QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT SEPTEMBER 30, 2023 TOGETHER WITH AUDITOR'S INTERIM REVIEW REPORT

AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of QNB Finansbank Anonim Şirketi;

Introduction

We have reviewed the consolidated balance sheet of QNB Finansbank Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 September 2023 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the nine-month period then ended. The Group 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 1 November 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 this interim consolidated 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.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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Basis for the Qualified Conclusion

As explained in Section Five Part II 9.5 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as of 30 September 2023 include a free provision amounting to TRY 5,400,000 thousand which was provided in prior year by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Qualified Conclusion

Based on our review, except for the effects of the matter on the consolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying consolidated financial information do not present fairly in all material respects the consolidated financial position of QNB Finansbank A.Ş. and its consolidated subsidiaries at 30 September 2023 and its consolidated operations and its consolidated cash flows for the nine-month period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 September 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Talar Gül, SMMM
Partner

Istanbul, 26 October 2023

THE CONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

The Parent Bank's;

Address of the Head Office	:	Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL
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Web page	:	www.qnbfinansbank.com
E-mail address	:	investor.relations@qnbfinansbank.com

The consolidated financial report for the nine months period ended September 30, 2023, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

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

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

Subsidiaries

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

Structured Entities

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

The consolidated financial statements and related disclosures and footnotes for the nine months period ended September 30, 2023, are prepared in accordance with the Regulation on Principles Related to Banks' Accounting Applications and Preserving the Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless stated otherwise, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira (TRY)**.

Mehmet Ömer Arif Aras
Chairman of
the Board of Directors

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

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

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

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

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

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

Ercan Sakarya
Director of Financial, Statutory
Reporting and
Treasury Control

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

Name - Surname/Title	:	Elif Akan / Financial Reporting Manager
Phone Number	:	(0 212) 318 57 80
Facsimile Number	:	(0 212) 318 55 78

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SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

It was established in Istanbul on October 26, 1987 under the title of QNB Finansbank Anonim Şirketi ("Parent Bank" or "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") (formerly known as Istanbul Stock Exchange ("ISE")) since 1990.

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

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

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

Cigna Finans Emeklilik ve Hayat A.Ş. (Cigna Finans Emeklilik) as of June 2, 2023, its brand name has been changed to QNB Sigorta and its trade name has been changed to QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş.

99.88% of shares of Parent Bank are controlled by Qatar National Bank as of September 30, 2023 and remaining 0.12% of related shares are public shares.

50% of QNB shares, which is the first commercial bank of Qatar founded in 1964 and has been traded at Qatar Stock Exchange since 1997, are owned by Qatar Investment Authority while 50% of related shares are public shares. QNB is operating over 28 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	PhD
Yousef Mahmoud H. N. Al-Neama	Deputy Chairman and Executive Member	May 28, 2019	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
Ahmet Erzengin	Head of the Department of Internal Control and Compliance	September 12, 2012	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

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

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

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

V. Explanations on the Parent Bank's Services and Activities

The Parent Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of September 30, 2023, the Parent Bank operates through 434 domestic (December 31, 2022 – 434), 1 foreign (December 31, 2022 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2022 – 1) branches. As of September 30, 2023, the Group has 14,212 (December 31, 2022 – 13,021) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

I. CONSOLIDATED BALANCE SHEET – ASSETS

			Current Period 30.09.2023			Prior Period 31.12.2022		
		Section 5 Part I	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	**FINANCIAL ASSETS (Net)**		**103,340,375**	**131,596,239**	**234,936,614**	**68,912,958**	**109,703,251**	**178,616,209**
1.1	**Cash and Cash Equivalents**		**50,684,710**	**110,248,967**	**160,933,677**	**20,873,217**	**93,254,542**	**114,127,759**
1.1.1	Cash and Balances with The Central Bank	(1)	43,272,368	97,951,176	141,223,544	9,719,857	84,817,934	94,537,791
1.1.2	Banks	(3)	1,366,062	12,315,642	13,681,704	3,127,925	8,015,778	11,143,703
1.1.3	Receivables From Money Market	(4)	6,060,000	-	6,060,000	8,040,936	427,044	8,467,980
1.1.4	Expected Credit Losses (-)		13,720	17,851	31,571	15,501	6,214	21,715
1.2	**Financial Assets Measured at Fair Value through Profit/Loss**	**(2)**	**5,853,250**	**954,090**	**6,807,340**	**1,069,093**	**549,922**	**1,619,015**
1.2.1	Public Sector Debt Securities		3,052,198	271,740	3,323,938	436,626	239,920	676,546
1.2.2	Equity Securities		734,953	179,814	914,767	535,326	-	535,326
1.2.3	Other Financial Assets		2,066,099	502,536	2,568,635	97,141	310,002	407,143
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income**	**(5)**	**36,781,964**	**12,841,462**	**49,623,426**	**29,672,154**	**10,585,327**	**40,257,481**
1.3.1	Public Sector Debt Securities		36,772,770	12,841,462	49,614,232	29,662,961	10,468,015	40,130,976
1.3.2	Equity Securities		9,194	-	9,194	9,193	117,312	126,505
1.3.3	Other Financial Assets		-	-	-	-	-	-
1.4	**Derivative Financial Assets**	**(12)**	**10,020,451**	**7,551,720**	**17,572,171**	**17,298,494**	**5,313,460**	**22,611,954**
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss		7,924,107	5,151,865	13,075,972	12,467,643	3,275,585	15,743,228
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		2,096,344	2,399,855	4,496,199	4,830,851	2,037,875	6,868,726
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST(Net)**		**425,027,552**	**199,544,456**	**624,572,008**	**289,882,206**	**135,165,998**	**425,048,204**
2.1	**Loans**	**(6)**	**355,705,641**	**163,531,551**	**519,237,192**	**247,116,343**	**109,023,513**	**356,139,856**
2.2	**Lease Receivables**	**(11)**	**6,874,078**	**13,819,888**	**20,693,966**	**4,588,489**	**10,018,732**	**14,607,221**
2.3	**Factoring Receivables**	**(7)**	**13,198,472**	**678,799**	**13,877,271**	**9,129,082**	**464,403**	**9,593,485**
2.4	**Other Financial Assets Measured at Amortized Cost**	**(8)**	**66,430,265**	**28,464,695**	**94,894,960**	**41,598,971**	**20,364,334**	**61,963,305**
2.4.1	Government Debt Securities		66,430,265	28,353,046	94,783,311	41,598,971	19,872,597	61,471,568
2.4.2	Other Financial Assets		-	111,649	111,649	-	491,737	491,737
2.5	**Expected Credit Losses (-)**		**17,180,904**	**6,950,477**	**24,131,381**	**12,550,679**	**4,704,984**	**17,255,663**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(15)**	**-**	**-**	**-**	-	-	-
3.1	Held for sale		-	-	-	-	-	-
3.2	Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS**		**180,256**	**-**	**180,256**	**462,086**	**-**	**462,086**
4.1	**Investment in Associates (Net)**	**(9)**	**49,410**	**-**	**49,410**	**45,477**	**-**	**45,477**
4.1.1	Equity Method Associates		-	-	-	-	-	-
4.1.2	Unconsolidated		49,410	-	49,410	45,477	-	45,477
4.2	**Investment in Subsidiaries (Net)**		**128,046**	**-**	**128,046**	**128,046**	**-**	**128,046**
4.2.1	Unconsolidated Financial Investments		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments		128,046	-	128,046	128,046	-	128,046
4.3	**Equity Under Common Control (Joint Ventures) (Net)**	**(10)**	**2,800**	**-**	**2,800**	**288,563**	**-**	**288,563**
4.3.1	Equity method associates		-	-	-	285,763	-	285,763
4.3.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
V.	**TANGIBLE ASSETS (Net)**		**5,673,344**	**524**	**5,673,868**	**4,790,853**	**94**	**4,790,947**
VI.	**INTANGIBLE ASSETS (Net)**		**3,698,184**	**-**	**3,698,184**	**1,054,534**	**-**	**1,054,534**
6.1	Goodwill		-	-	-	-	-	-
6.2	Others		3,698,184	-	3,698,184	1,054,534	-	1,054,534
VII.	**INVESTMENT PROPERTIES (Net)**	**(13)**	-	-	-	-	-	-
VIII.	**CURRENT TAX ASSET**		**-**	**-**	**-**	**101,935**	**-**	**101,935**
IX.	**DEFERRED TAX ASSET**	**(14)**	**6,237,745**	**-**	**6,237,745**	**563,762**	**-**	**563,762**
X.	**OTHER ASSETS (Net)**	**(16)**	**17,166,832**	**1,708,888**	**18,875,720**	**9,502,136**	**1,004,001**	**10,506,137**
	TOTAL ASSETS		**561,324,288**	**332,850,107**	**894,174,395**	**375,270,470**	**245,873,344**	**621,143,814**

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

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

				Current Period 30.09.2023			Prior Period 31.12.2022	
		Section 5 Part II	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	**DEPOSITS**	**(1)**	**338,336,344**	**221,786,547**	**560,122,891**	**234,983,599**	**157,779,523**	**392,763,122**
II.	**FUNDS BORROWED**	**(3)**	**9,988,886**	**93,144,965**	**103,133,851**	**6,196,254**	**49,021,103**	**55,217,357**
III.	**MONEY MARKET BORROWINGS**	**(4)**	**17,213,012**	**17,829,055**	**35,042,067**	**1,344,833**	**21,733,804**	**23,078,637**
IV.	**SECURITIES ISSUED (NET)**	**(5)**	**5,436,369**	**28,864,547**	**34,300,916**	**8,732,587**	**23,284,322**	**32,016,909**
4.1	Bills		4,916,137	8,937,910	13,854,047	8,418,087	5,911,335	14,329,422
4.2	Asset Backed Securities		520,232	-	520,232	314,500	-	314,500
4.3	Bonds		-	19,926,637	19,926,637	-	17,372,987	17,372,987
V.	**FUNDS**		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS (NET)**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**1,812,388**	**5,046,290**	**6,858,678**	**3,008,663**	**3,706,325**	**6,714,988**
7.1	Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)	(2)	1,786,129	4,477,974	6,264,103	3,008,663	3,260,937	6,269,600
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	26,259	568,316	594,575	-	445,388	445,388
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**(7)**	**769,700**	**218**	**769,918**	**741,286**	**336**	**741,622**
X.	**PROVISIONS**	**(9)**	**11,343,687**	**1,162,721**	**12,506,408**	**8,803,052**	**293,969**	**9,097,021**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		2,525,845	28,673	2,554,518	2,578,626	18,146	2,596,772
10.3	Insurance Technical Provisions (Net)		1,593,708	942,491	2,536,199	-	-	-
10.4	Other Provisions		7,224,134	191,557	7,415,691	6,224,426	275,823	6,500,249
XI.	**CURRENT TAX LIABILITY**	**(10)**	**6,607,833**	**-**	**6,607,833**	**2,843,483**	**-**	**2,843,483**
XII.	**DEFERRED TAX LIABILITY**		-	-	-	-	-	-
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(11)**	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(12)**	**-**	**25,718,967**	**25,718,967**	**-**	**17,127,724**	**17,127,724**
14.1	Subordinated Loans		-	25,718,967	25,718,967	-	17,127,724	17,127,724
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	**OTHER LIABILITIES**		**28,808,072**	**14,103,436**	**42,911,508**	**19,815,961**	**17,450,858**	**37,266,819**
XVI.	**SHAREHOLDERS' EQUITY**		**66,161,590**	**39,768**	**66,201,358**	**44,948,075**	**(671,943)**	**44,276,132**
16.1	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		(656,084)	-	(656,084)	(672,157)	-	(672,157)
16.4	Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		611,029	39,768	650,797	4,054,334	(671,943)	3,382,391
16.5	Profit Reserves		38,203,368	-	38,203,368	20,979,569	-	20,979,569
16.5.1	Legal Reserves		861,957	-	861,957	771,685	-	771,685
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		37,341,411	-	37,341,411	20,207,884	-	20,207,884
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		24,636,915	-	24,636,915	17,223,799	-	17,223,799
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		24,636,915	-	24,636,915	17,223,799	-	17,223,799
16.7	Minority Interest		15,648	-	15,648	11,816	-	11,816
	TOTAL LIABILITIES		**486,477,881**	**407,696,514**	**894,174,395**	**331,417,793**	**289,726,021**	**621,143,814**

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

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

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

			Current Period 30.09.2023			Prior Period 31.12.2022		
		Section 5 Part III	TRY	FC	TOTAL	TRY	FC	TOTAL
A.	**OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**782,357,204**	**795,394,353**	**1,577,751,557**	**480,095,115**	**600,797,641**	**1,080,892,756**
I.	**GUARANTEES**	**(1), (2), (3), (4)**	**44,653,822**	**48,673,120**	**93,326,942**	**29,655,581**	**35,538,119**	**65,193,700**
1.1.	Letters of guarantee		40,191,807	29,390,841	69,582,648	25,589,026	20,031,380	45,620,406
1.1.1.	Guarantees subject to State Tender Law		981,163	263,950	1,245,113	884,755	188,383	1,073,138
1.1.2.	Guarantees given for foreign trade operations		18,169,522	29,126,891	47,296,413	12,326,430	19,842,997	32,169,427
1.1.3.	Other letters of guarantee		21,041,122	-	21,041,122	12,377,841	-	12,377,841
1.2.	Bank loans		4,412,538	9,320,274	13,732,812	4,028,331	9,696,287	13,724,618
1.2.1.	Import letter of acceptance		4,412,538	9,320,274	13,732,812	4,028,331	9,696,287	13,724,618
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		49,477	9,962,005	10,011,482	38,224	5,810,452	5,848,676
1.3.1.	Documentary letters of credit		49,477	9,193,212	9,242,689	38,224	5,228,027	5,266,251
1.3.2.	Other letters of credit		-	768,793	768,793	-	582,425	582,425
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		**499,165,216**	**104,671,865**	**603,837,081**	**252,607,322**	**24,746,561**	**277,353,883**
2.1.	Irrevocable commitments	(1)	403,347,006	10,600,264	413,947,270	172,054,958	23,241,741	195,296,699
2.1.1.	Forward asset purchase commitments		4,905,332	9,422,266	14,327,598	4,018,129	10,831,566	14,849,695
2.1.2.	Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3.	Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4.	Loan garanting commitments		77,806,457	2,738	77,809,195	47,343,805	1,870	47,345,675
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		6,507,062	-	6,507,062	3,895,823	-	3,895,823
2.1.8.	Tax and fund liabilities from export commitments		246,845	-	246,845	118,666	-	118,666
2.1.9.	Commitments for credit card expenditure limits		308,710,671	-	308,710,671	111,928,372	-	111,928,372
2.1.10.	Commitments for promotions related with credit cards and banking activities		181,797	-	181,797	109,533	-	109,533
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		4,988,842	1,175,260	6,164,102	4,640,630	12,408,305	17,048,935
2.2.	Revocable commitments		95,818,210	94,071,601	189,889,811	80,552,364	1,504,820	82,057,184
2.2.1.	Revocable loan granting commitments		94,276,857	92,366,876	186,643,733	79,347,287	-	79,347,287
2.2.2.	Other revocable commitments		1,541,353	1,704,725	3,246,078	1,205,077	1,504,820	2,709,897
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(5), (6)**	**238,538,166**	**642,049,368**	**880,587,534**	**197,832,212**	**540,512,961**	**738,345,173**
3.1	Derivative financial instruments for hedging purposes		10,568,556	143,823,217	154,391,773	22,065,418	128,742,067	150,807,485
3.1.1	Fair value hedge		1,271,241	31,940,415	33,211,656	6,235,235	36,659,431	42,894,666
3.1.2	Cash flow hedge		9,297,315	111,882,802	121,180,117	15,830,183	92,082,636	107,912,819
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		227,969,610	498,226,151	726,195,761	175,766,794	411,770,894	587,537,688
3.2.1	Forward foreign currency buy/sell transactions		18,203,242	23,847,654	42,050,896	10,544,244	19,818,125	30,362,369
3.2.1.1	Forward foreign currency transactions-buy		17,549,532	4,117,548	21,667,080	10,071,714	5,490,339	15,562,053
3.2.1.2	Forward foreign currency transactions-sell		653,710	19,730,106	20,383,816	472,530	14,327,786	14,800,316
3.2.2	Swap transactions related to foreign currency and interest rates		193,400,435	449,628,599	643,029,034	105,687,546	326,800,908	432,488,454
3.2.2.1	Foreign currency swap-buy		387,958	176,983,875	177,371,833	6,624,797	132,828,947	139,453,744
3.2.2.2	Foreign currency swap-sell		102,565,079	75,877,424	178,442,503	60,927,351	75,886,225	136,813,576
3.2.2.3	Interest rate swaps-buy		45,223,699	98,383,650	143,607,349	19,067,699	59,042,868	78,110,567
3.2.2.4	Interest rate swaps-sell		45,223,699	98,383,650	143,607,349	19,067,699	59,042,868	78,110,567
3.2.3	Foreign currency, interest rate and securities options		9,407,530	9,464,955	18,872,485	58,709,719	58,732,290	117,442,009
3.2.3.1	Foreign currency options-buy		6,297,005	3,351,731	9,648,736	45,910,391	13,322,787	59,233,178
3.2.3.2	Foreign currency options-sell		3,110,525	6,113,224	9,223,749	12,799,328	45,409,503	58,208,831
3.2.3.3	Interest rate options-buy		-	-	-	-	-	-
3.2.3.4	Interest rate options-sell		-	-	-	-	-	-
3.2.3.5	Securities options-buy		-	-	-	-	-	-
3.2.3.6	Securities options-sell		-	-	-	-	-	-
3.2.4	Foreign currency futures		6,958,403	6,519,944	13,478,347	825,285	792,923	1,618,208
3.2.4.1	Foreign currency futures-buy		6,958,403	-	6,958,403	-	792,923	792,923
3.2.4.2	Foreign currency futures-sell		-	6,519,944	6,519,944	825,285	-	825,285
3.2.5	Interest rate futures		-	7,396,164	7,396,164	-	3,570,022	3,570,022
3.2.5.1	Interest rate futures-buy		-	3,698,082	3,698,082	-	1,785,011	1,785,011
3.2.5.2	Interest rate futures-sell		-	3,698,082	3,698,082	-	1,785,011	1,785,011
3.2.6	Other		-	1,368,835	1,368,835	-	2,056,626	2,056,626
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**4,046,498,536**	**1,088,258,405**	**5,134,756,941**	**2,121,542,054**	**716,989,813**	**2,838,531,867**
IV.	**ITEMS HELD IN CUSTODY**		**1,735,575,424**	**62,414,848**	**1,797,990,272**	**400,872,053**	**33,839,097**	**434,711,150**
4.1.	Assets under management		49,045,473	26,520	49,071,993	15,019,765	7,963	15,027,728
4.2.	Investment securities held in custody		1,476,597,721	31,660,843	1,508,258,564	237,790,076	12,787,625	250,577,701
4.3.	Checks received for collection		41,258,723	2,402,434	43,661,157	32,048,284	2,269,091	34,317,375
4.4.	Commercial notes received for collection		5,235,615	2,606,748	7,842,363	3,714,274	1,470,469	5,184,743
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		163,437,892	25,718,303	189,156,195	112,299,654	17,303,949	129,603,603
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**1,299,214,053**	**574,621,673**	**1,873,835,726**	**994,474,840**	**388,564,158**	**1,383,038,998**
5.1.	Marketable securities		6,150,089	34,569,211	40,719,300	5,758,007	25,835,961	31,593,968
5.2.	Guarantee notes		924,442	917,674	1,842,116	754,876	505,077	1,259,953
5.3.	Commodity		1,060,280	-	1,060,280	1,005,497	-	1,005,497
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		314,354,671	263,602,277	577,956,948	223,359,270	180,431,706	403,790,976
5.6.	Other pledged items		976,724,571	275,532,511	1,252,257,082	763,597,190	181,791,414	945,388,604
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**1,011,709,059**	**451,221,884**	**1,462,930,943**	**726,195,161**	**294,586,558**	**1,020,781,719**
	TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		**4,828,855,740**	**1,883,652,758**	**6,712,508,498**	**2,601,637,169**	**1,317,787,454**	**3,919,424,623**

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

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Section 5 part IV	Current Period 01.01 - 30.09.2023	Current Period 3 Months 01.07 - 30.09.2023	Prior Period 01.01 - 30.09.2022	Prior Period 3 Months 01.07 - 30.09.2022
I.	**INTEREST INCOME**	**(1)**	**79,472,085**	**34,869,684**	**44,139,120**	**19,040,760**
1.1	Interest income on loans		50,890,528	21,202,729	27,642,073	11,637,022
1.2	Interest income on reserve deposits		362,209	124,021	130,135	-
1.3	Interest income on banks		876,840	338,199	158,388	126,918
1.4	Interest income on money market transactions		832,212	319,093	64,814	27,242
1.5	Interest income on securities portfolio		21,067,111	10,464,275	13,951,998	6,299,537
1.5.1	Financial assets measured at FVTPL		160,596	101,175	53,408	15,193
1.5.2	Financial assets measured at FVOCI		5,589,657	2,675,290	3,639,418	1,637,518
1.5.3	Financial assets measured at amortized cost		15,316,858	7,687,810	10,259,172	4,646,826
1.6	Financial lease income		2,117,612	846,119	992,234	371,639
1.7	Other interest income		3,325,573	1,575,248	1,199,478	578,402
II.	**INTEREST EXPENSE (-)**	**(2)**	**55,686,942**	**23,308,392**	**18,590,583**	**7,936,389**
2.1	Interest on deposits		44,675,532	18,470,214	11,578,415	5,208,427
2.2	Interest on funds borrowed		6,537,738	2,900,357	2,668,650	1,088,595
2.3	Interest on money market transactions		1,930,439	978,549	2,139,659	773,733
2.4	Interest on securities issued		2,356,823	890,185	1,963,344	705,052
2.5	Interests on leasing		105,461	33,369	72,869	25,462
2.6	Other interest expenses		80,949	35,718	167,646	135,120
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**23,785,143**	**11,561,292**	**25,548,537**	**11,104,371**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**11,487,250**	**5,965,326**	**4,715,960**	**1,927,187**
4.1	Fees and commissions received		16,647,063	8,337,185	6,223,706	2,521,298
4.1.1	Non-cash loans		624,377	240,466	303,209	124,495
4.1.2	Others		16,022,686	8,096,719	5,920,497	2,396,803
4.2	Fees and commissions paid (-)		5,159,813	2,371,859	1,507,746	594,111
4.2.1	Non-cash loans		11,099	5,258	4,177	2,069
4.2.2	Others		5,148,714	2,366,601	1,503,569	592,042
V.	**DIVIDEND INCOME**	**(3)**	**12,545**	**722**	**16,728**	**157**
VI.	**TRADING GAINS LOSSES (Net)**	**(4)**	**15,342,473**	**3,163,363**	**(37,067)**	**78,093**
6.1	Trading gains/losses on securities		1,649,396	390,768	377,202	190,735
6.2	Gains/losses from derivative transactions		(2,924,153)	(243,132)	(5,790,514)	(2,444,045)
6.3	Foreign exchange gains/losses		16,617,230	3,015,727	5,376,245	2,331,403
VII.	**OTHER OPERATING INCOME**	**(5)**	**2,316,572**	**605,753**	**277,314**	**80,933**
VIII.	**TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)**		**52,943,983**	**21,296,456**	**30,521,472**	**13,190,741**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**8,193,479**	**1,128,320**	**4,198,778**	**1,116,109**
X.	**OTHER PROVISION LOSSES (-)**		**1,114,911**	**(125,011)**	**3,595,143**	**3,448,166**
XI.	**PERSONNEL EXPENSES (-)**		**6,737,887**	**2,775,791**	**3,067,914**	**1,146,123**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**7,782,461**	**2,681,205**	**3,561,882**	**1,312,515**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**29,115,245**	**14,836,151**	**16,097,755**	**6,167,828**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		-	-	-	-
XV.	**GAINS/LOSSES FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		-	-	**166,106**	**75,107**
XVI.	**GAINS/LOSSES ON NET MONETARY POSITION**		-	-	-	-
XVII.	**OPERATING PROFIT/LOSS BEFORE TAXES (XII+…+XV)**	**(8)**	**29,115,245**	**14,836,151**	**16,263,861**	**6,242,935**
XVIII.	**PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)**	**(9)**	**4,474,498**	**4,189,998**	**4,790,943**	**2,386,718**
18.1	Current tax charge		9,204,080	6,801,221	6,246,153	2,861,797
18.2	Deferred tax charge (+)		2,220,187	(352,297)	818,250	316,378
18.3	Deferred tax credit (-)		(6,949,769)	(2,258,926)	(2,273,460)	(791,457)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**(10)**	**24,640,747**	**10,646,153**	**11,472,918**	**3,856,217**
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)**	**24,640,747**	**10,646,153**	**11,472,918**	**3,856,217**
25.1	Group’s profit/loss		24,636,915	10,644,711	11,471,208	3,855,563
25.2	Minority interest		3,832	1,442	1,710	654
	Earnings Per Share		0.7354	0.3178	0.3424	0.1151

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

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

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

		Current Period 01.01 - 30.09.2023	Prior Period 01.01 - 30.09.2022
I.	**CURRENT PERIOD PROFIT/LOSS**	**24,640,747**	**11,472,918**
II.	**OTHER COMPREHENSIVE INCOME**	**(2,715,521)**	**4,705,623**
2.1	**Other Income/Expense Items Not Reclassified Through Profit or Loss**	**16,073**	**14,592**
2.1.1	Revaluation Surplus on Tangible Assets	-	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	(38,276)	2,672
2.1.4	Other Income/Expense Items not Reclassified to Profit or Loss	571	829
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	53,778	11,091
2.2	**Other Income/Expense Items Reclassified to Profit or Loss**	**(2,731,594)**	**4,691,031**
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(3,914,788)	3,360,678
2.2.3	Gains/losses from Cash Flow Hedges	313,732	2,724,820
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items Reclassified to Profit or Loss	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	869,462	(1,394,467)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**21,925,226**	**16,178,541**

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

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

							Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss				Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss							
		Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others (*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	Prior Period - 01.01 – 30.09.2022																	
I.	**Balances at Beginning of Period**		3,350,000	714	-	-	-	(223,943)	-	-	(1,583,528)	(379,998)	17,072,922	-	3,906,647	22,142,814	9,395	22,152,209
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	**Effect of Corrections**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	**Effect of Changes in Accounting Policies**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		3,350,000	714	-	-	-	(223,943)	-	-	(1,583,528)	(379,998)	17,072,922	-	3,906,647	22,142,814	9,395	22,152,209
IV.	**Total Comprehensive Income**		-	-	-	-	-	13,763	829	-	2,581,995	2,109,036	-	-	11,471,208	16,176,831	1,710	16,178,541
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	3,906,647	-	(3,906,647)	-	-	-
11.1	**Dividends**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	**Transfers to Reserves**		-	-	-	-	-	-	-	-	-	-	3,906,647	-	(3,906,647)	-	-	-
11.3	**Others**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV+…...+X+XI)		3,350,000	714	-	-	-	(210,180)	829	-	998,467	1,729,038	20,979,569	-	11,471,208	38,319,645	11,105	38,330,750

							Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss				Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							
		Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	Current Period - 01.01 – 30.09.2023																	
I.	**Balances at Beginning of Period**		3,350,000	714	-	-	-	(673,188)	1,031	-	1,851,783	1,530,608	20,979,569	-	17,223,799	44,264,316	11,816	44,276,132
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	**Effect of Corrections**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	**Effect of Changes in Accounting Policies**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		3,350,000	714	-	-	-	(673,188)	1,031	-	1,851,783	1,530,608	20,979,569	-	17,223,799	44,264,316	11,816	44,276,132
IV.	**Total Comprehensive Income**		-	-	-	-	-	15,502	571	-	(2,893,395)	161,801	-	-	24,636,915	21,921,394	3,832	21,925,226
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.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	17,223,799	-	(17,223,799)	-	-	-
11.1	**Dividends Paid**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	**Transfers to Reserves**		-	-	-	-	-	-	-	-	-	-	17,223,799	-	(17,223,799)	-	-	-
11.3	**Others**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		3,350,000	714	-	-	-	(657,686)	1,602	-	(1,041,612)	1,692,409	38,203,368	-	24,636,915	66,185,710	15,648	66,201,358

(*) Accumulated amounts of share of investments accounted for by the equity method that can not be classified as profit/loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss.
(**) Accumulated amount of cash flow hedge gains/losses, equity attributable to equity holders of the Group for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss.

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		Seciton 5 Part VI	Current Period 01.01 - 30.09.2023	Prior Period 01.01 - 30.09.2022
A.	**CASH FLOWS FROM / (TO) BANKING OPERATIONS**			
1.1	**Operating profit before changes in operating assets and liabilities**		**47,809,482**	**15,770,078**
1.1.1	Interest received		61,806,634	23,967,081
1.1.2	Interest paid		(50,535,141)	(21,556,747)
1.1.3	Dividend received		12,545	16,728
1.1.4	Fees and commissions received		16,680,286	6,270,505
1.1.5	Other income		980,230	277,314
1.1.6	Collections from previously written off loans		2,554,899	1,862,039
1.1.7	Payments to personnel and service suppliers		(6,583,234)	(2,852,775)
1.1.8	Taxes paid		(5,124,412)	(5,044,575)
1.1.9	Other		28,017,675	12,830,508
1.2	**Changes in operating assets and liabilities**		**(13,664,965)**	**13,381,816**
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit/loss		(4,909,943)	(294,544)
1.2.2	Net (increase) decrease in due from banks		(10,910,548)	(3,502,792)
1.2.3	Net (increase) decrease in loans		(112,449,237)	(81,193,119)
1.2.4	Net (increase) decrease in other assets		(8,311,416)	(6,350,583)
1.2.5	Net increase (decrease) in bank deposits		10,428,738	(1,194,128)
1.2.6	Net increase (decrease) in other deposits		98,531,578	80,185,269
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		1,839,365	(4,196,578)
1.2.9	Net increase (decrease) in matured payables		-	-
1.2.10	Net increase (decrease) in other liabilities		12,116,498	29,928,291
I.	**Net cash provided from banking operations**		**34,144,517**	**29,151,894**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
II.	**Net cash provided from / (used in) investing activities**		**(21,832,281)**	**(13,740,959)**
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3	Fixed assets purchases		(1,734,571)	(810,595)
2.4	Fixed assets sales		156,440	164,278
2.5	Cash paid for purchase of financial assets measured at fair value through other comprehensive income		(30,740,964)	(19,520,849)
2.6	Cash obtained from sale of financial assets measured at fair value through other comprehensive income		25,863,376	14,311,486
2.7	Cash paid for purchase of Financial Assets Measured at Amortized Cost		(33,460,482)	(9,284,217)
2.8	Cash obtained from sale of Financial Assets Measured at Amortized Cost		19,692,196	1,853,381
2.9	Other		(1,608,276)	(454,443)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
III.	**Net cash provided from / (used in) financing activities**		**22,334,381**	**7,706,089**
3.1	Cash obtained from funds borrowed and securities issued		69,831,669	37,420,219
3.2	Cash used for repayment of funds borrowed and securities issued		(47,425,057)	(29,651,866)
3.3	Issued equity instruments		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		(3,105)	(62,264)
3.6	Other		(69,126)	-
IV.	**Effect of foreign currency translation differences on cash and cash equivalents**		**1,265,896**	**2,315,434**
V.	**Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)**		**35,912,513**	**25,432,458**
VI.	**Cash and cash equivalents at the beginning of the period**		**73,255,713**	**47,798,834**
VII.	**Cash and cash equivalents at end of the period (V+VI)**		**109,168,226**	**73,231,292**

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

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

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

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

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

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

The accounting policies and valuation principles used in the preparation of the interim financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and are consistent with the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2022. The accounting policies and valuation principles related with current period are explained in Notes II to XXVII below.

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

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

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

2.1. Changes in Accounting policies and disclosures

In its accompanying consolidated financial statements, the Parent Bank announced the Phase 1 amendments to TFRS 9, TAS 39 and TFRS 7 within the scope of the Indicative Interest Rate Reform published by the POA in the Official Gazette dated December 14, 2019 and No. 30978. It has been implemented since January 1, 2020.

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

Within the scope of the said reform; The Bank has operations in the field of loans, securities, borrowing and derivative products, as well as hedge accounting applications. With this; A significant portion of bank transactions are indexed to EURIBOR and USD LIBOR reference interest rates, and EURIBOR continues to be used after the transition. On the other hand; Overnight, USD LIBOR rates for 1M, 3M, 6M and 1Y grades, which continue to be announced until June 2023, are renewed with SOFR+spread as the interest renewal periods of the transactions come, and all changes have been completed within the scope of the relevant reform.

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

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

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

Current Period (Full TRY)	Derivative	Non-Derivative Financial Instruments
USD LIBOR	212,540,455	39,406,220
Hedge Accounting Instruments	101,934,305	-
Total	**314,474,761**	**39,406,220**

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

2.2. Other

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies, the threshold value to be taken as a basis for determining whether there is hyperinflation in an economy by considering the economies with high inflation and the financial statements of the enterprises whose functional currency is the currency of a hyperinflationary economy are related to inflation. explains how to fix it. On January 20, 2022, the Public Oversight Authority (''POA'') made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of the preparation date of these financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated September 30, 2023.

TFRS 17 Insurance Contracts Standard was published in the Official Gazette dated February 16, 2019 and No. 30688 by the Public Oversight Accounting and Auditing Standards Authority and is valid for annual reporting periods beginning on or after January 1, 2024. This standard replaces TFRS 4, which currently allows for a wide variety of applications. As of September 30, 2023, the related standard has no significant effect on the unconsolidated financial statements of the Parent Bank.

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, a lawsuit was filed by the Bank for the cancellation of the document. The registration of the General Assembly regarding the share transfer was completed on January 13, 2023.

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

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

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

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

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

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

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

ACCOUNTING POLICIES (Contunied)

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

1. Strategy for the use of financial instruments

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

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

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

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

2. Foreign currency transactions

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

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed, As of September 30, 2023 are translated to TRY by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TRY by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

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

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

As of September 30, 2023, derivative financial transactions loss amounting to TRY 2,924,153 (September 30, 2022 – TRY 5,790,514 derivative financial transactions loss) and net foreign exchange gain amounting to TRY 16,617,230 - (September 30, 2022 – TRY 5,376,245 net foreign exchange gain), excluding net interest expense amounting to TRY 572,046 (September 30, 2022 – TRY 4,080,127 net interest expense) arising from derivative transactions, the net profit on foreign currency transactions is TRY 14,265,123 (September 30, 2022 – TRY 3,665,858 net profit on foreign currency transactions).

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

ACCOUNTING POLICIES (Contunied)

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

2. Foreign currency transactions (Continued)

2.3. Foreign associates

None.

III. Information on Subsidiaries and Entities Under Common Control

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 "Turkish Financial Reporting Standard in regards to Consolidated Financial Statements" and BRSA's "Regulation on Preparation of Consolidated Financial Statements of Banks" published on the Official Gazette No. 26340 and dated November 8, 2006.

The corporations included in consolidation and their places of incorporation, nature of activities and shareholding percentages are as follows:

		Consolidation Method	Place of Establishment	Subject of Operations	Effective Share of the Group (%)	
					September 30, 2023	December 31, 2022
1.	QNB Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full Consolidation	Türkiye	Securities Intermediary Services	100.00	100.00
2.	QNB Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full Consolidation	Türkiye	Portfolio Management	100.00	100.00
3.	QNB Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full Consolidation	Türkiye	Financial Leasing	99.40	99.40
4.	QNB Finans Faktoring A.Ş. (Finans Faktoring)	Full Consolidation	Türkiye	Factoring Services	100.00	100.00
5.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Full Consolidation	Türkiye	Asset Lease	100.00	100.00
6.	QNBeyond Ventures B.V.	Full Consolidation	Netherlands	Financial Holding	100.00	100.00
7.	QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş. (QNB Sigorta)	Full Consolidation	Türkiye	Private Pension and Insurance	100.00	49.00

Subsidiaries maintain their books of accounts and prepare their financial statements in accordance with the regulations on acounting and reporting framework and accounting standards which are determined by the accounting standards promulgated by the Turkish Commercial Code, Financial Leasing Law and Turkish Capital Markets Board ("CMB") regulations. Certain adjustments and reclassifications were made on the financial statements of the subsidiaries for the purpose of fair presentation in accordance with the prevailing regulations and accounting standards according to regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"), and in case where a specific regulation is not made by BRSA, in accordance with Turkish Accounting Standards ("TAS") and Turkish Financial Reporting Standards ("TFRS") and related additions and interpretations published by Public Accounting and Auditing Oversight Authority ("POA").

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of September 30, 2023.

1. Subsidiaries

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

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

ACCOUNTING POLICIES (Contunied)

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

1. Subsidiaries (Continued)

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

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

2. Associates and entities under common control

The Parent Bank does not have any financial associates and entites under common control that are consolidated in the accompanying financial statements.

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

IV. Explanations on Derivative Financial Assets and Liabilities

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

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

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

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

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

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

ACCOUNTING POLICIES (Contunied)

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

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

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

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

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

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

In cash flow hedge accounting

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

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

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

In fair value hedge accounting

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

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

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term TRY government bonds with fixed coupon payment in financial assets measured at fair value through other comprehensive income portfolio using swap transactions as hedging instruments.

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

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

ACCOUNTING POLICIES (Contunied)

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

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

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

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

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

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

At each balance sheet date the Parent Bank and QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank, apply effectiveness tests for fair value hedge accounting.

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

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of September 30, 2023, fair value exchange difference adjustment amounting to TRY 1,121,742 which is shown intangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

V. Explanations on Interest Income and Expenses

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

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

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

ACCOUNTING POLICIES (Continued)

VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

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

Initial measurement of financial instruments

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

Classification of financial instruments

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

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

Assessment of business model

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

The Parent Bank's business models are divided into three categories.

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

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

ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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

This is a model whose objective is achieved by both collecting contractual cash flows and selling financial assets: the Bank may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Fair value change of the financial assets that are held within the scope of this business model are accounted under other comprehensive income when the contractual terms of the financial asset meet the condition of giving rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets measured at fair value through other comprehensive income are assessed in this business model.

Other business models

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

Measurement categories of financial assets and liabilities

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

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

Financial assets at the fair value through profit or loss

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

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

The Parent Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Group' business model.

Financial assets at fair value through other comprehensive income

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

ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss and other comprehensive income of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and are accounted under the "Other comprehensive income/expense items to be reclassified to profit/loss" under shareholders' equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

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

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

Financial assets measured at amortized cost

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

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

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses

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

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

Stage 1

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of September 30, 2023, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained below.

Stage 2

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. Calculation approach is quite similar with approach mentioned above, but probability of default and loss amount in default ratios estimated for the lifetime of instruments.

Stage 3

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

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Calculation of expected credit losses

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

While the expected credit loss is estimated, two scenarios (internal adverse, internal severe negative) are evaluated. Each of these scenarios was associated with the different PD and LGD.

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

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

Probability of default (“PD”)

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

Loss Given Default (“LGD”)

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

Exposure at default (“EAD”)

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Consideration of the macroeconomic factors

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

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

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

The Parent Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on September 30, 2023. Due to the nature of the model effects, events that cause changes and their effects occur at different times. For this reason, the Bank has made individual valuations in order to eliminate the timing difference and provided additional provisions for the sector and customers that are considered to have a high impact.

This approach, which is preferred in provision calculations for the third quarter of 2023, will be revised in the following reporting periods, taking into account the existing portfolio and future expectations.

Calculating the expected loss period

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

Significant increase in credit risk

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

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

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

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Write-Off Policy

Receivables that are classified as non-performing loans are collected primarily within the framework of administrative contacts with the debtors, and if no results are obtained, through legal means. In this context, in case the write-off of the uncollectible receivables comes to the agenda, one of the methods of destruction, sale of receivables and write-down can be applied.

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

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

• Classified as "Fifth Group – Loans with a Loss Qualification" under the regulation,
• The number of days of delay is at least one year,
• Lifetime expected credit loss provision has been made due to the default of the borrower.

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

Within the scope of TFRS 9, the amount written off by the Parent Bank during the period is TRY 9,333 (December 31, 2022: TRY 361,940) and the effect on the NPL ratio of the Parent Bank is 0.00% (December 31, 2022: 0.10%). While the NPL ratio is 1.70% (December 31, 2022: 2.66%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 1.70% (December 31, 2022: 2.76%).

IX. Explanations on Netting of Financial Instruments

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

X. Derecognition of Financial Instruments

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

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

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

ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

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

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

c) Derecognition of financial liabilities

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

d) Reclassification of financial instruments

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

e) Restructuring and refinancing of financial instruments

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

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

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

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time,
- At least 1 year should pass over the date of restructuring (or if it is later), the date of removal from non-performing loan category, at least 10% (or the ratio specified in the legislation) of the total principal amount at the time restructuring/refinancing shall be paid and no overdue amount (principal and interest) shall remain at the date of restructuring/refinancing.

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

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

ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

During the follow-up period of at least one year following the date of restructuring/refinancing, if there is a new restructuring/refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again.

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

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

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

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

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TRY 38,325,285 (December 31, 2022 – TRY 30,168,346).

As of September 30, 2023 the Parent Bank has no securities that are subject to lending transactions (December 31, 2022 – None).

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

XII. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with IFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the Group’s control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of September 30, 2023, the Group has assets held for sale and discontinued operations explained in footnote 1.15. of Section Five.

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

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

ACCOUNTING POLICIES (Continued)

XIII. Explanations on Goodwill and Other Intangible Assets

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

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

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

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard on Impairment of Assets (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIV. Explanations on Tangible Assets

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

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

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

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

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

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

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

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

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

XV. Explanations on Leasing Transactions

With the TFRS 16 Leases Standard, the difference between operating leases and financial leases has disappeared, and fixed assets acquired under finance lease contracts are presented under "Tangible Fixed Assets" on the asset side and under "Financial Lease Payables" on the liability side at the initial date of the lease. At the beginning of the lease, the Parent Bank calculates the right-of-use amount based on the present value of the lease payments of the fixed asset and shows it under "Tangible Fixed Assets". In liabilities, on the other hand, it measures the unpaid lease payments as of the relevant date over their present value and records them as "Financial Lease Payables". Lease payments are discounted using the borrowing interest rate. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

TFRS 16 Leases

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

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

Right of use assets

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

The right use includes the presence of:

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

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

Lease Liabilities

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

Short-Term Leases And Leases Of Low-Value Assets

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

Due to the Group's implementation of TFRS 16, assets classified under tangible assets as of September 30, 2023 amounted to TRY 883,965 (December 31, 2022 – TRY 763,013), lease liability amounted to TRY 772,070 (December 31, 2022 – TRY 755,012), financing expense amounted to TRY 76,900 (September 30, 2022 – TRY 71,642) and depreciation expense amounted to TRY 231,535 (September 30, 2022 – TRY 190,570).

XVI. Explanations on Factoring Receivables

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

XVII. Explanations on Provisions and Contingent Liabilities

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank. A provision is recorded in the financial statements if there is a present obligation as a result of past events, it is probable that the obligation will be settled and the amount of the obligation can be measured reliably. If the mentioned criteria are not met, the Group explains the said issues in the explanations and footnotes related to the financial statements. In cases where reliable estimate cannot be made of the amount of the obligation, it is considered contingent liabilities. For contingent liabilities if the probability that the event will occur is greater than the probability that it will not and the amount of the obligation can be measured reliably, a provision is made.

XVIII. Explanations on Obligations of the Group for Employee Benefits

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XIX. Explanations on Insurance Technical Provisions

Insurance companies are subject to IFRS 4 "Insurance Contracts". The IFRS 4 "Insurance Contracts" standard stipulates that all contracts issued by insurance companies must be classified as either insurance contracts or investment contracts. Contracts carrying a significant insurance risk are classified as insurance contracts. Insurance risk is defined as risks transferred by the policyholder (insured) to the insurer, excluding financial risks. Contracts that do not carry a significant insurance risk are classified as investment contracts.

Investment contracts are accounted for under IFRS 9 "Financial Instruments." In the consolidated financial statements, insurance technical provisions consist of unearned premium reserves, unexpired risks reserve, outstanding claims provision and life insurance mathematical reserves.

According to the Technical Reserves Regulation, the entity must recognize adequate mathematical reserves based on actuarial principles to meet its obligations to policyholders and beneficiaries for life, health and personal accident insurance contracts with a duration of more than one year.

Mathematical reserves are recognized as based on the formulas and principles given in the technical principles of the tariffs for the life insurances with a term longer than one year.

Outstanding claims liabilities are recognized for incurred but not reported claims and estimated amounts for claims and indemnities that have been calculated but not yet paid. For estimating ultimate losses, loss reserves are modeled and calculations sensitive to legal, economic and various factors/uncertainties are made, taking into account past loss experience, loss development, market conditions and other relevant factors.

ACCOUNTING POLICIES (Continued)

XX. Explanations on Taxation

1. Corporate tax

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

Law No. 7456, which entered into force after being published in the Official Gazette No. 32249 dated July 15, 2023, on the Issue of Additional Motor Vehicle Tax to Compensate the Economic Losses Caused by the Earthquakes that Occurred on February 6, 2023 and in the 21st article of Amending Certain Laws and the Decree Law No. 375 with in the first paragraph of the 32nd article of the Law No. 5520 the phrase “20%” has been changed to "25%" and the phrase "25%" to "30%". This change is valid to be applied to the earnings earned in 2023 and subsequent taxation periods, starting from the returns that must be submitted as of October 1, 2023. Prepaid taxes are tracked in the "Current Tax Liability" or "Current Tax Asset" accounts to be offset with the corporate tax liability of the relevant year.

With the 75% of the profits arising from the sale of the participation shares held in the Parent Bank's assets for more than two years and the founder's shares, usufruct shares and preference rights held for the same period and 50% of the gains arising from the sale of immovables that are in the assets of the Parent Bank for the same period is exempt from tax on the condition that it is added to the capital or kept in a special fund account for 5 years as stipulated in the Corporate Tax Law. With the 19th article of Law No. 7456, the exemption for the transfer and delivery of immovable properties that have been in the assets of institutions for at least two full years has been abolished. With the 22nd article of the same Law, it has been regulated that the 50% exception rate in paragraph 5/1-(e) of Law No. 5520 will be applied as 25% in the sales of immovable properties that were in the assets of the institutions before the date of entry into force of the said regulation, as of the date of entry into force of this article.

Companies calculate provisional tax at the rate of 30% on their quarterly financial profits to be applied to their profits earned in 2023 and subsequent taxation periods, starting from the declarations that must be submitted as of October 1, 2023 for the 2023 taxation periods, and they declare and pay it until the 17th day of the second month following that period.With the 9th article of the Law No. 7338 on the Amendment of the Tax Procedure Law and Some Laws published in the Official Gazette dated October 26, 2021 and numbered 31640, the repetitive article 120 of the Income Tax Law No. 193 was amended and it has been stated that provisional tax will be calculated and paid on the quarterlyearnings determined for the first nine months of the relevant accounting period, which is applied from the declarations submitted. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or deducted.

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

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

In cases where the profit for the period is not distributed and added to the capital or distributed to fully taxpayer institutions while not subject to withholding tax, in accordance with the Council of Ministers Decision no 2009/14593 and the Council of Ministers Decision no 2009/14594 published in the Official Gazette dated February 3, 2009, and No. 27130, and articles 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 (expect for those who receive dividends through a workplace or permanent representative in Türkiye) and non-resident taxpayers while profit distribution to natural persons is subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated December 22, 2021 and No. 31697. In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration.

ACCOUNTING POLICIES (Continued)

XX. Explanations on Taxation (Continued)

1. Corporate tax (Continued)

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

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

- To be more than 10% in the current accounting period.

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XX. Explanations on Taxation (Continued)

2. Deffered Tax

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

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 September 30, 2023, deferred tax calculation has been made for assets and liabilities at a rate of 30%.

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

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

3. Transfer Pricing

The article no.13 of the Corporate Tax Law describes the issue of transfer pricing under the title of “disguised profit distribution” by way of transfer pricing. “The General Communique on Disguised Profit Distribution by way of Transfer Pricing” published on November 18, 2007 explains the application related issues in detail. According to this Communique, 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 Communique’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.

XXI. Additional Explanations on Borrowings

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

XXII. Explanations on Share Issues

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

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

ACCOUNTING POLICIES (Continued)

XXIII. 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.

XXIV.Explanations on Government Incentives

As of September 30, 2023, the Group does not have any governmental incentives or support (December 31, 2022 – None).

XXV.Explanations on Segment Reporting

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Group 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 Group provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. The Group also serves in trading financial instruments and treasury operations.

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

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

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

Current Period (January 1 – September 30, 2023)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	**30,396,223**	**17,997,940**	**4,549,820**	**52,943,983**
Dividend Income	-	-	12,545	12,545
Gains/Losses on joint venture accounted for at equity method	-	-	-	-
Profit Before Taxes	**15,886,722**	**10,313,736**	**2,914,787**	**29,115,245**
Tax Provision (-)(*)	**-**	**-**	**4,474,498**	**4,474,498**
Net Profit/Loss	**15,886,722**	**10,313,736**	**(1,559,711)**	**24,640,747**
Total Assets	**223,574,596**	**306,102,452**	**317,895,179**	**894,174,395**
Segment Assets	223,574,596	306,102,452	317,895,179	847,572,227
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	180,256
Undistributed Assets	-	-	-	46,421,912
Total Liabilities	**367,680,071**	**172,250,538**	**225,246,761**	**894,174,395**
Segment Liabilities	367,680,071	172,250,538	225,246,761	765,177,370
Undistributed Liabilities	-	-	-	62,795,667
Equity	-	-	-	66,201,358
Other Segment Accounts	**2,164,941**	**1,511,865**	**(424,344)**	**3,252,462**
Capital Expenditures	1,486,179	1,037,858	(288,460)	2,235,577
Amortization	678,762	474,007	(135,884)	1,016,885

(*) No tax provision has been distributed.

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

ACCOUNTING POLICIES (Continued)

XXV. Explanation on Segment Reporting (Continued)

Prior Period (January 1– September 30, 2022)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	**8,316,115**	**7,798,444**	**14,573,019**	**30,687,578**
Dividend Income	-	-	16,728	16,728
Gains/Losses on joint venture accounted for at equity method	-	-	166,106	166,106
Profit Before Taxes	**2,739,930**	**3,027,340**	**10,496,591**	**16,263,861**
Tax Provision (-)(*)	-	-	**4,790,943**	**4,790,943**
Net Profit/Loss	**2,739,930**	**3,027,340**	**5,705,648**	**11,472,918**
Total Assets	**101,354,712**	**218,731,626**	**226,879,878**	**571,193,240**
Segment Assets	101,354,712	218,731,626	226,879,878	546,966,216
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	400,613
Undistributed Assets	-	-	-	23,826,411
Total Liabilities	**219,793,176**	**120,190,992**	**147,844,928**	**571,193,240**
Segment Liabilities	219,793,176	120,190,992	147,844,928	487,829,096
Undistributed Liabilities	-	-	-	45,033,394
Equity	-	-	-	38,330,750
Other Segment Accounts	**821,444**	**561,001**	**(58,046)**	**1,324,399**
Capital Expenditures	439,659	300,263	(18,870)	721,052
Amortization	381,785	260,738	(39,176)	603,347

(*) No tax provision has been distributed.

XXVI. Explanations on Profit Reserves and Profit Distribution

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

2022 Profit Distribution Table	
Current Year Profit	**17,223,766**
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	28,298
C – Extraordinary Reserves	17,195,468

XXVII. Earnings per Share

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

	Current Period	Prior Period
Group’s Net Profit for the Period	24,636,915	11,471,208
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings per Share	**0.7354**	**0.3424**

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

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

ACCOUNTING POLICIES (Continued)

XXVIII. Explanations on Other Matters

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

After the establishment permit and the establishment of Enpara Bank A.Ş., works will begin to obtain an operating permit as required by the legislation, and after obtaining the operating permit, an application will be made to BRSA, CMB and other institutions and organizations that require permission in order to carry out partial seperation transactions in a structure where the shareholder status and current share ratios of the Bank's controlling shareholder (QNB Group) and minorityshareholders are preserved.

As of September 30, 2023, Enpara's banking activities to be seperated represent 8.9% of the Group's consolidated assets and liabilities. Assets and liabilities that will be removed from the balance sheet will not create any change in the Group's equity. If such a seperation had occurred on September 30, 2023, the Group's capital adequacy ratio would have increased by 138 basis points to 15.81%. If such a separation had occurred on December 31, 2022, the Group's net profit in the first nine months of 2023 would have been 11.9% lower.

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. Explanations on Consolidated Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the "Regulation on Equity of Banks" and "Regulation on Measurement and Assessment of Capital Adequacy of Banks." As of September 30, 2023, Group's total capital has been calculated as TRY 94,626,816 (December 31, 2022: TRY 65,069,913), capital adequacy ratio is 14.44% (December 31, 2022: 14.50%) calculated pursuant to former regulations.

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

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

Components of consolidated shareholders' equity items

	Current Period September 30, 2023	Prior Period December 31, 2022
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	38,203,368	20,979,569
Gains recognized in equity as per TAS	2,054,372	3,460,024
Profit	24,636,915	17,223,799
Current Period Profit	24,636,915	17,223,799
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	1,602	1,031
Minorities' Share	15,648	11,816
Common Equity Tier 1 Capital Before Deductions	**68,262,619**	**45,026,953**
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	2,286,195	1,099,566
Improvement costs for operating leasing	156,927	110,385
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,505,457	948,015
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	7,906	-
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	**5,956,485**	**2,157,966**
Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adoption	-	-
Total Common Equity Tier 1 Capital	**62,306,134**	**42,868,987**

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

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

I. Explanations on Consolidated Equity (Continued)

	Current Period September 30, 2023	Prior Period December 31, 2022
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	14,372,768	9,815,715
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	**14,372,768**	**9,815,715**
Deductions from Additional Tier I Capital	**-**	**-**
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	**-**	**-**
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	**-**	**-**
Total Additional Tier I Capital	**14,372,768**	**9,815,715**
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**76,678,902**	**52,684,702**
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	10,540,030	7,198,191
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	7,479,101	5,227,864
Tier II Capital Before Deductions	**18,019,131**	**12,426,055**
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	**18,019,131**	**12,426,055**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**94,698,033**	**65,110,757**
Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	8,897	8,049
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	62,320	32,795
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 does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

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

I. Explanations on Consolidated Equity (Continued)

	Current Period September 30, 2023	Prior Period December 31, 2022
TOTAL CAPITAL		
Total Capital	94,626,816	65,069,913
Total risk weighted amounts	655,504,742	448,723,522
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	9.51	9.55
Consolidated Tier 1 Capital Adequacy Ratio (%)	11.70	11.74
Consolidated Capital Adequacy Ratio (%)	14.44	14.50
BUFFERS		
Bank specific total common equity tier 1 capital ratio	3.50	3.51
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.00	0.01
c) Systemic significant bank buffer ratio (%)	1.00	1.00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3.51	3.55
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	288,563
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 ten thousand twenty-five limitation)	18,626,894	10,030,638
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	7,479,101	5,227,864
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	14,372,768	9,815,715
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	10,540,030	7,198,191

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

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

I. Explanations on Consolidated Equity (Continued)

Information on debt instruments included in the calculation of equity

Information on debt instruments included in the calculation of equity			
	1	**2**	**3**
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Since 1.1.2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone/consolidated	Standalone - Consolidated	Standalone - Consolidated	Standalone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	14,725	3,612	7,382
Par value of instrument (Currency in million)	14,725	3,612	7,382
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	September 30, 2019	April 1, 2019	May 26, 2022
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	-	10 years	8 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	5 years	3 years
Subsequent call dates, if applicable	-	-	-
Coupons/dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.08	6M LIBOR + 5.75%	SOFR + 5.10%
Existence of a dividend stopper	Interest will not be processed for the value reduced after the impairment date.	-	-
Fully discretionary, partially discretionary or mandatory	Discretionary	-	-

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

I. Explanations on Consolidated Equity (Continued)

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

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

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

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

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

II. Explanations on Consolidated Risk Management

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

- RWA flow statements of credit risk exposures under IRB

- RWA flow statements of CCR exposures under the Internal Model Method (IMM)

- IRB (stock investment subject to specialized loans and simple risk weight approach)

- RWA flow statements of market risk exposures under an IMA

- Comparing VaR estimations with profit/loss

1. GB1 – Overview of risk weighted assets

		Risk Weighted Assets		Minimum Capital Requirements	
		30.09.2023	**31.12.2022**	**30.09.2023**	**31.12.2022**
1	Credit risk (excluding counterparty credit risk)	573,054,814	399,456,740	45.844.385	31,956,540
2	Standardised approach	573,054,814	399,456,740	45.844.385	31,956,540
3	Internal rating-based approach	-	-	-	-
4	Counterparty credit risk	25,273,269	18,772,414	2.021.862	1,501,793
5	Standardised approach for counterparty credit risk	25,273,269	18,772,414	2.021.862	1,501,793
6	Internal model method	-	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-	-
11	Settlement risk	-	-	-	-
12	Securitisation exposures in banking accounts	-	-	-	-
13	IRB ratings-based approach	-	-	-	-
14	IRB Supervisory Formula Approach	-	-	-	-
15	SA/simplified supervisory formula approach	-	-	-	-
16	Market risk	14,345,138	10,050,275	1.147.611	804,022
17	Standardised approach	14,345,138	10,050,275	1.147.611	804,022
18	Internal model approaches	-	-	-	-
19	Operational risk	42,831,521	20,444,093	3.426.521	1,635,527
20	Basic Indicator Approach	42,831,521	20,444,093	3.426.521	1,635,527
21	Standardised Approach	-	-	-	-
22	Advanced Measurement Approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor adjustment	-	-	-	-
25	**TOTAL(1+4+7+8+9+10+11+12+16+19+23+24)**	**655,504,742**	**448,723,522**	**52.440.379**	**35,897,882**

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

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

III. Explanations on Consolidated Foreign Exchange Risk

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

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

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

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

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

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

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

US Dollars purchase rate in the balance sheet date	27.3767 TRY
Euro purchase rate in the balance sheet date	29.0305 TRY

Date	US Dollar	Euro
September 29, 2023	27.3767	29.0305
September 28, 2023	27.3752	28.8083
September 27, 2023	27.2640	28.7853
September 26, 2023	27.2108	28.8183
September 25, 2023	27.1751	28.9027

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

The arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for September 2023 are TRY 26.9748 and TRY 28.8210 respectively.

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

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

III. Explanations on Consolidated Foreign Exchange Risk (Continued)

5. Information on the consolidated foreign exchange risk

Current Period	EUR	USD	Other	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]	36,607,604	53,468,405	7,875,167	97,951,176
Due From Banks [2]	5,153,112	6,493,901	650,778	12,297,791
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) [3]	1,504,698	3,953,013	4,998	5,462,709
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2,275	12,839,187	-	12,841,462
Loans [4]	103,125,184	67,552,466	596,892	171,274,542
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Assets Measured at Amortized Cost	1,994,399	26,470,296	-	28,464,695
Derivative Financial Assets Hedging Purposes	209,826	2,662,892	-	2,872,718
Tangible Assets	-	-	524	524
Intangible Assets	-	-	-	-
Other Assets [5]	471,677	545,908	16,412	1,033,997
Total Assets	**149,068,775**	**173,986,068**	**9,144,771**	**32,199,614**
Liabilities				
Bank Deposits	3,849,388	13,451,724	768,543	18,069,655
Foreign Currency Deposits [6]	55,578,376	113,213,692	34,924,824	203,716,892
Money Market Borrowings	-	17,829,055	-	17,829,055
Funds Provided from Other Financial Institutions	34,306,209	84,551,051	6,672	118,863,932
Securities Issued	2,485,251	22,509,908	3,869,388	28,864,547
Sundry Creditors	5,321,279	6,233,696	78,217	11,633,192
Derivative Fin. Liabilities Hedging Purposes	-	872,679	-	872,679
Other Liabilities [7] [8]	2,330,478	4,545,848	29,644	6,905,970
Total Liabilities	**103,870,981**	**263,207,653**	**39,677,288**	**406,755,922**
Net Balance Sheet Position	**45,197,794**	**(89,221,585)**	**(30,532,517)**	**(74,556,308)**
Net Off-Balance Sheet Position	**(45,415,171)**	**96,410,634**	**30,540,157**	**81,535,620**
Financial Derivative Assets	43,938,063	281,463,841	34,282,929	359,684,833
Financial Derivative Liabilities	89,353,234	185,053,207	3,742,772	278,149,213
Non-Cash Loans [9]	23,804,736	23,442,406	1,425,978	48,673,120
Prior Period				
Total Assets	119,252,598	119,408,510	6,851,092	245,512,200
Total Liabilities	73,747,271	183,864,004	32,631,727	290,243,002
Net Balance Sheet Position	**45,505,327**	**(64,455,494)**	**(25,780,635)**	**(44,730,802)**
Net Off-Balance Sheet Position	**(45,107,396)**	**66,570,093**	**26,048,445**	**47,511,142**
Financial Derivative Assets	32,202,013	225,595,182	28,403,576	286,200,771
Financial Derivative Liabilities	77,309,409	159,025,089	2,355,131	238,689,629
Non-Cash Loans	18,043,661	17,030,918	463,540	35,538,119

(1) Cash and Balances with TR Central; Other FC include TRY 7,451,307 (December 31, 2022 – TRY 5,494,682) precious metal deposit account.
(2) Includes foreign bank guarantees amounting to TRY 2,823,356 (December 31, 2022 – TRY 4,516,091).
(3) Foreign exchange accruals of TRY 170,383 (December 31, 2022 – TRY 369,444) for derivative financial instruments are not included.
(4) It also includes foreign currency indexed loans amounting to TRY 194,781 (December 31, 2022 - TRY 232,939), which are followed in TRY in the balance sheet.
(5) Does not include FC prepaid expenses amounting to TRY 674,891 (December 31, 2022 – TRY 224,639) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.
(6) Foreign currency deposits include TRY 29,804,072 (December 31, 2022 – TRY 22,159,406) of precious metal deposit account.
(7) Other Liabilities do not include the Foreign Currency Index Factoring payables amounting to TRY 3,122 (December 31, 2022 – TRY 3,260).
(8) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 897,702- (December 31, 2022 – TRY 151,702).
(9) Does not have an effect on Net Off-balance Sheet Position.

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

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

IV. Explanations on Consolidated Interest Rate Risk

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

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

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

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

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

(Based on repricing dates)

	Up to 1 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]	51,202,921	-	-	-	-	90,003,169	141,206,090
Due from Banks [3]	783,175	-	-	-	-	12,892,439	13,675,614
Financial Assets at Fair Value Through Profit/Loss [4]	254,555	2,682,890	42,350	200,199	70,200	16,633,118	19,883,312
Money Market Placements	6,060,000	-	-	-	-	(8,027)	6,051,973
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) [5]	12,291,977	14,725,831	3,220,444	4,672,113	14,428,474	4,780,786	54,119,625
Loans and Receivables	169,906,242	115,689,782	172,729,818	62,135,843	14,613,587	(5,375,202)	529,700,070
Financial Assets Measured at Amortized Cost [6]	42,395,775	2,097,884	3,545,166	26,344,232	13,812,211	6,676,670	94,871,938
Other Assets	-	-	-	-	-	34,665,773	34,665,773
Total Assets	**282,894,645**	**135,196,387**	**179,537,778**	**93,352,387**	**42,924,472**	**160,268,726**	**894,174,395**
Liabilities							
Bank Deposits	7,837,319	10,330,081	1,552,784	-	-	472,097	20,192,281
Other Deposits	180,510,208	122,427,232	24,793,750	641,792	739	211,556,889	539,930,610
Money Market Borrowings	20,471,786	5,608,934	8,631,336	-	-	330,011	35,042,067
Miscellaneous Payables	11,015,656	-	-	-	-	22,037,423	33,053,079
Securities Issued	4,388,609	8,438,013	21,415,174	-	-	59,120	34,300,916
Funds Borrowed	24,131,226	54,026,022	28,479,400	5,161,584	14,524,253	2,530,333	128,852,818
Other Liabilities [7]	511	976	125,684	733,070	717	101,941,666	102,802,624
Total Liabalities	**248,355,315**	**200,831,258**	**84,998,128**	**6,536,446**	**14,525,709**	**338,927,539**	**894,174,395**
On Balance Sheet Long Position	34,539,330	-	94,539,650	86,815,941	28,398,763	-	244,293,684
On Balance Sheet Short Position	-	(65,634,871)	-	-	-	(178,658,813)	(244,293,684)
Off-Balance Sheet Long Position	12,110,294	12,171,369	23,412,753	-	-	-	47,694,416
Off-Balance Sheet Short Position	-	-	-	(40,694,339)	-	-	(40,694,339)
Total Position	**46,649,624**	**(53,463,502)**	**117,952,403**	**46,121,602**	**28,398,763**	**(178,658,813)**	**7,000,077**

[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 17,454 expected loss provisions.
[3] Banks include balance of expected loss provisions amounting to TRY 6,090.
[4] Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 13,075,972.
[5] Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 4,496,199.
[6] Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 23,022
[7] Other Liabilities includes Derivative Financial Liabilities amounting to TRY 6,858,678.

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

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

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

(Based on repricing dates)

	Up to 1 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 in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank [2]	36,498,079	-	-	-	-	58,029,097	94,527,176
Due from Banks [3]	2,941,212	-	-	-	-	8,196,473	11,137,685
Financial Assets at Fair Value Through Profit/Loss [4]	302,530	104,379	118,529	191,795	34,143	16,610,867	17,362,243
Money Market Placements	4,427,376	4,040,604	-	-	-	(5,082)	8,462,898
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) [5]	7,070,186	5,959,770	3,354,114	9,825,209	9,624,704	11,292,224	47,126,207
Loans and Receivables	82,955,431	70,375,199	135,559,924	64,146,706	8,464,963	1,602,714	363,104,937
Financial Assets Measured at Amortized Cost [6]	28,418,409	647,443	2,276,143	15,932,112	7,588,431	7,080,729	61,943,267
Other Assets	-	-	-	-	-	17,479,401	17,479,401
Total Assets	**162,613,223**	**81,127,395**	**141,308,710**	**90,095,822**	**25,712,241**	**120,286,423**	**621,143,814**
Liabilities							
Bank Deposits	4,246,561	2,763,128	2,476,493	-	-	739,595	10,225,777
Other Deposits	145,100,082	95,663,898	12,667,551	589,295	504	128,516,015	382,537,345
Money Market Borrowings	12,075,878	7,644,329	3,209,343	-	-	149,087	23,078,637
Miscellaneous Payables	15,775,865	-	-	-	-	13,926,779	29,702,644
Securities Issued	6,179,495	9,842,834	3,680,636	12,135,273	-	178,671	32,016,909
Funds Borrowed	9,627,502	17,463,759	30,434,536	3,873,655	10,162,444	783,185	72,345,081
Other Liabilities [7]	397	1,161	21,331	726,580	-	70,487,952	71,237,421
Total Liabalities	**193,005,780**	**133,379,109**	**52,489,890**	**17,324,803**	**10,162,948**	**214,781,284**	**621,143,814**
On Balance Sheet Long Position	-	-	88,818,820	72,771,019	15,549,293	-	177,139,132
On Balance Sheet Short Position	(30,392,557)	(52,251,714)	-	-	-	(94,494,861)	(177,139,132)
Off-Balance Sheet Long Position	14,883,737	27,602,409	-	-	-	-	42,486,146
Off-Balance Sheet Short Position	-	-	(3,548,564)	(8,375,774)	(16,493,564)	-	(28,417,902)
Total Position	**(15,508,820)**	**(24,649,305)**	**85,270,256**	**64,395,245**	**(944,271)**	**(94,494,861)**	**14,068,244**

(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 10,615 expected loss provisions.
(3) Banks include balance of expected loss provisions amounting to TRY 6,018.
(4) Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 15,743,228.
(5) Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 6,868,726.
(6) Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 20,038.
(7) Other Liabilities includes Derivative Financial Liabilities amounting to TRY 6,714,988.

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

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments

	EUR %	USD %	JPY %	TRY%
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T,R, Central Bank	-	-	-	-
Due from Banks	0.01	-	-	32.04
Financial Assets Measured at Fair Value through Profit/Loss	5.38	7.88	-	19.68
Money Market Placements	-	-	-	34.98
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.77	5.72	-	27.62
Loans and Receivables	7.29	9.21	4.92	31.83
Financial Assets Measured at Amortized Cost	4.73	5.67	-	38.59
Liabilities				
Bank Deposits	4.78	7.12	-	30.67
Other Deposits	0.91	2.22	0.05	21.40
Money Market Borrowings	-	6.34	-	28.10
Miscellaneous Payables	3.44	5.07	-	-
Securities Issued	7.17	7.23	-	36.09
Funds Borrowed	5.80	8.34	-	35.71

	EUR %	USD %	JPY %	TRY%
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T,R, Central Bank	-	-	-	-
Due from Banks	-	0.04	-	9.36
Financial Assets Measured at Fair Value through Profit/Loss	5.32	7.22	-	23.78
Money Market Placements	-	2.92	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.87	5.42	-	31.34
Loans and Receivables	5.52	6.88	4.92	23.55
Financial Assets Measured at Amortized Cost	4.60	5.65	-	72.82
Liabilities				
Bank Deposits	3.79	5.65	-	25.86
Other Deposits	1.01	3.06	0.17	18.02
Money Market Borrowings	1.69	4.38	-	13.00
Miscellaneous Payables	1.48	-	-	-
Securities Issued	4.97	6.91	-	22.58
Funds Borrowed	4.03	7.36	-	17.63

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

	Comparison		
Equity Securities (shares)	**Carrying Value**	**Fair Value**	**Carrying Value**
1. Equity Investments Group A	**272,981**	-	**272,981**
Quoted Securities	272,981	-	272,981
2. Equity Investments Group B	-	-	-
Quoted Securities	-	-	-
3. Equity Investments Group C	-	-	-
Quoted Securities	-	-	-
4. Equity Investments Group Other (*)	**180,256**	-	-

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

		Revaluation Surpluses		Unrealized Gains and Losses		
Portfolio	**Gains/Losses in Current Period**	**Total**	**Amount under Supplementary Capital**	**Total**	**Amount under Core Capital**	**Amount under Supplementary Capital**
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	185,047	-	-	2,202	-	2,202
3. Other Shares	-	-	-	-	-	-
4. Total	**185,047**	-	-	**2,202**	-	**2,202**

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

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

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

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

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

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Parent Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Parent Bank. While developing this strategy, it is aimed to provide funding from long-term and stable sources as much as possible.

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

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

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

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

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

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

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

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

Liquidity Coverage Ratio

	Current Period – September 30, 2023	Unweighted Amounts (*)		Weighted Amounts (*)	
		TRY+FC	FC	TRY+FC	FC
	HIGH QUALITY LIQUID ASSETS			**190,784,602**	**94,509,268**
1	High Quality Liquid Assets			94,509,268	74,571,694
	CASH OUTFLOWS				
2	Retail and Small Business Customers Deposits	384,601,285	143,753,717	34,928,934	14,375,372
3	Stable deposits	70,623,899	-	3,531,195	-
4	Less stable deposits	313,977,386	143,753,717	31,397,739	14,375,372
5	Unsecured Funding other than Retail and Small Business Customers Deposits	145,543,694	69,803,719	87,174,527	40,348,264
6	Operational deposits	4,812,962	1,012,945	1,203,241	253,236
7	Non-Operational Deposits	111,015,664	59,526,857	63,473,535	31,807,092
8	Other Unsecured Funding	29,715,068	9,263,917	22,497,751	8,287,936
9	Secured funding	-	-	63,593	63,593
10	Other Cash Outflows	48,427,062	11,405,527	48,427,061	11,405,526
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	48,427,062	11,405,527	48,427,061	11,405,526
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	134,316,557	46,223,380	6,715,828	2,311,169
15	Other irrevocable or conditionally revocable commitments	449,969,238	50,373,336	29,028,589	4,718,084
16	**TOTAL CASH OUTFLOWS**	**-**	**-**	**206,338,532**	**73,222,008**
	CASH INFLOWS				
17	Secured Lending Transactions	1,608,306	-	-	-
18	Unsecured Lending Transactions	74,733,065	23,919,540	48,877,874	19,386,977
19	Other contractual cash inflows	49,148,913	44,069,400	49,148,913	44,069,401
20	**TOTAL CASH INFLOWS**	**125,490,284**	**67,988,940**	**98,026,787**	**63,456,378**
				Upper Limit Applied Values	
21	**TOTAL HIGH QUALITY LIQUID ASSETS**			**190,784,602**	**94,509,268**
22	**TOTAL NET CASH OUTFLOWS**			**108,311,745**	**20,098,282**
23	**LIQUDITY COVERAGE RATIO (%)**			**176.14**	**470.24**

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

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

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

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

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

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

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

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

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

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

	Maximum	Date	Minimum	Date	Average
TRY+FC	199.85	19/07/2023	136.92	03/08/2023	177.06
FC	596.84	28/07/2023	253.97	16/07/2023	482.24

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

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

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

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

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

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated[1]	Total
Assets								
Cash (Cash in Vault, Foreign Currency, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T,R, Central Bank [2]	90,020,622	51,202,922	-	-	-	-	(17,454)	141,206,090
Due from Banks [3]	9,978,343	3,691,665	11,696	-	-	-	(6,090)	13,675,614
Financial Assets at Fair Value Through Profit/Loss [4]	2,064,599	834,180	3,463,387	2,192,314	5,802,185	4,107,843	1,418,804	19,883,312
Money Market Placements	-	6,060,000	-	-	-	-	(8,027)	6,051,973
Financial Assets Measured at Fair Value through Other Comprehensive Income [5]	7,674	912,040	636,040	2,990,958	33,533,935	16,038,978	-	54,119,625
Loans and Receivables [6]	51,712	167,435,040	77,343,295	171,408,323	95,706,426	33,033,857	(15,278,583)	529,700,070
Financial Assets Measured at Amortized Cost[7]	-	-	3,203,821	8,590,617	51,882,631	31,217,891	(23,022)	94,871,938
Other Assets	-	12,986,807	498,650	819,096	974,347	1,433	19,385,440	34,665,773
Total Assets	**102,122,950**	**243,122,654**	**85,156,889**	**186,001,308**	**187,899,524**	**84,400,002**	**5,471,068**	**894,174,395**
Liabilities								
Bank Deposits	204,202	7,929,540	10,475,406	1,583,133	-	-	-	20,192,281
Other Deposits	204,598,609	183,805,457	125,304,158	25,548,045	673,598	743	-	539,930,610
Funds Borrowed	-	6,794,485	26,869,071	65,276,997	18,540,693	11,371,572	-	128,852,818
Money Market Borrowings	-	17,022,806	4,236,683	8,655,165	4,294,474	832,939	-	35,042,067
Securities Issued	-	4,427,931	7,075,455	22,797,530	-	-	-	34,300,916
Miscellaneous Payables	-	32,283,941	-	-	-	-	769,138	33,053,079
Other Liabilities [8]	-	9,845,155	1,349,933	2,882,786	3,157,988	2,537,074	83,029,688	102,802,624
Total Liabilities	**204,802,811**	**262,109,315**	**175,310,706**	**126,743,656**	**26,666,753**	**14,742,328**	**83,798,826**	**894,174,395**
Liquidity Excess/Gap	**(102,679,861)**	**(18,986,661)**	**(90,153,817)**	**59,257,652**	**161,232,771**	**69,657,674**	**(78,327,758)**	**-**
Net Off- Balance Sheet Position [9]	**-**	**938,806**	**261,801**	**1,678,355**	**2,410,246**	**-**	**-**	**5,289,208**
Receivables from financial derivative instruments	-	104,492,162	122,027,762	73,381,839	72,105,902	70,930,706	-	442,938,371
Liabilities from derivative financial instruments	-	103,553,356	121,765,961	71,703,484	69,695,656	70,930,706	-	437,649,163
Non Cash Loans [10]	**-**	**6,196,022**	**12,282,389**	**37,046,514**	**11,545,061**	**1,512,999**	**24,743,957**	**93,326,942**
Prior period								
Total Assets	58,821,285	139,013,980	62,880,469	137,722,970	146,972,416	64,252,302	11,480,392	621,143,814
Total Liabilities	126,020,752	210,472,266	121,515,595	55,254,371	40,397,991	9,933,718	57,549,121	621,143,814
Liquidity Excess/Gap	**(67,199,467)**	**(71,458,286)**	**(58,635,126)**	**82,468,599**	**106,574,425**	**54,318,584**	**(46,068,729)**	**-**
Net Off- Balance Sheet Position [10]	**-**	**1,465,746**	**5,992,273**	**4,187,211**	**2,600,912**	**37**	**-**	**14,246,179**
Receivables from financial derivative instruments	-	138,984,434	75,431,503	40,346,479	62,732,529	58,800,731	-	376,295,676
Liabilities from derivative financial instruments	-	137,518,688	69,439,230	36,159,268	60,131,617	58,800,694	-	362,049,497
Non Cash Loans [11]	**-**	**3,167,528**	**7,830,151**	**27,428,783**	**9,713,322**	**922,518**	**16,131,398**	**65,193,700**

(1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under ”Unallocated” column. Unallocated other liabilities include equities amounting to TRY 66,201,358 (December 31, 2022 – TRY 44,276,132), unallocated provisions amounting to TRY 12,506,408 (December 31, 2022 – TRY 9,097,021) and deferred tax liabilities amounting to TRY 6,607,833 (December 31, 2022 – TRY 2,843,483).

(2) Cash (Cash in Vault, Foreign Currency Cash, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TRY 17,454 (December 31, 2022 – TRY 10,615).

(3) Banks include balance of expected loss provisions amounting to TRY 6,090 (December 31, 2022 – TRY 6,018).

(4) Financial assets at fair value through profit/loss include derivative financial assets through profit loss amounting to TRY 13,075,972- (December 31, 2022 – TRY 15,743,228).

(5) Receivables from Money Markets include the expected loss provisions balance of TRY 8.027. (31 December 2022 – TRY 5,082)

(6) Financial assets at fair value through other comprehensive income include derivative financial assets through other comprehensive income amounting to TRY 4,496,199- (December 31, 2022 – TRY 6,868,726).

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

(8) Financial assets measured at amortized cost include TRY 23,022 (December 31, 2022 – TRY 20,038) of expected loss provisions.

(9) Other Liabilities also includes the portion of derivative financial liabilities at fair value through other comprehensive income amounting to TRY 6,858,678 (December 31, 2022 – TRY 6,714,988).

(10) 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.

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

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

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

VII. Explanations on Consolidated Leverage Ratio

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

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.43% (December 31, 2022: 5.88%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

		Current Period (**)	Prior Period (**)
1	Total asset amount in consolidated financial statements prepared in accordance with TFRS (*)	855,831,437	599,134,667
2	Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	2,819,445	1,382,506
3	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	17,865,581	8,369,267
4	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	610,479	899,050
5	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of off balance transactions	492,313,880	268,206,049
6	Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	(7,009,316)	(1,926,409)
7	**Total Risk Amount**	**1,362,431,506**	**876,065,130**

(*) Consolidated financial statements prepared in accordance with the 5th clause and 6th subclause of Communique on the Preparation of Consolidated Financial Statements.
(**) Amounts presented above represent the arithmetic average of the last three months.

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

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

VII. Explanations on Consolidated Leverage Ratio (Continued)

c) Leverage ratio public disclosure template

The table related to leverage ratio calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" published in Official Gazette No. 28812 and dated November 5, 2013 is below:

	Book Value	
	Current Period (*)	**Prior Period (*)**
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	836,198,587	577,289,514
(Assets deducted from capital stock)	7,009,316	1,926,409
Total risk amount related to Assets on Balance sheet	829,189,271	575,363,105
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	22,452,295	23,227,659
Potential credit risk amount of derivative financial instruments and credit derivatives	17,865,581	8,369,267
Total risk amount related to derivative financial instruments and credit derivatives	40,317,876	31,596,926
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	3,227	49,485
Risk amount sourcing from transactions mediated	607,252	849,565
Total risk amount related to financial transactions having security or commodity collateral	610,479	899,050
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	622,402,994	365,192,728
(Adjustment amount sourcing from multiplying to credit conversion rates)	130,089,114	96,986,679
Total risk amount related to off-balance sheet transactions	492,313,880	268,206,049
Capital and Total Risk		
Core Capital	73,932,611	51,554,037
Amount of total risk	1,362,431,506	876,065,130
Financial leverage ratio		
Financial leverage ratio	5.43%	5.88%

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

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related To Consolidated Assets

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Cash in TRY/Foreign Currency	2,321,496	8,470,071	1,621,492	6,809,684
T.R. Central Bank	40,672,811	88,614,340	7,929,515	74,677,290
Others	278,061	866,765	168,850	3,330,960
Total	**43,272,368**	**97,951,176**	**9,719,857**	**84,817,934**

b) Information related to the account of the CBRT

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Unrestricted Demand Deposits	40,672,811	37,411,418	7,929,515	34,202,891
Restricted Time Deposits	-	51,202,922	-	40,474,399
Total	**40,672,811**	**88,614,340**	**7,929,515**	**74,677,290**

As of September 30, 2023, a provision amounting to TRY 17,454 (December 31, 2022 – TRY 10,615) has been provided to the Central Bank account.

As of September 30, 2023, The Parent Bank has been appointed to CBRT depending on the maturity structure, the required reserve rates for TRY liabilities vary between 0% and 8% for TRY deposits and other liabilities according to their maturities. For exchange rate/price protection support, rates vary between 5% and 25% depending on the maturity structure. The reserve rates for foreign currency liabilities vary between 5% and 29% for deposit and other foreign currency liabilities according to their maturities. Gold deposit liabilities vary between 22% and 26% for gold liabilities according to their maturities.

2. Further information on financial assets at fair value through profit/loss (net amounts are expressed)

a) Information on financial assets at fair value through profit or loss that are subject to repurchase agreements and given as collateral/blocked

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Given as Collateral/blocked	2,055,387	-	56,131	-
Subject to repurchase agreement	826	-	-	-
Total	**2,056,213**	-	**56,131**	-

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Forward Transactions	488,144	-	457,631	-
Swap Transactions	4,113,281	4,216,557	4,600,327	2,273,153
Futures	-	893	-	514
Options	-	461,552	-	758,724
Total	**4,601,425**	**4,679,002**	**5,057,958**	**3,032,391**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. a) Information on banks

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Banks	**1,366,062**	**12,315,642**	**3,127,925**	**8,015,778**
Domestic	1,366,057	283,539	3,127,920	230,110
Foreign	5	12,032,103	5	7,785,668
Foreign Head Offices and Branches	-	-	-	-
Total	**1,366,062**	**12,315,642**	**3,127,925**	**8,015,778**

Amount of TRY 6,090 provision is provided for banks account as of September 30, 2023 (December 31, 2022 – TRY 6,017).

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
EU Countries	2,841,518	1,601,789	178,263	135,032
USA and Canada	5,522,348	892,625	-	-
OECD Countries (*)	542,404	644,395	2,648,858	4,383,255
Off-shore Banking Regions	-	-	-	-
Other	298,717	128,577	-	-
Total	**9,204,987**	**3,267,386**	**2,827,121**	**4,518,287**

(*) Include 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	**-**	**-**	**3,613,560**	**-**
T.R. Central Bank	-	-	-	-
Banks	-	-	3,613,560	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Natural Persons	-	-	-	-
Foreign Transactions	**-**	**-**	**-**	**427,044**
Central Banks	-	-	-	-
Banks	-	-	-	427,044
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Natural Persons	-	-	-	-
Total	**-**	**-**	**3,613,560**	**427,044**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on financial assets measured at fair value through other comprehensive income

a) Information on financial assets measured at fair value through other comprehensive income subject to repurchase agreements and provided as collateral/blocked

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/Blocked	21,815,619	-	12,462,239	-
Subject to repurchase agreements	12,574	5,283,681	9,095	10,279,690
Total	**21,828,193**	**5,283,681**	**12,471,334**	**10,279,690**

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

	Current Period	Prior Period
Debt Securties	**53,348,486**	**41,939,468**
Quoted on a stock exchange (*)	53,348,486	41,939,468
Unquoted on a stock exchange	-	-
Stocks	**9,302**	**126,612**
Quoted on a stock exchange	1,521	118,831
Unquoted on a stock exchange	7,781	7,781
Provision for Impairment (-) (**)	**(3,734,362)**	**(1,808,599)**
Total	**49,623,426**	**40,257,481**

(*) The Eurobond Portfolio amounting to TRY 5,152,639 (December 31, 2022 – TRY 5,436,447) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from 2009.
(**) As of September 30, 2023 amount of TRY 6,953 (December 31, 2022 – TRY 5,094) provision provided for financial assets measured at fair value through other comprehensive income account.

6. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	**2,077,102**	-	**116,854**
Corporate Shareholders	-	2,077,102	-	116,854
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees (*)	**602,592**	-	**333,147**	-
Total	**602,592**	**2,077,102**	**333,147**	**116,854**

(*) Includes advances given to the bank personnel.

b) Information on first and second group loans, other receivables, restructured or rescheduled loans and other receivables

b.1) Financial assets measured at amortized cost

Cash Loans	Standard Loans and Other Receivables	Loans Under Close Monitoring		
			Restructured Loans and Receivables	
		Loans and Receivables Not Subject to Restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non Specialized Loans	**446,947,579**	**46,207,568**	**135,834**	**17,486,254**
Enterprise Loans	26,156,163	47,270	-	-
Export Loans	41,594,701	948,431	-	-
Import Loans	-	-	-	-
Financial Sector Loans	1,315,748	1,097	-	-
Consumer Loans	87,253,919	10,308,920	63,932	2,675,330
Credit Cards	117,624,342	17,819,350	-	2,011,322
Other	173,002,706	17,082,500	71,902	12,799,602
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**446,947,579**	**46,207,568**	**135,834**	**17,486,254**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

	Standard Loans	Loans Under Close Monitoring
Current Period		
12 Month Expected Credit Losses	6,669,787	-
Significant Increase in Credit Risk	-	10,274,031
Prior Period		
12 Month Expected Credit Losses	3,604,877	-
Significant Increase in Credit Risk	-	5,801,712

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

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

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

Cash Loans	Standard Loans	Loans Under CloseMonitoring	
		Loans Not Subject to Restructuring	Restructured Loans
Short-term Loans	255,978,624	17,819,350	2,011,323
Medium and Long-term Loans	190,968,955	28,388,218	15,610,765
Total	**446,947,579**	**46,207,568**	**17,622,088**

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	**10,470,812**	**75,911,104**	**86,381,916**
Housing Loans	3,700	3,525,257	3,528,957
Automobile Loans	1,277	37,361	38,638
Personal Need Loans	10,465,835	72,348,486	82,814,321
Other	-	-	-
Consumer Loans-FC Indexed	**-**	**561**	**561**
Housing Loans	-	557	557
Automobile Loans	-	-	-
Personal Need Loans	-	4	4
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	**113,532,926**	**2,046,842**	**115,579,768**
Installment	38,237,979	1,303,285	39,541,264
Non- Installment	75,294,947	743,557	76,038,504
Individual Credit Cards-FC	**221,363**	**320**	**221,683**
Installment	-	-	-
Non- Installment	221,363	320	221,683
Personnel Loans-TRY	**53,131**	**219,628**	**272,759**
Housing Loans	-	23	23
Automobile Loans	-	-	-
Personal Need Loans	53,131	219,605	272,736
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	**315,023**	**3,148**	**318,171**
Installment	134,826	1,347	136,173
Non-Installment	180,197	1,801	181,998
Personnel Credit Cards-FC	**1,247**	**2**	**1,249**
Installment	-	-	-
Non-Installment	1,247	2	1,249
Overdraft Accounts-TRY (Natural Persons)	**13,132,374**	**514,491**	**13,646,865**
Overdraft Accounts-FC (Natural Persons)	**-**	**-**	**-**
Total	**137,726,876**	**78,696,096**	**216,422,972**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

e) Information on commercial installment loans and corporate credit cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TRY	**1,530,176**	**30,815,055**	**32,345,231**
Real Estate Loans	3,177	263,031	266,208
Automobile Loans	37,904	1,608,177	1,646,081
Personal Need Loans	1,489,095	28,943,847	30,432,942
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	**-**	**190,893**	**190,893**
Real Estate Loans	-	1,132	1,132
Automobile Loans	-	-	-
Personal Need Loans	-	189,761	189,761
Other	-	-	-
Commercial Loans with Installment Facility - FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards –TRY	**21,074,853**	**234,399**	**21,309,252**
Installment	4,283,045	57,800	4,340,845
Non-Installment	16,791,808	176,599	16,968,407
Corporate Credit Cards –FC	**24,855**	**36**	**24,891**
Installment	-	-	-
Non-Installment	24,855	36	24,891
Overdraft Accounts-TRY (Legal Entities)	**2,616,544**	**16,609**	**2,633,153**
Overdraft Accounts-FC (Legal Entities)	**-**	**-**	**-**
Total	**25,246,428**	**31,256,992**	**56,503,420**

f) Allocation of loans by customers (*)

	Current Period	Prior Period
Public	4,205,951	4,285,525
Private	506,571,284	342,829,405
Total	**510,777,235**	**347,114,930**

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

g) Allocation of domestic and foreign loans (*)

	Current Period	Prior Period
Public	508,087,887	345,259,369
Private	2,689,348	1,855,561
Total	**510,777,235**	**347,114,930**

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

h) Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	6,250,093	5,341,116
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	**6,250,093**	**5,341,116**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

i) Specific provisions for loans (Third Stage)

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	589,907	631,552
Loans and Receivables with Doubtful Collectability	748,512	462,383
Uncollectible Loans and Receivables	5,826,121	6,735,101
Total	**7,164,540**	**7,829,036**

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before the Provisions	3,141	3,222	360,214
Restructured Loans	3,141	3,222	360,214
Prior Period			
Gross Amounts Before the Provisions	46	16,863	599,291
Restructured Loans	46	16,863	599,291

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance	**875,123**	**642,611**	**7,976,786**
Additions (+)	2,104,993	112,509	142,295
Transfers from Other Categories of Non-Performing Loans (+)	-	1,766,202	1,244,194
Transfers to Other Categories of Non-Performing Loans (-)	1,766,202	1,244,194	-
Collections (-)	310,337	247,873	1,549,296
Non-registered(-)	-	-	9,333
Write-offs (-) (*)	**-**	**-**	**907,703**
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	309,295
Credit Cards	-	-	350,789
Others	-	-	247,619
Current Period End Balance	**903,577**	**1,029,255**	**6,896,943**
Specific Provision (-)	589,907	748,512	5,826,121
Prior Period End Balance	**313,670**	**280,743**	**1,070,822**

(*) The bank sold TRY 907,703 of the non-performing loans portfolio to the asset management company for TRY 444,750.

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

None (December 31, 2022 – None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	**Loans and Other Receivables with Doubtful Collectibility**	**Uncollectible Loans and Other Receivbles**
Current Period (Net)	**313,670**	**280,743**	**1,070,822**
Loans to Natural Persons and Legal Entities (Gross)	903,577	1,029,255	6,662,383
Provision (-)	589,907	748,512	5,591,561
Loans to Natural Persons and Legal Entities (Net)	313,670	280,743	1,070,822
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	234,560
Provision (-)	-	-	234,560
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**243,571**	**180,228**	**1,241,685**
Loans to Natural Persons and Legal Entities (Gross)	875,123	642,611	7,785,799
Provision (-)	631,552	462,383	6,544,114
Loans to Natural Persons and Legal Entities (Net)	243,571	180,228	1,241,685
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	190,987
Provision (-)	-	-	190,987
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	**Loans and Other Receivables with Doubtful Collectibility**	**Uncollectible Loans and Other Receivables**
Current Year (Net)			
Interest accruals and valuation differences	71,481	93,424	1,169,861
Provision Amount (-)	29,507	52,927	803,704
Prior Period (Net)			
Interest Accruals and Rediscounts and Valuation Differences	120,514	56,981	1,264,638
Provision Amount (-)	86,994	40,884	1,068,121

k) Explanation on liquidation policy for uncollectible loans and other receivables

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

l) Explanations regarding the write-off policy

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on factoring receivables

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Short Term	13,198,472	678,799	9,129,082	464,403
Medium and Long Term	-	-	-	-
Total	**13,198,472**	**678,799**	**9,129,082**	**464,403**

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

	Current Period	Prior Period
Prior Period End Balance	81,651	73,017
Provided Provision/(reversal), Net	21,240	39,878
Collections	(31,397)	(31,244)
Write-offs	-	-
Provision at the End of Period	**71,494**	**81,651**

8. Information on financial assets measured at amortized cost

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Given as Collateral/Blocked	19,011,503	6,133,405	7,436,978	-
Subject to repurchase agreements	13,078,925	19,950,931	234,667	19,644,899
Total	**32,090,428**	**26,084,336**	**7,671,645**	**19,644,899**

b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Government Bond	66,430,265	27,815,760	41,598,971	19,504,773
Treasury Bill	-	-	-	-
Other Public Sector Debt Securities	-	537,286	-	367,824
Total	**66,430,265**	**28,353,046**	**41,598,971**	**19,872,597**

c) Information on investments securities measured at amortized cost

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Debt Securities	**66,430,265**	**28,464,695**	**41,598,971**	**20,364,334**
Publicly-traded	66,430,265	28,464,695	41,598,971	20,364,334
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	**66,430,265**	**28,464,695**	**41,598,971**	**20,364,334**

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

	Current Period	Prior Period
Balance at the beginning of the period	**61,963,305**	**29,856,976**
Exchange differences on monetary assets	8,944,407	6,288,072
Acquisitions during the year	33,460,482	12,898,683
Disposals through sales and redemptions	(19,692,196)	(10,005,623)
Impairment provision (-)	-	-
Valuation Effect	10,218,962	22,925,197
Total	**94,894,960**	**61,963,305**

As of September 30, 2023, a provision amounting to TRY 23,022 (December 31, 2022 – TRY 20,038) is provided for the financial assets measured at amortized cost.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on investments in associates (Net)

9.1. Information on unconsolidated associates

	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.	Emeklilik Gözetim Merkezi (EGM) (***)	Istanbul/Türkiye	-	6.25

	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.	3,512,646	2,762,304	61,002	274,982	-	2,077,231	122,202	-
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.	83,013	50,961	18,144	940	4	4,576	1,982	-

(*) Current period information is based on June 30, 2023 financials. Prior period profit and loss amounts are based on June 30, 2022 financials.
(**) Current period information is based on December 31, 2022 financials. Prior period profit and loss amounts are based on December 31, 2021 financials.
(***) Current period information is based on March 31, 2023 financials. Prior period profit and loss amounts are based on March 31, 2022 financials.
(****) Total fixed assets consist of non-current assets.

9.2. Movements of investments in associates

	Current Period	Prior Period
Balance at the Beginning of Period	**45,477**	**14,026**
Movements During the Period	**3,933**	**31,451**
Purchases	2,857	-
Impact of business combinations	504	-
Bonus Shares Received (*)	572	31,451
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	**49,410**	**45,477**
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.

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

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	49,410	45,477
Total	**49,410**	**45,477**

9.4. Quoted Associates

None (December 31, 2022 – None).

9.5. Valuation methods of investments in associates

	Current Period	Prior Period
Valued at Cost	49,410	45,477
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	**49,410**	**45,477**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

9.6. Investments in associates sold during the current period

None (December 31, 2022 – None).

9.7. Information on subsidiaries (Net)

a) Information on the Parent Bank's unconsolidated subsidiaries

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

	Title	Address (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	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	232,116	(2,389)	64,917	-	-	6,276	9,516	-
2.	259,224	187,736	25,709	18,266	-	49,656	16,679	-

b) Information on the Parent Bank's consolidated subsidiaries

b.1) Information on the consolidated 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.	İstanbul/Türkiye	100.00	100.00

Information on subsidiaries in the order as 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.	5,446,759	1,801,338	39,412	733,089	12,419	635,971	298,998	-
2.	24,117,966	2,313,841	34,414	2,135,875	1,371	635,942	283,674	2,299,957
3.	564,229	413,219	3,451	2,477	-	146,338	40,762	-
4.	14,421,531	1,320,039	20,209	2,683,181	-	768,019	193,047	-
5.	521,896	1,529	-	-	-	793	366	-
6.	4,333,717	1,134,451	85,908	285,035	71,159	637,244	347,793	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

b.2) Movement schedule for consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	**3,490,203**	**2,129,798**
Movements during the Period	**5,175,673**	**1,360,405**
Purchases (*)	981,000	-
Bonus Shares Received	-	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Revaluation Difference (**)	4,194,673	1,360,405
Provisions for Impairment	-	-
Balance at the End of the Period	**8,665,876**	**3,490,203**
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) 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 the Parent Bank's Board of Directors, 51% 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 Parent 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 consolidated financial subsidiaries and the related carrying amounts

	Current Period	Prior Period
Factoring Companies	1,320,039	551,597
Leasing Companies	2,299,957	1,622,787
Finance Companies	-	-
Other Subsidiaries	5,045,880	1,315,819
Total	**8,665,876**	**3,490,203**

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

b.4) Subsidiaries quoted to a stock exchange

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	2,299,957	1,622,787
Quoted on International Stock Exchanges	-	-
Total	**2,299,957**	**1,622,787**

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

The Parent Bank does not have any significant sized subsidiaries.

10. Information on joint ventures

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

Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
367,642	162,575	153,650	-	-	6,987	35,720	-

(*) Current period information is stated as of August 31, 2023, prior period profit and loss amounts are based on the financial statements prepared as of August 31, 2022.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on lease receivables (Net)

11.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	11,215,258	8,616,034	7,140,530	5,674,402
Between 1-4 years	13,599,399	11,271,181	9,762,187	8,126,818
Over 4 years	874,726	806,751	882,557	806,001
Total	**25,689,383**	**20,693,966**	**17,785,274**	**14,607,221**

Finance lease receivables include non-performing finance lease receivables amounting to TRY 298,324 (December 31, 2022 – TRY 387,943) and expected credit loss amounting to TRY 273,534 (December 31, 2022 – TRY 318,272).

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

	Current Period	**Prior Period**
End of the prior period	318,272	298,510
Provided provision/(reversal), Net	46,573	76,852
Collections	(91,311)	(24,867)
Written-off	-	(32,223)
Provision at the end of the period	**273,534**	**318,272**

11.2. Information on net investments in finance leases

	Current Period	**Prior Period**
Gross Finance Lease Investments	25,683,049	17,779,015
Unearned Finance Income (-)	4,989,083	3,171,794
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	**20,693,966**	**14,607,221**

11.3. Information of finance lease contracts of the Parent Bank

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

12. Information on the hedging derivative financial assets

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Fair Value Hedge (*)	3,322,682	472,863	7,409,685	243,194
Cash Flow Hedge (**)	2,096,344	2,399,855	4,830,851	2,037,875
Net Investment Hedge	-	-	-	-
Total	**5,419,026**	**2,872,718**	**12,240,536**	**2,281,069**

(*) Derivative financial instruments for fair value hedging consist of swaps. As of September 30, 2023, TRY 3,322,682 (December 31, 2022 – TRY 7,409,685) from loans, TRY 472,863 (December 31, 2022 – TRY 243,194) of securities represents the fair value of derivatives which are designated as hedging instruments.

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

13. Explanations on investment properties

None (December 31, 2022 – None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. Information on tax asset.

As of September 30, 2023, the Parent Bank has deferred tax asset amounting to TRY 6,237,745 under the related regulations.

According to TAS 12, deferred tax assets and liabilities are netted off in the financial statements. As of September 30, 2023, the Parent Bank has deferred tax assets amounting to TRY 11,413,795 and deferred tax liabilities amounting to TRY 6,237,745 which arise between the carrying amount of the assets and liabilities in the balance sheet and the tax bases determined in accordance with tax legislation and calculated over the amounts to be taken into account in the calculation of financial profit/the tax liability is netted and recorded in the records.

In cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax asset amounting to TRY 923,240 is netted under equity. (December 31, 2022 – TRY 1,436,588 deferred tax liabilities).

	Temporary Differences		**Deferred Tax Assets/(Liabilities)**	
	30.09.2023	**31.12.2022**	**30.09.2023**	**31.12.2022**
Provision for Employee Rights	2,554,518	2,596,772	766,355	649,192
Difference Between the Book Value of Financial Assets and Tax Base	4,895,506	7,021,079	1,468,652	1,704,569
Other (*)	30,595,960	11,917,779	9,178,788	2,979,445
Deferred Tax Assets			**11,413,795**	**5,333,206**
Differences Between Carrying Value and Tax Value of Tangible Fixed Assets	(8,141)	(750,417)	(2,442)	(187,204)
Differences Between Carrying Value and Tax Basis of Financial Assets	(13,451,611)	(17,498,210)	(4,035,483)	(4,366,998)
Other	(3,793,749)	(860,966)	(1,138,125)	(215,242)
Deferred Tax Liabilities			**(5,176,050)**	**(4,769,444)**
Deferred Tax Asset/(Debt), Net			**6,237,745**	**563,762**

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

	Current Period 01.01-30.09.2023	**Prior Period 01.01-30.09.2022**
Deferred Tax as of January 1 Asset/(Liability)- Net	563,762	341,690
Impact of business combinations	21,161	-
Deferred Tax (Loss)/Gain	4,729,582	1,455,210
Deferred Tax that is Realized Under Shareholder's Equity	923,240	(1,383,376)
Deferred Tax Asset/(Liability) – Net	**6,237,745**	**413,524**

15. Information on assets held for sale and discontinued operations

None. (December 31, 2022 – None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

16. Information on other assets

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

As of September 30, 2023, provisions for other assets amount to TRY 17,786 (December 31, 2022 – TRY 13,215).

17. Information on accrued interest and income

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Derivative Financial Assets	10,020,451	7,551,720	17,298,494	5,313,460
Loans	8,009,578	4,545,108	6,424,904	1,969,786
Securities Measured at Amortized Cost	6,317,808	381,884	6,876,724	224,043
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,485,633	(2,285,250)	6,055,460	(1,750,115)
T.R Central Bank	-	-	-	-
Receivables from Leasing Transactions	-	-	-	-
Banks	30,528	117	23,357	2
Financial Assets Measured at Fair Value through Profit/Loss	297,341	3,350	18,612	3,697
Other Accruals	828,851	19,868	38,319	18,593
Total	**27,990,190**	**10,216,797**	**36,735,870**	**5,779,466**

II. Explanations and Disclosures Related to Consolidated Liabilities

1. Information on maturity structure of deposits

Current Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits (*)	**27,181,444**	**-**	**38,520,630**	**29,099,678**	**128,520,216**	**10,048,560**	**6,006,876**	**1,292**	**239,378,696**
Foreign Currency Deposits	**127,283,253**	**-**	**17,181,991**	**23,191,809**	**3,707,012**	**1,248,594**	**1,293,626**	**6,535**	**173,912,820**
Residents in Türkiye	119,069,239	-	17,003,070	22,422,535	3,493,721	607,818	635,246	6,535	163,238,164
Residents Abroad	8,214,014	-	178,921	769,274	213,291	640,776	658,380	-	10,674,656
Public Sector Deposits	**1,044,618**	**-**	**950**	**1,622**	**-**	**-**	**-**	**-**	**1,047,190**
Commercial Deposits	**19,447,422**	**-**	**21,970,716**	**14,963,464**	**21,031,766**	**7,417,941**	**9,283,418**	**-**	**94,114,727**
Other Ins. Deposits	**326,495**	**-**	**184,423**	**395,876**	**759,974**	**6,307**	**30**	**-**	**1,673,105**
Precious Metal Deposits	**29,315,377**	**-**	**-**	**19,884**	**-**	**-**	**468,811**	**-**	**29,804,072**
Bank Deposits	**204,202**	**-**	**7,699,303**	**10,549,844**	**1,478,911**	**260,021**	**-**	**-**	**20,192,281**
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	5,155	-	2,085,253	10,030	-	-	-	-	2,100,438
Foreign Banks	199,047	-	5,614,050	10,539,814	1,478,911	260,021	-	-	18,091,843
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	**204,802,811**	**-**	**85,558,013**	**78,222,177**	**155,497,879**	**18,981,423**	**17,052,761**	**7,827**	**560,122,891**

(*) As of September 30, 2023, the balance of saving deposits includes TRY 22,400,874 “Treasury Currency Protected Deposits” and TRY 149,851,913 “CBRT Currency Protected Deposits”.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. Explanations and Disclosures Related to Consolidated Liabilities (Continiued)

1. Information on maturity structure of deposits (Continued)

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits (*)	**17,850,909**	**-**	**28,462,849**	**30,209,586**	**76,800,432**	**2,528,154**	**2,095,541**	**1,273**	**157,948,744**
Foreign Currency Deposits	**71,128,745**	**-**	**12,944,579**	**22,158,132**	**14,478,140**	**2,823,557**	**2,297,663**	**4,903**	**125,835,719**
Residents in Türkiye	66,321,442	-	12,474,254	21,291,812	13,872,696	2,277,577	1,395,762	4,903	117,638,446
Residents Abroad	4,807,303	-	470,325	866,320	605,444	545,980	901,901	-	8,197,273
Public Sector Deposits	**578,667**	**-**	**44,150**	**1,347**	**-**	**51**	**-**	**-**	**624,215**
Commercial Deposits	**14,207,721**	**-**	**20,266,076**	**14,995,790**	**15,036,159**	**5,678,716**	**3,316,340**	**-**	**73,500,802**
Other Ins. Deposits	**141,156**	**-**	**359,956**	**1,380,266**	**347,147**	**239,893**	**43**	**-**	**2,468,461**
Precious Metal Deposits	**21,420,687**	**-**	**-**	**22,269**	**14,806**	**25,226**	**676,418**	**-**	**22,159,406**
Bank Deposits	**692,867**	**-**	**3,762,398**	**3,163,722**	**810,537**	**1,796,251**	**-**	**-**	**10,225,775**
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	10,889	-	433,921	-	-	-	-	-	444,810
Foreign Banks	678,633	-	3,328,477	3,163,722	810,537	1,796,251	-	-	9,777,620
Participation Banks	3,345	-	-	-	-	-	-	-	3,345
Other	-	-	-	-	-	-	-	-	-
Total	**126,020,752**	**-**	**65,840,008**	**71,931,112**	**107,487,221**	**13,091,848**	**8,386,005**	**6,176**	**392,763,122**

(*) As of December 31, 2022, the balance of saving deposits includes the amounts related to TRY 15,313,257 "Treasury Currency Protected Deposits" and TRY 84,134,369 "CBRT Currency Protected Deposits".

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

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
Saving Deposits	93,754,539	55,175,424	242,459,179	179,366,796
Foreign Currency Savings Deposits	53,437,467	29,307,602	150,279,425	118,687,523
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	**147,192,006**	**84,483,026**	**392,738,604**	**298,054,319**

(*) With the amendment of the Regulaiton on Deposits and Participation Funds Subject to Insurance and Premiums Collected by The Savings Deposit Insurance Fund published in the Official Gazette dated August 27, 2022 and No. 31936, all deposits and participation funds in credit institutions, other than those belonging to official institutions, credit institutions and financial institutions, started to be insured. In this context, commercial deposits covered by insurance amount to TRY 16,701,398 (December 31, 2022 – TRY 9,717,740) is included in the footnote.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on maturity structure of deposits (Continued)

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

1.3. Savings deposits which are not under the guarantee of saving deposit insurance fund

	Current Period	Prior Period
Deposits and accounts in branches abroad	12,942	9,181
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	838,424	515,786
Deposits obtained through illegal acts defined in the 282nd Article of the Turkish Criminal Code No. 5237 dated September 26, 2004.	-	-
Saving deposits in banks established in Türkiye exclusively for off-shore banking activities	-	-
Total	**851,366**	**524,967**

2. Information on trading derivative financial liabilities

a) Negative differences table for derivative financial liabilities held for trading

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forwards	886,097	79,930	421,525	11,658
Swaps	900,032	3,976,918	2,556,751	2,087,711
Futures	-	5,515	-	-
Options	-	111,248	30,387	483,367
Other	-	-	-	-
Total	**1,786,129**	**4,173,611**	**3,008,663**	**2,582,736**

3. Information on borrowings

a) Negative differences table for derivative financial liabilities held for trading

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Banks and Institutions	8,416,407	3,132,273	5,775,489	1,963,023
Foreign Banks, Institutions and Funds	1,572,479	90,012,692	420,765	47,058,080
Total	**9,988,886**	**93,144,965**	**6,196,254**	**49,021,103**

b) Information on maturity structure of borrowings

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	9,535,358	17,718,731	5,519,452	15,617,892
Medium and Long-Term	453,528	75,426,234	676,802	33,403,211
Total	**9,988,886**	**93,144,965**	**6,196,254**	**49,021,103**

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on borrowings (Continued)

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

As of September 30, 2023, the Group's liabilities comprise; 63% deposits (December 31, 2022 – 63%), 12% funds borrowed (December 31, 2022 – 9%), 4-% issued bonds (December 31, 2022 – 4%) and 4% money market debts (December 31, 2022 – 5%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
From domestic transactions	**17,009,798**	**-**	**1,165,878**	**-**
Financial institutions and organizations	16,994,769	-	1,149,893	-
Other institutions and organizations	6,675	-	8,772	-
Natural persons	8,354	-	7,213	-
From foreign transactions	**203,214**	**17,829,055**	**178,955**	**21,733,804**
Financial institutions and organizations	190,169	17,829,055	169,856	13,970,191
Other institutions and organizations	11,658	-	9,099	181,991
Natural persons	1,387	-	-	7,581,622
Total	**17,213,012**	**17,829,055**	**1,344,833**	**21,733,804**

5. Information on marketable securities issued (Net)

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Bank Bonds	4,944,299	8,937,910	8,401,709	5,911,335
Asset backed securities	492,070	-	330,878	-
Bills	-	19,926,637	-	17,372,987
Total	**5,436,369**	**28,864,547**	**8,732,587**	**23,284,322**

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

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

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

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

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

7.1. Explanations of changes in agreements and further commitments arising

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

7.2. Explanations on financial lease liabilities

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

7.2. Explanations on financial lease liabilities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	33,030	24,139	39,077	13,515
Between 1-4 years	862,136	745,651	868,095	728,013
More than 4 years	199	128	174	94
Total	**895,365**	**769,918**	**907,346**	**741,622**

7.3. Explanations and notes on financial lease:

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

7.4. Information on "Sale-and-lease back" agreements

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

8. Information on the hedging derivative financial liabilities

	Current Period (***)		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge (*)	-	304,363	-	678,201
Cash Flow Hedge (**)	26,259	568,316	-	445,388
Net Investment Hedge	-	-	-	-
Total	**26,259**	**872,679**	-	**1,123,589**

(*) Derivative financial instruments for fair value hedging consist of swaps. As of September 30, 2023, TRY 269,804 (December 31, 2022 – TRY 227,293) of securities issued, TRY 34,559 of loans received (December 31, 2022 – TRY 314,881) represent the fair value of derivative financial instruments for fair value hedging purposes. As of September 30, 2023, there is no derivative financial liability for hedging the fair value risk of securities (December 31, 2022 – TRY 136,028).

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

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

9. Information on provisions

9.1 Information on provision related with foreign currency difference of foreign indexed loans

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

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

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

	Current Period	Prior Period
Stage I	1,490,705	544,980
Stage II	120,274	24,102
Stage III	31,184	55,641
Total	**1,642,163**	**624,723**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on provisions (Continued)

9.3. Information on reserve for employee rights

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

As of September 30, 2023, the Group presented the provision for severance pay of TRY 1,047,720 (December 31, 2022 – TRY 1,200,277) under the “Reserves for Employee Benefits ” item in its financial statements.

As of September 30, 2023, the Group has shown a total vacation liability of TRY 217,548 (December 31, 2022 – TRY 145,545) under the “Reserves for Employee Benefits” in its financial statements.

As of September 30, 2023, TRY 1,289,250 (December 31, 2022 – TRY 1,250,950) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the “Reserves for Employee Benefits” in its financial statements.

9.3.1 Movement of employee termination benefits

	Current Period 01.01-30.09.2023	Prior Period 01.01-30.09.2022
As of January, 1	1,200,277	489,568
Impact of business combinations	30,276	-
Service Cost	100,283	44,532
Interest Cost	88,649	67,775
Cutting payments and benefits	23,815	20,750
Actuarial difference	38,276	(2,672)
Paid during the period	(433,856)	(58,639)
Total	**1,047,720**	**561,314**

9.4. Information on insurance technical provisions

As of September 30, 2023, the Group has reflected the insurance technical provision amounting to TRY 2,536,199 (December 31, 2022 - None) in its consolidated financial statements.

9.5. Information on other provisions

Except for those mentioned in note 9.2 above, there is a provision for lawsuits against the Group and tax lawsuits in the amount of TRY 373,527 (December 31, 2022 – TRY 475,524) in other provisions. The Parent Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

Other provisions in the unconsolidated financial statements prepared as of September 30, 2023 include free provisions amounting to TRY 5,400,000 , 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 tax liabilities

10.1 Information on current tax liability

10.1.1 Information on tax provision

The Group has reflected the current tax liability and prepaid tax amounts to the consolidated financial statements by offsetting the balances in the financial statements of the consolidated subsidiaries separately. As a result of offseting, there is a tax liability of TRY 7,301,047 (December 31, 2022 – TRY 3,167,083) and no current tax receivable (December 31, 2022 – TRY 101,935) in the accompanying consolidated financial statements, and as of September 30, 2023, there is prepaid tax amounting to TRY 693,214 (31 December 2022 – TRY 323,601).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Explanations on tax liabilities (Continued)

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	6,607,833	2,843,483
Banking and Insurance Transaction Tax (BITT)	853,187	386,347
Taxation on Securities Income	189,471	97,627
Taxation on Real Estates Income	18,627	5,444
VAT Payable	822	103
Other	168,958	152,517
Total	**7,838,898**	**3,485,521**

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

10.1.3. Information on premium payables

	Current Period	Prior Period
Social Security Premiums - Employee Share	111,895	49,995
Social Security Premiums - Employer Share	137,666	57,705
Pension Fund Fee and Provisions – Employee Share	224	68
Pension Fund Fee and Provisions – Employer Share	731	223
Unemployment Insurance - Employee Share	7,307	3,514
Unemployment Insurance - Employer Share	14,618	7,031
Other	499	61
Total	**272,940**	**118,597**

11. Information on payables related to assets held for sale

None (December 31, 2022 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt Instruments subject to common equity	**-**	**14,724,523**	**-**	**9,826,193**
Subordinated Loans	-	14,724,523	-	9,826,193
Subordinated Debt Instruments	-	-	-	-
Debt Insturments subject to tier 2 common equity	**-**	**10,994,444**	**-**	**7,301,531**
Subordinated Loans	-	10,994,444	-	7,301,531
Subordinated Debt Instruments	-	-	-	-
Total	**-**	**25,718,967**	**-**	**17,127,724**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

III. Explanations and Disclosures Related to Consolidated Liabilities (Continued)

13. Information on shareholder's equity

13.1. Presentation of paid-in capital

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

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

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

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

None (December 31, 2022 – None).

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

None (December 31, 2022 – None)

13.5. Information on capital commitments, the purpose and the sources until the end of the fiscal year and the subsequent interim period

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

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

None (December 31, 2022 – None).

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

None (December 31, 2022 – None).

14. Common stock issue premiums, shares and equity instruments

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

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

IV. Explanations and Disclosures Related to Consolidated Liabilities (Continued)

15. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Associates, Subsidiaries and Entities under Common Control	**119,711**	**-**	**81,784**	**-**
Valuation Differences	-	-	41,812	-
Foreign Exchange Rate Differences	119,711	-	39,972	-
Securities Measured at FV Through Other Comprehensive Income	**923,101**	**(2,084,424)**	**3,616,031**	**(1,846,032)**
Valuation Differences	923,101	(2,084,424)	3,616,031	(1,846,032)
Foreign Exchange Rate Differences	-	-	-	-
Total	**1,042,812**	**(2,084,424)**	**3,697,815**	**(1,846,032)**

16. Information on accrued interest and expenses

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Derivative Financial Liabilities	1,812,388	5,046,290	3,008,663	3,706,325
Deposits	6,874,990	349,809	2,984,266	250,152
Funds Borrowed	230,860	2,032,948	93,425	505,155
Money Market Borrowings	28,162	374,667	2,767	139,542
Issued Securities	47,584	279,074	24,714	400,290
Other Accruals	1,444,002	1,180,255	1,307,501	368,615
Total	**10,437,986**	**9,263,043**	**7,421,336**	**5,370,079**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Explanations on off-balance-sheet-commitments

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	308,710,671	111,928,372
Commitment For Use Guaranteed Credit Allocation	77,809,195	47,345,675
Payment Commitments for Cheques	14,327,598	14,849,695
Forward Asset Purchase Commitments	6,164,102	17,048,935
Other Irrevocable Commitments	6,507,062	3,895,823
Commitments for Promotions Related with Credit Cards and Banking Activities	181,797	109,533
Tax and Fund Liabilities due to Export Commitments	246,845	118,666
Total	**413,947,270**	**195,296,699**

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

A provision of TRY 1,642,163 (December 31, 2022 – TRY 624,723) has been made for non-compensated and non-cash loans or expected loan losses on off-balance sheet loans.

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

	Current Period	Prior Period
Bank Loans	13,732,812	13,724,618
Other Letters of Guarantee	10,011,482	5,848,676
Total	**23,744,294**	**19,573,294**

1.4. Guarantees, suretyships and other similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	25,213,111	17,059,240
Final Letters of Guarantee	14,501,908	7,239,998
Advance Letters of Guarantee	898,093	1,327,806
Letters of Guarantee Given to Customs Offices	1,245,113	1,073,138
Other Letters of Guarantee	27,724,423	18,920,224
Total	**69,582,648**	**45,620,406**

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	**11,668,938**	**7,483,761**
Less Than or Equal to One Year with Original Maturity	291,064	578,172
More Than One Year with Original Maturity	11,377,874	6,905,589
Other Non-Cash Loans	**81,658,004**	**57,709,939**
Total	**93,326,942**	**65,193,700**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period				Prior Period			
	TRY	%	FC	%	TRY	%	FC	%
Agricultural	**222,099**	**0.50**	**-**	**-**	**165,630**	**0.56**	**596**	**0.00**
Farming and Raising Livestock	147,879	0.33	-	-	79,656	0.27	596	0.00
Forestry	27,075	0.06	-	-	45,255	0.15	-	-
Fishing	47,145	0.11	-	-	40,719	0.14	-	-
Manufacturing	**15,499,200**	**34.71**	**24,603,349**	**50.55**	**10,058,694**	**33.92**	**18,219,721**	**51.27**
Mining and Quarrying	211,194	0.47	35,754	0.07	161,862	0.55	33,296	0.09
Production	14,221,110	31.85	24,092,037	49.50	9,498,871	32.03	17,910,743	50.40
Electricity, gas and water	1,066,896	2.39	475,558	0.98	397,961	1.34	275,682	0.78
Construction	**8,430,329**	**18.88**	**9,064,342**	**18.62**	**6,222,108**	**20.98**	**6,167,027**	**17.35**
Services	**20,007,692**	**44.81**	**14,301,622**	**29.38**	**12,762,410**	**43.04**	**10,669,011**	**30.01**
Wholesale and Retail Trade	13,114,167	29.37	5,717,453	11.75	8,726,222	29.43	4,304,979	12.11
Hotel, Food and Beverage Services	1,252,524	2.80	623,613	1.28	609,706	2.06	1,135,063	3.19
Transportation&Communication	880,184	1.97	1,191,351	2.45	713,008	2.40	842,222	2.37
Financial Institutions	3,076,175	6.89	5,277,967	10.84	1,578,822	5.32	3,808,729	10.72
Real Estate and Renting Services	29,845	0.07	5,806	0.01	89,435	0.30	20,669	0.06
Self Employment Services	1,089,471	2.44	922,278	1.89	583,415	1.97	417,290	1.17
Educational Services	39,636	0.09	-	-	31,168	0.11	-	-
Health and Social Services	525,690	1.18	563,154	1.16	430,634	1.45	140,059	0.39
Other	**494,502**	**1.10**	**703,807**	**1.45**	**446,739**	**1.50**	**481,764**	**1.37**
Total	**44,653,822**	**100.00**	**48,673,120**	**100.00**	**29,655,581**	**100.00**	**35,538,119**	**100.00**

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

Current Period (*)	**I. Group**		**II. Group**	
	TRY	**FC**	**TRY**	**FC**
Letters of Guarantee	39,601,620	28,138,596	559,003	1,252,245
Bill of Exchange and Acceptances	4,368,038	8,930,202	44,500	390,072
Letters of Credit	49,292	9,952,559	185	9,446
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**44,018,950**	**47,021,357**	**603,688**	**1,651,763**

(*) The amount of TRY 31,184 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

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

(*) The amount of TRY 55,641 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	**444,543,662**	**440,539,601**
Forward transactions (*)	56,378,494	45,212,064
Swap transactions	355,814,336	276,267,320
Futures transactions	13,478,347	1,618,208
Option transactions	18,872,485	117,442,009
Interest Related Derivative Transactions (II)	**294,610,862**	**159,791,156**
Forward rate transactions	-	-
Interest rate swap transactions	287,214,698	156,221,134
Interest option transactions	-	-
Futures interest transactions	7,396,164	3,570,022
Security option transactions	-	-
Other trading derivative transactions (III)	**1,368,835**	**2,056,626**
A, Total Trading Derivative Transactions (I+II+III)	**740,523,359**	**602,387,383**
Types of hedging transactions		
Fair value hedges	33,211,656	42,894,666
Cash flow hedges	121,180,117	107,912,819
Net investment hedges	-	-
B, Total Hedging Related Derivatives	**154,391,773**	**150,807,485**
Total Derivative Transactions (A+B)	**894,915,132**	**753,194,868**

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

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

	Forward Buy (**)	Forward Sell (**)	Swap Buy (*)	Swap Sell (*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TRY	21,356,785	1,751,789	49,651,610	154,317,381	6,297,005	3,110,525	6,958,403	-	-
USD	4,146,789	19,291,402	276,419,698	156,660,600	3,351,731	5,161,232	3,698,082	9,558,311	1,368,835
Euro	3,098,392	5,304,663	40,839,671	83,594,535	-	951,992	-	-	-
Other	227,839	1,200,835	34,055,091	1,882,221	-	-	-	659,715	-
Total	**28,829,805**	**27,548,689**	**400,966,070**	**396,454,737**	**9,648,736**	**9,223,749**	**10,656,485**	**10,218,026**	**1,368,835**

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

5.1. Fair value hedge accounting

a) Loans

The Parent Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. As of the balance sheet date, the TRY installment loans amounting to TRY 1,903,575 (December 31, 2022 – TRY 2,113,014) were subject to hedge accounting by swaps with a nominal amount of TRY 1,102,305 (December 31, 2022 – TRY 4,808,155). On September 30, 2023, the net market valuation difference loss of TRY 43,038 arising from TRY 5,401 loss from the aforementioned loans (December 31, 2022 – TRY 196,115 gain) and TRY 42,637 loss from swaps (December 31, 2022 – TRY 301,175 loss), is shown under “Gains/Losses From Derivative Transactions" account in the financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest rate swaps in order to protect itself from interest rate changes in relation to its fixed rate foreign currency lease transactions. As of the balance sheet date, swaps amounting to TRY 26,683 have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference gain amounting to TRY 12 before tax was recognized in the financial statements as “Profit/Loss from Derivative Financial Transactions”.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through statement of profit or loss and other comprehensive income until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TRY 251,229 (December 31, 2022 – TRY 67,268 gain) related to the loans that are ineffective for hedge accounting under “gain/(loss) from financial derivatives transactions” as gain during the current period.

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

b) Financial assets at fair value through other comprehensive income

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As of the balance sheet date; Eurobonds with a nominal of USD 212,671 million (December 31, 2022 – USD 259,315 million and EUR 44 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On September 30, 2023, the net market valuation difference gain amounting to TRY 10,663 due to loss from Eurobonds amounting to TRY 372,205 (December 31, 2022 – TRY 844,795 loss) and gain from swaps amounting to TRY 382,868 (December 31, 2022 – TRY 839,160 gain) is accounted for under “gain/(loss) from financial derivatives transactions” line in the accompanying financial statements.

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

c) Marketable securities issued

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 300 million (December 31, 2022 – USD 330 million) have been subject to hedge accounting with the same nominal amount of swaps. As of September 30, 2023, TRY 3,877 net fair valuation difference loss, due to net of TRY 25,506 (December 31, 2022 – TRY 417,088 gain) gain from issued bonds and TRY 29,383 (December 31, 2022 – TRY 414,503 loss) loss from swaps, has been recorded under “Gain/(loss) from financial derivatives transactions” on accompanying financial statements.

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

5.1. Fair value hedge accounting (Continued)

d) Borrowings

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TRY loans. As of the balance sheet date, swaps amounting to TRY 115,570 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference loss amounting to TRY 157 before tax was recognized in the financial statements as “Profit/Loss from Derivative Financial Transactions”.

5.2. Cash flow hedge accounting

a) Floating Rate Loans

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

In this context; as of the balance sheet date, swaps with a nominal amount of USD 525 Million (December 31, 2022 – USD 525 Million) regarding the floating rate FX loans extended by the Bank are subject to hedge accounting as a hedging instrument. As a result of the said hedge accounting, fair value gain before tax amounting to TRY 17,321 (December 31, 2022 – TRY 572,313 loss) has been accounted for under equity in the current period. The loss of the ineffective portion amounting to TRY 5 is associated with the statement of profit or loss (December 31, 2022 – TRY 4 loss).

On the other hand; as of the balance sheet date, swaps with a nominal amount of TRY 2,943 Million (December 31, 2022 – TRY 5,472 Million) regarding the floating rate TRY loans extended by the Bank are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value gain before tax amounting to TRY 73,800 (December 31, 2022 – TRY 330,708 gain) has been accounted for under equity in the current period. The loss amounting to TRY 20 related to the ineffective portion is associated with the profit or loss statement (December 31, 2022 – TRY 75 gain).

b) Deposit

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As at the balance sheet date, swaps amounting to TRY 955,000 are subject to hedge accounting as hedging instruments (December 31, 2022 – TRY 50,000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TRY 28,131 are accounted for under equity during the current period (December 31, 2022 – TRY 2,192 loss). The gain amounting to TRY 115 (31 December 2022 – None) relating to the ineffective portion is accounted under at the statement of profit or loss and other comprehensive income.

As of the balance sheet date, swaps with a nominal amount of USD 1,025 Million (December 31, 2022 – USD 1,621 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 136 Million (December 31, 2022 – EUR 114 Million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value gain before taxes amounting to TRY 445,128 (December 31, 2022 – TRY 2,123,518 gain) are accounted under equity during the current period. The gain amounting to TRY 89 (December 31, 2022 – TRY 13,216 gain) relating to the ineffective portion is accounted under at the statement of profit or loss and other comprehensive income.

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

c) Floating Rate Liabilities

The Parent Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with variable interest payments from changes in interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the “Hedge Funds” account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the statement of profit or loss and other comprehensive income. As of the balance sheet date, the nominal amount of USD 400 Million (December 31, 2022 – USD 423 Million) was subject to hedge accounting as hedging instrument. As a result of the mentioned hedge accounting, the fair value gain amounting to TRY 138,357 (December 31, 2022 – TRY 423,008 gain) before tax was recognized under equity. The gain amounting to TRY 1,133 (December 31, 2022 – TRY 8 gain) related to the ineffective portion of the relevant transaction is associated with the statement of profit or loss.

On the other hand; accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to that the effective amounts classified under equity due to hedge accounting are reclassified into profit or loss as the reclassification adjustments during periods or periods when the estimated cash flows subject to hedging in case of deterioration of the event affect profit or loss (such as the periods when interest income or expense is accounted for). Due to hedge accounting practices terminated in the current year, a loss amounting to TRY 43,063 (December 31, 2022 – TRY 39,964 loss) was transferred from the “Gain/losses from derivative transactions” to the statement of profit or loss and other comprehensive income.

In this context, in the current period, the Bank has transferred loss of TRY 37,506 (December 31, 2022 – TRY 12,357 loss) from equity to the profit or loss statement related to terminated hedge accounting practices.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies cash flow hedge accounting by means of interest and currency swaps in order to protect itself from the changes in interest rates regarding the floating rate foreign currency loans and floating rate securities. The Company applies effectiveness tests for hedge accounting at each balance sheet date, the effective parts are accounted for in the “Hedging Funds” account item under equity in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the profit or loss statement. As of the balance sheet date, swaps amounting to TRY 2,171,588 are subject to hedge accounting. As a result of the aforementioned hedge accounting, in the current period, net market valuation difference loss before tax amounting to TRY 25,908 has been accounted for under “Hedging Funds” account item in the consolidated financial statements (December 31, 2022 – TRY 2,147 gain).

In the measurements made as of September 30, 2023, it has been determined that the above-mentioned cash flow hedging transactions are effective.

6. Credit derivatives and risk exposures on credit derivatives

As of September 30, 2023, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2022 – None).

As of September 30, 2023, “Other Derivative Financial Instruments” with nominal amount of USD 50,000,000 (December 31, 2022: USD 110,000,000) are included in Bank’s “Credit Default Swap”. In aforementioned transaction, The Bank is the seller of the protection for USD 50,000,000.

7. Information on contingent liabilities and assets

The Parent Bank has recorded a provision of TRY 89,311 (December 31, 2022 – TRY 296,729) 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.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

MOODY'S August 2022		FITCH September 2023	
Long-Term Deposit Rating (FC)	B3	Long -Term Foreign Curr.	B- (Negative)
Long-Term Deposit Rating (TRY)	B1	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (FC)	NP	Long-Term TRY	B (Stable)
Short-Term Deposit Rating (TRY)	NP	Short-Term TRY	B
Main Credit Evaluation	b3	Long-Term National	AA(tur) (Stable)
Adjusted Main Credit Evaluation	b1	Support	b-
Appearance	Stable	Financial Capacity Rating	b-
Long-Term Foreign Currency Denominated Debt (FC)	B3		

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

1. a) Information on interest income on loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term Loans	21,032,418	3,225,956	12,092,505	1,048,403
Medium and Long-Term Loans	20,048,309	6,023,106	10,910,620	3,113,913
Non-Performing Loans	560,739	-	476,632	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total(*)	**41,641,466**	**9,249,062**	**23,479,757**	**4,162,316**

(*) Includes fees and commissions income from cash loans

b) Information on interest income from banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank (*)	41,979	-	-	-
Domestic Banks	434,576	652	13,519	785
Foreign Banks	3,205	396,428	785	143,299
Foreign Headquarters and Branches	-	-	-	-
Total	**479,760**	**397,080**	**14,304**	**144,084**

(*) The interest income on Required Reserve amounting TRY 362,209 excluded from interest income on Banks. (September 30, 2022 - TRY 130,135).

c) Information on interest income on marketable securities

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	144,570	16,026
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,947,678	641,979
Financial Assets Measured at Amortized Cost	14,249,311	1,067,547
Total	**19,341,559**	**1,725,552**

	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	49,399	4,009
Financial Assets Measured at Fair Value through Other Comprehensive Income	3,096,849	542,569
Financial Assets Measured at Amortized Cost	9,445,320	813,852
Total	**12,591,568**	**1,360,430**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As stated in Section Three disclosure VII, the Parent Bank has inflation indexed (CPI) government bonds in its financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. In parallel with this, the Parent Bank determines the estimated inflation rate used in the valuation of the related securities. The estimated inflation rate used is updated during the year when deemed necessary. As of September 30, 2023, an annual rate of 50% 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 September 30, 2023, the Parent Bank's securities valuation differences under shareholders' equity would have decreased by TRY 53,272 after tax, and the net profit for the period would have decreased by TRY 58,258 to TRY 24,583,687.

d) Information on interest income received from associates and subsidiaries

None (September 30, 2022 – None).

2. a) Information on interest expense on borrowings (*)

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Banks	**989,654**	**5,548,084**	**617,726**	**2,050,924**
T.R. Central Bank	-	-	-	-
Domestic Banks	906,330	246,460	567,370	103,072
Foreign Banks	83,324	5,301,624	50,356	1,947,852
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	**989,654**	**5,548,084**	**617,726**	**2,050,924**

(*) Includes fees and commissions expenses related to the cash loans.

b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	586	7,443

c) Information on interest expense paid to securities issued

As of September 30, 2023 the amount paid to securities issued is TRY 2,356,823 (September 30, 2022 – TRY 1,963,344).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

d) Information on maturity structure of interest expenses on deposits

Current Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	65,154	313	-	-	-	-	65,467
Saving Deposits	-	5,815,031	6,594,523	17,034,480	690,335	434,640	-	30,569,009
Public Sector Deposits	-	3,042	1,195	-	5	-	-	4,242
Commercial Deposits	-	3,766,898	3,494,104	3,141,496	951,091	639,572	-	11,993,161
Other Deposits	-	53,561	330,705	33,731	19,096	2	-	437,095
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**-**	**9,703,686**	**10,420,840**	**20,209,707**	**1,660,527**	**1,074,214**	**-**	**43,068,974**
Foreign Currency								
Deposits	-	21,169	138,288	370,087	21,367	42,219	-	593,130
Bank Deposits	1,158	329,926	591,562	74,360	14,648	-	-	1,011,654
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1,774	-	-	-	-	-	1,774
Total	**1,158**	**352,869**	**729,850**	**444,447**	**36,015**	**42,219**	**-**	**1,606,558**
Grand Total	**1,158**	**10,056,555**	**11,150,690**	**20,654,154**	**1,696,542**	**1,116,433**	**-**	**44,675,532**

Prior Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	46,240	-	-	-	-	-	46,240
Saving Deposits	-	1,725,472	1,698,280	3,299,944	217,976	139,898	-	7,081,570
Public Sector Deposits	-	2,833	1,349	30	85	-	-	4,297
Commercial Deposits	-	893,411	512,439	337,025	1,083,035	127,697	-	2,953,607
Other Deposits	-	8,850	66,464	1,760	9,746	6	-	86,826
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**-**	**2,676,806**	**2,278,532**	**3,638,759**	**1,310,842**	**267,601**	**-**	**10,172,540**
Foreign Currency								
Deposits	-	150,930	769,778	254,119	33,199	42,201	-	1,250,227
Bank Deposits	109	49,914	89,242	6,624	211	-	-	146,100
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	9,548	-	-	-	-	-	9,548
Total	**109**	**210,392**	**859,020**	**260,743**	**33,410**	**42,201**	**-**	**1,405,875**
Grand Total	**109**	**2,887,198**	**3,137,552**	**3,899,502**	**1,344,252**	**309,802**	**-**	**11,578,415**

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expenses on Repurchase Agreements (*)	734,762	781,599	1,741,712	239,784

(*) Disclosed in "Interest on Money Market Transactions.

f) Information on financial lease expenses

	Current Period	Prior Period
Leasing Expenses	105,461	72,869

g) Information on interest expenses on factoring payables

None (September 30, 2022 – None)

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on dividend income

	Current Period	Prior Period
Derivative Financial Assets at Fair Value Through Profit or Loss	11,831	1,676
Financial Assets at Fair Value Through Profit or Loss		
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Other	714	15,052
Total	**12,545**	**16,728**

4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	**52,288,647**	**27,224,759**
Gain on Capital Market Transactions	3,021,814	936,458
From Derivative Transactions	19,216,942	10,080,674
Foreign Exchange Gains	30,049,891	16,207,627
Trading Loss (-)	**36,946,174**	**27,261,826**
Losses on Capital Market Transactions	1,372,418	559,256
From Derivative Transactions	22,141,095	15,871,188
Foreign Exchange Losses	13,432,661	10,831,382
Net Trading Gain/Loss	**15,342,473**	**(37,067)**

5. Information on other operating income

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

6. Provision for losses and other provision expenses

	Current Period	Prior Period
Expected Credit Losses	**8,191,823**	**4,196,270**
12 Month Expected Credit Loss (Stage 1)	3,063,442	1,032,882
Significant Increase in Credit Risk (Stage 2)	4,418,330	1,884,492
Lifetime ECL Impaired Credits (Stage 3)	710,051	1,278,896
Marketable Securities Impairment Provision	**1,656**	**2,508**
Financial Assets Measured at Fair Value Through Profit/Loss	-	-
Financial Assets Measured at Other Comprehensive Income	1,656	2,508
Provisions for Impairment of Associates, Subsidiaries and Joint Ventures	**-**	**-**
Investment in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other(*)	**1,114,911**	**3,595,143**
Total	**9,308,390**	**7,793,921**

(*) Includes free provision expense for possible risks amounting to TRY 5,400,000 allocated in the current period (September 30, 2022 – TRY 3,200,000)

7. Information on other operating expenses

	Current Period	Prior Period
Severance Pay Provision Expense (*)	212,640	74,418
Tangible Fixed Asset Depreciation Expenses	715,917	436,241
Intangible Asset Depreciation Expenses	300,968	167,106
Other Operating Expenses	4,702,624	2,198,860
TFRS 16 Leasing expenses	*5,817*	*2,822*
Maintenance expenses	*947,205*	*697,012*
Advertisement expenses	*344,767*	*153,437*
Other expenses	*3,404,835*	*1,345,589*
Loss on sales of assets	81	61
Other	2,062,871	759,614
Total	**7,995,101**	**3,636,300**

(*) “Reserve for employee termination benefits” is included in the “Personnel Expenses” account item in the financial statement.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As of September 30, 2023, net interest income amounting to TRY 23,785,143 (September 30, 2022- TRY 25,548,537), net fee and commission income amounting to TRY 11,487,250 (September 30, 2022 – TRY 4,715,960) and other operating revenues amounting to TRY 2,316,572 (September 30, 2022 – TRY 277,314) have important place among income items related to continuing operations.

9. Explanation on tax provision for continuing and discontinued operations

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

As of September 30, 2023, the Group recorded deferred tax expense amounting to TRY 4,729,582 (September 30, 2022 – TRY 1,455,210). The Parent Bank has a current tax expense of TRY 9,204,080 (September 30, 2022 – TRY 6,246,153) from its continuing operations.

9.2. Explanations on operating profit/loss after tax

None (September 30, 2022 - None).

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

The profit generated by the Group from continuing operations is TRY 24,640,747 (September 30, 2022 – TRY 11,472,918).

11. Explanations on net profit and loss for the period

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

None (September 30, 2022 - None).

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

None (September 30, 2022 - None).

11.3. Profit or loss attributable to minority shares

	Current Period	**Prior Period**
Profit/Loss Attributable to Minority Shares	3,832	1,710

11.4. There is no change in the accounting estimates, which have a material effect on current period or expected to have a material effect on subsequent periods

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

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

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

1.1. As of September 30, 2023, the Parent Bank's risk group has deposits amounting to TRY 1,364,815 (December 31, 2022 – TRY 724,884), cash loans amounting to TRY 6,286 (December 31, 2022 – TRY 4,102) and non-cash loans amounting to TRY 2,209,206 (December 31, 2022 – TRY 118,429).

Current Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries (Partnerships)		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	-	226	-	116,854	4,102	1,349
Balance at the End of the Period	-	171	-	2,077,102	6,286	131,933
Interest and Commission Income	-	-	-	1,456	2,567	-

Prior Period

Parent 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	-	730	-	55,271	1,773	4,888
Balance at the End of the Period	-	226	-	116,854	4,102	1,349
Interest and Commission Income	-	-	-	1,705	646	-

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

(**) Represents the balances of September 30, 2022

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

1.2. Information on deposits of the Parent Bank's risk group

Parent 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
Deposits						
Balance at the Beginning of the Period	152,259	60,887	-	-	572,625	525,760
Balance at the End of the Period	199,092	152,259	-	-	1,165,723	572,625
Interest Expense on Deposit (**)	586	7,443	-	-	3,500	22,617

(*) As described in the Article 49 of Banking Law No 5411.
(**) Previous period's balances represent September 30, 2022 balances.

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

Parent Bank's Risk Group (*)	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	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(**)	-	-	-	59	48	382
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.
(**) Prior Period represents September 30, 2022 balance.

1.4. Information regarding benefits provided to the Top Management

As of September 30, 2023, the total amount of remuneration and bonuses paid to key management of the Group is TRY 479,276 (September 30, 2022 – TRY 253,562).

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

As of September 30, 2023, the rate of cash loans of the risk group divided by to total loans is 0.0%; (December 31, 2022 – 0.0%); the deposits represented 0.2% (December 31, 2022 – 0.2%), the ratio of total derivative transactions with derivatives risk is 0.0% (December 31, 2022 – 0.0%).

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

The Parent Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş., one of the risk group companies it belongs to.

The Parent 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 Parent 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 Parent Bank participated with 33.33% shareholding, provides cash transfer services to the Parent Bank.

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

Issue Date	Currency	Nominal Amount (Full TRY)	Maturity
06/10/2023	TRY	250,100,000	147
13/10/2023	TRY	545,000,000	147

The Bank's application to the Capital Markets Board dated September 11, 2023 regarding debt instruments to be issued abroad has been approved by the Board, and the bond issuance program of USD 4 Billion (Global Medium Term Note Program), which will be valid for 1 year as of October 18, 2023, has been announced and the green and/or sustainable debt instrument issuance limit of USD 1 Billion has been updated.

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

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

3. Other matters

None.

SECTION SIX

INTERIM REVIEW REPORT

I. Explanations on the Interim Review Report

The consolidated financial statements for the period ended September 30, 2023 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated October 26, 2023 is presented preceding the consolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditor

None (December 31, 2022 – None).

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SECTION SEVEN

CONSOLIDATED INTERIM ACTIVITY REPORT

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

Message by the Chairman

Dear Shareholders,

2023 began with an intense agenda: the earthquake disaster of February 6, 2023, which affected 11 of our cities, followed by the parliamentary and presidential elections. As we continue to work to ensure relief following the earthquake in the Q3, we have monitored and revised our strategies as necessary under the influence of ever-changing global and local developments.

Following the pandemic, the war between Russia and Ukraine has reinforced the tension between the global powers. And the Q4 of 2023 started with a conflict between Israel and Palestine, which is both painstaking for the sake of humanity, and entails great risks in terms of geopolitics. Today, the issue between Israel and Palestine is far from a local conflict, and has transformed into a global crisis involving many countries.

Recent geopolitic developments will continue to pose risks on global growth and energy prices in the forthcoming period. The IMF estimates that the global economic growth rate, which realized at 3.5% in 2022, will drop to 3% in 2023 and 2.9% in 2024. It is projected that the core inflation rate will also gradually decline along with headline inflation. In this environment, although major central banks are closing in on end of rate hiking cycle, it seems likely that they will have to maintain interest rates at current high level for a long time.

Examining Türkiye's economic policies, we see that a stance that prioritizes macroeconomic balancing and stability has been adopted. This ongoing macroeconomic model will enable us to stand out as more resilient to developments in an environment where global risks arise.

We The tightening of monetary policy is expected to cause some slowdown in domestic demand in the short term. However, a gradual decline in inflation is forecast for the medium term.

We foresee a gradual slowdown in domestic demand in the short-term, due to tighter monetary policy and accordingly a gradual fall in inflation in the mid-term.

The restoration of macro balances will initiate capital inflows, direct financial markets into a stable course So, the growth will recover in the medium to long term and display a healthier outlook.

At the Group, we completed the third quarter of 2023 with a robust performance in the face of economic and geopolitical events that have implications on both Türkiye and the world. As of September 30, 2023, our Parent Bank's total assets increased by 44%, compared to the end of 2022, reaching TRY 894 billion 174 million, as net loans rose by 46%, reaching TRY 529 billion 700 million. In the same period, our Parent Bank's customer deposits reached TRY 539 billion 931 million, recording an increase of 41%, while our equity grew by 50% to reach TEY 66 billion 201 million. In the first nine months of 2023, our Parent Bank's net profit was TRY 24 billion 641 million.

The success of the Digital Bridge Platform, one of our important initiatives for supporting the economy and digital transformation, has also had an influence in the international arena. Global Finance Magazine—one of the world's leading publications—selected QNB Finansbank as the Best Digital SME Bank of Turkey and of the Western European Region.

SECTION SEVEN(Continued)

CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)

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

The year 2023 is of great importance for all of us. We are celebrating the 100th anniversary of the Republic of Türkiye, which is a modern, democratic, independent, secular regime that is based on science and humanity. The Group acknowledges its responsibility as a financial institution in this country, and continues to work with the utmost ambition and commitment. We believe that children and youth of this nation will vouch for sustaining the Republic. And we carried out the "Renovation of 100 schools in the earthquake-affected region" project under a QNB Finansbank and UNICEF partnership, as part of the celebrations of the 100th anniversary of the Republic of Türkiye. Thanks to support of QNB Finansbank, the project saw the renovation of 100 schools providing education to 31,531 students in Adıyaman, Gaziantep, Hatay, Kahramanmaraş and Malatya provinces. Renovation was completed before the beginning of 2023-2024 academic year to ensure continuity of education.

The Group took another very important step in September. We have adopted the main principle of working for a sustainable world in all our business operations, and established our "Becoming One with the World" vision to create a viable future through change. Thus, within the framework of our new "Becoming One with the World" vision, we announced to all our stakeholders that we are determined to create solutions to the environmental and social problems that endanger humanity and the planet.

I would like to thank all our financiers who continuously contribute to the growth of our bank through their selfless work, and our customers and business partners for the eternal trust they place in us.

Message by the General Manager

Dear Shareholders and Board Members,

The first 9 months of 2023 have marked significant events that deeply affected the Turkish economy. These include the earthquake disaster in the Q1, and presidential and general elections in the Q2. The third quarter of 2023 saw decisive actions of the new economy administration, with the aim to initiate the disinflation process and ensure economic normalization process. In this context, we have entered a period in which market expectations have begun to improve, confidence in the Turkish economy has increased, and financial stability has recovered. We observe that the gradual monetary tightening policy has been regarded positively both in domestic and international markets.

In the context of combating inflation across global markets, recession expectations have increased along with interest rate hikes and geopolitical risks. Global economic activities continued to remain relatively strong, even though they lost some momentum. Indeed, during this period, the IMF settled its economic growth forecast for 2023 for the global economy steady at 3% and reduced its growth forecast for 2024. In this environment, although major central banks are close to the end of their rate hiking cycles, it looks likely that they will have to maintain interest rates at current high levels for a long time. Increasing geopolitical risks may negatively affect the global economic growth outlook.

On the other hand, evaluations regarding Turkey's economic outlook continue to improve, thanks to the recent policy actions taken for the Turkish economy to recover macroeconomic balances. Considering global risks in the upcoming period, maintaining a firm stance within the current economy policies would be important to achieve disinflation and to attract capital flows.

The Group completed the third quarter of the year with a strong performance by contributing to the Turkish economy with its banking activities: As of September 30, 2023, our bank's total assets increased by 44%, compared to the end of 2022, reaching TRY 894 billion 174 million; our net loans rose by 46%, reaching TRY 529 billion 700 million; and customer deposits grew by 41%, reaching TRY 539 billion 931 million. In the first nine months of 2023, our Parent Bank's net profit realized at TRY 24 billion 641 million.

Along with our stellar financial performance, we continued to make significant gains within the framework of our operational processes and sustainability activities.

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

SECTION SEVEN(Continued)

CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)

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

Thanks to our Digital Bridge Platform, which pioneered the digital transformation in SME banking, Global Finance Magazine—one of the world's leading publications—named our bank the Best Digital SME Bank of Türkiye and of the Western European Region.

This year, we are celebrating the centenary of Turkish Republic. As the Group, we focus on our children, who will vouch for our future by sustaining our Republic, and strive to create a better world for them by adding value to their lives.

To contribute to the education of our children in honor of the Centenary of our Republic, QNB Finansbank implemented the "Renovation of 100 schools in earthquake-affected regions" project in cooperation with UNICEF. Within the scope of the project, we completed the renovation of 100 schools in Adıyaman, Gaziantep, Hatay, Kahramanmaraş, and Malatya provinces, where a total of 31,531 students attend school, and contributed to their readiness for the 2023-2024 academic year.

We are bringing our activities to the next level with our "Becoming 1 with the World" vision, based on our aspiration to create a more livable future. As a bank, we have determined sustainability as the main principle for every activity and all the work we carry out with our employees and our customers.

In a world, where environmental and social challenges are constant, we adopt the protection of the nature, the defense of equal rights and freedoms, and being the spokesperson of children's future as firm principles and we proudly state that we are becoming one with the world. We are determined to create solutions to protect the future of our planet and society, and we will continue to take firm steps forward on this path.

We continue to accomplish highly significant results in the work we do in line with our sustainability principles and within the scope of our corporate social responsibility platform, the Small Hands, Big Dreams.

Thanks to the financial support provided by QNB Finansbank, WWF-Türkiye and the Turkish Ministry of National Education Directorate General for Basic Education implemented the 'Nature Pioneers Youth Program,' which offered 10,000 children across 10 provinces training sessions in the last academic year.

Children from 16 schools in six different provinces attended the National Youth Conference—which we organized at the end of these training sessions—where they worked in groups to present projects concerning the protection of the nature. With these projects, we saw once again how conscious our children are about creating a better world.

I would like to thank our financiers, who contribute to the profitable and sustainable growth of our Parent Bank, our customers who always provide their support to us, and all our business partners.

Summary Consolidated Financials Belonging to the Period of September 30, 2023

Principal Financial Indicators (Million TRY)	September 30, 2023	December 31, 2022
Total Loans	529,700	363,105
Securities	151,303	103,820
Total Assets	894,174	621,144
Customer Deposits	539,931	382,537
Equity	66,201	44,276

	September 30, 2023	September 30, 2022
Net Interest Income	23,785	25,549
Net Fee and Commission Income	11,487	4,716
Provision for Loans and Other Receivables (-)	9,308	7,794
Profit Before Tax	**29,115**	**16,264**
Tax Provision	4,474	4,791
Net Profit for the Period	**24,641**	**11,473**

SECTION SEVEN(Continued)

CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)

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

As of September 30, 2023, the Group's total assets increased by 44% compared to the year end and reached TRY 894 billion 174 million. In the same period, net loans increased by 46% and reached TRY 529 billion 700 million, while customer deposits increased by 41% and reached TRY 539 billion 931 million.

In the first nine months of 2023, the Group's net interest income has reached TRY 23 billion 785 million, while its net fee and commission income has been TRY 11 billion 487 million. The Group's profit before tax was TRY 29 billion 115 million and its net profit for the period was TRY 24 billion 641 million.

As of September 30, 2023, the Group's total shareholders' equity increased by 50% compared to the end of 2022 and reached TRY 66 billion 201 million; capital adequacy ratio was realized as 14.44%.

As of September 30, 2023, the Group has operated with 436 branches and 14,212 employees.

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

Assets

As of September 30, 2023, total consolidated performing loans increased by 46% and reached TRY 529 billion 700 million, while total consolidated assets increased by 44% and reached TRY 894 billion and 174 million compared to the end of the previous year.

Liabilities

As of September 30, 2023, shareholders’ equity of the Group increased by 50% and reached TRY 66 billion and 201 million and total customer deposits of the Group increased by 41% and reached TRY 539 billion and 931 million compared to year-end of 2022.

Profitability

In the first nine months period of 2023 compared to same period of prior year, the Group’s net interest income increased and reached TRY 23 billion and 785 million and net fees and commission income increased and reached TRY 11 billion 487 million. The net profit of the group for the period reached TRY 24 billion 641 million.

As of September 30, 2023, the Group operates with 436 branches and 14,212 employees.

Solvency

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

General Grants realized during the Period

General grants realized as of September 30, 2023 was TRY 508,846.

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