

QNB FİNANSBANK ANONİM ŞİRKETİ
UNCONSOLIDATED FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AT MARCH 31, 2024
TOGETHER WITH AUDITOR'S INTERIM REVIEW
REPORT



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of QNB Finansbank Anonim Şirketi;

Introduction

We have reviewed the unconsolidated balance sheet of QNB Finansbank Anonim Şirketi ("the Bank") at 31 March 2024 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

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



Basis for the Qualified Conclusion

As mentioned in Section Five Part II 9.4 of Explanations and Notes to the Unconsolidated Financial Statements; a portion of free provision amounting to TRY 1,400,000 thousand is reversed in the current period out of the total free provision of TRY 6,800,000 thousand provided by the Bank management in prior periods outside of the requirements of BRSA Accounting and Financial Reporting Legislation; therefore, the remaining free provision amount as at 31 March 2024 is TRY 5,400,000 thousand in the accompanying unconsolidated financial statements.

Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of QNB Finansbank A.Ş. at 31 March 2024 and its unconsolidated operations and its unconsolidated cash flows for the three-months period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 31 March 2024. 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 April 2024

**THE UNCONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

The Bank's;
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The unconsolidated financial report for the three months period ended March 31, 2024, 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
- INTERIM REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and related disclosures and footnotes for the three months period ended March 31, 2024, are prepared and reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

Mehmet Ömer Arif Aras
Chairman of
the Board of Directors

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
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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 of the articles of association of Cigna Sağlık Hayat ve Emeklilik A.Ş. (Cigna Finans Emeklilik) with the Extraordinary General Assembly dated May 30, 2023, the brand name was changed as QNB Sigorta and the trade name as 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 March 31, 2024 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 FINANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

(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

Name	Titles	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	PhD
Yousef Mahmoud H. N. Al-Neama	Deputy Chairman and Executive Member	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-Suwaidi	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 Güzeloğlu	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 Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Cumhur Türkmen	Executive Vice President	June 11, 2018	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
Sercan Kısas	Head of the Department of Internal Control and Compliance	January 1, 2024	Masters
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

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

V. Explanations on The Bank's Services and Activities

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of March 31, 2024, the Bank operates through 434 domestic (December 31, 2023 – 434), 1 abroad (December 31, 2023 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2023 – 1) branches. As of March 31, 2024, the Bank has 11,956 (December 31, 2023 – 11,756) employees.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet (Statement of Financial Position)
- II. Statement of Off-Balance Sheet Commitments and Contingencies
- 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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STAMENET OF BALANCE SHEET–ASSETS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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

I. BALANCE SHEET - ASSETS

		Current Period 31.03.2024			Prior Period 31.12.2023			
		Section 5 Part I	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	FINANCIAL ASSETS (NET)		136,570,291	188,506,259	325,076,550	123,149,804	144,661,317	267,811,121
1.1	Cash and Cash Equivalents		60,844,459	152,175,402	213,019,861	65,570,536	119,528,818	185,099,354
1.1.1	Cash and Balances with Central Bank	(1)	55,071,320	128,005,248	183,076,568	59,793,397	102,786,314	162,579,711
1.1.2	Banks	(3)	2,534,484	24,192,593	26,727,077	47,396	16,766,307	16,813,703
1.1.3	Money Market Placement	(4)	3,248,507	-	3,248,507	5,736,581	-	5,736,581
1.1.4	Expected Credit Losses (-)		9,852	22,439	32,291	6,838	23,803	30,641
1.2	Financial Assets at Fair Value Through Profit or Loss	(2)	2,220,849	1,521,872	3,742,721	1,261,340	1,100,629	2,361,969
1.2.1	Government Debt Securities		1,488,190	802,797	2,290,987	602,135	488,760	1,090,895
1.2.2	Equity Securities		348,226	-	348,226	274,661	-	274,661
1.2.3	Other Financial Assets		384,433	719,075	1,103,508	384,544	611,869	996,413
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5)	64,538,471	23,067,285	87,605,756	49,557,935	17,794,151	67,352,086
1.3.1	Government Debt Securities		64,513,421	22,680,532	87,193,953	49,557,935	17,794,151	67,352,086
1.3.2	Equity Securities		-	-	-	-	-	-
1.3.3	Other Financial Assets		25,050	386,753	411,803	-	-	-
1.4	Derivative Financial Assets	(12)	8,966,512	11,741,700	20,708,212	6,759,993	6,237,719	12,997,712
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss		6,289,462	7,413,512	13,702,974	5,633,449	3,281,804	8,915,253
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		2,677,050	4,328,188	7,005,238	1,126,544	2,955,915	4,082,459
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		529,725,361	237,162,478	766,887,839	466,587,932	206,523,859	673,111,791
2.1	Loans	(6)	475,810,385	214,451,203	690,261,588	414,264,230	183,783,922	598,048,152
2.2	Lease Receivables	(11)	-	-	-	-	-	-
2.3	Factoring Receivables		-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(7)	76,366,018	30,244,943	106,610,961	72,305,609	29,788,256	102,093,865
2.4.1	Government Debt Securities		76,366,018	30,115,720	106,481,738	72,305,609	29,669,309	101,974,918
2.4.2	Other Financial Assets		-	129,223	129,223	-	118,947	118,947
2.5	Expected Credit Losses (-)		22,451,042	7,533,668	29,984,710	19,981,907	7,048,319	27,030,226
III.	ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(15)	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		12,853,475	-	12,853,475	9,974,398	-	9,974,398
4.1	Investments in Associates (Net)	(8)	53,722	-	53,722	53,722	-	53,722
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		53,722	-	53,722	53,722	-	53,722
4.2	Subsidiaries (Net)	(9)	12,796,953	-	12,796,953	9,917,876	-	9,917,876
4.2.1	Unconsolidated Financial Subsidiaries		12,668,907	-	12,668,907	9,789,830	-	9,789,830
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	2,800	-	2,800
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures		2,800	-	2,800	2,800	-	2,800
V.	PROPERTY AND EQUIPMENT (Net)		14,395,045	534	14,395,579	14,484,108	487	14,484,595
VI.	INTANGIBLE ASSETS (Net)		2,741,961	-	2,741,961	2,189,315	-	2,189,315
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		2,741,961	-	2,741,961	2,189,315	-	2,189,315
VII.	INVESTMENT PROPERTY (Net)	(13)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(14)	-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(14)	6,469,742	-	6,469,742	6,581,490	-	6,581,490
X.	OTHER ASSETS (Net)	(16)	15,950,772	1,470,184	17,420,956	12,388,685	1,275,172	13,663,857
TOTAL ASSETS			718,706,647	427,139,455	1,145,846,102	635,355,732	352,460,835	987,816,567

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

QNB FİNANSBANK ANONİM ŞİRKETİ

**UNCONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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

I. BALANCE SHEET – LIABILITIES AND EQUITY

		Current Period 31.03.2024			Prior Period 31.12.2023			
		Section 5						
		Part II						
		TRY	FC	TOTAL	TRY	FC	TOTAL	
I.	DEPOSITS	(1)	403,602,789	301,074,539	704,677,328	387,802,236	244,247,872	632,050,108
II.	FUNDS BORROWED	(3)	593,712	125,193,334	125,787,046	473,527	104,350,115	104,823,642
III.	MONEY MARKETS	(4)	12,683,703	41,204,252	53,887,955	1,099,251	27,736,364	28,835,615
IV.	SECURITIES ISSUED (Net)	(5)	1,636,027	59,836,493	61,472,520	3,814,855	42,134,323	45,949,178
4.1	Bills		1,636,027	17,637,998	19,274,025	3,814,855	13,001,776	16,816,631
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	42,198,495	42,198,495	-	29,132,547	29,132,547
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		2,760,972	5,512,599	8,273,571	1,436,361	3,490,719	4,927,080
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(2)	2,342,902	3,493,751	5,836,653	1,331,159	3,121,513	4,452,672
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	418,070	2,018,848	2,436,918	105,202	369,206	474,408
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	1,082,841	70	1,082,911	1,150,029	1,213	1,151,242
X.	PROVISIONS	(9)	9,589,199	191,867	9,781,066	11,648,908	187,976	11,836,884
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		2,401,889	35,381	2,437,270	2,748,658	31,702	2,780,360
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		7,187,310	156,486	7,343,796	8,900,250	156,274	9,056,524
XI.	CURRENT TAX LIABILITY	(10)	3,547,224	-	3,547,224	2,141,659	-	2,141,659
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)	-	30,282,457	30,282,457	-	26,948,856	26,948,856
14.1	Subordinated Loans		-	20,205,973	20,205,973	-	17,997,595	17,997,595
14.2	Other Debt Instruments		-	10,076,484	10,076,484	-	8,951,261	8,951,261
XV.	OTHER LIABILITIES		38,866,631	15,322,217	54,188,848	35,520,714	12,013,203	47,533,917
XVI.	SHAREHOLDERS' EQUITY		90,631,743	2,233,433	92,865,176	81,648,407	(30,021)	81,618,386
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		7,321,323	-	7,321,323	7,329,944	-	7,329,944
16.4	Other Comprehensive Income/Expense Items Reclassified to Profit or Loss		(1,280,863)	2,233,433	952,570	(409,275)	(30,021)	(439,296)
16.5	Profit Reserves		71,377,024	-	71,377,024	38,204,582	-	38,204,582
16.5.1	Legal Reserves		771,684	-	771,684	771,684	-	771,684
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		70,605,340	-	70,605,340	37,432,898	-	37,432,898
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		9,863,545	-	9,863,545	33,172,442	-	33,172,442
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		9,863,545	-	9,863,545	33,172,442	-	33,172,442
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			564,994,841	580,851,261	1,145,846,102	526,735,947	461,080,620	987,816,567

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES
FOR THE MARCH MONTHS PERIOD ENDED MARCH 31, 2024

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

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

	Section 5 Part III	Current Period 31.03.2024			Prior Period 31.12.2023		
		TRY	FC	TOTAL	TRY	FC	TOTAL
A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS							
I. GUARANTEES	(1), (2), (3), (4)	1,140,239,868	1,049,792,365	2,190,032,233	906,414,157	920,386,613	1,826,800,770
1.1. Letters of guarantee		55,438,763	60,991,167	116,429,930	48,589,723	54,274,597	102,864,320
1.1.1. Guarantees subject to State Tender Law		50,562,949	37,756,532	88,319,481	44,117,603	34,125,730	78,243,333
1.1.2. Guarantees given for foreign trade operations		1,159,352	386,033	1,545,385	1,053,713	296,168	1,349,881
1.1.3. Other letters of guarantee		23,554,636	37,370,499	60,925,135	19,387,931	33,829,562	53,217,493
1.2. Bank loans		25,848,961	-	25,848,961	23,675,959	-	23,675,959
1.2.1. Import letter of acceptance		4,835,015	8,906,590	13,741,605	4,424,551	8,634,539	13,059,090
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		40,799	14,328,045	14,368,844	47,569	11,514,328	11,561,897
1.3.1. Documentary letters of credit		40,799	13,403,468	13,444,267	47,569	10,658,640	10,706,209
1.3.2. Other letters of credit		-	924,577	924,577	-	855,688	855,688
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		699,088,947	126,689,940	825,778,887	571,535,563	103,305,713	674,841,276
2.1. Irrevocable commitments	(1)	596,040,169	32,123,949	628,164,118	2,941,702	9,176,161	494,480,824
2.1.1. Forward asset purchase commitments		3,343,873	26,348,108	29,691,981	-	8,020,668	10,962,370
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		110,986,740	3,229	110,989,969	93,558,042	2,944	93,560,986
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		10,429,564	-	10,429,564	6,684,472	-	6,684,472
2.1.8. Tax and fund liabilities from export commitments		374,156	-	374,156	279,060	-	279,060
2.1.9. Commitments for credit card expenditure limits		465,188,390	-	465,188,390	376,605,042	-	376,605,042
2.1.10. Commitments for promotions related with credit cards and banking activities		218,397	-	218,397	211,656	-	211,656
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		5,499,049	5,772,612	11,271,661	5,024,689	1,152,549	6,177,238
2.2. Revocable commitments		103,048,778	94,565,991	197,614,769	86,230,900	94,129,552	180,360,452
2.2.1. Revocable loan granting commitments		103,048,778	94,565,991	197,614,769	86,230,900	94,129,552	180,360,452
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	385,712,158	862,111,258	1,247,823,416	286,288,871	762,806,303	1,049,095,174
3.1. Derivative financial instruments for hedging purposes		69,220,690	202,449,930	271,670,620	19,524,240	184,897,927	204,422,167
3.1.1. Fair value hedge		6,545,890	42,950,624	49,496,514	696,365	33,716,807	34,413,172
3.1.2. Cash flow hedge		62,674,800	159,499,306	222,174,106	18,827,875	151,181,120	170,008,995
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		316,491,468	659,661,328	976,152,796	266,764,631	577,908,376	844,673,007
3.2.1. Forward foreign currency buy/sell transactions		46,800,196	56,446,525	103,246,721	19,577,116	32,006,901	51,584,017
3.2.1.1. Forward foreign currency transactions-buy		26,195,822	25,435,829	51,631,651	18,911,051	7,747,196	26,658,247
3.2.1.2. Forward foreign currency transactions-sell		20,604,374	31,010,696	51,615,070	666,065	24,259,705	24,925,770
3.2.2. Swap transactions related to foreign currency and interest rates		241,558,923	565,021,166	806,580,089	231,627,564	530,103,983	761,731,547
3.2.2.1. Foreign currency swap-buy		58,355	245,701,486	245,759,841	76,658	218,997,022	219,073,680
3.2.2.2. Foreign currency swap-sell		157,349,170	91,986,474	249,335,644	138,769,508	85,720,981	224,490,489
3.2.2.3. Interest rate swaps-buy		42,075,699	113,666,603	155,742,302	46,390,699	112,692,990	159,083,689
3.2.2.4. Interest rate swaps-sell		42,075,699	113,666,603	155,742,302	46,390,699	112,692,990	159,083,689
3.2.3. Foreign currency, interest rate and securities options		17,298,816	27,058,712	44,357,528	7,553,316	7,053,806	14,607,122
3.2.3.1. Foreign currency options-buy		11,869,960	10,433,599	22,303,559	7,212,979	529,529	7,742,508
3.2.3.2. Foreign currency options-sell		5,428,856	16,625,113	22,053,969	340,337	6,524,277	6,864,614
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		10,833,533	9,843,509	20,677,042	8,006,635	7,566,158	15,572,793
3.2.4.1. Foreign currency futures-buy		9,309,478	1,368,062	10,677,540	8,006,635	-	8,006,635
3.2.4.2. Foreign currency futures-sell		1,524,055	8,475,447	9,999,502	-	7,566,158	7,566,158
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	1,291,416	1,291,416	-	1,177,528	1,177,528
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		3,073,846,515	1,293,051,202	4,366,897,717	2,645,744,535	1,183,177,946	3,828,922,481
IV. ITEMS HELD IN CUSTODY		156,460,003	38,079,807	194,539,810	95,659,734	42,252,943	137,912,677
4.1. Customer Fund and Portfolio Assets		103,229,605	-	103,229,605	50,559,811	-	50,559,811
4.2. Investment securities held in custody		996,588	30,473,750	31,470,338	1,829,329	35,898,115	37,727,444
4.3. Checks received for collection		46,666,289	3,505,367	50,171,656	38,107,346	2,363,435	40,470,781
4.4. Commercial notes received for collection		5,567,521	1,654,639	7,222,160	5,163,248	1,736,736	6,899,984
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	2,446,051	2,446,051	-	2,254,657	2,254,657
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,651,420,842	680,696,840	2,332,117,682	1,431,923,260	636,309,351	2,068,232,611
5.1. Marketable securities		6,025,344	34,391,649	40,416,993	6,113,180	31,504,275	37,617,455
5.2. Guarantee notes		986,121	807,270	1,793,391	951,802	431,079	1,382,881
5.3. Commodity		1,503,156	-	1,503,156	1,167,097	-	1,167,097
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		401,607,076	309,856,131	711,463,207	348,159,077	298,122,947	646,282,024
5.6. Other pledged items		1,241,299,145	335,641,790	1,576,940,935	1,075,532,104	306,251,050	1,381,783,154
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		1,265,965,670	574,274,555	1,840,240,225	1,118,161,541	504,615,652	1,622,777,193
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		4,214,086,383	2,342,843,567	6,556,929,950	3,552,158,692	2,103,564,559	5,655,723,251

The accompanying notes are an integral part of these financial statement

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024 (Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

III. STATEMENT OF PROFIT OR LOSS

	Part 5 Note IV	Current Period 01.01 - 31.03.2024	Prior Period 01.01 - 31.03.2023
I. INTEREST INCOME	(1)	56,027,427	19,343,317
1.1 Interest income on loans		41,884,630	13,694,019
1.2 Interest income on reserve deposits		1,116,147	169,783
1.3 Interest income on banks		580,821	106,390
1.4 Interest income on money market transactions		237,803	134,944
1.5 Interest income on securities portfolio		12,059,064	5,214,570
1.5.1 Financial assets measured at FVTPL		133,978	39,217
1.5.2 Financial assets measured at FVOCI		5,697,741	1,496,205
1.5.3 Financial assets measured at amortized cost		6,227,345	3,679,148
1.6 Financial lease income		-	-
1.7 Other interest income		148,962	23,611
II. INTEREST EXPENSE (-)	(2)	41,408,034	13,055,380
2.1 Interest on deposits		35,127,693	11,120,734
2.2 Interest on funds borrowed		2,904,186	1,080,718
2.3 Interest on money market transactions		1,052,735	303,397
2.4 Interest on securities issued		1,483,765	493,158
2.5 Interests on leasings		67,643	28,646
2.6 Other interest expenses		772,012	28,727
III. NET INTEREST INCOME (I - II)		14,619,393	6,287,937
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		9,675,619	1,964,056
4.1 Fees and commissions received		11,919,785	2,614,407
4.1.1 Non-cash loans		292,379	175,010
4.1.2 Others		11,627,406	2,439,397
4.2 Fees and commissions paid (-)		2,244,166	650,351
4.2.1 Non-cash loans		483	449
4.2.2 Others		2,243,683	649,902
V. DIVIDEND INCOME	(3)	3,778	2,982
VI. TRADING INCOME / LOSS (Net)	(4)	(6,598,657)	3,390,702
6.1 Trading income / loss on securities		216,593	1,456,678
6.2 Income / loss from derivative transactions		(11,831,216)	434,987
6.3 Foreign exchange income / loss		5,015,966	1,499,037
VII. OTHER OPERATING INCOME	(5)	132,113	1,622,391
VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)		17,832,246	13,268,068
IX. EXPECTED CREDIT LOSSES (-)	(6)	3,228,637	4,065,687
X. OTHER PROVISION LOSSES (-)		(1,685,339)	1,012,520
XI. PERSONNEL EXPENSES (-)		3,859,327	1,649,863
XII. OTHER OPERATING EXPENSES (-)	(7)	3,481,178	2,232,550
XIII. NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)		8,948,443	4,307,448
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		1,161,757	551,225
XVI. INCOME/LOSS ON NET MONETARY POSITION		-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)	(8)	10,110,200	4,858,673
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	(9)	246,655	(1,773,880)
18.1 Current tax charge		1,420,288	2,173,535
18.2 Deferred tax charge (+)		574,235	731,248
18.3 Deferred tax credit (-)		(1,747,868)	(4,678,663)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	(10)	9,863,545	6,632,553
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from assets held for sale		-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3 Others		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-
21.1 Expenses on assets held for sale		-	-
21.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3 Others		-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)		-	-
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1 Current tax charge		-	-
23.2 Deferred tax charge (+)		-	-
23.3 Deferred tax credit (-)		-	-
XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)		-	-
XXV. NET PROFIT/LOSS (XIX+XXIV)	(11)	9,863,545	6,632,553
Earnings Per Share		0.2944	0.1980

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 THREE MONTHS PERIOD ENDED MARCH 31, 2024

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Period 01.01 - 31.03.2024	Prior Period 01.01 - 31.03.2023
I. CURRENT PERIOD PROFIT/LOSS	9,863,545	6,632,553
II. OTHER COMPREHENSIVE INCOME	1,383,245	(1,764,044)
2.1 Other Income/Expense Items not Reclassified to Profit or Loss	(8,621)	(37,247)
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Income/Loss	(12,314)	(49,664)
2.1.4 Other Income/Expense Items not Reclassified to Profit or Loss	-	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	3,693	12,417
2.2 Other Income/Expense Items Reclassified to Profit or Loss	1,391,866	(1,726,797)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	151,139	(1,721,123)
2.2.3 Income/Expense from Cash Flow Hedges	1,812,482	(545,275)
2.2.4 Income/Expense on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items Reclassified to Profit or Loss	17,331	(26,999)
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(589,086)	566,600
III. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (I+II)	11,246,790	4,868,509

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss							Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							Total 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 Income/loss	Other ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI		Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	
Prior Period - 01.01 - 31.03.2023															
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		-	-	-	-	-	(37,247)	-	-	(1,290,842)	(435,955)	-	-	6,632,553	4,868,509
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		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		3,350,000	714	-	-	-	(671,673)	(37,732)	-	560,941	1,094,653	38,204,582	-	6,632,553	49,134,038

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss							Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							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 Income/loss	Other ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI		Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	
Current Period - 01.01 - 31.03.2024															
I. Prior Period End Balance		3,350,000	714	-	-	7,914,871	(554,429)	(30,498)	-	(1,493,790)	1,054,494	38,204,582	33,172,442	-	81,618,386
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	-	-	7,914,871	(554,429)	(30,498)	-	(1,493,790)	1,054,494	38,204,582	33,172,442	-	81,618,386
IV. Total Comprehensive Income		-	-	-	-	-	(8,621)	-	-	105,796	1,286,070	-	-	9,863,545	11,246,790
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		-	-	-	-	-	-	-	-	-	-	33,172,442	(33,172,442)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	33,172,442	(33,172,442)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		3,350,000	714	-	-	7,914,871	(563,050)	(30,498)	-	(1,387,994)	2,340,564	71,377,024	-	9,863,545	92,865,176

(*) 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 items not reclassified to other profit or loss.

(**) Accumulated amount of cash flow hedge Income/loss, equity attributable to equity holders of the Bank for profit or loss from other comprehensive income and other comprehensive income items 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 THREE MONTHS PERIOD ENDED MARCH 31, 2024 (Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Current Period 01.01 - 31.03.2024	Prior Period 01.01 - 31.03.2023
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS		
1.1 Operating Profit Before Changes in Operating Assets and Liabilities	9,186,088	10,891,636
1.1.1 Interest Received	45,166,130	14,424,257
1.1.2 Interest Paid	(36,759,968)	(13,141,085)
1.1.3 Dividend Received	3,778	2,982
1.1.4 Fees and Commissions Received	11,960,613	2,645,047
1.1.5 Other Income	132,113	286,049
1.1.6 Collections From Previously Written Off Loans	966,028	569,699
1.1.7 Payments To Personnel and Service Suppliers	(3,912,577)	(2,152,520)
1.1.8 Taxes Paid	(508,094)	(188,594)
1.1.9 Others	(7,861,935)	8,445,801
1.2 Changes in Operating Assets and Liabilities	(23,162,226)	(4,991,798)
1.2.1 Net (Increase) Decrease in Financial Assets Measured at Fair Value Through Profit/Loss	(1,364,418)	(832,504)
1.2.2 Net (Increase) Decrease in Due From Banks	(28,320,447)	4,681,380
1.2.3 Net (Increase) Decrease in Loans	(71,189,301)	(28,341,651)
1.2.4 Net (Increase) Decrease in Other Assets	(2,636,282)	(3,956,621)
1.2.5 Net Increase (Decrease) in Bank Deposits	726,332	(444,646)
1.2.6 Net Increase (Decrease) in Other Deposits	48,587,246	33,787,163
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	(1,072,904)	2,592,385
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	32,107,548	(12,477,304)
I. Net Cash Provided From / (Used in) Banking Operations	(13,976,138)	5,899,838
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided From / (Used in) Investing Activities	(15,274,627)	(13,489,537)
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	(1,068,252)	(453,352)
2.4 Fixed Assets Sales	94,864	32,429
2.5 Purchase of Financial Assets Measured at Fair Value Through Other Comprehensive Income	(21,044,453)	(13,133,238)
2.6 Sale of Financial Assets Measured at Fair Value Through Other Comprehensive Income	3,925,212	10,647,437
2.7 Purchase of Financial Assets Measured at Amortized Cost	(1,798,945)	(17,324,176)
2.8 Sale of Financial Assets Measured at Amortized Cost	4,616,947	7,956,533
2.9 Others	-	(234,170)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided From / (Used in) Financing Activities	25,580,566	(6,778,541)
3.1 Cash Obtained From Funds Borrowed and Securities Issued	56,468,169	3,674,603
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(30,680,420)	(10,463,782)
3.3 Capital Increase	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(207,268)	(1,049)
3.6 Other	85	11,687
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	3,175,334	1,695,093
V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	(494,865)	(12,673,147)
VI. Cash and Cash Equivalents at Beginning of the Period	118,379,765	72,781,418
VII. Cash and Cash Equivalents at End of the Period (V+VI)	117,884,900	60,108,271

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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

**SECTION THREE
ACCOUNTING POLICIES**

I. Basis of Presentation

1. Preparation of the financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law published in the Official Gazette no. 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA") and in case where a specific regulation is not made by BRSA and Turkish Accounting Standards 34 ("TAS 34") Interim Financial Reporting Standard and Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") for the format and detail of the publicly announced financial statements.

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

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

"The accounting policies and valuation principles followed in the preparation of financial statements have been determined and applied in accordance with the principles outlined in the "BRSA Accounting and Financial Reporting Regulations". The accounting policies and valuation principles related with current period are explained in Notes II to XXVI below.

The financial statements are prepared on the historical cost basis except for financial assets and liabilities at fair value through profit or loss, financial assets and real estate at fair value through other comprehensive income and subsidiaries 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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

2.1. Other

In the Financial Reporting Standard for High Inflation Economies (TMS 29), a threshold value is provided to determine whether there is high inflation in an economy, taking into account economies where high inflation exists. The standard also explains how the financial statements of entities whose functional currency is that of an economy with high inflation should be adjusted for inflation. In the announcement dated November 23, 2023, regarding the Adjustment of the Financial Statements of Companies Subject to Independent Audit for Inflation, issued by the Public Oversight, Accounting and Auditing Standards Authority, discretion 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. In this context, with Decision No. 10825 dated January 11, 2024, the Banking Regulation and Supervision Agency (BDDK) has set the transition date for banks, financial leasing, factoring, financing, savings finance, and asset management companies to TMS 29 as January 1, 2025, and inflation adjustments according to TMS 29 were not made when preparing financial statements dated March 31, 2024.

TFRS 17 Insurance Contracts Standard was published in the Official Gazette dated February 16, 2019 and numbered 30688 by the Public Oversight Accounting and Auditing Standards Authority and is valid for annual reporting periods beginning on or after January 1, 2024. Based on the POA's letter dated February 15, 2024 and numbered 22667, the effective date of TFRS 17 has been postponed to January 1, 2025. This standard replaces TFRS 4, which currently allows for a wide variety of applications. Accordingly, the Bank has not applied the related standard in the unconsolidated financial statements of its subsidiary QNB Sigorta.

Regarding the partnership share in QNB Sağlık Hayat ve Emeklilik A.Ş., whose 49% capital is owned by the Parent Bank, with the decision of Bank's Board of Directors, 22,950,000 shares with a total nominal value of TRY 22,950,000 which is owned by Cigna Nederland Gamma BV and corresponds to 51% of the capital of 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.

As of 31 December 2022, QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., which was a joint venture in the unconsolidated financial statements and accounted for using the equity method, has become a "Subsidiary" as of January 2023 and accounted for using the equity method in the unconsolidated financial statements in accordance with the provisions of Turkish Accounting Standard 28 ("TAS 28") Investments in Associates and Joint Ventures.

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 Bank has completed the studies initiated by the appointment of independent valuation companies in order to reliably determine the fair value, allocation of the purchase price and the amount of goodwill that may arise, and the necessary adjustments have been made as of the acquisition date.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

The 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
	2,248,280
Fair value of net assets controlled (100%)	2,586,285
Income from bargaining purchase	338,005
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
Value increase in shares owned before the acquisition	981,517
Gross profit resulting from the change of control	1,319,522
Tax Effect	(99,311)
Net profit resulting from the change of control	1,220,211

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

Assets	,323,739
Cash and Cash Equivalents	,124,051
Agency Contract	,113,426
Other Assets	,086,262
Liabilities	,737,454
Trade Payables	96,264
Insurance Technical Provisions	,443,976
Tax Liability	68,541
Other Liabilities	128,673
Net Assets Defined at Fair Value	,586,285
Carrying value of QNB Sigorta shares held by the Bank before the acquisition (49%)	285,763
	,319,522
Net profit as a result of control transfer	
Purchase price of additional QNB Sigorta shares (51%)	981,000

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.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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

ACCOUNTING POLICIES (Continued)

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

1. Strategy for the use of financial instruments (Continued)

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 income and loss arising from transactions that are completed as of March 31, 2024 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 income and loss. Foreign currency non-monetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

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

As of March 31, 2024, derivative financial transactions loss amounting to TRY 11,831,216 (March 31, 2023 – TRY 434,987 derivative financial transactions income) and net foreign exchange income amounting to TRY 5,015,966 (March 31, 2023 – TRY 1,499,037 net foreign exchange income), excluding net interest expense amounting to TRY 9,806,161 (March 31, 2023 – TRY 39,832 net interest income) arising from derivative transactions, the net profit on foreign currency transactions is TRY 2,990,911 (March 31, 2023 – TRY 1,894,192 net profit on foreign currency transactions).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024**

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

ACCOUNTING POLICIES (Continued)

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 the unconsolidated financial statements, the Bank accounts for its financial subsidiaries in accordance with the equity method of accounting as defined in TAS 28 within the framework of 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.

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

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

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

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.

The effects of fair value hedge accounting are recognized in "Income/losses from derivative transactions" in the statement of profit or loss.

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

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of March 31, 2024, fair value exchange difference adjustment amounting to TRY 1,107,862 which is shown tangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

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

ACCOUNTING POLICIES (Continued)

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 on Loans” for calculated amount.

VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

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

Initial measurement of financial instruments

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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.

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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 income and loss arising from these valuations are reflected in the the statement of profit or loss and other comprehensive income.

According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under trading account income/loss in the statement of profit or loss. In cases where such assets are sold before their maturities, the income/loss on such sales are recorded under trading account income/loss.

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 and other comprehensive income.

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

The Bank has inflation indexed (CPI) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Turkish Republic of 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 “Trading Account Income/Loss” in the statement of profit or loss and other comprehensive income.

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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 income or loss to respective period’s statement of profit or loss and other comprehensive income.

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

VIII. Explanations on Expected Credit Losses

The Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette No. 29750 dated 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 March 31, 2024, 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.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

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 bad, BRSA bad, internal extreme bad) are evaluated. Each of these scenarios was associated with the different PD and LGD.

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

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

Probability of Default (PD)

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

Loss Given Default (LGD)

The LGD represents an estimate of the 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.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

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 mildly bad, BRSA bad, internal extreme bad) 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 the expected credit loss calculation twice a year and applies them to its models. In addition, the Bank re-evaluated the macroeconomic scenario weights in the expected credit loss calculation on March 31, 2024. Due to its nature, model effects are reflected in the financial statements with a delay, since the events causing the change and their effects occur at different times. For this reason, the Bank made individual valuations in order to eliminate the timing discrepancy and established additional provisions for the sectors and customers whose impact is considered to be high.

This approach, which is preferred in reserve calculations for the first quarter of 2024, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

Calculating the Expected Loss Period

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

Significant increase in credit risk

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

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Write-Off policy

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

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

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

- 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 15,872 (December 31, 2023 – TRY 10,113) and the effect on the NPL ratio of the Bank is 0.00% (December 31, 2023 – 0.00%). While the NPL ratio is 1.56% (December 31, 2023 – 1.75%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 1.56% (December 31, 2023 – 1.75%).

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.

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ACCOUNTING POLICIES (Continued)

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 income or loss in profit or loss. Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

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

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

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 73,353,956 (December 31, 2023 – TRY 39,923,647).

As of March 31, 2024 the Bank has no securities that are subject to lending transactions (December 31, 2023 – None).

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ACCOUNTING POLICIES (Continued)

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

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

XII. Explanations on Assets Held for Sale and Discontinued Operations

According to the TFRS 5 ("Fixed Assets Held for Sale and Discontinued Operations") Standard, assets that meet the classification criteria as held for sale are measured at the lower of their carrying amounts less costs to sell and their fair values less costs to sell. Depreciation is ceased on these assets, and they are presented separately in the financial statements. In order for an asset to be classified as held for sale, it (or a group of assets to be disposed of) must be available for immediate sale in its present condition, under usual and customary terms, and with a high probability of sale. To demonstrate a high probability of sale, an active program must be initiated by appropriate management to market the asset (or group of assets to be disposed of), including developing a plan for its sale and identifying potential buyers to complete the plan. Additionally, the asset (or group of assets to be disposed of) should be actively marketed at a price that is consistent with its fair value. Various events or circumstances may extend the completion period of the sale beyond one year. If such delay is due to events or circumstances beyond the Bank's control and there is sufficient evidence that the Bank's sales plan for the respective asset (or group of assets to be disposed of) is continuing, these assets will continue to be classified as held for sale. As of March 31, 2024, assets held for sale and discontinued operations are disclosed in Note V, section 1.16.

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

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

XIII. Explanations on Goodwill and Other Intangible Assets

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

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

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

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

Property, plant and equipment are initially recognized at cost, being the acquisition cost plus any direct costs necessary to bring the asset to its working condition. Subsequent to initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

The Bank recognizes its real estates under property, plant and equipment at revalued amounts instead of cost amounts in accordance with the Standard on Property, Plant and Equipment ("TAS 16"). The revaluation difference arising from the valuation of the real estates by the appraisal firms authorized by the Capital Markets Board ("CMB") and BRSA is recognized in the revaluation differences of property, plant and equipment under equity.

At each reporting date, the Bank assesses whether there is any indication that an asset may be impaired and, if so, estimates the recoverable amount of the asset in accordance with the Impairment of Assets Standard. ("TAS 36") and if the recoverable amount is less than the carrying amount of the related asset, an impairment loss is recognized.

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 the statement of profit or loss and other comprehensive income when the fair value is below the net book value in accordance with TAS 36.

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ACCOUNTING POLICIES (Continued)

XIV. Explanations on Tangible Assets (Continued)

Depreciation for tangible assets is allocated using the straight-line depreciation method based on the estimated useful lives of assets, and the rates used are as follows:

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

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

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

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

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

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

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 Liabilities" 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 Liabilities". 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 Leases" 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 payments received from all lease payments made on or on the date of actual lease and
- All initial direct costs incurred by the Bank.

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

Lease Liabilities

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

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

- 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 March 31, 2024 amounted to TRY 1,316,077 (December 31, 2023 – TRY 1,308,043), lease liability amounted to TRY 1,080,191 (December 31, 2023 – TRY 1,147,645), financing expense amounted to TRY 67,525 (March 31, 2023 - TRY 28,419), and depreciation expense amounted to TRY 132,140 (March 31, 2023 – TRY 84,918).

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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 Asset Standard. 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 Standard”.

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 income and loss 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.

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ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued)

1. Corporate Tax (Continued)

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 income 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 2024 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.

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 numbered 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 numbered 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.

In accordance with Article 298/A of the Tax Procedure Law, financial statements should be subject to inflation if both of the following conditions are met:

- 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.

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ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued)

1. Corporate Tax (Continued)

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 March 31, 2024, 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. With Article 17 of Law No. 7491, following the third paragraph of Temporary Article 33 of Law No. 213, the following statement is added: 'Profits/losses arising from inflation adjustment made during the 2024 and 2025 accounting periods, including provisional tax periods, by banks, companies within the scope of the Financial Leasing, Factoring, Finance, and Savings Finance Companies Law dated 21/11/2012 and numbered 6361, payment and electronic money institutions, authorized currency exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, shall not be taken into account in the determination of income.'

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 March 31, 2024, 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 2024. (December 31, 2023 – 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 March 31, 2024 the Bank does not have any government incentives or grants (December 31, 2023 – None).

XXIII. Explanations on Segment Reporting

The bank provides corporate, individual, and commercial banking services, along with private banking, fund management operations, and credit card services through branches and alternative distribution 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)

Current Period (January 1 - March 31, 2024)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Operating income	13,614,170	7,197,134	(1,817,301)	18,994,003
Dividend Income	-	-	3,778	3,778
Income/(Loss) on joint venture accounted for at equity method	-	-	1,161,757	1,161,757
Profit Before Taxes	7,193,176	7,372,935	(4,455,911)	10,110,200
Provision Tax (-)^(*)	-	-	246,655	246,655
Net Profit/Loss	7,193,176	7,372,935	(4,702,566)	9,863,545
Total Assets	307,715,236	352,581,950	416,344,561	1,145,846,102
Segment Assets	307,715,236	352,581,950	416,344,561	1,076,641,747
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	12,853,475
Undistributed Assets	-	-	-	56,350,880
Total Liabilities	437,022,253	239,196,452	308,162,172	1,145,846,102
Segment Liabilities	437,022,253	239,196,452	308,162,172	984,380,877
Undistributed Liabilities	-	-	-	68,600,049
Equity	-	-	-	92,865,176
Other Segment Accounts	894,324	606,191	(142,166)	1,358,349
Capital Expenditures	552,475	374,479	(85,265)	841,689
Amortization	341,849	231,712	(56,901)	516,660

(*) Provision tax is not distributed.

Prior Period (January 1 – March 31, 2023)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Operating Income	7,462,958	4,642,822	1,713,513	13,819,293
Dividend Income	-	-	2,982	2,982
P/L from Equity Applied Partnerships	-	-	551,225	551,225
Profit Before Taxes	1,591,640	2,429,959	837,074	4,858,673
Provision Tax (-)^(*)	-	-	(1,773,880)	(1,773,880)
Net Profit/Loss	1,591,640	2,429,959	2,610,954	6,632,553
Total Assets	155,213,002	222,235,698	223,788,412	638,293,849
Segment Assets	155,213,002	222,235,698	223,788,412	601,237,112
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	6,793,857
Undistributed Assets	-	-	-	30,262,880
Total Liabilities	287,647,752	134,145,548	119,172,618	638,293,849
Segment Liabilities	287,647,752	134,145,548	119,172,618	540,965,918
Undistributed Liabilities	-	-	-	48,193,893
Equity	-	-	-	49,134,038
Other Segment Accounts	572,242	377,682	(87,537)	862,387
Capital Expenditures	385,731	254,584	(58,525)	581,790
Amortization	186,511	123,098	(29,012)	280,597

(*) 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 28, 2024. In the Board of Directors meeting, it was decided that profit from 2023 operations to be distributed as follows.

2023 profit distribution table

Current Year Profit	33,172,442
A – Real Estate Sales Profit Fund (Corporate Tax Law 5.1/E) 5%	279
C – Extraordinary Reserves	33,172,163

The general legal reserve fund, which is required to be set aside as five percent of the annual profit in accordance with paragraph 1 of Article 519 of the Turkish Commercial Code, has not been set aside since it has reached twenty percent of the paid-in capital.

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.

	Current Period	Prior Period
Net Profit for the Period	9,863,545	6,632,553
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings Per Share	0.2944	0.1980

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 2024 is none (Amount of issued bonus shared in 2023 is none).

XXVI. Explanations on Other Matters

As stated in the PDP disclosure dated November 25, 2022, a decision was taken to continue the Enpara banking services 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 to transfer the Bank's Enpara banking services to the newly established bank through a partial spin-off. The establishment permit application made by the founding shareholders for the establishment of this new bank was finalized on 05 August 2023 and the establishment permit for Enpara Bank A.Ş. was obtained.

Following the obtained establishment permit, the establishment of Enpara Bank A.Ş. was registered on December 04, 2023 and the application for obtaining an operating license as required by the legislation was made on December 05, 2023. After the completion of the audit process and obtaining the operating license, the Bank will apply to the BRSA, CMB and other institutions and organizations that require permission in order to carry out partial spin-off transactions in a structure where the Bank's controlling shareholder (QNB Group) and minority shareholders' shareholder titles and existing share ratios are preserved.

As of March 31, 2024, Enpara's banking activities to be demerged represent 9.6% of the Bank's unconsolidated assets and liabilities. The assets and liabilities to be derecognized will not result in any change in the Bank's equity. If such a spin-off had occurred on March 31, 2024, the Bank's capital adequacy ratio would have increased by 155 basis points to 16.25%. If such a split had occurred on December 31, 2023, the Bank's profit before tax for the first quarter of 2024 would have been 5.8% 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 March 31, 2024 Bank’s total capital has been calculated as TRY 128,538,771 (December 31, 2023 – TRY 112,258,551), capital adequacy ratio is 14.70% (December 31, 2023 – 16.66%).

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 30, 2022 has been decided to continue using the CBRT’s foreign exchange buying rate as of July 26, 2023, until a BRSA Decision to the contrary is taken.

In accordance with the BRSA Decision No. 10747 dated December 12, 2023, if the net valuation differences of the securities held by the banks in the "Securities at Fair Value Through Other Comprehensive Income" portfolio are negative as of January 1, 2024, to be calculated in accordance with the Regulation on Equity of Banks published in the Official Gazette dated September 5, 2013 and numbered 28756 and published in the Official Gazette dated September 5, 2013 and numbered 28756, and to continue to apply the existing provisions of the said Regulation for "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)

Explanations on Equity	Current Period March 31, 2024	Prior Period December 31, 2023
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	71,377,024	38,204,582
Income recognized in equity as per TAS	10,435,720	9,637,262
Profit	9,863,545	33,172,442
Current Period Profit	9,863,545	33,172,442
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	1,602
Common Equity Tier 1 Capital Before Deductions	95,028,605	84,366,602
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	487,787	2,741,678
Improvement costs for operating leasing	215,738	199,786
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,801,682	3,666,620
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	-	-
Income arising from securitization transactions	-	-
Unrealized income and loss due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	5,505,207	6,608,084
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	-	-
Total Common Equity Tier 1 Capital	89,523,398	77,758,518

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

I. Explanations on Equity (Continued)

	Current Period March 31, 2024	Prior Period December 31, 2023
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	16,949,835	15,455,055
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Additional Tier I Capital before Deductions	16,949,835	15,455,055
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 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 I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	16,949,835	15,455,055
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	106,473,233	93,213,573
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	12,429,879	11,333,707
Provisions (Article 8 of the Regulation on the Equity of Banks)	9,758,205	7,770,666
Tier II Capital Before Deductions	22,188,084	19,104,373
Deductions From Tier II Capital		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	22,188,084	19,104,373
Total Capital (The sum of Tier I Capital and Tier II Capital)	128,661,317	112,317,946
Deductions from Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	53,166	9,598
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 (-)	69,380	49,797
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

I. Explanations on Equity (Continued)

	Current Period March 31, 2024	Prior Period December 31, 2023
TOTAL CAPITAL		
Total Capital	128,538,771	112,258,551
Total Risk Weighted Amounts	874,517,616	673,967,939
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	10.24	11.54
Tier 1 Capital Adequacy Ratio (%)	12.18	13.83
Capital Adequacy Ratio (%)	14.70	16.66
BUFFERS		
Bank specific total common equity tier 1 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 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4.24	5.54
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	2,800	2,800
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	39,584,023	20,571,780
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	9,758,205	7,770,666
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between Januar 1, 2018 and January 1, 2023)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	16,949,835	15,455,055
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	12,429,879	11,333,707
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

I. Explanations on Equity (Continued)

Information on debt instruments included in the calculation of equity

Information on debt instruments included in the calculation of equity			
	1	2	3
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QNB FİNANSBANK A.S.
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)	17,362	2,844	9,686
Par value of instrument (Currency in million)	17,362	2,844	9,686
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%	LIBOR + 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	-	-

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

I. Explanations on Equity (Continued)

Information on debt instruments included in the calculation of equity (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.

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

II. Explanations on Risk Management

1. GB1 – Overview of Risk Weighted Assets

	Risk Weighted Amount		Minimum Capital Requirement	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
1 Credit Risk (excluding counterparty Credit Risk)	764,638,511	611,260,776	61,171,081	48,900,862
2 Standardized approach	764,638,511	611,260,776	61,171,081	48,900,862
3 Internal rating-based approach	-	-	-	-
4 Counterparty credit risk	16,017,849	10,392,504	1,281,428	831,400
5 Standardized approach for counterparty credit Risk	16,017,849	10,392,504	1,281,428	831,400
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	19,815,650	12,166,450	1,585,252	973,316
17 Standardized approach	19,815,650	12,166,450	1,585,252	973,316
18 Internal model approaches	-	-	-	-
19 Operational Risk	74,045,606	40,148,209	5,923,648	3,211,857
20 Basic Indicator Approach	74,045,606	40,148,209	5,923,648	3,211,857
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24 Floor adjustment	-	-	-	-
25 TOTAL(1+4+7+8+9+10+11+12+16+19+23+24)	874,517,616	673,967,939	69,961,409	53,917,435

III. Explanations on Foreign Currency Exchange Rate Risk

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

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

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

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

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

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

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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)

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 32.2854
Euro purchase rate at the date of the balance sheet 34.8023

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
March 29, 2024	32.2854	34.8023
March 28, 2024	32.2596	34.8189
March 27, 2024	32.1650	34.8285
March 26, 2024	32.1005	34.8336
March 25, 2024	32.0592	34.6819

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 March, 2024 are TRY 31.9804 and TRY 34.7602 respectively

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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)

5. Information on the foreign currency exchange rate risk

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽¹⁾	33,069,083	86,483,352	8,452,813	128,005,248
Due From Banks ⁽²⁾	6,192,215	15,619,382	2,358,557	24,170,154
Financial Assets at Fair Value through Profit/Loss ⁽³⁾	1,587,502	4,310,856	976	5,899,334
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	65,786	23,001,499	-	23,067,285
Loans and Receivables ⁽⁴⁾	109,348,181	97,721,525	21,325	207,091,031
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	2,338,236	27,906,707	-	30,244,943
Derivative Financial Assets Hedging Purposes	130,148	5,432,585	-	5,562,733
Tangible Assets	-	-	534	534
Intangible Assets	-	-	-	-
Other Assets ⁽⁵⁾	96,637	202,706	4,270	303,613
Total Assets	152,827,788	260,678,612	10,838,475	424,344,875
Liabilities				
Bank Deposits	5,898,132	20,407,829	1,476,957	27,782,918
Foreign Currency Deposits ⁽⁶⁾	69,211,218	150,636,416	53,443,987	273,291,621
Money Market Borrowings	-	41,204,252	-	41,204,252
Funds Provided from Other Financial Institutions	29,950,631	115,448,676	-	145,399,307
Securities Issues	5,910,928	54,080,821	9,921,228	69,912,977
Sundry Creditors	7,557,994	4,646,596	148,064	12,352,654
Derivative Fin. Liabilities for Hedging Purposes	15,565	2,166,993	-	2,182,558
Other Liabilities ⁽⁷⁾	2,324,616	4,059,402	35,738	6,419,756
Total Liabilities	120,869,084	392,650,985	65,025,974	578,546,043
Net Balance Sheet Position				
	31,958,704	(131,972,373)	(54,187,499)	(154,201,168)
Net Off-Balance Sheet Position				
	(31,305,214)	140,350,966	54,230,290	163,276,042
Financial Derivative Assets	57,132,796	395,713,720	65,166,319	518,012,835
Financial Derivative Liabilities	88,438,010	255,362,754	10,936,029	354,736,793
Non-Cash Loans ⁽⁸⁾	35,259,231	23,842,818	1,889,118	60,991,167
Prior Period				
Total Assets	145,576,902	195,214,824	10,079,398	350,871,124
Total Liabilities	95,850,513	317,123,697	47,898,670	460,872,880
Net Balance Sheet Position				
	49,726,389	(121,908,873)	(37,819,272)	(110,001,756)
Net Off-Balance Sheet Position				
	(49,583,914)	127,268,368	37,901,309	115,585,763
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	27,623,029	24,683,603	1,967,965	54,274,597

⁽¹⁾ Cash and Balances with TR Central Bank; Other FC include TRY 8,006,615 (December 31, 2023 – TRY 7,765,222) precious metal deposit account.

⁽²⁾ There are foreign bank guarantees amounting to TRY 3,139,169 (December 31, 2023 – TRY 3,025,514).

⁽³⁾ Does not include TRY 1,801,505 (December 31, 2023– TRY 788,259) of currency income accruals arising from derivative transactions.

⁽⁴⁾ Includes TRY 173,496 (December 31, 2023 – TRY 181,694) FC indexed loans.

⁽⁵⁾ Does not include FC prepaid expenses amounting to TRY 1,166,571 (December 31, 2023 – TRY 983,146) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.

⁽⁶⁾ Other foreign currency includes TRY 46,762,923 (December 31, 2023 – TRY 34,499,557) of precious metal deposit account.

⁽⁷⁾ Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 71,785 (December 31, 2023 – TRY 237,761)

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

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

IV. Explanations on Interest Rate Risk

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

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

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

Besides customer deposits, the Bank funds its long term fixed interest rate TRY loan portfolio with long term (up to 10 years) floating interest rate foreign currency funds obtained from international markets. The Bank changes the foreign currency liquidity obtained from 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.

Interest rate sensitivity of assets, liabilities and off-balance sheet items

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
End of Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	68,236,674	-	-	-	-	114,820,789	183,057,463
Due from Banks ⁽³⁾	5,670,586	-	-	-	-	21,045,328	26,715,914
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	28,717	891,372	199,164	846,504	264,488	15,215,450	17,445,695
Money Market Placements ⁽⁵⁾	3,248,507	-	-	-	-	(2,023)	3,246,484
Financial Assets at Fair Value Through Other Comprehensive Income ⁽⁵⁾	20,131,458	26,076,839	3,153,932	11,856,095	25,617,818	7,774,852	94,610,994
Loans and Receivables	230,470,884	106,813,821	245,846,921	63,329,402	16,005,314	(2,169,156)	660,297,186
Inv. Securities Held to Maturity ⁽⁶⁾	52,758,336	1,458,355	4,966,764	25,449,776	15,611,915	6,345,507	106,590,653
Other Assets	-	-	-	-	-	53,881,713	53,881,713
Total Assets	380,545,162	135,240,387	254,166,781	101,481,777	57,499,535	216,912,460	1,145,846,102
Liabilities							
Bank Deposits	13,142,567	9,917,330	4,846,179	-	-	552,547	28,458,623
Other Deposits	256,766,480	97,247,423	42,104,042	1,018,895	1,309	279,080,556	676,218,705
Money Market Borrowings	21,000,252	5,556,403	26,373,349	334,104	-	623,847	53,887,955
Sundry Creditors	12,352,656	-	-	-	-	30,259,609	42,612,265
Securities Issued	2,017,467	9,104,523	48,939,597	1,410,933	10,076,484	-	71,549,004
Funds Borrowed	18,953,915	44,334,830	58,368,062	2,105,136	19,694,094	2,536,982	145,993,019
Other Liabilities ⁽⁷⁾	-	141	45,327	1,037,444	-	126,043,619	127,126,531
Total Liabilities	324,233,337	166,160,650	180,676,556	5,906,512	29,771,887	439,097,160	1,145,846,102
On Balance Sheet Long Position	56,311,825	-	73,490,225	95,575,265	27,727,648	-	253,104,963
On Balance Sheet Short Position	-	(30,920,263)	-	-	-	(222,184,700)	(253,104,963)
Off-Balance Sheet Long Position	33,030,232	17,956,553	4,036,243	-	-	-	55,023,028
Off-Balance Sheet Short Position	-	-	-	(44,391,988)	(5,061,475)	-	(49,453,463)
Total Position	89,342,057	(12,963,710)	77,526,468	51,183,277	22,666,173	(222,184,700)	5,569,565

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

⁽²⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TRY 19,105 expected loss provisions.

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY 11,163

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss include TRY 13,702,974 derivative financial assets used for hedging purposes.

⁽⁵⁾ Financial Assets at Fair Value Through Other Comprehensive Income include TRY 7,005,238 derivative financial assets used for hedging purposes.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 20,308.

⁽⁷⁾ Other Liabilities includes Derivative Financial Assets amounting to TRY 8,273,571.

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

IV. Explanations on Interest Rate Risk (Continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
End of Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	67,348,689	-	-	-	-	95,212,950	162,561,639
Due from Banks ⁽³⁾	45,549	-	-	-	-	16,755,732	16,801,281
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	43,340	519,531	44,809	346,732	92,073	10,230,737	11,277,222
Money Market Placements ⁽⁵⁾	5,736,581	-	-	-	-	(147)	5,736,434
Financial Assets at Fair Value Through Other Comprehensive Income ⁽⁵⁾	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 ⁽⁶⁾	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
Total Assets	331,520,129	137,301,130	200,277,394	87,690,227	48,315,085	182,712,602	987,816,567
Liabilities							
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 ⁽⁷⁾	330	739	34,590	1,115,581	-	110,032,719	111,183,959
Total Liabilities	292,426,459	162,535,748	134,355,783	6,804,209	24,407,226	367,287,142	987,816,567
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)
Total Position	58,669,444	(7,122,779)	75,608,788	42,334,139	19,152,645	(184,574,540)	4,067,697

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

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

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY 12,423.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss include TRY 8,915,253 derivative financial assets used for hedging purposes.

⁽⁵⁾ Financial Assets at Fair Value Through Other Comprehensive Income include TRY 4,082,459 derivative financial assets used for hedging purposes.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 25,998.

⁽⁷⁾ 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)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	JPY %	TRY %
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	-	-	52.40
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	5.33	6.87	-	52.59
Money Market Placements	-	-	-	53.07
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	5.98	6.52	-	46.55
Loans and Receivables	7.36	8.34	4.92	46.62
Financial Assets Measured at Amortized Cost	4.73	5.75	-	33.03
Liabilities				
Bank Deposits	4.86	6.33	-	48.96
Other Deposits	0.89	1.78	0.21	42.80
Money Market Borrowings	-	6.52	-	49.95
Sundry Creditors	3.97	5.23	-	-
Securities Issued	6.05	7.31	-	48.00
Funds Borrowed	5.93	8.15	-	41.85
	EURO %	USD %	JPY %	TRY %
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	-	-	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
Liabilities				
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

V. Explanations on Position Risk of Equity Securities

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
1. Investment in Shares- grade A	-	-	-
Quoted Securities	-	-	-
2. Investment in Shares- grade B	-	-	-
Quoted Securities	-	-	-
3. Investment in Shares- grade C	2,627,688	2,627,688	-
Quoted Securities	2,627,688	2,627,688	-
4. Investment in Shares- grade Other (*)	10,255,787	10,225,787	-

(*) Includes associates and subsidiaries not quoted to ISE and not classified as investment in shares by Capital Market Board (CMB).

Portfolio	Income/Loss in Current Period	Revaluation Surpluses		Unrealized Income and Loss		
		Total	Amount under Core Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	89,241	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
4. Total	89,241	-	-	-	-	-

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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 (LCR) 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 to ensure that the liquidity risk to which the Bank is exposed is in line with the risk capacity determined within the framework of the limits stipulated by the legislation and the risk appetite that emerges depending on the Bank's basic strategies. It is essential that the Bank maintains a sufficient level of free liquid assets that can be sold or repurchased in case of a significant decrease in liquidity resources.

The bank's funding management is conducted in compliance with ALCO decisions within legal limits and internal alert levels. The liquidity position is evaluated taking into account maturity and customer concentration levels, and a funding strategy is developed. When developing this strategy, the aim is to obtain funding from sources that are as long-term and stable as possible. Deposits, which constitute the bank's main source of funding, are obtained from a large number of customers as a natural consequence of a 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.

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.

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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 Rate (Continued)

Liquidity Coverage Ratio

Current Period – March 31, 2024	Consideration Rate Unweighted Amounts ^(*)		Consideration Rate Weighted Amounts ^(*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			244,553,049	115,655,738
1 High Quality Liquid Assets			244,553,049	115,655,738
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	450,191,436	159,244,413	40,024,830	15,924,441
3 Stable deposits	99,886,263	-	4,994,313	-
4 Less stable deposits	350,305,173	159,244,413	35,030,517	15,924,441
5 Unsecured Funding other than Retail and Small Business Customers Deposits	191,636,066	104,114,309	111,609,815	63,419,793
6 Operational deposits	6,108,896	1,664,355	1,527,224	416,089
7 Non-Operational Deposits	144,637,024	89,336,096	78,107,488	49,947,922
8 Other Unsecured Funding	40,890,146	13,113,858	31,975,103	13,055,782
9 Secured funding	-	-	-	-
10 Other Cash Outflows	84,244,022	20,932,300	84,244,022	20,932,300
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	84,244,022	20,932,300	84,244,022	20,932,300
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	175,286,098	85,592,359	8,764,305	4,279,618
15 Other irrevocable or conditionally revocable commitments	649,532,968	58,333,954	40,487,438	5,722,740
16 TOTAL CASH OUTFLOWS	-	-	285,130,410	110,278,892
CASH INFLOWS				
17 Secured Lending Transactions	891,263	-	-	-
18 Unsecured Lending Transactions	104,700,024	42,980,595	63,316,188	30,580,641
19 Other Cash Inflows	82,698,695	68,477,541	82,698,695	68,477,541
20 TOTAL CASH INFLOWS	188,289,982	111,458,136	146,014,883	99,058,182
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			244,553,049	115,655,738
22 TOTAL NET CASH OUTFLOWS			139,115,527	32,759,612
23 LIQUIDITY COVERAGE RATIO (%)			175.79	353.04

(*) 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)

Prior Period – December 31, 2023	Consideration Rate Unweighted Amounts ^(*)		Consideration Rate Weighted Amounts ^(*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			226,219,677	95,729,238
1 High Quality Liquid Assets			226,219,677	95,729,238
CASH OUTFLOWS				
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
16 TOTAL CASH OUTFLOWS	-	-	240,770,102	94,336,402
CASH INFLOWS				
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
20 TOTAL CASH INFLOWS	141,717,452	79,259,374	110,508,509	71,459,082
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			226,219,677	95,729,238
22 TOTAL NET CASH OUTFLOWS			130,261,593	27,180,912
23 LIQUIDITY COVERAGE RATIO (%)			173.67	352.19

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

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2024 are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014.

	Maximum	Week	Minimum	Week	Average
TRY+FC	192.19	12.01.2024	159.73	29.03.2024	176.31
FC	438.24	05.01.2024	213.61	26.01.2024	372.41

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.

Almost all of Bank’s high quality liquid assets are comprised of first quality liquid assets, most of which are CBRT accounts and securities that are issued by the Republic of Türkiye Ministry of Treasury and Finance that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Changes in the amount of repos cause periodic fluctuations in the 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 61% of total liabilities of the bank (December 31, 2023 – 64%) and also include repo, syndication, securitization, securities issued and other instruments including subordinated debts.

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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 Rate (Continued)

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

Secured funding consists repo securitized borrowing transactions. A large part of securities which are subjects of aforementioned guaranteed funding transactions consist of Sovereign Bonds issued by Republic of 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

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 Years	5 Years and Over	Unallocated ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank ⁽²⁾	114,839,894	68,236,674	-	-	-	-	(19,105)	183,057,463
Due from Banks ⁽³⁾	21,056,491	5,670,586	-	-	-	-	(11,163)	26,715,914
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) ⁽⁴⁾	1,451,734	1,145,157	2,433,525	2,019,848	5,955,636	4,439,795	-	17,445,695
Money Markets Placements ⁽⁵⁾	-	3,248,507	-	-	-	-	(2,023)	3,246,484
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) ⁽⁶⁾	-	-	902,888	1,884,457	54,677,172	37,146,477	-	94,610,994
Loans and Receivables	-	225,317,763	75,024,889	236,306,784	108,755,473	32,724,490	(17,832,213)	660,297,186
Financial Assets Measured at Amortized Cost ⁽⁷⁾	-	-	2,676,724	7,958,446	58,117,028	37,858,763	(20,308)	106,590,653
Other Assets	-	16,869,471	-	-	573,598	-	36,438,644	53,881,713
Total Assets	137,348,119	320,488,158	81,038,026	248,169,535	228,078,907	112,169,525	18,553,832	1,145,846,102
Liabilities								
Bank Deposits	335,865	13,223,131	9,994,762	4,904,865	-	-	-	28,458,623
Other Deposits	261,678,493	262,713,687	105,279,394	45,447,991	1,097,809	1,331	-	676,218,705
Funds Borrowed	-	8,260,581	47,175,337	71,517,009	16,196,278	2,843,814	-	145,993,019
Money Market Borrowings	-	17,420,370	4,942,824	26,176,367	5,348,394	-	-	53,887,955
Securities Issued	-	2,017,467	9,104,523	48,939,597	1,410,933	10,076,484	-	71,549,004
Miscellaneous Payables	-	42,612,265	-	-	-	-	-	42,612,265
Other Liabilities ⁽⁸⁾	-	12,066,219	1,032,631	1,535,225	4,050,791	2,248,199	106,193,466	127,126,531
Total Liabilities	262,014,358	358,313,720	177,529,471	198,521,054	28,104,205	15,169,828	106,193,466	1,145,846,102
Liquidity Excess/(Gap)	(124,666,239)	(37,825,562)	(96,491,445)	49,648,481	199,974,702	96,999,697	(87,639,634)	-
Net Off-Balance Sheet Position⁽⁹⁾	-	(1,220,500)	(1,815,353)	1,317,089	3,306,228	-	-	1,587,464
Receivables from Financial Derivative Instruments	-	203,956,338	118,865,785	100,326,621	126,818,907	74,737,789	-	624,705,440
Liabilities from Derivatives	-	205,176,838	120,681,138	99,009,532	123,512,679	74,737,789	-	623,117,976
Non-cash Loans⁽¹⁰⁾	-	9,505,824	12,673,090	47,177,532	16,537,040	1,174,972	29,361,472	116,429,930
Prior period								
Total Assets	110,244,737	287,756,934	96,030,623	190,511,507	192,715,421	93,956,474	16,600,871	987,816,567
Total Liabilities	213,530,963	313,273,095	136,822,996	191,760,639	24,198,727	12,633,223	95,596,924	987,816,567
Liquidity Excess/(Gap)	(103,286,226)	(25,516,161)	(40,792,373)	(1,249,132)	168,516,694	81,323,251	(78,996,053)	-
Net Off-Balance Sheet Position⁽⁹⁾	-	(202,422)	(3,932,353)	2,261,081	2,189,002	-	-	315,308
Receivables from Derivative Instruments	-	139,236,527	131,642,958	91,674,163	91,064,462	71,087,131	-	524,705,241
Liabilities from Derivative Instruments	-	139,438,949	135,575,311	89,413,082	88,875,460	71,087,131	-	524,389,933
Non-cash Loans⁽¹⁰⁾	-	7,522,893	14,448,578	39,591,926	13,000,054	1,178,206	27,122,663	102,864,320

(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 92,865,176 (December 31, 2023 – TRY 81,618,386), unallocated provisions amounting to TRY 9,781,066 (December 31, 2023 – TRY 11,836,884) and current tax liabilities amounting to TRY 3,547,224 (December 31, 2023 – TRY 2,141,659).

(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 19,105 (December 31, 2023 – TRY 18,072).

(3) Banks include balance of expected loss provisions amounting to TRY 11,163 (December 31, 2023 – TRY 12,423).

(4) Financial Assets at Fair Value Through Profit/Loss include TRY 13,702,974 (December 31, 2023 – TRY 8,915,253) derivative financial assets used for hedging purposes.

(5) Receivables from Money Markets placements includes the balance of expected loss provisions amounting to TRY 2,023 (December 31, 2023 – TRY 147)

(6) Financial Assets at Fair Value Through Other Comprehensive Income include TRY 7,005,238 (December 31, 2023 – TRY 4,082,459) derivative financial assets used for hedging purposes.

(7) Financial assets measured at amortized cost include TRY 20,308 (December 31, 2023 – TRY 25,998) of expected loss provisions.

(8) Other Liabilities include Derivative Financial Assets amounting to TRY 8,273,571 (December 31, 2023 – TRY 4,927,080).

(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)

The net stable funding ratio (NSFR), which is a complementary liquidity measurement method to the LCR that measures banks' resilience to short-term liquidity shocks and is calculated by taking maturity matching into account, was legally shared as of January 1, 2024. The BRSA has set out the principles and procedures for banks to ensure stable funding in order to prevent the deterioration of their liquidity levels due to the funding risk that they may be exposed to on a consolidated and unconsolidated basis in the long term. Pursuant to the "Regulation on Banks' Calculation of Net Stable Funding Ratio" published in the Official Gazette No. 32202 dated May 26, 2023, the three-month simple arithmetic average of the consolidated and unconsolidated net stable funding ratio calculated monthly as of the equity calculation periods cannot be less than 100% as of March, June, September and December.

NSFR is defined as the ratio of available stable funding (ASF) to required stable funding (RSF). The book values of assets and liabilities in accordance with IFRS are taken into account and weighted by multiplying the disclosure schedules published by the BRSA by the NSFR and GRF factors. Available stable funding is capital and liabilities that provide resources to the bank for more than 1 year. Required stable funding is a function of the maturity and liquidity capacity of the bank's assets and the liquidity risk arising from off-balance sheet transactions. Capital, long-term borrowings, and customer deposits constitute the largest weight in the bank's current stable funding.

Current Period	Unweighted Amount According to Residual Maturity				Total Weighted Amount Applied
	Demand	Residual Maturity Less than 6 Months	Residual Maturity of 6 Months and Longer But Less Than 1 Year	Residual Maturity of 1 Year and More	
Available Stable Funding					
1 Capital Instruments	137,314,157	-	-	-	137,314,157
2 Tier 1 and Tier 2 Capital	137,314,157	-	-	-	137,314,157
3 Other Capital Instruments	-	-	-	-	-
4 Real-person and Retail Customer Deposits	185,753,360	281,281,955	4,988,610	1,109,359	431,205,554
5 Stable Deposit/Participation Fund	11,666,507	93,943,138	1,688,075	414,254	102,326,375
6 Low Stable Deposit/Participation Fund	174,086,853	187,338,817	3,300,535	695,105	328,879,179
7 Obligations to Other Parties	7,043,877	215,598,706	279,844,396	17,059,226	160,503,362
8 Operational Deposit/Participation Fund	7,043,877	-	-	-	3,521,939
9 Other Obligations	-	215,598,706	279,844,396	17,059,226	156,981,423
10 Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11 Other Liabilities	7,062,371	-	-	19,723,849	-
12 Derivative Liabilities	-	-	-	7,062,371	-
13 All other equity not included in the above categories	-	-	-	19,723,849	-
14 Available Stable Funding					729,023,073
Required Stable Funding					
15 High Quality Liquid Assets	-	-	-	-	5,842,332
16 Depository Institutions or Deposit/Participation Fund Held at Financial Institutions for Operational Purposes	-	-	-	-	-
17 Performing Loans	348,226	364,895,390	148,883,454	275,358,610	484,920,858
18 Encumbered Loans to Financial Institutions, Where The Loan is Secured Against Level 1 Assets	-	29,088,351	-	24,561,725	28,923,175
19 Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	-	66,621,473	5,459,642	38,770,378
20 Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	335,807,039	82,261,981	242,028,296	414,758,561
21 Loans with a risk weight of less than or equal to 35%	-	-	-	-	-
22 Residential mortgages	-	-	-	2,589,872	1,683,417
23 Residential mortgages with a risk weight of less than or equal to 35%	-	-	-	-	-
24 Equity Instruments and Debt Instruments Traded on an Exchange that do not Have High-Quality Liquid Asset Characteristics	348,226	-	-	719,075	785,327
25 Assets equivalent to interconnected liabilities	-	-	-	-	-
26 Other Assets	79,649,312	-	-	-	79,293,781
27 Physical traded commodities, including gold	1,635,923	-	-	-	1,390,535
28 Initial Margin for Derivative Contracts or Guarantee Fund Given to Central Counterparty	-	-	-	734,286	624,143
29 Derivative Assets	-	-	-	10,489,963	10,489,963
30 Derivative Liabilities Before Deduction of Variation Margin	-	-	-	827,357	827,357
31 Other Assets not Included Above	65,961,783	-	-	-	65,961,783
32 Off-balance sheet commitments	-	-	912,735,963	-	45,636,798
33 Required Stable Funding					615,693,769
34 Net Stable Funding Rate (%)					118.41%

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

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

Prior Period	Unweighted Amount According to Residual Maturity				Total Weighted Amount Applied	
	Demand	Residual Maturity Less than 6 Months	Residual Maturity of 6 Months and Longer But Less Than 1 Year	Residual Maturity of 1 Year and More		
Available Stable Funding						
1	Capital Instruments	120,209,482	-	-	-	120,209,482
2	Tier 1 and Tier 2 Capital	120,209,482	-	-	-	120,209,482
3	Other Capital Instruments	-	-	-	-	-
4	Real-person and Retail Customer Deposits	154,183,744	279,923,393	6,130,313	766,307	401,154,561
5	Stable Deposit/Participation Fund	8,664,635	74,492,932	1,639,268	226,757	80,772,412
6	Low Stable Deposit/Participation Fund	145,519,109	205,430,461	4,491,045	539,550	320,382,149
7	Obligations to Other Parties	5,750,285	173,122,078	224,650,029	18,035,326	133,235,482
8	Operational Deposit/Participation Fund	5,750,285	-	-	-	2,875,142
9	Other Obligations	-	173,122,078	224,650,029	18,035,326	130,360,340
10	Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11	Other Liabilities	3,967,917	-	-	18,163,482	-
12	Derivative Liabilities	-	-	-	3,967,917	-
13	All other equity not included in the above categories	-	-	-	18,163,482	-
14	Available Stable Funding					654,599,525
Required Stable Funding						
15	High Quality Liquid Assets	-	-	-	-	6,153,547
16	Depository Institutions or Deposit/Participation Fund Held at Financial Institutions for Operational Purposes	-	-	-	-	-
17	Performing Loans	274,661	296,992,165	99,413,872	258,252,602	413,553,305
18	Encumbered Loans to Financial Institutions, Where The Loan is Secured Against Level 1 Assets	-	23,188,309	-	20,891,076	24,324,160
19	Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	-	26,414,576	8,462,750	21,670,038
20	Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	273,803,856	72,999,296	226,042,651	365,537,829
21	Loans with a risk weight of less than or equal to 35%	-	-	-	-	-
22	Residential mortgages	-	-	-	2,718,794	1,767,216
23	Residential mortgages with a risk weight of less than or equal to 35%	-	-	-	-	-
24	Equity Instruments and Debt Instruments Traded on an Exchange that do not Have High-Quality Liquid Asset Characteristics	274,661	-	-	137,331	254,062
25	Assets equivalent to interconnected liabilities	-	-	-	-	-
26	Other Assets	62,799,385	-	-	-	62,642,622
27	Physical traded commodities, including gold	433,897	-	-	-	368,813
28	Initial Margin for Derivative Contracts or Guarantee Fund Given to Central Counterparty	-	-	-	611,190	519,511
29	Derivative Assets	-	-	-	6,299,350	6,299,350
30	Derivative Liabilities Before Deduction of Variation Margin	-	-	-	492,708	492,708
31	Other Assets not Included Above	54,962,240	-	-	-	54,962,240
32	Off-balance sheet commitments	-	-	766,703,957	-	38,335,198
33	Required Stable Funding					520,684,672
34	Net Stable Funding Rate (%)					125.72%

Net stable funding ratio for the last three months including the reporting period was 121.62% (Last quarter of 2023: 126.00%).

The Bank's Net Stable Funding Ratio (NSFR) declined from 125.72% to 118.41% on a solo basis between December 2023 and March 2024, but remained above the legal limit (100%). The loan to deposit ratio decreased by 3.4% as the loan amount increased more than the deposit amount, leading to a decline in the ratio. The reason for the limited decline in the current period was the increase in the said ratio. On the other hand, the item that balances the NSFR in the direction of improvement is the Tier 1 capital balance, which increased in the 3-month period weighted with a 100% consideration rate within the available stable fund.

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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 5.77% (December 31, 2023 – 5.50%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

	Book Value	
	Current Period ^(*)	Prior Period ^(*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit (Assets deducted from capital stock)	1,066,923,433	928,220,222
Total risk amount related to Assets on Balance sheet	1,062,516,937	924,466,141
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	16,075,831	18,925,386
Potential credit risk amount of derivative financial instruments and credit derivatives	4,299,875	7,578,848
Total risk amount related to derivative financial instruments and credit derivatives	20,375,706	26,504,234
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	58	3,189
Risk amount sourcing from transactions mediated	661	14,069
Total risk amount related to financial transactions having security or commodity Collateral	719	17,258
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	874,337,751	765,927,842
(Adjustment amount sourcing from multiplying to credit conversion rates)	164,235,600	172,080,333
Total risk amount related to off-balance sheet transactions	710,102,151	593,847,509
Capital and Total Risk		
Core Capital	103,444,316	84,913,732
Amount of total risk	1,792,995,513	1,544,835,142
Financial leverage ratio		
Financial leverage ratio	5.77%	5.50%

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to Assets

1. a) Information on cash equivalents and the account of the CBRT

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	2,354,946	10,579,747	2,150,944	9,412,639
T.R. Central Bank	52,072,190	115,681,736	56,835,380	92,810,848
Other	644,184	1,743,765	807,073	562,827
Total	55,071,320	128,005,248	59,793,397	102,786,314

b) Information related to the account of the CBRT

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	25,838,722	47,445,061	41,053,357	34,030,574
Unrestricted Time Deposits	-	-	8,487,000	-
Restricted Time Deposits	26,233,468	68,236,675	7,295,023	58,780,274
Total	52,072,190	115,681,736	56,835,380	92,810,848

As of March 31, 2024 amount of TRY 19,105 (December 31, 2023 – TRY 18,072) provision provided for the account T.R. Central Bank.

As of March 31, 2024, The Bank maintains required reserves for its deposits and other liabilities in Turkish Lira, US Dollar, Euro, and gold.

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	-	-	-	-
Total	-	-	-	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	504,943	50,297	409,551	109,239
Swap Transactions	2,023,392	5,703,209	2,333,453	2,812,555
Futures Transactions	-	-	-	-
Options	23	425,461	716	75,573
Total	2,528,358	6,178,967	2,743,720	2,997,367

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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	2,534,484	362,027	47,396	805,465
Foreign	-	23,830,566	-	15,960,842
Foreign Head Offices and Branches	-	-	-	-
Total	2,534,484	24,192,593	47,396	16,766,307

As of March 31, 2024 amount of TRY 11,163 provision provided for the Bank account (December 31, 2023 – TRY 12,423).

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3,490,658	4,048,154	78,046	-
USA and Canada	14,564,084	7,649,932	-	-
OECD Countries (*)	2,260,731	866,040	3,061,123	3,025,514
Off-shore Banking Regions	-	-	-	-
Other	375,924	371,202	-	-
Total	20,691,397	12,935,328	3,139,169	3,025,514

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

(**) 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
Domestic Transactions	12,052	-	301,081	-
T.R Central Bank	-	-	-	-
Banks	12,052	-	301,081	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organization	-	-	-	-
Natural Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Natural Persons	-	-	-	-
Total	12,052	-	301,081	-

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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	35,926,786	-	18,555,820	-
Subject to repurchase agreements	8,318	19,101,052	5,472	9,855,238
Total	35,935,104	19,101,052	18,561,292	9,855,238

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

	Current Period	Prior Period
Debt securities	92,024,428	69,952,152
Quoted on a stock exchange (*)	92,024,428	69,952,152
Unquoted on a stock exchange	-	-
Share certificates	107	107
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	107	107
Impairment provision(-) (**)	(4,418,779)	(2,600,173)
Total	87,605,756	67,352,086

(*) The Eurobond Portfolio amounting to TRY 6,636,324 (December 31, 2023 – TRY 6,218,276) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009.

(**) As of March 31, 2024 amount of TRY 18,062 (December 31, 2023 – TRY 9,387) provision provided for financial assets measured at fair value through other comprehensive income account.

6. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	2,262,327	-	2,316,570
Corporate Shareholders	-	2,262,327	-	2,316,570
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	658,346	-	629,167	-
Total	658,346	2,262,327	629,167	2,316,570

(*) 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	Loans and Receivables Not Subject to restructuring	Restructured Loans and Receivables	
Loans and Receivables with Revised Contract Terms			Refinance	
Cash Loans				
Non-specialized Loans	601,449,912	49,744,893	87,015	26,847,849
Enterprise Loans	35,669,500	105,133	-	-
Export Loans	60,366,050	1,465,517	-	-
Import Loans	12,914	-	-	-
Loans Given to Financial Sector	8,234,867	176	-	-
Retail Loans	109,175,828	10,808,541	38,528	5,561,510
Credit Cards	165,530,418	19,592,163	-	6,758,811
Other	222,460,335	17,773,363	48,487	14,527,528
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	601,449,912	49,744,893	87,015	26,847,849

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

	Standard Loans	Loans Under Close Monitoring
Current Period		
Provision for 12 Month Expected Credit Losses	7,950,220	-
Significant Increase in Credit Risk	-	12,315,775
Prior Period		
Provision for 12 Month Expected Credit Losses	7,703,126	-
Significant Increase in Credit Risk	-	10,879,033

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

Cash Loans	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Loans with Restructured Loans
Short-term Loans	364,402,007	19,592,163	6,758,811
Medium and Long-term Loans	237,047,905	30,152,730	20,176,053
Total	601,449,912	49,744,893	26,934,864

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	24,066,064	80,091,546	104,157,610
Housing Loans	2,083	3,169,036	3,171,119
Automobile Loans	762	24,732	25,494
Personal Need Loans	24,063,219	76,897,778	100,960,997
Other	-	-	-
Consumer Loans-FC Indexed	-	243	243
Housing Loans	-	243	243
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	157,608,020	5,113,373	162,721,393
Installment	51,238,975	2,964,983	54,203,958
Non- Installment	106,369,045	2,148,390	108,517,435
Individual Credit Cards-FC	312,159	624	312,783
Installment	-	-	-
Non- Installment	312,159	624	312,783
Personnel Loans-TRY	78,469	210,328	288,797
Housing Loans	-	19	19
Automobile Loans	-	-	-
Personal Need Loans	78,469	210,309	288,778
Other	-	-	-
Personnel Loans-FC Indexed	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	343,243	6,740	349,983
Installment	127,619	2,506	130,125
Non-Installment	215,624	4,234	219,858
Personnel Credit Cards-FC	2,408	5	2,413
Installment	-	-	-
Non-Installment	2,408	5	2,413
Overdraft Accounts-TRY (Natural Persons)	20,217,630	920,127	21,137,757
Overdraft Accounts-FC (Natural Persons)	-	-	-
Total	202,627,993	86,342,986	288,970,979

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

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

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TRY	3,158,869	48,731,897	51,890,766
Real Estate Loans	-	361,436	361,436
Automobile Loans	69,684	1,803,584	1,873,268
Personal Need Loans	3,089,185	46,566,877	49,656,062
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	-	172,925	172,925
Real Estate Loans	-	682	682
Automobile Loans	-	-	-
Personal Need Loans	-	172,243	172,243
Other	-	-	-
Commercial Loans with Installment Facility – FC	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards –TRY	27,960,608	507,433	28,468,041
Installment	6,581,932	147,222	6,729,154
Non-Installment	21,378,676	360,211	21,738,887
Corporate Credit Cards –FC	26,724	55	26,779
Installment	-	-	-
Non-Installment	26,724	55	26,779
Overdraft Accounts-TRY (Legal Entities)	2,477,699	29,029	2,506,728
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	33,623,900	49,441,339	83,065,239

f) Allocation of loans by customers (*)

	Current Period	Prior Period
Public	4,778,597	4,463,025
Private	673,351,072	583,130,653
Total	678,129,669	587,593,678

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

g) Allocation of domestic and foreign loans (*)

	Current Period	Prior Period
Domestic Loans	675,476,660	585,238,968
Foreign Loans	2,653,009	2,354,710
Total	678,129,669	587,593,678

(*) 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	4,995,205	4,948,468
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	4,995,205	4,948,468

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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
Provisions		
Loans and Receivables with Limited Collectability	2,145,037	1,734,902
Doubtful Loans and Other Receivables	1,641,225	988,400
Uncollectible Loans and Receivables	5,912,145	5,698,767
Total	9,698,407	8,422,069

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Gross Amounts Before the Provisions	-	-	292,484
Restructured Loans	-	-	292,484
Prior Period			
Gross Amounts Before the Provisions	148	3,532	336,984
Restructured Loans	148	3,532	336,984

j.2) Movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period End Balance	2,326,796	1,364,262	6,763,416
Additions (+)	2,344,630	56,810	257,905
Transfers from Other Categories of Non-Performing Loans (+)	-	1,406,562	437,583
Transfers to Other Categories of Non-Performing Loans (-)	1,406,562	437,583	-
Collections (-)	352,215	187,502	426,311
Write-offs (-)	-	-	15,872
Debt Sales (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	2,912,649	2,202,549	7,016,721
Provision (-)	2,145,037	1,641,225	5,912,145
Net Balances on Balance Sheet	767,612	561,324	1,104,576

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

None (December 31, 2023 – 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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (Net)	767,612	561,324	1,104,576
Loans to Natural Persons and Legal Entities (Gross)	2,912,649	2,202,549	6,667,581
Provision (-)	2,145,037	1,641,225	5,563,005
Loans to Natural Persons and Legal Entities (Net)	767,612	561,324	1,104,576
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	349,140
Provision (-)	-	-	349,140
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	591,894	375,862	1,064,649
Loans to Natural Persons and Legal Entities (Gross)	2,326,796	1,364,262	6,486,482
Specific 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)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	276,934
Specific provision (-)	-	-	276,934
Other Loans and Receivables (Net)	-	-	-

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (Net)			
Interest Accruals and Valuation Differences	300,707	204,003	1,179,267
Provision (-)	111,051	96,134	798,443
Prior Period (Net)			
Interest Accruals and Valuation Differences	179,655	122,137	1,167,499
Provision (-)	85,245	64,254	800,396

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.

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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	21,405,369	-	19,956,890	149,001
Subject to repurchase agreements	25,020,149	29,224,437	4,753,009	25,309,928
Total	46,425,518	29,224,437	24,709,899	25,458,929

b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bond	76,366,018	29,818,255	72,305,609	29,088,903
Treasury Bill	-	-	-	-
Other Debt Securities	-	297,465	-	580,406
Total	76,366,018	30,115,720	72,305,609	29,669,309

c) Information on investment securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt Securities	76,366,018	30,244,943	72,305,609	29,788,256
Publicly-traded	76,366,018	30,244,943	72,305,609	29,788,256
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	76,366,018	30,244,943	72,305,609	29,788,256

d) Movement of investments measured at amortized cost within the period

	Current Period	Prior Period
Value at the beginning of the period	102,093,865	61,963,305
Exchange differences on monetary assets	2,706,431	11,129,111
Acquisitions during the year	1,798,945	33,404,616
Disposals through sales and redemptions	(4,616,947)	(23,033,396)
Provision for losses (-)	-	-
Valuation effect	4,628,667	18,630,229
The sum of end of the period	106,610,961	102,093,865

As of March 31, 2024, a provision amounting to TRY 20,308 (December 31, 2023 – TRY 25,998) 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

Title	Address (City/Country)	Bank's Share-If Different, Voting Rights(%)	Bank's Risk Group Share(%)
1. Bankalararası Kart Merkezi (BKM) (*)	Istanbul/Türkiye	4.52	4.52
2. JCR Avrasya Derecelendirme A.Ş. (**)	Istanbul/Türkiye	2.86	2.86
3. İhracatı Geliştirme A.Ş. (İGE) (**)	Istanbul/Türkiye	0.44	0.44
4. Kredi Garanti Fonu A.Ş. (KGF) (**)	Istanbul/Türkiye	1.49	1.49

	Total Assets	Shareholder's Equity	Total Fixed Assets(***)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	3,534,105	2,669,477	441,952	999,879	-	1,355,227	163,900	-
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 December 31, 2022 financials. Prior period profit and loss amounts are based on December 31, 2023 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, 2023 – None).

8.2. Movements of investments in associates

	Current Period	Prior Period
Balance at the Beginning of Period	53,722	45,477
Movements During the Period	-	8,245
Purchases	-	-
Bonus Shares Received (*)	-	571
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	7,674
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	53,722	53,722
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) 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

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	53,722	53,722
Total	53,722	53,722

8.4. Quoted Associates

None (December 31, 2023 – 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

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

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	379,241	15,985	113,455	-	-	6,288	4,314	-
2.	321,658	216,068	33,270	5,668	-	14,333	2,430	-

b) Information on the subsidiaries

b.1) Information on the subsidiaries

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value^(*)
1.	6,574,041	2,580,008	85,042	551,118	17,199	399,445	168,005	-
2.	27,498,864	2,643,547	48,665	1,216,654	4,887	163,352	153,362	2,627,688
3.	851,264	649,293	5,239	2,499	-	78,983	50,978	-
4.	15,355,347	2,727,002	37,738	1,472,408	-	249,111	149,773	-
5.	933,703	1,685	-	-	-	162	53	-
6.	6,413,237	1,919,828	119,708	148,729	51,414	365,273	133,878	-

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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.2) Movement of subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	9,789,830	3,490,203
Movements during the period	2,879,077	6,299,627
Purchases ^(*)	-	981,000
Bonus Shares Received	1,000,000	885,002
Dividends from Current Year Profit	-	-
Disposals	-	-
Revaluation Increase ^(**)	1,879,077	4,433,625
Impairment Provision	-	-
Balance at the End of the Period	12,668,907	9,789,830
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

^(*) 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.

^(**) Includes equity method accounting differences.

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

	Current Period	Prior Period
Factoring Companies	2,727,003	1,477,891
Leasing Companies	2,627,688	2,435,631
Finance Companies	4,254,591	3,310,198
Other Subsidiaries	3,059,625	2,566,110
Total	12,668,907	9,789,830

b.4) Consolidated subsidiaries quoted on stock exchange

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	2,627,688	2,435,631
Quoted on International Stock Exchanges	-	-
Total	2,627,688	2,435,631

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 (%)
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ^(*)	Istanbul/Türkiye	33.33	33.33
Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income
492,079	132,317	228,249	-
			Securities Income
			-
			Current Period Profit/Loss
			(4,081)
			Prior Period Profit/Loss
			(38,735)
			Company's Fair Value
			-

^(*) Current period information is presented as of February 29, 2024, and prior period profit and loss amounts are presented based on the financial statements prepared as of February 29, 2023.

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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, 2023 – None).

12. Information on the hedging derivative financial assets

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge ^(*)	3,761,104	1,234,545	2,889,729	284,437
Cash Flow Hedge ^(**)	2,677,050	4,328,188	1,126,544	2,955,915
Foreign Net Investment Hedges	-	-	-	-
Total	6,438,154	5,562,733	4,016,273	3,240,352

^(*) Derivative financial instruments for fair value hedging consist of swaps. As of March 31, 2024, TRY 3,761,104 (December 31, 2023 – TRY 2,889,729) from loans, TRY 1,234,545 (December 31, 2023 – TRY 284,437) of securities represents the fair value of derivatives which are designated as hedging instruments. In the current period; derivative financial instruments used in the fair value hedging of the securities issued have no fair value (December 31, 2023 – None).

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

13. Information on assets held for sale and discontinued operations

None (December 31, 2023 – None).

14. Information on Tax Asset

As of March 31, 2024, the Bank has TRY 6,469,742 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 March 31, 2024, the Bank has deferred tax assets amounting to TRY 12,546,628 and deferred tax liabilities amounting to TRY 6,076,806 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 585,393 has been netted under equity (December 31, 2023 – TRY 1,420,311 deferred tax asset).

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31.03.2024	31.12.2023	31.03.2024	31.12.2023
Provision for Employee Rights	2,437,270	2,780,360	731,181	834,108
Difference Between the Book Value of Financial Assets and Tax Base	2,976,890	4,869	893,067	1,461
Other ^(*)	36,407,934	33,696,367	10,922,380	10,108,910
Deferred Tax Assets			12,546,628	10,944,479
Differences Between Carrying Value and Tax Value of Tangible Fixed Assets	(102)	(278)	(31)	(83)
Differences Between Carrying Value and Tax Basis of Financial Assets	(14,977,084)	(12,030,273)	(4,493,125)	(3,609,082)
Other	(5,279,102)	(2,512,745)	(1,583,730)	(753,824)
Deferred Tax Liabilities			(6,076,886)	(4,362,989)
Deferred Tax Assets/(Liabilities), Net			6,469,742	6,581,490

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

	Current Period	Prior Period
	01.01-31.03.2024	01.01-31.03.2023
Deferred Tax as of January 1 Active/ Passive – Net	6,581,490	354,327
Deferred Tax (Loss) / Income	473,645	3,947,415
Deferred Tax that is Realized Under Shareholder's Equity	(585,393)	579,017
Deferred Tax Active/ (Passive) – Net	6,469,742	4,880,759

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2024

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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, 2023 – None).

16. 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 March 31, 2024, the Bank is provided provisions for other assets to TRY 22,113 (December 31, 2023 – TRY 22,683).

17. Accrued interest and income

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Instruments	8,966,512	11,741,700	6,759,993	6,237,719
Loans	15,573,438	5,755,630	12,295,976	5,197,443
Financial Assets measured at amortized cost	1,873,471	(1,103,635)	2,599,234	(853,858)
Financial Assets at Fair Value Through Other Comprehensive Income	5,981,995	383,822	11,085,004	497,745
Central Bank of Türkiye	-	-	81,415	-
Financial Assets at Fair Value Through Profit or Loss	44,231	16,511	25,252	19,156
Banks	31,470	-	46,630	-
Other Accruals	97,207	58,583	47,112	41,261
Total	32,568,324	16,852,611	32,940,616	11,139,466

II. Explanations and Disclosures Related to Liabilities

1. Information on maturity structure of deposits

Current Period	7							Accumulated Deposit Accounts	Total
	Demand	Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
Saving Deposits	29,849,850	-	55,900,946	62,674,760	61,212,267	58,369,323	9,641,869	1,244	277,650,259
Foreign Currency	162,669,278	-	18,195,751	41,140,064	2,551,281	739,888	1,225,246	7,190	226,528,698
Residents in Türkiye.	153,085,699	-	17,986,091	40,354,654	2,445,447	682,546	803,954	7,190	215,365,581
Residents Abroad	9,583,579	-	209,660	785,410	105,834	57,342	421,292	-	11,163,117
Public Sector Deposits	1,602,467	-	10,184	46,881	-	-	-	-	1,659,532
Commercial Deposits	21,382,593	-	32,776,117	21,180,279	17,868,014	16,674,502	10,057,420	-	119,938,925
Other Ins. Deposits	380,043	-	405,370	1,270,654	1,419,430	192,411	10,460	-	3,678,368
Precious Metal Deposits	45,794,262	-	138,750	75,844	12,216	-	741,851	-	46,762,923
Bank Deposits	335,865	-	13,223,210	9,994,683	2,264,531	2,640,334	-	-	28,458,623
T.R Central Bank.	-	-	-	-	-	-	-	-	-
Domestic Banks	1,845	-	353,026	-	-	-	-	-	354,871
Foreign Banks	334,020	-	12,870,184	9,994,683	2,264,531	2,640,334	-	-	28,103,752
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total⁽¹⁾	262,014,358	-	120,650,328	136,383,165	85,327,739	78,616,458	21,676,846	8,434	704,677,328

⁽¹⁾ As of March 31, 2024, the balance of savings deposits includes the amount of TRY 636,655 Treasury Currency Protected Deposits and TRY 113,387,615 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	Total
								Deposit Accounts	
Saving Deposits	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	-	-	-	-	-	-	-	-	-
Total^(*)	213,530,963	-	106,799,030	108,833,650	125,617,997	56,832,078	20,428,462	7,928	632,050,108

^(*) 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.

1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount of the deposits exceeding the insurance coverage limit ^(*)

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
	Saving Deposits	134,332,707	106,246,382	268,594,377
Foreign Currency Savings Deposits	78,299,071	54,536,106	194,992,550	165,361,405
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	212,631,778	160,782,488	463,586,927	445,683,719

^(*) 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 23,497,031 (December 31, 2023 – TRY 17,545,869) 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	15,260	14,370
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	1,027,069	924,939
Deposits obtained through illegal acts defined in the 282 nd 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	-	-
Total	1,042,329	939,309

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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 ^(*)		Prior Period	
	TRY	FC	TRY	FC
Forwards transactions	462,716	51,182	286,280	110,655
Swaps transactions	1,873,709	2,960,005	1,044,552	2,419,434
Futures transactions	-	-	-	-
Options	6,477	318,854	327	290,250
Other	-	-	-	-
Total	2,342,902	3,330,041	1,331,159	2,820,339

^(*) 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	593,712	520,138	473,527	459,973
Foreign Bank, Institutions and Funds	-	124,673,196	-	103,890,142
Total	593,712	125,193,334	473,527	104,350,115

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	593,712	38,174,683	473,527	24,879,230
Medium and Long-Term	-	87,018,651	-	79,470,885
Total	593,712	125,193,334	473,527	104,350,115

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 March 31, 2024 the Bank's liabilities comprise; 61% deposits (December 31, 2023 – 64%), 11% funds borrowed (December 31, 2023 – 11%), 6% issued bonds (December 31, 2023 – 6%) and 5% money market debts (December 31, 2023 – 3%).

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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
From domestic transactions	12,467,239	-	111,969	-
Financial institutions and organizations	12,453,268	-	100,346	-
Other institutions and organizations	8,300	-	6,243	-
Natural persons	5,671	-	5,380	-
From foreign transactions	216,464	41,204,252	189,980	27,736,364
Financial institutions and organizations	208,109	41,204,252	183,633	27,736,364
Other institutions and organizations	8,355	-	5,446	-
Natural persons	-	-	901	-
Total	12,683,703	41,204,252	301,949	27,736,364

5. Information on securities issued (Net)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	1,636,027	17,637,998	3,814,855	13,001,776
Bills	-	42,198,495	-	29,132,547
Total	1,636,027	59,836,493	3,814,855	42,134,323

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, 2023- None).

7.2. Explanations on financial lease liabilities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	59,063	45,467	43,397	35,660
Between 1 - 4 years	1,352,458	1,037,444	1,359,947	1,115,582
More than 4 years	-	-	-	-
Total	1,411,521	1,082,911	1,403,344	1,151,242

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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, 2023 – None).

8. Information on liabilities arising from hedging purpose derivatives

	Current Period ^(***)		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge ^(*)	-	163,710	-	301,174
Cash Flow Hedge ^(**)	418,070	2,018,848	105,202	369,206
Net Investment Hedge	-	-	-	-
Total	418,070	2,182,558	105,202	670,380

^(*) Derivative financial instruments used for fair value risk hedging purposes consist of swaps. As of March 31, 2024, 163,710 TL (as of December 31, 2023 - 147,019 TL) represents the fair value of derivative financial instruments used for hedging against the fair value risk of issued securities. As of March 31, 2024, there are no derivative financial liabilities for hedging against fair value risk of securities (as of December 31, 2023 - 154,155 TL).

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

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

9. Information on provisions

9.1. Provision for currency exchange Income/loss on foreign currency indexed loans

	Current Period	Prior Period
Foreign Exchange Provision for Foreign Currency Indexed Loans	-	-

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	1,544,064	1,859,894
Stage 2	30,317	50,405
Stage 3	30,233	27,904
Total	1,604,614	1,938,203

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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 March 31, 2024 the Bank presented the provision for severance pay of TRY 943,302 (December 31, 2023 – TRY 919,522) under the “Reserves for Employee Benefits” item in its financial statements.

As of March 31, 2024, the Bank has shown a total vacation liability of TRY 362,460 (December 31, 2023 – TRY 214,882) under the “Reserves for Employee Benefits” in its financial statements.

As of March 31, 2024 TRY 1,131,508 (December 31, 2023 – TRY 1,645,956) 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

	Current Period 01.01-31.03.2024	Prior Period 01.01-31.03.2023
As of January 1	919,522	1,145,986
Service Cost	36,146	33,057
Interest Cost	54,979	29,641
Settlement / curtailment / termination loss	35,235	753
Actuarial Difference	12,314	49,664
Paid during the period	(114,894)	(325,022)
Total	943,302	934,079

9.4. Information on other provisions

Except for those stated in footnote 9.3 above, other provisions amounting to TRY 339,182 (December 31, 2023 – TRY 318,321) 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.

Other provisions in the unconsolidated financial statements prepared as of March 31, 2024 include free provisions amounting to 5,400,000 TL, all of which were written off as expenses in the previous year by the Bank's management, outside the requirements of BRSA Accounting and Financial Reporting Legislation.

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 3,547,224 as of March 31, 2024 (December 31, 2023 – 2,141,659). As of March 31, 2024, the Bank's prepaid tax is amounting to TRY 41,496 (December 31, 2023 – TRY 26,773).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	3,547,224	2,141,659
Banking and Insurance Transaction Tax (BITT)	1,728,517	1,344,873
Taxation on Securities Income	456,288	285,284
Taxation on Real Estates Income	10,218	7,561
Other	267,657	237,171
Total	6,009,904	4,016,548

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.

**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)

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	154,373	103,907
Social Security Premiums - Employer Share	191,827	127,617
Unemployment Insurance - Employee Share	10,005	6,772
Unemployment Insurance - Employer Share	20,013	13,547
Total	376,218	251,843

11. Information on payables related to assets held for sale

None (December 31, 2023 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital	-	17,362,159	-	15,468,985
Subordinated Loans	-	17,362,159	-	15,468,985
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	12,920,298	-	11,479,871
Subordinated loans	-	2,843,814	-	2,528,610
Subordinated debt instruments	-	10,076,484	-	8,951,261
Total	-	30,282,457	-	26,948,856

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, 2023 – None).

13.4. Information on share capital increases from revaluation funds

None (December 31, 2023 – 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, 2023 – None).

QNB FİNANSBANK ANONİM ŞİRKETİ

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, 2023 – 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
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Measured at Fair Value Through Other Comprehensive Income (FVOCI)	(1,092,021)	(295,973)	(383,350)	(1,110,440)
Valuation Difference	(1,092,021)	(295,973)	(383,350)	(1,110,440)
Foreign Exchange Rate Difference	-	-	-	-
Total	(1,092,021)	(295,973)	(383,350)	(1,110,440)

16. Accrued interest and expenses

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Liabilities	2,760,972	5,512,599	1,436,361	3,490,719
Deposits	17,340,546	277,037	12,924,866	310,841
Funds Borrowed	28,517	2,508,235	19,730	1,548,650
Money Market Borrowings	100,985	522,861	16,905	509,179
Securities Issued	-	10,735,347	-	9,582,323
Other Accruals	1,358,011	1,355,077	1,143,176	1,234,481
Total	21,589,031	20,911,156	15,541,038	16,676,193

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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

	Current Period	Prior Period
Credit Cards Limit Commitments	465,188,390	376,605,042
Commitment For Use Guaranteed Credit Allocation	110,989,969	93,560,986
Forward, Asset Purchase Commitments	29,691,981	10,962,370
Other Irrevocable Commitments	11,271,661	6,177,238
Payment Commitments for Cheques	10,429,564	6,684,472
Commitments for Promotions Related with Credit Cards and Banking	218,397	211,656
Tax and Fund Liabilities due to Export Commitments	374,156	279,060
Total	628,164,118	494,480,824

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

A provision of TRY 1,604,614 (December 31, 2023 – TRY 1,938,203) 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

	Current Period	Prior Period
Bank Loans	13,741,605	13,059,090
Letters of Credit	14,368,844	11,561,897
Total	28,110,449	24,620,987

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

	Current Period	Prior Period
Final Letters of Guarantee	32,350,853	27,300,457
Advance Letters of Guarantee	19,588,624	16,887,172
Provisional Letters of Guarantee	1,526,738	1,165,597
Letters of Guarantee Given to Customs Offices	1,545,385	1,349,881
Other Letters of Guarantee	33,307,881	31,540,226
Total	88,319,481	78,243,333

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	13,334,859	13,691,699
Less Than or Equal to One Year with Original Maturity	520,585	428,986
More Than One Year with Original Maturity	12,814,274	13,262,713
Other Non-Cash Loans	103,095,071	89,172,621
Total	116,429,930	102,864,320

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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	(%)
Agricultural	319,050	0.58	5,504	0.01	244,389	0.50	-	-
Farming and Raising Livestock	250,461	0.45	5,504	0.01	167,207	0.34	-	-
Forestry	21,130	0.04	-	-	20,553	0.04	-	-
Fishing	47,459	0.09	-	-	56,629	0.12	-	-
Manufacturing	17,985,588	32.44	29,243,081	47.95	16,773,181	34.52	27,294,734	50.29
Mining and Quarrying	253,012	0.46	42,674	0.07	266,113	0.55	40,035	0.07
Production	16,490,819	29.75	28,621,654	46.93	15,420,248	31.74	26,788,571	49.36
Electricity, gas and water	1,241,757	2.24	578,753	0.95	1,086,820	2.24	466,128	0.86
Construction	10,920,281	19.70	11,807,958	19.36	9,320,457	19.18	10,709,626	19.73
Services	25,613,586	46.20	16,768,035	27.49	21,976,820	45.23	15,376,420	28.33
Wholesale and Retail Trade	16,710,018	30.14	6,255,899	10.26	14,842,936	30.55	6,380,976	11.76
Hotel, Food and Beverage								
Services	1,535,657	2.77	348,515	0.57	1,157,226	2.38	270,042	0.50
Transportation&Communication	953,513	1.72	538,331	0.88	873,419	1.80	1,208,576	2.23
Financial Institutions	3,548,808	6.40	7,648,334	12.54	3,294,322	6.78	5,791,946	10.67
Real Estate and Renting								
Services	61,767	0.11	34,802	0.06	12,538	0.03	6,515	0.01
Self Employment Services	1,522,340	2.75	1,091,557	1.79	1,177,719	2.42	915,500	1.69
Educational Services	30,598	0.06	-	-	35,652	0.07	-	-
Health and Social Services	1,250,885	2.26	850,597	1.39	583,008	1.20	802,865	1.48
Other	600,258	1.08	3,166,589	5.19	274,876	0.57	893,817	1.65
Total	55,438,763	100.00	60,991,167	100.00	48,589,723	100.00	54,274,597	100.00

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

	I. Group		II. Group	
	TRY	FC	TRY	FC
Current Period (*)				
Letters of Guarantee	49,932,426	36,703,147	600,290	1,053,385
Bills of Exchange and Acceptances	4,777,515	8,858,164	57,500	48,426
Letters of Credit	40,799	14,324,949	-	3,096
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-Cash Loans	54,750,740	59,886,260	657,790	1,104,907

(*) The amount of TRY 30,233 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

	I. Group		II. Group	
	TRY	FC	TRY	FC
Prior Period (*)				
Letters of Guarantee	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	-	-	-	-
Non-Cash Loans	48,114,088	52,924,296	447,731	1,350,301

(*) 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.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	693,068,757	536,290,471
Forward transactions ^(*)	132,938,702	62,546,387
Swap transactions	495,095,485	443,564,169
Futures transactions	20,677,042	15,572,793
Option transactions	44,357,528	14,607,122
Interest Related Derivative Transactions (II)	311,484,604	318,167,378
Forward rate transactions	-	-
Interest rate swap transactions	311,484,604	318,167,378
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	1,291,416	1,177,528
A.Total Trading Derivative Transactions (I+II+III)	1,005,844,777	855,635,377
Types of hedging transactions		
Fair value hedges	49,496,514	34,413,172
Cash flow hedges	222,174,106	170,008,995
Net investment hedges	-	-
B.Total Hedging Related Derivatives	271,670,620	204,422,167
Total Derivative Transactions (A+B)	1,277,515,397	1,060,057,544

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

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

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TRY	29,539,695	20,604,374	65,859,054	244,920,559	11,869,960	5,428,856	9,309,478	1,524,055	-
USD	30,989,072	30,225,844	360,442,203	212,323,139	5,973,716	11,724,708	1,368,062	7,740,780	1,291,416
Euro	5,173,480	6,470,872	49,367,514	79,931,569	4,334,636	4,825,497	-	-	-
Other	716,755	9,218,610	64,423,918	982,753	125,247	74,908	-	734,667	-
Total	66,419,002	66,519,700	540,092,689	538,158,020	22,303,559	22,053,969	10,677,540	9,999,502	1,291,416

(*) This column also includes hedging purpose derivatives.

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

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TRY	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	-
Total	32,133,882	30,412,505	482,297,853	483,855,861	7,742,508	6,864,614	8,006,635	7,566,158	1,177,528

(*) 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 March 31, 2024, the TRY installment loans amounting to TRY 15,427,054 (December 31, 2023 – TRY 725,780) were subject to hedge accounting by swaps with a nominal amount of TRY 6,545,890 (December 31, 2023 – TRY 1,102,305). On March 31, 2024, the net market valuation difference loss of TRY 30,202 arising from TRY 441,355 loss from the aforementioned loans (December 31, 2023 – TRY 92,934 income) and TRY 411,153 income from swaps (December 31, 2023 – TRY 85,593 loss), is shown under "Income/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 11,220 (December 31, 2023 – TRY 247,211 income) related to the loans that are ineffective for hedge accounting under "Income/Losses From Financial Derivatives Transactions" as loss 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, 2023 – USD 212,671 Million) were subject to hedge accounting by interest swaps of the same nominal value. On March 31, 2024, net market valuation difference loss of TRY 4,508 arising from, TRY 1,113,621 loss from aforementioned eurobonds (December 31, 2023 – TRY 17,532 loss) and TRY 1,109,113 income from swaps (December 31, 2023 – TRY 14,757 income), is shown under "Income/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, 2023 – 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, 2023 – USD 300 Million) are subject to hedge accounting with the same nominal amount of swaps. As of March 31, 2024, a net market valuation difference loss of TRY 1,300 consisting of TRY 37,133 loss from the aforementioned securities (December 31, 2023 – TRY 45,580 loss) and TRY 35,833 income from swaps (December 31, 2023 – TRY 39,605 income), is shown under "Income/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 915 Million (December 31, 2023 – 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 loss before tax amounting to TRY 802,328 (December 31, 2023 – TRY 166,065 income) has been accounted for under equity in the current period. The loss amounting to TRY 1,593 related to the ineffective portion is associated with the profit or loss statement (December 31, 2023 – TRY 531 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 7,120 Million (December 31, 2023 – TRY 5,724 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 278,351 (December 31, 2023 – TRY 395,810 loss) has been accounted for under equity in the current period. The loss of the ineffective portion amounting to TRY 795 is associated with the statement of profit or loss (December 31, 2023 – TRY 55 loss).

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 16,605,000 are subject to hedge accounting as hedging instruments (December 31, 2023 – TRY 1,405,000). As a result of the mentioned hedge accounting, fair value income before taxes amounting to TRY 183,239 are accounted for under equity during the current period (December 31, 2023 – TRY 24,571 income). The loss amounting to TRY 13 related to the ineffective portion is associated with the statement of profit or loss and other comprehensive income (December 31, 2023 – None).

As of the balance sheet date, swaps with a nominal amount of USD 1,470 Million (December 31, 2023 – USD 1,771 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 136 Million (December 31, 2023 – EUR 136 Million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value income before taxes amounting to TRY 2,661,744 (December 31, 2023 – TRY 347,876 loss) are accounted for under equity during the current period. The income amounting to TRY 25,526 (December 31, 2023 – TRY 15,970 income) 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 209 Million (December 31, 2023 – USD 217 Million) are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value income before tax amounting to TRY 93,936 (December 31, 2023 – TRY 249,573 loss) has been accounted for under equity in the current period. The income amounting to TRY 4,192 (December 31, 2023 – TRY 3,790 income) 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 24,787 (December 31, 2023 – TRY 57,575 loss) was transferred from the “Income/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 35,159 (December 31, 2023 – TRY 11,672 loss) from equity to the profit or loss statement related to terminated hedge accounting practices.

The measurements as of March 31, 2024, 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 March 31, 2024, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2023 – None).

As of March 31, 2024, “Other Derivative Financial Assets” with nominal amount of USD 40,000,000 (December 31, 2023 – USD 40,000,000) 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 68,630 (December 31, 2023 – TRY 74,155) 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 April 2024	
Long-Term Deposit Rating (FC)	B2	Long -Term Issuer Default Rating(FC)	B (Positive)
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+ (Positive)
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	Long-term priority unsecured debt	B
Denominated Debt Rating(FC)	Caa1 (hyb)	Denominated Debt	B-

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	24,244,070	1,674,291	5,638,455	674,271
Medium and Long-Term Loans	12,821,174	2,840,470	5,693,974	1,501,837
Non-Performing Loans	304,625	-	185,482	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total (*)	37,369,869	4,514,761	11,517,911	2,176,108

(*) 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 (*)	229,584	-	-	-
Domestic Banks	157,557	-	3,641	-
Foreign Banks	1,031	192,649	627	102,122
Foreign Headquarters and Branches	-	-	-	-
Total	388,172	192,649	4,268	102,122

(*) The interest income on Required Reserve amounting TRY 1,116,147 is not included into interest income on Banks (March 31, 2023 – TRY 169,783)

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

III. Explanations and Disclosures Related to the Statement of Profit or Loss and Other Comprehensive Income (Continued)

1. c) Information on interest income from securities portfolio

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	124,088	9,890
Financial Assets Measured at Fair Value through Other Comprehensive Income	5,306,672	391,069
Financial Assets Measured at Amortized Cost	5,752,808	474,537
Total	11,183,568	875,496
	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	33,569	5,648
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,337,971	158,234
Financial Assets Measured at Amortized Cost	3,399,949	279,199
Total	4,771,489	443,081

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. In parallel with this, the Bank determines the estimated inflation rate used in the valuation of the related securities. The estimated inflation rate used is updated during the year when deemed necessary. As of March 31, 2024, an annual rate of 40% has been taken into account for the estimated inflation rate used in the valuation of these securities. If the valuation of these CPI-indexed securities were made according to the reference index valid for March 31, 2024, the Bank's securities valuation differences under shareholders' equity would have decreased by TRY 295,352 after tax, and the net profit for the period would have increased by TRY 1,587,947 to TRY 11,451,492.

d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	240,268	181,598

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	65,060	2,839,126	17,177	1,063,541
T.R. Central Bank	-	-	-	-
Domestic Banks	48,768	12,105	16,224	7,940
Foreign Banks	16,292	2,827,021	953	1,055,601
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	65,060	2,839,126	17,177	1,063,541

(*) 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	18,422	51,254

c) Information on interest expense paid to securities issued

As of March 31, 2024 interest paid to securities issued is TRY 1,483,765 (March 31, 2023 – TRY 493,158).

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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		
Turkish Lira								
Bank Deposits	-	73,765	13,426	-	-	-	-	87,191
Saving Deposits	-	5,007,869	5,887,333	7,946,539	5,483,413	585,427	-	24,910,581
Public Sector Deposits	-	2,534	8,527	-	-	-	-	11,061
Commercial Deposits	-	3,305,138	1,629,169	1,913,685	1,496,990	668,018	-	9,013,000
Other Deposits	-	49,235	123,641	147,340	28,647	891	-	349,754
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	8,438,541	7,662,096	10,007,564	7,009,050	1,254,336	-	34,371,587
Foreign Currency								
Deposits	-	30,864	186,674	20,284	2,521	5,365	-	245,708
Bank Deposits	13	235,498	183,589	41,944	48,682	-	-	509,726
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	672	-	-	-	-	-	672
Total	13	267,034	370,263	62,228	51,203	5,365	-	756,106
Grand Total	13	8,705,575	8,032,359	10,069,792	7,060,253	1,259,701	-	35,127,693

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		
Turkish Lira								
Bank Deposits	-	21,306	7,077	-	-	-	-	28,383
Saving Deposits	-	1,738,091	2,587,625	2,848,227	99,198	85,873	-	7,359,014
Public Sector Deposits	-	1,148	78	-	2	-	-	1,228
Commercial Deposits	-	1,086,250	1,019,860	613,469	202,473	136,701	-	3,058,753
Other Deposits	-	16,830	115,596	22,681	11,456	1	-	166,564
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	2,863,625	3,730,236	3,484,377	313,129	222,575	-	10,613,942
Foreign Currency								
Deposits	-	998	13,458	231,230	12,232	12,586	-	270,504
Bank Deposits	1,138	83,494	63,524	32,426	54,932	-	-	235,514
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	774	-	-	-	-	-	774
Total	1,138	85,266	76,982	263,656	67,164	12,586	-	506,792
Grand Total	1,138	2,948,891	3,807,218	3,748,033	380,293	235,161	-	11,120,734

e) Information on interest expense on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expense on Repurchase Agreements (*)	489,934	635,547	108,253	195,144

(*) Includes "Interest on Money Market Transactions"

f) Information on lease expenses

	Current Period	Prior Period
Leasing Expenses	67,643	28,646

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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 liabilities

None (December 31, 2023 – None).

3. Information on dividend income

	Current Period	Prior Period
Financial Derivative Assets at Fair Value through Profit/Loss (FVTPL)	3,778	2,982
From Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other	-	-
Total	3,778	2,982

4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	25,009,772	13,151,448
Income on Capital Market Transactions	363,474	1,593,612
From Derivative Financial Instruments	12,546,786	5,037,536
Foreign Exchange Income	12,099,512	6,520,300
Trading Loss (-)	31,608,429	9,760,746
Losses on Capital Market Transactions	146,881	136,934
From Derivative Financial Instruments	24,378,002	4,602,549
Foreign Exchange Losses	7,083,546	5,021,263
Net Trading Income/Loss	(6,598,657)	3,390,702

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 cancelations in “Other Operating Income” account.

6. Provision for losses and other provision expenses

	Current Period	Prior Period
Expected Credit Loss	3,219,962	4,065,134
12 month expected credit loss (stage 1)	245,039	2,707,460
Significant increase in credit risk (stage 2)	1,437,781	1,237,645
Non-performing loans (stage 3)	1,537,142	120,029
Marketable Securities Impairment Expense	8,675	553
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	8,675	553
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other ^(*)	(1,685,339)	1,012,520
Total	1,543,298	5,078,207

(*) Includes free provision expense for possible risks amounting to TRY 1,400,000 (March 31, 2023 – TRY 600,000) reversed 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(*)	126,322	63,410
Depreciation Expenses of Fixed Assets	359,022	203,226
Amortization Expenses of Intangible Assets	157,638	77,371
Other Operating Expenses	1,800,191	1,388,396
<i>Leasing Expenses Related to TFRS 16 Exemptions</i>	<i>1,751</i>	<i>1,058</i>
<i>Maintenance Expenses</i>	<i>307,705</i>	<i>299,874</i>
<i>Advertisement Expenses</i>	<i>150,165</i>	<i>90,000</i>
<i>Other Expenses</i>	<i>1,340,570</i>	<i>997,464</i>
Loss on Sales of Assets	133	71
Other	1,164,194	563,486
Total	3,607,500	2,295,960

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

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

For the period ended March 31, 2024 net interest income in income items amounting to TRY 14,619,393 (March 31, 2023 – TRY 6,287,937), net fees and commission income amounting to TRY 9,675,619 (March 31, 2023 – TRY 1,964,056) and other operating income amounting to TRY 132,113 (March 31, 2023 – TRY 1,622,391) constitute an important part of the income.

9. Explanations on tax provision for continued and discontinued operations

9.1. Current period taxation benefit or charge and deferred tax benefit or charge

As of March 31, 2024, the Bank has recorded tax charge TRY 1,420,288 (March 31, 2023 – TRY 2,173,535) and a deferred tax loss of TRY 574,235 (March 31, 2023 – TRY 731,248) and a deferred tax income of TRY 1,747,868 (March 31, 2023 – TRY 4,678,663) from its continuing operations.

9.2. Explanations on operating profit/loss after taxes

None (December 31, 2023 – None).

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

Net profit of the Bank from continued operations is TRY 9,863,545 (March 31, 2023 – TRY 6,632,553)

11. Explanations on net income/loss for the period

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

None (December 31, 2023 – None).

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

None.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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)

11.3. Profit/loss attributable to minority rights in the accompanying unconsolidated financial statements.

None.

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

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

Fees and commissions from credit cards, transfers 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

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

VI. Explanations And Disclosures Related Statement of Cash Flows

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

VII. Explanations and Disclosures Related to the 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 March 31, 2024, the Bank’s risk group has deposits amounting to TRY 16,701,341 (December 31, 2023 – TRY 10,144,705), cash loans amounting to TRY 5,000,177 (December 31, 2023 – TRY 4,953,937) and non-cash loans amounting to TRY 2,799,468 (December 31, 2023 – TRY 2,790,533).

Current Period

Bank’s Risk Group ^(*)	Associates and Subsidiaries		Bank’s Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	4,948,468	385,274	-	2,316,570	5,469	88,689
Balance at the End of the Period	4,995,205	424,725	-	2,262,327	4,972	112,416
Interest and Commission Income	240,268	1,206	-	542	15,532	59

Prior Period

Bank’s Risk Group ^(*)	Associates and Subsidiaries		Bank’s Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
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	181,598	501	-	338	311	-

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

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

^(***) Prior Period Balance Represents March 31, 2023 balance.

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

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

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

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the Beginning of the Period	1,322,572	1,520,911	-	-	8,822,133	572,625
Balance at the End of the Period	1,829,776	1,322,572	-	-	14,846,565	8,822,133
Interest on deposits ^(***)	18,975	51,254	-	-	210,312	1,157

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

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

^(***) Prior Period Balance Represents March 31, 2023 balance.

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

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	2,088,948	747,471	-	-	-	-
End of the Period	2,755,447	2,088,948	-	-	-	-
Total Income/Loss ^(***)	(8,505)	5,087	-	21	-	48
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss ^(***)	-	-	-	-	-	-

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

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

^(***) Prior Period Balance Represents March 31, 2023 balance.

1.4. Information on benefits provided to top management

As of March 31, 2024, the total amount of remuneration and bonuses paid to top management of the Bank is TRY 365,995 (March 31, 2023 – TRY 243,261).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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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 March 31, 2024, cash loans of the risk group represented 0.7% of the Bank's total cash loans (December 31, 2023 – 0.8%), the deposits represented 2.4% of the Bank's total deposits (December 31, 2023 – 1.6%) and derivative transactions represented 0.2% of the Bank's total derivative transactions (December 31, 2023 – 0.2%).

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 March 31, 2024, the Bank has net finance lease liabilities to QNB Finans Finansal Kiralama A.Ş. amounting to TRY 3,312 (December 31, 2023 – TRY 4,305) 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.

The bank provides insurance services to QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., a company within its risk group, and acts as an agent for securities trading for QNB Finans Yatırım Menkul Değerler A.Ş.

VIII. 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

None.

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

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

3. Other matters

None.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION SIX

INTERIM REVIEW REPORT

I. Explanations on the Interim Review Report

The unconsolidated financial statements for the period ended March 31, 2024 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated April 29, 2024 is presented preceding the unconsolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None (December 31, 2023 – None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION SEVEN

UNCONSOLIDATED INTERIM ACTIVITY REPORT

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

Message by the Chairman

Dear shareholders,

The first quarter of the year 2024 marked numerous major developments both in Türkiye and abroad. Although we went through a challenging period with Türkiye's agenda, especially economic fluctuations, geopolitical events and elections, our Bank left behind the first quarter of the year with robust financial results. Although the rising interest rates in the three months of the year have created some difficulties for banks, individuals, and institutions, they are a step in the right direction to combat inflation, which is our biggest economic problem. We are assured that the economic policy that is already being implemented will maintain stability.

Even with the uncertainties dominating the financial markets, our Bank successfully completed the first quarter of the year. As of 31 March 2024, our Bank's total assets grew by 16 percent compared to the year-end of 2023, reaching TL 1 trillion 145 billion 846 million. In the same period, net loans recorded an increase of 16 percent, reaching TL 660 billion 297 million; and customer deposits rose by 12 percent, reaching TL 676 billion 219 million. In the first three months of the year 2024, net profit of our Bank realized at TL 9 billion 863 million.

We believe that the tightening policies will continue in the upcoming period with the aim to effectively combat inflation. Along with rising interest rates and developments in the banking sector, we will continue to sustain our quality service by further building on our customer relationships.

At QNB Finansbank, we are resolute in boosting our financial performance and continuing our social contributions. In the first quarter of 2024, in cooperation with Mimar Sinan Fine Arts University and Istanbul Painting and Sculpture Museum, we presented the bronze cast statue of one of our sculptors, Zühtü Müridoğlu, to the public in memory of the 100th anniversary of our Republic. This project, named 'Our gift to the 100th anniversary of our Republic', emphasized the importance of arts and culture in our social life.

Our forward-looking strategies, customer-oriented approach, and responsibilities to society make us even stronger. Together, we will work to achieve a better future.

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

Message by the General Manager

Dear Shareholders,

The first quarter of 2024 marked important economic and political developments both in Türkiye and abroad. Increasing geopolitical risks and ongoing international conflicts have increased uncertainty by exerting pressure on economic growth and markets. In Türkiye, local elections, new economic policies, and the fight against inflation stood out among the determining factors of this period.

We have entered into a period, in which our country will not have an election agenda for a long time ahead. On the other hand, policies implemented by the economy management to combat inflation are carried out decisively. Both the Central Bank and the economy management ensure the normalization of the markets by their decisions. We will see more evidently the positive effects on the markets and the economy with the effective application of fiscal and monetary policy and the start of the disinflation process. For this reason, we expect to further experience the effects of the tightening steps in fiscal policies this year.

At QNB Finansbank, after successfully completing 2023, we continued our steady growth and uninterrupted contribution to the Turkish economy in the first quarter of this year. As of 31 March 2024, our Bank's total assets grew by 16 percent compared to the year-end of 2023, reaching TL 1 trillion 145 billion 846 million. In the same period, net loans rose by 16%, reaching TL 660 billion 297 million, and customer deposits increased by 12%, reaching TL 676 billion 219 million. Our Bank's net profit for the first quarter of 2024 realized at TL 9 billion 863 million.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

In addition to our financial achievements in banking activities, we also undertook important projects in line with responsible banking principles regarding digitalization and sustainability.

In the first quarter of the year, we achieved the 'A' grade in the CDP Climate Change Program, which proves our bank sustains its environmental and social responsibilities in the international arena. We will further support these achievements within the framework of our banking performance, social responsibility projects, and sustainability vision.

Our 'Digital Bridge Anatolia Meetups' event continues to be an important platform for guiding legal entities on digital transformation and the green transition. With such events, we aim to contribute to economic growth as well as digital and green transformation across Türkiye.

Staying true to our 'Becoming One with the World' vision, we will focus on new business strategies, sustainability, and digital transformation. We will strive to both diversify our financial services and create positive social and environmental changes.

I would like to thank our employees, customers, all our business partners and you, our valued investors, for supporting us in this successful journey. Your support enables QNB Finansbank to become stronger every day.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

Summary Financial Belonging to the Period of March 31, 2024

Principal Financial Indicators (Million TRY)	March 31, 2024	December 31, 2023
Total Loans	660,297	571,044
Securities	197,939	171,782
Total Assets	1,145,846	987,817
Customer Deposits	676,219	606,466
Equity	92,865	81,618
	March 31, 2024	March 31, 2023
Net interest income	14,619	6,288
Net fees and commission income	9,676	1,964
Provision loans and other Receivables (-)	(1,543)	(5,078)
Profit before tax	10,110	4,859
Tax Provision	(247)	1,774
Net profit for the period	9,863	6,633

As of March 31, 2024, compared to 2023 year-end assets of the Bank increased by 16% and realized TRY 1 trillion 145 billion and 846 million. When compared with the end of year 2023, total loans increased by 16% and reached TRY 660 billion and 297 million while Customer Deposits increased by 12% and realized by TRY 676 billion and 219 million.

In the first three months of 2024, the Bank's net interest income has reached TRY 14 billion 619 million, while its net fee and commission income has been TRY 9 billion 676 million. The Bank's profit before tax was TRY 10 billion 110 million and its net profit for the period was TRY 9 billion 863 million.

Total shareholders' equity increased by 14% compared with the end of the year and reached to TRY 92 billion 865 million. The capital adequacy ratio of the Bank has been realized as 14.70% as of March 31, 2024.

As of March 31, 2024 the Bank has 11,956 personnel and 436 branches.

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

Assets

The bank which is continuing its customer-oriented activities in 2024, sustained to grow especially in corporate and commercial loans. As of March 31, 2024, total performing loans increased by 16% and reached TRY 660 billion 297 million while total unconsolidated assets increased by 16% and reached TRY 1 trillion 145 billion and 846 million compared to the end of the prior year.

Liabilities

As of March 31, 2024, the Bank's total customer deposits increased by 12% compared to the end of 2023 and reached TRY 676 billion 219 million, while its shareholders' equity increased by 14% compared to the end of 2023 and reached TR 92 billion 865 million.

Profitability

In the first three months of 2024, the Bank's net interest income reached TRY 14 billion 619 million, while its net fee and commission income was TRY 9 billion 676 million. Net profit for the period was TRY 9 billion 863 million.

The Bank operates with 11,956 employees.

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UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

Solvency

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

General Grants realized during the Period

General grants realized as of March 31, 2024 was TRY 3,165.

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