

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS AND
RELATED DISCLOSURES AT JUNE 30, 2024
TOGETHER WITH AUDITOR'S INTERIM REVIEW
REPORT



AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of QNB Finansbank Anonim Şirketi;

Introduction

We have reviewed the consolidated balance sheet of QNB Finansbank Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 30 June 2024 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 six-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 November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim 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.



Basis for the Qualified Conclusion

As mentioned in Section Five Part II. 9.5 and Part IV. 6 of Explanations and Notes to the Consolidated Financial Statements; a portion of free provision amounting to TRY 2,100,000 thousand is reversed in the current period out of the total free provision of TRY 6,800,000 thousand provided by the Group management in prior periods outside of the requirements of BRSA Accounting and Financial Reporting Legislation; therefore, the remaining free provision amount as at 30 June 2024 is TRY 4,700,000 thousand in the accompanying consolidated financial statements.

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 June 2024 and its consolidated operations and its consolidated cash flows for the six-months period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

Report on other regulatory requirements arising from legislation

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

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2024. 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
Independent Auditor

Istanbul, 29 July 2024

**THE CONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

The Parent Bank's;
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Phone number : (0 212) 318 50 00
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The consolidated financial report for the six months period ended June 30, 2024, 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, the consolidated subsidiaries and structured entities are as follows. There are no associates included in the consolidation.

Subsidiaries

1. QNB Finans Finansal Kiralama Anonim Şirketi
2. QNB Finans Yatırım Menkul Değerler Anonim Şirketi
3. QNB Finans Portföy Yönetimi Anonim Şirketi
4. QNB Finans Faktoring Anonim Şirketi
5. QNB Finans Varlık Kiralama 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 accompanying consolidated financial statements and related disclosures and footnotes for the six months period ended June 30, 2024, are prepared and reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated financial statements are presented **in thousands of Turkish Lira (TL)**.

Mehmet Ömer Arif Aras
Chairman of
the Board of Directors

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

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

Noor Mohd J. A. Al-Naimi
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
Managing 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 : Mehmet Demirci / Financial Reporting Manager
Phone Number : (0 212) 319 69 22
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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

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”) 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. 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 Parent 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 Parent 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 Parent 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 Finansbank" 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 “Finans Bank A.Ş” to “QNB Finansbank A.Ş.” as of January 19, 2018.

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

99.88% of shares of Parent Bank are controlled by Qatar National Bank as of June 30, 2024 and remaining 0.12% of related shares are public shares.

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

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

(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
Sercan Kısas	Head of the Department of Internal Control and Compliance	January 1, 2024	Masters
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

The 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 June 30, 2024, the Parent Bank operates through 434 domestic (December 31, 2023 – 434), 1 foreign (December 31, 2023 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2023 – 1) branches. As of June 30, 2024, the Group has 14,618 (December 31, 2023 – 14,247) 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)
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- VI. Consolidated Statement of Cash Flows

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET – ASSETS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

I. CONSOLIDATED BALANCE SHEET – ASSETS

		Current Period 30.06.2024			Prior Period 31.12.2023			
		Section 5						
		Part I	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	FINANCIAL ASSETS (NET)		184,460,592	189,834,702	374,295,294	126,260,193	147,835,098	274,095,291
1.1	Cash and Cash Equivalents		81,557,574	150,942,105	232,499,679	66,393,776	119,704,210	186,097,986
1.1.1	Cash and Balances with the Central Bank	(1)	78,458,474	130,506,515	208,964,989	59,793,397	102,786,314	162,579,711
1.1.2	Banks	(3)	3,104,698	20,454,418	23,559,116	871,084	16,941,768	17,812,852
1.1.3	Money Market Placement	(4)	1,004	-	1,004	5,736,581	-	5,736,581
1.1.4	Expected Credit Losses (-)		6,602	18,828	25,430	7,286	23,872	31,158
1.2	Financial Assets at Fair Value Through Profit or Loss	(2)	4,390,802	2,656,089	7,046,891	3,496,344	2,209,581	5,705,925
1.2.1	Government Debt Securities		1,653,986	1,501,100	3,155,086	602,903	488,760	1,091,663
1.2.2	Equity Securities		1,364,344	322,940	1,687,284	882,879	236,058	1,118,937
1.2.3	Other Financial Assets		1,372,472	832,049	2,204,521	2,010,562	1,484,763	3,495,325
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5)	92,720,298	29,296,830	122,017,128	49,607,968	19,702,462	69,310,430
1.3.1	Government Debt Securities		92,693,729	28,407,975	121,101,704	49,606,449	19,702,462	69,308,911
1.3.2	Equity Securities		1,519	-	1,519	1,519	-	1,519
1.3.3	Other Financial Assets		25,050	888,855	913,905	-	-	-
1.4	Derivative Financial Assets	(12)	5,791,918	6,939,678	12,731,596	6,762,105	6,218,845	12,980,950
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss		4,589,599	4,211,694	8,801,293	5,635,561	3,252,643	8,888,204
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1,202,319	2,727,984	3,930,303	1,126,544	2,966,202	4,092,746
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		589,214,686	279,342,302	868,556,988	485,195,255	219,696,665	704,891,920
2.1	Loans	(6)	512,920,686	235,364,211	748,284,897	411,239,230	181,860,454	593,099,684
2.2	Lease Receivables	(11)	8,385,986	16,090,005	24,475,991	7,306,863	14,686,814	21,993,677
2.3	Factoring Receivables	(7)	15,343,164	2,055,986	17,399,150	14,641,315	854,031	15,495,346
2.4	Other Financial Assets Measured at Amortized Cost	(8)	79,237,058	32,746,407	111,983,465	72,383,513	29,788,256	102,171,769
2.4.1	Government Debt Securities		79,237,058	32,612,874	111,849,932	72,383,513	29,669,309	102,052,822
2.4.2	Other Financial Assets		-	133,533	133,533	-	118,947	118,947
2.5	Expected Credit Losses (-)		26,672,208	6,914,307	33,586,515	20,375,666	7,492,890	27,868,556
III.	ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(15)	-	-	-	-	-	-
3.1	Held for Sale Purpose		-	-	-	-	-	-
3.2	Related to Discontinued Operations		-	-	-	-	-	-
IV.	EQUITY INVESTMENTS		188,487	-	188,487	187,930	-	187,930
4.1	Investments in Associates (Net)	(9)	57,641	-	57,641	57,084	-	57,084
4.1.1	Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2	Unconsolidated Associates		57,641	-	57,641	57,084	-	57,084
4.2	Subsidiaries (Net)		128,046	-	128,046	128,046	-	128,046
4.2.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Subsidiaries		128,046	-	128,046	128,046	-	128,046
4.3	Joint Ventures (Net)	(10)	2,800	-	2,800	2,800	-	2,800
4.3.1	Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2	Joint Ventures		2,800	-	2,800	2,800	-	2,800
V.	PROPERTY AND EQUIPMENT (Net)		15,225,881	544	15,226,425	14,610,114	487	14,610,601
VI.	INTANGIBLE ASSETS (Net)		5,574,275	-	5,574,275	4,023,849	-	4,023,849
6.1	Goodwill		-	-	-	-	-	-
6.2	Other		5,574,275	-	5,574,275	4,023,849	-	4,023,849
VII.	INVESTMENT PROPERTY (Net)	(13)	-	-	-	-	-	-
VIII.	CURRENT TAX ASSET		-	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(14)	8,725,206	-	8,725,206	6,789,895	-	6,789,895
X.	OTHER ASSETS (Net)	(16)	21,809,280	3,377,306	25,186,586	16,617,993	2,204,700	18,822,693
TOTAL ASSETS			825,198,407	472,554,854	1,297,753,261	653,685,229	369,736,950	1,023,422,179

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

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

		Current Period 30.06.2024			Prior Period 31.12.2023			
		Section 5 Part II	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	DEPOSITS	(1)	520,209,308	238,304,946	758,514,254	387,358,035	243,369,501	630,727,536
II.	FUNDS BORROWED	(3)	14,068,374	145,490,361	159,558,735	9,413,677	118,451,486	127,865,163
III.	MONEY MARKET BORROWINGS	(4)	48,673,920	41,021,837	89,695,757	3,361,983	27,736,364	31,098,347
IV.	SECURITIES ISSUED (NET)	(5)	5,970,290	73,819,822	79,790,112	9,902,636	42,134,323	52,036,959
4.1	Bills		4,921,809	13,769,270	18,691,079	9,045,755	13,001,776	22,047,531
4.2	Asset Backed Securities		1,048,481	-	1,048,481	856,881	-	856,881
4.3	Bonds		-	60,050,552	60,050,552	-	29,132,547	29,132,547
V.	FUNDS		-	-	-	-	-	-
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		3,496,461	3,826,957	7,323,418	1,436,361	3,559,368	4,995,729
7.1	Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)	(2)	2,978,767	2,785,039	5,763,806	1,331,159	3,176,022	4,507,181
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	517,694	1,041,918	1,559,612	105,202	383,346	488,548
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	1,175,134	18	1,175,152	1,172,058	1,213	1,173,271
X.	PROVISIONS	(9)	12,488,706	1,947,892	14,436,598	13,995,703	1,354,985	15,350,688
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		3,362,307	36,023	3,398,330	3,080,549	31,702	3,112,251
10.3	Insurance Technical Provisions (Net)		2,494,486	1,772,602	4,267,088	1,925,795	1,166,900	3,092,695
10.4	Other Provisions		6,631,913	139,267	6,771,180	8,989,359	156,383	9,145,742
XI.	CURRENT TAX LIABILITY	(10)	3,962,715	-	3,962,715	2,493,475	-	2,493,475
XII.	DEFERRED TAX LIABILITY		12,198	-	12,198	-	-	-
XIII.	LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	30,841,521	30,841,521	-	26,948,856	26,948,856
14.1	Subordinated Loans		-	20,861,957	20,861,957	-	17,997,595	17,997,595
14.2	Other Debt Instruments		-	9,979,564	9,979,564	-	8,951,261	8,951,261
XV.	OTHER LIABILITIES		43,042,679	10,512,744	53,555,423	36,199,837	12,897,838	49,097,675
XVI.	SHAREHOLDERS' EQUITY		98,168,130	719,248	98,887,378	81,664,501	(30,021)	81,634,480
16.1	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss		7,319,056	-	7,319,056	7,329,944	-	7,329,944
16.4	Other Comprehensive Income/Expense Items Reclassified to Profit or Loss		(1,353,332)	719,248	(634,084)	(409,275)	(30,021)	(439,296)
16.5	Profit Reserves		71,376,333	-	71,376,333	38,203,368	-	38,203,368
16.5.1	Legal Reserves		836,127	-	836,127	861,957	-	861,957
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		70,540,206	-	70,540,206	37,341,411	-	37,341,411
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		17,456,229	-	17,456,229	33,172,965	-	33,172,965
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		17,456,229	-	17,456,229	33,172,965	-	33,172,965
16.7	Minority Interest		19,130	-	19,130	16,785	-	16,785
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			751,267,915	546,485,346	1,297,753,261	546,998,266	476,423,913	1,023,422,179

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

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS AND CONTINGENCIES FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

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

	Section 5 Part III	Current Period 30.06.2024			Prior Period 31.12.2023		
		TRY	FC	TOTAL	TRY	FC	TOTAL
		A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II-III)		1,156,945,043	1,072,378,309	2,229,323,352	907,487,303
I. GUARANTEES	(1), (2), (3), (4)	60,579,407	61,534,373	122,113,780	48,549,117	53,929,929	102,479,046
1.1. Letters of guarantee		54,661,775	39,868,091	94,529,866	44,076,997	33,824,955	77,901,952
1.1.1. Guarantees subject to State Tender Law		1,267,423	344,950	1,612,373	1,053,713	296,168	1,349,881
1.1.2. Guarantees given for foreign trade operations		26,238,631	39,523,141	65,761,772	19,387,203	33,528,787	52,915,990
1.1.3. Other letters of guarantee		27,155,721	-	27,155,721	23,636,081	-	23,636,081
1.2. Bank loans		5,892,524	7,485,354	13,377,878	4,424,551	8,634,539	13,059,090
1.2.1. Import letter of acceptance		5,892,524	7,485,354	13,377,878	4,424,551	8,634,539	13,059,090
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		25,108	14,180,928	14,206,036	47,569	11,470,435	11,518,004
1.3.1. Documentary letters of credit		25,108	13,285,189	13,310,297	47,569	10,614,747	10,662,316
1.3.2. Other letters of credit		-	895,739	895,739	-	855,688	855,688
1.4. Prefinancing given as guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2. Other endorsements		-	-	-	-	-	-
1.6. Securities issue purchase guarantees		-	-	-	-	-	-
1.7. Factoring guarantees		-	-	-	-	-	-
1.8. Other guarantees		-	-	-	-	-	-
1.9. Other collaterals		-	-	-	-	-	-
II. COMMITMENTS		809,874,409	120,686,522	930,560,931	572,434,073	104,846,594	677,280,667
2.1. Irrevocable commitments	(1)	702,558,902	14,515,366	717,074,268	485,304,663	9,176,161	494,480,824
2.1.1. Forward asset purchase commitments		4,249,861	8,318,529	12,568,390	2,941,702	8,020,668	10,962,370
2.1.2. Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3. Share capital commitment to associates and subsidiaries		-	-	-	-	-	-
2.1.4. Loan granting commitments		125,303,887	3,283	125,307,170	93,558,042	2,944	93,560,986
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		10,389,166	-	10,389,166	6,684,472	-	6,684,472
2.1.8. Tax and fund liabilities from export commitments		476,153	-	476,153	279,060	-	279,060
2.1.9. Commitments for credit card expenditure limits		555,332,435	-	555,332,435	376,605,042	-	376,605,042
2.1.10. Commitments for promotions related with credit cards and banking activities		337,796	-	337,796	211,656	-	211,656
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		-	-	-	-	-	-
2.2. Revocable commitments		6,469,604	6,193,554	12,663,158	5,024,689	1,152,549	6,177,238
2.2.1. Revocable loan granting commitments		107,315,507	106,171,156	213,486,663	87,129,410	95,670,433	182,799,843
2.2.2. Other revocable commitments		106,464,711	102,213,443	208,678,154	86,230,900	94,129,552	180,360,452
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	286,491,227	890,157,414	1,176,648,641	286,504,113	763,680,501	1,050,184,614
3.1. Derivative financial instruments for hedging purposes		77,477,108	223,615,914	301,093,022	19,679,677	185,692,642	205,372,319
3.1.1. Fair value hedge		7,894,988	76,463,849	84,358,837	851,802	33,306,240	34,158,042
3.1.2. Cash flow hedge		69,582,120	147,152,065	216,734,185	18,827,875	152,386,402	171,214,277
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		209,014,119	666,541,500	875,555,619	266,824,436	577,987,859	844,812,295
3.2.1. Forward foreign currency buy/sell transactions		25,382,720	35,599,468	60,982,188	19,577,116	32,006,901	51,584,017
3.2.1.1. Forward foreign currency transactions-buy		9,673,819	20,075,612	29,749,431	18,911,051	7,747,196	26,658,247
3.2.1.2. Forward foreign currency transactions-sell		15,708,901	15,523,856	31,232,757	666,065	24,259,705	24,925,770
3.2.2. Swap transactions related to foreign currency and interest rates		154,270,071	581,700,162	735,970,233	231,687,369	530,183,466	761,870,835
3.2.2.1. Foreign currency swap-buy		58,355	177,139,728	177,198,083	136,463	218,997,022	219,133,485
3.2.2.2. Foreign currency swap-sell		36,533,918	143,039,244	179,573,162	138,769,508	85,800,464	224,569,972
3.2.2.3. Interest rate swaps-buy		58,838,899	130,760,595	189,599,494	46,390,699	112,692,990	159,083,689
3.2.2.4. Interest rate swaps-sell		58,838,899	130,760,595	189,599,494	46,390,699	112,692,990	159,083,689
3.2.3. Foreign currency, interest rate and securities options		18,142,750	39,110,359	57,253,109	7,553,316	7,053,806	14,607,122
3.2.3.1. Foreign currency options-buy		8,234,492	19,988,099	28,222,591	7,212,979	529,529	7,742,508
3.2.3.2. Foreign currency options-sell		9,908,258	19,122,260	29,030,518	340,337	6,524,277	6,864,614
3.2.3.3. Interest rate options-buy		-	-	-	-	-	-
3.2.3.4. Interest rate options-sell		-	-	-	-	-	-
3.2.3.5. Securities options-buy		-	-	-	-	-	-
3.2.3.6. Securities options-sell		-	-	-	-	-	-
3.2.4. Foreign currency futures		11,218,578	10,131,511	21,350,089	8,006,635	7,566,158	15,572,793
3.2.4.1. Foreign currency futures-buy		322,168	9,889,976	10,212,144	8,006,635	-	8,006,635
3.2.4.2. Foreign currency futures-sell		10,896,410	241,535	11,137,945	-	7,566,158	7,566,158
3.2.5. Interest rate futures		-	-	-	-	-	-
3.2.5.1. Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2. Interest rate futures-sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	1,177,528	1,177,528
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		4,857,214,270	10,897,305,076	15,754,519,346	3,889,890,357	1,194,005,216	5,083,895,573
IV. ITEMS HELD IN CUSTODY		1,632,238,509	9,609,527,227	11,241,765,736	1,339,805,556	53,080,213	1,392,885,769
4.1. Assets under management		136,636,823	9,553,661,159	9,690,297,982	55,638,253	28,756	55,667,009
4.2. Investment securities held in custody		1,233,893,643	35,081,408	1,268,975,051	1,085,838,490	35,898,115	1,121,736,605
4.3. Checks received for collection		55,183,356	4,555,875	59,739,231	43,596,663	2,702,396	46,299,059
4.4. Commercial notes received for collection		6,504,742	2,257,452	8,762,194	5,448,086	2,194,245	7,642,331
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		200,019,945	13,971,333	213,991,278	149,284,064	12,256,701	161,540,765
4.8. Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		1,816,730,760	696,079,882	2,512,810,642	1,431,923,260	636,309,351	2,068,232,611
5.1. Marketable securities		8,586,031	43,106,626	51,692,657	6,113,180	31,504,275	37,617,455
5.2. Guarantee notes		1,417,669	777,240	2,194,909	951,802	431,079	1,382,881
5.3. Commodity		1,920,845	-	1,920,845	1,167,097	-	1,167,097
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		447,126,266	312,182,658	759,308,924	348,159,077	298,122,947	646,282,024
5.6. Other pledged items		1,357,679,949	340,013,358	1,697,693,307	1,075,532,104	306,251,050	1,381,783,154
5.7. Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		1,408,245,001	591,697,967	1,999,942,968	1,118,161,541	504,615,652	1,622,777,193
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		6,014,159,313	11,969,683,385	17,983,842,698	4,797,377,660	2,116,462,240	6,913,839,900

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

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Section 5 part	Current Period 01.01 - 30.06.2024	Current Period 3 Months 01.04 - 30.06.2024	Prior Period 01.01 - 30.06.2023	Prior Period 3 Months 01.04 - 30.06.2023
I. INTEREST INCOME	(1)	133,892,951	74,736,121	44,602,401	24,176,643
1.1 Interest income on loans		92,159,152	50,514,789	29,687,799	16,175,377
1.2 Interest income on reserve deposits		5,182,539	4,066,392	238,188	68,405
1.3 Interest income on banks		1,440,292	733,920	538,641	366,237
1.4 Interest income on money market transactions		784,143	463,158	513,119	371,723
1.5 Interest income on securities portfolio		27,152,393	15,023,050	10,602,836	5,398,389
1.5.1 Financial assets measured at FVTPL		530,844	378,001	59,421	42,970
1.5.2 Financial assets measured at FVOCI		14,086,672	8,337,517	2,914,367	1,405,519
1.5.3 Financial assets measured at amortized cost		12,534,877	6,307,532	7,629,048	3,949,900
1.6 Financial lease income		2,501,181	1,312,641	1,271,493	731,974
1.7 Other interest income		4,673,251	2,622,171	1,750,325	1,064,538
II. INTEREST EXPENSE (-)	(2)	99,479,974	56,214,590	32,378,550	18,849,475
2.1 Interest on deposits		80,845,348	45,736,077	26,205,318	15,135,838
2.2 Interest on funds borrowed		8,530,270	4,610,801	3,637,381	2,254,999
2.3 Interest on money market transactions		5,038,799	3,643,621	951,890	565,618
2.4 Interest on securities issued		4,021,274	2,042,218	1,466,638	838,568
2.5 Interests on leasing		144,324	75,234	72,092	41,461
2.6 Other interest expenses		899,959	106,639	45,231	12,991
III. NET INTEREST INCOME/EXPENSE (I - II)		34,412,977	18,521,531	12,223,851	5,327,168
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		23,027,143	12,577,218	5,521,924	3,122,108
4.1 Fees and commissions received		30,359,050	16,439,704	8,309,878	4,642,518
4.1.1 Non-cash loans		630,725	338,355	383,911	208,907
4.1.2 Others		29,728,325	16,101,349	7,925,967	4,433,611
4.2 Fees and commissions paid (-)		7,331,907	3,862,486	2,787,954	1,520,410
4.2.1 Non-cash loans		11,867	5,767	5,841	3,031
4.2.2 Others		7,320,040	3,856,719	2,782,113	1,517,379
V. DIVIDEND INCOME	(3)	19,037	15,133	11,823	7,964
VI. TRADING INCOME LOSSES (Net)	(4)	(15,561,349)	(9,529,664)	12,179,110	8,588,936
6.1 Trading income/losses on securities		1,030,459	542,512	1,258,628	(302,356)
6.2 Income/losses from derivative transactions		(24,663,350)	(12,880,478)	(2,681,021)	(3,152,447)
6.3 Foreign exchange income/losses		8,071,542	2,808,302	13,601,503	12,043,739
VII. OTHER OPERATING INCOME	(5)	234,178	88,136	1,710,819	76,649
VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)		42,131,986	21,672,354	31,647,527	17,122,825
IX. EXPECTED CREDIT LOSSES (-)	(6)	6,321,409	3,089,255	7,065,159	3,020,540
X. OTHER PROVISION LOSSES (-)		(2,331,125)	(645,786)	1,239,922	226,654
XI. PERSONNEL EXPENSES (-)		8,813,752	4,372,687	3,962,096	2,036,821
XII. OTHER OPERATING EXPENSES (-)	(7)	8,425,246	4,594,489	5,101,256	2,631,197
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		20,902,704	10,261,709	14,279,094	9,207,613
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. INCOME/LOSSES FROM INVESTMENTS UNDER EQUITY ACCOUNTING		-	-	-	-
XVI. INCOME/LOSSES ON NET MONETARY POSITION		-	-	-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)	(8)	20,902,704	10,261,709	14,279,094	9,207,613
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	(9)	3,444,130	2,667,663	284,500	1,845,826
18.1 Current tax charge		5,954,349	4,069,441	2,402,859	47,791
18.2 Deferred tax charge (+)		1,311,907	666,782	2,572,484	1,806,057
18.3 Deferred tax credit (-)		(3,822,126)	(2,068,560)	(4,690,843)	(8,022)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	(10)	17,458,574	7,594,046	13,994,594	7,361,787
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)	17,458,574	7,594,046	13,994,594	7,361,787
25.1 Group's profit/loss		17,456,229	7,592,688	13,992,204	7,360,321
25.2 Minority interest		2,345	1,358	2,390	1,466
Earnings Per Share		0.5211	0.2266	0.4177	0.2197

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

QNB FİNANSBANK ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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

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

	Current Period	Prior Period
	01.01 - 30.06.2024	01.01 - 30.06.2023
I. CURRENT PERIOD PROFIT/LOSS	17,458,574	13,994,594
II. OTHER COMPREHENSIVE INCOME	(205,676)	(3,228,139)
2.1 Other Income/Expense Items Not Reclassified Through Profit or Loss	(10,888)	(36,725)
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Income/Expense	(15,574)	(48,967)
2.1.4 Other Income/Expense Items not Reclassified to Profit or Loss	15	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	4,671	12,242
2.2 Other Income/Expense Items Reclassified to Profit or Loss	(194,788)	(3,191,414)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(1,318,354)	(4,109,678)
2.2.3 Income/losses from Cash Flow Hedges	1,042,195	(152,107)
2.2.4 Income/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	81,371	1,070,371
III. TOTAL COMPREHENSIVE INCOME (I+II)	17,252,898	10,766,455

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

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

(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							Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity	
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Income/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				
Prior Period - 01.01 – 30.06.2023																		
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		-	-	-	-	-	(36,725)	-	-	(3,094,400)	(97,014)	-	-	13,992,204	10,764,065	2,390	10,766,455	
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX. Subordinated Liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X. Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	17,223,799	(17,223,799)	-	-	-	-	
11.1 Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	17,223,799	(17,223,799)	-	-	-	-	
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balances at end of the period (III+IV+.....+X+XI)		3,350,000	714	-	-	-	(709,913)	1,031	-	(1,242,617)	1,433,594	38,203,368	-	13,992,204	55,028,381	14,206	55,042,587	

	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss							Other Comprehensive Income/Expense Items Reclassified to Profit or Loss							Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Income/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			
Current Period - 01.01 – 30.06.2024																	
I. Balances at Beginning of Period		3,350,000	714	-	-	7,914,871	(586,529)	1,602	-	(1,493,790)	1,054,494	38,203,368	33,172,965	-	81,617,695	16,785	81,634,480
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	7,914,871	(586,529)	1,602	-	(1,493,790)	1,054,494	38,203,368	33,172,965	-	81,617,695	16,785	81,634,480
IV. Total Comprehensive Income		-	-	-	-	-	(10,903)	15	-	(933,637)	738,849	-	-	17,456,229	17,250,553	2,345	17,252,898
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		-	-	-	-	-	-	-	-	-	-	33,172,965	(33,172,965)	-	-	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	33,172,965	(33,172,965)	-	-	-	-
11.3 Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV+...+X+XI)		3,350,000	714	-	-	7,914,871	(597,432)	1,617	-	(2,427,427)	1,793,343	71,376,333	-	17,456,229	98,868,248	19,130	98,887,378

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

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

	Section 5 Part VI	Current Period 01.01 - 30.06.2024	Prior Period 01.01 - 30.06.2023
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		17,028,240	16,472,255
1.1.1 Interest received		115,118,946	35,531,069
1.1.2 Interest paid		(97,413,109)	(28,285,302)
1.1.3 Dividend received		19,037	11,823
1.1.4 Fees and commissions received		30,410,493	8,328,928
1.1.5 Other income		234,126	374,477
1.1.6 Collections from previously written off loans		2,220,132	1,165,742
1.1.7 Payments to personnel and service suppliers		(8,475,111)	(4,248,249)
1.1.8 Taxes paid		(7,167,197)	(5,240,595)
1.1.9 Other		(17,919,077)	8,834,362
1.2 Changes in operating assets and liabilities		11,121,668	8,192,982
1.2.1 Net (increase) decrease in financial assets measured at fair value through profit/loss		(1,289,363)	(117,724)
1.2.2 Net (increase) decrease in due from banks		(31,222,814)	(4,661,364)
1.2.3 Net (increase) decrease in loans		(127,958,688)	(65,576,122)
1.2.4 Net (increase) decrease in other assets		(5,650,550)	(1,854,090)
1.2.5 Net increase (decrease) in bank deposits		1,347,935	9,517,698
1.2.6 Net increase (decrease) in other deposits		100,030,997	72,412,770
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		7,277,498	14,185,905
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		68,586,653	(15,714,091)
I. Net cash provided from banking operations		28,149,908	24,665,237
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities		(47,355,685)	(5,119,986)
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		(3,459,605)	(3,709,269)
2.4 Fixed assets sales		147,461	1,446,181
2.5 Cash paid for purchase of financial assets measured at fair value through other comprehensive income		(58,422,497)	(16,899,972)
2.6 Cash obtained from sale of financial assets measured at fair value through other comprehensive income		11,039,155	22,175,937
2.7 Cash paid for purchase of Financial Assets Measured at Amortized Cost		(10,803,383)	(18,761,118)
2.8 Cash obtained from sale of Financial Assets Measured at Amortized Cost		14,143,184	10,628,255
2.9 Other		-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities		37,473,305	3,344,738
3.1 Cash obtained from funds borrowed and securities issued		106,188,213	1,913,027
3.2 Cash used for repayment of funds borrowed and securities issued		(68,489,214)	1,472,652
3.3 Issued equity instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		(225,694)	(40,941)
3.6 Other		-	-
IV. Effect of foreign currency translation differences on cash and cash equivalents		1,175,181	12,273,752
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		19,442,709	35,163,741
VI. Cash and cash equivalents at the beginning of the period		119,377,778	73,255,713
VII. Cash and cash equivalents at end of the period (V+VI)		138,820,487	108,419,454

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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

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

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

Additional paragraph for convenience translation to English:

BRSA Accounting and Financial Reporting Legislation, as described in this section, differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the differences between accounting principles have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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, 2023. The accounting policies and valuation principles related with current period are explained in Notes II to XXVIII 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 Parent Bank's management is required to make assumptions and estimations about the assets and liabilities in the balance sheet and contingent matters as of the balance sheet date. These assumptions and estimations are reviewed regularly, necessary corrections are made and the details of the effects of these adjustments are reflected in the profit or loss statement as explained in the related footnotes.

2.1. Other

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies, it includes 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 it is explained how to adjust the financial statements of the companies whose functional currency is the currency of a hyperinflationary economy, according to inflation. In the announcement dated November 23, 2023, published by the Public Oversight, Accounting and Auditing Standards Authority, regarding the Adjustment of Financial Statements of Companies Subject to Independent Audit for Inflation, freedom has been granted to the competent institutions or organizations responsible for regulation and oversight in their respective fields to determine different transition dates for the application of inflation accounting. In this context, with the decision dated January 11, 2024, and numbered 10825, the Banking Regulation and Supervision Agency (BRSA) has set the transition date for banks, financial leasing, factoring, finance, savings finance, and asset management companies to January 1, 2025, for the implementation of TAS 29. Therefore, inflation adjustment was not made according to TAS 29 while preparing the financial statements dated June 30, 2024.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

2.1. Other (Continued)

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

Regarding the partnership share in QNB Sağlık Hayat Sigorta 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 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 said share transfer transaction was realized with the General Assembly held on December 21, 2022, after the necessary permissions were obtained, but due to the fact that the original of the document subject to the transfer could not be found, the decision was made by the Parent Bank for the cancellation of the document. The registration of the General Assembly regarding the share transfer was completed on January 13, 2023.

On December 31, 2022, QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., which was accounted for using the equity method in the consolidated financial statements as of December 31, 2022, transitioned to the 'Subsidiary' status as of January 2023, and was accounted for using the full consolidation method in the consolidated financial statements.

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.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

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

Purchase price of additional QNB Sigorta shares (51%)	981,000
Fair value of QNB Sigorta shares held by the Parent Bank before the acquisition (49%)	1,267,280
	2,248,280
Fair value of net assets controlled (100%)	2,586,285
Gain from bargaining purchase	338,005
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%)	1,267,280
Value increase in shares owned before the acquisition	981,517
Brut profit resulting from the change of control	1,319,522
Tax effect	(99,311)
Net profit resulting from the change of control	1,220,211

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

Assets	4,323,739
Cash and Cash Equivalents	1,124,051
Agency Contract	2,113,426
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	2,586,285
Carrying value of QNB Sigorta shares held by the Bank before the acquisition (49%)	(285,763)
Net profit as a result of control transfer	(1,319,522)
Purchase price of additional QNB Sigorta shares (51%)	981,000

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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

ACCOUNTING POLICIES (Continued)

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

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 income and losses arising from transactions that are completed, As of June 30, 2024 are translated to TRY by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TRY by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange income 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 income/losses and income/losses from derivative financial instruments in the statement of profit or loss comprehensive. While income/loss from spot foreign exchange transactions are included in the profit/loss item of foreign exchange income/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 transactions. Therefore, in order to determine the net profit/loss effects of foreign exchange transactions, two balances should be assessed together.

As of June 30, 2024, derivative financial transactions loss amounting to TRY 24,663,350 (June 30, 2023 – TRY 2,681,021 derivative financial transactions loss) and net foreign exchange gain amounting to TRY 8,071,542 (June 30, 2023 – TRY 13,601,503 net foreign exchange gain), excluding net interest expense amounting to TRY 21,299,317 (June 30, 2023 – TRY 153,212 net interest expense) arising from derivative transactions, the net profit on foreign currency transactions is TRY 4,707,509 (June 30, 2023 – TRY 11,073,694 net profit on foreign currency transactions).

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

ACCOUNTING POLICIES (Continued)

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

2. Foreign currency transactions (Continued)

2.3. Foreign associates

None.

III. Information on Associates and 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 (%)	
				June 30, 2024	December 31, 2023
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	100.00

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

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of June 30, 2024.

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.

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ACCOUNTING POLICIES (Continued)

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

1. Subsidiaries (Continued)

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

According to full consolidation method, 100% of subsidiaries' asset, liability, income, expense and off-balance sheet items are consolidated with the Parent Bank's asset, liability, income, expense and off-balance sheet items. Book value of the Group's investment in each subsidiary is netted off with Group's equity shares. Unrealized income 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 entities 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 entities under common control is either added to or subtracted in proportion with investor's share from the change in the subsidiary's or entities under common control's equity within the period. The method also foresees that profit will be deducted from the subsidiary's or entities under common control's accordingly recalculated value.

IV. Explanations on Futures and Options Contracts and Derivative Products

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

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

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

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

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ACCOUNTING POLICIES (Continued)

IV. Explanations on Futures and Options Contracts and Derivative Products (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 Income/Losses from Derivative transactions. These foreign currency valuation differences are accounted for under "Foreign Exchange Income/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 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 income and losses that were previously recognized under equity are transferred to profit or loss when the cash flows of the hedged item are realized.

In fair value hedge accounting

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

IV. Explanations on Futures and Options Contracts and Derivative Products (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 “Income/Losses from Derivative Transactions” in the statement of profit or loss.

The Parent Bank and its consolidated financial subsidiaries apply effectiveness tests for fair value hedge accounting at each balance sheet date.

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, “Other Comprehensive Income/Expense Items Reclassified to Profit or Loss.” in financial statements and the amount related to the inactive part is associated with statement of profit or loss.

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

As of September 30, 2018, the Parent 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 June 30, 2024, fair value exchange difference adjustment amounting to TRY 1,100,960 (December 31, 2023 – 1,114,764) 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 on Loans” for such calculated amount.

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ACCOUNTING POLICIES (Continued)

VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

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

Initial measurement of financial instruments

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

Classification of financial instruments

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

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

Assessment of business model

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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

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

Other business models

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

Measurement categories of financial assets and liabilities

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

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

Financial assets at the fair value through profit or loss

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

In accordance with the Uniform Chart of Accounts (UCA) explanations, a positive difference between the acquisition cost and discounted value of a financial asset is recorded under 'Interest Income,' while a positive difference between the fair value and discounted value of the asset is recorded under the 'Capital Market Transactions Profits' account. Conversely, if the fair value is below the discounted value, the negative difference between the discounted value and fair value is recorded under the 'Capital Market Transactions Losses' account. In the event of premature disposal of a financial asset, resulting gains or losses are accounted for on the same principles.

Financial assets at fair value through other comprehensive income

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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

“Unrealized income 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 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 Income/Loss on Securities” in the statement of profit or loss and other comprehensive income.

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

Financial assets measured at amortized cost

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses

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

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

Stage 1

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of June 30, 2024, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained below.

Stage 2

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

Stage 3

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

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Calculation of expected credit losses

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

While the expected credit loss is estimated, three scenarios (internal base, internal mild, internal severe) 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 expected economic amount at the time of default is calculated as the sum of anticipated principal and interest payments, and income accruals, discounted using the effective interest rate method. In calculating the default amount, credit conversion rates based on historical performance and reflecting the relevant portfolio have been used. When forecasting expected credit losses, three scenarios (baseline, mildly adverse, and severely adverse) are considered. Each of these scenarios is associated with a different probability.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Consideration of the macroeconomic factors

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

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

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

The Parent Bank updates the macroeconomic variables used in the expected credit loss calculation twice a year and applies them to its models. The Parent Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on June 30, 2024. Due to the nature of the model effects, events that cause changes and their effects occur at different times. For this reason, the Parent 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 second quarter of 2024, 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 Parent Bank
- When there is a change in the payment plan due to restructuring

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Write-Off Policy

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

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

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

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

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

Within the scope of TFRS 9, the amount written off by the Parent Bank during the period is TRY 27,867 (December 31, 2023 - TRY 10,113) and the effect on the NPL ratio of the Parent Bank is 0.01% (December 31, 2023 - 0.00%). While the NPL ratio is 2.23% (December 31, 2023 - 1.85%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 2,24% (December 31, 2023 - 1.85%).

IX. Explanations on Netting of Financial Instruments

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

X. Derecognition of Financial Instruments

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

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

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

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ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

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

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

c) Derecognition of financial liabilities

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

d) Reclassification of financial instruments

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

e) Restructuring and refinancing of financial instruments

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

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

In personal loans, loans can be restructured in order to give liquidity power to the debtor and to ensure the collection of the receivables of the 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 113,624,491 (December 31, 2023 – TRY 39,924,415).

As of June 30, 2024 the Parent Bank has no securities that are subject to lending transactions (December 31, 2023 – 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 June 30, 2024, the Group has assets held for sale and discontinued operations explained in footnote 1.15. of Section V.

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

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

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ACCOUNTING POLICIES (Continued)

XIII. Explanations on Goodwill and Other Intangible Assets

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

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

Softwares have been classified as other intangible fixed assets 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

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

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

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

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

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

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.

Income 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.

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ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions

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

TFRS 16 Leases

TFRS 16 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.

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ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

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.

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 June 30, 2024 amounted to TRY 1,455,204 (December 31, 2023 – TRY 1,351,093), lease liability amounted to TRY 1,175,152 (December 31, 2023 – TRY 1,173,271), financing expense amounted to TRY 99,443 (June 30, 2023 – TRY 63,590) and depreciation expense amounted to TRY 232,063 (June 30, 2023 – TRY 156,092).

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.

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ACCOUNTING POLICIES (Continued)

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 income 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.

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.

Companies are required to set aside unearned premium reserves for all contracts except for insurance contracts for which mathematical reserves are set aside. The reserve for unearned premiums consists of the gross amount of premiums accrued for insurance contracts in force, without any commission or other deduction, on a day-to-day basis, over the next accounting period or accounting periods. 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.

Contingent compensation is allocated for damage and compensation amounts that have been accrued and determined but not yet paid, or if these amounts cannot be calculated, for their estimated values, as well as for damage compensation amounts that have occurred but not yet reported.

Equalization reserve is set aside for earthquake guarantees given in all branches, including additional guarantees, in order to balance the fluctuations in compensation rates that may occur in the following accounting periods and to cover catastrophic risks. For these guarantees, 11% of the net premium is considered as earthquake premium and 12% of this amount is allocated as equalization reserve.

Provision for unexpired risks is a provision for insurance branches where it is considered that the level of risk assumed during the term of the insurance contract and the distribution of premiums earned over time are not compatible and where the unearned premiums reserve is insufficient according to the level of risk carried by the company and its expected expenses. The Company's provision for unexpired risks is calculated as zero.

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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 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 income 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 2024 taxation periods, and they declare and pay it until the 17th day of the second month following that period. With the 9th article of the Law No. 7338 on the Amendment of the Tax Procedure Law and Some Laws published in the Official Gazette dated October 26, 2021 and numbered 31640, the repetitive article 120 of the Income Tax Law No. 193 was amended and it has been stated that provisional tax will be calculated and paid on the quarterly earnings determined for the first nine months of the relevant accounting period, which is applied from the declarations submitted.

The temporary tax paid during the year is offset against the corporate tax to be calculated on the corporate tax return for the following year. If there is still an amount of temporary tax paid remaining after offsetting, this amount can be refunded in cash or offset.

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 (except for those who receive dividends through a workplace or permanent representative in Türkiye) and non-resident taxpayers while profit distribution to natural persons is subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated December 22, 2021 and No. 31697. In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration.

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ACCOUNTING POLICIES (Continued)

XX. Explanations on Taxation (Continued)

1. Corporate tax (Continued)

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

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

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 June 30, 2024, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed. With Article 17 of Law No. 7491, following the third paragraph of Temporary Article 33 of Law No. 213, the following statement is added: 'Profits/losses arising from inflation adjustment made during the 2024 and 2025 accounting periods, including provisional tax periods, by banks, companies within the scope of the Financial Leasing, Factoring, Finance, and Savings Finance Companies Law dated 21/11/2012 and numbered 6361, payment and electronic money institutions, authorized currency exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, shall not be taken into account in the determination of income.

2. Deferred Tax

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

The Corporate Tax rate 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 June 30, 2024, deferred tax calculation has been made for assets and liabilities at a rate of 30%.

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

The 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.

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ACCOUNTING POLICIES (Continued)

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, 2023 – None)

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 June 30, 2024, the Group does not have any governmental incentives or support (December 31, 2023 – None).

XXV. Explanations on Segment Reporting

The Group provides corporate, individual, and commercial banking services, along with private banking, fund management operations, and credit card services through branches and alternative distribution channels. The 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 4 billion (full TRY) or more, multinational companies operating in Türkiye, and commercial firms with an annual turnover of TRY 400 million – 4 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.

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ACCOUNTING POLICIES (Continued)

XXV. Explanation on Segment Reporting (Continued)

Current Period (January 1 – June 30, 2024)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	29,622,884	15,628,067	(3,118,965)	42,131,986
Dividend Income	-	-	19,037	19,037
Income/Losses on joint venture accounted for at equity method	-	-	-	-
Profit Before Taxes	14,629,536	12,978,738	(6,705,570)	20,902,704
Provision for Taxes (-)^(*)	-	-	3,444,130	3,444,130
Net Profit/Loss	14,629,536	12,978,738	(10,149,700)	17,458,574
Total Assets	332,236,095	424,337,426	473,032,237	1,297,753,261
Segment Assets	332,236,095	424,337,426	473,032,237	1,229,605,758
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	188,487
Undistributed Assets	-	-	-	67,959,016
Total Liabilities	497,043,298	232,008,988	396,671,514	1,297,753,261
Segment Liabilities	497,043,298	232,008,988	396,671,514	1,125,723,800
Undistributed Liabilities	-	-	-	73,142,083
Equity	-	-	-	98,887,378
Other Segment Accounts	2,081,774	1,400,957	22,781	3,505,512
Capital Expenditures	1,307,241	879,725	158,848	2,345,814
Amortization	774,533	521,232	(136,067)	1,159,698

(*) Provision for taxes is not distributed.

Prior Period (January 1– June 30, 2023)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	17,645,014	11,187,042	2,815,471	31,647,527
Dividend Income	-	-	11,823	11,823
Income/Losses on joint venture accounted for at equity method	-	-	-	-
Profit Before Taxes	7,599,926	6,162,611	516,557	14,279,094
Provision for Taxes (-)^(*)	-	-	284,500	284,500
Net Profit/Loss	7,599,926	6,162,611	232,057	13,994,594
Total Assets	189,513,934	286,926,020	286,607,222	807,798,929
Segment Assets	189,513,934	286,926,020	286,607,222	763,047,176
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	179,685
Undistributed Assets	-	-	-	44,572,068
Total Liabilities	345,570,271	156,198,286	196,006,315	807,798,929
Segment Liabilities	345,570,271	156,198,286	196,006,315	697,774,872
Undistributed Liabilities	-	-	-	54,981,470
Equity	-	-	-	55,042,587
Other Segment Accounts	1,299,155	875,073	(208,461)	1,965,767
Capital Expenditures	872,580	587,744	(135,597)	1,324,727
Amortization	426,575	287,329	(72,864)	641,040

(*) Provision for taxes is not distributed.

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ACCOUNTING POLICIES (Continued)

XXVI. Explanations on Profit Reserves and Profit Distribution

The General Assembly Meeting of the Parent Bank was held on June 28, 2024. In the Board of Directors, it was decided that profit distribution 2023 operations to be distributed as follows.

2023 Profit Distribution Table

Current Year Profit	33,172,442
A – First Legal Reserves (Turkish Commercial Code 5.1/E) 5%	279
C – Extraordinary Reserves	33,172,163

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

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	17,456,229	13,992,204
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings per Share	0.5211	0.4177

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 as of June 30, 2024 is none (December 31, 2023 - None).

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 Parent Bank, under a separate legal entity independent from the Parent Bank in order to ensure maximum value creation for the Parent 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 Parent Bank's Enpara banking services to the newly established bank by partial separation. The application for establishment permit made by the founding partners for the new bank establishment in question was finalized on August 5, 2023 and the establishment permit was obtained for the Enpara Bank A.Ş.

Following the receipt of the establishment license, Enpara Bank A.Ş. was registered on December 4, 2023. The application for operational authorization, as required by the relevant regulations, was submitted on December 5, 2023. Upon the completion of the audit process and the acquisition of the operational authorization, applications will be made to the Banking Regulation and Supervision Agency (BDDK), the Capital Markets Board (SPK), and other necessary institutions for the partial spin-off transactions, ensuring that the shareholder status and existing share proportions of the Parent Bank's major shareholder (QNB Group) and minority shareholders are preserved.

As of June 30, 2024, Enpara's banking activities to be separated represent 9.7% 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 separation had occurred on June 30, 2024, the Group's capital adequacy ratio would have increased by 140 basis points to 15.43%. If such a separation had occurred on December 31, 2023, the Group's net profit before tax for the first quarter of 2024 would have been 5.9% lower.

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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 June 30, 2024, Group’s total capital has been calculated as TRY 136,901,360 (December 31, 2023 - TRY 112,478,019), capital adequacy ratio is 14.02% (December 31, 2023 - 15.92%) 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 30, 2022 has been decided to continue using the CBRT’s foreign exchange buying rate as of June 26, 2023, until a BRSA Decision to the contrary is taken.

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

Components of consolidated shareholders’ equity items

	Current Period June 30, 2024	Prior Period December 31, 2023
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	71,376,333	38,203,368
Income recognized in equity as per TAS	9,759,662	9,637,262
Profit	17,456,229	33,172,965
Current Period Profit	17,456,229	33,172,965
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	1,617	1,602
Minorities’ Share	19,130	16,785
Common Equity Tier 1 Capital Before Deductions	101,963,685	84,382,696
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	797,101	2,740,465
Improvement costs for operating leasing	386,985	209,781
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,592,503	3,774,422
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Income arising from securitization transactions	-	-
Unrealized income and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	5,776,589	6,724,668
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	96,187,096	77,658,028

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

I. Explanations on Consolidated Equity (Continued)

	Current Period June 30, 2024	Prior Period December 31, 2023
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	17,233,755	15,455,055
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	17,233,755	15,455,055
Deductions from Additional Tier I Capital		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 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	17,233,755	15,455,055
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	113,420,851	93,113,083
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	12,638,087	11,333,707
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)	10,998,863	8,090,624
Tier II Capital Before Deductions	23,636,950	19,424,331
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	23,636,950	19,424,331
Total Capital (The sum of Tier I Capital and Tier II Capital)	137,057,801	112,537,414
Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	63,800	9,598
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years	-	-
Other items to be defined by the BRSA (-)	92,641	49,797
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank 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	-	-

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

I. Explanations on Consolidated Equity (Continued)

	Current Period June 30, 2024	Prior Period December 31, 2023
TOTAL CAPITAL		
Total Capital	136,901,360	112,478,019
Total risk weighted amounts	976,229,943	706,673,784
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	9.85	10.99
Consolidated Tier 1 Capital Adequacy Ratio (%)	11.62	13.18
Consolidated Capital Adequacy Ratio (%)	14.02	15.92
BUFFERS		
Bank specific total common equity tier 1 capital ratio	3.50	3.50
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.00	0.00
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 (%)	3.85	4.99
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	2,800	2,800
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty-five limitation)	22,147,281	20,952,466
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	10,998,863	8,090,624
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	17,233,755	15,455,055
Amounts Excess the Limits of Additional Tier I Capital subjected to temporary Article 4	-	-
Upper limit for Additional Tier II Capital subjected to temporary Article 4	12,638,087	11,333,707

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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.	QNB FİNANSBANK A.Ş.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	ISIN: XS2678233243 Common Code: 267823324
Governing law(s) of the instrument	BRSA	BRSA	It is subject to English Law and, with respect to certain articles, to Turkish regulations (CMB-BRSA).
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Since 1.1.2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone/consolidated	Standalone - Consolidated	Standalone - Consolidated	Standalone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Subordinated debt instrument. (Bond)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	18,050	2,812	9,980
Par value of instrument (Currency in million)	18,050	2,812	9,980
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	June 30, 2019	May 26, 2022	Nov 15, 2023
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	-	8 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	3 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons/dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Fixed
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.36	SOFR + 5.10%	10.75%
Existence of a dividend stopper	Interest will not be processed for the value reduced after the impairment date.	-	-
Fully discretionary, partially discretionary or mandatory	Discretionary	-	-

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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	None
If convertible, conversion trigger (s)	-	Article number 7-2-4 of "Own fund regulation"	-
If convertible, fully or partially	-	All of the remaining capital	-
If convertible, conversion rate	-	(*)	-
If convertible, mandatory or optional conversion	-	Optional	-
If convertible, specify instrument type convertible into	-	Equity Share	-
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	-
Write-down feature	Yes	None	Yes
If write-down, write-down trigger(s)	Non-existence of the core capital ratio is less than 5.125%	-	The occurrence of non-existence
If write-down, full or partial	Full and partial	-	Full and partial
If write-down, permanent or temporary	Temporary	-	Temporary
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5.125 %	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing and contribution capital	After borrowing, before additional capital, the same as other contribution capital	After borrowing, before additional capital, the same as other contribution capital
Incompliance with article number 7 and 8 of "Own fund regulation"	It fulfills the conditions within the Article number 7 of "Own fund regulation" the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation" the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation" the Regulation on the Equity of Banks.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	It does not fulfill the conditions within the Article number 7 of "Own Fund Regulation" the Regulation on the Equity of Banks

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

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

II. Explanations on Consolidated Risk Management

In accordance with the 'Communiqué on Public Disclosures Regarding Risk Management by Banks,' published in the Official Gazette No. 29511 on October 23, 2015, and effective as of March 31, 2016, the notes and relevant disclosures prepared pursuant to this communiqué are provided in this section. According to the relevant communiqué, the following tables, which need to be provided on a quarterly basis, have not been presented as of June 30, 2024, due to the Bank utilizing the standard approach in its capital adequacy calculation:

- Credit risk amounts based on portfolio and TO range
- The impact of credit derivatives used as the KRA technique on RAV
- IRB (Specialized loans and equity investments subject to the simple risk weight approach)
- Internal model approach for trading accounts
- Comparison of RmD estimates with profit/loss

1. GB1 – Overview of risk weighted assets

	Risk Weighted Assets		Minimum Capital Requirements	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
1 Credit risk (excluding counterparty credit risk)	865,706,925	636,874,183	69,256,554	50,949,935
2 Standardised approach	865,706,925	636,874,183	69,256,554	50,949,935
3 Internal rating-based approach	-	-	-	-
4 Counterparty credit risk	14,202,138	10,375,705	1,136,171	830,056
5 Standardised approach for counterparty credit risk	14,202,138	10,375,705	1,136,171	830,056
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	15,442,050	16,592,375	1,235,364	1,327,390
17 Standardised approach	15,442,050	16,592,375	1,235,364	1,327,390
18 Internal model approaches	-	-	-	-
19 Operational risk	80,878,830	42,831,521	6,470,306	3,426,522
20 Basic Indicator Approach	80,878,830	42,831,521	6,470,306	3,426,522
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)	976,229,943	706,673,784	78,098,395	56,533,903

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

II. Explanations on Consolidated Risk Management (Continued)

2. Credit Risk Disclosures

a) CR1 - Credit Quality of Assets

Current Period	Gross amount valued in accordance with TAS presented in the financial statements prepared according to legal consolidation		Provisions/ amortization and impairment	Net value
	Defaulted exposures	Non-defaulted exposures		
1 Loans	16,714,188	732,208,248	13,085,200	735,837,236
2 Debt Securities	-	233,999,074	-	233,999,074
3 Off-balance sheet exposures	-	826,619,658	29,274	826,590,384
4 Total	16,714,188	1,792,826,980	13,114,474	1,796,426,694

Prior Period	Gross amount valued in accordance with TAS presented in the financial statements prepared according to legal consolidation		Provisions/ amortization and impairment	Net value
	Defaulted exposures	Non-defaulted exposures		
1 Loans	10,988,344	582,645,208	8,880,284	584,753,268
2 Debt Securities	-	171,480,680	-	171,480,680
3 Off-balance sheet exposures	-	585,997,500	27,904	585,969,596
4 Total	10,988,344	1,340,123,388	8,908,188	1,342,203,544

b) CR2 - Changes in stock of defaulted loans and debt securities

	Current Period	Prior Period
1 Defaulted loans and debt securities at end of the previous reporting period	10,988,344	9,494,520
2 Loans and debt securities that have defaulted since the last reporting period	7,973,843	5,251,906
3 Returned to non-defaulted status	-	-
4 Amounts written-off	27,867	917,816
5 Other changes ^(*)	2,220,132	2,840,266
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	16,714,188	10,988,344

^(*)Includes collections from credits in default.

c) CR3 - Credit risk mitigation techniques – Overview

Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
	1 Loans	718,755,716	17,081,520	11,591,186	-	-	-
2 Debt securities	233,999,074	-	-	-	-	-	-
3 Total	952,754,790	17,081,520	11,591,186	-	-	-	-
4 Of which defaulted	3,594,837	4,876	1,221	-	-	-	-
Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1 Loans	570,245,100	14,508,168	11,118,365	-	-	-	-
2 Debt securities	171,480,680	-	-	-	-	-	-
3 Total	741,725,780	14,508,168	11,118,365	-	-	-	-
4 Of which defaulted	2,000,003	80,149	20,088	-	-	-	-

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

II. Explanations on Consolidated Risk Management (Continued)

d) CR4 – Standardised approach - Credit risk exposure and credit risk mitigation (CRM) effects

Current Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	401,627,369	-	402,854,835	-	-	0%
2	Exposures to regional governments or local authorities	257,150	115	257,150	-	128,575	50%
3	Exposures to public sector entities	688,589	296,240	688,588	63,715	752,304	100%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to institutions	24,599,963	8,593,482	24,599,964	5,385,204	11,688,087	39%
7	Exposures to corporates	247,284,382	174,856,179	239,111,203	66,141,642	292,264,930	96%
8	Retail exposures	264,695,650	741,174,753	260,080,664	13,828,128	214,601,638	78%
9	Exposures secured by residential property	2,942,371	431,400	2,942,371	245,654	1,115,809	35%
10	Exposures secured by commercial real estate	24,490,694	3,914,529	24,490,692	1,862,999	19,084,014	72%
11	Past-due loans	2,893,693	-	2,892,607	-	1,588,206	55%
12	Higher-risk categories by the Agency Board	175,743,260	77,857	175,713,861	65,917	286,480,189	163%
13	Exposures in the form of covered bonds	-	-	-	-	-	0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0%
16	Other assets	36,993,628	437,654	36,993,628	-	25,771,165	70%
17	Investments in equities	12,231,706	-	12,231,706	-	12,231,706	100%
18	Total	1,194,448,455	929,782,209	1,182,857,269	87,593,259	865,706,623	68%

Prior Period		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	277,025,530	-	278,042,749	-	-	0%
2	Exposures to regional governments or local authorities	179,674	115	179,674	-	89,837	50%
3	Exposures to public sector entities	663,848	292,560	663,848	62,192	726,040	100%
4	Exposures to multilateral development banks	-	-	-	-	-	0%
5	Exposures to international organizations	-	-	-	-	-	0%
6	Exposures to institutions	20,833,388	5,715,445	20,833,389	3,343,684	8,916,454	37%
7	Exposures to corporates	166,568,914	177,334,954	159,069,791	45,596,099	192,632,680	94%
8	Retail exposures	232,046,907	532,994,612	227,492,086	12,446,638	189,267,517	79%
9	Exposures secured by residential property	2,664,150	328,547	2,664,150	174,382	993,486	35%
10	Exposures secured by commercial real estate	14,778,895	3,367,436	14,778,895	1,708,260	11,541,278	70%
11	Past-due loans	1,865,492	-	1,845,502	-	1,054,483	57%
12	Higher-risk categories by the Agency Board	124,345,747	221,174	124,284,094	137,500	200,064,703	161%
13	Exposures in the form of covered bonds	-	-	-	-	-	0%
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	0%
16	Other assets	32,446,174	1,481,019	32,446,174	-	23,290,712	72%
17	Investments in equities	8,296,731	-	8,296,731	-	8,296,731	%00%
18	Total	881,715,450	721,735,862	870,597,083	63,468,755	636,873,921	68%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

II. Explanations on Consolidated Risk Management (Continued)

e) CR5 – Standard approach – exposures by asset classes and risk

Current Period										
Exposure Categories/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Risk Exposure Amount ^(*)
1 Exposures to central governments or central banks	402,854,835	-	-	-	-	-	-	-	-	402,854,835
2 Exposures to regional governments or local authorities	-	-	-	-	257,150	-	-	-	-	257,150
3 Exposures to public sector entities	-	-	-	-	-	-	752,303	-	-	752,303
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	11,136,364	-	18,775,979	-	72,825	-	-	29,985,168
7 Exposures to corporates	-	-	8,139,517	-	12,952,601	-	284,160,727	-	-	305,252,845
8 Retail exposures	-	-	-	-	-	237,228,611	36,680,181	-	-	273,908,792
9 Exposures secured by residential property	-	-	-	3,188,025	-	-	-	-	-	3,188,025
10 Exposures secured by commercial real estate	-	-	-	-	14,539,356	-	11,814,335	-	-	26,353,691
11 Past-due loans	-	-	-	-	2,608,802	-	283,805	-	-	2,892,607
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	140,018,921	35,760,857	175,779,778
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	12,231,706	-	-	12,231,706
17 Other Asset	11,222,464	-	-	-	-	-	25,771,164	-	-	36,993,628
18 Total	414,077,299	-	19,275,881	3,188,025	49,133,888	237,228,611	371,767,046	140,018,921	35,760,857	1,270,450,528

(*) Amount after Credit Conversion Ratio ("CCR") and Credit Risk Reduction ("CRR")

Prior Period										
Exposure Categories/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Risk Exposure Amount
1 Exposures to central governments or central banks	278,042,749	-	-	-	-	-	-	-	-	278,042,749
2 Exposures to regional governments or local authorities	-	-	-	-	179,674	-	-	-	-	179,674
3 Exposures to public sector entities	-	-	-	-	-	-	726,040	-	-	726,040
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	10,741,073	-	13,335,519	-	100,481	-	-	24,177,073
7 Exposures to corporates	-	-	8,553,639	-	10,380,598	-	185,731,653	-	-	204,665,890
8 Retail exposures	-	-	-	-	-	202,684,828	37,253,896	-	-	239,938,724
9 Exposures secured by residential property	-	-	-	2,838,532	-	-	-	-	-	2,838,532
10 Exposures secured by commercial real estate	-	-	-	-	9,891,755	-	6,595,400	-	-	16,487,155
11 Past-due loans	-	-	-	-	1,582,038	-	263,464	-	-	1,845,502
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	100,573,014	23,848,580	124,421,594
13 Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16 Investments in equities	-	-	-	-	-	-	8,296,731	-	-	8,296,731
17 Other Asset	9,155,344	-	148	-	-	-	23,290,682	-	-	32,446,174
18 Total	287,198,093	-	19,294,860	2,838,532	35,369,584	202,684,828	262,258,347	100,573,014	23,848,580	934,065,838

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

II. Explanations on Consolidated Risk Management (Continued)

3. Disclosures Regarding Counterparty Credit Risk

a) CCRI – Analysis of counterparty credit risk (CCR) exposure by approach

Current Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard approach - CCR (for derivatives)	5,283,307	2,850,646	-	1.4	11,387,534	5,238,519
2 Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3 The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4 Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	19,392,515	7,563,556
5 Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6 Total	-	-	-	-	-	12,802,075

Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1 Standard approach - CCR (for derivatives)	5,239,851	3,678,502	-	1.4	12,485,695	4,079,974
2 Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3 The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4 Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	11,997,117	4,397,153
5 Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6 Total	-	-	-	-	-	8,477,127

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

II. Explanations on Consolidated Risk Management (Continued)

b) CCR2 – Credit valuation adjustment (CVA) capital charge

	Exposure (After credit risk mitigation methods)		Risk Weighted Amounts	
	Current Period	Prior Period	Current Period	Prior Period
Total portfolio value with comprehensive approach				
CVA capital adequacy	-	-	-	-
1 (i) Value at risk component (3*multiplier included)	-	-	-	-
2 (ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3 Total portfolio value with simplified approach CVA capital adequacy	11,387,534	12,485,695	1,400,063	1,898,578
4 Total amount of CVA capital adequacy	11,387,534	12,485,695	1,400,063	1,898,578

c) CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights

Current Period									
Exposure Categories/Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
1 Exposures from central governments or central banks	528,245	-	-	-	-	-	-	337,730	865,975
2 Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3 Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	14	-	-	14
4 Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5 Exposures from international organizations	-	-	-	-	-	-	-	-	-
6 Exposures from banks and brokerage houses	-	-	11,554,393	14,945,052	-	-	-	-	26,499,445
7 Exposures from corporates	-	-	413,520	119,406	-	2,832,913	-	-	3,365,839
8 Retail receivables	-	-	-	-	48,776	-	-	-	48,776
9 Mortgage receivables	-	-	-	-	-	-	-	-	-
10 Non performing receivables	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	-	-	-
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-
17 Other Receivables	-	-	-	-	-	-	-	-	-
18 Other Assets	-	-	-	-	-	-	-	-	-
19 Total	528,245	-	11,967,913	15,064,458	48,776	2,832,927	-	337,730	30,780,049

Prior Period									
Exposure Categories/Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
1 Exposures from central governments or central banks	3,353,343	-	-	-	-	-	-	153,086	3,506,429
2 Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3 Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	6	-	-	6
4 Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5 Exposures from international organizations	-	-	-	-	-	-	-	-	-
6 Exposures from banks and brokerage houses	-	-	8,294,238	10,930,444	-	32,883	-	-	19,257,565
7 Exposures from corporates	-	-	416,315	122,973	-	1,150,855	-	-	1,690,143
8 Retail receivables	-	-	-	-	28,669	-	-	-	28,669
9 Mortgage receivables	-	-	-	-	-	-	-	-	-
10 Non performing receivables	-	-	-	-	-	-	-	-	-
11 High risk defined receivables	-	-	-	-	-	-	-	-	-
12 Mortgage backed securities	-	-	-	-	-	-	-	-	-
13 Securitization Positions	-	-	-	-	-	-	-	-	-
14 Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15 Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16 Equity Investments	-	-	-	-	-	-	-	-	-
17 Other Receivables	-	-	-	-	-	-	-	-	-
18 Other Assets	-	-	-	-	-	-	-	-	-
19 Total	3,353,343	-	8,710,553	11,053,417	28,669	1,183,744	-	153,086	24,482,812

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

II. Explanations on Consolidated Risk Management (Continued)

d) CCR4 – Risk class and counterparty credit risk on the basis of possibility of default

Related table is not presented due to standard method is used for calculation of capital adequacy (December 31, 2023 – None).

e) CCR5 – Composition of collateral for CCR exposure

Current Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash-Local Currency	-	-	-	-	49,857,781	-
Cash - Foreign Currency	-	5,682,443	-	3,995,763	37,869,125	-
Government bond-domestic	-	-	-	-	-	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	-	5,682,443	-	3,995,763	87,726,906	-

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

f) CCR6 – Credit derivatives

Related table is not presented due to the Parent Bank has no risk arrived from derivative credit received or sold (December 31, 2021 None).

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

II. Explanations on Consolidated Risk Management (Continued)

g) CCR8 – Exposures to central counterparties

	Current Period		Prior Period	
	Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1 Exposure to Qualified Central Counterparties (QCCPs)(total)	337,730	6,755	153,086	3,062
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3 (i) OTC Derivatives	-	-	-	-
4 (ii) Other derivative financial instruments	337,730	6,755	153,086	3,062
5 (iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing of securities or commodities	-	-	-	-
6 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
7 Segregated initial margin	-	-	-	-
8 Non-segregated initial margin	-	-	-	-
9 Pre-funded default fund contributions	-	-	-	-
10 Unfunded default fund contributions	-	-	-	-
11 Exposures ton on-QCCPs (total)	-	-	-	-
12 Exposures for trades at non- QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13 (i) OTC Derivatives	-	-	-	-
14 (ii) Other derivative financial instruments	-	-	-	-
15 (iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing of securities or commodities	-	-	-	-
16 (iv) Netting sets where cross-product netting has been approved	-	-	-	-
17 Segregated initial margin	-	-	-	-
18 Non-segregated initial margin	-	-	-	-
19 Pre-funded default fund contributions	-	-	-	-
20 Unfunded default fund contributions	-	-	-	-

4. Securitization Disclosures

The Parent Bank has no securitization transactions (December 31, 2023 None).

5. Disclosures regarding Market Risk

	RWA ^(**)	
	Current Period	Prior Period
Outright products ^(*)	15,042,500	15,740,100
1 <i>Interest rate risk (general and specific)</i>	4,280,013	4,964,411
2 <i>Equity risk (general and specific)</i>	1,854,150	727,838
3 <i>Foreign exchange risk</i>	7,870,487	8,990,088
4 <i>Commodity risk</i>	1,037,850	1,057,763
Options	399,550	852,275
5 <i>Simplified approach</i>	-	-
6 <i>Delta-plus method</i>	399,550	852,275
7 <i>Scenario approach</i>	-	-
8 <i>Securitization</i>	-	-
9 Total	15,442,050	16,592,375

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

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

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INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE 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	32.8262 TRY
Euro purchase rate in the balance sheet date	34.1284 TRY

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
June 28, 2024	32.8262	35.1284
June 27, 2024	32.8417	35.1212
June 26, 2024	32.9040	35.1801
June 25, 2024	32.9015	35.2869
June 24, 2024	32.8078	35.1702

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 June 2024 are TRY 32.5035 and TRY 34.9994 respectively.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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⁾	52,559,275	69,395,610	8,551,630	130,506,515
Due From Banks ⁽²⁾	5,988,217	12,340,897	2,106,476	20,435,590
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) ⁽³⁾	1,829,641	3,948,199	10,354	5,788,194
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2,748	29,294,082	-	29,296,830
Loans ⁽⁴⁾	129,206,805	117,412,777	125,611	246,745,193
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Assets Measured at Amortized Cost	2,381,802	30,364,605	-	32,746,407
Derivative Financial Assets Hedging Purposes	140,970	3,107,640	-	3,248,610
Tangible Assets	-	-	544	544
Intangible Assets	-	-	-	-
Other Assets ⁽⁵⁾	1,033,168	873,771	31,973	1,938,912
Total Assets	193,142,626	266,737,581	10,826,588	470,706,795
Liabilities				
Bank Deposits	4,401,434	17,082,651	1,075,111	22,559,196
Foreign Currency Deposits ⁽⁶⁾	58,673,977	103,791,346	53,280,427	215,745,750
Money Market Borrowings	-	41,021,837	-	41,021,837
Funds Provided from Other Financial Institutions	40,808,179	125,481,158	62,981	166,352,318
Securities Issued	4,411,197	67,466,763	11,921,426	83,799,386
Sundry Creditors	2,964,223	4,342,906	71,828	7,378,957
Derivative Fin. Liabilities Hedging Purposes	5,996	1,089,589	-	1,095,585
Other Liabilities ⁽⁷⁾⁽⁸⁾	2,719,734	4,928,678	36,796	7,685,208
Total Liabilities	113,984,740	365,204,928	66,448,569	545,638,237
Net Balance Sheet Position	79,157,886	(98,467,347)	(55,621,981)	(74,931,442)
Net Off-Balance Sheet Position	(78,069,538)	102,906,232	55,870,744	80,707,438
Financial Derivative Assets	64,716,672	358,397,914	57,278,544	480,393,130
Financial Derivative Liabilities	142,786,210	255,491,682	1,407,800	399,685,692
Non-Cash Loans ⁽⁹⁾	33,654,422	25,689,403	2,190,548	61,534,373
Prior Period				
Total Assets	159,133,946	198,898,655	10,114,638	368,147,239
Total Liabilities	109,117,434	319,197,171	47,901,564	476,216,169
Net Balance Sheet Position	50,016,512	(120,298,516)	(37,786,926)	(108,068,930)
Net Off-Balance Sheet Position	(49,583,914)	127,035,807	37,901,309	115,353,202
Financial Derivative Assets	51,114,451	349,356,811	40,167,072	440,638,334
Financial Derivative Liabilities	100,698,365	222,321,004	2,265,763	325,285,132
Non-Cash Loans	27,572,890	24,389,074	1,967,965	53,929,929

- (1) Cash and Balances with TR Central; Other FC include TRY 8,137,949 (December 31, 2023 – TRY 7,765,222) precious metal deposit account.
(2) Includes foreign bank guarantees amounting to TRY 2,764,265 (December 31, 2023 – TRY 3,025,514).
(3) Foreign exchange accruals of TRY 558,963 (December 31, 2023 – TRY 788,259) for derivative financial instruments are not included.
(4) It also includes foreign currency indexed loans amounting to TRY 149,298 (December 31, 2023 - TRY 181,694), which are followed in TRY in the balance sheet.
(5) Does not include FC prepaid expenses amounting to TRY 1,438,394 (December 31, 2023 – TRY 983,146) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.
(6) Foreign currency deposits include TRY 48,328,749 (December 31, 2023 – TRY 34,499,557) of precious metal deposit account.
(7) Other Liabilities do not include the Foreign Currency Index Factoring liabilities amounting to TRY 323 (December 31, 2023 – TRY 4).
(8) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 127,538- (December 31, 2023 – TRY 237,761).
(9) Does not have an effect on Net Off-balance Sheet Position.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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**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.

The Parent Bank funds its growing long-term fixed-rate TRY loan portfolio with customer deposits as well as long-term (up to 10 years) foreign currency resources obtained from international markets. The Parent Bank converts a portion of the foreign currency liquidity created from customer deposits and funds sourced from international markets into TRY liquidity through long-term swap transactions (fixed TRY interest and variable foreign currency interest). This process helps to establish a TRY funding source for long-term fixed-rate loans and provides protection against interest rate and maturity risks. Additionally, to hedge a portion of its foreign currency fixed-rate securities portfolio, the Parent Bank engages in interest rate swaps in alignment with its strategy and market expectations, thereby mitigating risks excluding the Turkish credit spread 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⁾	61,864,152	-	-	-	-	147,078,614	208,942,766
Due from Banks ⁽³⁾	4,973,622	384,592	-	-	-	18,197,695	23,555,909
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	611,129	665,180	1,149,448	1,015,985	147,158	12,259,284	15,848,184
Money Market Placements	1,004	-	-	-	-	-	1,004
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) ⁽⁵⁾	20,874,626	25,280,494	15,850,899	29,735,610	28,207,778	5,998,024	125,947,431
Loans and Receivables	235,793,144	102,949,833	318,147,318	81,581,767	15,435,107	2,681,716	756,588,885
Financial Assets Measured at Amortized Cost ⁽⁶⁾	53,648,346	476,920	5,306,133	28,624,216	15,069,002	8,843,486	111,968,103
Other Assets	986	4,141	4,399	732	7,521	54,883,200	54,900,979
Total Assets	377,767,009	129,761,160	340,458,197	140,958,310	58,866,566	249,942,019	1,297,753,261
Liabilities							
Bank Deposits	7,905,422	12,262,826	8,398,760	-	-	894,960	29,461,968
Other Deposits	292,430,585	116,124,794	44,790,737	1,243,393	1,197	274,461,580	729,052,286
Money Market Borrowings	50,516,537	25,202,700	12,234,553	339,700	-	1,402,267	89,695,757
Miscellaneous Payables	7,130,910	-	-	-	-	32,982,800	40,113,710
Securities Issued	1,609,167	28,318,528	32,065,664	17,772,848	9,979,564	23,905	89,769,676
Funds Borrowed	29,072,495	27,709,751	85,945,659	6,024,667	27,951,509	3,716,611	180,420,692
Other Liabilities ⁽⁷⁾	815	565	64,812	1,107,492	-	138,065,488	139,239,172
Total Liabilities	388,665,931	209,619,164	183,500,185	26,488,100	37,932,270	451,547,611	1,297,753,261
On Balance Sheet Long Position	-	-	156,958,012	114,470,210	20,934,296	-	292,362,518
On Balance Sheet Short Position	(10,898,922)	(79,858,004)	-	-	-	(201,605,592)	(292,362,518)
Off-Balance Sheet Long Position	30,884,372	9,811,039	2,591,141	-	-	-	43,286,552
Off-Balance Sheet Short Position	-	-	(1,011,873)	(32,710,065)	(4,429,637)	-	(38,151,575)
Total Position	19,985,450	(70,046,965)	158,537,280	81,760,145	16,504,659	(201,605,592)	5,134,977

⁽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 22,223 expected loss provisions.

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY 3,207.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 8,801,293.

⁽⁵⁾ Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 3,930,303.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 15,362

⁽⁷⁾ Other Liabilities includes Derivative Financial Liabilities amounting to TRY 7,323,418.

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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⁾	67,348,689	-	-	-	-	95,212,950	162,561,639
Due from Banks ⁽³⁾	290,151	-	-	-	-	17,509,762	17,799,913
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	284,912	519,531	44,809	347,499	92,073	13,305,305	14,594,129
Money Market Placements	5,736,581	-	-	-	-	(147)	5,736,434
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) ⁽⁵⁾	16,070,800	18,622,711	4,848,359	6,954,344	20,954,420	5,952,542	73,403,176
Loans and Receivables	208,052,090	117,039,407	201,543,504	64,354,094	15,155,551	(3,398,480)	602,746,166
Financial Assets Measured at Amortized Cost ⁽⁶⁾	43,957,379	3,100,307	1,453,707	28,001,276	14,076,351	11,556,734	102,145,754
Other Assets	-	-	-	-	-	44,434,968	44,434,968
Total Assets	341,740,602	139,281,956	207,890,379	99,657,213	50,278,395	184,573,634	1,023,422,179
Liabilities							
Bank Deposits	9,311,620	12,040,967	2,880,962	-	-	1,350,352	25,583,901
Other Deposits	237,584,173	83,018,971	59,130,390	819,009	909	224,590,183	605,143,635
Money Market Borrowings	6,345,828	16,831,236	7,382,723	-	-	538,560	31,098,347
Miscellaneous Payables	9,632,206	-	-	-	-	29,139,056	38,771,262
Securities Issued	3,838,845	13,254,912	31,936,729	2,933,583	8,951,261	72,890	60,988,220
Funds Borrowed	37,254,947	44,955,154	40,442,643	5,574,856	15,455,056	2,180,102	145,862,758
Other Liabilities ⁽⁷⁾	21,223	46,187	46,002	1,141,848	-	114,718,796	115,974,056
Total Liabilities	303,988,842	170,147,427	141,819,449	10,469,296	24,407,226	372,589,939	1,023,422,179
On Balance Sheet Long Position	37,751,760	-	66,070,930	89,187,917	25,871,169	-	218,881,776
On Balance Sheet Short Position	-	(30,865,471)	-	-	-	(188,016,305)	(218,881,776)
Off-Balance Sheet Long Position	19,835,953	18,373,541	9,687,177	-	-	-	47,896,671
Off-Balance Sheet Short Position	-	-	(118,145)	(38,843,194)	(4,924,821)	-	(43,886,160)
Total Position	57,587,713	(12,491,930)	75,639,962	50,344,723	20,946,348	(188,016,305)	4,010,511

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

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

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY 12,939.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 8,888,204.

⁽⁵⁾ Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 4,092,746.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 26,015.

⁽⁷⁾ Other Liabilities includes Derivative Financial Liabilities amounting to TRY 4,995,729.

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments

	EUR %	USD %	JPY %	TRY%
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	0.06	0.09	-	45.16
Financial Assets Measured at Fair Value through Profit/Loss	4.75	6.20	-	45.34
Money Market Placements	-	-	-	51.95
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.77	6.55	-	47.77
Loans and Receivables	7.27	8.06	2.50	48.98
Financial Assets Measured at Amortized Cost	4.73	5.90	-	33.05
Liabilities				
Bank Deposits	4.72	6.30	-	47.41
Other Deposits	0.16	0.48	0.05	46.59
Money Market Borrowings	-	6.00	-	48.57
Miscellaneous Payables	2.99	5.00	-	-
Securities Issued	5.21	7.24	-	53.45
Funds Borrowed	5.70	7.82	-	55.19
	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	-	-	-	18.36
Financial Assets Measured at Fair Value through Profit/Loss	4.92	7.69	-	33.33
Money Market Placements	-	-	-	43.28
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.77	6.31	-	43.90
Loans and Receivables	7.32	9.28	4.92	39.41
Financial Assets Measured at Amortized Cost	4.73	5.61	-	47.07
Liabilities				
Bank Deposits	5.21	7.14	-	40.94
Other Deposits	1.01	2.60	0.05	37.18
Money Market Borrowings	-	6.55	-	22.33
Miscellaneous Payables	3.57	5.05	-	-
Securities Issued	6.76	8.59	-	39.40
Funds Borrowed	5.69	8.20	-	43.92

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

Equity Securities (shares)	Carrying Value	Comparison	
		Fair Value	Carrying Value
1. Equity Investments Group A	490,279	-	490,279
Quoted Securities	490,279	-	490,279
2. Equity Investments Group B	-	-	-
Quoted Securities	-	-	-
3. Equity Investments Group C	-	-	-
Quoted Securities	-	-	-
4. Equity Investments Group Other (*)	188,487	-	-

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

Portfolio	Income/Losses in Current Period	Revaluation Surpluses		Unrealized Income and Losses	
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital
1. Private Equity Investments	-	-	-	-	-
2. Quoted Shares	151,626	-	-	(24,480)	-
3. Other Shares	-	-	-	-	-
4. Total	151,626	-	-	(24,480)	-

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

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

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

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

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.

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

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

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.

Liquidity Coverage Ratio

Current Period – June 30, 2024	Unweighted Amounts (*)		Weighted Amounts (*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			282,959,293	121,569,603
1 High Quality Liquid Assets			282,959,293	121,569,603
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	501,045,615	165,542,308	44,131,863	16,554,231
3 Stable deposits	119,453,963	-	5,972,698	-
4 Less stable deposits	381,591,652	165,542,308	38,159,165	16,554,231
5 Unsecured Funding other than Retail and Small Business Customers Deposits	226,492,684	103,170,463	138,984,194	65,946,096
6 Operational deposits	6,769,253	1,581,890	1,692,313	395,472
7 Non-Operational Deposits	166,700,614	82,879,569	95,065,364	47,562,970
8 Other Unsecured Funding	53,022,817	18,709,004	42,226,517	17,987,654
9 Secured funding	-	-	-	-
10 Other Cash Outflows	103,559,691	24,771,500	103,559,691	24,771,500
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	103,559,691	24,771,500	103,559,691	24,771,500
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	201,267,459	95,227,426	10,063,373	4,761,371
15 Other irrevocable or conditionally revocable commitments	774,375,891	66,106,093	47,919,230	6,650,333
16 TOTAL CASH OUTFLOWS	-	-	344,658,351	118,683,531
CASH INFLOWS				
17 Secured Lending Transactions	665,641	-	-	-
18 Unsecured Lending Transactions	117,891,778	36,784,685	71,235,792	27,791,800
19 Other contractual cash inflows	99,199,221	82,938,367	99,199,222	82,938,368
20 TOTAL CASH INFLOWS	217,756,640	119,723,052	170,435,014	110,730,168
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			282,959,293	121,569,603
22 TOTAL NET CASH OUTFLOWS			174,223,337	31,658,215
23 LIQUIDITY COVERAGE RATIO (%)			162.41	384.01

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

QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

Prior Period – December 31, 2023	Unweighted Amounts ^(*)		Weighted Amounts ^(*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			226,954,519	96,634,210
1 High Quality Liquid Assets			226,954,519	96,634,210
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	418,935,463	143,837,583	37,985,050	14,383,758
3 Stable deposits	78,169,924	-	3,908,496	-
4 Less stable deposits	340,765,539	143,837,583	34,076,554	14,383,758
5 Unsecured Funding other than Retail and Small Business Customers Deposits	171,374,911	87,406,198	104,284,664	52,799,094
6 Operational deposits	5,298,002	1,285,799	1,324,501	321,450
7 Non-Operational Deposits	125,280,384	70,040,560	71,135,856	36,971,014
8 Other Unsecured Funding	40,796,525	16,079,839	31,824,307	15,506,630
9 Secured funding	-	-	65,702	65,702
10 Other Cash Outflows	63,318,490	17,344,317	63,318,490	17,344,317
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	63,318,490	17,344,317	63,318,490	17,344,317
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	198,937,489	102,556,820	9,946,874	5,127,841
15 Other irrevocable or conditionally revocable commitments	544,562,139	52,540,338	34,456,584	5,123,889
16 TOTAL CASH OUTFLOWS	-	-	250,057,364	94,844,601
CASH INFLOWS				
17 Secured Lending Transactions	92,017	-	-	-
18 Unsecured Lending Transactions	87,592,456	30,500,894	53,290,987	22,227,877
19 Other contractual cash inflows	61,797,454	50,431,813	61,797,454	50,431,814
20 TOTAL CASH INFLOWS	149,481,927	80,932,707	115,088,441	72,659,691
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			226,954,519	96,634,210
22 TOTAL NET CASH OUTFLOWS			134,968,923	26,905,185
23 LIQUIDITY COVERAGE RATIO (%)			168.15	359.17

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

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

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

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

	Maximum	Date	Minimum	Date	Average
TRY+FC	191.35	26.06.2024	136.72	27.05.2024	162.88
FC	512.85	24.06.2024	264.61	24.05.2024	390.87

Liquidity coverage ratio is regulated by the BRSA to make sure that the Parent 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 58% of total liabilities of the Group (December 31, 2023 – 62%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

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

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated ⁽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⁾	147,100,837	61,864,152	-	-	-	-	(22,223)	208,942,766
Due from Banks ⁽³⁾	17,944,456	5,190,507	424,153	-	-	-	(3,207)	23,555,909
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	2,985,612	754,284	1,146,409	3,281,316	4,482,882	2,291,486	906,195	15,848,184
Money Market Placements	-	1,004	-	-	-	-	-	1,004
Financial Assets Measured at Fair Value through Other Comprehensive Income ⁽⁵⁾	-	27,539	1,679,380	4,051,535	77,419,778	42,769,199	-	125,947,431
Loans and Receivables ⁽⁶⁾	-	259,009,901	88,326,948	270,413,695	128,699,622	26,992,906	(16,854,187)	756,588,885
Financial Assets Measured at Amortized Cost ⁽⁷⁾	-	21,575	3,374,517	11,424,927	58,067,999	39,094,447	(15,362)	111,968,103
Other Assets	-	18,246,857	759,918	1,115,856	1,177,278	9,288	33,591,782	54,900,979
Total Assets	168,030,905	345,115,819	95,711,325	290,287,329	269,847,559	111,157,326	17,602,998	1,297,753,261
Liabilities								
Bank Deposits	445,943	8,019,578	12,495,653	8,500,794	-	-	-	29,461,968
Other Deposits	246,640,102	309,111,008	123,822,365	48,103,706	1,373,874	1,231	-	729,052,286
Funds Borrowed	-	14,558,766	13,476,674	109,797,603	21,400,292	20,996,193	191,164	180,420,692
Money Market Borrowings	-	50,997,391	22,985,567	10,346,074	5,366,725	-	-	89,695,757
Securities Issued	-	1,624,902	28,321,385	32,070,977	17,772,848	9,979,564	-	89,769,676
Miscellaneous Payables	-	39,358,698	-	-	-	-	755,012	40,113,710
Other Liabilities ⁽⁸⁾	-	14,475,596	1,424,839	4,075,971	3,923,060	2,964,889	112,374,817	139,239,172
Total Liabilities	247,086,045	438,145,939	202,526,483	212,895,125	49,836,799	33,941,877	113,320,993	1,297,753,261
Liquidity Excess/Gap	(79,055,140)	(93,030,120)	(106,815,158)	77,392,204	220,010,760	77,215,449	(95,717,995)	-
Net Off- Balance Sheet Position ⁽⁹⁾								
Receivables from financial derivative instruments	-	(244,772)	(801,514)	(3,239,943)	3,144,782	-	-	(1,141,447)
Liabilities from derivative financial instruments	-	160,506,391	64,308,576	140,028,880	157,007,520	65,902,230	-	587,753,597
Non-Cash Loans ⁽¹⁰⁾	-	8,639,333	13,866,827	51,393,910	17,245,788	1,227,198	29,740,724	122,113,780
Prior period								
Total Assets	112,459,542	297,454,538	99,345,089	199,547,616	205,113,424	96,082,787	13,419,183	1,023,422,179
Total Liabilities	212,707,521	323,512,042	146,625,893	196,974,099	32,589,854	13,976,083	97,036,687	1,023,422,179
Liquidity Excess/Gap	(100,247,979)	(26,057,504)	(47,280,804)	2,573,517	172,523,570	82,106,704	(83,617,504)	-
Net Off- Balance Sheet Position ⁽¹⁰⁾								
Receivables from financial derivative instruments	-	(222,100)	(3,969,857)	2,261,083	2,189,002	-	-	258,128
Liabilities from derivative financial instruments	-	139,318,231	131,653,442	91,896,625	92,873,258	69,479,815	-	525,221,371
Non-Cash Loans ⁽¹¹⁾	-	7,522,893	14,448,578	39,206,652	13,000,054	1,178,206	27,122,663	102,479,046

(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 98,887,378 (December 31, 2023 – TRY 81,634,480), unallocated provisions amounting to TRY 14,436,598 (December 31, 2023 – TRY 15,305,688) and deferred tax liabilities amounting to TRY 3,962,715 (December 31, 2023 – TRY 2,493,475).

(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 22,223 (December 31, 2023 – TRY 18,072).

(3) Banks include balance of expected loss provisions amounting to TRY 3,207 (December 31, 2023 – TRY 12,939).

(4) Financial assets at fair value through profit/loss include derivative financial assets through profit loss amounting to TRY 8,801,293 - (December 31, 2023 – TRY 8,888,204).

(5) There are no expected loss provisions for receivables from money markets. (31 December 2023 – TRY 147)

(6) Financial assets at fair value through other comprehensive income include derivative financial assets through other comprehensive income amounting to TRY 3,930,303 - (December 31, 2023 – TRY 4,092,746).

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

(8) Financial assets measured at amortized cost include TRY 15,362 (December 31, 2023 – TRY 26,015) 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 7,323,418 (December 31, 2023 – TRY 4,995,729).

(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.

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(Continued)

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

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

The Net Stable Funding Ratio (NSFR) is calculated by dividing the amount of available stable funding (ASF) by the required stable funding (RSF). Available stable funding refers to the portion of banks' liabilities and equity expected to be stable, while required stable funding refers to the portion of banks' on-balance sheet assets and off-balance sheet liabilities expected to need funding. The available stable funding balance is calculated by weighting the book values of banks' liabilities and equity components according to the ASF factors specified in the notification table published by the Banking Regulation and Supervision Agency (BRSA). The required stable funding amount is calculated by weighting the maturities and liquidity characteristics of the bank's assets according to the RSF factors. The largest components of a bank's available stable funding are capital, long-term borrowings, and customer deposits.

Current Year	Unweighted Amount According to Residual Maturity				Total Weighted Amount Applied
	Demand	Residual Maturity Less than 6 Months	Residual Maturity of 6 Months and Longer But Less Than 1 Year	Residual Maturity of 1 Year and More	
Available Stable Funding					
1 Capital Instruments	144,877,587	-	-	-	144,877,587
2 Tier 1 and Tier 2 Capital	144,877,587	-	-	-	144,877,587
3 Other Capital Instruments	-	-	-	-	-
4 Real-person and Retail Customer Deposits	177,536,776	352,390,740	3,850,373	1,396,918	488,036,738
5 Stable Deposit/Participation Fund	12,458,264	113,406,767	1,242,678	480,503	121,208,803
6 Low Stable Deposit/Participation Fund	165,078,512	238,983,973	2,607,695	916,415	366,827,935
7 Obligations to Other Parties	8,632,259	-	297,144,752	46,458,750	199,347,255
8 Operational Deposit/Participation Fund	8,632,259	-	-	-	4,316,129
9 Other Obligations	-	-	297,144,752	46,458,750	195,031,126
10 Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11 Other Liabilities	-	1,912,613	1,269,936	26,327,279	-
12 Derivative Liabilities	-	-	5,823,517	-	-
13 All other equity not included in the above categories	-	-	-	23,686,310	-
14 Available Stable Funding					832,261,580
Required Stable Funding					
15 High Quality Liquid Assets	-	-	-	-	10,233,187
16 Depository Institutions or Deposit/Participation Fund Held at Financial Institutions for Operational Purposes	-	-	-	-	-
17 Performing Loans	485,923	397,526,331	126,963,158	301,212,730	510,830,049
18 Encumbered Loans to Financial Institutions, Where The Loan is Secured Against Level 1 Assets	-	26,634,436	-	6,783,086	10,778,101
19 Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	-	32,598,408	6,257,263	22,556,467
20 Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	370,891,895	94,364,750	285,005,751	475,056,689
21 Loans with a risk weight of less than or equal to 35%	-	-	-	-	-
22 Residential mortgages	-	-	-	2,479,024	1,611,366
23 Residential mortgages with a risk weight of less than or equal to 35%	-	-	-	-	-
24 Equity Instruments and Debt Instruments Traded on an Exchange that do not Have High-Quality Liquid Asset Characteristics	485,923	-	-	687,606	827,426
25 Assets equivalent to interconnected liabilities	-	-	-	-	-
26 Other Assets	75,531,718	504,498	1,012,466	8,119,428	84,924,848
27 Physical traded commodities, including gold	753,153	-	-	-	640,180
28 Initial Margin for Derivative Contracts or Guarantee Fund Given to Central Counterparty	-	-	868,586	-	738,298
29 Derivative Assets	-	-	7,994,524	-	7,994,524
30 Derivative Liabilities Before Deduction of Variation Margin	-	-	773,282	-	773,282
31 Other Assets not Included Above	74,778,565	-	-	-	74,778,565
32 Off-balance sheet commitments	-	-	1,035,737,762	-	51,786,888
33 Required Stable Funding					657,774,972
34 Net Stable Funding Rate (%)					126.53

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

Prior Year	Unweighted Amount According to Residual Maturity				Total Weighted Amount Applied
	Demand	Residual Maturity Less than 6 Months	Residual Maturity of 6 Months and Longer But Less Than 1 Year	Residual Maturity of 1 Year and More	
Available Stable Funding					
1 Capital Instruments	120,546,748	-	-	-	120,546,748
2 Tier 1 and Tier 2 Capital	120,546,748	-	-	-	120,546,748
3 Other Capital Instruments	-	-	-	-	-
4 Real-person and Retail Customer Deposits	154,183,744	279,923,393	6,130,313	766,307	401,154,561
5 Stable Deposit/Participation Fund	8,664,635	74,492,932	1,639,268	226,757	80,772,412
6 Low Stable Deposit/Participation Fund	145,519,109	205,430,461	4,491,045	539,550	320,382,149
7 Obligations to Other Parties	5,750,285	-	227,663,758	37,039,799	153,746,820
8 Operational Deposit/Participation Fund	5,750,285	-	-	-	2,875,142
9 Other Obligations	-	-	227,663,758	37,039,799	150,871,678
10 Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11 Other Liabilities	-	955,611	1,140,416	21,467,694	-
12 Derivative Liabilities	-	-	4,063,108	-	-
13 All other equity not included in the above categories	-	-	-	19,500,614	-
14 Available Stable Funding					675,448,129
Required Stable Funding					
15 High Quality Liquid Assets	-	-	-	-	6,246,202
16 Depository Institutions or Deposit/Participation Fund Held at Financial Institutions for Operational Purposes	-	-	-	-	-
17 Performing Loans	274,661	302,215,299	119,030,507	271,653,333	435,645,375
18 Encumbered Loans to Financial Institutions, Where The Loan is Secured Against Level 1 Assets	-	28,411,443	-	20,891,076	25,107,630
19 Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	-	30,593,091	8,462,750	23,759,296
20 Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	273,803,856	88,437,416	239,443,382	384,757,171
21 Loans with a risk weight of less than or equal to 35%	-	-	-	-	-
22 Residential mortgages	-	-	-	2,718,794	1,767,216
23 Residential mortgages with a risk weight of less than or equal to 35%	-	-	-	-	-
24 Equity Instruments and Debt Instruments Traded on an Exchange that do not Have High-Quality Liquid Asset Characteristics	274,661	-	-	137,331	254,062
25 Assets equivalent to interconnected liabilities	-	-	-	-	-
26 Other Assets	57,790,422	1,032,956	1,203,432	5,314,410	65,186,379
27 Physical traded commodities, including gold	433,897	-	-	-	368,813
28 Initial Margin for Derivative Contracts or Guarantee Fund Given to Central Counterparty	-	-	598,373	-	508,617
29 Derivative Assets	-	-	6,452,209	-	6,452,209
30 Derivative Liabilities Before Deduction of Variation Margin	-	-	500,216	-	500,216
31 Other Assets not Included Above	57,356,524	-	-	-	57,356,524
32 Off-balance sheet commitments	-	-	766,703,957	-	38,335,198
33 Required Stable Funding					545,413,154
34 Net Stable Funding Rate (%)					123.84

Net stable funding ratio for the last three months including the reporting period was 122.80% (December 31, 2023: 123.44%).

The Bank's Net Stable Funding Ratio (NSFR) increased from 123.84% to 126.53% on a solo basis between December 2023 and June 2024, but remained above the legal limit (100%). The development of major balance sheet items such as loans and deposits between periods, changes in the maturity structure of the balance sheet and asset collateralization are influential in the development of the ratio. While subordinated borrowing increased the available stable funding during the period in question, another item affecting the NSFR in the direction of improvement is the Tier 1 capital balance, which increased in the 3-month period weighted with a 100% consideration rate within the available stable funding.

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

VII. Explanations on Consolidated Leverage Ratio

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

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.35% (December 31, 2023: 5.41%). 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 ^(*)	1,238,888,075	966,730,951
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 Communiqué on the Preparation of Consolidated Financial Statements	12,122,197	5,912,010
3 Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	2,806,018	10,098,239
4 Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	719	17,258
5 Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of off-balance transactions	829,743,927	593,763,572
6 Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements	(9,280,919)	(7,511,859)
7 Total Risk Amount	2,074,280,017	1,569,010,171

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

^(**) Amounts presented above represent the arithmetic average of the last three months.

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

VII. Explanations on Consolidated Leverage Ratio (Continued)

c) Leverage ratio public disclosure template

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

	Book Value	
	Current Period (*)	Prior Period (*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	1,236,127,743	956,236,202
(Assets deducted from capital stock)	9,280,919	7,511,859
Total risk amount related to Assets on Balance sheet	1,226,846,824	948,724,343
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	14,882,529	16,406,759
Potential credit risk amount of derivative financial instruments and credit derivatives	2,806,018	10,098,239
Total risk amount related to derivative financial instruments and credit derivatives	17,688,547	26,504,998
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	58	3,189
Risk amount sourcing from transactions mediated	661	14,069
Total risk amount related to financial transactions having security or commodity collateral	719	17,258
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	1,016,659,056	768,359,678
(Adjustment amount sourcing from multiplying to credit conversion rates)	186,915,129	174,596,106
Total risk amount related to off-balance sheet transactions	829,743,927	593,763,572
Capital and Total Risk		
Core Capital	111,007,044	84,831,756
Amount of total risk	2,074,280,017	1,569,010,171
Financial leverage ratio		
Financial leverage ratio	5.35%	5.41%

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related To Consolidated Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	3,580,457	8,335,702	2,150,944	9,412,639
T.R. Central Bank	74,380,818	121,337,646	56,835,380	92,810,848
Others	497,199	833,167	807,073	562,827
Total	78,458,474	130,506,515	59,793,397	102,786,314

b) Information related to the account of the CBRT

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	38,950,170	63,802,804	41,053,357	34,030,574
Unrestricted Time Deposits	-	-	8,487,000	-
Restricted Time Deposits	35,430,648	57,534,842	7,295,023	58,780,274
Total	74,380,818	121,337,646	56,835,380	92,810,848

As of June 30, 2024, a provision amounting to TRY 22,223 (December 31, 2023 – TRY 18,072) has been provided to the Central Bank account.

As of June 30, 2024, The Parent Bank maintains required reserves for its deposits and other liabilities in Turkish Lira, US Dollar, Euro, and gold.

2. Further information on financial assets at fair value through profit/loss (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	-	-	-	-
Subject to repurchase agreement	24,328	-	768	-
Total	24,328	-	768	-

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	614,901	57,802	409,551	109,239
Swap Transactions	1,851,462	3,101,942	2,333,453	2,783,394
Futures	-	-	-	-
Options	647	531,324	716	75,573
Total	2,467,010	3,691,068	2,743,720	2,968,206

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

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

3. a) Information on banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	3,104,698	20,454,418	871,084	16,941,768
Domestic	3,104,695	533,841	871,079	815,958
Foreign	3	19,920,577	5	16,125,810
Foreign Head Offices and Branches	-	-	-	-
Total	3,104,698	20,454,418	871,084	16,941,768

Amount of TRY 3,207 provision is provided for banks account as of June 30, 2024 (December 31, 2023 – TRY 12,939).

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	4,006,157	4,209,512	257,218	3,615
USA and Canada	10,932,675	7,649,932	-	-
OECD Countries (*)	1,504,347	866,040	2,512,418	3,025,514
Off-shore Banking Regions	-	-	-	-
Other	707,765	371,202	-	-
Total	17,150,944	13,096,686	2,769,636	3,029,129

(*) 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	1,004	-	301,081	-
T.R. Central Bank	-	-	-	-
Banks	1,004	-	301,081	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Natural Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Natural Persons	-	-	-	-
Total	1,004	-	301,081	-

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

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

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	874,958	-	18,555,820	-
Subject to repurchase agreements	20,189,022	23,799,590	6,240	9,855,238
Total	21,063,980	23,799,590	18,562,060	9,855,238

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

	Current Period	Prior Period
Debt Securities	126,126,603	71,908,976
Quoted on a stock exchange ^(*)	126,126,603	71,908,976
Unquoted on a stock exchange	-	-
Stocks	1,626	1,627
Quoted on a stock exchange	1,519	1,520
Unquoted on a stock exchange	107	107
Provision for Impairment (-) ^(**)	(4,111,101)	(2,600,172)
Total	122,017,128	69,310,430

^(*) The Eurobond Portfolio amounting to TRY 6,847,960 (December 31, 2023 – TRY 6,218,276) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from 2009.

^(**) As of June 30, 2024 amount of TRY 19,350 (December 31, 2023 – TRY 9,630) 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	-	2,288,235	-	2,316,570
Corporate Shareholders	-	2,288,235	-	2,316,570
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
Loans Granted to Employees ^(*)	697,150	-	629,167	-
Total	697,150	2,288,235	629,167	2,316,570

^(*) 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) Information on standard loans and watchlist loans, as well as restructured watchlist loans

Cash Loans	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables with Revised Contract Terms	Refinance
Non Specialized Loans	656,672,850	44,541,437	74,859	30,919,102
Enterprise Loans	36,404,010	91,522	-	-
Export Loans	76,299,471	1,211,409	-	-
Import Loans	13,130	-	-	-
Financial Sector Loans	4,382,839	-	-	-
Consumer Loans	120,064,860	10,544,242	30,615	7,082,354
Credit Cards	185,859,156	14,404,164	-	9,136,993
Other	233,649,384	18,290,100	44,244	14,699,755
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	656,672,850	44,541,437	74,859	30,919,102

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

	Standard Loans	Loans Under Close Monitoring
Current Period		
12 Month Expected Credit Losses	8,191,014	-
Significant Increase in Credit Risk	-	12,294,939
Prior Period		
12 Month Expected Credit Losses	7,885,008	-
Significant Increase in Credit Risk	-	11,077,249

c) Distribution of cash loans according to maturity structure

Cash Loans	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured Loans
Short-term Loans	420,848,940	14,404,164	9,136,993
Medium and Long-term Loans	235,823,910	30,137,273	21,856,968
Total	656,672,850	44,541,437	30,993,961

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	34,407,046	76,792,111	111,199,157
Housing Loans	2,826	3,109,920	3,112,746
Automobile Loans	352	19,167	19,519
Personal Need Loans	34,403,868	73,663,024	108,066,892
Other	-	-	-
Consumer Loans-FC Indexed	-	210	210
Housing Loans	-	210	210
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Consumer Loans-FC	-	-	-
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	171,449,824	6,414,417	177,864,241
Installment	47,007,193	3,688,763	50,695,956
Non- Installment	124,442,631	2,725,654	127,168,285
Individual Credit Cards-FC	446,632	954	447,586
Installment	-	-	-
Non- Installment	446,632	954	447,586
Personnel Loans-TRY	94,148	202,031	296,179
Housing Loans	-	16	16
Automobile Loans	-	-	-
Personal Need Loans	94,148	202,015	296,163
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	373,521	8,073	381,594
Installment	103,907	2,246	106,153
Non-Installment	269,614	5,827	275,441
Personnel Credit Cards-FC	3,730	8	3,738
Installment	-	-	-
Non-Installment	3,730	8	3,738
Overdraft Accounts-TRY (Natural Persons)	24,981,805	1,244,720	26,226,525
Overdraft Accounts-FC (Natural Persons)	-	-	-
Total	231,756,706	84,662,524	316,419,230

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

e) Information on commercial installment loans and corporate credit cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TRY	5,007,425	50,351,020	55,358,445
Real Estate Loans	2,331	387,101	389,432
Automobile Loans	101,039	1,688,983	1,790,022
Personal Need Loans	4,904,055	48,274,936	53,178,991
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	-	148,933	148,933
Real Estate Loans	-	486	486
Automobile Loans	-	-	-
Personal Need Loans	-	148,447	148,447
Other	-	-	-
Commercial Loans with Installment Facility - FC	-	-	-
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards –TRY	30,059,137	618,993	30,678,130
Installment	5,887,216	132,543	6,019,759
Non-Installment	24,171,921	486,450	24,658,371
Corporate Credit Cards –FC	24,971	53	25,024
Installment	-	-	-
Non-Installment	24,971	53	25,024
Overdraft Accounts-TRY (Legal Entities)	3,057,906	36,245	3,094,151
Overdraft Accounts-FC (Legal Entities)	-	-	-
Total	38,149,439	51,155,244	89,304,683

f) Allocation of loans by customers (*)

	Current Period	Prior Period
Public	4,812,660	4,463,025
Private	727,395,588	578,182,185
Total	732,208,248	582,645,210

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

g) Allocation of domestic and foreign loans (*)

	Current Period	Prior Period
Public	729,820,458	580,290,500
Private	2,387,790	2,354,710
Total	732,208,248	582,645,210

(*) 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	5,709,555	4,948,468
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	5,709,555	4,948,468

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

i) Specific provisions for loans (Third Stage)

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	3,142,748	1,772,070
Loans and Receivables with Doubtful Collectability	3,098,376	990,325
Uncollectible Loans and Receivables	6,844,076	6,117,889
Total	13,085,200	8,880,284

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 Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before the Provisions	-	542	278,449
Restructured Loans	-	542	278,449
Prior Period			
Gross Amounts Before the Provisions	148	3,532	336,984
Restructured Loans	148	3,532	336,984

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Prior Period End Balance	2,428,307	1,363,910	7,196,127
Additions (+)	7,177,805	203,084	592,954
Transfers from Other Categories of Non-Performing Loans (+)	-	4,264,853	1,230,697
Transfers to Other Categories of Non-Performing Loans (-)	4,264,853	1,230,697	-
Collections (-)	910,345	462,434	847,353
Non-registered(-)	-	-	27,867
Write-offs (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	4,430,914	4,138,716	8,144,558
Specific Provision (-)	3,142,748	3,098,376	6,844,076
Prior Period End Balance	1,288,166	1,040,340	1,300,482

(*) Also includes non-performing receivables related to leasing transactions and factoring receivables.

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

None (December 31, 2023 – None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	1,288,166	1,040,340	1,300,482
Loans to Natural Persons and Legal Entities (Gross)	4,430,914	4,138,716	7,698,473
Provision (-)	3,142,748	3,098,376	6,397,991
Loans to Natural Persons and Legal Entities (Net)	1,288,166	1,040,340	1,300,482
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	446,085
Provision (-)	-	-	446,085
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	656,237	373,582	1,078,238
Loans to Natural Persons and Legal Entities (Gross)	2,428,307	1,363,907	6,919,193
Provision (-)	1,772,070	990,325	5,840,955
Loans to Natural Persons and Legal Entities (Net)	656,237	373,582	1,078,238
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	276,934
Provision (-)	-	-	276,934
Other Loans and Receivables (Net)	-	-	-

j.5) Information on interest accruals, discounts, and valuation differences calculated for non-performing receivables, along with their provisions

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Year (Net)			
Interest accruals and valuation differences	609,285	440,207	1,229,010
Provision Amount (-)	165,356	194,647	778,121
Prior Period (Net)			
Interest Accruals and Rediscounts and Valuation Differences	180,107	122,271	1,168,019
Provision Amount (-)	85,694	64,388	800,916

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

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

l) Explanations regarding the write-off policy

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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on factoring receivables

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short Term	15,343,164	2,055,986	14,641,315	854,031
Medium and Long Term	-	-	-	-
Total	15,343,164	2,055,986	14,641,315	854,031

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

	Current Period	Prior Period
Prior Period End Balance	160,572	81,651
Provided Provision/(reversal), Net	112,541	136,461
Collections	(117,186)	(57,539)
Write-offs	-	-
Provision at the End of Period	155,927	160,573

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	12,834,544	-	19,956,890	149,001
Subject to repurchase agreements	42,210,478	27,425,401	4,753,009	25,309,928
Total	55,045,022	27,425,401	24,709,899	25,458,929

b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bond	79,237,058	32,612,874	72,383,513	29,088,903
Treasury Bill	-	-	-	-
Other Public Sector Debt Securities	-	-	-	580,406
Total	79,237,058	32,612,874	72,383,513	29,669,309

c) Information on investments securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt Securities	79,237,058	32,746,407	72,383,513	29,788,256
Publicly-traded	79,237,058	32,746,407	72,383,513	29,788,256
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	79,237,058	32,746,407	72,383,513	29,788,256

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

	Current Period	Prior Period
A Balance at the beginning of the period	102,171,769	61,963,305
Exchange differences on monetary assets	3,221,400	11,129,111
Acquisitions during the year	10,803,383	33,460,484
Disposals through sales and redemptions	(14,143,184)	(23,033,396)
Impairment provision (-)	-	-
Valuation Effect	9,930,097	18,652,265
Total	111,983,465	102,171,769

ne 30, 2024, a provision amounting to TRY 15,362 (December 31, 2023 – TRY 26,015) is provided for the financial assets measured at amortized cost.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on investments in associates (Net)

9.1. Information on unconsolidated associates

Title	Address (City/Country)	Bank's Share-If Different, Voting Rights(%)	Bank's Risk Group Share(%)
1. Bankalararası Kart Merkezi (BKM) ^(*) ^(***)	Istanbul/Türkiye	4.52	4.52
2. JCR Avrasya Derecelendirme A.Ş. ^(**)	Istanbul/Türkiye	2.86	2.86
3. İhracatı Geliştirme A.Ş. (İGE) ^(**) ^(***)	Istanbul/Türkiye	0.44	0.44
4. Kredi Garanti Fonu A.Ş. (KGF) ^(**) ^(***)	İstanbul/Türkiye	1.49	1.49
5. 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.	3,849,876	3,495,927	910,463	217,783	-	424,331	1,465,187	-
2.	374,362	285,061	28,392	81,644	-	48,014	100,751	-
3.	7,805,521	7,020,592	796,503	2,550,139	-	(530,590)	1,154,146	-
4.	4,453,051	1,780,091	97,487	761,726	-	(50,233)	(262,350)	-
5.	145,612	98,054	41,091	1,685	21	22,021	4,576	-

^(*) Current period information is based on March 31, 2024 financials. Prior period profit and loss amounts are based on March 31, 2023 financials.

^(**) Current period information is based on December 31, 2023 financials. Prior period profit and loss amounts are based on December 31, 2022 financials.

^(***) The financial statements have been prepared based on the current and prior period information, with values adjusted for purchasing power, as specified

^(****) 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	57,084	45,477
Movements During the Period	557	11,607
Purchases	542	2,858
Impact of business combinations	-	504
Bonus Shares Received ^(*)	15	571
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	-	7,674
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	57,641	57,084
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

^(*) In the 'Bonus Shares Received' item, the current period includes the capital contribution to Borsa İstanbul A.Ş., while the previous period included the capital contribution to JCR Avrasya Derecelendirme A.Ş.

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	57,641	57,084
Total	57,641	57,084

9.4. Quoted Associates

None (December 31, 2023 – None).

9.5. Valuation methods of investments in associates

None (December 31, 2023 – None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

9.6. 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.	İbtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	Istanbul/Türkiye	99.91	99.99
2.	EFİNANS 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.	430,782	20,395	101,749	-	-	10,698	5,417	-
2.	353,429	218,393	43,076	21,182	-	16,658	26,826	-

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.	5,968,775	3,022,027	101,832	1,191,232	41,353	831,189	392,173	-
2.	27,462,159	2,864,365	43,943	2,559,435	6,785	388,206	396,680	2,847,178
3.	1,033,831	833,100	4,980	5,924	-	260,131	105,586	-
4.	17,999,007	3,110,687	33,231	3,540,195	-	632,795	445,530	-
5.	958,132	1,868	-	-	-	345	175	-
6.	7,493,054	2,400,246	121,965	464,572	107,182	832,600	431,705	-

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

b.2) Movement schedule for consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	9,789,830	3,490,203
Movements during the Period	4,457,126	6,299,627
Purchases ^(*)	-	981,000
Bonus Shares Received	1,000,000	885,002
Dividends from Current Year Profit	-	-
Disposals	-	-
Revaluation Difference ^(**)	3,457,126	4,433,625
Provisions for Impairment	-	-
Balance at the End of the Period	14,246,956	9,789,830
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	3,110,688	1,477,891
Leasing Companies	2,847,178	2,435,631
Finance Companies	4,614,747	3,310,198
Other Subsidiaries	3,674,343	2,566,110
Total	14,246,956	9,789,830

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	2,847,178	2,435,631
Quoted on International Stock Exchanges	-	-
Total	2,847,178	2,435,631

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

Name	Bank's Share (%)	Bank's Shareholding Percentage in the Risk Group (%)	Current Asset	Non-Current Asset	Long-Term Debt	Gain	Loss
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. ^(*)	33.33	33.33	260,919	229,959	149,411	712,917	676,934

^(*) Current period information is stated as of May 31, 2024.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on lease receivables (Net)

11.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	14,819,544	11,069,893	12,486,755	9,504,950
Between 1-4 years	15,522,026	12,691,855	14,270,628	11,814,803
Over 4 years	770,823	714,243	728,444	673,924
Total	31,112,393	24,475,991	27,485,827	21,993,677

Finance lease receivables include non-performing finance lease receivables amounting to TRY 481,612 (December 31, 2023 – TRY 373,295) and expected credit loss amounting to TRY 341,053 (December 31, 2023 – TRY 297,641).

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

	Current Period	Prior Period
End of the prior period	297,641	318,272
Provided provision/(reversal), Net	60,313	(4,776)
Collections	(16,901)	(15,855)
Written-off	-	-
Provision at the end of the period	341,053	297,641

11.2. Information on net investments in finance leases

	Current Period	Prior Period
Gross Finance Lease Investments	31,112,392	27,482,467
Unearned Finance Income (-)	6,636,401	5,488,790
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	24,475,991	21,993,677

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 ^(*)	2,122,589	520,626	2,891,841	284,437
Cash Flow Hedge ^(**)	1,202,319	2,727,984	1,126,544	2,966,202
Net Investment Hedge	-	-	-	-
Total	3,324,908	3,248,610	4,018,385	3,250,639

^(*) Derivative financial instruments for fair value hedging consist of swaps. As of June 30, 2024, the fair value of derivative financial instruments used for hedging against fair value risk is as follows: TRY 2,122,589 for loans (compared to TRY 2,891,841 as of December 31, 2023), TRY 384,180 for securities (compared to TRY 284,437 as of December 31, 2023), and TRY 136,446 for issued securities (not applicable as of December 31, 2023)."

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

13. Explanations on investment property

None (December 31, 2023 – None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. Information on tax asset

As of June 30, 2024, the Parent Bank has deferred tax asset amounting to TRY 8,725,206 and a deferred tax liability of 12,198 TRY calculated under the related regulations.

According to TAS 12, deferred tax assets and liabilities are netted off in the financial statements. As of June 30, 2024, the Parent Bank has deferred tax assets amounting to TRY 14,689,218 and deferred tax liabilities amounting to TRY 5,976,210 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 86,042 is netted under equity. (December 31, 2023 – TRY 1,375,690 deferred tax liabilities).

	Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Provision for Employee Rights	3,398,330	3,112,251	1,019,500	933,675
Difference Between the Book Value of Financial Assets and Tax Base	7,031,656	643,326	2,109,497	192,998
Other ^(*)	38,534,070	33,631,434	11,560,221	10,089,430
Deferred Tax Assets			14,689,218	11,216,103
Differences Between Carrying Value and Tax Value of Tangible Fixed Assets	(7,671)	(7,521)	(2,302)	(2,256)
Differences Between Carrying Value and Tax Basis of Financial Assets	(10,953,420)	(12,202,190)	(3,286,026)	(3,660,657)
Other	(8,959,607)	(2,544,318)	(2,687,882)	(763,295)
Deferred Tax Liabilities			(5,976,210)	(4,426,208)
Deferred Tax Asset/(Debt), Net			8,713,008	6,789,895

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

	Current Period 01.01-30.06.2024	Prior Period 01.01-30.06.2023
Deferred Tax as of January 1 Asset/(Liability)- Net	6,789,895	563,762
Impact of business combinations	-	21,161
Deferred Tax (Loss)/Gain	1,837,071	2,118,359
Deferred Tax that is Realized Under Shareholder's Equity	86,042	1,082,612
Deferred Tax Asset/(Liability) – Net	8,713,008	3,785,894

15. Information on assets held for sale and discontinued operations

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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

16. Information on other assets

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

As of June 30, 2024, provisions for other assets amount to TRY 16,875 (December 31, 2023 – TRY 22,755).

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	5,791,918	6,939,678	6,762,105	6,218,845
Loans	19,460,971	6,297,244	12,292,347	5,197,443
Securities Measured at Amortized Cost	8,373,814	485,034	11,085,004	497,745
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,897,008	(826,970)	2,596,666	(853,858)
T.R Central Bank	4,329,310	-	81,415	-
Receivables from Leasing Transactions	-	-	-	-
Banks	69,139	290	47,551	215
Financial Assets Measured at Fair Value through Profit/Loss	138,701	15,249	83,191	19,156
Other Accruals	139,576	27,180	47,112	41,261
Total	41,200,437	12,937,705	32,995,391	11,120,807

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	Total
								Deposit Accounts	
Saving Deposits ^(*)	34,590,954	-	69,387,627	102,084,663	92,955,212	46,363,065	9,983,465	1,326	355,366,312
Foreign Currency Deposits	137,247,305	-	10,771,208	16,252,014	1,577,425	545,793	1,016,137	7,119	167,417,001
Residents in Türkiye	127,161,762	-	10,433,065	15,617,608	1,527,077	524,664	736,376	7,119	156,007,671
Residents Abroad	10,085,543	-	338,143	634,406	50,348	21,129	279,761	-	11,409,330
Public Sector Deposits	1,750,513	-	67,494	197,092	-	-	-	-	2,015,099
Commercial Deposits	25,325,137	-	50,442,645	29,165,672	23,625,569	13,328,572	8,856,798	-	150,744,393
Other Ins. Deposits	419,406	-	821,347	1,652,119	2,150,298	126,207	11,355	-	5,180,732
Precious Metal Deposits	47,306,786	-	147,459	14,737	7,046	-	852,721	-	48,328,749
Bank Deposits	445,943	-	7,410,071	13,105,160	7,229,247	1,271,547	-	-	29,461,968
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	10,698	-	-	-	-	-	-	-	10,698
Foreign Banks	435,245	-	7,410,071	13,105,160	7,229,247	1,271,547	-	-	29,451,270
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	247,086,044	-	139,047,851	162,471,457	127,544,797	61,635,184	20,720,476	8,445	758,514,254

^(*) As of June 30, 2024, the balance of saving deposits includes TRY 336,159 “Treasury Currency Protected Deposits” and TRY 98,357,719 “CBRT Currency Protected Deposits”.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on maturity structure of deposits (Continued)

Prior Period	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 ^(*)	27,893,499	-	49,344,669	49,231,023	99,526,973	40,555,786	9,060,383	1,347	275,613,680
Foreign Currency Deposits	129,146,861	-	16,391,444	33,318,758	3,728,411	782,658	1,144,870	6,581	184,519,583
Residents in Türkiye	120,360,639	-	15,536,550	32,277,959	3,539,093	699,345	649,763	6,581	173,069,930
Residents Abroad	8,786,222	-	854,894	1,040,799	189,318	83,313	495,107	-	11,449,653
Public Sector Deposits	1,154,446	-	2,516	88,335	-	-	-	-	1,245,297
Commercial Deposits	19,351,014	-	31,109,156	12,920,808	19,922,891	13,940,276	9,771,674	-	107,015,819
Other Ins. Deposits	302,301	-	233,749	765,619	823,513	115,000	9,517	-	2,249,699
Precious Metal Deposits	33,732,699	-	117,147	58,862	148,831	-	442,018	-	34,499,557
Bank Deposits	1,126,701	-	9,101,219	12,450,245	1,467,378	1,438,358	-	-	25,583,901
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	48,433	-	923,841	-	-	-	-	-	972,274
Foreign Banks	1,078,268	-	8,177,378	12,450,245	1,467,378	1,438,358	-	-	24,611,627
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	212,707,521	-	106,299,900	108,833,650	125,617,997	56,832,078	20,428,462	7,928	630,727,536

^(*) As of December 31, 2023, the balance of saving deposits includes the amounts related to TRY 5,280,517 “Treasury Currency Protected Deposits” and TRY 134,917,500 “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	157,214,551	106,246,382	356,091,985	279,878,113
Foreign Currency Savings Deposits	69,258,432	54,536,106	146,487,318	164,483,034
Other Saving Deposits	-	-	-	-
Foreign Branches’ Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	226,472,983	160,782,488	502,579,303	444,361,147

^(*) With the amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums Collected by The Savings Deposit Insurance Fund published in the Official Gazette dated August 27, 2022 and No. 31936, all deposits and participation funds in credit institutions, other than those belonging to official institutions, credit institutions and financial institutions, started to be insured. In this context, commercial deposits covered by insurance amount to TRY 24,660,726 (December 31, 2023 – TRY 17,545,869) is included in the footnote.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on maturity structure of deposits (Continued)

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

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

	Current Period	Prior Period
Deposits and accounts in branches abroad	9,959	14,370
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	1,162,742	924,939
Deposits obtained through illegal acts defined in the 282 nd 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	1,172,701	939,309

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	879,321	59,742	286,280	130,686
Swaps	1,997,799	2,114,180	1,044,552	2,413,005
Futures	-	-	-	-
Options	459	557,450	327	290,250
Other	-	-	-	-
Total	2,877,579	2,731,372	1,331,159	2,833,941

(*) The current period trading derivative financial liabilities are presented in the financial statements under line item 7.1 Derivative Financial Liabilities

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	10,266,312	3,366,944	8,164,974	3,737,246
Foreign Banks, Institutions and Funds	3,802,062	142,123,417	1,248,703	114,714,240
Total	14,068,374	145,490,361	9,413,677	118,451,486

b) Information on maturity structure of borrowings

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	12.737.377	37.493.314	8,872,328	25,330,406
Medium and Long-Term	1.330.997	107.997.047	541,349	93,121,080
Total	14.068.374	145.490.361	9,413,677	118,451,486

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

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on borrowings (Continued)

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

As of June 30, 2024, the Group's liabilities comprise; 58% deposits (December 31, 2023 – 62%), 12% funds borrowed (December 31, 2023 – 12%), 6% issued bonds (December 31, 2023 – 5%) and 7% money market debts (December 31, 2023 – 3%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	34,250,465	-	2,374,701	-
Financial institutions and organizations	34,214,068	-	2,362,077	-
Other institutions and organizations	5,761	-	6,243	-
Natural persons	30,636	-	6,381	-
From foreign transactions	12,712,121	41,021,837	189,980	27,736,364
Financial institutions and organizations	12,700,971	33,205,681	183,633	27,736,364
Other institutions and organizations	10,794	7,816,156	5,446	-
Natural persons	356	-	901	-
Total	46,962,586	41,021,837	2,564,681	27,736,364

5. Information on marketable securities issued (Net)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	4,921,809	13,769,270	9,045,755	13,001,776
Asset backed securities	1,048,481	-	856,881	-
Bills	-	60,050,552	-	29,132,547
Total	5,970,290	73,819,822	9,902,636	42,134,323

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

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

Interest rate and cash 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, 2023 – 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.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

7.2. Explanations on financial lease liabilities (Continued)

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	103,335	59,776	85,318	49,229
Between 1-4 years	1,435,219	1,115,309	1,368,518	1,123,935
More than 4 years	164	67	164	107
Total	1,538,718	1,175,152	1,454,000	1,173,271

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, 2023 – None).

8. Information on the hedging derivative financial liabilities

	Current Period ^(***)		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge ^(*)	101,188	53,667	-	342,081
Cash Flow Hedge ^(**)	517,694	1,041,918	105,202	383,346
Net Investment Hedge	-	-	-	-
Total	618,882	1,095,585	105,202	725,427

^(*) Derivative financial instruments for fair value hedging purposes consist of swaps. As of June 30, 2024, the fair value of derivative financial instruments used for hedging against fair value risk is as follows: TRY 25,405 for securities (December 31, 2023 - TRY 154,155), TRY 101,188 for loans (December 31, 2023 – None.), and TRY 28,262 for issued securities (December 31, 2023 - TRY 147,019).

^(**) 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	1,573,341	1,859,894
Stage II	30,469	50,405
Stage III	29,274	27,904
Total	1,633,084	1,938,203

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on provisions (Continued)

9.3. Information on reserve for employee rights

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

As of June 30, 2024, the Group presented the provision for severance pay of TRY 1,065,254 (December 31, 2023 – TRY 983,622) under the “Reserves for Employee Benefits” item in its financial statements.

As of June 30, 2024, the Group has shown a total vacation liability of TRY 431,547 (December 31, 2023 – TRY 234,460) under the “Reserves for Employee Benefits” in its financial statements.

As of June 30, 2024, TRY 1,901,529 (December 31, 2023 – TRY 1,894,169) 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 01.01-30.06.2024	Prior Period 01.01-30.06.2023
As of January, 1	956,967	1,200,277
Impact of business combinations	26,655	30,276
Service Cost	73,850	67,352
Interest Cost	107,550	60,032
Cutting payments and benefits	62,188	12,603
Actuarial difference	15,574	48,967
Paid during the period	(177,530)	(375,320)
Total	1,065,254	1,044,187

9.4. Information on insurance technical provisions

As of June 30, 2024, the Group has reflected the insurance technical provision amounting to TRY 4,267,088 (December 31, 2023 - 3,092,695) in its consolidated financial statements.

9.5. Information on other provisions

Except for those mentioned in note 9.3 above, there is a provision for lawsuits against the Group and tax lawsuits in the amount of TRY 438,096 (December 31, 2023 – TRY 407,539) 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 June 30, 2024 include free provisions amounting to TRY 4,700,000 , 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 offsetting, there is a tax liability of TRY 3,962,715 (December 31, 2023 – TRY 2,493,475) and no current tax receivable (December 31, 2023 – None) in the accompanying consolidated financial statements, and As of June 30, 2024, there is prepaid tax amounting to TRY 495,297 (December 31, 2023 – TRY 1,215,902).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Explanations on tax liabilities (Continued)

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	3,962,715	2,493,475
Banking and Insurance Transaction Tax (BITT)	2,103,449	1,373,920
Taxation on Securities Income	869,365	288,391
Taxation on Real Estates Income	26,140	20,308
VAT Payable	1,077	3,980
Other	304,035	238,345
Total	7,266,781	4,418,419

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	171,708	118,357
Social Security Premiums - Employer Share	213,727	145,118
Pension Fund Fee and Provisions – Employee Share	286	214
Pension Fund Fee and Provisions – Employer Share	934	700
Unemployment Insurance - Employee Share	11,226	7,754
Unemployment Insurance - Employer Share	22,453	15,512
Other	893	500
Total	421,227	288,155

11. Information on payables related to assets held for sale

None (December 31, 2023 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt Instruments subject to common equity	-	18,050,201	-	15,468,985
Subordinated Loans	-	18,050,201	-	15,468,985
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 common equity	-	12,791,320	-	11,479,871
Subordinated Loans	-	2,811,757	-	2,528,610
Subordinated Debt Instruments	-	9,979,563	-	8,951,261
Total	-	30,841,521	-	26,948,856

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on shareholder's equity

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, 2023 – None).

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

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

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

None (December 31, 2023 – 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.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

II. 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	175,559	-	153,018	-
Valuation Differences	-	-	-	-
Foreign Exchange Rate Differences	175,559	-	153,018	-
Securities Measured at FV Through Other Comprehensive Income	(1,474,846)	(1,128,140)	(536,368)	(1,110,440)
Valuation Differences	(1,474,846)	(1,128,140)	(536,368)	(1,110,440)
Foreign Exchange Rate Differences	-	-	-	-
Total	(1,299,287)	(1,128,140)	(383,350)	(1,110,440)

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	3,496,461	3,826,957	1,436,361	3,559,368
Deposits	20,306,356	243,374	12,924,762	310,841
Funds Borrowed	474,487	3,211,443	430,151	1,754,602
Money Market Borrowings	93,481	11,649,356	45,111	9,582,323
Issued Securities	572,845	752,978	16,905	509,179
Other Accruals	1,629,413	1,250,232	1,229,547	1,234,481
Total	26,573,043	20,934,340	16,082,837	16,950,794

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Explanations on off-balance-sheet-commitments

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	555,332,435	376,605,042
Commitment For Use Guaranteed Credit Allocation	125,307,170	93,560,986
Payment Commitments for Cheques	12,568,390	10,962,370
Forward Asset Purchase Commitments	12,663,158	6,177,238
Other Irrevocable Commitments	10,389,166	6,684,472
Commitments for Promotions Related with Credit Cards and Banking Activities	337,796	211,656
Tax and Fund Liabilities due to Export Commitments	476,153	279,060
Total	717,074,268	494,480,824

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

A provision of TRY 1,633,084 (December 31, 2023 – TRY 1,938,203) has been made for non-compensated and non-cash loans or expected loan losses on off-balance sheet loans.

1.3. 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	13,377,878	13,059,090
Other Letters of Guarantee	14,206,036	11,518,004
Total	27,583,914	24,577,094

1.4. Guarantees, suretyships and other similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	34,593,562	27,300,457
Final Letters of Guarantee	21,298,322	16,887,172
Advance Letters of Guarantee	1,949,083	1,165,597
Letters of Guarantee Given to Customs Offices	1,612,373	1,349,881
Other Letters of Guarantee	35,076,526	31,198,845
Total	94,529,866	77,901,952

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	13,079,389	13,306,425
Less Than or Equal to One Year with Original Maturity	406,397	385,093
More Than One Year with Original Maturity	12,672,992	12,921,332
Other Non-Cash Loans	109,034,391	89,172,621
Total	122,113,780	102,479,046

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period				Prior Period			
	TRY	%	FC	%	TRY	%	FC	%
Agricultural	281,878	0.47	5,799	0.01	244,389	0.50	-	-
Farming and Raising Livestock	234,445	0.39	5,799	0.01	167,207	0.34	-	-
Forestry	18,000	0.03	-	-	20,553	0.04	-	-
Fishing	29,433	0.05	-	-	56,629	0.12	-	-
Manufacturing	19,418,702	32.05	30,232,706	49.13	16,773,181	34.55	27,294,734	50.61
Mining and Quarrying	258,002	0.43	38,519	0.06	266,113	0.55	40,035	0.07
Production	17,970,976	29.66	29,602,454	48.11	15,420,248	31.76	26,788,571	49.68
Electricity, gas and water	1,189,724	1.96	591,733	0.96	1,086,820	2.24	466,128	0.86
Construction	12,691,225	20.95	12,065,565	19.61	9,320,457	19.20	10,709,626	19.86
Services	27,479,970	45.36	16,078,150	26.13	21,936,214	45.18	15,031,752	27.87
Wholesale and Retail Trade	18,241,020	30.11	5,604,652	9.11	14,842,936	30.57	6,380,976	11.83
Hotel, Food and Beverage Services	1,195,406	1.97	395,076	0.64	1,157,226	2.38	270,042	0.50
Transportation&Communication	1,011,596	1.67	531,573	0.86	873,419	1.80	1,208,576	2.24
Financial Institutions	3,880,874	6.41	7,523,291	12.23	3,253,716	6.70	5,447,278	10.10
Real Estate and Renting Services	49,255	0.08	58,238	0.09	12,538	0.03	6,515	0.01
Self Employment Services	1,532,645	2.53	1,221,698	1.99	1,177,719	2.43	915,500	1.70
Educational Services	28,214	0.05	-	-	35,652	0.07	-	-
Health and Social Services	1,540,960	2.54	743,622	1.21	583,008	1.20	802,865	1.49
Other	707,632	1.17	3,152,153	5.12	274,876	0.57	893,817	1.66
Total	60,579,407	100.00	61,534,373	100.00	48,549,117	100.00	53,929,929	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	53,970,498	38,918,827	662,003	949,264
Bill of Exchange and Acceptances	5,845,024	7,427,611	47,500	57,743
Letters of Credit	25,108	14,172,509	-	8,419
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	59,840,630	60,518,947	709,503	1,015,426

(*) The amount of TRY 29,274 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	43,640,862	32,668,546	408,231	1,156,409
Bill of Exchange and Acceptances	4,385,051	8,441,758	39,500	192,781
Letters of Credit	47,569	11,469,324	-	1,111
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	48,073,482	52,579,628	447,731	1,350,301

(*) The amount of TRY 27,904 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	508,925,021	536,429,759
Forward transactions ^(*)	73,550,578	62,546,387
Swap transactions	356,771,245	443,703,457
Futures transactions	21,350,089	15,572,793
Option transactions	57,253,109	14,607,122
Interest Related Derivative Transactions (II)	379,198,988	318,167,378
Forward rate transactions	-	-
Interest rate swap transactions	379,198,988	318,167,378
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	-	1,177,528
A, Total Trading Derivative Transactions (I+II+III)	888,124,009	855,774,665
Types of hedging transactions		
Fair value hedges	84,358,837	34,158,042
Cash flow hedges	216,734,185	171,214,277
Net investment hedges	-	-
B, Total Hedging Related Derivatives	301,093,022	205,372,319
Total Derivative Transactions (A+B)	1,189,217,031	1,061,146,984

^(*) 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	13,693,795	15,938,787	82,123,128	149,624,051	8,234,492	9,908,258	322,168	10,896,410	-
USD	13,310,178	16,340,557	329,313,646	232,867,312	10,895,479	12,116,253	9,889,976	241,535	-
Euro	8,480,427	4,508,000	51,431,734	134,321,354	9,041,327	7,006,007	-	-	-
Other	552,144	726,690	56,700,920	681,110	51,293	-	-	-	-
Total	36,036,544	37,514,034	519,569,428	517,493,827	28,222,591	29,030,518	10,212,144	11,137,945	-

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

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

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TRY	20,596,335	1,922,483	53,791,266	197,575,781	7,212,979	340,337	8,006,635	-	-
USD	6,647,440	21,756,859	342,643,535	191,780,185	520,376	5,008,813	-	6,947,062	1,177,528
Euro	4,263,478	6,310,130	46,838,735	93,849,575	9,153	1,515,464	-	-	-
Other	626,629	423,033	39,540,443	1,223,634	-	-	-	619,096	-
Total	32,133,882	30,412,505	482,813,979	484,429,175	7,742,508	6,864,614	8,006,635	7,566,158	1,177,528

^(*) This column also includes hedging purpose derivatives

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

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EXPLANATIONS AND DISCLOSURES ON 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 29,436,640 (December 31, 2023 – TRY 725,780) were subject to hedge accounting by swaps with a nominal amount of TRY 7,883,240 (December 31, 2023 – TRY 1,102,305). On June 30, 2024, the net market valuation difference income of TRY 124,930 (December 31, 2023 – TRY 7,342 income) arising from TRY 27,347 loss from the aforementioned loans (December 31, 2023 – TRY 92,934 income) and TRY 152,276 income from swaps (December 31, 2023 – TRY 85,593 loss), is shown under "Income/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 5,784 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 income amounting to TRY 64 before tax was recognized in the financial statements as "Income/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 135,881 (December 31, 2023 – TRY 247,211 income) related to the loans that are ineffective for hedge accounting under "Income/Losses from financial derivatives transactions" as loss during the current period.

There is no valuation effect recognized in the current period in the account item 'Income/Loss from Derivative Financial Transactions' regarding impaired financial leasing transactions of the Subsidiary QNB Finans Finansal Kiralama A.Ş. (December 31, 2023 - None).

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, 2023 – USD 212,671 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On June 30, 2024, the net market valuation difference income amounting to TRY 10,357 due to loss from Eurobonds amounting to TRY 227,269 (December 31, 2023 – TRY 17,532 loss) and income from swaps amounting to TRY 237,626 (December 31, 2023 – TRY 14,757 income) is accounted for under "Income/losses 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, 2023 – 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 800 million (December 31, 2023 – USD 300 million) have been subject to hedge accounting with the same nominal amount of swaps. As of June 30, 2024, TRY 3,902 net fair valuation difference loss, due to net of TRY 277,029 (December 31, 2023 – TRY 45,580 loss) loss from issued bonds and TRY 273,127 (December 31, 2023 – TRY 39,605 income) income from swaps, has been recorded under "Income/losses from financial derivatives transactions" on accompanying financial statements (December 31, 2023 – TRY 5,102 loss).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

5.1. Fair value hedge accounting (Continued)

d) Borrowings

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TRY loans. There are no such hedges recognized as of the balance sheet date. (December 31, 2023 – TRY 99 loss.)

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 565 Million (December 31, 2023 – 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 loss before tax amounting to TRY 90,219 (December 31, 2023 – TRY 166,065 income) has been accounted for under equity in the current period. The income of the ineffective portion amounting to TRY 336 is associated with the statement of profit or loss (December 31, 2023 – TRY 531 loss).

On the other hand; as of the balance sheet date, swaps with a nominal amount of TRY 7,120 Million (December 31, 2023 – TRY 5,724 Million) regarding the floating rate TRY loans extended by the Bank are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value loss before tax amounting to TRY 41,980 (December 31, 2023 – TRY 395,810 loss) has been accounted for under equity in the current period. The loss amounting to TRY 203 related to the ineffective portion is associated with the profit or loss statement (December 31, 2023 – TRY 55 loss).

b) Deposit

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As at the balance sheet date, swaps amounting to TRY 16,100,000 are subject to hedge accounting as hedging instruments (December 31, 2023 – TRY 1,405,000). As a result of the mentioned hedge accounting, fair value income before taxes amounting to TRY 183,768 are accounted for under equity during the current period (December 31, 2023 – TRY 24,571 income). There is no loss (December 31, 2023 – 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 1,696 Million (December 31, 2023 – USD 1,771 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 136 Million (December 31, 2023 – EUR 136 Million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value income before taxes amounting to TRY 740,886 (December 31, 2023 – TRY 347,876 loss) are accounted under equity during the current period. The income amounting to TRY 27,435 (December 31, 2023 – TRY 15,970 income) relating to the ineffective portion is accounted under at the statement of profit or loss and other comprehensive income.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

c) Floating Rate Liabilities

The Parent Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with variable interest payments from changes in interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the “Hedge Funds” account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the statement of profit or loss and other comprehensive income. As of the balance sheet date, the nominal amount of USD 201 Million (December 31, 2023 – USD 217 Million) was subject to hedge accounting as hedging instrument. As a result of the mentioned hedge accounting, the fair value income amounting to TRY 9,595 (December 31, 2023 – TRY 249,573 loss) before tax was recognized under equity. The income amounting to TRY 2,521 (December 31, 2023 – TRY 3,790 income) 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 50,405 (December 31, 2023 – TRY 57,575 loss) was transferred from the “Income/losses from derivative transactions” to the statement of profit or loss and other comprehensive income.

In this context, in the current period, the Bank has transferred income of TRY 3,949 (December 31, 2023 – TRY 11,672 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 2,621,412 are subject to hedge accounting. As a result of the aforementioned hedge accounting, in the current period, net market valuation difference income before tax amounting to TRY 21,393 has been accounted for under “Hedging Funds” account item in the consolidated financial statements (December 31, 2023 – TRY 9,378 income).

In the measurements made As of June 30, 2024, 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 June 30, 2024, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2023 – None).

In the 'Derivative Financial Instruments' section under 'Other' items, the Parent Bank does not have 'Credit Default Swaps' as of June 30, 2024 (December 31, 2023 - USD 40,000,000).

7. Information on contingent liabilities and assets

The Parent Bank has recorded a provision of TRY 55,558 (December 31, 2023 – TRY 92,874) for the lawsuits filed against the Bank with a high probability of occurrence, in accordance with Principle of Prudence. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

MOODY's July 2024		FITCH April 2024	
Outlook	Positive	Long-Term Issuer Default Rating(FC)	B (Positive)
Long-Term Deposit Rating (TRY)	Ba3	Short-Term Issuer Default Rating(FC)	B
Long-Term Deposit Rating (FC)	Ba2	Long-Term Issuer Default Rating(TRY)	B+ (Positive)
Short-Term Deposit Rating (FC)	NP	Short-Term Issuer Default Rating(TRY)	B
Short-Term Deposit Rating (TRY)	NP	Long-Term National Appearance	AA(tur) (Stable)
Main Credit Evaluation	b2	Support	b
Adjusted Main Credit Evaluation	ba2	Financial Capacity Rating	b
Long-Term Foreign Currency	Ba3	Long-term priority unsecured debt	B
Denominated Debt Rating(FC)	B1 (hyb)	Denominated Debt	B-

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	54,488,348	3,475,193	11,374,301	1,912,632
Medium and Long-Term Loans	27,949,004	5,608,153	12,330,781	3,717,229
Non-Performing Loans	638,454	-	352,856	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total^(*)	83,075,806	9,083,346	24,057,938	5,629,861

^(*) 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 ^(*)	311,034	-	389	-
Domestic Banks	750,515	387	285,306	482
Foreign Banks	17,531	360,825	2,039	250,425
Foreign Headquarters and Branches	-	-	-	-
Total	1,079,080	361,212	287,734	250,907

^(*) The interest income on Required Reserve amounting TRY 5,182,539 excluded from interest income on Banks. (June 30, 2023 - TRY 238,188).

c) Information on interest income on marketable securities

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	495,201	35,643
Financial Assets Measured at Fair Value through Other Comprehensive Income	13,208,744	877,928
Financial Assets Measured at Amortized Cost	11,623,538	911,339
Total	25,327,483	1,824,910

	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	48,994	10,427
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,508,594	405,773
Financial Assets Measured at Amortized Cost	6,969,973	659,075
Total	9,527,561	1,075,275

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

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

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

As stated in Section Three disclosure VII footnote 2, 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 June 30, 2024, an annual rate of 40% has been taken into account for the estimated inflation rate used in the valuation of these securities. If the valuation of these CPI-indexed securities were made according to the reference index valid for June 30, 2024, the Parent Bank's securities valuation differences under shareholders' equity would have decreased by TRY 526,032 after tax, and the net profit for the period would have increased by TRY 2,728,866 to TRY 20,187,440.

d) Information on interest income received from associates and subsidiaries

None (June 30, 2023 – None).

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	2,193,010	6,337,260	507,947	3,129,434
T.R. Central Bank	-	-	-	-
Domestic Banks	1,592,138	245,671	472,096	156,610
Foreign Banks	600,872	6,091,589	35,851	2,972,824
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	2,193,010	6,337,260	507,947	3,129,434

(*) 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	40,108	324

c) Information on interest expense paid to securities issued

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest on Securities Issued	1,348,676	2,672,598	555,826	910,812

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

d) Information on maturity structure of interest expenses on deposits

Current Period	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Lira								
Bank Deposits	-	132,826	275,372	10,104	-	-	-	418,302
Saving Deposits	-	11,576,469	16,527,536	16,209,203	11,042,579	1,234,390	-	56,590,177
Public Sector Deposits	-	4,985	15,694	-	-	-	-	20,679
Commercial Deposits	-	8,347,725	4,814,362	4,219,667	2,951,404	1,331,889	-	21,665,047
Other Deposits	-	111,559	316,339	350,781	57,388	1,783	-	837,850
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	20,173,564	21,949,303	20,789,755	14,051,371	2,568,062	-	79,532,055
Foreign Currency								
Deposits	-	39,826	259,583	23,506	3,799	10,070	-	336,784
Bank Deposits	25	257,835	350,835	311,066	55,666	-	-	975,427
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1,082	-	-	-	-	-	1,082
Total	25	298,743	610,418	334,572	59,465	10,070	-	1,313,293
Grand Total	25	20,472,307	22,559,721	21,124,327	14,110,836	2,578,132	-	80,845,348

Prior Period	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
Turkish Lira								
Bank Deposits	-	37,736	-	-	-	-	-	37,736
Saving Deposits	-	3,744,334	4,867,352	8,547,857	287,739	219,772	-	17,667,054
Public Sector Deposits	-	2,045	298	-	5	-	-	2,348
Commercial Deposits	-	2,309,536	2,212,181	1,770,893	536,861	347,935	-	7,177,406
Other Deposits	-	29,530	256,366	28,848	18,722	1	-	333,467
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	-	6,123,181	7,336,197	10,347,598	843,327	567,708	-	25,218,011
Foreign Currency								
Deposits	-	6,060	54,183	303,979	18,163	34,296	-	416,681
Bank Deposits	1,141	219,651	220,868	105,868	21,613	-	-	569,141
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1,485	-	-	-	-	-	1,485
Total	1,141	227,196	275,051	409,847	39,776	34,296	-	987,307
Grand Total	1,141	6,350,377	7,611,248	10,757,445	883,103	602,004	-	26,205,318

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expenses on Repurchase Agreements ^(*)	3,379,735	1,314,824	234,862	495,343

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

f) Information on financial lease expenses

	Current Period	Prior Period
Leasing Expenses	144,324	72,092

g) Information on interest expenses on factoring liabilities

None (June 30, 2023 – None)

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

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

3. Information on dividend income

	Current Period	Prior Period
Financial Assets at Fair Value Through Profit or Loss	19,037	11,823
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Other	-	-
Total	19,037	11,823

4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	44,630,456	38,260,839
Gain on Capital Market Transactions	1,410,613	2,341,710
From Derivative Transactions	25,368,209	11,729,365
Foreign Exchange Income	17,851,634	24,189,764
Trading Loss (-)	60,191,805	26,081,729
Losses on Capital Market Transactions	380,154	1,083,082
From Derivative Transactions	50,031,559	14,410,386
Foreign Exchange Losses	9,780,092	10,588,261
Net Trading Income/Loss	(15,561,349)	12,179,110

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	6,311,745	7,065,064
12 Month Expected Credit Loss (Stage 1)	247,132	2,824,936
Significant Increase in Credit Risk (Stage 2)	1,263,630	3,869,760
Lifetime ECL Impaired Credits (Stage 3)	4,800,983	370,368
Marketable Securities Impairment Provision	9,664	95
Financial Assets Measured at Fair Value Through Profit/Loss	-	-
Financial Assets Measured at Other Comprehensive Income	9,664	95
Provisions for Impairment of Associates, Subsidiaries and Joint Ventures	-	-
Investment in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other^(*)	(2,331,125)	1,239,922
Total	3,990,284	8,305,081

^(*) It includes income from the cancellation of a free provision allocated for potential risks amounting to TRY 2,100,000 in the current period. (As of June 30, 2023 – 600,000 TRY free provision expense).

7. Information on other operating expenses

	Current Period	Prior Period
Severance Pay Provision Expense ^(*)	239,707	139,985
Tangible Fixed Asset Depreciation Expenses	788,150	457,735
Intangible Asset Depreciation Expenses	371,548	183,305
Other Operating Expenses	4,432,348	3,053,481
TFRS 16 Leasing expenses	6,621	3,397
Maintenance expenses	719,725	615,041
Advertisement expenses	381,974	189,189
Other expenses	3,324,028	2,245,854
Loss on sales of assets	133	71
Other	2,833,067	1,406,664
Total	8,664,953	5,241,241

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

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

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

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

As of June 30, 2024, net interest income amounting to TRY 34,412,977 (June 30, 2023 – TRY 12,223,851), net fee and commission income amounting to TRY 23,027,143 (June 30, 2023 – TRY 5,521,924) and other operating revenues amounting to TRY 234,178 (June 30, 2023 – TRY 1,710,819) 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 June 30, 2024, The Parent Bank has a current tax expense of TRY 5,954,349 (June 30, 2023 – TRY 2,402,859) from its continuing operations. The Group recorded deferred tax expense amounting to TRY 1,311,907 (June 30, 2023 – TRY 2,572,484) and deferred tax gain amounting to 3,822,126 (June 30, 2023 – TRY 4,690,843)

9.2. Explanations on operating profit/loss after tax

None (June 30, 2023 - 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 17,458,574 (June 30, 2023 – TRY 13,994,594).

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 (June 30, 2023 - None).

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

None (June 30, 2023 - None).

11.3. Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit/Loss Attributable to Minority Shares	2,345	2,390

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.

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

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

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

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

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

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

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

- 1.1.** As of June 30, 2024, the Parent Bank's risk group has deposits amounting to TRY 1,980,648 (December 31, 2023 – TRY 9,073,791), cash loans amounting to TRY 4,543 (December 31, 2023 – TRY 5,469) and non-cash loans amounting to TRY 2,369,959 (December 31, 2023 – TRY 2,405,453).

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	-	194	-	2,316,570	5,469	88,689
Balance at the End of the Period	-	1,166	-	2,288,235	4,543	80,558
Interest and Commission Income	-	-	-	1,079	31,152	68

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	-	226	-	116,854	4,102	1,349
Balance at the End of the Period	-	194	-	2,316,570	5,469	88,689
Interest and Commission Income	-	-	-	338	311	-

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

^(**) Represents the balances of June 30, 2023

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

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

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

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	251,658	152,259	-	-	8,822,133	572,625
Balance at the End of the Period	349,543	251,658	-	-	1,631,105	8,822,133
Interest Expense on Deposit (**)	40,108	324	-	-	442,221	2,304

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

(**) Previous period’s balances represent June 30, 2023 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(**)	-	-	-	-	-	48
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(**)	-	-	-	-	-	-

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

(**) Prior Period represents June 30, 2023 balance.

1.4. Information regarding benefits provided to the Top Management

As of June 30, 2024, the total amount of remuneration and bonuses paid to key management of the Group is TRY 572,305 (June 30, 2023 – TRY 375,608).

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

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

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

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

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

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

As of June 30, 2024, the rate of cash loans of the risk group divided by to total loans is 0.0%; (December 31, 2023 – 0.0%); the deposits represented 0.3% (December 31, 2023 – 1.4%), the ratio of total derivative transactions with derivatives risk is 0.0% (December 31, 2023 – 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 Ibtch 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.

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

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

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

The bond issues made by the Bank after the balance sheet date are as follows.

Issuance Date	Currency	Nominal Amount (TRY)	Days to Maturity
05.07.2024	Turkish Lira	1,188,200,000	126
10.07.2024	USD Dollar	19,250,000	173
12.07.2024	Turkish Lira	880,050,000	161

The maturity of the subordinated loan amounting to 525 Million USD (Full USD) due on June 30, 2024 was extended for 5 years on July 1, 2024 and the interest rate was updated to SOFR+7.36%.

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

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

3. Other matters

None.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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SECTION SIX

INTERIM REVIEW REPORT

I. Explanations on the Interim Review Report

The consolidated financial statements for the period ended June 30, 2024 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated July 29, 2024 is presented preceding the consolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditor

None (December 31, 2023 – None).

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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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,

In the first half of 2024, we navigated through a critical period with measures taken to tackle inflation and maintain fiscal discipline in the economy. The second half of the year will also be marked by the implementation of structural measures and disinflation policies.

We observe that the commitment to fighting inflation and the economic policy implemented over the past year have been positively received by both domestic and international markets. Türkiye's removal from the grey list as of the end of June is expected to accelerate the inflow of international funds and positively impact borrowing costs. This decision will strengthen investors' confidence in the Turkish financial system and yield positive results for the Turkish economy. Furthermore, while the conversion into the Turkish Lira continues, our country's risk premium, reflected by the CDS value, is decreasing, and the Central Bank's foreign exchange reserves are increasing.

The macroeconomic policies focusing on balance and stability, initiated in the second half of last year, are being reinforced this year. Tight monetary policy and macroprudential measures limiting credit growth have contributed to the balancing of domestic demand. With the Turkish Lira stabilizing and entering a real appreciation process, deposits interest rates have reached attractive levels and led to a rapid rise in the share of Turkish Lira savings.

As investor expectations improved, credit rating upgrades and decline in the country's risk premium continued, along with an increase in capital inflows from abroad. This indicates a significant decrease in inflation from the second half of the year onwards. The retreat of inflation to targeted levels and the attainment of a sustainable macroeconomic balance will lay the foundation for a strong and steady long-term growth.

In the global economy, the shocks experienced in energy and food prices in past years have faded away, and inflation rates have significantly declined on the back of monetary tightening without causing a recession. In light of these developments, central banks have recently started cutting interest rates, and it is expected that rate cuts will continue in the upcoming period. In this regard, the IMF projects that the global GDP will grow by 3.2% in 2024 and by 3.3% in 2025. On the other hand, geopolitical risks and the possibility of more countries resorting to unilateral protectionist measures in international trade remain risks to global growth performance.

Despite the economic developments and the high inflation period, our Bank successfully completed the first half of the year. As of 30 June 2024, our Bank's total assets grew by 27 percent compared to the year-end of 2023, reaching TRY 1 trillion 297 billion 753 million. In the same period, net loans recorded an increase of 26 percent, reaching TRY 756 billion 589 million and customer deposits rose by 20 percent, reaching TRY 729 billion 52 million. In the first six months of the year 2024, net profit of our Bank realized at TRY 17 billion 456 million.

In addition, QNB Finansbank successfully issued its first sustainable eurobond worth USD 500 million in international markets in May. The high demand for our eurobond issuance once again demonstrated the confidence of international markets in both our Bank and the Turkish economy as well as the positive reflections of the policies implemented.

With the changing world, we have also redesigned our corporate culture. In the coming period, our Bank's DNA will consist of the values of prioritizing people, trust, adaptability, pioneering spirit, and collective development.

Another significant development for our Bank was being ranked first in the "Türkiye's Most Admired Companies" survey, with over 91,000 students and 39,000 young professionals casting their votes. Our 'People First, Employees Next' philosophy and Thoughtful Management approach brought us this award.

We extend our gratitude to all our financiers, customers, and business partners who contributed to this success.

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

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

Message by the General Manager

Dear Shareholders,

The first half of 2024 marked a period where the impacts of measures taken to tackle inflation were felt more prominently in the markets. The improvement in economic expectations and indicators following the local elections has stood out as positive developments for our country's economy. However, material developments affecting global economic conditions and increasing market uncertainties have also occurred. Rising geopolitical risks and the upcoming U.S. elections, expected to directly influence economic and political conditions, are closely monitored by the markets.

In the first half of the year, the downward trend in global inflation continued without causing a recession, prompting some central banks in developed countries to gradually cut the rates. The market expectation for the upcoming period is that the interest rate cuts will continue and thus support the economic activity. However, increasing geopolitical risks and the possibility of more countries adopting protectionist measures in international trade continue to pose risks to global economic growth trends.

Regarding the Turkish economy, there is an optimistic outlook in the markets within the framework of the measures taken to combat inflation and the tightening policies implemented. The appreciation of the Turkish Lira following the local elections, the decline in foreign exchange demand, and the increased demand for Turkish Lira-denominated assets, coupled with the acceleration of foreign capital inflows, are supporting the improvement in the economic outlook. These positive developments during this period have increased the confidence of international institutions in our country, while the upgrade of Türkiye's credit ratings indicates that current policies are also positively received by the global markets.

In the past period, inflation expectations began to improve with the balancing of domestic demand and the stabilization of the Turkish Lira. With the success of the disinflationary process and the achievement of macroeconomic stability, favorable conditions for strong and sustainable growth in the long term will also be established. The indicators of improvement in macroeconomic stability, along with the tight monetary policy implemented by the Central Bank, have become more evident recently. Furthermore, with the improvement in domestic expectations and the narrowing of the current account deficit, the Central Bank's foreign exchange reserves have rapidly increased, reaching historical highs. Along with the tightening steps taken for the disinflationary process, we expect the growth in economic activity to balance and realize at around 3% in 2024.

As QNB Finansbank, we have maintained our steady growth and ceaseless contributions to the Turkish economy in the first half of the year. As of 30 June 2024, our Bank's total assets grew by 27 percent compared to the year-end of 2023, reaching TRY 1 trillion 297 billion 753 million. In the same period, net loans rose by 26 percent, reaching TRY 756 billion 589 million, and customer deposits increased by 20 percent, reaching TRY 729 billion 52 million. Our Bank's net profit for the first half of 2024 realized at TRY 17 billion 456 million.

In addition to our robust growth and financial achievements in banking activities, we continue to undertake numerous significant initiatives in the fields of sustainability and social responsibility within the framework of responsible banking principles. In May, we executed our first sustainable eurobond issuance worth USD 500 million in international markets. This issuance, which garnered strong demand from investors, has the distinction of being the eurobond issuance with the lowest borrowing rate in the banking sector since September 2021. With our first sustainable eurobond issuance, we have reinforced our commitment to protecting the world's future. We will use the funds raised to finance projects supporting the transition to a low-carbon economy and social development.

Moreover, with a focus on digitalization and green transformation, we continue to support corporate enterprises in their digital and green transformation processes through the "Digital Bridge Anatolia Meetings" where we engage with sector representatives. As a bank, we launched the "Eco-Friendly Consumer Loan" to enable our customers to support sustainable living. This innovative financial product is specifically designed for our customers who aim to make eco-friendly renovations in their homes, leaving a cleaner world for future generations.

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CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)

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

Message by the General Manager (Continued)

Under our corporate social responsibility platform "Small Hands Big Dreams" we continue to contribute to preparing our children for the future for a more livable world. In this context, the National Youth Conference, which we conduct in collaboration with the Ministry of National Education and WWF-Türkiye, was held for the second time this year on June 5, World Environment Day, at our bank. At the National Youth Conference, where 14 projects from 10 provinces participated, students presented their projects for a sustainable future and received awards in their respective categories. Scratch Cup 2024, implemented in collaboration with QNB Finansbank and the Habitat Association, was held for the fifth time this year. With the coding education provided across Türkiye, Scratch Cup has turned into a highly significant competition for children, with a record 1,174 applications from 50 cities this year. Our children, who are the assurance of our future, presented their games coded with the theme of "Sustainable Living Spaces."

I would like to extend my gratitude to all our employees, customers, business partners, and valuable investors who stand behind all our achievements and contribute to the sustainable growth of our bank.

Summary Consolidated Financials Belonging to the Period of June 30, 2024

Principal Financial Indicators (Million TRY)	June 30, 2024	December 31, 2023
Total Loans	756,589	602,746
Securities	241,032	177,162
Total Assets	1,297,753	1,023,422
Customer Deposits	729,052	605,144
Equity	98,887	81,634
	June 30, 2024	June 30, 2023
Net Interest Income	34,413	12,224
Net Fee and Commission Income	23,027	5,522
Provision for Loans and Other Receivables (-)	3,990	8,305
Profit Before Tax	20,903	14,279
Tax Provision	3,444	285
Net Profit for the Period	17,459	13,995
Group Net Profit	17,456	13,992

As of June 30, 2024, the Group's total assets increased by 27% compared to the year end and reached TRY 1 trillion 297 billion 753 million. In the same period, net loans increased by 26% and reached TRY 756 billion 589 million, while customer deposits increased by 20% and reached TRY 792 billion 52 million.

In the first six months of 2024, the Group's net interest income has reached TRY 34 billion 413 million, while its net fee and commission income has been TRY 23 billion 27 million. The Group's profit before tax was TRY 20 billion 903 million and its net profit for the period was TRY 17 billion 456 million.

As of June 30, 2024, the Group's total shareholders' equity increased by 21% compared to the end of 2023 and reached TRY 98 billion 887 million; capital adequacy ratio was realized as 14.02%.

As of June 30, 2024, the Group has operated with 436 branches and 14,618 employees.

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

Assets

As of June 30, 2024, total consolidated performing loans increased by 26% and reached TRY 756 billion 589 million, while total consolidated assets increased by 27% and reached TRY 1 trillion 297 billion and 753 million compared to the end of the previous year.

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CONSOLIDATED INTERIM ACTIVITY REPORT(Continued)

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

Information Regarding the Financial Status, Profitability and Solvency of the Bank (Continued)

Liabilities

As of June 30, 2024, shareholders' equity of the Group increased by 21% and reached TRY 98 billion and 887 million and total customer deposits of the Group increased by 20% and reached TRY 729 billion and 52 million compared to year-end of 2023.

Profitability

In the first six months period of 2024 compared to same period of prior year, the Group's net interest income increased and reached TRY 34 billion and 413 million and net fees and commission income increased and reached TRY 23 billion 27 million. The net profit of the group for the period reached TRY 17 billion 456 million.

As of June 30, 2024, the Group operates with 436 branches and 14,618 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 June 30, 2024 was TRY 7,862.

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