,258</b>	<b>899,050</b>
<b>Off-Balance sheet Transaction</b>		
Gross nominal amount of off-balance sheet transactions	765,927,842	362,571,207
(Adjustment amount sourcing from multiplying to credit conversion rates)	172,080,333	94,599,387
Total risk amount related to off-balance sheet transactions	<b>593,847,509</b>	<b>267,971,820</b>
<b>Capital and Total Risk</b>		
Core Capital	84,913,732	51,567,778
Amount of total risk	<b>1,544,835,142</b>	<b>863,583,481</b>
<b>Financial leverage ratio</b>		
Financial leverage ratio	5.50%	5.97%

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

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Their Fair Value**

The fair value of the fixed rate loans is determined based on discounted cash flows using the current market interest rates. Book value of floating rate loans represent their fair value.

The fair value of financial assets measured at amortized cost; market prices or, where such price cannot be determined, interest is determined on the basis of quoted market prices for other securities subject to the same qualified amortization in terms of maturity and other similar conditions.

The estimated fair value of the demand deposit represents the amount payable at the time of demand. The fair value of floating rate placements and overnight deposits represents the book value. The estimated fair value of fixed rate deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other liabilities.

The estimated fair value of funds from banks, other financial institutions, is determined based on discounted cash flows using the current market interest rates.

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented. Book value represents the total of cost of subject asset and liabilities and accrued interest.

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

**VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Their Fair Value (Continued)**

<b>Current Period</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>763,040,159</b>	<b>739,437,751</b>
Money Market Placements	5,736,581	5,736,434
Due from Banks	16,813,703	16,801,281
Fair Value through Other Comprehensive Income (FVOCI)	67,352,086	67,352,086
Financial Assets Measured at Amortized Cost	102,093,865	93,270,077
Loans Granted	571,043,924	556,277,873
<b>Financial Liabilities</b>	<b>876,632,608</b>	<b>877,059,021</b>
Bank Deposits	25,583,901	25,589,018
Other Deposits	606,466,207	606,997,080
Funds from Other Financial Institutions	122,821,237	122,821,237
Payables to Money Market	28,835,615	28,835,615
Securities Issued	54,900,439	54,790,862
Other Debts	38,025,209	38,025,209
<b>Prior Period</b>	<b>Book Value</b>	<b>Fair Value</b>
<b>Financial Assets</b>	<b>466,195,430</b>	<b>468,396,431</b>
Money Market Placements	8,467,980	8,462,898
Due from Banks	10,668,297	10,662,418
Fair Value through Other Comprehensive Income (FVOCI)	40,138,650	40,138,650
Financial Assets Measured at Amortized Cost	61,963,305	71,112,732
Loans Granted	344,957,198	338,019,733
<b>Financial Liabilities</b>	<b>532,111,104</b>	<b>534,016,116</b>
Bank Deposits	10,225,775	10,228,398
Other Deposits	384,058,258	384,171,295
Funds from Other Financial Institutions	58,781,041	60,570,393
Payables to Money Market	21,928,860	21,928,860
Securities Issued	27,939,706	27,939,706
Other Debts	29,177,464	29,177,464

In accordance with “IFRS 13, Fair Value Measurement” accounts represented at fair value in the face of financial statements are required to be leveled according to the observability of the data used for the calculation of fair value.

The classification of fair value calculation is as follows.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (market value);
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
- Level 3: Inputs that are not observable for the asset and liability (Fair value calculations which are not observable).

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**INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK (Continued)****VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Their Fair Value (Continued)**

In the table below, the fair value classification of the financial instruments that are recorded at fair value at the financial statements is presented:

<b>Current Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>65,910,636</b>	<b>16,416,587</b>	<b>384,544</b>	<b>82,711,767</b>
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	1,652,392	325,033	384,544	2,361,969
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) <sup>(*)</sup>	64,257,528	3,094,558	-	67,352,086
Derivative Financial Assets	716	12,996,996	-	12,997,712
<b>Financial Liabilities</b>	<b>327</b>	<b>4,926,753</b>	<b>-</b>	<b>4,927,080</b>
Derivative Financial Liabilities	327	4,926,753	-	4,927,080

<sup>(\*)</sup> Real estates that the Bank accounts for at fair value under tangible fixed assets are classified as level 3.

<b>Prior Period</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>	<b>35,937,556</b>	<b>28,001,410</b>	<b>141,649</b>	<b>64,080,615</b>
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) <sup>(*)</sup>	965,244	165,586	141,649	1,272,479
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) <sup>(**)</sup>	34,972,312	5,158,664	-	40,130,976
Derivative Financial Assets	-	22,677,160	-	22,677,160
<b>Financial Liabilities</b>	<b>30,387</b>	<b>6,365,851</b>	<b>-</b>	<b>6,396,238</b>
Derivative Financial Liabilities	30,387	6,365,851	-	6,396,238

Confirmation for fair value of financial assets under Level 3 is as below:

	<b>Current Period</b>	<b>Prior Period</b>
<b>Opening Balance</b>	<b>141,649</b>	<b>242,355</b>
Change in total gain/loss	241,069	<b>99,896</b>
<i>Accounted in the statement of profit or loss and other comprehensive income</i>	241,069	99,896
<i>Accounted in other comprehensive income</i>	-	-
Purchases and Transfers	1,826	9,068
Disposals	-	(209,670)
Matured Loans	-	-
Sales from Level 3	-	-
<b>Closing Balance</b>	<b>384,544</b>	<b>141,649</b>

**IX. Explanations Related to Transactions Carried on Behalf of Others and Fiduciary Transactions**

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

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**SECTION FIVE****EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS****I. Explanations and Disclosures Related to Assets****1. a) Cash and balances with the Central Bank of Türkiye**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	2,150,944	9,412,639	1,621,492	6,809,684
T.R. Central Bank	56,835,380	92,810,848	7,929,515	74,677,290
Other	807,073	562,827	168,850	3,330,960
<b>Total</b>	<b>59,793,397</b>	<b>102,786,314</b>	<b>9,719,857</b>	<b>84,817,934</b>

**b) Balances with the Central Bank of Türkiye**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	41,053,357	34,030,574	7,929,515	34,202,891
Restricted Demand Deposits	8,487,000	-	-	-
Restricted Time Deposits	7,295,023	58,780,274	-	40,474,399
<b>Total</b>	<b>56,835,380</b>	<b>92,810,848</b>	<b>7,929,515</b>	<b>74,677,290</b>

As of December 31, 2023 amount of TRY 18,072 (December 31, 2022 – TRY 10,615) provision provided for the account T.R. Central Bank.

As of December 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. For exchange rate/price protection support, rates vary between 10% and 30% depending on the maturity structure. The reserve rates for foreign currency liabilities vary between 5% and 30% for deposit and other foreign currency liabilities according to their maturities. Gold deposit liabilities vary between 22% and 26% for gold liabilities according to their maturities.

**2. Further information on financial assets at fair value through profit/loss****a) Information on financial assets at fair value through profit/loss given as collateral or blocked**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/ Blocked	-	-	-	-
Subject to repurchase agreements	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	409,551	109,239	457,631	-
Swap Transactions	2,333,453	2,812,555	4,694,578	2,272,253
Futures Transactions	-	-	-	514
Options	716	75,573	-	758,724
<b>Total</b>	<b>2,743,720</b>	<b>2,997,367</b>	<b>5,152,209</b>	<b>3,031,491</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	47,396	805,465	2,874,204	133,353
Foreign	-	15,960,842	-	7,660,740
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>47,396</b>	<b>16,766,307</b>	<b>2,874,204</b>	<b>7,794,093</b>

As of December 31, 2023 amount of TRY 12,423 provision provided for the Bank account (December 31, 2022 – TRY 5,879).

**b) Information on foreign bank accounts**

	Unrestricted Amount		Restricted Amount <sup>(**)</sup>	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	4,048,154	1,479,052	-	132,836
USA and Canada	7,649,932	892,625	-	-
OECD Countries <sup>(*)</sup>	866,040	644,395	3,025,514	4,383,255
Off-shore Banking Regions	-	-	-	-
Other	371,202	128,577	-	-
<b>Total</b>	<b>12,935,328</b>	<b>3,144,649</b>	<b>3,025,514</b>	<b>4,516,091</b>

<sup>(\*)</sup> Includes 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>301,081</b>	<b>-</b>	<b>3,613,560</b>	<b>-</b>
T.R Central Bank	-	-	-	-
Banks	301,081	-	3,613,560	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organization	-	-	-	-
Natural 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 and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Natural Persons	-	-	-	-
<b>Total</b>	<b>301,081</b>	<b>-</b>	<b>3,613,560</b>	<b>427,044</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****5. Information on Financial Assets Measured at Fair Value through Other Comprehensive Income****a) Information on financial assets measured at fair value through other comprehensive income that are subject to repurchase agreements and given as collateral/blocked**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/Blocked	18,555,820	-	12,462,239	-
Subject to repurchase agreements	5,472	9,855,238	9,095	10,279,690
<b>Total</b>	<b>18,561,292</b>	<b>9,855,238</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>69,952,152</b>	<b>41,939,468</b>
Quoted on a stock exchange (*)	69,952,152	41,939,468
Unquoted on a stock exchange	-	-
<b>Share certificates</b>	<b>107</b>	<b>7,781</b>
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	107	7,781
<b>Impairment provision(-) (**)</b>	<b>(2,600,173)</b>	<b>(1,808,599)</b>
<b>Total</b>	<b>67,352,086</b>	<b>40,138,650</b>

(\*) The Eurobond Portfolio amounting to TRY 6,218,276 (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.

(\*\*) As of December 31, 2023 amount of TRY 9,387 (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 Bank**

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	<b>-</b>	<b>2,316,570</b>	<b>-</b>	<b>116,854</b>
Corporate Shareholders	-	2,316,570	-	116,854
Individual Shareholders	-	-	-	-
<b>Indirect Loans Granted to Shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loans Granted to Employees (*)</b>	<b>629,167</b>	<b>-</b>	<b>333,147</b>	<b>-</b>
<b>Total</b>	<b>629,167</b>	<b>2,316,570</b>	<b>333,147</b>	<b>116,854</b>

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

**b) Performing loans and loans under follow-up including restructured or rescheduled loans, and other receivables****b.1) Financial assets measured at amortized cost**

	Loans Under Close Monitoring			
	Standard Loans and Other Receivables	Restructured Loans and Receivables		
		Loans and Receivables Not Subject to restructuring	Loans and Receivables with Revised Contract Terms	Refinance
<b>Cash Loans</b>				
<b>Non-specialized Loans</b>	<b>524,138,702</b>	<b>42,377,257</b>	<b>89,640</b>	<b>20,988,079</b>
Enterprise Loans	32,789,275	64,067	-	-
Export Loans	45,388,265	610,700	-	-
Import Loans	11,775	-	-	-
Loans Given to Financial Sector	7,902,025	207	-	-
Retail Loans	101,504,226	8,603,870	33,302	3,915,221
Credit Cards	149,791,659	16,264,845	-	3,873,135
Other	186,751,477	16,833,568	56,338	13,199,723
<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>524,138,702</b>	<b>42,377,257</b>	<b>89,640</b>	<b>20,988,079</b>

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

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

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

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

**b.1) Financial assets measured at amortized cost (Continued)**

	<b>Standard Loans</b>	<b>Loans Under Close Monitoring</b>
<b>Current Period</b>		
Provision for 12 Month Expected Credit Losses	7,703,126	-
Significant Increase in Credit Risk	-	10,879,033
<b>Prior Period</b>		
Provision for 12 Month Expected Credit Losses	3,485,429	-
Significant Increase in Credit Risk	-	5,609,232

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

		<b>Loans Under Close Monitoring</b>	
		<b>Loans Not Subject to Restructuring</b>	<b>Loans with Restructured Loans</b>
<b>Cash Loans</b>	<b>Standard Loans</b>		
Short-term Loans	312,369,848	16,264,845	3,873,135
Medium and Long-term Loans	211,768,854	26,112,412	17,204,584
<b>Total</b>	<b>524,138,702</b>	<b>42,377,257</b>	<b>21,077,719</b>



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

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

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TRY</b>	<b>15,842,487</b>	<b>80,796,680</b>	<b>96,639,167</b>
Housing Loans	2,307	3,420,231	3,422,538
Automobile Loans	801	31,730	32,531
Personal Need Loans	15,839,379	77,344,719	93,184,098
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>165,019</b>	<b>165,019</b>
Housing Loans	-	383	383
Automobile Loans	-	-	-
Personal Need Loans	-	164,636	164,636
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>140,810,165</b>	<b>3,934,310</b>	<b>144,744,475</b>
Installment	46,702,023	2,263,984	48,966,007
Non- Installment	94,108,142	1,670,326	95,778,468
<b>Individual Credit Cards-FC</b>	<b>256,640</b>	<b>519</b>	<b>257,159</b>
Installment	-	-	-
Non- Installment	256,640	519	257,159
<b>Personnel Loans-TRY</b>	<b>57,828</b>	<b>220,692</b>	<b>278,520</b>
Housing Loans	-	22	22
Automobile Loans	-	-	-
Personal Need Loans	57,828	220,670	278,498
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>335,771</b>	<b>5,842</b>	<b>341,613</b>
Installment	126,256	2,197	128,453
Non-Installment	209,515	3,645	213,160
<b>Personnel Credit Cards-FC</b>	<b>1,268</b>	<b>3</b>	<b>1,271</b>
Installment	-	-	-
Non-Installment	1,268	3	1,271
<b>Overdraft Accounts-TRY (Natural Persons)</b>	<b>16,228,062</b>	<b>745,851</b>	<b>16,973,913</b>
<b>Overdraft Accounts-FC (Natural Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>173,532,221</b>	<b>85,868,916</b>	<b>259,401,137</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****6. Information related to loans (Continued)****e) Information on commercial loans with installments and corporate credit cards**

	Short Term	Medium and Long Term	Total
<b>Commercial Loans with Installment Facility – TRY</b>	<b>1,137,755</b>	<b>36,689,873</b>	<b>37,827,628</b>
Real Estate Loans	812	240,484	241,296
Automobile Loans	20,834	1,678,397	1,699,231
Personal Need Loans	1,116,109	34,770,992	35,887,101
Other	-	-	-
<b>Commercial Loans with Installment Facility - FC Indexed</b>	<b>-</b>	<b>179,293</b>	<b>179,293</b>
Real Estate Loans	-	825	825
Automobile Loans	-	-	-
Personal Need Loans	-	178,468	178,468
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>24,166,512</b>	<b>397,891</b>	<b>24,564,403</b>
Installment	5,276,764	102,250	5,379,014
Non-Installment	18,889,748	295,641	19,185,389
<b>Corporate Credit Cards –FC</b>	<b>20,678</b>	<b>40</b>	<b>20,718</b>
Installment	-	-	-
Non-Installment	20,678	40	20,718
<b>Overdraft Accounts-TRY (Legal Entities)</b>	<b>2,185,382</b>	<b>23,010</b>	<b>2,208,392</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>27,510,327</b>	<b>37,290,107</b>	<b>64,800,434</b>

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

	Current Period	Prior Period
Public	4,463,025	4,285,525
Private	583,130,653	348,170,521
<b>Total</b>	<b>587,593,678</b>	<b>352,456,046</b>

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

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

	Current Period	Prior Period
Domestic Loans	585,238,968	350,600,485
Foreign Loans	2,354,710	1,855,561
<b>Total</b>	<b>587,593,678</b>	<b>352,456,046</b>

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

**h) Loans granted to subsidiaries and associates**

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	4,948,468	5,341,116
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>4,948,468</b>	<b>5,341,116</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****6. Information related to loans (Continued)****i) Specific provisions for loans (Stage III/Specific Provision)**

	Current Period	Prior Period
<b>Provisions</b>		
Loans and Receivables with Limited Collectability	1,734,902	631,345
Doubtful Loans and Other Receivables	988,400	455,337
Uncollectible Loans and Receivables	5,698,767	6,342,431
<b>Total</b>	<b>8,422,069</b>	<b>7,429,113</b>

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Current Period</b>			
Gross Amounts Before the Provisions	148	3,532	336,984
Restructured Loans	148	3,532	336,984
<b>Prior Period</b>			
Gross Amounts Before the Provisions	46	9,865	393,631
Restructured Loans	46	9,865	393,631

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Prior Period End Balance</b>	<b>874,620</b>	<b>636,382</b>	<b>7,513,924</b>
Additions (+)	4,623,745	189,894	197,733
Transfers from Other Categories of Non-Performing Loans (+)	-	2,666,460	1,744,880
Transfers to Other Categories of Non-Performing Loans (-)	2,666,460	1,744,880	-
Collections (-)	505,109	383,594	1,775,305
Write-offs (-)	-	-	10,113
<b>Debt Sales (-) (*)</b>	<b>-</b>	<b>-</b>	<b>907,703</b>
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	309,295
Credit Cards	-	-	350,789
Others	-	-	247,619
<b>Current Period End Balance</b>	<b>2,326,796</b>	<b>1,364,262</b>	<b>6,763,416</b>
Provision (-)	1,734,902	988,400	5,698,767
<b>Net Balances on Balance Sheet</b>	<b>591,894</b>	<b>375,862</b>	<b>1,064,649</b>

(\*) The bank sold TRY 907,703 of the non-performing loans portfolio to the asset management company for TRY 444,750.

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

None (December 31, 2022 – None).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to 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>Loans and receivables</b> <b>with limited</b> <b>collectability</b>	<b>IV. Group</b> <b>Loans and receivables</b> <b>with doubtful</b> <b>collectability</b>	<b>V. Group</b> <b>Uncollectible loans</b> <b>and other receivables</b>
<b>Current Period (Net)</b>	<b>591,894</b>	<b>375,862</b>	<b>1,064,649</b>
Loans to Natural Persons and Legal Entities (Gross)	2,326,796	1,364,262	6,486,482
Provision (-)	1,734,902	988,400	5,421,833
Loans to Natural Persons and Legal Entities (Net)	591,894	375,862	1,064,649
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	276,934
Provision (-)	-	-	276,934
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>243,275</b>	<b>181,045</b>	<b>1,171,493</b>
Loans to Natural Persons and Legal Entities (Gross)	874,620	636,382	7,322,937
Specific provision (-)	631,345	455,337	6,151,444
Loans to Natural Persons and Legal Entities (Net)	243,275	181,045	1,171,493
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	190,987
Specific provision (-)	-	-	190,987
Other Loans and Receivables (Net)	-	-	-
	<b>III. Group</b> <b>Loans and receivables</b> <b>with limited</b> <b>collectability</b>	<b>IV. Group</b> <b>Loans and receivables</b> <b>with doubtful</b> <b>collectability</b>	<b>V. Group</b> <b>Uncollectible loans</b> <b>and other receivables</b>
<b>Current Period (Net)</b>			
Interest Accruals and Valuation Differences	179,655	122,137	1,167,499
Provision (-)	85,245	64,254	800,396
<b>Prior Period (Net)</b>			
Interest Accruals and Valuation Differences	120,510	56,583	1,257,336
Provision (-)	86,990	40,486	1,060,843

**k) Liquidation policies for uncollectible loans and other receivables**

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

**l) Explanations on write-off policy**

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****7. Information on Financial Assets Measured at Amortized Cost****a) Information on financial assets measured at amortized cost subject to repurchase agreements and provided as collateral/blocked**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/Blocked	19,956,890	149,001	7,436,978	-
Subject to repurchase agreements	4,753,009	25,309,928	234,667	19,644,899
<b>Total</b>	<b>24,709,899</b>	<b>25,458,929</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	72,305,609	29,088,903	41,598,971	19,504,773
Treasury Bill	-	-	-	-
Other Debt Securities	-	580,406	-	367,824
<b>Total</b>	<b>72,305,609</b>	<b>29,669,309</b>	<b>41,598,971</b>	<b>19,872,597</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Debt Securities</b>	<b>72,305,609</b>	<b>29,788,256</b>	<b>41,598,971</b>	<b>20,364,334</b>
Publicly-traded	72,305,609	29,788,256	41,598,971	20,364,334
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
<b>Total</b>	<b>72,305,609</b>	<b>29,788,256</b>	<b>41,598,971</b>	<b>20,364,334</b>

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

	Current Period	Prior Period
<b>Value at the beginning of the period</b>	<b>61,963,305</b>	<b>29,856,976</b>
Exchange differences on monetary assets	11,129,111	6,288,072
Acquisitions during the year	33,404,616	12,898,683
Disposals through sales and redemptions	(23,033,396)	(10,005,623)
Provision for losses (-)	-	-
Valuation effect	18,630,229	22,925,197
<b>The sum of end of the period</b>	<b>102,093,865</b>	<b>61,963,305</b>

As of December 31, 2023, a provision amounting to TRY 25,998 (December 31, 2022 – TRY 20,038) is provided for the financial assets measured at amortized cost.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****8. Investments in associates (Net)****8.1. Investments in associates****a) Information on the unconsolidated subsidiaries**

	<b>Title</b>	<b>Address (City/Country)</b>	<b>Bank's Share-If Different, Voting Rights(%)</b>	<b>Bank's Risk Group Share(%)</b>
1.	Bankalararası Kart Merkezi (BKM) <sup>(*)</sup>	Istanbul/Turkey	4.52	4.52
2.	JCR Avrasya Derecelendirme A.Ş. <sup>(**)</sup>	Istanbul/Turkey	2.86	2.86
3.	İhracatı Geliştirme A.Ş. (İGE) <sup>(**)</sup>	Istanbul/Turkey	0.44	0.44
4.	Kredi Garanti Fonu A.Ş. (KGF) <sup>(**)</sup>	İstanbul/Türkiye	1.49	1.49

	<b>Total Assets</b>	<b>Shareholder's Equity</b>	<b>Total Fixed Assets<sup>(***)</sup></b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1.	3,880,800	3,344,720	196,203	512,853	-	2,659,647	207,418	-
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.	1,814,872	1,093,002	30,886	263,543	-	326,628	211,158	-

(\*) Current period information is based on September 30, 2023 financials. Prior period profit and loss amounts are based on September 30, 2022 financials.

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

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

**b) Information on the consolidated subsidiaries**

None (December 31, 2022 – None).

**8.2. 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>8,245</b>	<b>31,451</b>
Purchases	-	-
Bonus Shares Received <sup>(*)</sup>	571	31,451
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	7,674	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at the End of the Period</b>	<b>53,722</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>

(\*) Capital participation fee is included in the item of Shares Acquired Free of Charge, JCR Avrasya Derecelendirme A.Ş. in the current period, İhracatı Geliştirme A.Ş. (İGE) in the previous period.

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

	<b>Current Period</b>	<b>Prior Period</b>
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	53,722	45,477
<b>Total</b>	<b>53,722</b>	<b>45,477</b>

**8.4. Quoted Associates**

None (December 31, 2022 – None).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****9. Investments in subsidiaries (Net)****a) Information on the unconsolidated subsidiaries**

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

  

	<b>Total Assets</b>	<b>Shareholder's Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value</b>
1.	179,506	6,199	57,491	-	-	11,362	7,406	-
2.	289,544	201,735	30,432	24,461	-	63,360	26,364	-

**b) Information on the subsidiaries****b.1) Information on the subsidiaries**

	<b>Subsidiary</b>	<b>Address (City/Country)</b>	<b>Bank's Share If Different, Voting Rights (%)</b>	<b>Bank's Risk Group Share (%)</b>
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.	QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş.	Istanbul/Türkiye	100.00	100.00

Information on subsidiaries in the order presented in the table above

	<b>Total Assets</b>	<b>Shareholders' Equity</b>	<b>Total Fixed Assets</b>	<b>Interest Income</b>	<b>Income on Securities Portfolio</b>	<b>Current Period Profit/Loss</b>	<b>Prior Period Profit/Loss</b>	<b>Company's Fair Value<sup>(*)</sup></b>
1.	4,847,995	2,121,440	75,506	1,228,934	25,387	933,347	464,752	-
2.	24,816,292	2,450,331	43,691	3,204,082	7,739	824,381	401,552	2,435,631
3.	704,702	550,428	5,255	4,263	-	250,241	59,332	-
4.	16,012,885	1,477,891	28,317	4,265,884	-	926,785	295,365	-
5.	859,958	1,478	-	-	-	742	516	-
6.	5,522,719	1,583,499	101,660	345,804	123,412	966,314	431,591	-

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

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

**9. Investments in subsidiaries (Net) (Continued)**

**b) Information on the subsidiaries (Continued)**

**b.2) Movement of 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>6,299,627</b>	<b>1,360,405</b>
Purchases <sup>(*)</sup>	981,000	-
Bonus Shares Received	885,002	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Revaluation Increase <sup>(**)</sup>	4,433,625	1,360,405
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>9,789,830</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 QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., whose 49% capital is owned by the 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 QNB Sağlık Hayat Sigorta 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 Bank's shareholding in QNB Sağlık Hayat Sigorta 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 financial subsidiaries and the related carrying amounts**

	Current Period	Prior Period
Factoring Companies	1,477,891	551,597
Leasing Companies	2,435,631	1,622,787
Finance Companies	3,310,198	-
Other Subsidiaries	2,566,110	1,315,819
<b>Total</b>	<b>9,789,830</b>	<b>3,490,203</b>

**b.4) Consolidated subsidiaries quoted on stock exchange**

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	2,435,631	1,622,787
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>2,435,631</b>	<b>1,622,787</b>

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

The Bank does not have any significant subsidiaries.

**10. Information on joint ventures**

Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. <sup>(*)</sup>	Istanbul/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
1.	372,227	165,267	177,040	-	-	9,680	56,460	-

<sup>(\*)</sup> Current period information is presented as of November 30, 2023, and prior period profit and loss amounts are presented based on the financial statements prepared as of November 30, 2022.



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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****11. Information on lease receivables (Net)**

None (December 31, 2022 – None).

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge <sup>(*)</sup>	2,889,729	284,437	7,407,026	217,950
Cash Flow Hedge <sup>(**)</sup>	1,126,544	2,955,915	4,830,851	2,037,633
Foreign Net Investment Hedges	-	-	-	-
<b>Total</b>	<b>4,016,273</b>	<b>3,240,352</b>	<b>12,237,877</b>	<b>2,255,583</b>

<sup>(\*)</sup> Derivative financial instruments for fair value hedging consist of swaps. As of December 31, 2023, TRY 2,889,729 (December 31, 2022 – TRY 7,407,026) from loans, TRY 284,437 (December 31, 2022 – TRY 217,950) 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 tangible assets**

Prior Year End	Land and Buildings	Fixed Assets from Finance		Other Tangible Fixed Assets	Total
		Lease	Vehicles		
Cost	3,611,555	286,110	326,514	3,301,862	7,526,041
Accumulated Depreciation(-)	722,519	252,612	56,791	1,764,652	2,796,574
<b>Net Book Value</b>	<b>2,889,036</b>	<b>33,498</b>	<b>269,723</b>	<b>1,537,210</b>	<b>4,729,467</b>
<b>Current Year End</b>					
<b>Cost at the Beginning of the Period</b>	<b>3,611,555</b>	<b>286,110</b>	<b>326,514</b>	<b>3,301,862</b>	<b>7,526,041</b>
Additions <sup>(*)</sup>	1,041,021	-	100,549	2,504,413	3,645,983
Disposals (-)	134,393	22,778	10,002	888,518	1,055,691
Impairment (-)/(increase)	-	-	-	-	-
<b>Current Period Cost</b>	<b>7,914,871</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,914,871</b>
<b>Accumulated Depreciation at the Beginning of the Period</b>	<b>12,433,054</b>	<b>263,332</b>	<b>417,061</b>	<b>4,917,757</b>	<b>18,031,204</b>
Disposals (-)	722,519	252,612	56,791	1,764,652	2,796,574
Depreciation Amount	19,834	10,779	3,098	23,822	57,533
<b>Current Period Accumulated Depreciation (-)</b>	<b>334,866</b>	<b>2,935</b>	<b>63,166</b>	<b>406,601</b>	<b>807,568</b>
<b>Net Book Value-end of the Period</b>	<b>1,037,551</b>	<b>244,768</b>	<b>116,859</b>	<b>2,147,431</b>	<b>3,546,609</b>
	<b>11,395,503</b>	<b>18,564</b>	<b>300,202</b>	<b>2,770,326</b>	<b>14,484,595</b>

<sup>(\*)</sup> As stated in footnote in Section III – Part 4, fair value exchange difference income amortized at an amount of TRY 27,685 belonging to immovable property subjected to fair value hedge accounting by the Bank is shown on “Additions” line in Property, Plant and Equipment movement statement.

**a) If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements****Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements**

There is no provision for impairment in the current period as a result of changes in the fair values of real estates determined by licensed real estate valuation companies (December 31, 2022 – None).

**b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this**

None (December 31, 2022 - None).

**c) Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets**

None (December 31, 2022 - None).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****14. Explanations on intangible assets**

	Intangible Rights	Goodwill	Total
<b>Prior Period End</b>			
Cost	2,486,943	-	2,486,943
Accumulated Amortization (-)	1,458,394	-	1,458,394
<b>Net Book Value</b>	<b>1,028,549</b>	<b>-</b>	<b>1,028,549</b>
<b>Current Period End</b>			
<b>Cost at the Beginning of the Period</b>	<b>2,486,943</b>	<b>-</b>	<b>2,486,943</b>
Additions	1,571,372	-	1,571,372
Disposals(-)	-	-	-
Impairment (-)/(increase)	-	-	-
<b>Current Period Cost</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Accumulated Amortization at the Beginning of the Period</b>	<b>4,058,315</b>	<b>-</b>	<b>4,058,315</b>
Disposals(-)	1,458,394	-	1,458,394
Amortization Charge (-)	2,955	-	2,955
<b>Current Period Accumulated Amortization (-)</b>	<b>413,561</b>	<b>-</b>	<b>413,561</b>
<b>Net Book Value-End of the Period</b>	<b>1,869,000</b>	<b>-</b>	<b>1,869,000</b>
	<b>2,189,315</b>	<b>-</b>	<b>2,189,315</b>

**a) Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements**

None (December 31, 2022 – None).

**b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition**

None (December 31, 2022 – None).

**c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition**

None (December 31, 2022 – None).

**d) The book value of intangible fixed assets that are pledged or restricted for use**

None (December 31, 2022 – None).

**e) Amount of purchase commitments for intangible fixed assets**

None (December 31, 2022 – None).

**f) Information on revalued intangible assets according to their types**

None (December 31, 2022 – None).

**g) Amount of total research and development expenses recorded in the statement of profit or loss and other comprehensive income within the period if any**

Amount of research expenses recorded in the statement of profit or loss and other comprehensive income within the current period TRY 38,717 (December 31, 2022 – TRY 41,354).Information

**h) Positive or negative consolidation goodwill on entity basis**

None (December 31, 2022 – None)

**i) Information on goodwill**

None (December 31, 2022 – None)

**j) Movements on goodwill in the current period**

None (December 31, 2022 – None)

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****15. Information on assets held for sale and discontinued operations**

None (December 31, 2022 – None).

**16. Information on Tax Asset**

As of December 31, 2023, the Bank has TRY 6,581,490 deferred tax asset calculated under the related regulations.

Deferred tax assets and liabilities are reflected to the financial statements by netting off according to TAS 12. As of December 31, 2023, the Bank has deferred tax assets amounting to TRY 10,944,479 and deferred tax liabilities amounting to TRY 4,362,989 which arise between the carrying amount of the assets and liabilities in the balance sheet and the tax bases determined in accordance with tax legislation and calculated over the amounts to be taken into account in the calculation of financial profit/the tax liability is netted and recorded in the records.

Deferred tax is offset against deferred tax assets or liabilities, if the differences between the carrying amount and the fair value of the related assets are related to the equity account group. The deferred tax liability amounting to TRY 1,420,311 has been netted under equity (December 31, 2022 – TRY 1,441,135 deferred tax liabilities).

	<b>Accumulated Temporary Differences</b>		<b>Deferred Tax Assets/(Liabilities)</b>	
	<b>30.12.2023</b>	<b>31.12.2022</b>	<b>30.12.2023</b>	<b>31.12.2022</b>
Provision for Employee Rights	2,780,360	2,461,958	834,108	615,489
Difference Between the Book Value of Financial Assets and Tax Base	4,869	6,007,056	1,461	1,501,764
Other <sup>(*)</sup>	33,696,367	11,882,471	10,108,910	2,970,618
<b>Deferred Tax Assets</b>			<b>10,944,479</b>	<b>5,087,871</b>
Differences Between Carrying Value and Tax Value of Tangible Fixed Assets	(278)	(742,422)	(83)	(185,605)
Differences Between Carrying Value and Tax Basis of Financial Assets	(12,030,273)	(17,347,120)	(3,609,082)	(4,336,781)
Other	(2,512,745)	(844,634)	(753,824)	(211,158)
<b>Deferred Tax Liabilities</b>			<b>(4,362,989)</b>	<b>(4,733,544)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>			<b>6,581,490</b>	<b>354,327</b>

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

	<b>Current Period 01.01-31.12.2023</b>	<b>Prior Period 01.01-31.12.2022</b>
Deferred Tax as of January 1 Active/ Passive – Net	354,327	133,892
Deferred Tax (Loss) / Gain	4,806,852	1,661,570
Deferred Tax that is Realized Under Shareholder's Equity	1,420,311	(1,441,135)
<b>Deferred Tax Active/ (Passive) – Net</b>	<b>6,581,490</b>	<b>354,327</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****I. Explanations and Disclosures Related to Assets (Continued)****17. Information on assets held for sale and discontinued operations**

None (December 31, 2022 – None).

**18. Information on other assets**

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

As of December 31, 2023, provisions for other assets amount to TRY 22,683 (December 31, 2022 – TRY 13,215).

**19. Accrued interest and income**

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Instruments	6,759,993	6,237,719	17,390,086	5,287,074
Loans	12,295,976	5,197,443	6,448,570	1,969,786
Financial Assets measured at amortized cost	2,599,234	(853,858)	6,046,279	(1,750,115)
Financial Assets at Fair Value Through Other Comprehensive Income	11,085,004	497,745	6,876,724	224,043
Central Bank of Turkey	81,415	-	-	-
Financial Assets at Fair Value Through Profit or Loss	25,252	19,156	10,624	3,697
Banks	46,630	-	23,280	-
Other Accruals	47,112	41,261	38,319	18,593
<b>Total</b>	<b>32,940,616</b>	<b>11,139,466</b>	<b>36,833,882</b>	<b>5,753,078</b>

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

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits <sup>(*)</sup>	27,893,499	-	49,344,669	49,231,023	99,526,973	40,555,786	9,060,383	1,347	275,613,680
Foreign Currency	129,578,727	-	16,837,949	33,318,758	3,728,411	782,658	1,144,870	6,581	185,397,954
Residents in Türkiye.	120,792,505	-	15,983,055	32,277,959	3,539,093	699,345	649,763	6,581	173,948,301
Residents Abroad	8,786,222	-	854,894	1,040,799	189,318	83,313	495,107	-	11,449,653
Public Sector Deposits	1,154,447	-	2,515	88,335	-	-	-	-	1,245,297
Commercial Deposits	19,742,589	-	31,161,782	12,920,808	19,922,891	13,940,276	9,771,674	-	107,460,020
Other Ins. Deposits	302,301	-	233,749	765,619	823,513	115,000	9,517	-	2,249,699
Precious Metal Deposits	33,732,699	-	117,147	58,862	148,831	-	442,018	-	34,499,557
Bank Deposits	1,126,701	-	9,101,219	12,450,245	1,467,378	1,438,358	-	-	25,583,901
T.R Central Bank.	-	-	-	-	-	-	-	-	-
Domestic Banks	48,433	-	923,841	-	-	-	-	-	972,274
Foreign Banks	1,078,268	-	8,177,378	12,450,245	1,467,378	1,438,358	-	-	24,611,627
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>213,530,963</b>	<b>-</b>	<b>106,799,030</b>	<b>108,833,650</b>	<b>125,617,997</b>	<b>56,832,078</b>	<b>20,428,462</b>	<b>7,928</b>	<b>632,050,108</b>

<sup>(\*)</sup> As of December 31, 2023, the balance of savings deposits includes the amount of TRY 5,280,517 Treasury Currency Protected Deposits and TRY 134,917,500 CBRT Currency Protected Deposits.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****1. Information on maturity structure of deposits (Continued)**

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits<sup>(*)</sup></b>	<b>17,850,909</b>	-	<b>28,462,849</b>	<b>30,209,586</b>	<b>76,800,432</b>	<b>2,528,154</b>	<b>2,095,541</b>	<b>1,273</b>	<b>157,948,744</b>
Foreign Currency	71,193,484	-	13,817,078	22,158,132	14,478,140	2,823,557	2,297,663	4,903	126,772,957
Residents in Türkiye	66,386,181	-	13,346,753	21,291,812	13,872,696	2,277,577	1,395,762	4,903	118,575,684
Residents Abroad	4,807,303	-	470,325	866,320	605,444	545,980	901,901	-	8,197,273
<b>Public Sector Deposits</b>	<b>578,667</b>	-	<b>44,150</b>	<b>1,347</b>	-	<b>51</b>	-	-	<b>624,215</b>
Commercial Deposits	14,618,809	-	20,438,661	14,995,790	15,036,159	5,678,716	3,316,340	-	74,084,475
Other Ins. Deposits	141,156	-	359,956	1,380,266	347,147	239,893	43	-	2,468,461
<b>Precious Metal Deposits</b>	<b>21,420,687</b>	-	-	<b>22,269</b>	<b>14,806</b>	<b>25,226</b>	<b>676,418</b>	-	<b>22,159,406</b>
Bank Deposits	692,867	-	3,762,398	3,163,722	810,537	1,796,251	-	-	10,225,775
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	10,889	-	433,921	-	-	-	-	-	444,810
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>126,496,579</b>	-	<b>66,885,092</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>394,284,033</b>

<sup>(\*)</sup> As of December 31, 2022, the balance of savings deposits includes the amount of TRY 15,313,257 Treasury Currency Protected Deposits and TRY 84,134,369 CBRT Currency Protected Deposits.

**1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit <sup>(\*)</sup>**

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	106,246,382	55,175,424	280,322,314	179,950,471
Foreign Currency Savings Deposits	54,536,106	29,307,602	165,361,405	119,624,761
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>160,782,488</b>	<b>84,483,026</b>	<b>445,683,719</b>	<b>299,575,232</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 numbered 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 17,545,869 (December 31, 2022 – TRY 9,717,740) is included in the footnote.

**1.2. Savings deposits in Türkiye are not covered under insurance in another country since the headquarter of the Bank is not located abroad.****1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund**

	Current Period	Prior Period
Deposits and accounts in branches abroad	14,370	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	924,939	515,786
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Türkiye exclusively for off-shore banking activities	-	-
<b>Total</b>	<b>939,309</b>	<b>524,967</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****2. Information on trading derivative financial liabilities****Negative differences table for derivative financial liabilities held for trading**

	Current Period <sup>(*)</sup>		Prior Period	
	TRY	FC	TRY	FC
Forwards transactions	286,280	110,655	421,525	-
Swaps transactions	1,044,552	2,419,434	2,556,751	2,100,139
Futures transactions	-	-	-	-
Options	327	290,250	30,387	483,367
Other	-	-	-	-
<b>Total</b>	<b>1,331,159</b>	<b>2,820,339</b>	<b>3,008,663</b>	<b>2,583,506</b>

(\*) Derivative financial liabilities held for trading in the current period are shown on the financial statement in 7.1 Derivative Financial Liabilities line.

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	473,527	459,973	361,183	493,523
Foreign Bank, Institutions and Funds	-	103,890,142	-	40,798,611
<b>Total</b>	<b>473,527</b>	<b>104,350,115</b>	<b>361,183</b>	<b>41,292,134</b>

**b) Maturity information on funds borrowed**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	473,527	24,879,230	361,183	15,378,977
Medium and Long-Term	-	79,470,885	-	25,913,157
<b>Total</b>	<b>473,527</b>	<b>104,350,115</b>	<b>361,183</b>	<b>41,292,134</b>

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

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

As of December 31, 2023 the Bank's liabilities comprise; 64% deposits (December 31, 2022 – 66%), 11% funds borrowed (December 31, 2022 – 7%), 6% issued bonds (December 31, 2022 – 5%) and 3% money market debts (December 31, 2022 – 4%).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****4. Information on funds provided under repurchase agreements**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>From domestic transactions</b>	<b>111,969</b>	-	<b>16,101</b>	-
Financial institutions and organizations	100,346	-	116	-
Other institutions and organizations	6,243	-	8,772	-
Natural persons	5,380	-	7,213	-
<b>From foreign transactions</b>	<b>189,980</b>	<b>27,736,364</b>	<b>178,955</b>	<b>21,733,804</b>
Financial institutions and organizations	183,633	27,736,364	169,856	13,970,191
Other institutions and organizations	5,446	-	9,099	181,991
Natural persons	901	-	-	7,581,622
<b>Total</b>	<b>301,949</b>	<b>27,736,364</b>	<b>195,056</b>	<b>21,733,804</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	3,814,855	13,001,776	4,655,384	5,911,335
Bills	-	29,132,547	-	17,372,987
<b>Total</b>	<b>3,814,855</b>	<b>42,134,323</b>	<b>4,655,384</b>	<b>23,284,322</b>

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

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

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

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

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

**7.1. Changes in agreements and further commitments arising**

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

**7.2. Explanations on financial lease liabilities**

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	43,397	35,660	23,018	19,258
Between 1 - 4 years	1,359,947	1,115,582	865,856	726,060
More than 4 years	-	-	-	-
<b>Total</b>	<b>1,403,344</b>	<b>1,151,242</b>	<b>888,874</b>	<b>745,318</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****7. Criteria used in the determination of lease installments in the financial lease contracts, renewal and purchase options, restrictions, and significant burdens imposed on the bank on such contracts (Continued)****7.3. Information and footnotes on operational lease**

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

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

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

**8. Information on liabilities arising from hedging purpose derivatives**

	Current Period <sup>(***)</sup>		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge <sup>(*)</sup>	-	301,174	-	358,681
Cash Flow Hedge <sup>(**)</sup>	105,202	369,206	-	445,388
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>105,202</b>	<b>670,380</b>	<b>-</b>	<b>804,069</b>

<sup>(\*)</sup> Derivative financial instruments for fair value hedge purposes consist of swaps. As of December 31, 2023, TRY 154,155 from securities (December 31, 2022 – TRY 136,028), TRY 147,019 (December 31, 2022 – TRY 222,653) of marketable securities issued represents the fair value of the derivative financial instruments used in the fair value hedging transaction.

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

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

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

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

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

	Current Period	Prior Period
Stage 1	1,859,894	544,980
Stage 2	50,405	24,102
Stage 3	27,904	55,641
<b>Total</b>	<b>1,938,203</b>	<b>624,723</b>



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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****9. Information on provisions (Continued)****9.3. Information on employee termination benefits**

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

As of December 31, 2023 the Bank presented the provision for severance pay of TRY 919,522 (December 31, 2022 – TRY 1,145,986) under the “Reserves for Employee Benefits” item in its financial statements.

As of December 31, 2023, the Bank has shown a total vacation liability of TRY 214,882 (December 31, 2022 – TRY 137,977) under the “Reserves for Employee Benefits” in its financial statements.

As of December 31, 2023 TRY 1,645,956 (December 31, 2022 – TRY 1,177,995) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the “Reserve for Employee Benefits” in its financial statements.

**9.3.1. Movement of employee termination benefits**

	<b>Current Period 01.01-31.12.2023</b>	<b>Prior Period 01.01-31.12.2022</b>
As of January 1	1,145,986	469,457
Service Cost	119,078	54,738
Interest Cost	109,071	84,527
Settlement / curtailment / termination loss	32,118	22,816
Actuarial Difference	(53,860)	578,606
Paid during the period	(432,871)	(64,158)
<b>Total</b>	<b>919,522</b>	<b>1,145,986</b>

**9.4. Information on other provisions**

Except for those stated in footnote 9.3 above, other provisions amounting to TRY 318,321 (December 31, 2022 – TRY 431,576) includes provisions for lawsuits and tax lawsuits against the Bank. The Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

As of December 31, 2023, in the consolidated financial statements, within the other provisions, there is a total of TRY 6,800,000 of free provision, of which TRY 5,400,000 was expensed in the previous year, and TRY 1,400,000 was expensed in the current period by the Bank management, outside the requirements of the Banking Regulation and Supervision Agency (BDDK) Accounting and Financial Reporting Regulations.

**10. Explanations on taxation****10.1. Informations on current taxes****10.1.1. Informations on current tax liability**

The Bank has a tax liability of TRY 2,141,659 as of December 31, 2023 (December 31, 2022 – 2,766,075). As of December 31 2023, the Bank’s prepaid tax is amounting to TRY 26,773 (December 31, 2022 – TRY 3,730).

**10.1.2. Information on taxes payable**

	<b>Current Period</b>	<b>Prior Period</b>
Corporate taxes payable	2,141,659	2,766,075
Banking and Insurance Transaction Tax (BITT)	1,344,873	371,255
Taxation on Securities Income	285,284	97,627
Taxation on Real Estates Income	7,561	4,333
Other	237,171	151,973
<b>Total</b>	<b>4,016,548</b>	<b>3,391,263</b>

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

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****10. Explanations on taxation (Continued)****10.1. Informations on current taxes (Continued)****10.1.3. Information on premiums**

	Current Period	Prior Period
Social Security Premiums - Employee Share	103,907	48,021
Social Security Premiums - Employer Share	127,617	55,190
Unemployment Insurance - Employee Share	6,772	3,375
Unemployment Insurance - Employer Share	13,547	6,752
<b>Total</b>	<b>251,843</b>	<b>113,338</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>To be included in the calculation of additional capital</b>	-	<b>15,468,985</b>	-	<b>9,826,193</b>
Subordinated Loans	-	15,468,985	-	9,826,193
Subordinated debt instruments	-	-	-	-
<b>Debt instruments to be included in contribution capital calculation</b>	-	<b>11,479,871</b>	-	<b>7,301,531</b>
Subordinated loans	-	2,528,610	-	7,301,531
Subordinated debt instruments	-	8,951,261	-	-
<b>Total</b>	-	<b>26,948,856</b>	-	<b>17,127,724</b>

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

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

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

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

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

None (December 31, 2022 – None).

**13.4. Information on share capital increases from revaluation funds**

None (December 31, 2022 – None).

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

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

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

None (December 31, 2022 – None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****II. Explanations and Disclosures Related to Liabilities (Continued)****13. Information on shareholder's equity (Continued)****13.7. Information on the privileges given to stocks representing the capital**

None (December 31, 2022 – None).

**14. Common stock issue premiums**

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

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

**15. Securities value increase fund**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Associates, Subsidiaries and Entities under Common Control</b>				
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
<b>Securities Measured at Fair Value Through Other Comprehensive Income (FVOCI)</b>				
Valuation Difference	(383,350)	(1,110,440)	3,697,815	(1,846,032)
Foreign Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>(383,350)</b>	<b>(1,110,440)</b>	<b>3,697,815</b>	<b>(1,846,032)</b>

**16. Accrued interest and expenses**

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Liabilities	1,436,361	3,490,719	3,008,663	3,387,575
Deposits	12,924,866	310,841	2,984,346	250,152
Funds Borrowed	19,730	1,548,650	17,494	416,789
Money Market Borrowings	16,905	509,179	2,767	139,542
Securities Issued	-	9,582,323	-	400,290
Other Accruals	1,143,176	1,234,481	1,273,478	368,615
<b>Total</b>	<b>15,541,038</b>	<b>16,676,193</b>	<b>7,286,748</b>	<b>4,962,963</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Credit Cards Limit Commitments	376,605,042	111,928,372
Commitment For Use Guaranteed Credit Allocation	93,560,986	47,345,675
Forward, Asset Purchase Commitments	10,962,370	14,849,695
Other Irrevocable Commitments	6,177,238	17,048,935
Payment Commitments for Cheques	6,684,472	3,895,823
Commitments for Promotions Related with Credit Cards and Banking	211,656	109,533
Tax and Fund Liabilities due to Export Commitments	279,060	118,666
<b>Total</b>	<b>494,480,824</b>	<b>195,296,699</b>

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

A provision of TRY 1,938,203 (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. Final guarantees, provisional guarantees, sureties and similar transactions**

	<b>Current Period</b>	<b>Prior Period</b>
Bank Loans	13,059,090	13,724,618
Letters of Credit	11,561,897	5,848,676
<b>Total</b>	<b>24,620,987</b>	<b>19,573,294</b>

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

	<b>Current Period</b>	<b>Prior Period</b>
Final Letters of Guarantee	27,300,457	17,059,240
Advance Letters of Guarantee	16,887,172	7,239,998
Provisional Letters of Guarantee	1,165,597	1,327,806
Letters of Guarantee Given to Customs Offices	1,349,881	1,073,138
Other Letters of Guarantee	31,540,226	18,955,713
<b>Total</b>	<b>78,243,333</b>	<b>45,655,895</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>13,691,699</b>	<b>7,519,250</b>
Less Than or Equal to One Year with Original Maturity	428,986	578,172
More Than One Year with Original Maturity	13,262,713	6,941,078
<b>Other Non-Cash Loans</b>	<b>89,172,621</b>	<b>57,709,939</b>
<b>Total</b>	<b>102,864,320</b>	<b>65,229,189</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)****3. Information on risk concentration in sector terms in non-cash loans**

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
<b>Agricultural</b>	<b>244,389</b>	<b>0.50</b>	-	-	<b>165,630</b>	<b>0.56</b>	<b>596</b>	<b>0.00</b>
Farming and Raising Livestock	167,207	0.34	-	-	79,656	0.27	596	0.00
Forestry	20,553	0.04	-	-	45,255	0.15	-	-
Fishing	56,629	0.12	-	-	40,719	0.14	-	-
<b>Manufacturing</b>	<b>16,773,181</b>	<b>34.52</b>	<b>27,294,734</b>	<b>50.29</b>	<b>10,058,694</b>	<b>33.88</b>	<b>18,219,721</b>	<b>51.27</b>
Mining and Quarrying	266,113	0.55	40,035	0.07	161,862	0.55	33,296	0.09
Production	15,420,248	31.74	26,788,571	49.36	9,498,871	31.99	17,910,743	50.40
Electricity, gas and water	1,086,820	2.24	466,128	0.86	397,961	1.34	275,682	0.78
<b>Construction</b>	<b>9,320,457</b>	<b>19.18</b>	<b>10,709,626</b>	<b>19.73</b>	<b>6,222,108</b>	<b>20.96</b>	<b>6,167,027</b>	<b>17.35</b>
<b>Services</b>	<b>21,976,820</b>	<b>45.23</b>	<b>15,376,420</b>	<b>28.33</b>	<b>12,797,899</b>	<b>43.10</b>	<b>10,669,011</b>	<b>30.02</b>
Wholesale and Retail Trade	14,842,936	30.55	6,380,976	11.76	8,726,222	29.39	4,304,979	12.11
Hotel, Food and Beverage								
Services	1,157,226	2.38	270,042	0.50	609,706	2.05	1,135,063	3.19
Transportation&Communication	873,419	1.80	1,208,576	2.23	713,008	2.40	842,222	2.37
Financial Institutions	3,294,322	6.78	5,791,946	10.67	1,614,311	5.44	3,808,729	10.72
Real Estate and Renting								
Services	12,538	0.03	6,515	0.01	89,435	0.30	20,669	0.06
Self Employment Services	1,177,719	2.42	915,500	1.69	583,415	1.96	417,290	1.17
Educational Services	35,652	0.07	-	-	31,168	0.10	-	-
Health and Social Services	583,008	1.20	802,865	1.48	430,634	1.45	140,059	0.39
<b>Other</b>	<b>274,876</b>	<b>0.57</b>	<b>893,817</b>	<b>1.65</b>	<b>446,739</b>	<b>1.50</b>	<b>481,764</b>	<b>1.36</b>
<b>Total</b>	<b>48,589,723</b>	<b>100.00</b>	<b>54,274,597</b>	<b>100.00</b>	<b>29,691,070</b>	<b>100.00</b>	<b>35,538,119</b>	<b>100.00</b>

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

	I. Group		II. Group	
	TRY	FC	TRY	FC
<b>Current Period (*)</b>				
Letters of Guarantee	43,681,468	32,969,321	408,231	1,156,409
Bills of Exchange and Acceptances	4,385,051	8,441,758	39,500	192,781
Letters of Credit	47,569	11,513,217	-	1,111
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
<b>Non-Cash Loans</b>	<b>48,114,088</b>	<b>52,924,296</b>	<b>447,731</b>	<b>1,350,301</b>

(\*) The amount of TRY 27,904 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

	I. Group		II. Group	
	TRY	FC	TRY	FC
<b>Prior Period (*)</b>				
Letters of Guarantee	25,201,036	19,889,615	367,838	141,765
Bills 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>29,209,406</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 UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****III. Explanations and Disclosures Related to 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>536,290,471</b>	<b>440,112,742</b>
Forward transactions <sup>(*)</sup>	62,546,387	45,212,064
Swap transactions	443,564,169	275,840,461
Futures transactions	15,572,793	1,618,208
Option transactions	14,607,122	117,442,009
<b>Interest Related Derivative Transactions (II)</b>	<b>318,167,378</b>	<b>159,791,156</b>
Forward rate transactions	-	-
Interest rate swap transactions	318,167,378	156,221,134
Interest option transactions	-	-
Futures interest transactions	-	3,570,022
Security option transactions	-	-
<b>Other trading derivative transactions (III)</b>	<b>1,177,528</b>	<b>2,056,626</b>
<b>A.Total Trading Derivative Transactions (I+II+III)</b>	<b>855,635,377</b>	<b>601,960,524</b>
<b>Types of hedging transactions</b>		
Fair value hedges	34,413,172	41,217,628
Cash flow hedges	170,008,995	106,959,367
Net investment hedges	-	-
<b>B.Total Hedging Related Derivatives</b>	<b>204,422,167</b>	<b>148,176,995</b>
<b>Total Derivative Transactions (A+B)</b>	<b>1,060,057,544</b>	<b>750,137,519</b>

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

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

	Forward Buy <sup>(**)</sup>	Forward Sell <sup>(**)</sup>	Swap Buy <sup>(*)</sup>	Swap Sell <sup>(*)</sup>	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
<b>Current Period</b>									
TRY	20,596,335	1,922,483	53,595,957	197,555,847	7,212,979	340,337	8,006,635	-	-
USD	6,647,440	21,756,859	342,025,333	190,929,421	520,376	5,008,813	-	6,947,062	1,177,528
Euro	4,263,478	6,310,130	47,136,120	94,146,959	9,153	1,515,464	-	-	-
Other	626,629	423,033	39,540,443	1,223,634	-	-	-	619,096	-
<b>Total</b>	<b>32,133,882</b>	<b>30,412,505</b>	<b>482,297,853</b>	<b>483,855,861</b>	<b>7,742,508</b>	<b>6,864,614</b>	<b>8,006,635</b>	<b>7,566,158</b>	<b>1,177,528</b>

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

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

	Forward Buy <sup>(**)</sup>	Forward Sell <sup>(**)</sup>	Swap Buy <sup>(*)</sup>	Swap Sell <sup>(*)</sup>	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
<b>Prior Period</b>									
TRY	13,715,428	846,945	30,998,215	95,111,438	45,910,391	12,799,328	-	825,285	-
USD	3,300,933	17,975,259	211,928,771	114,947,182	11,634,673	36,843,573	2,577,934	1,785,011	2,056,626
Euro	4,944,415	2,287,495	26,712,416	72,128,001	1,684,385	7,378,288	-	-	-
Other	369,698	1,771,891	28,032,607	379,960	3,729	1,187,642	-	-	-
<b>Total</b>	<b>22,330,474</b>	<b>22,881,590</b>	<b>297,672,009</b>	<b>282,566,581</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>

(\*) This column also includes hedging purpose derivatives

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

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

The Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. On December 31, 2023, the TRY installment loans amounting to TRY 725,780 (December 31, 2022 – TRY 2,113,014) were subject to hedge accounting by swaps with a nominal amount of TRY 1,102,305 (December 31, 2022 – TRY 4,808,155). On December 31, 2023, the net market valuation difference gain of TRY 7,342 arising from TRY 92,934 gain from the aforementioned loans (December 31, 2022 – TRY 196,115 gain) and TRY 85,593 loss from swaps (December 31, 2022 – TRY 301,175 loss), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

According to TAS 39, fair value hedge accounting definitions, some of the fair value hedge accounting applications ceased. The fair value differences of the hedged loans are amortized through statement of profit or loss and other comprehensive income until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TRY 247,211 (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.

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

The Bank applies fair value hedge accounting through swaps in order to hedge long term fixed coupon foreign currency eurobonds in its portfolio against interest rate fluctuations. As of the balance sheet date, eurobonds with a nominal value of USD 212,671 Million (December 31, 2022 – USD 259,315 Million and EUR 44 Million) were subject to hedge accounting by interest swaps of the same nominal value. On December 31, 2023, net market valuation difference loss of TRY 2,775 arising from, TRY 17,532 loss from aforementioned eurobonds (December 31, 2022 – TRY 844,795 loss) and TRY 14,757 gain from swaps (December 31, 2022 – TRY 839,160 gain), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

The Bank does not have a TRY denominated government bond portfolio subject to fair value hedge accounting in the current period (December 31, 2022 – None).

**c) Marketable Securities Issued**

The Bank applies fair value hedge accounting using interest rate swaps in order to hedge against changes in interest rate with regard to fixed rated, FC denominated securities issued. As of the balance sheet date, bonds with a nominal value of USD 300 Million (December 31, 2022 – USD 330 Million) are subject to hedge accounting with the same nominal amount of swaps. As of December 31, 2023, a net market valuation difference loss of TRY 5,102 consisting of TRY 44,707 loss from the aforementioned securities (December 31, 2022 – TRY 417,088 gain) and TRY 39,605 gain from swaps (December 31, 2022 – TRY 414,503 loss), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

**5.2. Cash flow hedge accounting****a) Floating Rate Loans**

The Bank subjects a certain portion of its floating rate TRY and FX loans to cash flow hedge accounting using interest swaps in order to hedge against changes in market interest rates. The Bank applies efficiency tests for hedge accounting at every balance sheet date, the active parts are accounted under equity in the “Hedge Funds” account line in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the profit or loss.

In this context; 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 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 166,065 (December 31, 2022 – TRY 572,313 loss) has been accounted for under equity in the current period. The loss amounting to TRY 531 related to the ineffective portion is associated with the profit or loss statement (December 31, 2022 – TRY 4 loss).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)**
**III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)**
**5. Information on derivative financial instruments (Continued)**
**5.2. Cash flow hedge accounting (Continued)**

On the other hand; as of the balance sheet date, swaps with a nominal amount of TRY 5,724 Million (December 31, 2022 – TRY 5,472 Million) regarding the floating rate TRY loans extended by the Bank are subject to hedge accounting as a hedging instrument. As a result of the said hedge accounting, fair value loss before tax amounting to TRY 395,810 (December 31, 2022 – TRY 330,708 gain) has been accounted for under equity in the current period. The loss of the ineffective portion amounting to TRY 55 is associated with the statement of profit or loss (December 31, 2022 – TRY 75 gain).

**b) Deposit**

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity until 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As of the balance sheet date, swaps amounting to TRY 1,405,000 are subject to hedge accounting as hedging instruments (December 31, 2022 – TRY 50,000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TRY 24,571 are accounted for under equity during the current period (December 31, 2022 – TRY 2,192 loss). There is no ineffective portion is accounted with the statement of profit or loss and other comprehensive income (December 31, 2022 – None).

As of the balance sheet date, swaps with a nominal amount of USD 1,771 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 136 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 347,876 (December 31, 2022 – TRY 2,123,518 gain) are accounted for under equity during the current period. The gain amounting to TRY 15,970 (December 31, 2022 – TRY 13,216 gain) related to the ineffective portion is associated with the statement of profit or loss and other comprehensive income.

**c) Floating Rate Liabilities**

The Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with floating rate payments from changes in interest rates. In this context; bank 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 with a nominal amount of USD 217 Million (December 31, 2022 – USD 423 Million) are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value loss before tax amounting to TRY 249,573 (December 31, 2022 – TRY 423,008 gain) has been accounted for under equity in the current period. The gain amounting to TRY 3,790 (December 31, 2022 – TRY 8 gain) related to the ineffective portion is associated with the profit or loss statement.

On the other hand, accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to this; The valuation effects classified under equity due to hedge accounting are reflected in the statement of profit or loss and other comprehensive income throughout the life of the item subject to hedge accounting. Due to hedge accounting practices terminated in the current year, a loss amounting to TRY 57,575 (December 31, 2022 – TRY 39,964 loss) was transferred from the “Gain/losses from derivative transactions” to the statement of profit or loss and other comprehensive income.

In this context, in the current period, the Bank has transferred loss of TRY 11,672 (December 31, 2022 – TRY 12,357 loss) from equity to the profit or loss statement related to terminated hedge accounting practices.

The measurements as of December 31, 2023, hedge of cash flow transactions stated above are determined as effective.



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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****III. Explanations and Disclosures Related to Off-Balance Sheet Items (Continued)****6. Credit derivatives and risk exposures on credit derivatives**

As of December 31, 2023, the Bank has no commitments "Credit Linked Notes" (As of December 31, 2022 – None).

As of December 31, 2023, "Other Derivative Financial Assets" with nominal amount of USD 40,000,000 (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 40,000,000.

**7. Information on contingent liabilities and assets**

The Bank has recorded a provision of TRY 74,155 (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.

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

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

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

MOODY's January 2024		FITCH September 2023	
Long-Term Deposit Rating (FC)	B2	Long -Term Issuer Default Rating(FC)	B- (Stable)
Long-Term Deposit Rating (TRY)	B1	Short-Term Issuer Default Rating(FC)	B
Short-Term Deposit Rating (FC)	NP	Long-Term Issuer Default Rating(TRY)	B (Stable)
Short-Term Deposit Rating (TRY)	NP	Short-Term Issuer Default Rating(TRY)	B
Main Credit Evaluation	b3	Long-Term National Appearance	AA(tur) (Stable)
Adjusted Main Credit Evaluation	b1	Support	b-
Appearance	Positive	Financial Capacity Rating	b-
Long-Term Foreign Currency	B2		
Denominated Debt Rating(FC)			

**IV. Explanations and Disclosures Related to the Statement of Profit or Loss and Other Comprehensive Income****1. a) Information on interest income received from loans**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term Loans	39,414,394	4,768,549	18,054,403	1,625,933
Medium and Long-Term Loans	29,933,893	8,764,370	16,185,212	4,445,863
Non-Performing Loans	788,510	-	636,433	-
Resource Utilization Support Fund Premiums	-	-	-	-
<b>Total (*)</b>	<b>70,136,797</b>	<b>13,532,919</b>	<b>34,876,048</b>	<b>6,071,796</b>

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank (*)	156,988	-	-	-
Domestic Banks	210,422	196	12,634	276
Foreign Banks	3,377	526,443	1,170	282,581
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>370,787</b>	<b>526,639</b>	<b>13,804</b>	<b>282,857</b>

(\*) The interest income on Required Reserve amounting TRY 412,862 is not included into interest income on Banks (December 31, 2022 – TRY 130,135).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****IV. Explanations and Disclosures Related to the Statement of Profit or Loss and Other Comprehensive Income (Continued)****c) Information on interest income from securities portfolio**

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	367,979	21,758
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	9,348,061	818,286
Financial Assets Measured at Amortized Cost	23,174,698	1,501,968
<b>Total</b>	<b>32,890,738</b>	<b>2,342,012</b>
	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	72,996	7,521
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	4,941,239	708,897
Financial Assets Measured at Amortized Cost	15,751,314	1,095,653
<b>Total</b>	<b>20,765,549</b>	<b>1,812,071</b>

As stated in Section Three disclosure VII. 2, the Bank has inflation indexed (CPI) government bonds in its Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) and Financial Assets Measured at Amortized Cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Republic of Türkiye Ministry of Treasury and Finance, reference index used for the actual payments is determined based on the inflation rates of two months before. As of December 31, 2023, an annual rate of 61.36% has been taken into account for the estimated inflation rate used in the valuation of these securities.

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	1,071,991	498,138

**2. a) Information on interest expense related to funds borrowed <sup>(\*)</sup>**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Banks</b>	<b>80,878</b>	<b>7,556,234</b>	<b>80,147</b>	<b>2,823,103</b>
T.R. Central Bank	-	-	-	-
Domestic Banks	69,616	41,072	76,333	20,442
Foreign Banks	11,262	7,515,162	3,814	2,802,661
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	-	-	-	-
<b>Total</b>	<b>80,878</b>	<b>7,556,234</b>	<b>80,147</b>	<b>2,823,103</b>

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

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

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	128,317	32,752

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

As of December 31, 2023 interest paid to securities issued is TRY 2,888,108 (December 31, 2022 – TRY 2,314,161).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****IV. Explanations and Disclosures Related to the Statement of Profit or Loss and Other Comprehensive Income (Continued)****2. d) Information on maturity structure of interest expenses on deposits (Current Period)**

Account	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	184,688	-	-	-	-	-	184,688
Saving Deposits	-	9,550,494	10,322,264	27,878,029	2,971,069	727,044	-	51,448,900
Public Sector Deposits	-	3,791	2,203	-	4	-	-	5,998
Commercial Deposits	-	5,810,244	4,930,800	5,124,923	1,732,531	1,228,998	-	18,827,496
Other Deposits	-	74,575	399,088	191,527	24,412	661	-	690,263
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>15,623,792</b>	<b>15,654,355</b>	<b>33,194,479</b>	<b>4,728,016</b>	<b>1,956,703</b>	<b>-</b>	<b>71,157,345</b>
<b>Foreign Currency</b>								
Deposits	-	49,350	331,249	406,852	23,861	48,034	-	859,346
Bank Deposits	1,172	529,553	787,597	96,597	91,847	-	-	1,506,766
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	2,489	-	-	-	-	-	2,489
<b>Total</b>	<b>1,172</b>	<b>581,392</b>	<b>1,118,846</b>	<b>503,449</b>	<b>115,708</b>	<b>48,034</b>	<b>-</b>	<b>2,368,601</b>
<b>Grand Total</b>	<b>1,172</b>	<b>16,205,184</b>	<b>16,773,201</b>	<b>33,697,928</b>	<b>4,843,724</b>	<b>2,004,737</b>	<b>-</b>	<b>73,525,946</b>

**Information on maturity structure of interest expense on deposits (Prior Period)**

Account	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	52,247	16,800	-	-	-	-	69,047
Saving Deposits	-	2,763,114	2,489,527	5,654,397	299,312	212,358	-	11,418,708
Public Sector Deposits	-	3,760	1,412	30	98	-	-	5,300
Commercial Deposits	-	1,673,231	1,048,983	800,913	1,291,954	240,053	-	5,055,134
Other Deposits	-	22,835	115,670	9,156	17,015	7	-	164,683
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>4,515,187</b>	<b>3,672,392</b>	<b>6,464,496</b>	<b>1,608,379</b>	<b>452,418</b>	<b>-</b>	<b>16,712,872</b>
<b>Foreign Currency</b>								
Deposits	-	189,253	943,422	496,604	53,189	55,374	-	1,737,842
Bank Deposits	118	134,170	90,790	23,429	60,999	-	-	309,506
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	11,939	-	-	-	-	-	11,939
<b>Total</b>	<b>118</b>	<b>335,362</b>	<b>1,034,212</b>	<b>520,033</b>	<b>114,188</b>	<b>55,374</b>	<b>-</b>	<b>2,059,287</b>
<b>Grand Total</b>	<b>118</b>	<b>4,850,549</b>	<b>4,706,604</b>	<b>6,984,529</b>	<b>1,722,567</b>	<b>507,792</b>	<b>-</b>	<b>18,772,159</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expense on Repurchase Agreements <sup>(*)</sup>	1,362,803	1,206,816	1,901,143	404,695

<sup>(\*)</sup> Includes "Interest on Money Market Transactions"**f) Information on lease expenses**

	Current Period	Prior Period
Leasing Expenses	138,951	100,886

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****IV. Explanations and Disclosures Related to the Statement Profit or Loss and Other Comprehensive Income (Continued)****2. g) Information on interest expense on factoring payables**

None (December 31, 2022 – None).

**3. Information on dividend income**

	Current Period	Prior Period
Financial Derivative Assets at Fair Value through Profit/Loss (FVTPL)	10,513	1,674
From Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other	714	13,274
<b>Total</b>	<b>11,227</b>	<b>14,948</b>

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

	Current Period	Prior Period
<b>Trading Gain</b>	<b>54,776,052</b>	<b>29,164,875</b>
Gains on Capital Market Transactions	3,586,987	2,162,920
From Derivative Financial Instruments	25,194,991	12,738,881
Foreign Exchange Gains	25,994,074	14,263,074
<b>Trading Loss (-)</b>	<b>42,760,476</b>	<b>28,648,491</b>
Losses on Capital Market Transactions	1,452,423	685,150
From Derivative Financial Instruments	34,535,702	19,858,844
Foreign Exchange Losses	6,772,351	8,104,497
<b>Net Trading Gain/Loss</b>	<b>12,015,576</b>	<b>516,384</b>

**5. Information on other operating income**

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

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

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>11,993,445</b>	<b>4,914,571</b>
12 month expected credit loss (stage 1)	4,242,190	1,418,103
Significant increase in credit risk (stage 2)	5,272,355	2,097,585
Non-performing loans (stage 3)	2,478,900	1,398,883
<b>Marketable Securities Impairment Expense</b>	<b>4,292</b>	<b>2,279</b>
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	4,292	2,279
<b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other <sup>(*)</sup></b>	<b>2,851,339</b>	<b>5,933,517</b>
<b>Total</b>	<b>14,849,076</b>	<b>10,850,367</b>

(\*) Includes free provision expense for possible risks amounting to TRY 1,400,000 (December 31, 2022 – TRY 5,400,000) allocated in the current period.

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****IV. Explanations and Disclosures Related to the Statement of Profit or Loss and Other Comprehensive Income (Continued)****7. Information on other operating expenses**

	Current Period	Prior Period
Reserve for Employee Termination Benefits(*)	274,802	97,922
Depreciation Expenses of Fixed Assets	807,568	583,765
Amortization Expenses of Intangible Assets	413,561	232,239
Other Operating Expenses	5,759,481	4,179,764
<i>Leasing Expenses Related to TFRS 16 Exemptions</i>	6,364	2,731
<i>Maintenance Expenses</i>	1,063,281	1,254,736
<i>Advertisement Expenses</i>	565,268	324,683
<i>Other Expenses</i>	4,124,568	2,597,614
Loss on Sales of Assets	84	61
Other	2,663,856	1,196,780
<b>Total</b>	<b>9,919,352</b>	<b>6,290,531</b>

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

**8. Fees for Services Obtained from an Independent Auditor/Independent Audit Firm**

	Current Period <sup>(*)</sup> <sup>(**)</sup>	Prior Period <sup>(*)</sup> <sup>(**)</sup>
Indepent audit fee for reporting period	12,663	6,168
Fees for tax advisory services	-	-
Fee for other assurance services	6,055	649
Fees for services other than indepent auditing	-	-
<b>Toplam</b>	<b>18,718</b>	<b>6,817</b>

(\*) Consolidated amount reported.

(\*\*) VAT excluded.

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

For the period ended December 31, 2023 net interest income in income items amounting to TRY 34,548,857 (December 31, 2022 – TRY 37,396,258), net fees and commission income amounting to TRY 18,317,334 (December 31, 2022 – TRY 6,128,001) and other operating income amounting to TRY 2,376,629 (December 31, 2022 – TRY 309,762) constitute an important part of the income.

**10. Explanations on tax provision for continued and discontinued operations****10.1. Current period taxation benefit or charge and deferred tax benefit or charge**

As of December 31, 2023, the Bank has recorded tax charge TRY 9,367,050 (December 31, 2022 – TRY 8,720,618) and a deferred tax loss of TRY 3,301,966 (December 31, 2022 – TRY 1,697,992) and a deferred tax income of TRY 8,108,818 (December 31, 2022 – TRY 3,359,562) from its continuing operations.

**10.2. Explanations on operating profit/loss after taxes**

None (December 31, 2022 – None).

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

Net profit of the Bank from continued operations is TRY 33,172,442 (December 31, 2022 – TRY 17,223,766)

**12. Explanations on net income/loss for the period****12.1. 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 Bank's performance during the period, the nature and amount of these items**

None (December 31, 2022 – None).

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

None (December 31, 2022 – None).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****IV. Explanations and Disclosures Related to the Statement of Profit or Loss and Other Comprehensive Income (Continued)****12.3. Profit/loss attributable to minority rights in the accompanying unconsolidated financial statements.**

None (December 31, 2022 – None).

**12.4. There are no changes in the nature and amount of accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods.****13. 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 Bank.

**V. Explanations and Disclosures Related to Statement of Changes In Shareholder’s Equity****1. Changes resulting from valuation of financial assets measured at fair value through other comprehensive income**

Net decrease of TRY 3,345,573 (December 31, 2022 – TRY 3,073,971 net increase) after tax effect resulting from valuation of at financial assets measured at fair value through other comprehensive income is included in “accumulated other comprehensive income or loss reclassified through profit or loss” account under shareholders’ equity.

**2. Explanations on foreign exchange differences**

None.

**3. Explanations on dividend****3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements**

There is no dividend notified before the promulgation of financial statements. It was decided to distribute the year 2022 profit as stated below at the Ordinary General Assembly held on March 30, 2023.

**2022 profit distribution table**

<b>Current Year Profit</b>	<b>17,223,766</b>
A - I. Legal Reserve (Turkish Commercial Code 466/1) at 5%	28,298
B - The First Dividend for Shareholders	-
C – Profit from Disposal of Associates	-
D- II. Legal Reserves	-
E- Gains on Real estate Sales Fund	-
F - Extraordinary Reserves	17,195,468

**3.2. Dividends per share proposed subsequent to the balance sheet date**

No decision is taken concerning the profit distribution by the General Assembly as of the balance sheet date.

**3.3. Transfers to legal reserves**

	<b>Current Period</b>	<b>Prior Period</b>
Amount Transferred to Reserved from Retained Earnings	-	-

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****V. Explanations And Disclosures Related To Statement Of Changes In Shareholder's Equity (Continued)****4. Information on issuance of share certificates****4.1. The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital**

None (December 31, 2022 - None).

**5. Information on the other capital increase items in the statement of changes in shareholders' equity**

There was no capital increase in 2023. None (December 31, 2022 - None).

**VI. Explanations And Disclosures Related Statement of Cash Flows**

"Other items" amounting to TRY 53,804,007 (December 31, 2022- TRY 12,419,100) in "Operating profit before changes in operating assets and liabilities" consist of fees and commissions paid amounting to TRY 5,180,275 (December 31, 2022 – TRY2,162,783), net trading income amounting to TRY 62,302,817 (December 31, 2022 – TRY 21,247,184 net trading income/loss) and other operating expenses amounting to TRY 3,318,534 (December 31, 2022 – TRY 6,665,301).

The "Other" item in the "change in other assets subject to banking activity" amounting to TRY 8,045,574 (December 31, 2022 – TRY 4,951,535) includes collaterals amounting to TRY 511,687 (December 31, 2023 – TRY 1,641,520) and other assets amounting to TRY 7,533,887 (December 31, 2022- TRY 3,310,015).

"Other" item in the "Change in other liabilities of the field of banking" amounting to TRY 16,348,171 (December 31, 2022 – TRY 15,766,776) includes debts to money markets amounting to TRY 6,522,980 (December 31, 2022 – TRY 3,828,930), other liabilities amounting to TRY 13,731,903 (December 31, 2022 – TRY 8,592,268) and other capital reserves amounting to TRY 3,906,711 (December 31, 2022 – TRY 3,345,578).

The effect of change in foreign exchange rate on cash and cash equivalents is the sum of the foreign exchange differences arising from the conversion of the average balances of cash and cash equivalents in foreign currency to TRY at the beginning of the period and at the end of the period. As of December 31, 2023, TRY 2,214,140 (December 31, 2022 – TRY 1,454,238).

**1. Information regarding the balances of cash and cash equivalents at the beginning of the period**

	<b>Prior Period December 31, 2022</b>
<b>Cash</b>	<b>11,930,986</b>
Cash in TRY	1,621,492
Cash in Foreign Currencies	6,809,684
Other	3,499,810
<b>Cash Equivalents</b>	<b>60,850,432</b>
Balances with the T.R. Central Bank	42,132,406
Banks	10,272,810
Money Market Placements	8,467,980
Less: Accruals	(22,764)
<b>Cash and Cash Equivalents</b>	<b>72,781,418</b>

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****VI. Explanations And Disclosures Related To Cash Flows Statement (Continued)****2. Information regarding the balances of cash and cash equivalents at the end of the period**

	Current Period December 31, 2023
<b>Cash</b>	<b>12,933,483</b>
Cash in TRY	2,150,944
Cash in Foreign Currencies	9,412,639
Other	1,369,900
<b>Cash Equivalents</b>	<b>105,446,282</b>
Balances with the T.R. Central Bank	83,652,347
Banks	16,185,399
Money Market Placements	5,736,581
Less: Accruals	(128,045)
<b>Cash and Cash Equivalents</b>	<b>118,379,765</b>

**3. Restricted cash and cash equivalents due to legal requirements or other reasons**

A portion of foreign bank accounts amounting to TRY 628,304 (December 31, 2022 - TRY 396,003) includes blocked cash for foreign money and capital market transactions and for borrowings from foreign markets.

**4. Additional information****4.1. Restrictions on the Bank's potential borrowings that can be used for ordinary operations or capital commitment**

None (December 31, 2022 - None).

**4.2. The sum of cash flows that show the increases in banking activity capacity, apart from the cash flows needed to maintain current banking activity capacity**

None (December 31, 2022 - None).

**VII. Explanations and Disclosures Related to the Bank's Risk Group****1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period****1.1. As of December 31, 2023, the Bank's risk group has deposits amounting to TRY 10,144,705 (December 31, 2022 – TRY 2,093,536), cash loans amounting to TRY 4,953,937 (December 31, 2022 – TRY 5,345,218) and non-cash loans amounting to TRY 2,790,533 (December 31, 2022 – TRY 153,692).****Current Period**

Bank's Risk Group <sup>(*)</sup>	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group <sup>(**)</sup>	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	5,341,116	35,489	-	116,854	4,102	1,349
Balance at the End of the Period	4,948,468	385,274	-	2,316,570	5,469	88,689
Interest and Commission Income	1,071,991	43,627	-	2,242	3,800	-



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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****VII. Explanations and Disclosures Related to the Bank's Risk Group (Continued)****1. Information on the volume of transactions with the Bank's risk group, lending and deposits outstanding at period end and income and expenses in the current period (Continued)****Prior Period**

<b>Bank's Risk Group <sup>(*)</sup></b>	<b>Associates and Subsidiaries</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Legal and Natural Persons in Risk Group <sup>(**)</sup></b>	
	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>	<b>Cash</b>	<b>Non-Cash</b>
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	2,202,964	25,118	-	55,271	1,773	4,888
Balance at the End of the Period	5,341,116	35,489	-	116,854	4,102	1,349
Interest and Commission Income	329,538	65	-	1,705	646	-

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.<sup>(\*\*)</sup> Includes the loans given to the Bank's indirect subsidiaries.<sup>(\*\*\*)</sup> Prior Period Balance Represents December 31, 2022 balance.**1.2. Information on deposits held by the Bank's risk group**

<b>Bank's Risk Group <sup>(*)</sup></b>	<b>Associates and Subsidiaries</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Legal and Natural Persons in Risk Group <sup>(**)</sup></b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Deposit</b>						
Balance at the Beginning of the Period	1,520,911	1,046,640	-	-	572,625	525,760
Balance at the End of the Period	1,322,572	1,520,911	-	-	8,822,133	572,625
Interest on deposits <sup>(***)</sup>	128,317	32,752	-	-	232,930	22,015

<sup>(\*)</sup> As described in the Article 49 of Banking Law No 5411.<sup>(\*\*)</sup> Includes the loans given to the Bank's indirect subsidiaries.<sup>(\*\*\*)</sup> Prior Period Balance Represents December 31, 2022 balance.**1.3. Information on forward and option agreements and similar agreements made with the Bank's risk group**

<b>Bank's Risk Group <sup>(*)</sup></b>	<b>Associates and Subsidiaries</b>		<b>Bank's Direct and Indirect Shareholders</b>		<b>Other Legal and Natural Persons in Risk Group <sup>(**)</sup></b>	
	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>	<b>Current Period</b>	<b>Prior Period</b>
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	747,471	1,473,687	-	-	-	-
End of the Period	2,088,948	747,471	-	-	-	-
Total Income/Loss <sup>(***)</sup>	(92,433)	(175,927)	-	-	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> Includes the loans given to the Bank's indirect subsidiaries.<sup>(\*\*\*)</sup> Prior Period Balance Represents December 31, 2022 balance.**1.4. Information on benefits provided to top management**

As of December 31, 2023, the total amount of remuneration and bonuses paid to top management of the Bank is TRY 434,580 (December 31, 2022 – TRY 263,296).

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**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)****VII. Explanations and Disclosures Related to the Bank's Risk Group (Continued)****2. Disclosures of transactions with the Bank's risk group****2.1. Relations with entities in the risk group of/or controlled by the Bank regardless of the nature of relationship among the parties**

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

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

As of December 31, 2023, cash loans of the risk group represented 0.8% of the Bank's total cash loans (December 31, 2022 – 1.5%), the deposits represented 1.6% of the Bank's total deposits (December 31, 2022 – 0.5%) and derivative transactions represented 0.2% of the Bank's total derivative transactions (December 31, 2022 – 0.1%).

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

The Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş. As of December 31, 2023, the Bank has net finance lease payables to QNB Finans Finansal Kiralama A.Ş. amounting to TRY 4,305 (December 31, 2022 – TRY 8,406) relating with finance lease agreements.

The bank provides agency services regarding insurance services to QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., one of the risk group companies it belongs to.

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

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

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

**VIII. Explanations on the Bank's Domestic, Foreign and Off-Shore Banking Branches and Foreign Representatives****1. Information relating to the bank's domestic and foreign branch and representatives**

	Number	Employees			
Domestic Branch	435	11,748			
				Country	
Foreign Representation	-	-	-		
				Total Assets	Capital
Foreign Branch	1	8	1- Bahrain	114,431,512	-
Off-shore Banking and Region Branches			-	-	-

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**SECTION SIX**

**OTHER EXPLANATIONS**

**I. Other Explanations Related to the 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 issuances of the Bank after the balance sheet date are as follows.

<b>Issue Date</b>	<b>Currency</b>	<b>Nominal Amount (Full TRY)</b>	<b>Maturity</b>
01/16/2024	USD	25,800,000	91
01/19/2024	EUR	10,000,000	91

The Bank's application to the Capital Markets Board dated September 11, 2023 regarding debt instruments to be issued abroad has been approved by the Board, and the bond issuance program of USD 4 Billion (Global Medium Term Note Program), which will be valid for 1 year as of October 18, 2023, has been announced and the green and/or sustainable debt instrument issuance limit of USD 1 Billion has been updated.

**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**

With the decision numbered 10825 on January 11, 2024; BRSA determined the transition date for banks, financial leasing, factoring, financing, savings financing and asset management companies to TAS 29 application as January 1, 2025.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**SECTION SEVEN**

**INDEPENDENT AUDITOR’S REPORT**

**I. Explanations on the Independent Auditor’s Report**

The unconsolidated financial statements for the period ended December 31, 2023 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor’s report dated January 29, 2024 is presented preceding the unconsolidated financial statements.

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

None (December 31, 2022 – None).

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