

QNB FİNANSBANK ANONİM ŞİRKETİ

**UNCONSOLIDATED 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 unconsolidated balance sheet of QNB Finansbank Anonim Şirketi ("the Bank") at 30 June 2024 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the six-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim unconsolidated financial information based on our review.

Scope of Review

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



Basis for the Qualified Conclusion

As mentioned in Section Five Part II. 9.4 and Part IV. 6 of Explanations and Notes to the Unconsolidated 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 Bank 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 unconsolidated financial statements.

Qualified Conclusion

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of QNB Finansbank A.Ş. at 30 June 2024 and its unconsolidated operations and its unconsolidated 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 unconsolidated financial statements and disclosures in all material respects.

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of 30 June 2024. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Talar Gül, SMMM
Independent Auditor

Istanbul, 29 July 2024

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

The Bank's;
Address of the head office : Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - İSTANBUL
Phone number : (0 212) 318 50 00
Facsimile number : (0 212) 318 56 48
Web page : www.qnbfinansbank.com
E-mail address : investor.relations@qnbfinansbank.com

The unconsolidated 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- INTERIM REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and related disclosures and footnotes for the 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 guidances and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

Mehmet Ömer Arif Aras
Chairman of
the Board of Directors

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

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

Noor Mohd J. A. Al-Naimi
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 for 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 report can be communicated:

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

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FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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

**SECTION ONE
GENERAL INFORMATION**

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

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

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

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

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

99.88% of shares of QNB Finansbank A.Ş. 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 FINANSBANK ANONİM ŞİRKETİ

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

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

GENERAL INFORMATION (Continued)

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

Name	Titles	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	PhD
Yousef Mahmoud H. N. Al-Neama	Deputy Chairman and Executive Member	May 28, 2019	Masters
Saleh Nofal	Board Member and Chairman of the Audit Committee	March 30, 2023	Graduate
Ramzi T. A. Mari	Board Member and Audit Committee Member	June 16, 2016	Masters
Dr. Fatma Abdulla S.S. Al-Suwaidi	Board Member	June 16, 2016	PhD
Dr. Durmuş Ali Kuzu	Board Member and Audit Committee Member	August 25, 2016	PhD
Osman Ömür Tan	Board Member and General Manager	January 1, 2022	Masters
Temel Güzeloğlu	Board Member	April 16, 2010	Masters
Yeşim Güra	Board Member	March 30, 2023	Masters
Adel Ali M. A. Al-Malki	Board Member	May 28, 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Audit Committee Member	June 22, 2017	Masters
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	PhD
Enis Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Cumhur Türkmen	Executive Vice President	June 11, 2018	Masters
Cenk Akıncılar	Executive Vice President	January 21, 2019	Graduate
Burçin Dündar Tüzün	Executive Vice President	December 1, 2019	Masters
Zeynep Kulalar	Executive Vice President	December 1, 2019	Graduate
Derya Düner	Executive Vice President	January 1, 2020	Graduate
Ali Yılmaz	Executive Vice President	January 1, 2020	Masters
İsmail Işık	Executive Vice President	January 18, 2023	Masters
Sercan Kısas	Head of the Department of Internal Control and Compliance	January 1, 2024	Masters
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

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

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

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

V. Explanations on The Bank's Services and Activities

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of June 30, 2024, the Bank operates through 434 domestic (December 31, 2023 – 434), 1 abroad (December 31, 2023 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2023 – 1) branches. As of June 30, 2024, the Bank has 12,034 (December 31, 2023 – 11,756) employees.

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

None.

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STAMENET OF BALANCE SHEET–ASSETS FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024

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

I. 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)	179,390,659	186,371,468	365,762,127	123,149,804	144,661,317	267,811,121
1.1	Cash and Cash Equivalents	78,456,150	150,228,936	228,685,086	65,570,536	119,528,818	185,099,354
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) 2,515	19,741,132	19,743,647	47,396	16,766,307	16,813,703
1.1.3	Money Market Placement	(4) 1,004	-	1,004	5,736,581	-	5,736,581
1.1.4	Expected Credit Losses (-)	5,843	18,711	24,554	6,838	23,803	30,641
1.2	Financial Assets at Fair Value Through Profit or Loss	(2) 2,473,655	2,188,706	4,662,361	1,261,340	1,100,629	2,361,969
1.2.1	Government Debt Securities	1,600,336	1,501,100	3,101,436	602,135	488,760	1,090,895
1.2.2	Equity Securities	485,923	-	485,923	274,661	-	274,661
1.2.3	Other Financial Assets	387,396	687,606	1,075,002	384,544	611,869	996,413
1.3	Financial Assets at Fair Value Through Other Comprehensive Income	(5) 92,669,285	27,037,091	119,706,376	49,557,935	17,794,151	67,352,086
1.3.1	Government Debt Securities	92,644,235	26,148,236	118,792,471	49,557,935	17,794,151	67,352,086
1.3.2	Equity Securities	-	-	-	-	-	-
1.3.3	Other Financial Assets	25,050	888,855	913,905	-	-	-
1.4	Derivative Financial Assets	(12) 5,791,569	6,916,735	12,708,304	6,759,993	6,237,719	12,997,712
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss	4,589,250	4,211,142	8,800,392	5,633,449	3,281,804	8,915,253
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	1,202,319	2,705,593	3,907,912	1,126,544	2,955,915	4,082,459
II.	FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)	567,920,343	265,220,375	833,140,718	466,587,932	206,523,859	673,111,791
2.1	Loans	(6) 515,079,545	238,914,908	753,994,453	414,264,230	183,783,922	598,048,152
2.2	Lease Receivables	(11) -	-	-	-	-	-
2.3	Factoring Receivables	-	-	-	-	-	-
2.4	Other Financial Assets Measured at Amortized Cost	(7) 79,124,478	32,746,407	111,870,885	72,305,609	29,788,256	102,093,865
2.4.1	Government Debt Securities	79,124,478	32,612,874	111,737,352	72,305,609	29,669,309	101,974,918
2.4.2	Other Financial Assets	-	133,533	133,533	-	118,947	118,947
2.5	Expected Credit Losses (-)	26,283,680	6,440,940	32,724,620	19,981,907	7,048,319	27,030,226
III.	ASSETS HELD FOR SALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(15) -	-	-	-	-	-
3.1	Held for Sale Purpose	-	-	-	-	-	-
3.2	Related to Discontinued Operations	-	-	-	-	-	-
IV.	EQUITY INVESTMENTS	14,431,539	-	14,431,539	9,974,398	-	9,974,398
4.1	Investments in Associates (Net)	(8) 53,737	-	53,737	53,722	-	53,722
4.1.1	Associates Valued Based on Equity Method	-	-	-	-	-	-
4.1.2	Unconsolidated Associates	53,737	-	53,737	53,722	-	53,722
4.2	Subsidiaries (Net)	(9) 14,375,002	-	14,375,002	9,917,876	-	9,917,876
4.2.1	Unconsolidated Financial Subsidiaries	14,246,956	-	14,246,956	9,789,830	-	9,789,830
4.2.2	Unconsolidated Non-Financial Subsidiaries	128,046	-	128,046	128,046	-	128,046
4.3	Joint Ventures (Net)	(10) 2,800	-	2,800	2,800	-	2,800
4.3.1	Joint Ventures Valued Based on Equity Method	-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures	2,800	-	2,800	2,800	-	2,800
V.	PROPERTY AND EQUIPMENT (Net)	15,069,769	544	15,070,313	14,484,108	487	14,484,595
VI.	INTANGIBLE ASSETS (Net)	3,246,779	-	3,246,779	2,189,315	-	2,189,315
6.1	Goodwill	-	-	-	-	-	-
6.2	Other	3,246,779	-	3,246,779	2,189,315	-	2,189,315
VII.	INVESTMENT PROPERTY (Net)	(13) -	-	-	-	-	-
VIII.	CURRENT TAX ASSET	(14) -	-	-	-	-	-
IX.	DEFERRED TAX ASSET	(14) 8,581,364	-	8,581,364	6,581,490	-	6,581,490
X.	OTHER ASSETS (Net)	(16) 16,775,590	1,874,715	18,650,305	12,388,685	1,275,172	13,663,857
TOTAL ASSETS		805,416,043	453,467,102	1,258,883,145	635,355,732	352,460,835	987,816,567

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

QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

I. 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)	520,690,940	238,922,590	759,613,530	387,802,236	244,247,872	632,050,108
II.	FUNDS BORROWED	(3)	590,815	129,389,229	129,980,044	473,527	104,350,115	104,823,642
III.	MONEY MARKET BORROWINGS	(4)	48,589,449	41,021,837	89,611,286	1,099,251	27,736,364	28,835,615
IV.	SECURITIES ISSUED (Net)	(5)	2,702,199	73,819,822	76,522,021	3,814,855	42,134,323	45,949,178
4.1	Bills		2,702,199	13,769,270	16,471,469	3,814,855	13,001,776	16,816,631
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	60,050,552	60,050,552	-	29,132,547	29,132,547
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		3,496,461	3,828,189	7,324,650	1,436,361	3,490,719	4,927,080
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss	(2)	2,978,767	2,789,208	5,767,975	1,331,159	3,121,513	4,452,672
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	517,694	1,038,981	1,556,675	105,202	369,206	474,408
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES (Net)	(7)	1,149,747	18	1,149,765	1,150,029	1,213	1,151,242
X.	PROVISIONS	(9)	9,602,965	175,130	9,778,095	11,648,908	187,976	11,836,884
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		3,057,014	36,023	3,093,037	2,748,658	31,702	2,780,360
10.3	Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4	Other Provisions		6,545,951	139,107	6,685,058	8,900,250	156,274	9,056,524
XI.	CURRENT TAX LIABILITY	(10)	3,301,681	-	3,301,681	2,141,659	-	2,141,659
XII.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII.	LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT INSTRUMENTS	(12)	-	30,841,521	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		42,345,894	9,543,378	51,889,272	35,520,714	12,013,203	47,533,917
XVI.	SHAREHOLDERS' EQUITY		98,152,032	719,248	98,871,280	81,648,407	(30,021)	81,618,386
16.1	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss		7,319,056	-	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		71,377,024	-	71,377,024	38,204,582	-	38,204,582
16.5.1	Legal Reserves		771,684	-	771,684	771,684	-	771,684
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		70,605,340	-	70,605,340	37,432,898	-	37,432,898
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		17,458,570	-	17,458,570	33,172,442	-	33,172,442
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		17,458,570	-	17,458,570	33,172,442	-	33,172,442
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			730,622,183	528,260,962	1,258,883,145	526,735,947	461,080,620	987,816,567

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

QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

II. STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES

	Section 5 Part III	Current Period 30.06.2024			Prior Period 31.12.2023		
		TRY	FC	TOTAL	TRY	FC	TOTAL
		A. OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		1,156,139,952	1,064,935,750	2,221,075,702	906,414,157
I. GUARANTEES	(1), (2), (3), (4)	60,636,860	61,916,870	122,553,730	48,589,723	54,274,597	102,864,320
1.1. Letters of guarantee		54,719,228	40,203,252	94,922,480	44,117,603	34,125,730	78,243,333
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		26,239,718	39,858,302	66,098,020	19,387,931	33,829,562	53,217,493
1.1.3. Other letters of guarantee		27,212,087	-	27,212,087	23,675,959	-	23,675,959
1.2. Bank loans X		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	14,228,264	14,253,372	47,569	11,514,328	11,561,897
1.3.1. Documentary letters of credit		25,108	13,332,525	13,357,633	47,569	10,658,640	10,706,209
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		809,023,613	116,728,809	925,752,422	571,535,563	103,305,713	674,841,276
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		6,469,604	6,193,554	12,663,158	5,024,689	1,152,549	6,177,238
2.2. Revocable commitments		106,464,711	102,213,443	208,678,154	86,230,900	94,129,552	180,360,452
2.2.1. Revocable loan granting commitments		106,464,711	102,213,443	208,678,154	86,230,900	94,129,552	180,360,452
2.2.2. Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)	286,479,479	886,290,071	1,172,769,550	286,288,871	762,806,303	1,049,095,174
3.1. Derivative financial instruments for hedging purposes		77,465,360	222,848,099	300,313,459	19,524,240	184,897,927	204,422,167
3.1.1. Fair value hedge		7,883,240	76,824,535	84,707,775	696,365	33,716,807	34,413,172
3.1.2. Cash flow hedge		69,582,120	146,023,564	215,605,684	18,827,875	151,181,120	170,008,995
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		209,014,119	663,441,972	872,456,091	266,764,631	577,908,376	844,673,007
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	578,600,634	732,870,705	231,627,564	530,103,983	761,731,547
3.2.2.1. Foreign currency swap-buy		58,355	175,577,091	175,635,446	76,658	218,997,022	219,073,680
3.2.2.2. Foreign currency swap-sell		36,533,918	141,502,353	178,036,271	138,769,508	85,720,981	224,490,489
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)		3,409,038,160	10,884,678,336	14,293,716,496	2,645,744,535	1,183,177,946	3,828,922,481
IV. ITEMS HELD IN CUSTODY		184,062,399	9,596,900,487	9,780,962,886	95,659,734	42,252,943	137,912,677
4.1. Customer Fund and Portfolio Assets		126,823,170	9,553,627,448	9,680,450,618	50,559,811	-	50,559,811
4.2. Investment securities held in custody		3,418,087	35,081,408	38,499,495	1,829,329	35,898,115	37,727,444
4.3. Checks received for collection		47,669,689	3,978,283	51,647,972	38,107,346	2,363,435	40,470,781
4.4. Commercial notes received for collection		6,151,453	1,733,754	7,885,207	5,163,248	1,736,736	6,899,984
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		-	2,479,594	2,479,594	-	2,254,657	2,254,657
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	3,841,690	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)		4,565,178,112	11,949,614,086	16,514,792,198	3,552,158,692	2,103,564,559	5,655,723,251

The accompanying notes are an integral part of these financial statement

QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

III. STATEMENT OF PROFIT OR LOSS

	Part 5 Note	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)	126,679,025	70,651,598	41,809,957	22,466,640
1.1 Interest income on loans		92,648,455	50,763,825	30,107,784	16,413,765
1.2 Interest income on reserve deposits		5,182,539	4,066,392	238,188	68,405
1.3 Interest income on banks		958,329	377,508	364,152	257,762
1.4 Interest income on money market transactions		586,339	348,536	491,226	356,282
1.5 Interest income on securities portfolio		27,002,656	14,943,592	10,564,515	5,349,945
1.5.1 Financial assets measured at FVTPL		488,289	354,311	57,058	17,841
1.5.2 Financial assets measured at FVOCI		14,004,664	8,306,923	2,878,409	1,382,204
1.5.3 Financial assets measured at amortized cost		12,509,703	6,282,358	7,629,048	3,949,900
1.6 Financial lease income		-	-	-	-
1.7 Other interest income		300,707	151,745	44,092	20,481
II. INTEREST EXPENSE (-)	(2)	95,381,925	53,973,891	31,135,949	18,080,569
2.1 Interest on deposits		80,897,724	45,770,031	26,287,342	15,166,608
2.2 Interest on funds borrowed		6,017,804	3,113,618	2,866,581	1,785,863
2.3 Interest on money market transactions		4,362,026	3,309,291	729,965	426,568
2.4 Interest on securities issued		3,109,199	1,625,434	1,146,225	653,067
2.5 Interest on leasings		140,461	72,818	68,273	39,627
2.6 Other interest expenses		854,711	82,699	37,563	8,836
III. NET INTEREST INCOME (I - II)		31,297,100	16,677,707	10,674,008	4,386,071
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		21,148,535	11,472,916	4,776,407	2,812,351
4.1 Fees and commissions received		26,254,245	14,334,460	6,378,985	3,764,578
4.1.1 Non-cash loans		630,743	338,364	383,922	208,912
4.1.2 Others		25,623,502	13,996,096	5,995,063	3,555,666
4.2 Fees and commissions paid (-)		5,105,710	2,861,544	1,602,578	952,227
4.2.1 Non-cash loans		872	389	809	360
4.2.2 Others		5,104,838	2,861,155	1,601,769	951,867
V. DIVIDEND INCOME	(3)	13,852	10,074	10,513	7,531
VI. TRADING INCOME/LOSS (Net)	(4)	(16,415,318)	(9,816,661)	11,182,540	7,791,838
6.1 Trading income / loss on securities		516,588	299,995	1,019,756	(436,922)
6.2 Income / loss from derivative transactions		(24,682,601)	(12,851,385)	(2,783,112)	(3,218,099)
6.3 Foreign exchange income / loss		7,750,695	2,734,729	12,945,896	11,446,859
VII. OTHER OPERATING INCOME	(5)	220,308	88,195	1,697,316	74,925
VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)		36,264,477	18,432,231	28,340,784	15,072,716
IX. EXPECTED CREDIT LOSSES (-)	(6)	6,297,485	3,068,848	6,976,042	2,910,355
X. OTHER PROVISION LOSSES (-)		(2,331,315)	(645,976)	1,239,174	226,654
XI. PERSONNEL EXPENSES (-)		7,630,807	3,771,480	3,413,540	1,763,677
XII. OTHER OPERATING EXPENSES (-)	(7)	7,741,669	4,260,491	4,578,093	2,345,543
XIII. NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)		16,925,831	7,977,388	12,133,935	7,826,487
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-	-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		2,758,070	1,596,313	1,562,475	1,011,250
XVI. INCOME/LOSS ON NET MONETARY POSITION		-	-	-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	(8)	19,683,901	9,573,701	13,696,410	8,837,737
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	(9)	2,225,331	1,978,677	(297,909)	1,475,971
18.1 Current tax charge		4,799,100	3,378,812	1,836,494	(337,041)
18.2 Deferred tax charge (+)		1,231,813	657,578	2,560,694	1,822,873
18.3 Deferred tax credit (-)		(3,805,582)	(2,057,713)	(4,695,097)	(9,861)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	(10)	17,458,570	7,595,024	13,994,319	7,361,766
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)	17,458,570	7,595,024	13,994,319	7,361,766
Earnings Per Share		0.5212	0.2267	0.4177	0.2198

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

QNB FİNANSBANK ANONİM ŞİRKETİ**QNB FİNANSBANK ANONİM ŞİRKETİ****UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2024**

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

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Current Period 01.01 - 30.06.2024	Prior Period 01.01 - 31.06.2023
I. CURRENT PERIOD PROFIT/LOSS	17,458,570	13,994,319
II. OTHER COMPREHENSIVE INCOME	(205,676)	(3,228,137)
2.1 Other Income/Expense Items not Reclassified to Profit or Loss	(10,888)	(36,723)
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Income/Loss	(15,574)	(48,965)
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	(1,333,766)	(4,125,865)
2.2.3 Income/Expense from Cash Flow Hedges	1,018,489	(182,166)
2.2.4 Income/Expense on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items Reclassified to Profit or Loss	25,906	39,609
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	94,583	1,077,008
III. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (I+II)	17,252,894	10,766,182

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

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED 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. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss						Other Comprehensive Income/Expense Items Reclassified to Profit or Loss						Current Period's Net Profit/Loss	Total Equity	
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Income/loss	Other ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others ^(**)	Profit Reserves			
I. Prior Period - 01.01 - 30.06.2023															
Prior Period End Balance		3,350,000	714	-	-	-	(634,426)	(37,732)	-	1,851,783	1,530,608	20,980,816	17,223,766	-	44,265,529
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	-	(634,426)	(37,732)	-	1,851,783	1,530,608	20,980,816	17,223,766	-	44,265,529
IV. Total Comprehensive Income		-	-	-	-	-	(36,723)	-	-	(3,094,400)	(97,014)	-	-	13,994,319	10,766,182
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	17,223,766	(17,223,766)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	(17,223,766)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		3,350,000	714	-	-	-	(671,149)	(37,732)	-	(1,242,617)	1,433,594	38,204,582	-	13,994,319	55,031,711

	Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss						Other Comprehensive Income/Expense Items Reclassified to Profit or Loss						Current Period's Net Profit/Loss	Total Equity	
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible assets	Defined Benefit Plans' Actuarial Income/loss	Other ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others ^(**)	Profit Reserves			
Current Period - 01.01 - 30.06.2024															
Prior Period End Balance		3,350,000	714	-	-	7,914,871	(554,429)	(30,498)	-	(1,493,790)	1,054,494	38,204,582	33,172,442	-	81,618,386
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	7,914,871	(554,429)	(30,498)	-	(1,493,790)	1,054,494	38,204,582	33,172,442	-	81,618,386
IV. Total Comprehensive Income		-	-	-	-	-	(10,903)	15	-	(933,637)	738,849	-	-	17,458,570	17,252,894
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	33,172,442	(33,172,442)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	33,172,442	(33,172,442)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)		3,350,000	714	-	-	7,914,871	(565,332)	(30,483)	-	(2,427,427)	1,793,343	71,377,024	-	17,458,570	98,871,280

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

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

VI. STATEMENT OF CASH FLOWS

	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	21,964,031	12,474,765
1.1.1 Interest Received	108,251,600	32,728,556
1.1.2 Interest Paid	(89,543,982)	(27,105,997)
1.1.3 Dividend Received	13,852	10,513
1.1.4 Fees and Commissions Received	26,305,688	6,398,035
1.1.5 Other Income	220,256	360,974
1.1.6 Collections From Previously Written Off Loans	2,105,766	1,124,417
1.1.7 Payments To Personnel and Service Suppliers	(6,789,999)	(3,658,139)
1.1.8 Taxes Paid	(4,971,591)	(4,952,586)
1.1.9 Others	(13,627,559)	7,568,992
1.2 Changes in Operating Assets and Liabilities	3,843,579	9,958,198
1.2.1 Net (Increase) Decrease in Financial Assets Measured at Fair Value Through Profit/Loss	(2,297,115)	124,697
1.2.2 Net (Increase) Decrease in Due From Banks	(31,086,236)	(4,591,771)
1.2.3 Net (Increase) Decrease in Loans	(125,300,293)	(65,881,004)
1.2.4 Net (Increase) Decrease in Other Assets	(4,334,790)	(1,502,066)
1.2.5 Net Increase (Decrease) in Bank Deposits	1,347,935	9,517,698
1.2.6 Net Increase (Decrease) in Other Deposits	99,742,168	71,039,228
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	2,016,568	15,395,549
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	63,755,342	(14,144,133)
I. Net Cash Provided From / (Used in) Banking Operations	25,807,610	22,432,963
B. CASH FLOWS FROM INVESTING ACTIVITIES		
II. Net Cash Provided From / (Used in) Investing Activities	(46,740,846)	(4,672,742)
2.1 Purchase Of Entities Under Common Control, Associates and Subsidiaries	-	(981,000)
2.2 Sale of Entities Under Common Control, Associates and Subsidiaries	-	-
2.3 Fixed Assets Purchases	(2,846,695)	(1,524,421)
2.4 Fixed Assets Sales	131,110	103,009
2.5 Purchase of Financial Assets Measured at Fair Value Through Other Comprehensive Income	(58,422,497)	(16,342,713)
2.6 Sale of Financial Assets Measured at Fair Value Through Other Comprehensive Income	11,039,155	22,175,937
2.7 Purchase of Financial Assets Measured at Amortized Cost	(10,785,103)	(18,731,809)
2.8 Sale of Financial Assets Measured at Amortized Cost	14,143,184	10,628,255
2.9 Others	-	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		
III. Net Cash Provided From / (Used in) Financing Activities	36,462,435	4,684,948
3.1 Cash Obtained From Funds Borrowed and Securities Issued	105,159,910	3,260,636
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(68,489,214)	1,472,652
3.3 Capital Increase	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(208,261)	(48,340)
3.6 Other	-	-
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	1,165,479	10,889,427
V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)	16,694,678	33,334,596
VI. Cash and Cash Equivalents at Beginning of the Period	118,379,765	72,781,418
VII. Cash and Cash Equivalents at End of the Period (V+VI)	135,074,443	106,116,014

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

**NOTES TO UNCONSOLIDATED 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 financial statements and the accompanying footnotes in accordance with Turkish Accounting Standards and Regulation on Principles Related to Banks' Accounting Applications and Maintaining the Documents

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

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

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

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

"The accounting policies and valuation principles followed in the preparation of financial statements have been determined and applied in accordance with the principles outlined in the "BRSA Accounting and Financial Reporting Regulations". Consistent with the accounting policies applied in the annual unconsolidated financial statements prepared for the year ending December 31, 2023. The accounting policies and valuation principles related with current period are explained in Notes II to XXVI below.

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

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE 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 financial statements (Continued)

2.1. Other

In the Financial Reporting Standard for High Inflation Economies (TAS 29), a threshold value is provided to determine whether there is high inflation in an economy, taking into account economies where high inflation exists. The standard also explains how the financial statements of entities whose functional currency is that of an economy with high inflation should be adjusted for inflation. In the announcement dated November 23, 2023, regarding the Adjustment of the Financial Statements of Companies Subject to Independent Audit for Inflation, issued by the Public Oversight, Accounting and Auditing Standards Authority, discretion has been granted to competent institutions or organizations authorized to regulate and supervise in their respective fields to determine different transition dates for the application of inflation accounting. In this context, with Decision No. 10825 dated January 11, 2024, the Banking Regulation and Supervision Agency (BRSA) has set the transition date for banks, financial leasing, factoring, financing, savings finance, and asset management companies to TAS 29 as January 1, 2025, and inflation adjustments according to TAS 29 were not made when preparing financial statements dated June 30, 2024.

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

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

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

As explained in detail above, 51% of the Bank's subsidiary QNB Sigorta shares were purchased on December 21, 2022. Turkish Financial Reporting Standard No. 3 ("TFRS 3"), which is about business combinations, requires the acquisition price to be accounted for by distributing the identifiable assets and assumed identifiable liabilities, including the intangible assets of the acquired business, to their fair values at the acquisition date. The Bank has completed the studies initiated by the appointment of independent valuation companies in order to reliably determine the fair value, allocation of the purchase price and the amount of goodwill that may arise, and the necessary adjustments have been made as of the acquisition date.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE 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 financial statements (Continued)

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

Purchase price of additional QNB Sigorta shares (51%)	981,000
Fair value of QNB Sigorta shares held by the Bank before the acquisition (49%)	1,267,280
	2,248,280
Fair value of net assets controlled (100%)	2,586,285
Income from bargaining purchase	338,005
Carrying value of QNB Sigorta shares held by the Bank before the acquisition (49%)	285,763
Fair value of QNB Sigorta shares held by the Bank before the acquisition (49%)	1,267,280
Value increase in shares owned before the acquisition	981,517
Gross profit resulting from the change of control	1,319,522
Tax Effect	(99,311)
Net profit resulting from the change of control	1,220,211

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

Assets	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

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

1. Strategy for the use of financial instruments

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE 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)

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

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

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

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

2. Foreign currency transactions

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

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

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

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

As of June 30, 2024, derivative financial transactions loss amounting to TRY 24,682,601 (June 30, 2023 – TRY 2,783,112 derivative financial transactions loss) and net foreign exchange income amounting to TRY 7,750,695 (June 30, 2023 – TRY 12,945,896 net foreign exchange income), 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 4,367,411 (June 30, 2023 – TRY 10,315,996 net profit on foreign currency transactions).

**NOTES TO UNCONSOLIDATED 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)

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

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

In the unconsolidated financial statements, the Bank accounts for its financial subsidiaries in accordance with the equity method of accounting as defined in TAS 28 within the framework of TAS 27.

IV. Explanations on Futures and Options Contracts and Derivative Products

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

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

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

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

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

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

In cash flow hedge accounting

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

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

In fair value hedge accounting

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

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

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

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

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

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

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

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

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of June 30, 2024, fair value exchange difference adjustment amounting to TRY 1,100,960 (December 31, 2023 – TRY 1,114,764) which is shown tangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

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ACCOUNTING POLICIES (Continued)

V. Explanations on Interest Income and Expenses

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

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

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

VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

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

Initial measurement of financial instruments

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

Classification of financial instruments

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

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

Assessment of business model

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

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

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

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

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

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

Other business models

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

Measurement categories of financial assets and liabilities

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

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

Financial assets at the fair value through profit or loss

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

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

Financial Assets at Fair Value Through Other Comprehensive Income

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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

Financial Assets Measured at Amortized Cost

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

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

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

VIII. Explanations on Expected Credit Losses

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

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

Stage 1

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Stage 2

As of the reporting date of the financial asset, in the event of a significant increase in credit risk since initial recognition, the financial asset is transferred to Stage 2. Impairment for credit risk is determined on the basis of the instrument's lifetime expected credit losses. The calculation method is similar to the one described in the above paragraph, but the probability of default and the loss rate in default are estimated throughout the life of the instrument.

Stage 3

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

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

Calculation of expected credit losses

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

While the expected credit loss is estimated, three scenarios (internal 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 losses which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

Probability of Default (PD)

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

Loss Given Default (LGD)

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Exposure at Default (EAD)

The 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.

Consideration of the Macroeconomic Factors

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

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

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

The Bank updates the macroeconomic variables used in the expected credit loss calculation twice a year and applies them to its models. In addition, the Bank re-evaluated the macroeconomic scenario weights in the expected credit loss calculation on June 30, 2024. Due to its nature, model effects are reflected in the financial statements with a delay, since the events causing the change and their effects occur at different times. For this reason, the Bank made individual valuations in order to eliminate the timing discrepancy and established additional provisions for the sectors and customers whose impact is considered to be high.

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

Calculating the Expected Loss Period

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

Significant increase in credit risk

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

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

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

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Write-Off policy

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

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

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

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

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

Within the scope of TFRS 9, the amount written off by the Bank during the period is TRY 27,867 (December 31, 2023 – TRY 10,113) and the effect on the NPL ratio of the Bank is 0.01% (December 31, 2023 – 0.00%). While the NPL ratio is 1.89% (December 31, 2023 – 1.75%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 1.90% (December 31, 2023 – 1.75%).

IX. Explanations on Netting of Financial Instruments

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

X. Derecognition of Financial Instruments

a) Derecognition of financial assets

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

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

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ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

a) Derecognition of financial assets (Continued)

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

b) 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.

c) Reclassification of financial instruments

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

d) Restructuring and refinancing of financial instruments

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

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

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

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

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

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

As of the balance sheet date, securities subject to repo amounting to TRY 113,600,163 (December 31, 2023 – TRY 39,923,647).

As of June 30, 2024 the Bank has no securities that are subject to lending transactions (December 31, 2023 – None).

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

XII. Explanations on Assets Held for Sale and Discontinued Operations

According to the TFRS 5 ("Fixed Assets Held for Sale and Discontinued Operations") Standard, assets that meet the classification criteria as held for sale are measured at the lower of their carrying amounts less costs to sell and their fair values less costs to sell. Depreciation is ceased on these assets, and they are presented separately in the financial statements. In order for an asset to be classified as held for sale, it (or a group of assets to be disposed of) must be available for immediate sale in its present condition, under usual and customary terms, and with a high probability of sale. To demonstrate a high probability of sale, an active program must be initiated by appropriate management to market the asset (or group of assets to be disposed of), including developing a plan for its sale and identifying potential buyers to complete the plan. Additionally, the asset (or group of assets to be disposed of) should be actively marketed at a price that is consistent with its fair value. Various events or circumstances may extend the completion period of the sale beyond one year. If such delay is due to events or circumstances beyond the Bank's control and there is sufficient evidence that the Bank's sales plan for the respective asset (or group of assets to be disposed of) is continuing, these assets will continue to be classified as held for sale. As of June 30, 2024, assets held for sale and discontinued operations are disclosed in Note V, section 1.15.

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

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

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ACCOUNTING POLICIES (Continued)

XIII. Explanations on Goodwill and Other Intangible Assets

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

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

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

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

XIV. Explanations on Tangible Assets

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

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

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

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

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

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

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

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

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

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

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

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

TFRS 16 Leases

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

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

Right of use assets

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

The right use includes the presence of:

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

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

Lease Liabilities

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

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ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

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

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

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

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

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

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

Short-Term Leases and Leases of Low-Value Assets

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

Due to the Bank's implementation of TFRS 16, assets classified under tangible assets as of June 30, 2024 amounted to TRY 1,409,858 (December 31, 2023 – TRY 1,308,043), lease liability amounted to TRY 1,149,765 (December 31, 2023 – TRY 1,151,242), financing expense amounted to TRY 140,253 (June 30, 2023 - TRY 67,845), and depreciation expense amounted to TRY 273,751 (June 30, 2023 – TRY 173,459).

XVI. Explanations on Provisions and Contingent Liabilities

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

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ACCOUNTING POLICIES (Continued)

XVII. Explanations on Obligations of the Bank Concerning Employee Benefits

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

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

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

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

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

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

XVIII. Explanations on Taxation

1. Corporate Tax

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

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

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

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ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued)

1. Corporate Tax (Continued)

Companies calculate provisional tax at the rate of 30% on their quarterly financial profits to be applied to their profits earned in 2023 and subsequent taxation periods, starting from the declarations that must be submitted as of October 1, 2023 for the 2024 taxation periods, and they declare and pay it until the 17th day of the second month following that period. With the 9th article of the Law No. 7338 on the Amendment of the Tax Procedure Law and Some Laws published in the Official Gazette dated October 26, 2021 and numbered 31640, the repetitive article 120 of the Income Tax Law No. 193 was amended and it has been stated that provisional tax will be calculated and paid on the quarterly earnings determined for the first nine months of the relevant accounting period, which is applied from the declarations submitted. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or deducted.

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

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

In cases where the profit for the period is not distributed and added to the capital or distributed to fully taxpayer institutions while not subject to withholding tax, in accordance with the Council of Ministers Decision no 2009/14593 and the Council of Ministers Decision no 2009/14594 published in the Official Gazette dated February 3, 2009, and numbered 27130, and articles 15th and 30th of the Corporate Tax Law No. 5520. Natural persons who are fully taxpayers, those who are not liable for corporate tax and income tax, those who are exempt from corporate tax and income tax, non-resident corporations (except for those who receive dividends through a workplace or permanent representative in Türkiye) and non-resident taxpayers while profit distribution to natural persons is subject to withholding tax at the rate of 15%, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated December 22, 2021 and numbered 31697. In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration.

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

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

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ACCOUNTING POLICIES (Continued)

XVIII. Explanations on Taxation (Continued)

1. Corporate Tax (Continued)

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

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

The Corporate Tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be applied as 30%, starting from the declarations that must be submitted as of October 1, 2023, and will also be applied to the profits earned in 2023 and subsequent taxation periods. As of 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 Bank is recognized deferred tax for the Stage 1 and Stage 2 expected credit losses provisions. Deferred tax effect related to transactions for which the profit or loss effect is directly accounted in equity, is also reflected to equity.

3. Transfer Pricing

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

As discussed under subject Communiqué's 7.5 Annual Documentation section, taxpayers are required to fill out the "Transfer Pricing, Controlled Foreign Entities and Thin Capitalization" form for the purchase and sale of goods or services conducted with their related parties in a taxation period, attach these forms to their corporate tax returns and submit to the tax offices.

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ACCOUNTING POLICIES (Continued)

XIX. Explanations on Additional Explanations on Borrowings

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

XX. Explanations on Share Issues

There are no shares issued in 2024. (December 31, 2023 – None).

XXI. Explanations on Confirmed Bills of Exchange and Acceptances

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

XXII. Explanations on Government Incentives

As of June 30, 2024 the Bank does not have any government incentives or grants (December 31, 2023 – None).

XXIII. Explanations on Segment Reporting

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

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

Corporate and Commercial Banking serves corporate firms with an annual turnover of TRY 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 Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Bank.

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ACCOUNTING POLICIES (Continued)

XXIII. Explanations on Segment Reporting (Continued)

	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Current Period (January 1 - June 30, 2024)				
Operating income	29,622,884	15,628,067	(6,228,404)	39,022,547
Dividend Income	-	-	13,852	13,852
Income/(Loss) on joint venture accounted for at equity method	-	-	2,758,070	2,758,070
Profit Before Taxes	14,629,536	12,978,738	(7,924,373)	19,683,901
Provision for Taxes (-)^(*)	-	-	2,225,331	2,225,331
Net Profit/Loss	14,629,536	12,978,738	(10,149,704)	17,458,570
Total Assets	337,945,650	383,339,530	464,371,141	1,258,883,145
Segment Assets	337,945,650	383,339,530	464,371,141	1,185,656,321
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	14,431,539
Undistributed Assets	-	-	-	58,795,285
Total Liabilities	497,043,298	233,108,264	363,741,490	1,258,883,145
Segment Liabilities	497,043,298	233,108,264	363,741,490	1,093,893,052
Undistributed Liabilities	-	-	-	66,118,813
Equity	-	-	-	98,871,280
Other Segment Accounts	2,032,690	1,367,925	37,133	3,437,748
Capital Expenditures	1,307,241	879,725	164,575	2,351,541
Amortization	725,449	488,200	(127,442)	1,086,207

(*) Provision for taxes is not distributed.

	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
Prior Period (January 1 – June 30, 2023)				
Operating Income	17,645,014	10,545,349	1,712,896	29,903,259
Dividend Income	-	-	10,513	10,513
P/L from Equity Applied Partnerships	-	-	1,562,475	1,562,475
Profit Before Taxes	7,599,926	6,162,611	(66,127)	13,696,410
Provision for Taxes (-)^(*)	-	-	(297,909)	(297,909)
Net Profit/Loss	7,599,926	6,162,611	231,782	13,994,319
Total Assets	196,341,910	257,757,495	282,443,709	782,656,689
Segment Assets	196,341,910	257,757,495	282,443,709	736,543,114
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	7,871,714
Undistributed Assets	-	-	-	38,241,861
Total Liabilities	345,570,271	157,937,114	173,499,746	782,656,689
Segment Liabilities	345,570,271	157,937,114	173,499,746	677,007,131
Undistributed Liabilities	-	-	-	50,617,847
Equity	-	-	-	55,031,711
Other Segment Accounts	1,271,552	856,480	(211,913)	1,916,119
Capital Expenditures	872,580	587,744	(143,764)	1,316,560
Amortization	398,972	268,736	(68,149)	599,559

(*) Provision for taxes is not distributed.

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ACCOUNTING POLICIES (Continued)

XXIV. Profit Reserves and Profit Distribution

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

2023 profit distribution table

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

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

XXV. Earnings Per Share

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

	Current Period	Prior Period
Net Profit for the Period	17,458,570	13,994,319
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings Per Share	0.5212	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 (Amount of issued bonus shared as of December 31, 2023 is none).

XXVI. Explanations on Other Matters

As stated in the PDP disclosure dated November 25, 2022, a decision was taken to continue the Enpara banking services offered under the "Enpara" trademark within the Bank under a separate legal entity independent from the Bank in order to ensure maximum value creation for the Bank's shareholders. In order to implement this decision, it is planned to establish a deposit bank under the name of Enpara Bank A.Ş. and to transfer the Bank's Enpara banking services to the newly established bank through a partial spin-off. The establishment permit application made by the founding shareholders for the establishment of this new bank was finalized on 05 August 2023 and the establishment permit for Enpara Bank A.Ş. was obtained.

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

As of June 30, 2024, Enpara's banking activities to be demerged represent 10.0% of the Bank's unconsolidated assets and liabilities. The assets and liabilities to be derecognized will not result in any change in the Bank's equity. If such a spin-off had occurred on June 30, 2024, the Bank's capital adequacy ratio would have increased by 153 basis points to 16.14%. If such a split had occurred on December 31, 2023, the Bank's profit before tax for the second quarter of 2024 would have been 6.2% lower.

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SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE BANK

I. Explanations on Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of June 30, 2024 Bank’s total capital has been calculated as TRY 136,641,451 (December 31, 2023 – TRY 112,258,551), capital adequacy ratio is 14.61% (December 31, 2023 – 16.66%).

In the calculation of the amount subject to credit risk, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Regulation) published in the Official Gazette dated October 23, 2015, as stated in the Board Decision dated April 28, 2022 and numbered 9996, with the decision dated January 31, 2023 and numbered 10496; when calculating the values of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, pursuant to TAS and related special provisions; the application for the use of the Central Bank of the Republic of Türkiye foreign exchange buying rate as of December 30, 2022 has been decided to continue using the CBRT’s foreign exchange buying rate as of July 26, 2023, until a BRSA Decision to the contrary is taken.

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

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

I. Explanations on Equity (Continued)

Explanations on Equity	Current Period 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	71,377,024	38,204,582
Income recognized in equity as per TAS	9,759,662	9,637,262
Profit	17,458,570	33,172,442
Current Period Profit	17,458,570	33,172,442
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	1,602	1,602
Common Equity Tier 1 Capital Before Deductions	101,947,587	84,366,602
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	797,790	2,741,678
Improvement costs for operating leasing	373,595	199,786
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	4,464,841	3,666,620
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Income arising from securitization transactions	-	-
Unrealized income and loss due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	5,636,226	6,608,084
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	-	-
Total Common Equity Tier 1 Capital	96,311,361	77,758,518

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

I. Explanations on Equity (Continued)

	Current Period 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)	-	-
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 I capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier I capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	17,233,755	15,455,055
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	113,545,116	93,213,573
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	12,638,087	11,333,707
Provisions (Article 8 of the Regulation on the Equity of Banks)	10,614,689	7,770,666
Tier II Capital Before Deductions	23,252,776	19,104,373
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	23,252,776	19,104,373
Total Capital (The sum of Tier I Capital and Tier II Capital)	136,797,892	112,317,946
Deductions from 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 owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

I. Explanations on Equity (Continued)

	Current Period June 30, 2024	Prior Period December 31, 2023
TOTAL CAPITAL		
Total Capital	136,641,451	112,258,551
Total Risk Weighted Amounts	935,393,176	673,967,939
Capital Adequacy Ratios		
Core Capital Adequacy Ratio (%)	10.30	11.54
Tier 1 Capital Adequacy Ratio (%)	12.14	13.83
Capital Adequacy Ratio (%)	14.61	16.66
BUFFERS		
Bank specific total common equity tier 1 capital ratio (%)	2.50	2.50
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	-	-
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4.30	5.54
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	2,800	2,800
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	42,387,233	20,571,780
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	10,614,689	7,770,666
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between Januar 1, 2018 and January 1, 2023)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	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
Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4	-	-

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

I. Explanations on Equity (Continued)

Information on debt instruments included in the calculation of equity

Information on debt instruments included in the calculation of equity			
	1	2	3
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QNB FİNANSBANK A.S.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	ISIN:XS2678233243 Common Code: 267823324
Governing law(s) of the instrument	BRSA	BRSA	It is subject to English Law and, with respect to certain articles, to Turkish regulations (CMB-BRSA).
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Since 1.1.2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone/consolidated	Stand alone - Consolidated	Stand alone - Consolidated	Stand alone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Subordinated debt instrument (Bond)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	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	Undated	Dated	Dated
Original maturity date	-	8 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	3 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons/dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Fixed
Coupon rate and any related index	First 5 years SOFR + 7.36%	SOFR + 5.10%	10.75%
Existence of a dividend stopper	There will be no interest on the deducted value after the impairment	-	-
Fully discretionary, partially discretionary or mandatory	Optional	-	-

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

I. Explanations on Equity (Continued)

	1	2	3
Existence of set-up or another incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	None
If convertible, conversion trigger(s)	-	Article number 7-2-i of "Own fund regulation"	-
If convertible, fully or partially	-	All of the remaining capital	-
If convertible, conversion rate	-	(*)	-
If convertible, mandatory or optional conversion	-	Optional	-
If convertible, specify instrument type convertible into	-	Equity Share	-
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.S.	-
Write-down feature	Yes	None	Yes
If write-down, write-down trigger(s)	Non-existence of the core capital ratio is less than 5.125%	-	The occurrence of non-existence
If write-down, full or partial	Full and partial	-	Full and partial
If write-down, permanent or temporary	Temporary	-	Temporary
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5.125 %	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing and contribution capital	After borrowing, before additional capital, the same as other contribution capital	After borrowing, before additional capital, the same as other contribution capital
Incompliance with article number 7 and 8 of "Own fund regulation"	It fulfills the conditions within the Article number 7 of "Own fund regulation "the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation "the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation "the Regulation on the Equity of Banks
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	It does not fulfill the conditions within the Article number 7 of "Own fund regulation "the Regulation on the Equity of Banks

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

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

II. Explanations on Risk Management

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 Amount		Minimum Capital Requirement	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
1 Credit Risk (excluding counterparty Credit Risk)	835,028,704	611,260,776	66,802,296	48,900,862
2 Standardized approach	835,028,704	611,260,776	66,802,296	48,900,862
3 Internal rating-based approach	-	-	-	-
4 Counterparty credit risk	14,146,416	10,392,504	1,131,713	831,400
5 Standardized approach for counterparty credit Risk	14,146,416	10,392,504	1,131,713	831,400
6 Internal model method	-	-	-	-
7 Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8 Investments made in collective investment companies – look-through approach	-	-	-	-
9 Investments made in collective investment companies – mandate-based approach	-	-	-	-
10 Investments made in collective investment companies - 1250% weighted risk approach	-	-	-	-
11 Settlement risk	-	-	-	-
12 Securitization positions in banking accounts	-	-	-	-
13 IRB ratings-based approach	-	-	-	-
14 IRB Supervisory Formula Approach	-	-	-	-
15 SA/simplified supervisory formula approach	-	-	-	-
16 Market risk	12,172,450	12,166,450	973,796	973,316
17 Standardized approach	12,172,450	12,166,450	973,796	973,316
18 Internal model approaches	-	-	-	-
19 Operational Risk	74,045,606	40,148,209	5,923,649	3,211,857
20 Basic Indicator Approach	74,045,606	40,148,209	5,923,649	3,211,857
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24 Floor adjustment	-	-	-	-
25 TOTAL(1+4+7+8+9+10+11+12+16+19+23+24)	935,393,176	673,967,939	74,831,454	53,917,435

2. Credit Risk Disclosures

a) CR1 - Credit Quality of Assets

Current Period	Gross amount valued in accordance with TAS		Provisions/ amortization and impairment	Net value
	Defaulted exposures	Non-defaulted exposures		
1 Loans	16,076,647	737,917,806	12,588,220	741,406,233
2 Debt Securities	-	231,577,261	-	231,577,261
3 Off-balance sheet exposures	-	827,059,608	29,274	827,030,334
4 Total	16,076,647	1,796,554,675	12,617,494	1,800,013,818

Prior Period	Gross amount valued in accordance with TAS		Provisions/ amortization and impairment	Net value
	Defaulted exposures	Non-defaulted exposures		
1 Loans	10,454,474	587,593,678	8,422,069	589,626,083
2 Debt Securities	-	169,445,951	-	169,445,951
3 Off-balance sheet exposures	-	586,382,774	27,904	586,354,870
4 Total	10,454,474	1,343,422,403	8,449,973	1,345,426,904

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

II. Explanations on Risk Management (Continued)

2. Credit Risk Disclosures (Continued)

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	10,454,474	9,024,926
2 Loans and debt securities that have defaulted since the last reporting period	7,755,806	5,011,372
3 Returned to non-defaulted status	-	-
4 Amounts written-off	27,867	917,816
5 Other changes ^(*)	2,105,766	2,664,008
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4+5)	16,076,647	10,454,474

^(*) Includes collections from credits in default.

c) CR3 - Credit risk mitigation techniques – Overview

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
Current Period							
1 Loans	723,852,836	17,553,397	9,090,175	-	-	-	-
2 Debt securities	231,577,261	-	-	-	-	-	-
3 Total	955,430,097	17,553,397	9,090,175	-	-	-	-
4 Of which defaulted	3,454,277	4,876	1,221	-	-	-	-
Prior Period							
1 Loans	575,101,442	14,524,641	9,094,694	-	-	-	-
2 Debt securities	169,445,951	-	-	-	-	-	-
3 Total	744,547,393	14,524,641	9,094,694	-	-	-	-
4 Of which defaulted	1,924,351	80,149	20,088	-	-	-	-

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

II. Explanations on Risk Management (Continued)

2. Credit Risk Disclosures (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
Exposure Categories						
1 Exposures to central governments or central banks	399,723,571	-	400,951,038	-	-	-
2 Exposures to regional governments or local authorities	255,795	115	255,795	-	127,884	50%
3 Exposures to public sector entities	688,138	296,240	688,137	63,715	751,866	100%
4 Exposures to multilateral development banks	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-
6 Exposures to institutions	26,459,750	8,949,304	26,448,332	5,562,446	13,504,974	42%
7 Exposures to corporates	218,643,364	174,864,529	211,939,972	66,145,022	264,885,900	95%
8 Retail exposures	255,945,219	741,174,754	252,372,186	13,828,128	208,820,280	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	24,313,496	3,914,530	24,313,496	1,862,998	18,995,415	73%
11 Past-due loans	2,796,682	-	2,795,596	-	1,494,523	53%
12 Higher-risk categories by the Agency Board	172,533,952	77,857	172,505,240	65,917	279,823,665	162%
13 Exposures in the form of covered bonds	-	-	-	-	-	-
14 Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15 Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16 Other assets	44,498,844	437,654	44,498,844	-	33,276,380	75%
17 Investments in equities	12,231,706	-	12,231,706	-	12,231,706	100%
18 Total	1,161,032,888	930,146,383	1,151,942,713	87,773,880	835,028,402	67%

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

QNB FİNANSBANK ANONİM ŞİRKETİ

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

II. Explanations on Risk Management (Continued)

2. Credit Risk Disclosures (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	400,951,038	-	-	-	-	-	-	-	-	400,951,038
2 Exposures to regional governments or local authorities	-	-	-	-	255,795	-	-	-	-	255,795
3 Exposures to public sector entities	-	-	-	-	-	-	751,852	-	-	751,852
4 Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6 Exposures to institutions	-	-	8,456,093	-	23,481,860	-	72,825	-	-	32,010,778
7 Exposures to corporates	-	-	8,455,620	-	12,869,196	-	256,760,178	-	-	278,084,994
8 Retail exposures	-	-	-	-	-	229,520,133	36,680,181	-	-	266,200,314
9 Exposures secured by residential property	-	-	-	3,188,025	-	-	-	-	-	3,188,025
10 Exposures secured by commercial real estate	-	-	-	-	14,362,159	-	11,814,335	-	-	26,176,494
11 Past-due loans	-	-	-	-	2,602,147	-	193,449	-	-	2,795,596
12 Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	139,735,491	32,835,666	172,571,157
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	-	-	-	-	-	33,276,380	-	-	44,498,844
18 Total	412,173,502	-	16,911,713	3,188,025	53,571,157	229,520,133	351,780,906	139,735,491	32,835,666	1,239,716,593

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

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

II. Explanations on Risk Management (Continued)

3. Disclosures Regarding Counterparty Credit Risk

a) CCR1 – 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)	5,283,450	2,773,549	-	1.4	11,278,399	5,183,428
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)	-	-	-	-	19,392,543	7,563,562
5	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6	Total	-	-	-	-	-	12,746,990

Prior Period		Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach - CCR (for derivatives)	5,250,185	3,679,064	-	1.4	12,514,949	4,095,651
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	11,997,117	4,397,153
5	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6	Total	-	-	-	-	-	8,492,804

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	11,278,399	12,514,949	1,399,426	1,899,700
4 Total amount of CVA capital adequacy	11,278,399	12,514,949	1,399,426	1,899,700

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

II. Explanations on Risk Management (Continued)

3. Disclosures Regarding Counterparty Credit Risk (Continued)

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	528,244	-	-	-	-	-	-	337,730	865,974
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	-	-	11,554,373	14,838,119	-	-	-	-	26,392,492
7 Exposures from corporates	-	-	413,520	119,406	-	2,832,913	-	-	3,365,839
8 Retail receivables	-	-	-	-	46,623	-	-	-	46,623
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	528,244	-	11,967,893	14,957,525	46,623	2,832,927	-	337,730	30,670,942

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	-	-	8,290,741	10,963,195	-	32,883	-	-	19,286,819
7 Exposures from corporates	-	-	416,315	122,973	-	1,150,855	-	-	1,690,143
8 Retail receivables	-	-	-	-	28,669	-	-	-	28,669
9 Mortgage receivables	-	-	-	-	-	-	-	-	-
10 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	-	8,707,056	11,086,168	28,669	1,183,744	-	153,086	24,512,066

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).

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

II. Explanations on Risk Management (Continued)

3. Disclosures Regarding Counterparty Credit Risk (Continued)

e) CCR5 – Composition of collateral for CCR exposure

Current Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken Segregated	Collaterals Given Unsegregated
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
Cash-Local Currency	-	-	-	-	49,858,785	-
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	87,727,910	-

Prior Period	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken Segregated	Collaterals Given Unsegregated
	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, 2023 None).

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	158,086	3,062
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3 (i) OTC Derivatives	337,730	6,755	158,086	3,062
4 (ii) Other derivative financial instruments	-	-	-	-
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	-	-	-	-

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

II. Explanations on Risk Management (Continued)

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 ^(*)	11,772,900	11,314,176
1	<i>Interest rate risk (general and specific)</i>	3,073,025	2,569,188
2	<i>Equity risk (general and specific)</i>	971,850	549,325
3	<i>Foreign exchange risk</i>	6,897,025	7,234,563
4	<i>Commodity risk</i>	831,000	961,100
	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	12,172,450	12,166,451

^(*) 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.

III. Explanations on Foreign Currency Exchange Rate Risk

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

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

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

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

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

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

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NOTES TO UNCONSOLIDATED 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 BANK (Continued)

III. Explanations on Foreign Currency Exchange Rate Risk (Continued)

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

US Dollar purchase rate at the date of the balance sheet TRY 32.8262
Euro purchase rate at the date of the balance sheet TRY 35.1284

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
June 28, 2024	32.8262	35.1284
June 27, 2024	32.8417	34.1212
June 26, 2024	32.9040	34.1801
June 25, 2024	32.9015	34.2866
June 24, 2024	32.8078	34.1702

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

The arithmetical average of the Bank's US Dollar and Euro purchase rates for June, 2024 are TRY 32.5035 and TRY 34.9994 respectively.

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

III. Explanations on Foreign Currency Exchange Rate Risk (Continued)

5. Information on the foreign currency exchange rate risk

Current Period	EUR	USD	Other FC	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽¹⁾	52,559,275	69,395,610	8,551,630	130,506,515
Due From Banks ⁽²⁾	5,738,423	11,904,247	2,079,751	19,722,421
Financial Assets at Fair Value through Profit/Loss ⁽³⁾	1,587,786	3,731,710	763	5,320,259
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2,748	27,034,343	-	27,037,091
Loans and Receivables ⁽⁴⁾	115,811,962	116,750,326	60,978	232,623,266
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	2,381,802	30,364,605	-	32,746,407
Derivative Financial Assets Hedging Purposes	134,728	3,091,491	-	3,226,219
Tangible Assets	-	-	544	544
Intangible Assets	-	-	-	-
Other Assets ⁽⁵⁾	126,186	300,876	9,259	436,321
Total Assets	178,342,910	262,573,208	10,702,925	451,619,043
Liabilities				
Bank Deposits	4,401,434	17,082,651	1,075,111	22,559,196
Foreign Currency Deposits ⁽⁶⁾	59,111,404	103,971,346	53,280,644	216,363,394
Money Market Borrowings	-	41,021,837	-	41,021,837
Funds Provided from Other Financial Institutions	27,366,325	122,884,861	-	150,251,186
Securities Issues	4,411,197	67,466,763	11,921,426	83,799,386
Sundry Creditors	2,473,322	4,147,247	52,455	6,673,024
Derivative Fin. Liabilities for Hedging Purposes	3,059	1,089,589	-	1,092,648
Other Liabilities ⁽⁷⁾	2,505,017	3,111,882	36,606	5,653,505
Total Liabilities	100,271,758	360,776,176	66,366,242	527,414,176
Net Balance Sheet Position	78,071,152	(98,202,968)	(55,663,317)	(75,795,133)
Net Off-Balance Sheet Position	(76,991,499)	101,802,447	55,870,744	80,681,692
Financial Derivative Assets	64,793,045	356,374,995	57,278,544	478,446,584
Financial Derivative Liabilities	141,784,544	254,572,548	1,407,800	397,764,892
Non-Cash Loans ⁽⁸⁾	33,708,494	26,017,828	2,190,548	61,916,870
Prior Period				
Total Assets	145,576,902	195,214,824	10,079,398	350,871,124
Total Liabilities	95,850,513	317,123,697	47,898,670	460,872,880
Net Balance Sheet Position	49,726,389	(121,908,873)	(37,819,272)	(110,001,756)
Net Off-Balance Sheet Position	(49,583,914)	127,268,368	37,901,309	115,585,763
Financial Derivative Assets	51,411,835	348,738,608	40,167,072	440,317,515
Financial Derivative Liabilities	100,995,749	221,470,240	2,265,763	324,731,752
Non-Cash Loans	27,623,029	24,683,603	1,967,965	54,274,597

⁽¹⁾ Cash and Balances with TR Central Bank; Other FC include TRY 8,137,949 (December 31, 2023 – TRY 7,765,222) precious metal deposit account.

⁽²⁾ There are foreign bank guarantees amounting to TRY 2,764,265 (December 31, 2023 – TRY 3,025,514).

⁽³⁾ Does not include TRY 558,963 (December 31, 2023– TRY 788,259) of currency income accruals arising from derivative transactions.

⁽⁴⁾ Includes TRY 149,298 (December 31, 2023 – TRY 181,694) FC indexed loans.

⁽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⁾ Other foreign currency includes TRY 48,328,749 (December 31, 2023 – TRY 34,499,557) of precious metal deposit account.

⁽⁷⁾ Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 127,538 (December 31, 2023 – TRY 237,761)

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

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

IV. Explanations on Interest Rate Risk

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

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

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

The Bank funds its growing long-term fixed-interest TRY loan portfolio with long-term (up to 10 years) foreign currency resources obtained from international markets, as well as customer deposits. The Bank changes the foreign currency liquidity obtained from the international markets and customer deposits to TRY liquidity with long term swap transactions (fixed TRY interest rate and floating FC interest rate). Therefore, the Bank not only funds its long term fixed interest rate loans with TRY but also hedges itself from interest rate and maturity risk. The Bank hedges its portfolio of foreign currency fixed interest rate securities by using interest rate swaps to hedge a certain portion of its foreign currency fixed interest rate securities portfolio in line with the Bank's strategy and market expectations, excluding Turkey credit interest rate spread risk.

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

(Based on repricing dates)

End of Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	61,864,152	-	-	-	-	147,078,614	208,942,766
Due from Banks ⁽³⁾	2,764,265	-	-	-	-	16,977,051	19,741,316
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	141,815	653,716	1,136,423	974,640	147,158	10,409,001	13,462,753
Money Market Placements ⁽⁵⁾	1,004	-	-	-	-	-	1,004
Financial Assets at Fair Value Through Other Comprehensive Income ⁽⁵⁾	20,851,862	25,278,433	15,804,486	29,290,880	26,390,603	5,998,024	123,614,288
Loans and Receivables	227,647,309	95,732,872	311,749,688	68,822,990	15,257,807	2,074,514	721,285,180
Inv. Securities Held to Maturity ⁽⁶⁾	53,648,346	476,920	5,306,133	28,624,216	14,956,422	8,843,501	111,855,538
Other Assets	-	-	-	-	-	59,980,300	59,980,300
Total Assets	366,918,753	122,141,941	333,996,730	127,712,726	56,751,990	251,361,005	1,258,883,145
Liabilities							
Bank Deposits	7,905,422	12,262,826	8,398,760	-	-	894,960	29,461,968
Other Deposits	293,003,842	116,149,248	44,790,737	1,243,393	1,197	274,963,145	730,151,562
Money Market Borrowings	50,432,066	25,202,700	12,234,553	339,700	-	1,402,267	89,611,286
Sundry Creditors	6,673,024	-	-	-	-	32,207,393	38,880,417
Securities Issued	702,202	27,394,178	31,022,771	17,402,870	9,979,564	-	86,501,585
Funds Borrowed	18,866,825	22,817,519	75,319,553	2,900,471	27,951,509	2,986,124	150,842,001
Other Liabilities ⁽⁷⁾	-	308	43,224	1,106,233	-	132,284,561	133,434,326
Total Liabilities	377,583,381	203,826,779	171,809,598	22,992,667	37,932,270	444,738,450	1,258,883,145
On Balance Sheet Long Position	-	-	162,187,132	104,720,059	18,819,720	-	285,726,911
On Balance Sheet Short Position	(10,664,628)	(81,684,838)	-	-	-	(193,377,445)	(285,726,911)
Off-Balance Sheet Long Position	27,954,555	8,976,027	2,591,141	-	-	-	39,521,723
Off-Balance Sheet Short Position	-	-	-	(29,982,856)	(4,429,637)	-	(34,412,493)
Total Position	17,289,927	(72,708,811)	164,778,273	74,737,203	14,390,083	(193,377,445)	5,109,230

⁽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 2,331.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss include TRY 8,800,392 derivative financial assets used for hedging purposes.

⁽⁵⁾ Financial Assets at Fair Value Through Other Comprehensive Income include TRY 3,907,912 derivative financial assets used for hedging purposes.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 15,347.

⁽⁷⁾ Other Liabilities includes Derivative Financial Assets amounting to TRY 7,324,650.

QNB FİNANSBANK ANONİM ŞİRKETİ

NOTES TO UNCONSOLIDATED 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 BANK (Continued)

IV. Explanations on Interest Rate Risk (Continued)

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

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

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

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

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

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

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

⁽⁷⁾ Other Liabilities includes Derivative Financial Assets amounting to TRY 4,927,080.

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

IV. Explanations on Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	JPY %	TRY %
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	-	-	-
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	4.75	6.20	-	49.74
Money Market Placements	-	-	-	51.95
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.77	6.45	-	47.79
Loans and Receivables	7.16	7.95	2.50	48.86
Financial Assets Measured at Amortized Cost	4.73	5.90	-	33.02
Liabilities				
Bank Deposits	4.72	6.30	-	47.41
Other Deposits	0.16	0.48	0.05	46.57
Money Market Borrowings	-	6.00	-	48.57
Sundry Creditors	3.58	5.23	-	-
Securities Issued	5.21	7.24	-	50.67
Funds Borrowed	5.49	7.82	-	45.20
<hr/>				
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	-
Due from Banks	-	-	-	42.09
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	4.92	7.69	-	47.78
Money Market Placements	-	-	-	43.28
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.77	6.17	-	43.95
Loans and Receivables	7.43	9.31	4.92	38.31
Financial Assets Measured at Amortized Cost	4.73	5.61	-	47.12
Liabilities				
Bank Deposits	5.21	7.14	-	40.94
Other Deposits	1.00	2.60	0.05	37.14
Money Market Borrowings	-	6.55	-	39.33
Sundry Creditors	4.00	5.23	-	-
Securities Issued	6.76	8.59	-	38.02
Funds Borrowed	5.68	8.20	-	36.64

V. Explanations on Position Risk of Equity Securities

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
1. Investment in Shares- grade A	-	-	-
Quoted Securities	-	-	-
2. Investment in Shares- grade B	-	-	-
Quoted Securities	-	-	-
3. Investment in Shares- grade C	2,847,178	2,847,178	-
Quoted Securities	2,847,178	2,847,178	-
4. Investment in Shares- grade Other (*)	11,584,361	11,584,361	-

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

Portfolio	Income/Loss in Current Period	Revaluation Surpluses		Unrealized Income and Loss		
		Total	Amount under Core Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	54,360	-	-	-	-	-
3. Other Shares	-	-	-	-	-	-
4. Total	54,360	-	-	-	-	-

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Liquidity Coverage Ratio

Current Period – June 30, 2024	Consideration Rate Unweighted Amounts ^(*)		Consideration Rate Weighted Amounts ^(*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			281,811,560	120,613,723
1 High Quality Liquid Assets			281,811,560	120,613,723
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	501,045,614	165,542,308	44,131,863	16,554,231
3 Stable deposits	119,453,963	-	5,972,698	-
4 Less stable deposits	381,591,651	165,542,308	38,159,165	16,554,231
5 Unsecured Funding other than Retail and Small Business Customers Deposits	216,564,446	101,201,577	129,848,104	64,619,412
6 Operational deposits	6,769,253	1,581,890	1,692,313	395,472
7 Non-Operational Deposits	159,135,298	81,981,021	87,500,079	46,664,422
8 Other Unsecured Funding	50,659,895	17,638,666	40,655,712	17,559,518
9 Secured funding			-	-
10 Other Cash Outflows	103,390,026	24,756,334	103,390,026	24,756,334
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	103,390,026	24,756,334	103,390,026	24,756,334
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	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	-	-	335,352,596	117,341,681
CASH INFLOWS				
17 Secured Lending Transactions	665,641	-	-	-
18 Unsecured Lending Transactions	108,429,400	33,913,399	64,577,324	25,543,439
19 Other Cash Inflows	99,040,849	82,779,995	99,040,849	82,779,995
20 TOTAL CASH INFLOWS	208,135,890	116,693,394	163,618,173	108,323,434
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			281,811,560	120,613,723
22 TOTAL NET CASH OUTFLOWS			171,734,423	31,727,232
23 LIQUIDITY COVERAGE RATIO (%)			164.10	380.16

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

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

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

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

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

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

	Maximum	Week	Minimum	Week	Average
TRY+FC	184.15	14.06.2024	152.28	03.05.2024	164.60
FC	451.9	21.06.2024	316.24	24.05.2024	388.19

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

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

Funding sources of the Bank mainly consist of deposits which constitute 60% of total liabilities of the bank (December 31, 2023 – 64%) and also include repo, syndication, securitization, securities issued and other instruments including subordinated debts.

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

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

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

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 month	1-3 months	3-12 months	1-5 Years	5 Years and Over	Unallocated⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank ⁽²⁾	147,100,837	61,864,152	-	-	-	-	(22,223)	208,942,766
Due from Banks ⁽³⁾	16,979,382	2,764,265	-	-	-	-	(2,331)	19,741,316
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) ⁽⁴⁾	1,560,925	751,247	1,134,945	3,273,455	4,443,203	2,298,978	-	13,462,753
Money Market Placements ⁽⁵⁾	-	1,004	-	-	-	-	-	1,004
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) ⁽⁶⁾	-	4,774	1,677,316	4,005,122	76,975,048	40,952,028	-	123,614,288
Loans and Receivables	-	252,204,310	80,044,786	262,990,269	115,860,054	26,815,606	(16,629,845)	721,285,180
Financial Assets Measured at Amortized Cost ⁽⁷⁾	-	21,575	3,374,517	11,424,927	58,067,999	38,981,867	(15,347)	111,855,538
Other Assets	-	18,001,687	-	-	665,359	-	41,313,254	59,980,300
Total Assets	165,641,144	335,613,014	86,231,564	281,693,773	256,011,663	109,048,479	24,643,508	1,258,883,145
Liabilities								
Bank Deposits	445,943	8,019,578	12,495,653	8,500,794	-	-	-	29,461,968
Other Deposits	247,141,669	309,684,263	123,846,819	48,103,706	1,373,874	1,231	-	730,151,562
Funds Borrowed	-	7,290,227	9,345,006	98,889,462	14,455,349	20,861,957	-	150,842,001
Money Market Borrowings	-	50,912,920	22,985,567	10,346,074	5,366,725	-	-	89,611,286
Securities Issued	-	702,202	27,394,178	31,022,771	17,402,870	9,979,564	-	86,501,585
Miscellaneous Payables	-	38,880,417	-	-	-	-	-	38,880,417
Other Liabilities ⁽⁸⁾	-	14,112,991	677,329	2,035,086	3,460,914	1,196,950	111,951,056	133,434,326
Total Liabilities	247,587,612	429,602,598	196,744,552	198,897,893	42,059,732	32,039,702	111,951,056	1,258,883,145
Liquidity Excess/(Gap)	(81,946,468)	(93,989,584)	(110,512,988)	82,795,880	213,951,931	77,008,777	(87,307,548)	-
Net Off-Balance Sheet Position⁽⁹⁾								
Receivables from Financial Derivative Instruments	-	(244,60)	(801,514)	(3,266,403)	3,144,783	-	-	(1,167,194)
Liabilities from Derivatives	-	160,240,205	64,224,652	138,795,876	155,264,326	67,276,119	-	585,801,178
Non-cash Loans⁽¹⁰⁾	-	8,639,333	13,866,827	51,833,860	17,245,788	1,227,198	29,740,724	122,553,730
Prior period								
Total Assets	110,244,737	287,756,934	96,030,623	190,511,507	192,715,421	93,956,474	16,600,871	987,816,567
Total Liabilities	213,530,963	313,273,095	136,822,996	191,760,639	24,198,727	12,633,223	95,596,924	987,816,567
Liquidity Excess/(Gap)	(103,286,226)	(25,516,161)	(40,792,373)	(1,249,132)	168,516,694	81,323,251	(78,996,053)	-
Net Off-Balance Sheet Position⁽⁹⁾								
Receivables from Derivative Instruments	-	(202,422)	(3,932,353)	2,261,081	2,189,002	-	-	315,308
Liabilities from Derivative Instruments	-	139,236,527	131,642,958	91,674,163	91,064,462	71,087,131	-	524,705,241
Non-cash Loans⁽¹⁰⁾	-	7,522,893	14,448,578	39,591,926	13,000,054	1,178,206	27,122,663	102,864,320

(1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified "Unallocated" column. Unallocated other liabilities include shareholders' equity amounting to TRY 98,871,280 (December 31, 2023 – TRY 81,618,386), unallocated provisions amounting to TRY 9,778,095 (December 31, 2023 – TRY 11,836,884) and current tax liabilities amounting to TRY 3,301,681 (December 31, 2023 – TRY 2,141,659).

(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank includes expected loss provisions the amount of TRY 22,223 (December 31, 2023 – TRY 18,072).

(3) Banks include balance of expected loss provisions amounting to TRY 2,331 (December 31, 2023 – TRY 12,423).

(4) Financial Assets at Fair Value Through Profit/Loss include TRY 8,800,392 (December 31, 2023 – TRY 8,915,253) derivative financial assets used for hedging purposes.

(5) There is no Receivables from Money Market placements includes the balance of expected loss provisions (December 31, 2023 – TRY 147).

(6) Financial Assets at Fair Value Through Other Comprehensive Income include TRY 3,907,912 (December 31, 2023 – TRY 4,082,459) derivative financial assets used for hedging purposes.

(7) Financial assets measured at amortized cost include TRY 15,347 (December 31, 2023 – TRY 25,998) of expected loss provisions.

(8) Other Liabilities include Derivative Financial Assets amounting to TRY 7,324,650 (December 31, 2023 – TRY 4,927,080).

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

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

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

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

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

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 Period	Demand	Unweighted Amount According to Residual Maturity			Total Weighted Amount Applied
		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	144,476,791	-	-	-	144,476,791
2 Tier 1 and Tier 2 Capital	144,476,791	-	-	-	144,476,791
3 Other Capital Instruments	-	-	-	-	-
4 Real-person and Retail Customer Deposits	177,536,776	352,382,172	3,858,942	1,396,918	488,036,738
5 Stable Deposit/Participation Fund	12,458,264	113,398,199	1,251,247	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	241,212,906	290,108,557	83,359,716,656	185,342,064
8 Operational Deposit/Participation Fund	8,632,259	-	-	-	4,316,129
9 Other Obligations	-	241,212,906	290,108,557	35,971,656	181,025,935
10 Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11 Other Liabilities	-	1,911,749	1,269,715	24,785,653	-
12 Derivative Liabilities	-	-	5,816,293	-	-
13 All other equity not included in the above categories	-	-	-	22,150,824	-
14 Available Stable Funding					817,855,593
Required Stable Funding					
15 High Quality Liquid Assets	-	-	-	-	10,106,471
16 Depository Institutions or Deposit/Participation Fund Held at Financial Institutions for Operational Purposes	-	-	-	-	-
17 Performing Loans	485,923	390,047,126	105,060,380	286,402,439	485,994,554
18 Encumbered Loans to Financial Institutions, Where The Loan is Secured Against Level 1 Assets	-	19,155,231	-	6,783,086	9,656,221
19 Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	-	27,848,024	6,257,263	20,181,275
20 Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	370,891,895	77,212,356	270,195,460	453,718,266
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	72,683,020	502,617	994,598	8,090,580	82,027,553
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	-	-	7,946,649	-	7,946,648
30 Derivative Liabilities Before Deduction of Variation Margin	-	-	772,560	-	772,560
31 Other Assets not Included Above	71,929,867	-	-	-	71,929,867
32 Off-balance sheet commitments	-	-	1,035,737,762	-	51,786,888
33 Required Stable Funding					629,915,466
34 Net Stable Funding Rate (%)					129.84

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

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

Prior Period	Unweighted Amount According to Residual Maturity				Total Weighted Amount Applied	
	Demand	Residual Maturity Less than 6 Months	Residual Maturity of 6 Months and Longer But Less Than 1 Year	Residual Maturity of 1 Year and More		
Available Stable Funding						
1	Capital Instruments	120,209,482	-	-	-	120,209,482
2	Tier 1 and Tier 2 Capital	120,209,482	-	-	-	120,209,482
3	Other Capital Instruments	-	-	-	-	-
4	Real-person and Retail Customer Deposits	154,183,744	279,923,393	6,130,313	766,307	401,154,561
5	Stable Deposit/Participation Fund	8,664,635	74,492,932	1,639,268	226,757	80,772,412
6	Low Stable Deposit/Participation Fund	145,519,109	205,430,461	4,491,045	539,550	320,382,149
7	Obligations to Other Parties	5,750,285	173,122,078	224,650,029	18,035,326	133,235,482
8	Operational Deposit/Participation Fund	5,750,285	-	-	-	2,875,142
9	Other Obligations	-	173,122,078	224,650,029	18,035,326	130,360,340
10	Liabilities Equivalent to Interconnected Assets	-	-	-	-	-
11	Other Liabilities	-	895,550	1,138,468	20,097,380	-
12	Derivative Liabilities	-	-	3,967,917	-	-
13	All other equity not included in the above categories	-	-	-	18,163,482	-
14	Available Stable Funding					654,599,525
Required Stable Funding						
15	High Quality Liquid Assets	-	-	-	-	6,153,547
16	Depository Institutions or Deposit/Participation Fund Held at Financial Institutions for Operational Purposes	-	-	-	-	-
17	Performing Loans	274,661	296,992,165	99,413,872	258,252,602	413,553,305
18	Encumbered Loans to Financial Institutions, Where The Loan is Secured Against Level 1 Assets	-	23,188,309	-	20,891,076	24,324,160
19	Unencumbered loans to financial institutions or encumbered loans that are not secured against Level 1 assets	-	-	26,414,576	8,462,750	21,670,038
20	Loans to corporate customers, real persons and or retail customers, central banks, other than credit agencies and/or financial institutions	-	273,803,856	72,999,296	226,042,651	365,537,829
21	Loans with a risk weight of less than or equal to 35%	-	-	-	-	-
22	Residential mortgages	-	-	-	2,718,794	1,767,216
23	Residential mortgages with a risk weight of less than or equal to 35%	-	-	-	-	-
24	Equity Instruments and Debt Instruments Traded on an Exchange that do not Have High-Quality Liquid Asset Characteristics	274,661	-	-	137,331	254,062
25	Assets equivalent to interconnected liabilities	-	-	-	-	-
26	Other Assets	55,396,137	998,454	1,162,656	5,242,138	62,642,622
27	Physical traded commodities, including gold	433,897	-	-	-	368,813
28	Initial Margin for Derivative Contracts or Guarantee Fund Given to Central Counterparty	-	-	611,190	-	519,511
29	Derivative Assets	-	-	6,299,350	-	6,299,350
30	Derivative Liabilities Before Deduction of Variation Margin	-	-	492,708	-	492,708
31	Other Assets not Included Above	54,962,240	-	-	-	54,962,240
32	Off-balance sheet commitments	-	-	766,703,957	-	38,335,198
33	Required Stable Funding					520,684,672
34	Net Stable Funding Rate (%)					125.72

The simple arithmetic average of the net stable funding ratio for the last three months, including the reporting period was 125.88% (Last quarter of 2023: 126.00%).

The Bank's Net Stable Funding Ratio (NSFR) increased from 125.72% to 129.84% 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 BANK (Continued)

VII. Explanations on Leverage Ratio

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

The Bank's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.43% (December 31, 2023 – 5.50%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

	Book Value	
	Current Period ^(*)	Prior Period ^(*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit (Assets deducted from capital stock)	1,203,008,022	928,220,222
Total risk amount related to Assets on Balance sheet	1,198,343,171	924,466,141
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	15,471,477	18,925,386
Potential credit risk amount of derivative financial instruments and credit derivatives	2,103,577	7,578,848
Total risk amount related to derivative financial instruments and credit derivatives	17,575,054	26,504,234
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	12	3,189
Risk amount sourcing from transactions mediated	117,769	14,069
Total risk amount related to financial transactions having security or commodity Collateral	117,781	17,258
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	1,012,834,728	765,927,842
(Adjustment amount sourcing from multiplying to credit conversion rates)	183,086,415	172,080,333
Total risk amount related to off-balance sheet transactions	829,748,313	593,847,509
Capital and Total Risk		
Core Capital	111,147,435	84,913,732
Amount of total risk	2,045,784,319	1,544,835,142
Financial leverage ratio		
Financial leverage ratio	5.43%	5.50%

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	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
Other	497,199	833,073	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 amount of TRY 22,223 (December 31, 2023 – TRY 18,072) provision provided for the account T.R. Central Bank.

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

2. Further information on financial assets at fair value through profit/loss

a) Information on financial assets at fair value through profit/loss given as collateral or blocked

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	614,901	57,802	409,551	109,239
Swap Transactions	1,851,462	3,101,390	2,333,453	2,812,555
Futures Transactions	-	-	-	-
Options	647	531,324	716	75,573
Total	2,467,010	3,690,516	2,743,720	2,997,367

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

3. a) Information on banks accounts

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	2,515	507,795	47,396	805,465
Foreign	-	19,233,337	-	15,960,842
Foreign Head Offices and Branches	-	-	-	-
Total	2,515	19,741,132	47,396	16,766,307

As of June 30, 2024 amount of TRY 2,331 provision provided for the Bank account (December 31, 2023 – TRY 12,423).

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	3,324,285	4,048,154	251,847	-
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	16,469,072	12,935,328	2,764,265	3,025,514

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

(**) Includes the guarantees in foreign banks for the borrowings from foreign markets.

4. Information on Receivables from Reverse Repurchase Agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Domestic Transactions	1,004	-	301,081	-
T.R Central Bank	-	-	-	-
Banks	1,004	-	301,081	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organization	-	-	-	-
Natural Persons	-	-	-	-
Foreign Transactions	-	-	-	-
Central Banks	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Natural Persons	-	-	-	-
Total	1,004	-	301,081	-

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

5. Information on Financial Assets Measured at Fair Value through Other Comprehensive Income

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/Blocked	874,958	-	18,555,820	-
Subject to repurchase agreements	20,164,694	23,799,590	5,472	9,855,238
Total	21,039,652	23,799,590	18,561,292	9,855,238

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

	Current Period	Prior Period
Debt securities	123,817,370	69,952,152
Quoted on a stock exchange (*)	123,817,370	69,952,152
Unquoted on a stock exchange	-	-
Share certificates	107	107
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	107	107
Impairment provision(-) (**)	(4,111,101)	(2,600,173)
Total	119,706,376	67,352,086

(*) 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 March and April 2009.

(**) As of June 30, 2024 amount of TRY 19,051 (December 31, 2023 – TRY 9,387) provision provided for financial assets measured at fair value through other comprehensive income account.

6. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
Direct Loans Granted to Shareholders	-	2,288,235	-	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 the advances given to the bank personnel.

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

b.1) Information on standard loans, loans under close monitoring and restructured loans under close monitoring

	Loans Under Close Monitoring			
	Standard Loans and Other Receivables	Loans and Receivables Not Subject to restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Cash Loans				
Non-specialized Loans	662,382,408	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	-	-	-
Loans Given to Financial Sector	10,092,397	-	-	-
Retail 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	662,382,408	44,541,437	74,859	30,919,102

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

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

	Standard Loans	Loans Under Close Monitoring
Current Period		
Provision for 12 Month Expected Credit Losses	8,002,160	-
Significant Increase in Credit Risk	-	12,118,893
Prior Period		
Provision for 12 Month Expected Credit Losses	7,703,126	-
Significant Increase in Credit Risk	-	10,879,033

c) Distribution of cash loans according to maturity structure

	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Loans with Restructured Loans
Cash Loans			
Short-term Loans	426,231,977	14,404,164	6,136,993
Medium and Long-term Loans	236,150,431	30,137,273	21,856,968
Total	662,382,408	44,541,437	30,993,961

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	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 UNCONSOLIDATED FINANCIAL STATEMENTS (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

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

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TRY	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	733,105,146	583,130,653
Total	737,917,806	587,593,678

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

g) Allocation of domestic and foreign loans (*)

	Current Period	Prior Period
Domestic Loans	735,550,112	585,238,968
Foreign Loans	2,367,694	2,354,710
Total	737,917,806	587,593,678

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

h) Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	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 UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

i) Specific provisions for loans (Stage III/Specific Provision)

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	3,116,385	1,734,902
Doubtful Loans and Other Receivables	3,038,542	988,400
Uncollectible Loans and Receivables	6,433,293	5,698,767
Total	12,588,220	8,422,069

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Current Period			
Gross Amounts Before the Provisions	-	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 total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
Prior Period End Balance	2,326,796	1,364,262	6,763,416
Additions (+)	7,121,001	154,392	480,413
Transfers from Other Categories of Non-Performing Loans (+)	-	4,163,525	1,228,772
Transfers to Other Categories of Non-Performing Loans (-)	4,163,525	1,228,772	-
Collections (-)	926,528	462,434	716,804
Write-offs (-)	-	-	27,867
Debt Sales (-)	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	4,357,744	3,990,973	7,727,930
Provision (-)	3,116,385	3,038,542	6,433,293
Net Balances on Balance Sheet	1,241,359	952,431	1,294,637

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

None (December 31, 2023 – None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (Net)	1,241,359	952,431	1,294,637
Loans to Natural Persons and Legal Entities (Gross)	4,357,744	3,990,973	7,281,845
Provision (-)	3,116,385	3,038,542	5,987,208
Loans to Natural Persons and Legal Entities (Net)	1,241,359	952,431	1,294,637
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	446,085
Provision (-)	-	-	446,085
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	591,894	375,862	1,064,649
Loans to Natural Persons and Legal Entities (Gross)	2,326,796	1,364,262	6,486,482
Specific provision (-)	1,734,902	988,400	5,421,833
Loans to Natural Persons and Legal Entities (Net)	591,894	375,862	1,064,649
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	276,934
Specific provision (-)	-	-	276,934
Other Loans and Receivables (Net)	-	-	-

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

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
Current Period (Net)			
Interest Accruals and Valuation Differences	608,026	439,476	1,228,009
Provision (-)	164,211	194,358	777,120
Prior Period (Net)			
Interest Accruals and Valuation Differences	179,655	122,137	1,167,499
Provision (-)	85,245	64,254	800,396

k) Liquidation policies for uncollectible loans and other receivables

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

l) Explanations on write-off policy

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

7. Information on Financial Assets Measured at Amortized Cost

a) Information on financial assets measured at amortized cost subject to repurchase agreements and provided as collateral/blocked

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/Blocked	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	79,124,478	32,612,874	72,305,609	29,088,903
Treasury Bill	-	-	-	-
Other Debt Securities	-	-	-	580,406
Total	79,124,478	32,612,874	72,305,609	29,669,309

c) Information on investment securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt Securities	79,124,478	32,746,407	72,305,609	29,788,256
Publicly-traded	79,124,478	32,746,507	72,305,609	29,788,256
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	79,124,478	32,746,407	72,305,609	29,788,256

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

	Current Period	Prior Period
Value at the beginning of the period	102,093,865	61,963,305
Exchange differences on monetary assets	3,221,400	11,129,111
Acquisitions during the year	10,785,103	33,404,616
Disposals through sales and redemptions	(14,143,184)	(23,033,396)
Provision for losses (-)	-	-
Valuation effect	9,913,701	18,630,229
The sum of end of the period	111,870,885	102,093,865

As of June 30, 2024, a provision amounting to TRY 15,347 (December 31, 2023 – TRY 25,998) is provided for the financial assets measured at amortized cost.

QNB FİNANSBANK ANONİM ŞİRKETİ

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

8. Investments in associates (Net)

8.1. Investments in associates

a) Information on the unconsolidated subsidiaries

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

	Total Assets	Shareholder's Equity	Total Fixed Assets ^(****)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	3,849,876	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)	-

(*) 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.

(***) Current and prior period information have been based on financial statements subjected to inflation accounting.

(****) Total fixed assets consist of tangible and intangible assets.

b) Information on the consolidated subsidiaries

None (December 31, 2023 – None).

8.2. Movements of investments in associates

	Current Period	Prior Period
Balance at the Beginning of Period	53,722	45,477
Movements During the Period	15	8,245
Purchases	-	-
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	53,737	53,722
Capital Commitments	-	-
Share Percentage at the End of the Period (%)	-	-

(*) In the Shares Acquired for Free item, Borsa İstanbul A.Ş. in the current period, JCR Avrasya Değerleme A.Ş. in the previous period. capital participation fee is included.

8.3. Sectoral information on investments and associates, and the related carrying amounts

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

8.4. Quoted Associates

None (December 31, 2023 – None).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

9. Investments in subsidiaries (Net)

a) Information on the unconsolidated subsidiaries

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

	Total Assets	Shareholder's Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	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 subsidiaries

b.1) Information on the subsidiaries

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

Information on subsidiaries in the order presented in the table above

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value ^(*)
1.	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 UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

9. Investments in subsidiaries (Net) (Continued)

b.2) Movement of subsidiaries

	Current Period	Prior Period
Balance at the beginning of the period	9,789,830	3,490,203
Movements during the period	4,452,126	6,299,627
Purchases ^(*)	-	981,000
Bonus Shares Received	1,000,000	885,002
Dividends from Current Year Profit	-	-
Disposals	-	-
Revaluation Increase ^(**)	3,457,126	4,433,625
Impairment Provision	-	-
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 Sigorta ve Emeklilik A.Ş., whose 49% capital is owned by the Bank, with the decision of Bank's Board of Directors, 22,950,000 shares with a total nominal value of TRY 22,950,000 which is owned by Cigna Nederland Gamma BV and corresponds to 51% of the capital of QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., was decided to be purchased with a price of TRY 981,000,000 (in full TRY). In this context, a Share Purchase Agreement was signed with Cigna Nederland Gamma BV on October 21, 2022. The Bank's shareholding in QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş. has increased to 100% following the completion of the said share transfer transactions, obtaining the necessary permits, and the registration of the General Assembly regarding the share transfer on January 13, 2023.

^(**) Includes equity method accounting differences.

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

	Current Period	Prior Period
Factoring Companies	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

b.4) Consolidated subsidiaries quoted on 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 Bank does not have any significant subsidiaries.

10. Information on joint ventures

Title	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)	Current Assets	Current Fixed Assets	Long Term Borrowings	Income	Expense
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 based on the financial statements prepared as of May 31, 2024.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

11. Information on lease receivables (Net)

None (December 31, 2023 – None).

12. Information on the hedging derivative financial assets

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge ^(*)	2,122,240	520,626	2,889,729	284,437
Cash Flow Hedge ^(**)	1,202,319	2,705,593	1,126,544	2,955,915
Foreign Net Investment Hedges	-	-	-	-
Total	3,324,559	3,226,219	4,016,273	3,240,352

^(*) Derivative financial instruments for fair value hedging consist of swaps. As of June 30, 2024, TRY 2,211,240 (December 31, 2023 – TRY 2,889,729) from loans, TRY 384,180 (December 31, 2023 – TRY 284,437) of securities represents the fair value of derivatives which are designated as hedging instruments, TRY 136,446 represents the fair value of derivative financial instruments used for hedging the fair value risk of securities issued (December 31, 2023 – None.).

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

13. Information on assets held for sale and discontinued operations

None (December 31, 2023 – None).

14. Information on Tax Asset

As of June 30, 2024, the Bank has TRY 8,581,364 deferred tax asset calculated under the related regulations.

Deferred tax assets and liabilities are reflected to the financial statements by netting off according to TAS 12. As of June 30, 2024, the Bank has deferred tax assets amounting to TRY 14,437,684 and deferred tax liabilities amounting to TRY 5,856,320 which arise between the carrying amount of the assets and liabilities in the balance sheet and the tax bases determined in accordance with tax legislation and calculated over the amounts to be taken into account in the calculation of financial profit/the tax liability is netted and recorded in the records.

Deferred tax is offset against deferred tax assets or liabilities, if the differences between the carrying amount and the fair value of the related assets are related to the equity account group. The deferred tax liability amounting to TRY 99,254 has been netted under equity (December 31, 2023 – TRY 1,420,311 deferred tax asset).

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	30.06.2024	31.12.2023	30.06.2024	31.12.2023
Provision for Employee Rights	3,093,037	2,780,360	927,911	834,108
Difference Between the Book Value of Financial Assets and Tax Base	6,474,089	4,869	1,942,227	1,461
Other ^(*)	38,558,489	33,696,367	11,567,546	10,108,910
Deferred Tax Assets			14,437,684	10,944,479
Differences Between Carrying Value and Tax Value of Tangible Fixed Assets	(104)	(278)	(31)	(83)
Differences Between Carrying Value and Tax Basis of Financial Assets	(10,658,343)	(12,030,273)	(3,197,503)	(3,609,082)
Other	(8,862,620)	(2,512,745)	(2,658,786)	(753,824)
Deferred Tax Liabilities			(5,856,320)	(4,362,989)
Deferred Tax Assets/(Liabilities), Net			8,581,364	6,581,490

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

	Current Period	Prior Period
	01.01-30.06.2024	01.01-30.06.2023
Deferred Tax as of January 1 Active/ Passive – Net	6,581,490	354,327
Deferred Tax (Loss) / Income	1,900,620	2,134,403
Deferred Tax that is Realized Under Shareholder's Equity	(99,254)	1,089,250
Deferred Tax Active/ (Passive) – Net	8,581,364	3,557,980

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

I. Explanations and Disclosures Related to Assets (Continued)

15. Information on assets held for sale and discontinued operations

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

16. Information on other assets

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

As of June 30, 2024, the Bank is provided provisions for other assets to TRY 16,742 (December 31, 2023 – TRY 22,683).

17. Accrued interest and income

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Instruments	5,791,569	6,916,735	6,759,993	6,237,719
Loans	19,466,862	6,297,244	12,295,976	5,197,443
Financial Assets measured at amortized cost	2,918,153	(826,970)	2,599,234	(853,858)
Financial Assets at Fair Value Through Other Comprehensive Income	8,373,814	485,034	11,085,004	497,745
Central Bank of Türkiye	4,329,310	-	81,415	-
Financial Assets at Fair Value Through Profit or Loss	32,436	15,249	25,252	19,156
Banks	4	-	46,630	-
Other Accruals	139,576	27,180	47,112	41,261
Total	41,051,724	12,914,472	32,940,616	11,139,466

II. Explanations and Disclosures Related to Liabilities

1. Information on maturity structure of deposits

Current Period								Accumulated Deposit Accounts	Total
	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over		
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	137,533,457	-	11,102,700	16,252,014	1,577,425	545,793	1,016,137	7,119	168,034,645
Residents in Türkiye	127,447,914	-	10,764,557	15,617,608	1,527,077	524,664	736,376	7,119	156,625,315
Residents Abroad	10,085,543	-	338,143	634,406	50,348	21,129	279,761	-	11,409,330
Public Sector Deposit	1,750,513	-	67,494	197,092	-	-	-	-	2,015,099
Commercial Deposits	25,540,553	-	50,684,406	29,190,127	23,625,569	13,328,572	8,856,798	-	151,226,025
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^(*)	247,587,612	-	139,612,104	162,495,912	127,544,797	61,635,184	20,720,476	8,445	759,613,530

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

1. Information on maturity structure of deposits (Continued)

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	
									Total
Saving Deposits	27,893,499	-	49,344,669	49,231,023	99,526,973	40,555,786	9,060,383	1,347	275,613,680
Foreign Currency	129,578,727	-	16,837,949	33,318,758	3,728,411	782,658	1,144,870	6,581	185,397,954
Residents in Türkiye	120,792,505	-	15,983,055	32,277,959	3,539,093	699,345	649,763	6,581	173,948,301
Residents Abroad	8,786,222	-	854,894	1,040,799	189,318	83,313	495,107	-	11,449,653
Public Sector Deposits	1,154,447	-	2,515	88,335	-	-	-	-	1,245,297
Commercial Deposits	19,742,589	-	31,161,782	12,920,808	19,922,891	13,940,276	9,771,674	-	107,460,020
Other Ins. Deposits	302,301	-	233,749	765,619	823,513	115,000	9,517	-	2,249,699
Precious Metal Deposits	33,732,699	-	117,147	58,862	148,831	-	442,018	-	34,499,557
Bank Deposits	1,126,701	-	9,101,219	12,450,245	1,467,378	1,438,358	-	-	25,583,901
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	48,433	-	923,841	-	-	-	-	-	972,274
Foreign Banks	1,078,268	-	8,177,378	12,450,245	1,467,378	1,438,358	-	-	24,611,627
Participation Banks	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total^(*)	213,530,963	-	106,799,030	108,833,650	125,617,997	56,832,078	20,428,462	7,928	632,050,108

(*) As of December 31, 2023, the balance of savings deposits includes the amount of TRY 5,280,517 Treasury Currency Protected Deposits and TRY 134,917,500 CBRT Currency Protected Deposits.

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

	Covered by Deposit Insurance Fund		Exceeding Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	157,214,551	106,246,382	356,573,617	280,322,314
Foreign Currency Savings Deposits	69,258,432	54,536,106	147,104,962	165,361,405
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	226,472,983	160,782,488	503,678,579	445,683,719

(*) With the amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums Collected by The Savings Deposit Insurance Fund published in the Official Gazette dated August 27, 2022 and numbered 31936, all deposits and participation funds in credit institutions, other than those belonging to official institutions, credit institutions and financial institutions, started to be insured. In this context, commercial deposits covered by insurance amount to TRY 24,660,726 (December 31, 2023 – TRY 17,545,869) is included in the footnote.

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

1.3. Savings deposits that are not covered under the guarantee of deposit insurance fund

	Current Period	Prior Period
Deposits and accounts in branches abroad	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 5237 numbered Turkish Criminal Code dated September 26, 2004	-	-
Saving deposits in banks established in Türkiye exclusively for off-shore banking activities	-	-
Total	1,172,701	939,309

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

2. Information on trading derivative financial liabilities

Negative differences table for derivative financial liabilities held for trading

	Current Period ^(*)		Prior Period	
	TRY	FC	TRY	FC
Forwards transactions	879,321	59,038	286,280	110,655
Swaps transactions	1,997,799	2,119,053	1,044,552	2,419,434
Futures transactions	-	-	-	-
Options	459	557,450	327	290,250
Other	-	-	-	-
Total	2,877,579	2,735,541	1,331,159	2,820,339

^(*) Derivative financial liabilities held for trading in the current period are shown on the financial statement in 7.1 Derivative Financial Liabilities line.

3. Information on funds borrowed

a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Banks Loans	-	-	-	-
Domestic Bank and Institutions	590,815	676,694	473,527	459,973
Foreign Bank, Institutions and Funds	-	128,712,535	-	103,890,142
Total	590,815	129,389,229	473,527	104,350,115

b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	590,815	36,140,772	473,527	24,879,230
Medium and Long-Term	-	93,248,457	-	79,470,885
Total	590,815	129,389,229	473,527	104,350,115

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

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

As of June 30, 2024 the Bank's liabilities comprise; 60% deposits (December 31, 2023 – 64%), 10% funds borrowed (December 31, 2023 – 11%), 7% issued bonds (December 31, 2023 – 6%) and 7% money market debts (December 31, 2023 – 3%).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	34,165,994	-	111,969	-
Financial institutions and organizations	34,152,493	-	100,346	-
Other institutions and organizations	5,761	-	6,243	-
Natural persons	7,740	-	5,380	-
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	46,878,115	41,204,837	301,949	27,736,364

5. Information on securities issued (Net)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	2,702,199	13,769,270	3,814,855	13,001,776
Bills	-	60,050,552	-	29,132,547
Total	2,702,199	73,819,822	3,814,855	42,134,323

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

6. If other liabilities account exceeds 10% of total liabilities excluding the off-balance sheet items, information given about components of other liabilities account that exceeds 20% of the individual liability item in the unconsolidated balance sheet

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

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

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

7.1. Changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2023- None).

7.2. Explanations on financial lease liabilities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	56,081	43,532	43,397	35,660
Between 1 - 4 years	1,425,603	1,106,233	1,359,947	1,115,582
More than 4 years	-	-	-	-
Total	1,481,684	1,149,765	1,403,344	1,151,242

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

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

7.3. Information and footnotes on operational lease

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

7.4. Information on “Sale -and- lease back” agreements

The Bank does non sale-and-lease back transactions in the current period (December 31, 2023 – None).

8. Information on liabilities arising from hedging purpose derivatives

	Current Period ^(***)		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge ^(*)	101,188	53,667	-	301,174
Cash Flow Hedge ^(**)	517,694	1,038,981	105,202	369,206
Net Investment Hedge	-	-	-	-
Total	618,882	1,092,648	105,202	670,380

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

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

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

9. Information on provisions

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

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

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

	Current Period	Prior Period
Stage 1	1,573,341	1,859,894
Stage 2	30,469	50,405
Stage 3	29,274	27,904
Total	1,633,084	1,938,203

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

9. Information on provisions (Continued)

9.3. Information on employee termination benefits

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

As of June 30, 2024 the Bank presented the provision for severance pay of TRY 992,991 (December 31, 2023 – TRY 919,522) under the “Reserves for Employee Benefits” item in its financial statements.

As of June 30, 2024, the Bank has shown a total vacation liability of TRY 395,882 (December 31, 2023 – TRY 214,882) under the “Reserves for Employee Benefits” in its financial statements.

As of June 30, 2024 TRY 1,704,164 (December 31, 2023 – TRY 1,645,956) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the “Reserve for Employee Benefits” in its financial statements.

9.3.1. Movement of employee termination benefits

	Current Period 01.01-30.06.2024	Prior Period 01.01-30.06.2023
As of January 1	919,522	1,145,986
Service Cost	38,316	61,818
Interest Cost	104,097	56,579
Settlement / curtailment / termination loss	55,284	12,603
Actuarial Difference	15,574	48,965
Paid during the period	(169,801)	(327,093)
Total	992,991	968,858

9.4. Information on other provisions

Except for those stated in footnote 9.3 above, other provisions amounting to TRY 351,974 (December 31, 2023 – TRY 318,321) includes provisions for lawsuits and tax lawsuits against the Bank. The Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

Other provisions in the unconsolidated financial statements prepared as of 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 taxation

10.1. Information on current taxes

10.1.1. Information on current tax liability

The Bank has a tax liability of TRY 3,301,681 as of June 30, 2024 (December 31, 2023 – 2,141,659). As of June 30, 2024, the Bank's prepaid tax is amounting to TRY 26,990 (December 31, 2023 – TRY 26,773).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	3,301,681	2,141,659
Banking and Insurance Transaction Tax (BITT)	2,055,094	1,344,873
Taxation on Securities Income	866,887	285,284
Taxation on Real Estates Income	8,670	7,561
Other	302,320	237,171
Total	6,534,652	4,016,548

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

II. Explanations and Disclosures Related to Liabilities (Continued)

10. Explanations on taxation (Continued)

10.1. Information on current taxes (Continued)

10.1.3. Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	149,985	103,907
Social Security Premiums - Employer Share	187,661	127,617
Unemployment Insurance - Employee Share	9,750	6,772
Unemployment Insurance - Employer Share	19,501	13,547
Total	366,897	251,843

11. Information on payables related to assets held for sale

None (December 31, 2023 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
To be included in the calculation of additional capital	-	18,050,201	-	15,468,985
Subordinated Loans	-	18,050,201	-	15,468,985
Subordinated debt instruments	-	-	-	-
Debt instruments to be included in contribution capital calculation	-	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

13. Information on shareholder's equity

13.1. Paid-in capital

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

13.2. Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank; if so the amount of registered share capital

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

13.3. Information on share capital increases and their sources; other information on any increase in capital shares during the current period

None (December 31, 2023 – None).

13.4. Information on share capital increases from revaluation funds

None (December 31, 2023 – None).

13.5. Capital commitments in the last fiscal year and at the end of the following period, the general purpose of these commitments and projected resources required to meet these commitments

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

13.6. Prior periods' indicators related with the Bank's income, profit and liquidity and the possible effects of the uncertainties in these indicators on the Bank's equity

None (December 31, 2023 – None).

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

II. Explanations and Disclosures Related to Liabilities (Continued)

13. Information on shareholder's equity (Continued)

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

None (December 31, 2023 – None).

14. Common stock issue premiums

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

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

15. Securities value increase fund

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Associates, Subsidiaries and Entities under Common Control	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
Securities Measured at Fair Value Through Other Comprehensive Income (FVOCI)	(1,299,287)	(1,128,140)	(383,350)	(1,110,440)
Valuation Difference	(1,299,287)	(1,128,140)	(383,350)	(1,110,440)
Foreign Exchange Rate Difference	-	-	-	-
Total	(1,299,287)	(1,128,140)	(383,350)	(1,110,440)

16. Accrued interest and expenses

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Liabilities	3,496,461	3,828,189	1,436,361	3,490,719
Deposits	20,306,586	243,374	12,924,866	310,841
Funds Borrowed	31,619	2,954,300	19,730	1,548,650
Money Market Borrowings	572,845	752,978	16,905	509,179
Securities Issued	-	11,649,356	-	9,582,323
Other Accruals	1,594,898	1,250,232	1,143,176	1,234,481
Total	26,002,409	20,678,429	15,541,038	16,676,193

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

1. Information related to off-balance sheet contingencies

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	555,332,435	376,605,042
Commitment For Use Guaranteed Credit Allocation	125,307,170	93,560,986
Forward, Asset Purchase Commitments	12,568,190	10,962,370
Other Irrevocable Commitments	12,663,158	6,177,238
Payment Commitments for Cheques	10,389,166	6,684,472
Commitments for Promotions Related with Credit Cards and Banking	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 possible losses and commitments 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. Final guarantees, provisional guarantees, sureties and similar transactions

	Current Period	Prior Period
Bank Loans	13,377,878	13,059,090
Letters of Credit	14,253,272	11,561,897
Total	27,631,250	24,620,987

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

	Current Period	Prior Period
Final Letters of Guarantee	34,593,562	27,300,457
Advance Letters of Guarantee	21,298,322	16,887,172
Provisional 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	35,469,140	31,540,226
Total	94,922,480	78,243,333

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	13,519,339	13,691,699
Less Than or Equal to One Year with Original Maturity	453,733	428,986
More Than One Year with Original Maturity	13,065,606	13,262,713
Other Non-Cash Loans	109,034,391	89,172,621
Total	122,553,730	102,864,320

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	281,878	0.46	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	32.02	30,232,706	48.83	16,773,181	34.52	27,294,734	50.29
Mining and Quarrying	258,002	0.43	38,519	0.06	266,113	0.55	40,035	0.07
Production	17,970,976	29.64	29,602,454	47.81	15,420,248	31.74	26,788,571	49.36
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	20.93	12,065,565	19.49	9,320,457	19.18	10,709,626	19.73
Services	27,537,423	45.41	16,460,647	26.59	21,976,820	45.23	15,376,420	28.33
Wholesale and Retail Trade	18,241,020	30.08	5,604,652	9.05	14,842,936	30.55	6,380,976	11.76
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	2.23
Financial Institutions	3,938,327	6.49	7,905,787	12.77	3,294,322	6.78	5,791,946	10.67
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	1.97	1,177,719	2.42	915,500	1.69
Educational Services	28,214	0.05	-	-	35,652	0.07	-	-
Health and Social Services	1,540,960	2.54	743,623	1.20	583,008	1.20	802,865	1.48
Other	707,632	1.17	3,152,153	5.09	274,876	0.57	893,817	1.65
Total	60,636,860	100.00	61,916,870	100.00	48,589,723	100.00	54,274,597	100.00

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

	I. Group		II. Group	
	TRY	FC	TRY	FC
Current Period (*)				
Letters of Guarantee	54,027,951	39,253,988	662,003	949,264
Bills of Exchange and Acceptances	5,845,024	7,427,611	47,500	57,743
Letters of Credit	25,108	14,219,845	-	8,419
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-Cash Loans	59,898,083	60,901,444	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.

	I. Group		II. Group	
	TRY	FC	TRY	FC
Prior Period (*)				
Letters of Guarantee	43,681,468	32,969,321	408,231	1,156,409
Bills of Exchange and Acceptances	4,385,051	8,441,758	39,500	192,781
Letters of Credit	47,569	11,513,217	-	1,111
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-Cash Loans	48,114,088	52,924,296	447,731	1,350,301

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	505,825,493	536,290,471
Forward transactions ^(*)	73,550,578	62,546,387
Swap transactions	353,671,717	443,564,169
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)	885,024,481	855,635,377
Types of hedging transactions		
Fair value hedges	84,707,775	34,413,172
Cash flow hedges	215,605,684	170,008,995
Net investment hedges	-	-
B.Total Hedging Related Derivatives	300,313,459	204,422,167
Total Derivative Transactions (A+B)	1,185,337,940	1,060,057,544

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

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

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TRY	13,693,795	15,938,787	82,117,254	149,618,177	8,234,492	9,908,258	322,168	10,896,410	-
USD	13,310,178	16,340,557	327,290,728	231,948,178	10,895,479	12,116,253	9,889,976	241,535	-
Euro	8,480,427	4,508,000	51,508,109	133,319,688	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	517,617,011	515,567,153	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	53,595,957	197,555,847	7,212,979	340,337	8,006,635	-	-
USD	6,647,440	21,756,859	342,025,333	190,929,421	520,376	5,008,813	-	6,947,062	1,177,528
Euro	4,263,478	6,310,130	47,136,120	94,146,959	9,153	1,515,464	-	-	-
Other	626,629	423,033	39,540,443	1,223,634	-	-	-	619,096	-
Total	32,133,882	30,412,505	482,297,853	483,855,861	7,742,508	6,864,614	8,006,635	7,566,158	1,177,528

(*) This column also includes hedging purpose derivatives

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

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

5. Information on derivative financial instruments (Continued)

5.1. Fair value hedge accounting

a) Loans

The Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. On June 30, 2024, 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 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), net market valuation difference income of TRY 124,930 was accounted under the "Profit/Loss from Derivative Financial Transactions" account item in the attached financial statements (December 31, 2023 – TRY 7,342 income).

According to TAS 39, fair value hedge accounting definitions, some of the fair value hedge accounting applications ceased. The fair value differences of the hedged loans are amortized through statement of profit or loss and other comprehensive income until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TRY 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.

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

The Bank applies fair value hedge accounting through swaps in order to hedge long term fixed coupon foreign currency eurobonds in its portfolio against interest rate fluctuations. As of the balance sheet date, eurobonds with a nominal value of USD 212,671 Million (December 31, 2023 – USD 212,671 Million) were subject to hedge accounting by interest swaps of the same nominal value. On June 30, 2024, TRY 227,269 loss from the said eurobonds (December 31, 2023 – TRY 17,532 loss) and TRY 237,626 income from swaps (December 31, 2023 – TRY 14,757 income), net market valuation difference income amounting to TRY 10,357, is included in the attached financial statements under the heading "Derivative". It was accounted under the "Income/Loss from Financial Transactions" account item (December 31, 2023 – TRY 2,775 loss).

The Bank does not have a TRY denominated government bond portfolio subject to fair value hedge accounting in the current period (December 31, 2023 – None).

c) Marketable Securities Issued

The Bank applies fair value hedge accounting using interest rate swaps in order to hedge against changes in interest rate with regard to fixed rated, FC denominated securities issued. As of the balance sheet date, bonds with a nominal value of USD 800 Million (December 31, 2023 – USD 300 Million) are subject to hedge accounting with the same nominal amount of swaps. As of June 30, 2024, TRY 277,029 loss from the aforementioned securities (December 31, 2023 – TRY 45,580 loss) and TRY 273,127 income from swaps (December 31, 2023 – TRY 39,605 income), is shown under "Income/Losses From Derivative Transactions" account in the financial statements, with the net market valuation difference loss of 3,902. (December 31, 2023 – TRY 5,102 loss)

5.2. Cash flow hedge accounting

a) Floating Rate Loans

The Bank subjects a certain portion of its floating rate TRY and FX loans to cash flow hedge accounting using interest swaps in order to hedge against changes in market interest rates. The Bank applies efficiency tests for hedge accounting at every balance sheet date, the active parts are accounted under equity in the "Hedge Funds" account line in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the profit or loss.

In this context; as of the balance sheet date, swaps with a nominal amount of USD 565 Million (December 31, 2023 – USD 525 Million) regarding the floating rate TRY loans extended by the Bank are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value loss before tax amounting to TRY 90,219 (December 31, 2023 – TRY 166,065 income) has been accounted for under equity in the current period. The gain amounting to TRY 336 related to the ineffective portion is associated with the profit or loss statement (December 31, 2023 – TRY 531 loss).

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

5. Information on derivative financial instruments (Continued)

5.2. Cash flow hedge accounting (Continued)

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

b) Deposit

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity until 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As of the balance sheet date, swaps amounting to TRY 16,100,000 (December 31, 2023 – TRY 1,405,000) are subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, fair value income before taxes amounting to TRY 183,768 (December 31, 2023 – TRY 24,571 income) are accounted for under equity during the current period. There is no ineffective portion associated with the statement of profit or loss and other comprehensive income (December 31, 2023 – None).

As of the balance sheet date, swaps with a nominal amount of USD 1,696 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 740,866 (December 31, 2023 – TRY 347,876 loss) are accounted for under equity during the current period. The income amounting to TRY 27,435 (December 31, 2023 – TRY 15,970 income) related to the ineffective portion is associated with the statement of profit or loss and other comprehensive income.

c) Floating Rate Liabilities

The Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with floating rate payments from changes in interest rates. In this context; bank applies effectiveness tests for hedge accounting at each balance sheet date, the effective parts are accounted for in the “Hedging Funds” account item under equity in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the profit or loss statement. As of the balance sheet date, swaps with a nominal amount of USD 201 Million (December 31, 2023 – USD 217 Million) are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value income before tax amounting to TRY 9,595 (December 31, 2023 – TRY 249,573 loss) has been accounted for under equity in the current period. The income amounting to TRY 2,521 (December 31, 2023 – TRY 3,790 income) related to the ineffective portion is associated with the profit or loss statement.

On the other hand, accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to this; The valuation effects classified under equity due to hedge accounting are reflected in the statement of profit or loss and other comprehensive income throughout the life of the item subject to hedge accounting. Due to hedge accounting practices terminated in the current year, a loss amounting to TRY 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.

The measurements as of June 30, 2024, hedge of cash flow transactions stated above are determined as effective.

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

6. Credit derivatives and risk exposures on credit derivatives

As of June 30, 2024, the Bank has no commitments "Credit Linked Notes" (As of December 31, 2023 – None).

The Bank does not have "Credit Default Swaps" in the "Other" line in the "Derivative Financial Instruments" section as of June 30, 2024 (December 31, 2023 - USD 40,000,000).

7. Information on contingent liabilities and assets

The Bank has recorded a provision of TRY 41,888 (December 31, 2023 – TRY 74,155) for the lawsuits filed against the Bank with a high probability of occurrence, in accordance with Principle of Prudence. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

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

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

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

MOODY's July 2024		FITCH April 2024	
Appearance	Positive	Long -Term Issuer Default Rating(FC)	B (Positive)
Long-Term Deposit Rating (FC)	Ba3	Short-Term Issuer Default Rating(FC)	B
Long-Term Deposit Rating (TRY)	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 the Statement of Profit or Loss and Other Comprehensive Income

1. a) Information on interest income received from loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term Loans	54,977,651	3,475,193	11,794,286	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 (*)	83,565,109	9,083,346	24,477,923	5,629,861

(*) Includes fee and commission income related to cash loans.

b) Information on interest income from banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank (*)	311,034	-	389	-
Domestic Banks	277,356	-	111,299	-
Foreign Banks	17,531	352,408	2,039	250,425
Foreign Headquarters and Branches	-	-	-	-
Total	605,921	352,408	113,727	250,425

(*) The interest income on Required Reserve amounting TRY 5,182,539 is not included into interest income on Banks (June 30, 2023 – TRY 238,188)

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

1. c) Information on interest income from securities portfolio

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	459,431	28,858
Financial Assets Measured at Fair Value through Other Comprehensive Income	13,208,744	795,920
Financial Assets Measured at Amortized Cost	11,598,364	911,339
Total	25,266,539	1,736,117
	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	46,631	10,427
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,508,594	369,815
Financial Assets Measured at Amortized Cost	6,969,973	659,075
Total	9,525,198	1,039,317

As stated in Section Three disclosure VII. 2, the Bank has inflation indexed (CPI) government bonds in its Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) and Financial Assets Measured at Amortized Cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Republic of Türkiye Ministry of Treasury and Finance, reference index used for the actual payments is determined based on the inflation rates of two months before. In parallel with this, the Bank determines the estimated inflation rate used in the valuation of the related securities. The estimated inflation rate used is updated during the year when deemed necessary. As of 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 Bank's securities valuation differences under shareholders' equity would have decreased by TRY 523,913 after tax, and the net profit for the period would have increased by TRY 2,725,085 to TRY 20,183,655.

d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	489,302	419,986

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	193,530	5,824,274	31,174	2,835,407
T.R. Central Bank	-	-	-	-
Domestic Banks	113,092	24,012	29,266	19,241
Foreign Banks	80,438	5,800,262	1,908	2,816,166
Foreign Head Offices and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	193,530	5,824,274	31,174	2,835,407

(*) Includes fee and commission expenses related to cash loans.

b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	92,484	82,024

c) Information on interest expense paid to securities issued

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest paid to securities issued	436,601	2,672,598	235,413	910,812

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EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT (Continued)

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

2. d) Information on maturity structure of interest expenses on deposits

Current Period									
Account	Demand Deposits	Time Deposits					Over 1 Year	Accumulated Deposit Account	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
Turkish Lira									
Bank Deposits	-	132,826	275,372	10,104	-	-	-	418,302	
Saving Deposits	-	11,628,845	16,527,536	16,209,203	11,042,579	1,234,390	-	56,642,553	
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	-	20,225,940	21,949,303	20,789,755	14,051,371	2,568,062	-	79,584,431	
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	298,749	610,418	334,572	59,465	10,070	-	1,313,293	
Grand Total	25	20,524,683	22,559,721	21,124,327	14,110,836	2,578,132	-	80,897,724	
Prior Period									
Account	Demand Deposits	Time Deposits					Over 1 Year	Accumulated Deposit Account	Total
		Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year				
Turkish Lira									
Bank Deposits	-	37,736	-	-	-	-	-	37,736	
Saving Deposits	-	3,826,358	4,867,352	8,547,857	287,739	219,772	-	17,749,078	
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	-	6,205,205	7,336,197	10,347,598	843,327	567,708	-	25,300,035	
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	6,432,401	7,611,248	10,757,445	883,103	602,004	-	26,287,342	

e) Information on interest expense on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expense on Repurchase Agreements ^(*)	3,322,452	1,314,824	234,748	495,343

(*) Includes "Interest on Money Market Transactions"

f) Information on lease expenses

	Current Period	Prior Period
Leasing Expenses	140,461	68,273

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

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

2. g) Information on interest expense on factoring liabilities

None (December 31, 2023 – None).

3. Information on dividend income

	Current Period	Prior Period
Financial Derivative Assets at Fair Value through Profit/Loss (FVTPL)	13,852	10,513
From Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other	-	-
Total	13,852	10,513

4. Information on trading income/loss

	Current Period	Prior Period
Trading Income	41,403,960	31,479,138
Income on Capital Market Transactions	839,488	2,043,793
From Derivative Financial Instruments	24,971,887	11,192,868
Foreign Exchange Income	15,592,585	18,242,477
Trading Loss (-)	57,819,278	20,296,598
Losses on Capital Market Transactions	322,900	1,024,037
From Derivative Financial Instruments	49,654,488	13,975,980
Foreign Exchange Losses	7,841,890	5,296,581
Net Trading Income/Loss	(16,415,318)	11,182,540

5. Information on other operating income

The Bank recorded the current year collections from loans written off in the previous period, portfolio management fees and expense accrual cancellations in “Other Operating Income” account.

6. Provision for losses and other provision expenses

	Current Period	Prior Period
Expected Credit Loss	6,287,821	6,975,947
12 month expected credit loss (stage 1)	278,910	2,805,952
Significant increase in credit risk (stage 2)	1,241,276	3,859,323
Non-performing loans (stage 3)	4,767,635	310,672
Marketable Securities Impairment Expense	9,664	95
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	9,664	95
Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other ^(*)	(2,331,315)	1,239,174
Total	3,966,170	8,215,216

^(*) Includes free provision income for possible risks amounting to TRY 2,100,000 (June 30, 2023 – TRY 600,000 free provision expense) reversed in the current period.

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

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

7. Information on other operating expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits(*)	228,010	130,999
Depreciation Expenses of Fixed Assets	738,536	430,039
Amortization Expenses of Intangible Assets	347,671	169,520
Other Operating Expenses	3,953,239	2,812,259
<i>Leasing Expenses Related to TFRS 16 Exemptions</i>	4,039	2,270
<i>Maintenance Expenses</i>	703,652	593,698
<i>Advertisement Expenses</i>	340,422	180,021
<i>Other Expenses</i>	2,905,126	2,036,270
Loss on Sales of Assets	133	71
Other	2,702,090	1,166,204
Total	7,969,679	4,709,092

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

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

For the period ended June 30, 2024 net interest income in income items amounting to TRY 31,297,100 (June 30, 2023 – TRY 10,674,008), net fees and commission income amounting to TRY 21,148,535 (June 30, 2023 – TRY 4,776,407) and other operating income amounting to TRY 220,308 (June 30, 2023 – TRY 1,697,316) constitute an important part of the income.

9. Explanations on tax provision for continued and discontinued operations

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

As of June 30, 2024, the Bank has recorded tax charge TRY 4,799,100 (June 30, 2023 – TRY 1,836,494) and a deferred tax loss of TRY 1,231,813 (June 30, 2023 – TRY 2,560,694) and a deferred tax income of TRY 3,805,582 (June 30, 2023 – TRY 4,695,097) from its continuing operations.

9.2. Explanations on operating profit/loss after taxes

None (June 30, 2023 – None).

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

Net profit of the Bank from continued operations is TRY 17,458,570 (June 30, 2023 – TRY 13,994,319)

11. Explanations on net income/loss for the period

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

None (June 30, 2023 – None).

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

None (June 30, 2023 – None).

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

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

11. Explanations on net income/loss for the period (Continued)

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

None (June 30, 2023 – None).

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

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

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

V. Explanations and Disclosures Related to Statement of Changes In Shareholder’s Equity

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

VI. Explanations And Disclosures Related Statement of Cash Flows

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

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

1. Information on the volume of transactions with the Bank’s risk group, lending and deposits outstanding at period end and income and expenses in the current period

1.1. As of June 30, 2024, the Bank’s risk group has deposits amounting to TRY 3,079,924 (December 31, 2023 – TRY 10,144,705), cash loans amounting to TRY 5,714,098 (December 31, 2023 – TRY 4,953,937) and non-cash loans amounting to TRY 2,809,909 (December 31, 2023 – TRY 2,790,533).

Current Period

Bank’s Risk Group ^(*)	Associates and Subsidiaries		Bank’s Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	4,948,468	385,274	-	2,316,570	5,469	88,689
Balance at the End of the Period	5,709,555	441,116	-	2,288,235	4,543	80,558
Interest and Commission Income	489,302	1,347	-	1,079	31,152	68

Prior Period

Bank’s Risk Group ^(*)	Associates and Subsidiaries		Bank’s Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	5,341,116	35,489	-	116,854	4,102	1,349
Balance at the End of the Period	4,948,468	385,274	-	2,316,570	5,469	88,689
Interest and Commission Income	419,986	25,923	-	699	1,027	-

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

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

^(***) Prior Period Balance Represents June 30, 2023 balance.

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

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

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

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposit						
Balance at the Beginning of the Period	1,322,572	1,520,911	-	-	8,822,133	572,625
Balance at the End of the Period	1,448,819	1,322,572	-	-	1,631,105	8,822,133
Interest on deposits ^(***)	92,484	82,024	-	-	442,221	2,304

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

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

^(***) Prior Period Balance Represents June 30, 2023 balance.

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

Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group ^(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	2,088,948	747,471	-	-	-	-
End of the Period	2,237,505	2,088,948	-	-	-	-
Total Income/Loss ^(***)	12,532	(57,325)	-	-	-	48
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss ^(***)	-	-	-	-	-	-

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

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

^(***) Prior Period Balance Represents June 30, 2023 balance.

1.4. Information on benefits provided to top management

As of June 30, 2024, the total amount of remuneration and bonuses paid to top management of the Bank is TRY 440,006 (June 30, 2023 – TRY 300,919).

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

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

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

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

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

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

As of June 30, 2024, cash loans of the risk group represented 0.8% of the Bank's total cash loans (December 31, 2023 – 0.8%), the deposits represented 0.4% of the Bank's total deposits (December 31, 2023 – 1.6%) and derivative transactions represented 0.2% of the Bank's total derivative transactions (December 31, 2023 – 0.2%).

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

The Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş. As of June 30, 2024, the Bank has net finance lease liabilities to QNB Finans Finansal Kiralama A.Ş. amounting to TRY 2,318 (December 31, 2023 – TRY 4,305) relating with finance lease agreements.

The Bank has signed an agreement with Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek Sanayi ve Ticaret A.Ş. regarding research, development, advisory and improvement services.

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the Bank participated 33.33% shareholding, provides cash transfer services to the Bank.

Information about the Bank's subordinated loans is explained under Section 5, Part II. footnote 12.

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

VIII. Other Explanations Related to the Bank's Operations

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

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 Dolar	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 UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION SIX

INTERIM REVIEW REPORT

I. Explanations on the Interim Review Report

The unconsolidated financial statements for the period ended 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 unconsolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None (December 31, 2023 – None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS
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SECTION SEVEN

UNCONSOLIDATED INTERIM ACTIVITY REPORT

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

Message by the Chairman

Dear shareholders,

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 258 billion 883 million. In the same period, net loans recorded an increase of 26 percent, reaching TRY 721 billion 285 million and customer deposits rose by 20 percent, reaching TRY 730 billion 152 million. In the first six months of the year 2024, net profit of our Bank realized at TRY 17 billion 459 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 UNCONSOLIDATED FINANCIAL STATEMENTS
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UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

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 258 billion 883 million. In the same period, net loans rose by 26 percent, reaching TRY 721 billion 285 million, and customer deposits increased by 20 percent, reaching TRY 730 billion 152 million. Our Bank's net profit for the first half of 2024 realized at TRY 17 billion 459 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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UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

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.

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UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

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

Principal Financial Indicators (Million TRY)	June 30, 2024	December 31, 2023
Total Loans	721,285	571,044
Securities	236,224	171,782
Total Assets	1,258,883	987,817
Customer Deposits	730,152	606,466
Equity	98,871	81,618
	June 30, 2024	June 30, 2023
Net interest income	31,297	10,674
Net fees and commission income	21,149	4,776
Provision loans and other Receivables (-)	(3,966)	(8,215)
Profit before tax	19,684	13,696
Tax Provision	(2,225)	298
Net profit for the period	17,459	13,994

As of July 30, 2024, compared to 2023 year-end assets of the Bank increased by 27% and realized TRY 1 trillion 258 billion and 883 million. When compared with the end of year 2023, total loans increased by 26% and reached TRY 721 billion and 285 million while customer deposits increased by 20% and realized by TRY 730 billion and 152 million.

In the first six months of 2024, the Bank's net interest income has reached TRY 31 billion 297 million, while its net fee and commission income has been TRY 21 billion 149 million. The Bank's profit before tax was TRY 19 billion 684 million and its net profit for the period was TRY 17 billion 459 million.

Total shareholders' equity increased by 21% compared with the end of the year and reached to TRY 98 billion 871 million. The capital adequacy ratio of the Bank has been realized as 14.61% as of June 30, 2024.

As of June 30, 2024 the Bank has 12,034 personnel and 436 branches.

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

Assets

The bank which is continuing its customer-oriented activities in 2024, sustained to grow especially in corporate and commercial loans. As of June 30, 2024, total performing loans increased by 26% and reached TRY 721 billion 285 million while total unconsolidated assets increased by 27% and reached TRY 1 trillion 258 billion and 883 million compared to the end of the prior year.

Liabilities

As of June 30, 2024, the Bank's total customer deposits increased by 20% compared to the end of 2023 and reached TRY 730 billion 152 million, while its shareholders' equity increased by 21% compared to the end of 2023 and reached TR 98 billion 871 million.

Profitability

In the first six months of 2024, the Bank's net interest income reached TRY 31 billion 297 million, while its net fee and commission income was TRY 21 billion 149 million. Net profit for the period was TRY 17 billion 459 million.

The Bank operates with 12,034 employees.

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

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

UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

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

Solvency

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

General Grants realized during the Period

General grants realized as of June 30, 2024 was TRY 6,702.

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