

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES AT MARCH 31, 2022**

**TOGETHER WITH AUDITOR'S INTERIM REVIEW REPORT**

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



## 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 March 31 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the three-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

### *Scope of Review*

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



### *Conclusion*

Based on our review nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information does not present fairly in all material respects the unconsolidated financial position of QNB Finansbank Anonim Şirketi at March 31 2022 and its unconsolidated financial performance and its unconsolidated cash flows for the three-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Report on other regulatory requirements arising from legislation*

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

### *Additional Paragraph for Convenience Translation:*

The effects of differences between accounting principles and standards explained in detail in Section Three and accounting principles generally accepted in countries in which the accompanying unconsolidated financial statements are to be distributed and International Financial Reporting Standards (“IFRS”) have not been quantified in the accompanying unconsolidated financial statements. Accordingly, the accompanying unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Talar Gül, SMMM  
Partner

Istanbul, 28 April 2022

**THE UNCONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

The Bank's;  
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E-mail address : [investor.relations@qnbfinansbank.com](mailto:investor.relations@qnbfinansbank.com)

The unconsolidated financial report for the three-month period 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 INTERIM FINANCIAL STATEMENTS
- INTERIM REVIEW REPORT
- INTERIM ACTIVITY REPORT

The accompanying unconsolidated financial statements and related disclosures and footnotes for the three-month period 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 (TRY)**.

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

**Ali Teoman Kerman**  
Member of the Board of  
Directors and Chairman of the  
Audit Committee

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

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

**Durmuş Ali Kuzu**  
Members of the Board of  
Directors and of the  
Audit Committee

**Osman Ömür Tan**  
General Manager  
And Member of the  
Board of Directors

**Adnan Menderes Yayla**  
Executive Vice President  
Responsible for Financial Control and  
Planning

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

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

Name-Surname/Title : Elif Akan / Financial Reporting Manager  
Phone Number : (0 212) 318 57 80  
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# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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### SECTION ONE

#### GENERAL INFORMATION

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

QNB Finansbank Anonim Şirketi (“the Bank”) was incorporated in Istanbul on September 23, 1987. The Bank’s shares have been listed on the Borsa Istanbul (“BIST”) (formerly known as Istanbul Stock Exchange (“ISE”) since 1990.

##### II. Information About the 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 business name within the scope of the main shareholder change and brand strategies. The new logo of the Bank started to be used as of October 20, 2016; the business name started to be used as “QNB FİNANSBANK” with the registration on November 30, 2016 of the General Assembly resolutions dated November 24, 2016. The commercial title of the Bank, which is “FİNANS BANK A.Ş.” is changed as “QNB FİNANSBANK A.Ş.” with the registration on January 19, 2018 of the General Assembly resolutions dated 17 January 2018.

99.88% of shares of QNB Finansbank A.Ş. are controlled by Qatar National Bank as of March 31, 2022 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 30 countries mainly in Middle East and North Africa Regions as well as being the biggest bank of Qatar. Also with respect to total assets, total credits and total deposits QNB is the biggest bank of Middle East and North Africa.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

(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
Sinan Şahinbaş	Deputy Chairman and Executive Member	April 16, 2010	Masters
Ali Teoman Kerman	Board Member and Chairman of the Audit Committee	April 16, 2013	Masters
Ramzi T. A. Mari	Board Member and Audit Committee Member	June 16, 2016	Masters
Fatma Abdulla S.S. Al-Suwaidi	Board Member	June 16, 2016	Masters
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
Yousef Mahmoud H. N. Al-Neama	Board Member	May 28, 2019	Graduate
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	Graduate
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 Kurtuluş	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	Graduate
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
Ahmet Erzençin	Head of the Department of Internal Control and Compliance	September 12, 2012	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

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

#### IV. Information About the Persons And Institutions That Have Qualified Shares

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

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

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of March 31, 2022, the Bank operates through 443 domestic (December 31, 2021 - 442), 1 abroad (December 31, 2021 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2021 - 1) branches. As of March 31, 2022, the Bank has 10,887 employees (December 31, 2021 - 10,944 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
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- V. Statement of Changes in Shareholders' Equity
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**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**QNB FINANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED STATEMENT OF BALANCE SHEET  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

**I. BALANCE SHEET - ASSETS**

		Current Period 31.03.2022			Prior Period 31.12.2021		
		TRY	FC	Total	TRY	FC	Total
<b>Section 5</b>							
<b>Part I</b>							
<b>I.</b>	<b>FINANCIAL ASSETS (NET)</b>	<b>35,674,675</b>	<b>97,919,626</b>	<b>133,594,301</b>	<b>36,875,476</b>	<b>91,014,591</b>	<b>127,890,067</b>
<b>1.1</b>	<b>Cash and Cash Equivalents</b>	<b>3,141,826</b>	<b>84,507,059</b>	<b>87,648,885</b>	<b>7,426,349</b>	<b>78,137,381</b>	<b>85,563,730</b>
1.1.1	Cash and Balances with Central Bank	(1) 2,861,146	69,790,299	72,651,445	7,436,280	62,858,291	70,294,571
1.1.2	Banks	(3) 2,499	14,542,155	14,544,654	822	15,119,582	15,120,404
1.1.3	Money Markets	(4) 283,663	179,784	463,447	-	159,508	159,508
1.1.4	Expected Credit Losses (-)	5,482	5,179	10,661	10,753	-	10,753
<b>1.2</b>	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>(2) 502,904</b>	<b>330,161</b>	<b>833,065</b>	<b>181,903</b>	<b>499,454</b>	<b>681,357</b>
1.2.1	Government Debt Securities	416,677	69,544	486,221	101,865	64,122	165,987
1.2.2	Equity Securities	53,542	-	53,542	47,353	-	47,353
1.2.3	Other Financial Assets	32,685	260,617	293,302	32,685	435,332	468,017
<b>1.3</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>	<b>(5) 14,141,301</b>	<b>10,960,561</b>	<b>25,101,862</b>	<b>9,633,009</b>	<b>10,008,077</b>	<b>19,641,086</b>
1.3.1	Government Debt Securities	14,133,627	10,960,561	25,094,188	9,625,335	10,008,077	19,633,412
1.3.2	Equity Securities	7,674	-	7,674	7,674	-	7,674
1.3.3	Other Financial Assets	-	-	-	-	-	-
<b>1.4</b>	<b>Derivative Financial Assets</b>	<b>(12) 17,888,644</b>	<b>2,121,845</b>	<b>20,010,489</b>	<b>19,634,215</b>	<b>2,369,679</b>	<b>22,003,894</b>
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss	13,959,406	1,796,968	15,756,374	16,419,234	2,225,197	18,644,431
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income	3,929,238	324,877	4,254,115	3,214,981	144,482	3,359,463
<b>II.</b>	<b>FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>	<b>167,256,209</b>	<b>111,721,722</b>	<b>278,977,931</b>	<b>132,561,876</b>	<b>97,907,918</b>	<b>230,469,794</b>
<b>2.1</b>	<b>Loans</b>	<b>(6) 155,121,344</b>	<b>98,620,263</b>	<b>253,741,607</b>	<b>129,816,752</b>	<b>82,927,002</b>	<b>212,743,754</b>
<b>2.2</b>	<b>Lease Receivables</b>	<b>(11) -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.3</b>	<b>Factoring Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2.4</b>	<b>Other Financial Assets Measured at Amortized Cost</b>	<b>(7) 21,584,370</b>	<b>16,644,057</b>	<b>38,228,427</b>	<b>14,876,060</b>	<b>14,980,916</b>	<b>29,856,976</b>
2.4.1	Public Sector Debt Securities	21,584,370	16,083,368	37,667,738	14,876,060	14,417,974	29,294,034
2.4.2	Other Financial Assets	-	560,689	560,689	-	562,942	562,942
<b>2.5</b>	<b>Expected Credit Losses (-)</b>	<b>9,449,505</b>	<b>3,542,598</b>	<b>12,992,103</b>	<b>12,130,936</b>	<b>-</b>	<b>12,130,936</b>
<b>III.</b>	<b>PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b>	<b>(15) -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
3.1	Held for Sale Purpose	-	-	-	-	-	-
3.2	Related to Discontinued Operations	-	-	-	-	-	-
<b>IV.</b>	<b>EQUITY INVESTMENTS</b>	<b>2,648,435</b>	<b>-</b>	<b>2,648,435</b>	<b>2,400,164</b>	<b>-</b>	<b>2,400,164</b>
<b>4.1</b>	<b>Investments in Associates (Net)</b>	<b>(8) 14,855</b>	<b>-</b>	<b>14,855</b>	<b>14,026</b>	<b>-</b>	<b>14,026</b>
4.1.1	Associates Valued Based on Equity Method	-	-	-	-	-	-
4.1.2	Unconsolidated Associates	14,855	-	14,855	14,026	-	14,026
<b>4.2</b>	<b>Subsidiaries (Net)</b>	<b>(9) 2,382,009</b>	<b>-</b>	<b>2,382,009</b>	<b>2,167,844</b>	<b>-</b>	<b>2,167,844</b>
4.2.1	Unconsolidated Financial Subsidiaries	2,343,963	-	2,343,963	2,129,798	-	2,129,798
4.2.2	Unconsolidated Non-Financial Subsidiaries	38,046	-	38,046	38,046	-	38,046
<b>4.3</b>	<b>Joint Ventures (Net)</b>	<b>(10) 251,571</b>	<b>-</b>	<b>251,571</b>	<b>218,294</b>	<b>-</b>	<b>218,294</b>
4.3.1	Joint Ventures Valued Based on Equity Method	-	-	-	-	-	-
4.3.2	Unconsolidated Joint Ventures	251,571	-	251,571	218,294	-	218,294
<b>V.</b>	<b>PROPERTY AND EQUIPMENT (Net)</b>	<b>3,694,863</b>	<b>45</b>	<b>3,694,908</b>	<b>3,660,096</b>	<b>37</b>	<b>3,660,133</b>
<b>VI.</b>	<b>INTANGIBLE ASSETS (Net)</b>	<b>701,394</b>	<b>-</b>	<b>701,394</b>	<b>628,673</b>	<b>-</b>	<b>628,673</b>
6.1	Goodwill	-	-	-	-	-	-
6.2	Other	701,394	-	701,394	628,673	-	628,673
<b>VII.</b>	<b>INVESTMENT PROPERTY (Net)</b>	<b>(13) -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VIII.</b>	<b>CURRENT TAX ASSET</b>	<b>(14) -</b>	<b>-</b>	<b>-</b>	<b>2,040</b>	<b>-</b>	<b>2,040</b>
<b>IX.</b>	<b>DEFERRED TAX ASSET</b>	<b>(14) 1,157,468</b>	<b>-</b>	<b>1,157,468</b>	<b>133,892</b>	<b>-</b>	<b>133,892</b>
<b>X.</b>	<b>OTHER ASSETS (Net)</b>	<b>(16) 4,731,414</b>	<b>163,105</b>	<b>4,894,519</b>	<b>6,052,142</b>	<b>132,336</b>	<b>6,184,478</b>
<b>TOTAL ASSETS</b>		<b>215,864,458</b>	<b>209,804,498</b>	<b>425,668,956</b>	<b>182,314,359</b>	<b>189,054,882</b>	<b>371,369,241</b>

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED STATEMENT OF BALANCE SHEET  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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

	Section 5 Part II	Current Period 31.03.2022			Prior Period 31.12.2021		
		TRY	FC	Total	TRY	FC	Total
<b>I. DEPOSITS</b>	(1)	<b>89,746,953</b>	<b>164,350,987</b>	<b>254,097,940</b>	<b>79,660,507</b>	<b>147,262,712</b>	<b>226,923,219</b>
<b>II. FUNDS BORROWED</b>	(3)	<b>491,975</b>	<b>34,057,123</b>	<b>34,549,098</b>	<b>526,513</b>	<b>26,505,405</b>	<b>27,031,918</b>
<b>III. MONEY MARKETS</b>	(4)	<b>9,572,799</b>	<b>15,991,883</b>	<b>25,564,682</b>	<b>2,302,812</b>	<b>15,717,177</b>	<b>18,019,989</b>
<b>IV. SECURITIES ISSUED (Net)</b>	(5)	<b>5,085,830</b>	<b>28,175,194</b>	<b>33,261,024</b>	<b>4,609,660</b>	<b>23,779,092</b>	<b>28,388,752</b>
4.1 Bills		5,085,830	3,666,276	8,752,106	4,609,660	2,154,632	6,764,292
4.2 Asset Backed Securities		-	-	-	-	-	-
4.3 Bonds		-	24,508,918	24,508,918	-	21,624,460	21,624,460
<b>V. FUNDS</b>		-	-	-	-	-	-
5.1 Borrower Funds		-	-	-	-	-	-
5.2 Other		-	-	-	-	-	-
<b>VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT &amp; LOSS</b>		-	-	-	-	-	-
<b>VII. DERIVATIVE FINANCIAL LIABILITIES</b>		<b>5,309,111</b>	<b>2,063,110</b>	<b>7,372,221</b>	<b>9,160,015</b>	<b>3,292,413</b>	<b>12,452,428</b>
7.1 Derivative Financial Liabilities at Fair Value Through Profit or Loss	(2)	5,167,524	1,883,613	7,051,137	8,982,699	2,623,496	11,606,195
7.2 Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	141,587	179,497	321,084	177,316	668,917	846,233
<b>VIII. FACTORING PAYABLES</b>		-	-	-	-	-	-
<b>IX. LEASE PAYABLES (Net)</b>	(7)	<b>519,448</b>	<b>91</b>	<b>519,539</b>	<b>491,912</b>	<b>777</b>	<b>492,689</b>
<b>X. PROVISIONS</b>	(9)	<b>1,294,776</b>	<b>243,189</b>	<b>1,537,965</b>	<b>1,567,815</b>	-	<b>1,567,815</b>
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		862,490	-	862,490	977,114	-	977,114
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		432,286	243,189	675,475	590,701	-	590,701
<b>XI. CURRENT TAX LIABILITY</b>	(10)	<b>2,179,088</b>	-	<b>2,179,088</b>	-	-	-
<b>XII. DEFERRED TAX LIABILITY</b>		-	-	-	-	-	-
<b>XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b>	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
<b>XIV. SUBORDINATED DEBT INSTRUMENTS</b>	(12)	-	<b>13,621,606</b>	<b>13,621,606</b>	-	<b>11,852,564</b>	<b>11,852,564</b>
14.1 Subordinated Loans		-	13,621,606	13,621,606	-	11,852,564	11,852,564
14.2 Other Debt Instruments		-	-	-	-	-	-
<b>XV. OTHER LIABILITIES</b>		<b>13,085,787</b>	<b>13,557,642</b>	<b>26,643,429</b>	<b>10,570,280</b>	<b>11,925,527</b>	<b>22,495,807</b>
<b>XVI. SHAREHOLDERS' EQUITY</b>		<b>28,437,095</b>	<b>(2,114,731)</b>	<b>26,322,364</b>	<b>24,785,657</b>	<b>(2,641,597)</b>	<b>22,144,060</b>
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		(221,481)	-	(221,481)	(223,943)	-	(223,943)
16.4 Other Comprehensive Income/Expense Items Reclassified to Profit or Loss		1,943,881	(2,114,731)	(170,850)	678,070	(2,641,597)	(1,963,527)
16.5 Profit Reserves		20,980,816	-	20,980,816	17,052,702	-	17,052,702
16.5.1 Legal Reserves		759,020	-	759,020	757,842	-	757,842
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		20,221,796	-	20,221,796	16,294,860	-	16,294,860
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit/Loss		2,383,165	-	2,383,165	3,928,114	-	3,928,114
16.6.1 Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Period's Net Profit/Loss		2,383,165	-	2,383,165	3,928,114	-	3,928,114
16.7 Minority Interest		-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		<b>155,722,862</b>	<b>269,946,094</b>	<b>425,668,956</b>	<b>133,675,171</b>	<b>237,694,070</b>	<b>371,369,241</b>

The accompanying notes are an integral part of these financial statements

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED STATEMENT OF OFF-BALANCE COMMITMENTS AND CONTINGENCIES FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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

	Section 5 Part III	Current Period 31.03.2022			Prior Period 31.12.2021		
		TRY	FC	TOTAL	TRY	FC	TOTAL
<b>A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III)</b>		<b>310,220,407</b>	<b>522,322,750</b>	<b>832,543,157</b>	<b>250,865,291</b>	<b>432,479,100</b>	<b>683,344,391</b>
<b>I. GUARANTEES (1), (2), (3), (4)</b>		<b>15,815,145</b>	<b>36,801,004</b>	<b>52,616,149</b>	<b>13,161,207</b>	<b>34,332,017</b>	<b>47,493,224</b>
1.1. Letters of guarantee		15,221,529	19,990,102	35,211,631	13,025,750	17,491,611	30,517,361
1.1.1. Guarantees subject to State Tender Law		724,300	146,999	871,299	553,377	133,441	686,818
1.1.2. Guarantees given for foreign trade operations		8,212,624	19,843,103	28,055,727	7,285,611	17,358,170	24,643,781
1.1.3. Other letters of guarantee		6,284,605	-	6,284,605	5,186,762	-	5,186,762
1.2. Bank loans		539,389	9,480,572	10,019,961	71,783	8,635,893	8,707,676
1.2.1. Import letter of acceptance		539,389	9,480,572	10,019,961	71,783	8,635,893	8,707,676
1.2.2. Other bank acceptances		-	-	-	-	-	-
1.3. Letters of credit		54,227	7,330,330	7,384,557	63,674	8,204,513	8,268,187
1.3.1. Documentary letters of credit		54,227	6,814,892	6,869,119	63,674	7,424,841	7,488,515
1.3.2. Other letters of credit		-	515,438	515,438	-	779,672	779,672
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		-	-	-	-	-	-
<b>II. COMMITMENTS (1)</b>		<b>175,819,425</b>	<b>29,457,996</b>	<b>205,277,421</b>	<b>150,120,272</b>	<b>5,965,872</b>	<b>156,086,144</b>
2.1. Irrevocable commitments		103,241,322	29,457,996	132,699,318	81,745,417	5,965,872	87,711,289
2.1.1. Forward asset purchase commitments		9,363,511	22,778,137	32,141,648	1,107,989	2,858,065	3,966,054
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		31,890,674	881,424	32,772,098	27,050,703	793,507	27,844,210
2.1.5. Securities underwriting commitments		-	-	-	-	-	-
2.1.6. Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7. Payment commitment for checks		3,720,023	-	3,720,023	2,885,779	-	2,885,779
2.1.8. Tax and fund liabilities from export commitments		36,457	-	36,457	29,314	-	29,314
2.1.9. Commitments for credit card expenditure limits		56,827,002	-	56,827,002	49,733,289	-	49,733,289
2.1.10. Commitments for promotions related with credit cards and banking activities		78,392	-	78,392	71,498	-	71,498
2.1.11. Receivables from short sale commitments		-	-	-	-	-	-
2.1.12. Payables for short sale commitments		-	-	-	-	-	-
2.1.13. Other irrevocable commitments		1,325,263	5,798,435	7,123,698	866,845	2,314,300	3,181,145
2.2. Revocable commitments		72,578,103	-	72,578,103	68,374,855	-	68,374,855
2.2.1. Revocable loan granting commitments		72,578,103	-	72,578,103	68,374,855	-	68,374,855
2.2.2. Irrevocable commitments		-	-	-	-	-	-
<b>III. DERIVATIVE FINANCIAL INSTRUMENTS (5), (6)</b>		<b>118,585,837</b>	<b>456,063,750</b>	<b>574,649,587</b>	<b>87,583,812</b>	<b>392,181,211</b>	<b>479,765,023</b>
3.1. Derivative financial instruments for hedging purposes		23,776,966	125,513,628	149,290,594	12,146,306	102,778,047	114,924,353
3.1.1. Fair value hedge		7,201,098	47,789,278	54,990,376	5,829,388	42,107,334	47,936,722
3.1.2. Cash flow hedge		16,575,868	77,724,350	94,300,218	6,316,918	60,670,713	66,987,631
3.1.3. Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2. Held for trading transactions		94,808,871	330,550,122	425,358,993	75,437,506	289,403,164	364,840,670
3.2.1. Forward foreign currency buy/sell transactions		7,308,515	15,783,775	23,092,290	7,288,292	16,053,812	23,342,104
3.2.1.1. Forward foreign currency transactions-buy		6,979,349	4,284,388	11,263,737	6,377,847	4,862,254	11,240,101
3.2.1.2. Forward foreign currency transactions-sell		329,166	11,499,387	11,828,553	910,445	11,191,558	12,102,003
3.2.2. Swap transactions related to foreign currency and interest rates		83,889,525	308,239,787	392,129,312	66,545,184	268,882,455	335,427,639
3.2.2.1. Foreign currency swap-buy		1,436,106	121,693,170	123,129,276	2,126,829	98,404,122	100,530,951
3.2.2.2. Foreign currency swap-sell		53,276,621	69,556,907	122,833,528	37,918,755	62,467,695	100,386,450
3.2.2.3. Interest rate swaps-buy		14,588,399	58,494,855	73,083,254	13,249,800	54,005,319	67,255,119
3.2.2.4. Interest rate swaps-sell		14,588,399	58,494,855	73,083,254	13,249,800	54,005,319	67,255,119
3.2.3. Foreign currency, interest rate and securities options		3,203,276	4,536,123	7,739,399	1,227,592	2,651,799	3,879,391
3.2.3.1. Foreign currency options-buy		2,097,994	1,777,672	3,875,666	821,817	1,131,799	1,953,616
3.2.3.2. Foreign currency options-sell		1,105,282	2,758,451	3,863,733	405,775	1,520,000	1,925,775
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		407,555	379,399	786,954	376,438	387,573	764,011
3.2.4.1. Foreign currency futures-buy		407,555	-	407,555	361,015	18,895	379,910
3.2.4.2. Foreign currency futures-sell		-	379,399	379,399	15,423	368,678	384,101
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		-	1,611,038	1,611,038	-	1,427,525	1,427,525
<b>B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>		<b>1,289,900,814</b>	<b>551,802,620</b>	<b>1,841,703,434</b>	<b>1,168,863,151</b>	<b>489,419,290</b>	<b>1,658,282,441</b>
<b>IV. ITEMS HELD IN CUSTODY</b>		<b>23,621,376</b>	<b>21,731,824</b>	<b>45,353,200</b>	<b>22,219,062</b>	<b>16,495,503</b>	<b>38,714,565</b>
4.1. Assets under management		8,322,879	-	8,322,879	7,427,814	-	7,427,814
4.2. Investment securities held in custody		1,521,647	15,398,185	16,919,832	1,633,011	11,510,543	13,143,554
4.3. Checks received for collection		11,294,733	4,169,698	15,464,431	10,923,733	3,061,613	13,985,346
4.4. Commercial notes received for collection		2,481,617	1,039,254	3,520,871	2,233,879	920,079	3,153,958
4.5. Other assets received for collection		-	-	-	-	-	-
4.6. Assets received for public offering		-	-	-	-	-	-
4.7. Other items under custody		500	1,124,687	1,125,187	625	1,003,268	1,003,893
4.8. Custodians		-	-	-	-	-	-
<b>V. PLEDGED ITEMS</b>		<b>731,404,552</b>	<b>311,827,300</b>	<b>1,043,231,852</b>	<b>666,936,857</b>	<b>290,504,187</b>	<b>957,441,044</b>
5.1. Marketable securities		5,450,067	18,588,108	24,038,175	5,098,635	18,744,531	23,843,166
5.2. Guarantee notes		616,881	681,954	1,298,835	538,348	602,312	1,140,660
5.3. Commodity		613,682	-	613,682	521,666	-	521,666
5.4. Warranty		-	-	-	-	-	-
5.5. Properties		142,664,058	151,092,029	293,756,087	130,004,304	146,855,545	276,859,849
5.6. Other pledged items		582,059,864	141,465,209	723,525,073	530,773,904	124,301,799	655,075,703
5.7. Pledged items-depository		-	-	-	-	-	-
<b>VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>		<b>534,874,886</b>	<b>218,243,496</b>	<b>753,118,382</b>	<b>479,707,232</b>	<b>182,419,600</b>	<b>662,126,832</b>
<b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b>		<b>1,600,121,221</b>	<b>1,074,125,370</b>	<b>2,674,246,591</b>	<b>1,419,728,442</b>	<b>921,898,390</b>	<b>2,341,626,832</b>

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

**III. STATEMENT OF PROFIT OR LOSS**

	Section 5 Part IV	Current Period 01.01 - 31.03.2022	Prior Period 01.01 - 31.03.2021
<b>I. INTEREST INCOME</b>	<b>(1)</b>	<b>9,467,080</b>	<b>5,089,303</b>
1.1 Interest income on loans		6,896,695	4,211,823
1.2 Interest income on reserve deposits		111,494	58,456
1.3 Interest income on banks		8,048	11,276
1.4 Interest income on money market transactions		12,926	9,533
1.5 Interest income on securities portfolio		2,425,174	791,287
1.5.1 Financial assets measured at FVTPL		14,083	7,405
1.5.2 Financial assets measured at FVOCI		740,093	326,866
1.5.3 Financial assets measured at amortized cost		1,670,998	457,016
1.6 Financial lease income		-	-
1.7 Other interest income		12,743	6,928
<b>II. INTEREST EXPENSE (-)</b>	<b>(2)</b>	<b>4,376,511</b>	<b>2,625,811</b>
2.1 Interest on deposits		2,775,622	1,771,309
2.2 Interest on funds borrowed		490,098	305,875
2.3 Interest on money market transactions		399,984	258,996
2.4 Interest on securities issued		552,175	258,083
2.5 Interests on leaseings		22,441	16,444
2.6 Other interest expenses		136,191	15,104
<b>III. NET INTEREST INCOME (I - II)</b>		<b>5,090,569</b>	<b>2,463,492</b>
<b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>		<b>1,063,604</b>	<b>704,417</b>
4.1 Fees and commissions received		1,444,856	866,313
4.1.1 Non-cash loans		84,092	61,755
4.1.2 Others		1,360,764	804,558
4.2 Fees and commissions paid (-)		381,252	161,896
4.2.1 Non-cash loans		661	636
4.2.2 Others		380,591	161,260
<b>V. DIVIDEND INCOME</b>	<b>(3)</b>	<b>13,276</b>	<b>121</b>
<b>VI. TRADING INCOME / LOSS (Net)</b>	<b>(4)</b>	<b>(492,444)</b>	<b>(974,495)</b>
6.1 Trading gains / losses on securities		33,982	(7,329)
6.2 Gain/losses from derivative transactions		(1,641,161)	(1,260,863)
6.3 Foreign exchange gain / losses		1,114,735	293,697
<b>VII. OTHER OPERATING INCOME</b>	<b>(5)</b>	<b>56,725</b>	<b>147,115</b>
<b>VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)</b>		<b>5,731,730</b>	<b>2,340,650</b>
<b>IX. EXPECTED CREDIT LOSSES (-)</b>	<b>(6)</b>	<b>997,623</b>	<b>538,506</b>
<b>X. OTHER PROVISION LOSSES (-)</b>		<b>88,929</b>	<b>40,950</b>
<b>XI. PERSONNEL EXPENSES (-)</b>		<b>799,626</b>	<b>454,184</b>
<b>XII. OTHER OPERATING EXPENSES (-)</b>	<b>(7)</b>	<b>993,938</b>	<b>619,755</b>
<b>XIII. NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)</b>		<b>2,851,614</b>	<b>687,255</b>
<b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>		-	-
<b>XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>		<b>240,547</b>	<b>143,763</b>
<b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>		-	-
<b>XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)</b>	<b>(8)</b>	<b>3,092,161</b>	<b>831,018</b>
<b>XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>	<b>(9)</b>	<b>708,996</b>	<b>181,192</b>
18.1 Current tax charge		2,181,434	-
18.2 Deferred tax charge (+)		427,731	1,370,916
18.3 Deferred tax credit (-)		(1,900,169)	(1,189,724)
<b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>	<b>(10)</b>	<b>2,383,165</b>	<b>649,826</b>
<b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>		-	-
20.1 Income from assets held for sale		-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3 Others		-	-
<b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>		-	-
21.1 Expenses on assets held for sale		-	-
21.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3 Others		-	-
<b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)</b>		-	-
<b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>		-	-
23.1 Current tax charge		-	-
23.2 Deferred tax charge (+)		-	-
23.3 Deferred tax credit (-)		-	-
<b>XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)</b>		-	-
<b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>	<b>(11)</b>	<b>2,383,165</b>	<b>649,826</b>
25.1 Group's profit/loss		2,383,165	649,826
25.2 Minority interest		-	-
Earnings Per Share		0,0711	0,0194

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

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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

	<b>Current Period</b>	<b>Prior Period</b>
	<b>01.01 – 31.03.2022</b>	<b>01.01 – 31.03.2021</b>
<b>I. CURRENT PERIOD PROFIT/LOSS</b>	<b>2,383,165</b>	<b>649,826</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>1,795,139</b>	<b>(288,730)</b>
<b>2.1 Other Income/Expense Items not Reclassified to Profit or Loss</b>	<b>2,462</b>	<b>541</b>
2.1.1 Revaluation Surplus on Tangible Assets	-	-
2.1.2 Revaluation Surplus on Intangible Assets	-	-
2.1.3 Defined Benefit Plans' Actuarial Gains/Losses	4,049	676
2.1.4 Other Income/Expense Items not Reclassified to Profit or Loss	830	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(2,417)	(135)
<b>2.2 Other Income/Expense Items to Reclassified to Profit or Loss</b>	<b>1,792,677</b>	<b>(289,271)</b>
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	1,454,503	(933,852)
2.2.3 Gains/losses from Cash Flow Hedges	777,724	572,371
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items to Reclassified to Profit or Loss	6,895	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(446,445)	72,210
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>4,178,304</b>	<b>361,096</b>

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

(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES  
ORIGINALLY ISSUED IN TURKISH)

QNB FİNANSBANK ANONİM ŞİRKETİ

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

(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					Section 5 Part V	Paid-in Capital	Share Premium
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Other <sup>(*)</sup>	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Other <sup>(**)</sup>	Prior Period			
Prior Period - 01.01 – 31.03.2021															
I. Prior Period End Balance		3,350,000	714	-	-	-	(106,814)	1,270,721	-	(475,450)	(604,218)	13,199,192	2,588,276	-	19,222,421
II. Correction made as per TAS 8		-	-	-	-	-	-	(1,275,530)	-	643	1,005,344	259,890	-	-	(9,653)
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	(1,275,530)	-	643	1,005,344	259,890	-	-	(9,653)
III. Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	-	(106,814)	(4,809)	-	(475,450)	(603,575)	14,204,536	2,848,166	-	19,212,768
IV. Total Comprehensive Income		-	-	-	-	-	541	-	-	(746,738)	457,467	-	-	649,826	361,096
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		-	-	-	-	-	-	-	-	-	-	2,848,166	(2,848,166)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	2,848,166	(2,848,166)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>3,350,000</b>	<b>714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(106,273)</b>	<b>(4,809)</b>	<b>-</b>	<b>(1,222,188)</b>	<b>(146,108)</b>	<b>17,052,702</b>	<b>-</b>	<b>649,826</b>	<b>19,573,864</b>
Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss															
Other Comprehensive Income/Expense Items Reclassified to Profit or Loss															
	Section 5 Part V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Other <sup>(*)</sup>	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Other <sup>(**)</sup>	Current Period	Section 5 Part V	Paid-in Capital	Share Premium
Current Period - 01.01 – 31.03.2022															
I. Prior Period End Balance		3,350,000	714	-	-	-	(213,835)	(10,108)	-	(1,608,182)	(355,345)	17,052,702	3,928,114	-	22,144,060
II. Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	-	(213,835)	(10,108)	-	(1,608,182)	(355,345)	17,052,702	3,928,114	-	22,144,060
IV. Total Comprehensive Income		-	-	-	-	-	3,239	(777)	-	1,163,602	629,075	-	-	2,383,165	4,178,304
V. Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Increase/Decrease by Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution		-	-	-	-	-	-	-	-	-	-	3,928,114	(3,928,114)	-	-
11.1 Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	3,928,114	(3,928,114)	-	-
11.3 Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of the period (III+IV...+X+XI)</b>		<b>3,350,000</b>	<b>714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(210,596)</b>	<b>(10,885)</b>	<b>-</b>	<b>(444,580)</b>	<b>273,730</b>	<b>20,980,816</b>	<b>-</b>	<b>2,383,165</b>	<b>26,322,364</b>

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

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

(\*\*\*) The restatement of the previous period is related to the Bank's TAS 27 policy, and the details are explained in Note XXVI of Section Three.

The accompanying notes are an integral part of those financial statement.

**(CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AND FOOTNOTES ORIGINALLY ISSUED IN TURKISH)**

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED STATEMENT OF CASH FLOW  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

**VI. STATEMENT OF CASH FLOWS**

	<b>Current Period 01.01 – 31.03.2022</b>	<b>Prior Period 01.01 – 31.03.2021</b>
<b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>		
<b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>	<b>1,711,717</b>	<b>(5,635,814)</b>
1.1.1 Interest Received	7,555,817	4,697,680
1.1.2 Interest Paid	(4,024,047)	(1,764,125)
1.1.3 Dividend Received	13,276	59,166
1.1.4 Fees and Commissions Received	1,454,506	866,640
1.1.5 Other Income	56,725	147,115
1.1.6 Collections From Previously Written Off Loans	576,594	416,891
1.1.7 Payments To Personnel and Service Suppliers	(951,570)	(598,903)
1.1.8 Taxes Paid	(70,674)	(1,292,993)
1.1.9 Others	(2,898,910)	(8,167,285)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>6,193,145</b>	<b>9,563,828</b>
1.2.1 Net (Increase) Decrease in Financial Assets Measured at Fair Value Through Profit/Loss	(153,378)	158,022
1.2.2 Net (Increase) Decrease in Due From Banks	5,566,910	(551,105)
1.2.3 Net (Increase) Decrease in Loans	(30,482,164)	(3,638,042)
1.2.4 Net (Increase) Decrease in Other Assets	(971,970)	103,618
1.2.5 Net Increase (Decrease) in Bank Deposits	(5,463,997)	(344,638)
1.2.6 Net Increase (Decrease) in Other Deposits	19,118,251	11,454,163
1.2.7 Net increase (Decrease) in Financial Liabilities at Fair Value Through Profit or Loss	-	-
1.2.8 Net Increase (Decrease) in Funds Borrowed	4,030,976	(597,731)
1.2.9 Net Increase (Decrease) in Matured Payables	-	-
1.2.10 Net Increase (Decrease) in Other Liabilities	14,548,517	2,979,541
<b>I. Net Cash Provided From / (Used in) Banking Operations</b>	<b>7,904,862</b>	<b>3,928,014</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>II. Net Cash Provided From / (Used in) Investing Activities</b>	<b>(8,249,316)</b>	<b>(380,618)</b>
2.1 Purchase Of Entities Under Common Control, Associates and Subsidiaries	-	-
2.2 Sale of Entities Under Common Control, Associates and Subsidiaries	-	-
2.3 Fixed Assets Purchases	(193,221)	(114,480)
2.4 Fixed Assets Sales	62,473	48,992
2.5 Purchase of Financial Assets Measured at Fair Value Through Other Comprehensive Income	(3,540,116)	(3,896,230)
2.6 Sale of Financial Assets Measured at Fair Value Through Other Comprehensive Income	869,753	3,080,461
2.7 Purchase of Financial Assets Measured at Amortized Cost	(6,233,276)	(955,110)
2.8 Sale of Financial Assets Measured at Amortized Cost	857,793	1,525,243
2.9 Others	(72,722)	(69,494)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>III. Net Cash Provided From / (Used in) Financing Activities</b>	<b>4,994,920</b>	<b>542,150</b>
3.1 Cash Obtained From Funds Borrowed and Securities Issued	3,603,427	2,317,892
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	1,387,883	(1,736,711)
3.3 Capital Increase	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	(1,150)	(3,690)
3.6 Other	4,760	(35,341)
<b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>	<b>2,976,194</b>	<b>2,197,615</b>
<b>V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>	<b>7,626,660</b>	<b>6,287,161</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>47,100,231</b>	<b>15,425,482</b>
<b>VII. Cash and Cash Equivalents at End of the Period (V+VI)</b>	<b>54,726,891</b>	<b>21,712,643</b>

The accompanying notes are an integral part of those financial statement.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

(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 numbered 5411 published in the Official Gazette no,26333 dated Nov 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 and in case where a specific regulation is not made by BRSA and Turkish Accounting Standards published by the Public Oversight Accounting for the format and detail of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated June 28, 2012, and amendments to this Communiqué dated February 1, 2019 which include Turkish Accounting Standard principles.

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

**Explanation For Convenience Translation to English**

The differences between accounting principles, as described in these preceding paragraphs and accounting principles generally accepted in countries in which unconsolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these unconsolidated financial statements. Accordingly, these unconsolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Accounting policies and valuation principles used in the preparation of the interim financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"),and are consistent with the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2021, excluding re-arrangements mentioned in Note VIII.

The accounting policies and valuation principles related with current period are explained in Notes II to XXVI below.

Financial statements are prepared in TRY accordance with the historical cost basis except for financial instruments measured at fair value through profit/loss, financial assets measured at fair value through other comprehensive income, derivative financial assets and liabilities .

The preparation of unconsolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Bank management to exercise its judgment on the assets and liabilities of the balance sheet and contingent matters as of the balance sheet date. These estimates, which include the fair value calculations of financial instruments and impairments of financial assets are being reviewed regularly and, when necessary, suitable corrections are made and the effects of these corrections are reflected to the income statement.

The ongoing COVID-19 pandemic, which has emerged in China, has spread to various countries in the world, causing potentially fatal respiratory infections, negatively affects both regional and global economic conditions, as well as it causes disruptions in operations, especially countries that are exposed to the epidemic. As a result of the spread of COVID-19 around the world, several measures have been taken in our country as well as in the world in order to prevent the spread of the virus and measures are still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

(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)

Since it is aimed to update the most recent financial information in the interim financial statements prepared as of March 31, 2022, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in footnote numbered VIII "Explanations on Expected Provisions for Losses". In the upcoming periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates. In addition, explanations regarding the effects of COVID-19 were disclosed in footnotes numbered III " Information on Associates and Subsidiaries and Entities Under Common Control" and No XV " Explanations on Leasing Transactions".

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies ("TAS 29"), the threshold value to be taken as a basis for determining whether there is hyperinflation in an economy by considering the economies with high inflation and the financial statements of the enterprises whose functional currency is the currency of a hyperinflationary economy are related to inflation. explains how to fix it. On January 20, 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of March 31, 2022, no new announcement has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements for March 31, 2022.

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

In its accompanying unconsolidated financial statements, the Bank announced the Phase 1 amendments to TFRS 9, TAS 39 and TFRS 7 within the scope of the Indicative Interest Rate Reform published by the Public Oversight Authority ("KGK") in the Official Gazette dated Dec 14, 2019 and numbered 30978. It has been implemented since January 1, 2020.

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

Within the scope of the said reform; The Bank has transactions in the field of loans, securities, debt and derivative products and hedge accounting applications. With this; A significant portion of bank transactions are indexed to EURIBOR and USD LIBOR reference interest rates, and EURIBOR continues to be used after the transition. And also; It is anticipated that USD LIBOR rates will continue to be published overnight in 1M, 3M, 6M and 1Y grades until 2023/June.

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

<b>Current Period</b>	<b>Derivative</b>	<b>Non-Derivative Financial Instruments</b>
USD LIBOR	133,501,703	33,655,607
Hedge Accounting Instruments	73,429,114	-
<b>Total</b>	<b>133,501,703</b>	<b>33,655,607</b>

  

<b>Prior Period</b>	<b>Derivative</b>	<b>Non-Derivative Financial Instruments</b>
USD LIBOR	119,086,162	31,030,011
Hedge Accounting Instruments	64,743,012	-
<b>Total</b>	<b>119,086,162</b>	<b>31,030,011</b>

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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**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 1-3 months in line with the sector. Domestic bond issues are realized within the maturity of 6 months and foreign bond issues are based on long maturities with fixed interests. Funds borrowed from abroad mostly bear floating rates and are reprised at an average period of 3-6 months. The Bank diverts its placements to assets with high return and sufficient collaterals. The Bank manages the liquidity structure to meet its liabilities when due by diversifying the funding sources and keeping sufficient cash and cash equivalents. The maturity of fund sources and maturity and yield of placements are considered to the extent possible within the current market conditions and higher return on long-term placements is aimed.

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

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

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

Hedging strategies for foreign exchange risk resulting from other foreign currency transactions are explained in the foreign currency risk section.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

**ACCOUNTING POLICIES (Continued)**

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

**2. Foreign currency transactions**

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

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from transactions that are completed as of March 31, 2022 are translated to TRY by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TRY by using foreign currency exchange rates of the Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency non-monetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

**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 income statement of foreign exchange gains/losses and income/losses from derivative Financial instruments in the income statement. While gain/loss from spot foreign exchange transactions are included in the profit/loss item of foreign exchange gain/loss on balance sheet, profit/loss from derivative transactions (forward, option etc.) for the purpose of hedging related transactions are included in income/loss statement of derivative financial instruments. Therefore, in order to determine the net profit/loss effects of foreign exchange transactions, two balances should be assessed together. As of March 31, 2022, net foreign exchange transaction gain is TRY 1,114,735 (March 31, 2021- TRY 293,697 net foreign exchange transaction gain) when the net interest loss amounting to TRY 1,300,829 (March 31, 2021- TRY 1,179,267 net interest loss) arising from derivative transactions is excluded from the derivative transactions loss amounting to TRY 1,641,161 (March 31, 2021- TRY 1,260,863 derivative transactions loss) and foreign exchange profit amounting to TRY 774,403 (March 31, 2021- TRY 212,101 net foreign exchange profit).

**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, joint ventures 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, joint ventures and affiliates are accounted for using the equity method. also has the opportunity to be accounted for.

TAS 27, as the Bank considers that it is a more reliable and accurate value representation to present its financial subsidiaries in the unconsolidated financial statements of December 31, 2021 by means of the equity method instead of the fair value method, which is affected by the fluctuations in market conditions and for which it is not possible to make a sound calculation in terms of future projections. decided to account according to the equity method within the scope of the application and carried out the application retrospectively within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The relevant amendment is explained in Note XXVI Other Disclosures.

**IV. Explanations on Derivative Financial Assets and Liabilities**

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.

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**ACCOUNTING POLICIES (Continued)**

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

The Bank's derivative instruments held for trading and derivative instruments hedging purpose are classified, measured and accounted in accordance with "IFRS 9" and TAS 39 "Financial Instruments: Recognition and Measurement", respectively. Derivative instruments held for trading and derivative instruments hedging purpose are initially recognized at fair value and subsequently measured at fair value. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit 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 selling.

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

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

**In cash flow hedge accounting:**

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

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

**In fair value hedge accounting:**

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

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

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**ACCOUNTING POLICIES (Continued)**

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

In fair value hedge accounting: (Continued)

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

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

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

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

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

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of March 31, 2022, fair value exchange difference adjustment amounting to TRY 1,163,308 which is shown intangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

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

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

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

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

**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.

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**ACCOUNTING POLICIES (Continued)**

**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.

**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.

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**ACCOUNTING POLICIES (Continued)**

**VII. Explanations and Disclosures on Financial Instruments (Continued)**

**Measurement categories of financial assets and liabilities**

Within the scope of TFRS 9, financial assets are classified in three main categories as listed below::

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

**Financial Assets at the Fair Value Through Profit or Loss:**

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aimed to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and in case of the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement. According to uniform chart of accounts explanations interest income earned on financial asset and the difference between their acquisition costs and amortized costs are recorded as interest income in the statement of profit or loss. The differences between the amortized costs and the fair values of such assets are recorded under trading account income/losses in the statement of profit or loss. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

The Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Bank's business model. In accordance with TFRS 9, the Bank has classified cash flows are solely payments of principal and interest at certain dates under financial assets at fair value through profit and loss related to private purpose loans as of December 2018.

**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 income statement.

"Unrealized gains and losses" arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the "Other Accumulated Comprehensive Income or Expenses Reclassified to Profit or Loss" under shareholders' equity. When the aforementioned securities are collected or disposed, accumulated fair value differences which were reflected under equity, are reflected in the income statement. 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 Turkey Ministry of Treasury and Finance . As disclosed in 'Inflation Indexed Bonds Manual' published by Turkish Republic of Turkey 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.

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**ACCOUNTING POLICIES (Continued)**

**VII. Explanations and Disclosures on Financial Instruments (Continued)**

**Financial Assets at Fair Value Through Other Comprehensive Income: (Continued)**

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

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 income statement 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 income statement.

**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 income statement.

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

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 income statement until the maturity of the hedged loans.

**VIII. Explanations on Expected Credit Losses**

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

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

**Stage 1:**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of March 31, 2022, 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 bad, internal adverse) are evaluated. Each of these scenarios was associated with the different PD and LGD.

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

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

**Probability of Default (PD)**

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

**Loss Given Default (LGD)**

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

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**ACCOUNTING POLICIES (Continued)**

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

**Exposure at Default (EAD):**

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

**Consideration of the Macroeconomic Factors**

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

- Five years credit risk of Turkey,
- Real GDP growth,
- Unemployment rate,
- Inflation rate,
- Five years government bond interest rate of Turkey.

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

The Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on March 31, 2022. Compared to December 31, 2021, the worst-case scenario was increased by 500 basis points, and the weight of the more optimistic negative scenario was decreased by 500 basis points. The calculation made by taking into account the TO/THK change has been reflected in the financial statements as of March 31, 2022. 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 has made individual valuations to eliminate the timing differences and established additional provisions for the sectors and customers whose impact is considered to be high.

This approach, which was preferred for the provision calculations for the first quarter of 2022, will be reviewed in the following reporting periods by considering the effect of the pandemic, the current financial asset 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.

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**ACCOUNTING POLICIES (Continued)**

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

**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 below the absolute threshold value of default are not included in the relative threshold value comparison.

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

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

**Write-off policy**

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

In 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:

- Within the scope of the regulation "5. Classified under "Loans with Group-Loss Characteristics",
- 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 debtor.

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 during the period is TRY 356,501 (December 31, 2021: TRY 126,001), and its effect on the NPL ratio is 0.14% (December 31, 2021: 0.05%). While the NPL ratio is 3.50% (December 31, 2021: 4.21%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 3.64% (December 31, 2021: 4.26%).

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**ACCOUNTING POLICIES (Continued)**

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

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

**X. Derecognition of Financial Instruments**

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

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. When the Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss. Where all risks and rewards of ownership of the asset have not been transferred to another party and the Bank retains control of the asset, the Bank continues to recognize the remaining portion of the asset and liabilities arising from such asset. When the Bank retains substantially all the risks and rewards of ownership of the transferred asset, the transferred asset continues to be recognized in its entirety and the consideration received is recognized as a liability.

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

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

**c) Derecognition of financial liabilities**

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

**d) Reclassification of financial instruments**

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

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

The bank may change the original loan terms (terms, repayment structure, guarantees and sureties) signed before, depending on the borrower's new financing power and structure when the loan cannot be repaid or a potential default is encountered.

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:

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**ACCOUNTING POLICIES (Continued)**

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

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

- 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 as of the date of reclassification.

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. The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

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 28,976,481 (December 31, 2021 - TRY 22,990,663).

As of March 31, 2022 the Bank has no securities that are subject to lending transactions (December 31, 2021 - 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.

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**ACCOUNTING POLICIES (Continued)**

**XII. Explanations on Assets Held for Sale and Discontinued Operations**

In accordance with TFRS 5 (“Assets Held for Sale and Discontinued Operations”), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as “asset held for sale” only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the bank’s control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of March 31, 2022 the Bank has assets held for sale and discontinued operations and it is explained in footnote 1.15. of Section Five.

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

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

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

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

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

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

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

**XIV. Explanations on Tangible Assets**

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

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

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.

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 income statement when the fair value is below the net book value in accordance with “Turkish Accounting Standard on Impairment of Assets” (TAS 36).

Gains or losses resulting from disposals of the tangible assets are recorded in the income statement 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.

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**ACCOUNTING POLICIES (Continued)**

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

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

**XV. Explanations on Leasing Transactions**

With the TFRS 16 Leases Standard, the difference between operating leases and financial leases has disappeared, and fixed assets acquired under finance lease contracts are presented under "Tangible Fixed Assets" on the asset side and under "Financial Lease Payables" on the liability side at the initial date of the lease. 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.

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.

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**ACCOUNTING POLICIES (Continued)**

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

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.

On June 5, 2020, the KGK made amendments to TFRS 16 "Leases" standard by publishing "Concessions Regarding COVID-19" on Lease Payments - "TFRS 16 Leases". With this change, tenants were granted an exemption from not being able to evaluate whether the privileges, which are recognized due to COVID-19 in the lease payments, have been made in the lease. The amendment does not have a significant impact on the financial situation or performance of the Bank.

Due to the Bank's implementation of TFRS 16, assets classified under tangible assets as of March 31, 2022 amounted to TRY 505,660 (December 31, 2021 - TRY 478,814), lease liability amounted to TRY 510,170 (December 31, 2021 - TRY 482,495), financing expense amounted to TRY 22,110 (March 31, 2021 - TRY 15,428) and depreciation expense amounted to TRY 64,820 (March 31, 2021 - TRY 56,819).

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

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

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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”.

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

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

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

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

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

**XVIII. Explanations on Taxation**

**1. Corporate Tax**

According to the Corporate Tax Law No. 5520 published in the Official Gazette dated June 21, 2006 and numbered 26205; While the corporate tax is calculated at the rate of 20% on the corporate income, the 20% rate is applied to the 2018, 2019 and 2020 taxation periods of the institutions (for the institutions designated as a special accounting period, the accounting periods that begin in the relevant year) pursuant to the Provisional Article 10 added to the Corporate Tax Law. ) is applied as 22% for corporate earnings. Prepaid taxes are followed in “Current Tax Liability” or “Current Tax Asset” accounts to be deducted from the corporate tax liability of the relevant year. The corporate tax rate, which was 20% previously, will be applied as 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022 in accordance with the Article 11 of the Law No. 7316 on the Procedure for the Collection of Public Receivables and the Law on Amendments to Certain Laws published in the Official Gazette dated April 22, 2021, and with the temporary Article 13 added to the Corporate Tax Law.

75% of the profits arising from the sale of 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 of time, and 50% of the profits arising from the sale of immovables that are in the assets for the same period of time are stated in the Corporate Tax Law. It is exempt from tax, provided that it is added to the capital or kept in a special fund account in liabilities for 5 years.

Companies calculate advance tax at the rate of 22% for the taxation period of 2020 and 25% for the taxation period of 2021 (20% in the first temporary tax period of 2021) on their quarterly financial profits and declare until the 17th day of the second month following that period. and they pay. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over 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, provided that 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 provisions of the documents subject to stamp duty, whose tax and penalty are time-barred, are used after the statute of limitations expires, the tax receivable of the aforementioned document arises.

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

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**ACCOUNTING POLICIES (Continued)**

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

**1. Corporate Tax (Continued)**

Undistributed profit for the period is not subject to withholding tax if it is added to capital or it is distributed to full-fledged taxpayer corporations. However, with the Council of Ministers' decisions numbered 2009/14593 and 2009/14594; published in the Official Gazette No: 27130 dated February 3, 2009 and based on Corporate Tax Law No: 5520, 15th and 30th Articles, profit distribution for the period is subject to withholding tax by 15%, for full-fledged real person taxpayers, for those who are not responsible for corporate tax and income tax, for those exempt from corporate and income tax (except for those taxed through their businesses or permanent representatives in Turkey) and for foreign based real person taxpayers.

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

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

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

With the Law No. 7394 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, which was published in the Official Gazette dated April 15, 2022 and numbered 31810, and the Law No. With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2022 taxation period. This amendment will be valid in the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 01 July 2022. In the financial statements dated March 31, 2022, 23% has been used in the calculations of the current tax due to the tax rate change taking effect as of April 15, 2022.

**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 Parent Bank's deferred tax, the enacted tax rates that are valid in accordance with the current tax legislation are used in accordance with the tax period for the related items. The Corporate Tax rate, which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Amendment of Certain Laws and the Law on the Collection of Public Claims, published in the Official Gazette on 22 April 2021, numbered 7316. It will be applied as 25% for corporate earnings and 23% for 2022.

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.

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**ACCOUNTING POLICIES (Continued)**

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

**3. Transfer Pricing**

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

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

**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 2022. (December 31, 2021 - None)

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

Confirmed bills of Exchange and acceptances are realized simultaneously with the customer payments and recorded in off-balance sheet accounts as possible debt and commitment, if any.

There are no acceptances and confirmed bills of exchange presented as liabilities against any assets.

**XXII. Explanations on Government Incentives**

As of March 31, 2022 the Bank does not have any government incentives or grants (December 31, 2021 - None).

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**ACCOUNTING POLICIES (Continued)**

**XXIII. Explanations on Segment Reporting**

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

The calculations based on the income statement 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 500,000 or more, multinational companies operating in Turkey, and commercial firms with an annual turnover of TRY 75,000 - 500,000. 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.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### ACCOUNTING POLICIES (Continued)

#### XXIII. Explanations on Segment Reporting (Continued)

Current Period (January 1 - March 31, 2022)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
<b>Operating Income</b>	<b>1,969,057</b>	<b>1,764,440</b>	<b>2,238,780</b>	<b>5,972,277</b>
Dividend Income	-	-	13,276	13,276
P/L from Equity Applied Partnerships	-	-	240,547	240,547
<b>Profit Before Taxes</b>	<b>2,238,922</b>	<b>1,196,818</b>	<b>(357,748)</b>	<b>3,077,992</b>
<b>Provision Tax (-) (*)</b>	<b>-</b>	<b>-</b>	<b>712,322</b>	<b>712,322</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,365,670</b>
<b>Total Assets</b>	<b>61,143,413</b>	<b>104,541,822</b>	<b>92,177,965</b>	<b>272,933,658</b>
Segment Assets	61,143,413	104,541,822	92,177,965	257,863,200
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	2,345,654
Undistributed Assets	-	-	-	12,724,804
<b>Total Liabilities</b>	<b>110,854,717</b>	<b>50,413,854</b>	<b>71,149,652</b>	<b>272,933,658</b>
Segment Liabilities	110,854,717	50,413,854	71,149,652	232,418,223
Undistributed Liabilities	-	-	-	18,771,393
Equity	-	-	-	21,744,042
Other Segment Accounts	<b>648,748</b>	<b>452,002</b>	<b>(3,281)</b>	<b>1,097,469</b>
Capital Expenditures	368,185	256,525	1,512	626,222
Depreciation and Amortization	280,563	195,477	(4,793)	471,247

(\*) Provision tax is not distributed.

Prior Period (January 1 – March 31, 2021)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Bank
<b>Operating Income</b>	<b>1,338,224</b>	<b>1,003,838</b>	<b>142,353</b>	<b>2,484,413</b>
Dividend Income	-	-	121	121
P/L from Equity Applied Partnerships	-	-	143,763	143,763
<b>Profit Before Taxes</b>	<b>1,417,929</b>	<b>149,667</b>	<b>720,963</b>	<b>2,288,559</b>
<b>Provision Tax (-)</b>	<b>-</b>	<b>-</b>	<b>452,735</b>	<b>452,735</b>
<b>Net Profit/Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,835,824</b>
<b>Total Assets</b>	<b>49,111,844</b>	<b>89,490,537</b>	<b>70,811,072</b>	<b>227,253,348</b>
Segment Assets	49,111,844	89,490,537	70,811,072	209,413,453
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	1,892,950
Undistributed Assets	-	-	-	15,946,945
<b>Total Liabilities</b>	<b>88,937,401</b>	<b>37,038,943</b>	<b>67,552,837</b>	<b>227,253,348</b>
Segment Liabilities	88,937,401	37,038,943	67,552,837	193,529,181
Undistributed Liabilities	-	-	-	14,501,746
Equity	-	-	-	19,222,421
<b>Other Segment Accounts</b>	<b>856,951</b>	<b>635,048</b>	<b>(65,032)</b>	<b>1,426,967</b>
Capital Expenditures	615,635	453,994	(48,566)	1,021,063
Depreciation and Amortization	241,316	181,054	(16,466)	405,904

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### ACCOUNTING POLICIES (Continued)

#### XXIV. Explanations on Profit Reserves and Profit Distribution

The General Assembly Meeting of the Bank was held on March 30, 2022. In the Board of Directors meeting, it was decided that profit from 2021 operations to be distributed as follows.

##### 2021 profit distribution table:

<b>Current Year Profit</b>	<b>3,928,114</b>
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	757,842
C – Extraordinary Reserves	3,258,114

#### XXV. Earnings Per Share

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

	<b>Current Period</b>	<b>Prior Period</b>
Net Profit for the Period	2,383,165	649,826
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
<b>Earnings Per Share</b>	<b>0,0711</b>	<b>0,0194</b>

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

Amount of issued bonus shared in 2022 is none (Amount of issued bonus shared in 2021 is none).

#### XXVI. Explanations on Other Matters

TAS 27, as the Bank considers that it is a more reliable and accurate value representation to present its financial subsidiaries in the unconsolidated financial statements of December 31, 2021 by means of the equity method instead of the fair value method, which is affected by the fluctuations in market conditions and for which it is not possible to make a sound calculation in terms of future projections. decided to account according to the equity method within the scope of the application and carried out the application retrospectively within the framework of TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

As a result of the change made in the income statement on March 31, 2021, the dividend income which was TRY 190,888 was TRY 121, and the profit/loss amount from the partnerships with equity management was reflected as TRY 143,763.

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

### SECTION FOUR

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

##### I. Explanations on Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of March 31, 2022 Bank’s total capital has been calculated as TRY 43,153,389 (December 31, 2021 – TRY 37,423,424), capital adequacy ratio is 15.99%. (December 31, 2021 – 15.91%).

In accordance with the BRSA's Decision dated Dec 21, 2021 and numbered 9996, in the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy due to the fluctuations in the financial markets as a result of the COVID-19 epidemic; Banks have the right to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of December 31, 2021, when calculating the monetary assets and non-monetary assets, other than the items in foreign currency measured in historical cost, in accordance with the Turkish Accounting Standards and the related provision amounts. In the event that the net valuation differences of the securities in the portfolio of “Securities at Fair Value Through Other Comprehensive Income” are negative, these differences are not taken into account in the equity amount to be calculated and used for the capital adequacy ratio.

Explanations on Equity:	Current Period March 31, 2022	Prior Period December 31, 2021
<b>COMMON EQUITY TIER 1 CAPITAL</b>		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	20,980,816	17,052,702
Gains recognized in equity as per TAS	1,525,008	298,650
Profit	2,383,165	3,928,114
Current Period Profit	2,383,165	3,928,114
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	829	-
<b>Common Equity Tier 1 Capital Before Deductions</b>	<b>28,240,532</b>	<b>24,630,180</b>
<b>Deductions from Common Equity Tier 1 Capital</b>		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods' losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	620,811	837,044
Improvement costs for operating leasing	78,009	78,386
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	645,207	573,325
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
<b>Total Deductions From Common Equity Tier 1 Capital</b>	<b>1,344,027</b>	<b>1,488,755</b>
The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9	-	130,312
<b>Total Common Equity Tier 1 Capital</b>	<b>26,896,505</b>	<b>23,271,737</b>

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

	Current Period March 31, 2022	Prior Period December 31, 2021
<b>ADDITIONAL TIER I CAPITAL</b>		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	7,689,045	6,813,188
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
<b>Additional Tier I Capital before Deductions</b>	<b>7,689,045</b>	<b>6,813,188</b>
<b>Deductions from Additional Tier I Capital</b>		
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
<b>Transition from the Core Capital to Continue to deduce Components</b>		
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
<b>Total Deductions From Additional Tier I Capital</b>	<b>-</b>	<b>-</b>
<b>Total Additional Tier I Capital</b>	<b>7,689,045</b>	<b>6,813,188</b>
<b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>	<b>34,585,550</b>	<b>30,084,925</b>
<b>TIER II CAPITAL</b>		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	5,638,633	4,996,338
Provisions (Article 8 of the Regulation on the Equity of Banks)	3,044,809	2,665,224
<b>Tier II Capital Before Deductions</b>	<b>8,683,442</b>	<b>7,661,562</b>
<b>Deductions From Tier II Capital</b>		
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
<b>Total Deductions from Tier II Capital</b>	<b>-</b>	<b>-</b>
<b>Total Tier II Capital</b>	<b>8,683,442</b>	<b>7,661,562</b>
<b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>	<b>43,268,992</b>	<b>37,746,487</b>
<b>Deductions from Total Capital</b>		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	6,062	8,140
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 (-)	109,541	314,923
<b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>		
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

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

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

	Current Period March 31, 2022	Prior Period December 31, 2021
<b>TOTAL CAPITAL</b>		
Total Capital	43,153,389	37,423,424
Total Risk Weighted Amounts	269,804,430	235,207,150
<b>Capital Adequacy Ratios</b>		
Core Capital Adequacy Ratio (%)	9.97	9.89
Tier I Capital Adequacy Ratio (%)	12.82	12.79
Capital Adequacy Ratio (%)	15.99	15.91
<b>BUFFERS</b>		
Bank specific total common equity tier I capital ratio (%)	2.51	2.51
<b>a) Capital conservation buffer requirement (%)</b>	2.50	2.50
<b>b) Bank specific counter-cyclical buffer requirement (%)</b>	0.01	0.01
The ratio of Additional Common Equity Tier I capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3.97	3.89
<b>Amounts below the Excess Limits as per the Deduction Principles</b>		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	251,571	218,294
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
<b>Limits related to provisions considered in Tier II calculation</b>		
General provisions for standard based receivables (before tenthousandtwentyfive limitation)	6,395,133	5,588,842
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3,044,809	2,665,224
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
<b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	7,689,045	6,813,188
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	5,638,633	4,996,338
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.	Qatar National Bank Q.P.S.C.
Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Transitional Basel III rules	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	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	7,872	1,885	3,864
Par value of instrument (Currency in million)	7,872	1,885	3,864
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	June 30, 2019	April 1, 2019	May 22, 2017
Perpetual or dated	Undated	Dated	Dated
Original maturity date	-	10 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	5 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons / dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Floating
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.08%	6M LIBOR + 5.75%	6M LIBOR + 3.88%
Existence of a dividend stopper	There will be no interest on the deducted value after the impairment	-	-
Fully discretionary, partially discretionary or mandatory	Optional	-	-

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

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

	1	2	3
Existence of set-up or another incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	Yes
If convertible, conversion trigger(s)	-	Article number 7-2-i of "Own fund regulation"	Article number 7-2-i of "Own fund regulation"
If convertible, fully or partially	-	All of the remaining capital	All of the remaining capital
If convertible, conversion rate	-	(*)	(*)
If convertible, mandatory or optional conversion	-	Optional	Optional
If convertible, specify instrument type convertible into	-	Equity Share	Equity Share
If convertible, specify issuer of instrument it converts into	-	QNB Finansbank A.Ş.	QNB Finansbank A.Ş.
Write-down feature	Yes	None	None
If write-down, write-down trigger(s)	Non-existence of the core capital ratio is less than 5,125%	-	-
If write-down, full or partial	Full and partial	-	-
If write-down, permanent or temporary	Temporary	-	-
If temporary write-down, description of write-up mechanism	Disappearance of non-existence and higher core capital ratio than 5,125 %	-	-
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	After borrowing and contribution capital	After borrowing, before additional capital, the same as other contribution capital	After borrowing, before additional capital, the same as other contribution capital
Incompliance with article number 7 and 8 of "Own fund regulation"	It fulfills the conditions within the Article number 7 of "Own fund regulation"the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation"the Regulation on the Equity of Banks.	It fulfills the conditions within the Article number 8 of "Own fund regulation"the Regulation on the Equity of Banks.
Details of incompliances with article number 7 and 8 of "Own fund regulation"	-	-	-

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

#### II. Explanations On Risk Management

##### 1. GB1 – Overview of risk weighted assets:

	Risk Weighted Amount		Minimum Capital Requirement	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
1 Credit Risk (Excluding Counterparty Credit Risk)	234,521,124	203,244,172	18,761,690	16,259,534
2 Standardized approach	234,521,124	203,244,172	18,761,690	16,259,534
3 Internal rating-based approach	-	-	-	-
4 Counterparty credit risk	9,063,559	9,973,738	725,085	797,899
5 Standardized approach for counterparty credit Risk	9,063,559	9,973,738	725,085	797,899
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	7,347,375	5,239,000	587,790	419,120
17 Standardized approach	7,347,375	5,239,000	587,790	419,120
18 Internal model approaches	-	-	-	-
19 Operational Risk	18,872,372	16,750,240	1,509,790	1,340,019
20 Basic Indicator Approach	18,872,372	16,750,240	1,509,790	1,340,019
21 Standard Approach	-	-	-	-
22 Advanced measurement approach	-	-	-	-
23 The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24 Floor adjustment	-	-	-	-
<b>25 TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)</b>	<b>269,804,430</b>	<b>235,207,150</b>	<b>21,584,355</b>	<b>18,816,572</b>

#### 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.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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 14,6458
Euro purchase rate at the date of the balance sheet	TRY 16,3086

<u>Date</u>	<u>US Dollar</u>	<u>Euro</u>
March 31, 2022	14,6458	16,3086
March 30, 2022	14,7933	16,3117
March 29, 2022	14,8221	16,2620
March 28, 2022	14,8068	16,3136
March 25, 2022	14,8234	16,2825

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

The basic arithmetical average of the Bank's US Dollar and Euro purchase rates for March 2022 are TRY 14,57 and TRY 16,05 respectively.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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 of the Bank (Thousands of TRY)

Current Period	EUR	USD	Other FC	Total
<b>Assets</b>				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(1)</sup>	32,435,361	34,574,265	2,780,673	69,790,299
Due From Banks <sup>(2)</sup>	3,611,290	10,456,508	469,178	14,536,976
Financial Assets at Fair Value through Profit/Loss <sup>(3)</sup>	583,724	941,077	134	1,524,935
Money Market Placements	-	179,784	-	179,784
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	956,818	10,003,743	-	10,960,561
Loans and Receivables <sup>(4)</sup>	59,282,872	35,853,437	325,488	95,461,797
Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)	-	-	-	-
Financial Assets Measured at Amortized Cost	1,235,695	15,408,362	-	16,644,057
Derivative Financial Assets Hedging Purposes	1,520	389,515	-	391,035
Tangible Assets	-	-	45	45
Intangible Assets	-	-	-	-
Other Assets <sup>(5)</sup>	26,242	35,733	1,627	63,602
<b>Total Assets</b>	<b>98,133,522</b>	<b>107,842,424</b>	<b>3,577,145</b>	<b>209,553,091</b>
<b>Liabilities</b>				
Bank Deposits	1,635,912	3,477,598	31,561	5,145,071
Foreign Currency Deposits <sup>(6)</sup>	35,683,468	95,779,320	27,743,128	159,205,916
Money Market Borrowings	1,550,946	14,440,937	-	15,991,883
Funds Provided from Other Financial Institutions	12,299,283	35,379,446	-	47,678,729
Securities Issues	-	23,134,117	5,041,077	28,175,194
Miscellaneous Payables	7,644,964	4,978,384	14,215	12,637,563
Derivative Fin. Liabilities for Hedging Purposes	21,446	722,881	-	744,327
Other Liabilities <sup>(7)</sup>	678,800	1,513,340	1,331	2,193,471
<b>Total Liabilities</b>	<b>59,514,819</b>	<b>179,426,023</b>	<b>32,831,312</b>	<b>271,772,154</b>
<b>Net Balance Sheet Position</b>	<b>38,618,703</b>	<b>(71,583,599)</b>	<b>(29,254,167)</b>	<b>(62,219,063)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(39,988,629)</b>	<b>72,618,589</b>	<b>29,097,376</b>	<b>61,727,336</b>
Financial Derivative Assets	35,585,685	198,721,003	33,550,021	267,856,709
Financial Derivative Liabilities	75,574,314	126,102,414	4,452,645	206,129,373
Non-Cash Loans <sup>(8)</sup>	19,775,590	16,231,460	793,954	36,801,004
<b>Prior Period</b>				
Total Assets	87,952,855	95,988,942	5,424,976	189,366,773
Total Liabilities	51,597,317	160,358,315	28,186,060	240,141,692
<b>Net Balance Sheet Position</b>	<b>36,355,538</b>	<b>(64,369,373)</b>	<b>(22,761,084)</b>	<b>(50,774,919)</b>
<b>Net Off-Balance Sheet Position</b>	<b>(36,160,955)</b>	<b>62,063,449</b>	<b>22,811,068</b>	<b>48,713,562</b>
Financial Derivative Assets	32,278,439	164,612,702	23,228,937	220,120,078
Financial Derivative Liabilities	68,439,394	102,549,253	417,869	171,406,516
Non-Cash Loans	18,384,626	15,231,819	715,572	34,332,017

<sup>(1)</sup> Cash and Balances with TR Central Bank; Other FC include TRY 2,536,414 (December 31, 2021 – TRY 1,587,037) precious metal deposit account.

<sup>(2)</sup> There are foreign bank guarantees amounting to TRY 4,351,552 (December 31, 2021 – TRY 7,481,729 )

<sup>(3)</sup> Exchange rate income accruals of TRY 536,036 (December 31, 2021 – TRY 327,091) for derivative financial instruments are not included.

<sup>(4)</sup> Includes TRY 384,132 (December 31, 2021 – TRY 379,005) FC indexed loans.

<sup>(5)</sup> Does not include FC prepaid expenses amounting to TRY 99,503 (December 31, 2021 – TRY 67,969) as per BRSA's Communique published in Official Gazette no 26085 on Feb 19, 2006.

<sup>(6)</sup> Other foreign currency includes TRY 24,748,992 (December 31, 2021 – TRY 21,599,519) of precious metal deposit account..

<sup>(7)</sup> Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 288,671 (December 31, 2021 – TRY 193,975)

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

#### IV. Explanations on Interest Rate Risk

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

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

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

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

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

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>Current Period</b>							
<b>Assets</b>							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(2)</sup>	32,405,965	-	-	-	-	40,236,782	72,642,747
Due From Banks <sup>(3)</sup>	3,076,751	-	-	-	-	11,466,164	14,542,915
Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>	235,738	110,143	58,501	50,653	24,373	16,110,031	16,589,439
Money Market Placements	463,223	-	-	-	-	-	463,223
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) <sup>(5)</sup>	1,747,224	5,938,228	4,764,039	4,113,147	7,913,303	4,880,036	29,355,977
Loans and Receivables	49,392,342	39,328,344	95,109,997	47,750,716	7,159,737	2,021,340	240,762,476
Financial Assets Measured at Amortized Cost <sup>(6)</sup>	1,448,225	6,505,046	12,625,273	11,672,000	4,447,531	1,517,380	38,215,455
Other Assets	-	-	-	-	-	13,096,724	13,096,724
<b>Total Assets</b>	<b>88,769,468</b>	<b>51,881,761</b>	<b>112,557,810</b>	<b>63,586,516</b>	<b>19,544,944</b>	<b>89,328,457</b>	<b>425,668,956</b>
<b>Liabilities</b>							
Bank Deposits	3,871,360	1,796,714	-	-	-	166,854	5,834,928
Other Deposits	94,312,213	31,045,321	20,323,546	305,781	420	102,275,731	248,263,012
Money Market Borrowings	13,439,331	4,496,237	7,629,114	-	-	-	25,564,682
Miscellaneous Payables	12,637,563	-	-	-	-	8,642,671	21,280,234
Securities Issued	5,727,123	13,346,944	4,651,823	9,535,134	-	-	33,261,024
Funds Borrowed	4,672,233	27,114,424	8,178,711	333,254	7,872,082	-	48,170,704
Other Liabilities <sup>(7)</sup>	389	904	19,354	498,892	-	42,774,833	43,294,372
<b>Total Liabilities</b>	<b>134,660,212</b>	<b>77,800,544</b>	<b>40,802,548</b>	<b>10,673,061</b>	<b>7,872,502</b>	<b>153,860,089</b>	<b>425,668,956</b>
On Balance Sheet Long Position	-	-	71,755,262	52,913,455	11,672,442	-	136,341,159
On Balance Sheet Short Position	(45,890,744)	(25,918,783)	-	-	-	(64,531,632)	(136,341,159)
Off-Balance Sheet Long Position	11,688,444	18,448,064	-	-	-	-	30,136,508
Off-Balance Sheet Short Position	-	-	(1,671,066)	(2,302,917)	(13,037,867)	-	(17,011,850)
<b>Total Position</b>	<b>(34,202,300)</b>	<b>(7,470,719)</b>	<b>70,084,196</b>	<b>50,610,538</b>	<b>(1,365,425)</b>	<b>(64,531,632)</b>	<b>13,124,658</b>

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

<sup>(2)</sup> Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank includes amount of TRY 8,698 expected loss provisions.

<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 1,739.

<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss include TRY 15,756,374 derivative financial assets used for hedging purposes.

<sup>(5)</sup> Financial Assets at Fair Value Through Other Comprehensive Income include TRY 4,254,115 derivative financial assets used for hedging purposes.

<sup>(6)</sup> Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 12,972.

<sup>(7)</sup> Other Liabilities include Derivative Financial Liabilities amounting to TRY 7,372,221.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

#### IV. Explanations on Interest Rate Risk (Continued)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing <sup>(1)</sup>	Total
<b>Prior Period</b>							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(2)</sup>	27,488,643	-	-	-	-	42,798,845	70,287,488
Due From Banks <sup>(3)</sup>	1,152,880	-	-	-	-	13,963,854	15,116,734
Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>	1,015	291,123	22,665	46,998	10,637	18,953,350	19,325,788
Money Market Placements <sup>(5)</sup>	159,508	-	-	-	-	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2,096,919	2,594,641	4,045,221	4,197,504	7,402,282	2,663,982	23,000,549
Loans and Receivables	42,630,390	32,261,945	72,795,492	44,112,402	6,613,966	2,208,416	200,622,611
Financial Assets Measured at Amortized Cost	4,961,252	2,568,882	6,556,088	8,429,626	6,240,942	1,090,393	29,847,183
Other Assets	-	-	-	-	-	13,009,380	13,009,380
<b>Total Assets</b>	<b>78,490,607</b>	<b>37,716,591</b>	<b>83,419,466</b>	<b>56,786,530</b>	<b>20,267,827</b>	<b>94,688,220</b>	<b>371,369,241</b>
Liabilities							
Bank Deposits	11,644,754	688,474	74,417	-	-	569,447	12,977,092
Other Deposits	85,091,893	26,809,133	6,145,884	412,329	326	95,486,562	213,946,127
Money Market Borrowings	5,087,867	9,583,496	3,348,626	-	-	-	18,019,989
Miscellaneous Payables	10,917,332	-	-	-	-	7,002,549	17,919,881
Securities Issued	5,602,803	1,499,034	12,525,753	8,761,162	-	-	28,388,752
Funds Borrowed	1,972,200	22,254,302	7,493,054	348,253	6,816,673	-	38,884,482
Other Liabilities	438	2,051	17,519	472,681	-	40,740,229	41,232,918
<b>Total Liabilities</b>	<b>120,317,287</b>	<b>60,836,490</b>	<b>29,605,253</b>	<b>9,994,425</b>	<b>6,816,999</b>	<b>143,798,787</b>	<b>371,369,241</b>
On Balance Sheet Long Position	-	-	53,814,213	46,792,105	13,450,828	-	114,057,146
On Balance Sheet Short Position	(41,826,680)	(23,119,899)	-	-	-	(49,110,567)	(114,057,146)
Off-Balance Sheet Long Position	8,135,890	18,598,817	-	435,415	-	-	27,170,122
Off-Balance Sheet Short Position	-	-	(2,318,854)	-	(13,500,760)	-	(15,819,614)
<b>Total Position</b>	<b>(33,690,790)</b>	<b>(4,521,082)</b>	<b>51,495,359</b>	<b>47,227,520</b>	<b>(49,932)</b>	<b>(49,110,567)</b>	<b>11,350,508</b>

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

<sup>(2)</sup> Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank includes amount of TRY 7,083 expected loss provisions.

<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 3,670.

<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss include TRY 18,644,431 derivative financial assets used for hedging purposes.

<sup>(5)</sup> Financial Assets at Fair Value Through Other Comprehensive Income include TRY 3,359,463 derivative financial assets used for hedging purposes.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

#### IV. Explanations on Interest Rate Risk (Continued)

##### Average interest rates applied to monetary financial instruments

	EURO (%)	USD (%)	JPY (%)	TRY (%)
<b>Current Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	8.50
Due from Banks	-	0.16	-	-
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	3.71	6.39	-	22.58
Money Market Placements	-	0.52	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.87	5.32	-	22.52
Loans and Receivables	4.11	4.92	1.66	19.12
Financial Assets Measured at Amortized Cost	4.60	5.62	-	34.16
Liabilities				
Bank Deposits	0.71	1.72	-	13.18
Other Deposits	0.67	1.52	0.53	16.19
Money Market Borrowings	(0.44)	1.74	-	14.01
Miscellaneous Payables	(0.39)	-	-	-
Securities Issued	-	5.40	-	16.82
Funds Borrowed	2.23	4.33	-	16.03
<b>Prior Period</b>				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank	-	-	-	8.50
Due from Banks	-	0.07	-	-
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	4.97	4.58	-	21.51
Money Market Placements	-	0.05	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2.87	5.32	-	18.41
Loans and Receivables	4.02	4.86	1.49	18.81
Financial Assets Measured at Amortized Cost	4.60	5.61	-	22.41
Liabilities				
Bank Deposits	0.03	0.61	-	13.96
Other Deposits	0.22	0.81	0.27	18.22
Money Market Borrowings	(0.71)	1.17	-	13.91
Miscellaneous Payables	(0.39)	-	-	-
Securities Issued	-	5.51	-	16.62
Funds Borrowed	2.24	4.52	-	15.82

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

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Carrying Value
<b>1. Investment in Shares- grade A</b>	-	-	-
Quoted Securities	-	-	-
<b>2. Investment in Shares- grade B</b>	-	-	-
Quoted Securities	-	-	-
<b>3. Investment in Shares- grade C</b>	<b>1,303,435</b>	<b>1,303,435</b>	-
Quoted Securities	1,303,435	1,303,435	-
<b>4. Investment in Shares- grade Other (*)</b>	<b>1,345,000</b>	<b>1,289,298</b>	-

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

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses	
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital
1. Private Equity Investments	-	-	-	-	-
2. Quoted Shares	24,429	-	-	-	-
3. Other Shares	-	-	-	-	-
<b>4. Total</b>	<b>24,429</b>	-	-	-	-

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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

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

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

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

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

It is essential for the Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Bank. Liquidity position is evaluated and funding strategy is developed taking into consideration customer based concentration and maturity levels. While developing this strategy, it is aimed to fully utilize funding from long term and consistent resources.

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 FC swap and FC 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.

Due to the financial uncertainty caused by the coronavirus epidemic, undemonstrative liquidity management has been one of the top 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 providing any new funds from the market or by providing very low levels of funding. A new scenario created by observing the financial movements that occurred during the coronavirus epidemic process, and it is observed that the Bank's liquid assets can be converted into cash in order to meet its liquidity needs over 30 days, which is the minimum life span of all scenarios.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

##### Liquidity Coverage Ratio

Current Period – March 31, 2022	Unweighted Amounts (*)		Weighted Amounts (*)	
	TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High Quality Liquid Assets	-	-	89,318,431	62,179,563
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Customers Deposits	168,001,648	107,947,716	15,588,882	10,794,772
3 Stable deposits	24,225,656	-	1,211,283	-
4 Less stable deposits	143,775,992	107,947,716	14,377,599	10,794,772
5 Unsecured Funding other than Retail and Small Business Customers Deposits	63,435,476	45,076,320	33,081,688	22,910,440
6 Operational deposits	1,926,968	644,056	481,742	161,014
7 Non-Operational Deposits	52,838,575	42,544,794	25,780,748	20,880,198
8 Other Unsecured Funding	8,669,933	1,887,470	6,819,198	1,869,228
9 Secured funding	-	-	-	-
10 Other Cash Outflows	47,828,046	13,222,826	47,828,046	13,222,826
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	47,828,046	13,222,826	47,828,046	13,222,826
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	83,351,396	11,328,079	4,167,570	566,404
15 Other irrevocable or conditionally revocable commitments	142,569,059	39,748,621	10,683,939	3,915,981
<b>16 TOTAL CASH OUTFLOWS</b>			<b>111,350,125</b>	<b>51,410,423</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	225,379	342,662	-	-
18 Unsecured Lending Transactions	20,143,185	11,109,128	14,659,135	9,727,100
19 Other contractual cash inflows	47,352,160	37,621,651	47,352,160	37,621,651
<b>20 TOTAL CASH INFLOWS</b>	<b>67,720,724</b>	<b>49,073,441</b>	<b>62,011,295</b>	<b>47,348,751</b>
			<b>Capped Amounts</b>	
<b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>			<b>89,318,431</b>	<b>62,179,563</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>			<b>49,338,830</b>	<b>12,852,606</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>			<b>181.03</b>	<b>483.79</b>

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

(Continued)

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

##### Liquidity Coverage Ratio (Continued)

Prior Period – December 31, 2021	Unweighted Amounts (*)		Weighted Amounts (*)	
	TRY+FC	FC	TRY+FC	FC
<b>HIGH QUALITY LIQUID ASSETS</b>				
1 High Quality Liquid Assets	-	-	60,813,146	42,159,807
<b>CASH OUTFLOWS</b>				
2 Retail and Small Business Customers Deposits	142,445,916	85,890,876	13,107,912	8,589,088
3 Stable deposits	22,733,598	-	1,136,680	-
4 Less stable deposits	119,712,318	85,890,876	11,971,232	8,589,088
5 Unsecured Funding other than Retail and Small Business Customers Deposits	53,088,632	33,169,750	28,190,637	17,673,287
6 Operational deposits	1,835,716	724,319	458,929	181,080
7 Non-Operational Deposits	41,503,111	29,074,970	19,838,642	14,178,884
8 Other Unsecured Funding	9,749,805	3,370,461	7,893,066	3,313,323
9 Secured funding	-	-	-	-
10 Other Cash Outflows	22,697,893	5,332,054	22,697,893	5,332,054
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	22,697,893	5,332,054	22,697,893	5,332,054
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	66,378,356	3,516,584	3,318,918	175,829
15 Other irrevocable or conditionally revocable commitments	123,596,393	33,282,667	9,141,360	3,226,641
<b>16 TOTAL CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>76,456,720</b>	<b>34,996,899</b>
<b>CASH INFLOWS</b>				
17 Secured Lending Transactions	162,765	273,898	-	-
18 Unsecured Lending Transactions	16,599,230	9,206,568	11,943,644	8,140,506
19 Other contractual cash inflows	22,708,639	20,298,391	22,708,639	20,298,392
<b>20 TOTAL CASH INFLOWS</b>	<b>39,470,634</b>	<b>29,778,857</b>	<b>34,652,283</b>	<b>28,438,898</b>
<b>Capped Amounts</b>				
<b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>	<b>-</b>	<b>-</b>	<b>60,813,146</b>	<b>42,159,807</b>
<b>22 TOTAL NET CASH OUTFLOWS</b>	<b>-</b>	<b>-</b>	<b>41,804,437</b>	<b>9,895,194</b>
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>	<b>-</b>	<b>-</b>	<b>145.47</b>	<b>426.06</b>

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

(Continued)

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

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2021 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	197.55	11/03/2022	163.57	07/01/2022	181.07
FC	514.05	11/02/2022	453.15	25/02/2022	484.70

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

All of 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 Turkey Ministry of Treasury that have not been collateralized. Optional use of reserve levels and fluctuations in repo amount lead up to periodical variations in liquidity coverage ratio. Additionally syndication loans and large amount funds such as foreign bond issuances that have less than 1 month to maturity, lead up to short term fall in liquidity coverage ratios.

Funding sources of the Bank mainly consist of deposits which constitute 60% of total liabilities of the bank (December 31, 2021 – 61%) and also include repo, syndication, securitization, securities issued and other instruments including subordinated debts.

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

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 Turkey 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.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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 <sup>(1)</sup>	Total
<b>Assets</b>								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank <sup>(2)</sup>	40,354,184	32,297,261	-	-	-	-	(8,698)	72,642,747
Due from Banks <sup>(3)</sup>	5,916,444	8,628,210	-	-	-	-	(1,739)	14,542,915
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) <sup>(4)</sup>	346,845	942,052	1,180,307	8,545,156	4,607,877	967,202	-	16,589,439
Money Markets Placements <sup>(5)</sup>	-	463,447	-	-	-	-	(224)	463,223
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) <sup>(6)</sup>	7,674	507	357,288	3,168,778	14,232,195	11,589,535	-	29,355,977
Loans and Receivables	-	42,281,096	21,869,594	85,547,526	66,685,868	22,364,612	2,013,780	240,762,476
Financial Assets Measured at Amortized Cost <sup>(7)</sup>	-	-	-	1,892,608	25,346,139	10,989,680	(12,972)	38,215,455
Other Assets	-	3,670,696	-	-	1,232,855	-	8,193,173	13,096,724
<b>Total Assets</b>	<b>46,625,147</b>	<b>88,283,269</b>	<b>23,407,189</b>	<b>99,154,068</b>	<b>112,104,934</b>	<b>45,911,029</b>	<b>10,183,320</b>	<b>425,668,956</b>
<b>Liabilities</b>								
Bank Deposits	166,854	3,871,360	1,796,714	-	-	-	-	5,834,928
Other Deposits	102,275,731	94,312,213	31,045,321	20,323,546	305,781	420	-	248,263,012
Funds Borrowed	-	1,173,168	4,497,700	17,723,530	9,150,837	13,231,910	2,393,559	48,170,704
Money Market Borrowings	-	10,852,970	893,946	9,993,112	3,389,304	435,350	-	25,564,682
Securities Issued	-	2,759,241	13,696,674	6,536,539	10,268,570	-	-	33,261,024
Miscellaneous Payables	-	21,280,234	-	-	-	-	-	21,280,234
Other Liabilities <sup>(8)</sup>	-	6,686,025	699,003	2,324,989	2,112,974	1,431,962	30,039,419	43,294,372
<b>Total Liabilities</b>	<b>102,442,585</b>	<b>140,935,211</b>	<b>52,629,358</b>	<b>56,901,716</b>	<b>25,227,466</b>	<b>15,099,642</b>	<b>32,432,978</b>	<b>425,668,956</b>
<b>Liquidity Excess / (Gap)</b>	<b>(55,817,438)</b>	<b>(52,651,942)</b>	<b>(29,222,169)</b>	<b>42,252,352</b>	<b>86,877,468</b>	<b>30,811,387</b>	<b>(22,249,658)</b>	<b>-</b>
<b>Net Off Balance Sheet Position <sup>(9)</sup></b>								
Receivables from Financial Derivative Instruments	-	(587,763)	267,444	7,955,096	3,360,255	37	-	10,995,069
Liabilities from Derivatives	-	99,023,716	38,031,043	45,015,828	58,088,278	52,663,463	-	292,822,328
<b>Non-cash Loans <sup>(10)</sup></b>	<b>-</b>	<b>1,832,889</b>	<b>4,930,442</b>	<b>12,861,437</b>	<b>4,436,405</b>	<b>373,673</b>	<b>28,181,303</b>	<b>52,616,149</b>
<b>Prior period</b>								
Total Assets	39,224,327	88,742,875	25,302,117	70,336,053	98,901,913	39,857,688	9,004,268	371,369,241
Total Liabilities	96,056,009	131,401,672	35,575,893	44,551,007	17,792,932	15,463,180	30,528,548	371,369,241
<b>Liquidity Excess / (Gap)</b>	<b>(56,831,682)</b>	<b>(42,658,797)</b>	<b>(10,273,776)</b>	<b>25,785,046</b>	<b>81,108,981</b>	<b>24,394,508</b>	<b>(21,524,280)</b>	<b>-</b>
<b>Net-Off Balance Sheet Position <sup>(9)</sup></b>								
Receivables from Derivative Instruments	-	(1,868,846)	2,132,681	3,220,098	5,587,225	37	-	9,071,195
Liabilities from Derivative Instruments	-	72,095,490	34,346,603	41,123,550	47,682,217	49,170,249	-	244,418,109
<b>Non-cash Loans <sup>(10)</sup></b>	<b>-</b>	<b>1,534,845</b>	<b>5,201,610</b>	<b>10,822,178</b>	<b>3,857,735</b>	<b>337,993</b>	<b>25,738,863</b>	<b>47,493,224</b>

<sup>(1)</sup> 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 26,322,364 (December, 31 2021: TRY 22,144,060) and unallocated provisions amounting to TRY 1,537,965 (December 31, 2021: TRY 1,567,815).

<sup>(2)</sup> Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank includes expected loss provisions the amount of TRY 8,698 (December 31, 2021 : TRY 7,083).

<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 1,739 (December 31, 2021: TRY 3,670).

<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss includes TRY 15,756,374 (December 31, 2021 : TRY 18,644,431) fair value derivative financial assets used for Financial Assets at Fair Value Through Profit/Loss.

<sup>(5)</sup> There is no balance at Receivables from Money Markets include the balance of expected loss provisions.

<sup>(6)</sup> Financial Assets at Fair Value Through Other Comprehensive Income includes TRY 4,254,115 (December 31, 2021: TRY 3,359,463) fair value derivative financial assets used for hedging purposes.

<sup>(7)</sup> Financial assets measured at amortized cost include TRY 12,972 (December 31, 2021: TRY 9,793) of expected loss provisions.

<sup>(8)</sup> Other Liabilities includes Derivative Financial Liabilities amounting to TRY 7,372,221 (December 31, 2021 TRY 12,452,428).

<sup>(9)</sup> 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.

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

#### VII. Information Regarding 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 5.62% (December 31, 2021: 5.96%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

	Book Value	
	Current Period (*)	Prior Period (*)
<b>Assets on Balance sheet</b>		
Assets on Balance sheet (except for derivative financial instruments and credit (Assets deducted from capital stock)	379,829,161 690,643	319,780,825 725,830
<b>Total risk amount related to Assets on Balance sheet</b>	<b>379,138,518</b>	<b>319,054,995</b>
<b>Derivative financial instruments and credit derivatives</b>		
Replacement cost of derivative financial instruments and credit derivatives	20,983,427	19,899,502
Potential credit risk amount of derivative financial instruments and credit derivatives	2,787,211	1,898,270
<b>Total risk amount related to derivative financial instruments and credit derivatives</b>	<b>23,770,638</b>	<b>21,797,772</b>
<b>Financial transactions having security or commodity collateral</b>		
Risk amount of financial transactions having security or commodity collateral	529	2,665
Risk amount sourcing from transactions mediated	2,563,802	452,004
<b>Total risk amount related to financial transactions having security or commodity collateral</b>	<b>2,564,331</b>	<b>454,669</b>
<b>Off-Balance sheet Transaction</b>		
Gross nominal amount of off-balance sheet transactions	245,035,640	191,895,841
(Adjustment amount sourcing from multiplying to credit conversion rates)	68,266,422	56,567,997
<b>Total risk amount related to off-balance sheet transactions</b>	<b>176,769,218</b>	<b>135,327,844</b>
<b>Capital and Total Risk</b>		
Core Capital	32,746,459	28,265,345
Amount of total risk	<b>582,242,705</b>	<b>476,635,280</b>
<b>Financial leverage ratio</b>		
Financial leverage ratio	5.62%	5.96%

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

**SECTION FIVE**

**EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS**

**I. Explanations and Disclosures Related to Assets**

**1. a) Cash and balances with the Central Bank of Turkey**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	730,842	6,112,476	678,315	6,245,263
T.R. Central Bank	1,973,739	62,416,239	6,654,230	56,333,197
Other	156,565	1,261,584	103,735	279,831
<b>Total</b>	<b>2,861,146</b>	<b>69,790,299</b>	<b>7,436,280</b>	<b>62,858,291</b>

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	1,973,739	30,118,978	6,654,230	18,465,910
Restricted Time Deposits	-	32,297,261	-	37,867,287
<b>Total</b>	<b>1,973,739</b>	<b>62,416,239</b>	<b>6,654,230</b>	<b>56,333,197</b>

As of March 31, 2022 amount of TRY 8,698 (December 31, 2021: TRY 7,083) provision provided for the account T.R. Central Bank.

As of March 31, 2022, our bank has been appointed to CBRT depending on the maturity structure, the required reserve rates for TRY liabilities vary between 3% and 8% for TRY deposits and other liabilities according to their maturities. The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities. Gold deposit liabilities vary between 22% and 26% for gold liabilities according to their maturities.

Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the Central Bank of the Republic of Turkey. According to the required reserve communiqué, as long as the amount converted to Turkish lira deposits with a maturity of 1 month or longer, foreign currency deposits (including precious metals) existing on June 25, 2021, remain in the Turkish lira time deposit account, the "Turkish Lira Time Deposit Conversion Amount" and benefits from a separate interest rate on the amount. In the period of March 31, 2022, our Bank benefited from 14% interest rate over the Turkish Lira Time Deposit Conversion Amount. For TRY required reserves, excluding the Turkish Lira Time Deposit Conversion Amount, interest was taken using the 8.5% interest rate.

Within the scope of the Communiqué No. 2021/14 on Supporting the Conversion of Turkish Lira Deposit and Participation Accounts, the conversion rate from foreign currency deposit accounts in US dollars, Euros and British Pounds and participation fund accounts in foreign currency to time deposits and participation funds in Turkish lira is 10% as of the obligation date of April 15, 2022. It has been decided not to apply an annual commission of 1.5%, up to the amount required to be kept for their liabilities until the end of 2022, for banks that have reached the level of 20% as of the liability date of September 2, 2022. As of September 2, 2022, the rate of commission to be collected from banks whose conversion rate cannot reach 10% separately for real and legal persons, will be 3%.

**2. Further information on financial assets at fair value through profit/loss (shown with net values)**

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

As of balance sheet date, amount of financial assets at fair value through profit/loss which has given as collateral or blocked is none. (December 31, 2021 – TRY 19,850).

**b) Financial assets at fair value through profit/loss which subject to repurchase agreement**

None (December 31, 2021: None).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

##### c) Positive differences related to derivative financial assets held for trading

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	287,187	-	373,516	-
Swap Transactions	4,364,786	1,317,645	7,657,503	1,729,687
Futures Transactions	-	-	-	-
Options	-	413,165	-	289,303
<b>Total</b>	<b>4,651,973</b>	<b>1,730,810</b>	<b>8,031,019</b>	<b>2,018,990</b>

#### 3. a) Information on banks accounts

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks				
Domestic	2,499	176,252	822	1,203,335
Foreign	-	14,365,903	-	13,916,247
Foreign Head Offices and Branches	-	-	-	-
<b>Total</b>	<b>2,499</b>	<b>14,542,155</b>	<b>822</b>	<b>15,119,582</b>

As of March 31, 2021 amount of TRY 1,739 provision provided for the Bank account (December 31, 2021 – TRY 3,670).

In accordance with the Uniform Chart of Accounts, which became effective as of January 1, 2021, foreign bank guarantees amounting to TRY 5,551,043 as of the balance sheet date, which were among the other assets of the previous period, are reported in the line of foreign banks in the current period, the average maturity of these guarantees is 1 for months.

#### b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	Prior Period	Current Period	Prior Period
EU Countries	4,790,517	1,240,635	5,547,382	7,478,485
USA and Canada	3,897,280	5,046,277	3,661	3,244
OECD Countries (*)	5,684	8,567	-	-
Off-shore Banking Regions	-	-	-	-
Other	121,379	139,039	-	-
<b>Total</b>	<b>8,814,860</b>	<b>6,434,518</b>	<b>5,551,043</b>	<b>7,481,729</b>

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

(\*\*) Foreign banks have collateral for loans used from foreign markets. (December 31, 2021 – None).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

#### 4. Information on Receivables from Reverse Repurchase Agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Domestic Transactions</b>	-	-	-	-
T.R Central Bank	-	-	-	-
Banks	-	-	-	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organization	-	-	-	-
Real Persons	-	-	-	-
<b>Foreign Transactions</b>	-	179,784	-	159,508
Central Banks	-	-	-	-
Banks	-	179,784	-	159,508
Intermediary Institutions	-	-	-	-
Other Financial Institutions and Organizations	-	-	-	-
Other Institutions and Organizations	-	-	-	-
Real Persons	-	-	-	-
<b>Total</b>	-	179,784	-	159,508

#### 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	2,435,624	2,178,436	3,200,224	2,244,960
Subject to repurchase agreements	346,245	7,673,115	498,884	7,553,683
<b>Total</b>	<b>2,781,869</b>	<b>9,851,551</b>	<b>3,699,108</b>	<b>9,798,643</b>

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

	Current Period	Prior Period
<b>Debt securities</b>	<b>26,787,796</b>	<b>20,978,048</b>
Quoted on a stock exchange (*)	26,787,796	20,978,048
Unquoted on a stock exchange	-	-
<b>Share certificates</b>	<b>7,781</b>	<b>7,781</b>
Quoted on a stock exchange	-	-
Unquoted on a stock exchange	7,781	7,781
<b>Impairment provision(-)**</b>	<b>(1,693,715)</b>	<b>(1,344,743)</b>
<b>Total</b>	<b>25,101,862</b>	<b>19,641,086</b>

(\*) The Eurobond Portfolio amounting to TRY 4,983,761 (December 31, 2021 – TRY 4,561,219) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009.

(\*\*) As of March 31, 2022 amount of TRY 3,395 (December 31, 2021 – TRY 2,815) provision provided for financial assets measured at fair value through other comprehensive income account.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

##### 6. Information related to loans

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

	Current Period		Prior Period	
	Cash	Non-Cash	Cash	Non-Cash
<b>Direct Loans Granted to Shareholders</b>	-	<b>91,536</b>	-	<b>55,271</b>
Corporate Shareholders	-	91,536	-	55,271
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	-	-	-	-
<b>Loans Granted to Employees(*)</b>	<b>162,004</b>	-	<b>170,379</b>	-
<b>Total</b>	<b>162,004</b>	<b>91,536</b>	<b>170,379</b>	<b>55,271</b>

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

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

##### b.1) Financial assets measured at amortized cost

Cash Loans	Standard Loans and Other Receivables	Loans Under Close Monitoring		
		Loans and Receivables Not Subject to restructuring	Restructured Loans and Receivables with Revised Contract	
			Terms	Refinance
<b>Non-specialized Loans</b>	<b>224,412,724</b>	<b>10,686,201</b>	<b>549,962</b>	<b>9,212,533</b>
Enterprise Loans	18,722,061	24,910	-	-
Export Loans	24,673,450	23,427	-	-
Import Loans	-	-	-	-
Loans Given to Financial Sector	6,433,339	333	-	-
Retail Loans	40,040,229	1,378,231	152,950	860,186
Credit Cards	31,933,496	2,043,581	-	416,787
Other	102,610,149	7,215,719	397,012	7,935,560
<b>Specialized Loans</b>	-	-	-	-
<b>Other Receivables</b>	-	-	-	-
<b>Total</b>	<b>224,412,724</b>	<b>10,686,201</b>	<b>549,962</b>	<b>9,212,533</b>

	Standard Loans	Loans Under Close Monitoring
<b>Current Period</b>		
Provision for 12 Month Expected Credit Losses	2,447,453	-
Significant Increase in Credit Risk	-	3,665,271
<b>Prior Period</b>		
Provision for 12 Month Expected Credit Losses	2,093,107	-
Significant Increase in Credit Risk	-	3,267,407

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

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

##### b.2) Loans measured at fair value through profit/loss

In the current period, the Bank has no loans followed under financial assets at fair value through profit or loss in accordance with TFRS 9 (December 31, 2021 – TRY 209,670). As of March 31, 2022, Türk Telekomünikasyon A.Ş., owned by LYY Telekomünikasyon A.Ş. 192,500,000,000 Group A registered shares representing 55% of its capital were sold to the Turkey Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan corresponding to the Bank's share was closed. LYY's Türk Telekom Telekomünikasyon A.Ş. After the transfer of its shares to the Turkey Wealth Fund, the loan (TRY 353 million) was classified under the loans as loss, since it was no longer possible to make the principal and interest payments to our Bank, and the receivables, which were subsequently fully provisioned, were written off from the assets.

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

Cash Loans	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Loans Not Subject to Restructuring
Short-term Loans	99,723,904	2,043,581	416,787
Medium and Long-term Loans	124,688,820	8,642,620	9,345,708
<b>Total</b>	<b>224,412,724</b>	<b>10,686,201</b>	<b>9,762,495</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

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

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

	Short Term	Medium and Long Term	Total
<b>Consumer Loans-TRY</b>	<b>2,195,956</b>	<b>36,695,986</b>	<b>38,891,942</b>
Housing Loans	2,084	3,360,787	3,362,871
Automobile Loans	281	15,100	15,381
Personal Need Loans	2,193,591	33,320,099	35,513,690
Other	-	-	-
<b>Consumer Loans-FC Indexed</b>	<b>-</b>	<b>1,434</b>	<b>1,434</b>
Housing Loans	-	1,273	1,273
Automobile Loans	-	-	-
Personal Need Loans	-	161	161
Other	-	-	-
<b>Consumer Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
<b>Individual Credit Cards-TRY</b>	<b>24,904,943</b>	<b>453,455</b>	<b>25,358,398</b>
Installment	8,873,796	321,194	9,194,990
Non- Installment	16,031,147	132,261	16,163,408
<b>Individual Credit Cards-FC</b>	<b>55,934</b>	<b>81</b>	<b>56,015</b>
Installment	-	-	-
Non- Installment	55,934	81	56,015
<b>Personnel Loans-TRY</b>	<b>7,298</b>	<b>85,118</b>	<b>92,416</b>
Housing Loans	-	44	44
Automobile Loans	-	-	-
Personal Need Loans	7,298	85,074	92,372
Other	-	-	-
<b>Personnel Loans-FC Indexed</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
<b>Personnel Loans-FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
<b>Personnel Credit Cards-TRY</b>	<b>65,475</b>	<b>540</b>	<b>66,015</b>
Installment	24,627	203	24,830
Non-Installment	40,848	337	41,185
<b>Personnel Credit Cards-FC</b>	<b>134</b>	<b>-</b>	<b>134</b>
Installment	-	-	-
Non-Installment	134	-	134
<b>Overdraft Accounts-TRY (Real Persons)</b>	<b>3,305,917</b>	<b>139,887</b>	<b>3,445,804</b>
<b>Overdraft Accounts-FC (Real Persons)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>30,535,657</b>	<b>37,376,501</b>	<b>67,912,158</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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

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

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

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

	Short Term	Medium and Long Term	Total
<b>Commercial Loans with Installment Facility – TRY</b>	<b>1,315,724</b>	<b>20,139,111</b>	<b>21,454,835</b>
Real Estate Loans	-	207,952	207,952
Automobile Loans	41,770	786,878	828,648
Personal Need Loans	1,273,954	19,144,281	20,418,235
Other	-	-	-
<b>Commercial Loans with Installment Facility - FC Indexed</b>	<b>-</b>	<b>367,134</b>	<b>367,134</b>
Real Estate Loans	-	1,847	1,847
Automobile Loans	-	-	-
Personal Need Loans	-	365,287	365,287
Other	-	-	-
<b>Commercial Loans with Installment Facility – FC</b>	<b>-</b>	<b>-</b>	<b>-</b>
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
<b>Corporate Credit Cards –TRY</b>	<b>8,755,839</b>	<b>151,587</b>	<b>8,907,426</b>
Installment	3,610,995	109,141	3,720,136
Non-Installment	5,144,844	42,446	5,187,290
<b>Corporate Credit Cards –FC</b>	<b>5,868</b>	<b>8</b>	<b>5,876</b>
Installment	-	-	-
Non-Installment	5,868	8	5,876
<b>Overdraft Accounts-TRY (Legal Entities)</b>	<b>1,429,675</b>	<b>7,167</b>	<b>1,436,842</b>
<b>Overdraft Accounts-FC (Legal Entities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>11,507,106</b>	<b>20,665,007</b>	<b>32,172,113</b>

##### f) Allocation of loans to customers<sup>(\*)</sup>

	Current Period	Prior Period
Public	101,703	127,577
Private	244,759,717	203,647,133
<b>Total</b>	<b>244,861,420</b>	<b>203,774,710</b>

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

##### g) Allocation of domestic and foreign loans<sup>(\*)</sup>

	Current Period	Prior Period
Domestic Loans	243,358,821	202,117,091
Foreign Loans	1,502,599	1,657,619
<b>Total</b>	<b>244,861,420</b>	<b>203,774,710</b>

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

##### h) Loans granted to subsidiaries and associates

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	3,061,888	2,202,964
Indirect Loans Granted to Subsidiaries and Associates	-	-
<b>Total</b>	<b>3,061,888</b>	<b>2,202,964</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

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

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

	Current Period	Prior Period
<b>Provisions</b>		
Loans and Receivables with Limited Collectability	460,477	608,541
Doubtful Loans and Other Receivables	602,054	440,090
Uncollectible Loans and Receivables	5,803,876	5,711,998
<b>Total</b>	<b>6,866,407</b>	<b>6,760,629</b>

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

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

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Current Period</b>			
Gross Amounts Before the Provisions	703	3,060	323,069
Restructured Loans	703	3,060	323,069
<b>Prior Period</b>			
Gross Amounts Before the Provisions	580	592	191,581
Restructured Loans	580	592	191,581

##### j.2) Movement of total non-performing loans

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and other receivables
<b>Prior Period End Balance</b>	<b>1,098,553</b>	<b>716,284</b>	<b>7,154,207</b>
Additions (+)	455,139	9,504	379,595
Transfers from Other Categories of Non-Performing Loans (+)	-	600,231	299,832
Transfers to Other Categories of Non-Performing Loans (-)	600,231	299,832	-
Collections (-)	100,405	89,284	386,905
Write-offs (-)	-	-	356,501
<b>Debt Sales (-)</b>	-	-	-
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
<b>Current Period End Balance</b>	<b>853,056</b>	<b>936,903</b>	<b>7,090,228</b>
Provision (-)	460,477	602,054	5,803,876
<b>Net Balances on Balance Sheet</b>	<b>392,579</b>	<b>334,849</b>	<b>1,286,352</b>

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

None (December 31, 2021- None).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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
<b>Current Period (Net)</b>	<b>392,579</b>	<b>334,849</b>	<b>1,286,352</b>
Loans to Real Persons and Legal Entities (Gross)	853,056	936,903	6,933,677
Provision (-)	460,477	602,054	5,647,325
Loans to Real Persons and Legal Entities (Net)	392,579	334,849	1,286,352
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156,551
Provision (-)	-	-	156,551
Other Loans and Receivables (Net)	-	-	-
<b>Prior Period (Net)</b>	<b>490,012</b>	<b>276,194</b>	<b>1,442,209</b>
Loans to Real Persons and Legal Entities (Gross)	1,098,553	716,284	7,009,968
Specific provision (-)	608,541	440,090	5,567,759
Loans to Real Persons and Legal Entities (Net)	490,012	276,194	1,442,209
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	144,239
Specific provision (-)	-	-	144,239
Other Loans and Receivables (Net)	-	-	-

	III. Group Loans and receivables with limited collectability	IV. Group Loans and receivables with doubtful collectability	V. Group Uncollectible loans and other receivables
<b>Current Period (Net)</b>			
Interest Accruals and Valuation Differences	100,404	171,508	1,187,663
Provision (-)	49,201	96,711	811,237
<b>Prior Period (Net)</b>			
Interest Accruals and Valuation Differences	199,336	86,316	1,195,269
Provision (-)	110,170	40,115	791,012

#### 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) Educational training for the deletion policy

The Bank's general policy regarding the write-off of NPLs is explained in Note VIII of Section Three.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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	1,125,900	286,545	1,261,325	635,643
Subject to repurchase agreements	6,283,754	14,673,367	1,506,303	13,431,793
<b>Total</b>	<b>7,409,654</b>	<b>14,959,912</b>	<b>2,767,628</b>	<b>14,067,436</b>

##### b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Government Bond	21,584,370	15,796,666	14,876,060	14,162,999
Treasury Bill	-	-	-	-
Other Debt Securities	-	286,702	-	254,975
<b>Total</b>	<b>21,584,370</b>	<b>16,083,368</b>	<b>14,876,060</b>	<b>14,417,974</b>

##### c) Information on investment securities measured at amortized cost

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Debt Securities</b>	<b>21,584,370</b>	<b>16,644,057</b>	<b>14,876,060</b>	<b>14,980,916</b>
Publicly-traded	21,584,370	16,644,057	14,876,060	14,980,916
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
<b>Total</b>	<b>21,584,370</b>	<b>16,644,057</b>	<b>14,876,060</b>	<b>14,980,916</b>

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

	Current Period	Prior Period
<b>Value at the beginning of the period</b>	<b>29,856,976</b>	<b>18,743,356</b>
Exchange differences on monetary assets	1,864,512	6,418,170
Acquisitions during the year	6,233,276	5,543,888
Disposals through sales and redemptions	(857,793)	(2,609,710)
Provision for losses (-)	-	-
Valuation effect	1,131,456	1,761,272
<b>The sum of end of the period</b>	<b>38,228,427</b>	<b>29,856,976</b>

As of March 31, 2022, a provision amounting to TRY 12,972 (December 31, 2021 – TRY 9,793) is provided for the financial assets measured at amortized cost.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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 (%)
Bankalararası Kart Merkezi (BKM) (*)	Istanbul/Turkey	4.52	4.52
Ulusal Derecelendirme A.Ş. (**)	Istanbul/Turkey	2.86	2.86

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
299,199	397,536	96,050	27,496	-	93,651	53,042	-
451,244	371,943	85,962	39,235	-	137,293	2,467	-

(\*) Current period information is based on December 31, 2021 financials. Prior period profit and loss amounts are based on December 31, 2020 financials.

(\*\*) Current period information is based on December 31, 2021 financials. Prior period profit and loss amounts are based on December 31, 2020 financials.

##### b) Information on the consolidated subsidiaries

None (December 31, 2021 – None).

#### 8.2. Movements of investments in associates

	Current Period	Prior Period
<b>Balance at the Beginning of Period</b>	<b>14,026</b>	<b>14,026</b>
<b>Movements During the Period</b>	<b>829</b>	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends From Current Year Profit	829	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
<b>Balance at the End of the Period</b>	<b>14,855</b>	<b>14,026</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the End of the Period (%)</b>	-	-

#### 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	14,855	14,026
<b>Total</b>	<b>14,855</b>	<b>14,026</b>

#### 8.4. Quoted Associates

None (December 31, 2021 - None).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

#### 01. Explanations and Disclosures Related to Assets (Continued)

##### 8.5. Valuation methods of investments in associates

	Current Period	Prior Period
Valued at Cost	14,855	14,026
Valued at Fair Value	-	-
Valued at Equity Method	-	-
<b>Total</b>	<b>14,855</b>	<b>14,026</b>

#### 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. <sup>(*)</sup>	Istanbul/Turkey	99.91	99.99
2. EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş. <sup>(*)</sup>	Istanbul/Turkey	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.	129,952	(6,247)	40,703	-	-	(8,864)	2,934	-
2.	66,755	38,360	11,056	1,378	-	8,942	3,003	-

<sup>(\*)</sup> Current period information is presented as of March 31, 2022, and prior period profit and loss amounts are based on the financial statements prepared as of March 31, 2021.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

#### 9. Investments in subsidiaries (Net) (Continued)

##### b) Information on the consolidated subsidiaries

##### b.1) Information on the consolidated subsidiaries

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

Information on subsidiaries in the order presented in the table above

	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 <sup>(*)</sup>
1.	1,213,773	625,595	21,585	52,426	3,309	77,234	57,895	-
2.	13,428,668	1,311,301	20,811	288,504	-	73,470	39,130	-
3.	135,745	128,095	1,306	1,663	-	11,144	2,984	-
4.	5,371,241	306,523	15,294	207,946	-	45,875	14,797	-
5.	51,923	383	-	-	-	-	(56)	-

##### b.2) Movement exchange for consolidated subsidiaries:

	Current Period	Prior Period
<b>Balance at the beginning of the period</b>	<b>2,129,798</b>	<b>1,645,370</b>
<b>Movements during the period</b>	<b>214,165</b>	<b>484,428</b>
Bonus Shares Received	-	-
Purchases <sup>(*)</sup>	-	-
Dividends from Current Year Profit	-	-
Disposals <sup>(**)</sup>	-	(25,651)
Revaluation Increase	214,165	510,079
Impairment Provision	-	-
<b>Balance at the End of the Period</b>	<b>2,343,963</b>	<b>2,129,798</b>
<b>Capital Commitments</b>	-	-
<b>Share Percentage at the end of the Period (%)</b>	-	-

<sup>(\*)</sup> It is the amount of the sale transaction realized pursuant to the decision of the Board of Directors taken on October 19, 2020 of Kendial Finansman A.Ş. As of the balance sheet date, the said sale transaction was completed on May 31, 2021.

<sup>(\*\*)</sup> Includes equity method accounting differences.

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

	Current Period	Prior Period
Factoring Companies	306,523	260,648
Leasing Companies	1,303,435	1,230,205
Finance Companies	-	-
Other Subsidiaries	734,005	638,945
<b>Total</b>	<b>2,343,963</b>	<b>2,129,798</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

#### 9. Investments in subsidiaries (Net) (Continued)

##### b.4) Subsidiaries quoted on stock exchange

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	1,303,435	1,230,205
Quoted on International Stock Exchanges	-	-
<b>Total</b>	<b>1,303,435</b>	<b>1,230,205</b>

##### b.5) Explanation to capital adequacy of the significant subsidiaries

The Bank does not have any significant subsidiaries.

#### 10. Information on joint ventures

Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank's Risk Group Share (%)
1. Cigna Sağlık, Hayat ve Emeklilik A.Ş. (**)	Istanbul/Turkey	49.00	49.00
2. Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (**)	Istanbul/Turkey	33.33	33.33

	Total Assets	Shareholder s' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1. (*)	2,633,899	398,648	43,523	-	-	45,496	41,005	-
2.	222,886	137,811	57,669	-	-	(4,942)	3,145	-

(\*) Cigna Sağlık, Hayat ve Emeklilik A.Ş., is accounted with equity method as Communique on Bank's unconsolidated Financial Statement and Turkish Financial Reporting Standards.

(\*\*) Current period information is presented as of February 28, 2022, and prior period profit and loss amounts are presented based on the financial statements prepared as of February 28 2021.

#### 11. Information on lease receivables (Net)

None (December 31, 2021 – None).

#### 12. Information on the hedging derivative financial assets

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge (*)	9,307,433	66,158	8,388,215	206,207
Cash Flow Hedge (**)	3,929,238	324,877	3,214,981	144,482
Foreign Net Investment Hedges	-	-	-	-
<b>Total</b>	<b>13,236,671</b>	<b>391,035</b>	<b>11,603,196</b>	<b>350,689</b>

(\*) Derivative Financial Instruments at fair value consists swaps. As of March 31, 2022, TRY 9,307,433 (December 31, 2021 – TRY 8,388,215) from securities, TRY 66,158 (December 31, 2021 – TRY 206,207) from loans, represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value.

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

#### 13. Explanations regarding the investment properties

None (December 31, 2021- None).

#### 14. Information on Tax Asset

As of March 31, 2022, the Bank has no current tax asset and TRY 1,157,468 deferred tax asset calculated under the related regulations.

Deferred tax assets and liabilities are reflected to the financial statements by netting off according to TAS 12. As of March 31, 2022, the Bank has deferred tax assets amounting to TRY 4,187,668 and deferred tax liabilities amounting to 3,030,200 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 448,862 has been netted under equity (December 31, 2021 – TRY 255,491 deferred tax asset).

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Provision for Employee Rights	862,490	977,114	172,498	195,423
Difference Between the Book Value of Financial Assets and Tax Base	12,186,034	4,139,112	2,437,207	827,822
Other (*)	7,889,813	7,941,900	1,577,963	1,588,380
<b>Deferred Tax Assets</b>			<b>4,187,668</b>	<b>2,611,625</b>
Difference Between the Book Value Financial Assets and Tax Base	(448,337)	(446,957)	(89,667)	(89,391)
Difference Between the Book Value of Financial Assets and Tax Base	(13,264,055)	(10,772,225)	(2,652,812)	(2,154,445)
Other	(1,431,015)	(474,166)	(287,721)	(233,897)
<b>Deferred Tax Liabilities</b>			<b>(3,030,200)</b>	<b>(2,477,733)</b>
<b>Deferred Tax Assets/(Liabilities), Net</b>			<b>1,157,468</b>	<b>133,892</b>

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

	Current Period 01.01-31.03.2022	Prior Period 01.01-31.03.2021
Deferred Tax as of January 1 Active/ Passive – Net	133,892	931,700
Deferred Tax (Loss) / Gain	1,472,438	(181,192)
Deferred Tax that is Realized Under Shareholder's Equity	(448,862)	72,075
<b>Deferred Tax Active/ (Passive) – Net</b>	<b>1,157,468</b>	<b>822,583</b>

#### 15. Information on assets held for sale and discontinued operations:

	Current period	Prior period
<b>Net Book Value at the Beginning of the Period</b>	-	-
Acquired (*)	-	-
Impairment (-)	-	-
<b>Net Book Value at the End of the Period</b>	<b>-</b>	<b>-</b>

(\*) Between all creditors, including the Bank, for the restructuring of debts provided under loan agreements to Ojer Telekomünikasyon A.Ş. (OTAŞ), the main shareholder of Türk Telekomünikasyon A.Ş. Established in the Republic of Turkey, where all of the creditors will be direct or indirect shareholders of the 192,500,000,000 Group A shares, which are agreed upon and owned by OTAŞ, constituting 55% of Türk Telekom's issued capital and pledged to form the guarantee of existing loans. or it was planned to be taken over by a special purpose company to be established. In accordance with the agreed structure, the necessary contracts have been agreed and the necessary institutional and administrative permits have been completed, and the above-mentioned shares are owned by LYY Telekomünikasyon A.Ş. The transaction has been completed by. In this context; The Bank has participated in LYY Telekomünikasyon A.Ş. by 1.19% and the related investment has been evaluated within the scope of TFRS 5 Non-current Assets Held for Sale and Discontinued Operations Standard. Acquired in 2020, LYY A.Ş. Impairment has been calculated for the entire amount of the shares. As of March 31, 2022, LYY A.Ş. owned by Türk Telekomünikasyon A.Ş. 192,500,000,000 Group A registered shares representing 55% of its capital were sold to the Turkey Wealth Fund.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

##### 16. Information on other assets

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

As of March 31, 2022, the bank provisions for other assets to TRY 9,033 (December 31, 2021 – TRY 8,503).

##### 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	17,888,644	2,121,845	19,634,215	2,369,679
Loans	4,298,739	1,620,898	4,138,138	1,172,015
Financial Assets measured at amortized cost	1,991,376	(1,373,321)	280,503	(984,469)
Financial Assets at Fair Value Through Other Comprehensive Income	1,336,107	194,246	858,545	241,641
Central Bank of Turkey	111,494	-	143,453	-
Financial Assets at Fair Value Through Profit or Loss	6,244	568	-	10
Banks	1,523	27	3,139	81
Other Accruals	24,512	31,548	37,658	1,835
<b>Total</b>	<b>25,658,639</b>	<b>2,595,811</b>	<b>25,095,651</b>	<b>2,800,792</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

#### II. Explanations and Disclosures Related to Liabilities

##### 1. Information on maturity structure of deposits

###### Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>10,066,655</b>	-	<b>13,839,259</b>	<b>14,415,655</b>	<b>18,636,305</b>	<b>1,659,191</b>	<b>1,220,414</b>	<b>1,129</b>	<b>59,838,608</b>
<b>Foreign Currency</b>	<b>61,394,466</b>	-	<b>15,031,276</b>	<b>42,934,708</b>	<b>9,957,493</b>	<b>2,441,868</b>	<b>2,691,671</b>	<b>5,442</b>	<b>134,456,924</b>
Residents in Turkey	58,164,108	-	14,927,351	41,794,941	9,793,299	2,294,676	1,654,610	5,442	128,634,427
Residents Abroad	3,230,358	-	103,925	1,139,767	164,194	147,192	1,037,061	-	5,822,497
<b>Public Sector Deposits</b>	<b>731,711</b>	-	<b>8,256</b>	<b>22,160</b>	<b>482</b>	<b>745</b>	-	-	<b>763,354</b>
<b>Commercial Deposits</b>	<b>6,721,384</b>	-	<b>6,007,452</b>	<b>3,526,971</b>	<b>484,373</b>	<b>10,856,337</b>	<b>269,654</b>	-	<b>27,866,171</b>
<b>Other Ins. Deposits</b>	<b>102,018</b>	-	<b>50,297</b>	<b>390,705</b>	<b>1,655</b>	<b>44,175</b>	<b>113</b>	-	<b>588,963</b>
<b>Precious Metal Deposits</b>	<b>23,259,497</b>	-	-	<b>74,521</b>	<b>34,257</b>	<b>47,049</b>	<b>1,333,668</b>	-	<b>24,748,992</b>
<b>Bank Deposits</b>	<b>166,854</b>	-	<b>3,871,360</b>	<b>1,774,742</b>	<b>21,972</b>	-	-	-	<b>5,834,928</b>
T.R Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	5,387	-	667,244	-	-	-	-	-	672,631
Foreign Banks	158,768	-	3,204,116	1,774,742	21,972	-	-	-	5,159,598
Participation Banks	2,699	-	-	-	-	-	-	-	2,699
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>102,442,585</b>	-	<b>38,807,900</b>	<b>63,139,462</b>	<b>29,136,537</b>	<b>15,049,365</b>	<b>5,515,520</b>	<b>6,571</b>	<b>254,097,940</b>

(\*) As of December 31, 2021, the balance of savings deposits includes the amounts related to TRY 2,442,291 Treasury Currency Protected Deposits and TRY 14,112 CBRT Currency Protected Deposits.

###### Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
<b>Saving Deposits</b>	<b>8,461,102</b>	-	<b>14,099,359</b>	<b>22,054,036</b>	<b>2,852,082</b>	<b>412,060</b>	<b>1,057,209</b>	<b>1,033</b>	<b>48,936,881</b>
<b>Foreign Currency</b>	<b>61,149,298</b>	-	<b>11,342,735</b>	<b>35,233,030</b>	<b>9,175,765</b>	<b>2,243,798</b>	<b>2,530,106</b>	<b>5,290</b>	<b>121,680,022</b>
Residents in Turkey	58,663,884	-	11,108,157	34,389,617	8,755,156	2,140,704	1,566,486	5,290	116,629,294
Residents Abroad	2,485,414	-	234,578	843,413	420,609	103,094	963,620	-	5,050,728
<b>Public Sector Deposits</b>	<b>523,066</b>	-	<b>22,699</b>	<b>1,886</b>	<b>859</b>	<b>719</b>	-	-	<b>549,229</b>
<b>Commercial Deposits</b>	<b>5,082,550</b>	-	<b>8,014,924</b>	<b>7,118,381</b>	<b>51,125</b>	<b>12,203</b>	<b>15,122</b>	-	<b>20,294,305</b>
<b>Other Ins. Deposits</b>	<b>76,498</b>	-	<b>39,437</b>	<b>735,107</b>	<b>1,234</b>	<b>33,650</b>	<b>245</b>	-	<b>886,171</b>
<b>Precious Metal Deposits</b>	<b>20,194,048</b>	-	-	<b>129,327</b>	<b>48,272</b>	<b>29,318</b>	<b>1,198,554</b>	-	<b>21,599,519</b>
<b>Bank Deposits</b>	<b>569,447</b>	-	<b>11,644,754</b>	<b>688,474</b>	<b>74,417</b>	-	-	-	<b>12,977,092</b>
T.R Central Bank	-	-	8,629,829	-	-	-	-	-	8,629,829
Domestic Banks	3,857	-	210,075	-	-	-	-	-	213,932
Foreign Banks	561,120	-	2,804,850	688,474	74,417	-	-	-	4,128,861
Participation Banks	4,470	-	-	-	-	-	-	-	4,470
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>96,056,009</b>	-	<b>45,163,908</b>	<b>65,960,241</b>	<b>12,203,754</b>	<b>2,731,748</b>	<b>4,801,236</b>	<b>6,323</b>	<b>226,923,219</b>

##### 1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount other 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	29,123,655	23,295,512	30,714,956	25,641,369
Foreign Currency Savings Deposits	27,597,202	23,322,540	78,552,299	74,161,488
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
<b>Total</b>	<b>56,720,857</b>	<b>46,618,052</b>	<b>109,267,255</b>	<b>99,802,857</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

##### 1. Information on maturity structure of deposits (Continued)

1.2. Savings deposits in Turkey 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	3,414	3,014
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	470,352	410,147
Deposits obtained through illegal acts defined in the 282 <sup>nd</sup> Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-
<b>Total</b>	<b>473,766</b>	<b>413,161</b>

##### 2. Information on trading derivative financial liabilities

###### Negative differences table for derivative financial liabilities held for trading

	Current Period <sup>(*)</sup>		Prior Period	
	TRY	FC	TRY	FC
Forwards transactions	1,242,290	-	1,622,423	-
Swaps transactions	3,925,234	1,223,134	7,358,117	1,735,075
Futures transactions	-	-	-	-
Options	-	95,649	2,159	67,196
Other	-	-	-	-
<b>Total</b>	<b>5,167,524</b>	<b>1,318,783</b>	<b>8,982,699</b>	<b>1,802,271</b>

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

##### 3. Information on funds borrowed

###### a) Information on banks and other financial institutions

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Bank and Institutions	491,975	422,697	526,513	366,330
Foreign Bank, Institutions and Funds	-	33,634,426	-	26,139,075
<b>Total</b>	<b>491,975</b>	<b>34,057,123</b>	<b>526,513</b>	<b>26,505,405</b>

###### b) Maturity information on funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	491,975	5,591,066	526,513	2,679,024
Medium and Long-Term	-	28,466,057	-	23,826,381
<b>Total</b>	<b>491,975</b>	<b>34,057,123</b>	<b>526,513</b>	<b>26,505,405</b>

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

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

As of March 31, 2022 the Bank's liabilities comprise; 60% deposits (December 31, 2021 – 61%), 8% funds borrowed (December 31, 2021 – 7%), 8% issued bonds (December 31, 2021 – 8%) and 6% Money Market Debts (December 31, 2021 – 5%).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

##### 4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>From domestic transactions</b>	<b>9,056,341</b>	-	<b>1,891,193</b>	-
Financial institutions and organizations	9,047,006	-	1,878,568	-
Other institutions and organizations	4,768	-	5,798	-
Real persons	4,567	-	6,827	-
<b>From foreign transactions</b>	<b>516,458</b>	<b>15,991,883</b>	<b>411,619</b>	<b>15,717,177</b>
Financial institutions and organizations	509,861	15,991,883	407,467	15,717,177
Other institutions and organizations	6,597	-	4,152	-
Real persons	-	-	-	-
<b>Total</b>	<b>9,572,799</b>	<b>15,991,883</b>	<b>2,302,812</b>	<b>15,717,177</b>

##### 5. Information on securities issued (Net)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	5,085,830	3,666,276	4,609,660	2,154,632
Bills	-	24,508,918	-	21,624,460
<b>Total</b>	<b>5,085,830</b>	<b>28,175,194</b>	<b>4,609,660</b>	<b>23,779,092</b>

The Bank has government bond issue program (Global Medium Term Note Programme) amounting to USD 5 Billion.

##### 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, 2021- None)

##### 7.2. Financial Lease Liabilities

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	25,695	20,647	25,058	20,008
Between 1 - 4 years	620,316	498,892	591,125	472,681
More than 4 years	-	-	-	-
<b>Total</b>	<b>646,011</b>	<b>519,539</b>	<b>616,183</b>	<b>492,689</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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 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, 2021 None).

#### 8. Information on liabilities arising from hedging purpose derivatives

	Current Period (***)		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge (*)	-	564,830	-	821,225
Cash Flow Hedge (**)	141,587	179,497	177,316	668,917
Net Investment Hedge	-	-	-	-
<b>Total</b>	<b>141,587</b>	<b>744,327</b>	<b>177,316</b>	<b>1,490,142</b>

(\*) Derivative financial instruments for fair value hedge purposes consist of swaps. As of March 31, 2022, TRY 543,075 from securities (December 31, 2021 – TRY 821,225), represents the fair value of the derivative financial instruments used in the fair value hedging transaction. Loans do not have value of fair value of the derivative financial instruments used in the fair value hedging transaction (December 31, 2021 – None.).

(\*\*) 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 gain/loss on foreign currency indexed loans

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

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

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

	Current Period	Prior Period
Stage 1	223,241	185,947
Stage 2	26,501	13,332
Stage 3	59,384	54,581
<b>Total</b>	<b>309,126</b>	<b>253,860</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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 and unused vacation accrual

The Bank calculated the provision for employee benefits using the actuarial valuation method specified in Turkish Accounting Standards No. 19 and reflected it in its financial statements.

As of March 31, 2022 the Bank presented the provision for severance pay of TRY 489,256 (December 31, 2021 -TRY 469,457) under the “Reserves for Employee Benefits” item in its financial statements.

As of March 31, 2022, the Bank has shown a total vacation liability of TRY 98,897 (December 31, 2021 - TRY 63,893) under the “Reserves for Employee Benefits” in its financial statements.

As of March 31, 2022 TRY 274,337 (December 31, 2021 – TRY 443,764) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the “Reserve for Employee Benefits” in its financial statements.

##### 9.3.1. Movement of employee termination benefits

	Current Period 01.01-31.03.2022	Prior Period 01.01-31.03.2021
As of January 1	469,457	282,700
Service Cost	15,760	9,323
Interest Cost	23,407	9,643
Settlement / curtailment / termination loss	6,177	2,966
Actuarial Difference	(4,049)	(675)
Paid during the period	(21,496)	(10,677)
<b>Total</b>	<b>489,256</b>	<b>293,280</b>

##### 9.4. Information on other provisions

Except for those mentioned in note 9.3 above, there is a provision for lawsuits against the Bank and tax lawsuits in the amount of TRY 366,349 (December 31, 2021 – TRY 336,841) in other provisions. The Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

#### 10. Taxation

##### 10.1. Current Taxes

##### 10.1.1. Current tax liability

As of March 31, 2022, the Bank’s current tax liability is TRY 2,179,088 (December 31, 2021 – None). As of March 31, 2022, the Bank’s prepaid tax is amounting to TRY 2,346 (December 31, 2021 – TRY 2,040).

##### 10.1.2. Information on taxes payable

	Current Period	Prior Period
Banking and Insurance Transaction Tax (BITT)	189,150	214,142
Taxation on Securities Income	71,107	75,403
Taxation on Real Estates Income	3,377	2,958
Other	80,339	61,269
Corporate taxes payable	2,179,088	-
<b>Total</b>	<b>2,523,061</b>	<b>353,772</b>

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

##### 10.1.3. Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	20,437	14,388
Social Security Premiums - Employer Share	24,049	16,586
Unemployment Insurance - Employee Share	1,437	1,012
Unemployment Insurance - Employer Share	2,876	2,024
<b>Total</b>	<b>48,799</b>	<b>34,010</b>

## QNB FİNANSBANK ANONİM ŞİRKETİ

### NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

#### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

##### 11. Information on payables related to assets held for sale

None (December 31, 2021 – None).

##### 12. Information on subordinated loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>To be included in the calculation of additional capital</b>	-	<b>7,872,081</b>	-	<b>6,816,673</b>
Subordinated Loans	-	7,872,081	-	6,816,673
Subordinated debt instruments	-	-	-	-
<b>Debt instruments to be included in contribution capital calculation</b>	-	<b>5,749,525</b>	-	<b>5,035,891</b>
Subordinated loans	-	5,749,525	-	5,035,891
Subordinated debt instruments	-	-	-	-
<b>Total</b>	-	<b>13,621,606</b>	-	<b>11,852,564</b>

##### 13. Information on shareholder's equity

##### 13.1. Paid-in capital

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

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

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

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

None (December 31, 2021 – None).

##### 13.4. Information on share capital increases from revaluation funds

None (December 31, 2021 – 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, 2021 – None).

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

None (December 31, 2021 – None).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

##### 14. Common stock issue premiums, shares and equity instruments

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

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

##### 15. Securities value increase fund

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Associates, Subsidiaries and Entities under Common Control</b>	-	-	-	-
Valuation Difference	-	-	-	-
Foreign Exchange Rate Difference	-	-	-	-
<b>Securities Measured at Fair Value Through Other Comprehensive Income (FVOCI)</b>	<b>1,582,816</b>	<b>(2,027,396)</b>	<b>110,055</b>	<b>(1,332,243)</b>
Valuation Difference	1,582,816	(2,027,396)	110,055	(1,332,243)
Foreign Exchange Rate Difference	-	-	-	-
<b>Total</b>	<b>1,582,816</b>	<b>(2,027,396)</b>	<b>110,055</b>	<b>(1,332,243)</b>

##### 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	5,309,111	2,063,110	9,160,015	3,292,413
Deposits	913,282	98,660	347,788	61,807
Funds Borrowed	18,598	388,662	20,185	125,790
Money Market Borrowings	33,105	27,216	10,311	52,057
Securities Issued	20,976	297,495	17,839	436,439
Other Accruals	757,007	306,151	416,526	291,202
<b>Total</b>	<b>7,052,079</b>	<b>3,181,294</b>	<b>9,972,664</b>	<b>4,259,708</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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	56,827,002	49,733,289
Commitment For Use Guaranteed Credit Allocation	32,772,098	27,844,210
Forward, Asset Purchase Commitments	32,141,648	3,966,054
Other Irrevocable Commitments	7,123,698	3,181,145
Payment Commitments for Cheques	3,720,023	2,885,779
Commitments for Promotions Related with Credit Cards and Banking	78,392	71,498
Tax and Fund Liabilities due to Export Commitments	36,457	29,314
<b>Total</b>	<b>132,699,318</b>	<b>87,711,289</b>

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

A provision of TRY 309,126 (December 31, 2021 – TRY 253,860) 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	10,019,961	8,707,676
Letters of Credit	7,384,557	8,268,187
<b>Total</b>	<b>17,404,518</b>	<b>16,975,863</b>

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

	Current Period	Prior Period
Final Letters of Guarantee	12,612,254	11,143,617
Advance Letters of Guarantee	5,680,997	4,679,152
Provisional Letters of Guarantee	892,495	989,132
Letters of Guarantee Given to Customs Offices	871,299	686,818
Other Letters of Guarantee	15,154,586	13,018,642
<b>Total</b>	<b>35,211,631</b>	<b>30,517,361</b>

##### 2. Total amount of non-cash loans

	Current Period	Prior Period
<b>Non-Cash Loans granted for Obtaining Cash Loans</b>	<b>6,875,413</b>	<b>5,864,322</b>
Less Than or Equal to One Year with Original Maturity	2,079,574	1,113,508
More Than One Year with Original Maturity	4,795,839	4,750,814
<b>Other Non-Cash Loans</b>	<b>45,740,736</b>	<b>41,628,902</b>
<b>Total</b>	<b>52,616,149</b>	<b>47,493,224</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

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

	Current Period			Prior Period				
	TRY	%	FC	TRY	%	FC	%	
<b>Agricultural</b>	<b>75,831</b>	<b>0.48</b>	<b>163,409</b>	<b>0.44</b>	<b>64,146</b>	<b>0.49</b>	<b>187,880</b>	<b>0.55</b>
Farming and Raising Livestock	54,913	0.35	5,216	0.01	48,540	0.37	3,788	0.01
Forestry	18,949	0.12	-	-	13,982	0.11	-	-
Fishing	1,969	0.01	158,193	0.43	1,624	0.01	184,092	0.54
<b>Manufacturing</b>	<b>4,047,713</b>	<b>25.59</b>	<b>19,219,476</b>	<b>52.23</b>	<b>2,694,667</b>	<b>20.47</b>	<b>16,869,155</b>	<b>49.14</b>
Mining and Quarrying	60,567	0.38	50,867	0.14	60,835	0.46	54,775	0.16
Production	3,756,206	23.75	18,746,923	50.94	2,419,032	18.38	16,439,294	47.88
Electricity, gas and water	230,940	1.46	421,686	1.15	214,800	1.63	375,086	1.09
<b>Construction</b>	<b>3,895,165</b>	<b>24.63</b>	<b>6,047,548</b>	<b>16.43</b>	<b>3,711,216</b>	<b>28.20</b>	<b>5,393,318</b>	<b>15.71</b>
<b>Services</b>	<b>7,472,432</b>	<b>47.25</b>	<b>11,036,375</b>	<b>29.99</b>	<b>6,341,918</b>	<b>48.19</b>	<b>11,592,111</b>	<b>33.76</b>
Wholesale and Retail Trade	4,885,302	30.89	3,888,698	10.57	4,009,451	30.46	3,844,435	11.20
Hotel, Food and Beverage								
Services	230,207	1.46	1,330,124	3.61	149,130	1.13	1,224,499	3.57
Transportation&Communication	621,753	3.93	341,609	0.93	560,897	4.26	332,004	0.97
Financial Institutions	975,023	6.17	5,029,278	13.67	988,705	7.51	5,811,220	16.93
Real Estate and Renting Services	22,520	0.14	16,978	0.05	27,266	0.21	16,753	0.05
Self Employment Services	412,320	2.61	296,782	0.81	296,136	2.25	262,665	0.77
Educational Services	24,007	0.15	734	-	17,433	0.13	-	-
Health and Social Services	301,300	1.91	132,172	0.36	292,900	2.23	100,535	0.29
<b>Other</b>	<b>324,004</b>	<b>2.05</b>	<b>334,196</b>	<b>0.91</b>	<b>349,260</b>	<b>2.65</b>	<b>289,553</b>	<b>0.84</b>
<b>Total</b>	<b>15,815,145</b>	<b>100</b>	<b>36,801,004</b>	<b>100</b>	<b>13,161,207</b>	<b>100.00</b>	<b>34,332,017</b>	<b>100.00</b>

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

Current Period (*)	I. Group		II. Group	
	TRY	FC	TRY	FC
Letters of Guarantee	15,003,466	19,885,666	158,679	104,436
Bills of Exchange and Acceptances	539,389	9,472,361	-	8,211
Letters of Credit	54,227	7,323,160	-	7,170
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
<b>Non-Cash Loans</b>	<b>15,597,082</b>	<b>36,681,187</b>	<b>158,679</b>	<b>119,817</b>

(\*) The amount of TRY 59,384 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

Prior Period (*)	I. Group		II. Group	
	TRY	FC	TRY	FC
Letters of Guarantee	12,812,490	17,387,175	158,679	104,436
Bills of Exchange and Acceptances	71,783	8,627,682	-	8,211
Letters of Credit	63,674	8,197,343	-	7,170
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
<b>Non-Cash Loans</b>	<b>12,947,947</b>	<b>34,212,200</b>	<b>158,679</b>	<b>119,817</b>

(\*) The amount of TRY 54,581 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

##### 5. Information on derivative financial instruments

	Current Period	Prior Period
<b>Types of trading transactions</b>		
<b>Foreign Currency Related Derivative Transactions (I)</b>	<b>309,723,095</b>	<b>232,868,961</b>
Forward transactions <sup>(*)</sup>	55,233,938	27,308,158
Swap transactions	245,962,804	200,917,401
Futures transactions	786,954	764,011
Option transactions	7,739,399	3,879,391
<b>Interest Related Derivative Transactions (II)</b>	<b>146,166,508</b>	<b>134,510,238</b>
Forward rate transactions	-	-
Interest rate swap transactions	146,166,508	134,510,238
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
<b>Other trading derivative transactions (III)</b>	<b>1,611,038</b>	<b>1,427,525</b>
<b>A.Total Trading Derivative Transactions (I+II+III)</b>	<b>457,500,641</b>	<b>368,806,724</b>
<b>Types of hedging transactions</b>		
Fair value hedges	54,990,376	47,936,722
Cash flow hedges	94,300,218	66,987,631
Net investment hedges	-	-
<b>B.Total Hedging Related Derivatives</b>	<b>149,290,594</b>	<b>114,924,353</b>
<b>Total Derivative Transactions (A+B)</b>	<b>606,791,235</b>	<b>483,731,077</b>

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

As of March 31, 2022, breakdown of the Bank's foreign currency forward and swap and interest rate swap transactions based on currencies are disclosed below in their TRY equivalents:

	Forward Buy <sup>(**)</sup>	Forward Sell <sup>(**)</sup>	Swap Buy <sup>(*)</sup>	Swap Sell <sup>(*)</sup>	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
<b>Current Period</b>									
TRY	15,469,048	1,202,978	21,546,455	86,120,036	2,097,994	1,105,282	407,555	-	-
USD	5,101,645	19,897,537	193,472,189	105,108,225	918,226	2,423,382	-	379,399	1,611,038
Euro	5,493,625	2,994,928	29,755,777	72,518,794	805,330	321,039	-	-	-
Other	1,065,834	4,008,343	32,460,016	438,414	54,116	14,030	-	-	-
<b>Total</b>	<b>27,130,152</b>	<b>28,103,786</b>	<b>277,234,437</b>	<b>264,185,469</b>	<b>3,875,666</b>	<b>3,863,733</b>	<b>407,555</b>	<b>379,399</b>	<b>1,611,038</b>

<sup>(\*)</sup> This column also includes hedging purpose derivatives.

<sup>(\*\*)</sup> This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

	Forward Buy <sup>(**)</sup>	Forward Sell <sup>(**)</sup>	Swap Buy <sup>(*)</sup>	Swap Sell <sup>(*)</sup>	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
<b>Prior Period</b>									
TRY	6,855,300	1,540,982	17,376,629	61,314,860	821,817	405,775	361,015	15,423	-
USD	2,509,104	9,930,727	162,013,980	92,032,731	572,131	1,192,399	18,895	368,678	1,427,525
Euro	3,728,663	2,321,230	28,376,151	66,045,188	511,472	279,616	-	-	-
Other	122,863	299,289	23,077,722	114,731	48,196	47,985	-	-	-
<b>Total</b>	<b>13,215,930</b>	<b>14,092,228</b>	<b>230,844,482</b>	<b>219,507,510</b>	<b>1,953,616</b>	<b>1,925,775</b>	<b>379,910</b>	<b>384,101</b>	<b>1,427,525</b>

<sup>(\*)</sup> This column also includes hedging purpose derivatives.

<sup>(\*\*)</sup> This column also includes Forward Asset Purchase Commitments and accounted for under Commitments.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

**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. As of the balance sheet date, the TRY installment loans amounting to TRY 8,211,489 (December 31, 2021 – TRY 7,277,481) were subject to hedge accounting by swaps with a nominal amount of TRY 7,201,098 (December 31, 2021 – TRY 5,829,388). On March 31, 2022, the net market valuation difference expense of TRY 5,525 arising from TRY 12,717 gain from the aforementioned loans (December 31, 2021 – TRY 750,813 as expense) and TRY 18,242 expense from swaps (December 31, 2021 – TRY 689,193 gain), is shown under “Gains / Losses From Derivative Transactions” account in the financial statements.

According to TAS 39, fair value hedge accounting definitions, some of the fair value hedge accounting applications ceased. The fair value differences of the hedged loans are amortized through income statement until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TRY 12,979 (December 31, 2021 – TRY 62,140 loss) related to the loans that are ineffective for hedge accounting under “Gain / (Loss) From Financial Derivatives Transactions” as expense 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 299,917 Million and EUR 44 Million (December 31, 2021 – USD 299,952 Million and EUR 44 Million) were subject to hedge accounting by interest swaps of the same nominal value. On March 31, 2022, net market valuation difference expense of TRY 5,817, arising from, TRY 295,442 expense from aforementioned eurobonds (December 31, 2021 – TRY 131,060 income) and TRY 289,625 income from swaps (December 31, 2021 – TRY 130,504 expense), is shown under “Gains / Losses From Derivative Transactions” account in the financial statements.

The Bank does not have a TRY denominated government bond portfolio subject to fair value hedge accounting in the current period (December 31, 2021 - 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 730 Million (December 31, 2021 - USD 730 Million) are subject to hedge accounting with the same nominal amount of swaps. As of March 31, 2022, a net market valuation difference income of TRY 3,058, consisting of TRY 189,499 income from the aforementioned securities (December 31, 2021 – TRY 76,228 income) and TRY 186,442 expense from swaps (December 31, 2021 – TRY 75,193 expense), is shown under “Gains / Losses From Derivative Transactions” account in the financial statements.

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

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

**5. Information on derivative financial instruments (Continued)**

**5.2. Cash flow hedge accounting**

**a) Floating Rate Loans**

The Bank subjects a certain portion of its floating rate TRY 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 income statement. As of the balance sheet date, swaps with a nominal amount of USD 675 Million (December 31, 2021 – USD 675 million) are subject to hedge accounting as a hedging instrument. As a result of the mentioned hedge accounting, fair value expense before tax amounting to TRY 250,881 (December 31, 2021 – TRY 91,416) has been recognized under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction.

The Bank uses interest rate swaps to hedge a certain portion of its floating rate TRY loans from changes in market interest rates. The 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 income statement. As of the balance sheet date, swaps with a nominal amount of TRY 5,472 million (December 31, 2021 - of TRY 1,850 million) have been subject to hedging accounting as hedging instruments. As a result of the aforementioned hedging accounting, fair value loss before tax of TRY 110,682 (December 31, 2021 – TRY 165,120 gain) was accounted under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction.

**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 income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to TRY 50,000 are subject to hedge accounting as hedging instruments (December 31, 2021 – TRY 150,000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TRY 1,757 are accounted for under equity during the current period (December 31, 2021 – TRY 16,723 gain). There is no ineffective portion in the mentioned hedge accounting transaction. (December 31, 2021 - None.)

As of the balance sheet date, swaps with a nominal amount of USD 1,768 million (December 31, 2021 – USD 1,328 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 74 million (December 31, 2021 – EUR 74 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 871,703 are accounted for under equity during the current period (December 31, 2021 – TRY 526,927 loss). The loss amounting to TRY 754 (December 31, 2021 – TRY 3,875 loss) relating to the ineffective portion is accounted for at the income statement.

When the cash flow hedge accounting cannot be continued effectively as defined in TAS 39, the accounting application is terminated. Effective parts classified under equity due to hedge accounting are subtracted from equity and reclassified into profit or loss as a reclassification adjustment in the period or periods in which the hedged estimated cash flows affect profit or loss (such as the periods in which interest income or expense is recognized). Due to the swaps whose effectiveness was deteriorated or closed in the current period, a loss amounting to TRY 6,777 was transferred from equity to the income statement (December 31, 2021 – TRY 28,640 loss).

The measurements as of March 31, 2022, 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)**

**5. Information on derivative financial instruments (Continued)**

**c) Floating Rate Liabilities**

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge its subordinated loans which have floating interest payment. 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 income statement as defined in TAS 39. As at the balance sheet date, swaps amounting to USD 446 million are subject to hedge accounting as hedging instruments (December 31, 2021 – USD 454 million). As a result of the mentioned hedge accounting, fair value income before taxes amounting to TRY 109,391 are accounted for under equity during the current period (December 31, 2021 – TRY 48,015 loss). There is no ineffective portion in the mentioned hedge accounting transaction.

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 income statement throughout the life of the item subject to hedge accounting. In this context; due to hedge accounting practices terminated in the current year, a loss amounting to TRY 11,121 (December 31, 2021 – TRY 39,561) was transferred from the equity to the income statement.

The measurements as of December 31, 2021, hedge of cash flow transactions stated above are determined as effective.

**6. Credit derivatives and risk exposures on credit derivatives**

As of March 31, 2021, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2021 - None).

As of March 31, 2021, “Other Derivative Financial Assets” with nominal amount of USD 110,000,000 (December 31, 2021 - USD 110,000,000) are included in Bank’s “Credit Default Swap.”. In aforementioned transaction, the Bank is the seller of the protection for USD 110,000,000.

**7. Information on contingent liabilities and assets**

The Bank has recorded a provision of TRY 248,898 (December 31, 2021 – TRY 222,837) 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**

<b>MOODY’s December 2021</b>	<b>FITCH February 2021</b>		
Long-Term Deposit Rating (FC)	B2	Long -Term Issuer Default Rating(FC)	B (Negative)
Long-Term Deposit Rating (TRY)	B1	Short-Term Issuer Default Rating(FC)	B
Short-Term Deposit Rating (FC)	NP	Long-Term Issuer Default Rating(TRY)	B+ (Negative)
Short-Term Deposit Rating (TRY)	NP	Short-Term Issuer Default Rating(TRY)	B
Main Credit Evaluation	b3	Long-Term National Appearance	AA (tur) (Stable)
Adjusted Main Credit Evaluation	b1	Support	b
Appearance	Negative	Financial Capacity Rating	b+ (NYI)
Long-Term Foreign Currency	B2		
Denominated Debt Rating(FC)			

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

#### IV. Explanations and Disclosures Related to the Income Statement

##### 1. a) Information on interest income received from loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term Loans	2,873,019	262,789	1,698,115	113,146
Medium and Long-Term Loans	2,702,747	903,768	1,787,127	498,166
Non-Performing Loans	154,372	-	115,269	-
Resource Utilization Support Fund Premiums	-	-	-	-
<b>Total (*)</b>	<b>5,730,138</b>	<b>1,166,557</b>	<b>3,600,511</b>	<b>611,312</b>

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

##### b) Information on interest income from banks

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank (*)	-	-	-	-
Domestic Banks	2,875	85	7,867	2
Foreign Banks	38	5,050	1,242	2,165
Foreign Headquarters and Branches	-	-	-	-
<b>Total</b>	<b>2,913</b>	<b>5,135</b>	<b>9,109</b>	<b>2,167</b>

(\*) The interest income on Required Reserve amounting TRY 111,494 is not included into interest income on Banks (March 31, 2021: TRY 58,456).

##### c) Information on interest income from securities portfolio

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	13,188	895
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	574,053	166,040
Financial Assets Measured at Amortized Cost	1,424,149	246,849
<b>Total</b>	<b>2,011,390</b>	<b>413,784</b>
	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)	6,548	857
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	202,121	124,745
Financial Assets Measured at Amortized Cost	327,724	129,292
<b>Total</b>	<b>536,393</b>	<b>254,894</b>

As stated in Section Three disclosure VII.2, the Bank has inflation indexed (CPI) government bonds in its Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) and Financial Assets Measured at Amortized Cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Republic of Turkey Ministry of Treasury and Finance, reference index used for the actual 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. In this context, as of March 31, 2022, valuation of such assets is made according to estimated annual inflation rate of 35%. If valuation of these securities indexed to the CPI had been done by the reference index valid through March 31, 2021, the Bank's marketable securities valuation differences would be decreased by TRY 519 and net profit would be increased by TRY 3,133 to TRY 5,516.

##### d) Information on interest income received from associates and subsidiaries

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	66,404	26,464

**QNB FİNANSBANK ANONİM ŞİRKETİ**

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

**IV. Explanations and Disclosures Related to the Income Statement(Continued)**

**2. a) Information on interest expense related to funds borrowed<sup>(\*)</sup>**

	Current Period		Prior Period	
	TRY	FC	TRY	FC
<b>Banks</b>	<b>20,255</b>	<b>469,843</b>	<b>14,818</b>	<b>291,057</b>
T.R. Central Bank	-	-	-	-
Domestic Banks	19,304	3,378	13,864	1,513
Foreign Banks	951	466,465	954	289,544
Foreign Head Offices and Branches	-	-	-	-
<b>Other Institutions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>20,255</b>	<b>469,843</b>	<b>14,818</b>	<b>291,057</b>

<sup>(\*)</sup> 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	5,392	3,204

**c) İhraç edilen menkul kıymetlere verilen faizlere ilişkin bilgiler**

As of March 31, 2022 interest paid to securities issued is TRY 552,175 (March 31, 2021 – TRY 258,083).

**d) Information on maturity structure of interest expenses on deposits (Current Period)**

Account	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	37,856	40	-	-	-	-	37,896
Saving Deposits	3	518,124	792,184	443,615	48,484	34,213	-	1,836,623
Public Sector Deposits	-	369	1,097	27	26	-	-	1,519
Commercial Deposits	-	247,518	196,509	4,544	254,336	7,432	-	710,339
Other Deposits	-	1,419	17,708	38	1,713	4	-	20,882
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>805,286</b>	<b>1,007,538</b>	<b>448,224</b>	<b>304,559</b>	<b>41,649</b>	<b>-</b>	<b>2,607,259</b>
<b>Foreign Currency</b>								
Deposits	2	21,422	89,849	23,398	5,064	13,487	-	153,222
Bank Deposits	6	8,166	4,588	-	-	-	-	12,760
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	2,381	-	-	-	-	-	2,381
<b>Total</b>	<b>8</b>	<b>31,969</b>	<b>94,437</b>	<b>23,398</b>	<b>5,064</b>	<b>13,487</b>	<b>-</b>	<b>168,363</b>
<b>Grand Total</b>	<b>11</b>	<b>837,255</b>	<b>1,101,975</b>	<b>471,622</b>	<b>309,623</b>	<b>55,136</b>	<b>-</b>	<b>2,775,622</b>

**Information on maturity structure of interest expense on deposits (Prior Period)**

Account	Time Deposits						Accumulated Deposit Account	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year		
<b>Turkish Lira</b>								
Bank Deposits	-	6,359	7,815	9,563	-	-	-	23,737
Saving Deposits	3	306,093	764,613	85,820	34,440	33,886	-	1,224,855
Public Sector Deposits	-	405	18	29	-	-	-	452
Commercial Deposits	-	160,696	205,865	21,713	6,612	300	-	395,186
Other Deposits	-	1,066	14,682	2,851	5,666	8	-	24,273
7 Days Call Accounts	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3</b>	<b>474,619</b>	<b>992,993</b>	<b>119,976</b>	<b>46,718</b>	<b>34,194</b>	<b>-</b>	<b>1,668,503</b>
<b>Foreign Currency</b>								
Deposits	2	4,087	67,047	8,617	2,539	8,110	-	90,402
Bank Deposits	3	6,474	4,551	37	24	-	-	11,089
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	1,315	-	-	-	-	-	1,315
<b>Total</b>	<b>5</b>	<b>11,876</b>	<b>71,598</b>	<b>8,654</b>	<b>2,563</b>	<b>8,110</b>	<b>-</b>	<b>102,806</b>
<b>Grand Total</b>	<b>8</b>	<b>486,495</b>	<b>1,064,591</b>	<b>128,630</b>	<b>49,281</b>	<b>42,304</b>	<b>-</b>	<b>1,771,309</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

#### IV. Explanations and Disclosures Related to the Income Statement(Continued)

##### 2. e) Information on interest expense on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expense on Repurchase Agreements <sup>(*)</sup>	351,137	48,847	221,717	37,272

<sup>(\*)</sup> Includes "Interest on Money Market Transactions".

##### f) Information on lease expenses

	Current Period	Prior Period
Leasing Expenses	22,441	16,444

##### g) Information on interest expense on factoring payables

None (March 31, 2021 – None).

#### 3. Information on dividend income

	Current Period	Prior Period
Financial Derivative Assets at Fair Value through Profit/Loss (FVTPL)	-	-
From Financial Assets at Fair Value through Profit and Loss	-	-
From Financial Assets at Fair Value through Other Comprehensive Income	-	-
Other	13,276	121
<b>Total</b>	<b>13,276</b>	<b>121</b>

#### 4. Information on trading income/loss

	Current Period	Prior Period
<b>Trading Income</b>	<b>7,757,026</b>	<b>5,990,449</b>
Gains on Capital Market Transactions	104,183	29,442
From Derivative Financial Instruments	2,214,260	1,994,498
Foreign Exchange Gains	5,438,583	3,966,509
<b>Trading Loss (-)</b>	<b>8,249,470</b>	<b>6,964,944</b>
Losses on Capital Market Transactions	70,201	36,771
From Derivative Financial Instruments	3,855,421	3,255,361
Foreign Exchange Losses	4,323,848	3,672,812
<b>Net Trading Income/Loss</b>	<b>(492,444)</b>	<b>(974,495)</b>

#### 5. Information on other operating income

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

#### 6. Provision for losses and other provision expenses

	Current Period	Prior Period
<b>Expected Credit Loss</b>	<b>997,042</b>	<b>537,959</b>
12 month expected credit loss (stage 1)	357,963	368,208
Significant increase in credit risk (stage 2)	70,399	45,357
Non-performing loans (stage 3)	568,680	124,394
<b>Marketable Securities Impairment Expense</b>	<b>581</b>	<b>547</b>
Financial Assets at Fair Value through Profit or Loss	-	-
Financial Assets at Fair Value through Other Comprehensive Income	581	547
<b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b>	<b>-</b>	<b>-</b>
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
<b>Other</b>	<b>88,929</b>	<b>40,950</b>
<b>Total</b>	<b>1,086,552</b>	<b>579,456</b>

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

#### IV. Explanations and Disclosures Related to the Income Statement(Continued)

##### 7. Information on other operating expenses

	Current Period	Prior Period
Reserve for Employee Termination Benefits <sup>(*)</sup>	23,848	11,256
Depreciation Expenses of Fixed Assets	130,485	110,299
Amortization Expenses of Intangible Assets	47,879	40,141
Other Operating Expenses	585,306	315,479
<i>Leasing Expenses Related to TFRS 16 Exemptions</i>	558	480
<i>Maintenance Expenses</i>	192,867	90,071
<i>Advertisement Expenses</i>	50,000	23,772
<i>Other Expenses</i>	341,881	201,156
Loss on Sales of Assets	25	20
Other	230,243	153,816
<b>Total</b>	<b>1,017,786</b>	<b>631,011</b>

<sup>(\*)</sup> Includes in the Personnel Expenses item in the financial statement.

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

For the period ended March 31, 2022 net interest income in income items amounting to TRY 5,090,569 (March 31, 2021 – TRY 2,463,492), net fees and commission income amounting to TRY 1,063,604 (March 31, 2021 – TRY 704,417) and other operating income amounting to TRY 56,725 (March 31, 2021 – TRY 147,115) constitute an important part of the income.

##### 9. Explanations on tax provision for continued and discontinued operations

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

As of March 31, 2021, the Bank has tax expense amounting to TRY 2,181,434 (March 31, 2021 – None). According to the Bank's records amount of TRY 427,731 deferred tax expense (March 31, 2021 – TRY 1,370,916 deferred tax expense) reflected.

###### 9.2. Explanations on operating profit/loss after taxes

None (March 31, 2021 - None).

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

Net profit of the Bank from continued operations is TRY 2,383,165 (March 31, 2021 – TRY 649,826).

##### 11. Explanations on net income/loss for the period

###### 11.1. The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for a complete understanding of the Bank's performance for the period

None (March 31, 2021 - None).

###### 11.2. Effect of changes in accounting estimates on income statement for the current and for subsequent periods

None.

###### 11.3. There is no profit or loss attributable to minority shares.

###### 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.

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

**IV. Explanations and Disclosures Related to the Income Statement(Continued)**

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

Fees and commissions from credit cards, transfers commissions, accounts management fee 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 Shareholders’ Equity**

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.

**VI. Explanations And Disclosures Related To Cash Flows Statements**

Have not been prepared in accordance with the 25th clause of Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements.

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

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

**1.1.** As of March 31, 2022, the Bank’s risk group has deposits amounting to TRY 1,261,950 (December 31, 2021 – TRY 1,572,400), cash loans amounting to TRY 3,063,772 (December 31, 2021 – TRY 2,204,737) and non-cash loans amounting to TRY 119,579 (December 31, 2021 – TRY 85,277).

**Current Period**

Bank’s Risk Group (*)	Associates and Subsidiaries		Bank’s Direct and Other Legal and Real Persons Indirect Shareholders		Other Legal and Real Persons in Risk Group(**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	2,202,964	25,118	-	55,271	1,773	4,888
Balance at the End of the Period	3,061,888	22,931	-	91,536	1,884	5,112
Interest and Commission Income	66,404	7	-	15	146	-

**Prior Period**

Bank’s Risk Group (*)	Associates and Subsidiaries		Bank’s Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group(**)	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
<b>Loans and Other Receivables</b>						
Balance at the Beginning of the Period	1,256,220	22,598	2,500	45,878	631	5,212
Balance at the End of the Period	2,202,964	25,118	-	55,271	1,773	4,888
Interest and Commission Income (***)	26,464	5	-	76	132	-

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

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

(\*\*\*) Prior Period Balance Represents March 31, 2021 balance.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

#### IV. 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 Real Persons in Risk Group(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Deposit</b>						
Balance at the Beginning of the Period	1,046,640	284,875	-	-	525,760	293,470
Balance at the End of the Period	730,419	1,046,640	-	-	531,531	525,760
Interest on deposits (***)	5,392	3,204	-	-	7	6,136

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

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

(\*\*\*) Prior Period Balance Represents March 31, 2021 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 Real Persons in Risk Group(**)	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
<b>Transactions for Trading Purposes</b>						
Beginning of the Period	1,400,916	1,536,342	-	-	-	-
End of the Period	1,112,308	1,400,916	-	-	-	-
Total Income/Loss(***)	(128,302)	38,203	-	-	-	-
<b>Transactions for Hedging Purposes</b>						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(***)	-	-	-	-	-	-

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

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

(\*\*\*) Prior Period Balance Represents March 31, 2021 balance.

##### 1.4. Information on benefits provided to top management

As of March 31, 2022, the total amount of remuneration and bonuses paid to top management of the Bank is TRY 183,791 (March 31, 2021 – TRY 118,524).

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

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

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

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

As of March 31, 2022, cash loans of the risk group represented 1.2% of the Bank's total cash loans (December 31, 2021 – 1.0%), the deposits represented 0.5% of the Bank's total deposits (December 31, 2021 – 0.7%) and derivative transactions represented 0.19% of the Bank's total derivative transactions (December 31, 2021 – 0.3%).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENT(Continued)

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

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

The Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş. As of December 31, 2021, the Bank has net finance lease payables to QNB Finans Finansal Kiralama A.Ş. amounting to TRY 11,711 (December 31, 2021 – TRY 10,194) relating with finance lease agreements.

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

Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş., in which the 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.

Banka The Bank provides agency services to Cigna Sağlık, Hayat ve Emeklilik A.Ş., which is a jointly controlled entity with 49.00% shares held by the Bank.

#### VIII. Explanations and Disclosures Related to Subsequent Events

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

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

<u>Date</u>	<u>Currency</u>	<u>Nominal</u>	<u>Due Date</u>
01.04.2022	TRY	465,400,000	77
08.04.2022	TRY	70,000,000	77
13.04.2022	GBP	15,901,000	103
13.04.2022	GBP	15,000,000	369
14.04.2022	GBP	3,500,000	368
20.04.2022	GBP	20,000,000	369
20.04.2022	GBP	5,807,000	103
22.04.2022	TRY	569,750,000	91

##### 2. The effect of the changes in the exchange rates after the balance sheet date, which are not disclosed and which have a significant effect on the evaluation and decision-making of the users of the financial statements, on the foreign currency transactions, items and financial statements, and the effect of the bank on its activities abroad

##### 3. Other Matters

The tension between Russia and Ukraine since January 2022 has turned into a crisis and a hot conflict as of the date of the report. The Bank does not carry out any activity in the two countries that are subject to the crisis. However, since the course of the crisis is uncertain as of the report date, developments that may occur on a global scale and the effects of these developments on the global and regional economy on the Bank's operations are closely monitored.

## **QNB FİNANSBANK ANONİM ŞİRKETİ**

### **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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#### **SECTION SIX**

#### **AUDITOR'S REVIEW REPORT**

##### **I. Explanations on the Auditor's Review Report**

The unconsolidated financial statements for the period ended March 31, 2022 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated April 28, 2022 is presented preceding the unconsolidated financial statements.

##### **II. Explanations and Notes Prepared by Independent Auditors**

None (December 31, 2021 - None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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**SECTION SEVEN**

**UNCONSOLIDATED INTERIM ACTIVITY REPORT**

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

**Message by the Chairman**

Dear Shareholders,

The world started the year 2022 with the hope that the pandemic has come to an end, the health concerns have subsided, and the economy will revive. However, the war that began in the middle of Europe has once again revealed a sad scene for humanity and new uncertainties in the economic context.

The IMF has published the April 2022 issue of the World Economic Outlook with the title "War Sets Back the Global Recovery". It was noted that the global economic outlook has deteriorated significantly since the January report with the Russian invasion of Ukraine. The report revised down the global growth forecast for 2022 from 4.4 percent to 3.6 percent. In the report, which pointed out that the war will slow growth and boost inflation, it was stated that interest rates are expected to increase with the tightening monetary policies by the central banks, while many countries have limited room for fiscal policy to moderate the impact of the war on their economies.

For Turkey, in addition to geopolitical developments in our region, the pace of monetary tightening of the major central banks as a result of rising global inflation will be closely monitored in the coming period. In addition, trends in energy and raw material prices will be decisive in terms of the current account deficit and inflation outlook.

In addition to maintaining the growth trends that are still strong, it will be important to keep financial risks under control with the support of monetary and fiscal policies. The issue of financing the current account deficit, which has risen due to strong growth and rising energy prices, will remain on the agenda. In addition, restoring the rising inflation back to its previous levels will be decisive in terms of sustainability and fair distribution of growth.

Along with all these developments, the strength and soundness of our banking sector make us strong as a very important anchor. While the Turkish banking sector supports the economy during this period, it also should guide its customers wisely when it comes to funding.

We will continue to prepare ourselves for the coming period by making the firsts in the sector, again, with the right projects and technological developments in the digitalizing world.

Despite all these uncertainties, as QNB Finansbank, we successfully wrapped up the first quarter of 2022 with the right financing models and timely strategic decisions.

As of March 31 2022, QNB Finansbank's total assets increased by 15 percent compared to the year-end of 2021, reaching TL 425 billion 669 million. In the same period, net loans of the Bank grew by 20 percent, reaching TL 240 billion 762 million, and customer deposits rose by 16 percent reaching TL 248 billion 263 million. The Bank's net profit for the first quarter of 2022 realized at TL 2 billion 383 million.

I would like to thank all our financiers, customers, and business partners for their contributions to this success.

Kind regards,  
Ömer A. Aras  
Chairperson  
QNB Finansbank A.Ş.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

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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 and Board Members,

In 2022, we started with hope after a difficult two-year pandemic period, and now we are confronting a new humanity test with the Russia-Ukraine War. The world has faced another uphill struggle both on behalf of humanity and with the economic effects caused by the war.

Despite the ramifications of the Russia-Ukraine War, fluctuations in the global markets and inflationary environment particularly stemmed from commodity prices, in QNB Finansbank, we wrapped up the first three months of 2022 with a robust performance thanks to the timely spot-on strategies.

As of March 31 2022, QNB Finansbank's total assets increased by 15 percent compared to the end of 2021, reaching TL 425 billion 669 million. In the same period, net loans of the Bank grew by 20 percent to TL 240 billion 762 million, and customer deposits rose by 16 percent to TL 248 billion 263 million. The Bank's net interest income in the first three months of 2022 increased by 107 percent compared to the same period of 2021, reaching TL 5 billion 91 million, while net fees and commissions income grew by 51 percent on a year-on-year basis, reaching TL 1 billion 64 million. QNB Finansbank's net profit for the first quarter of 2022 realized at TL 2 billion 383 million.

The first quarter of 2022 witnessed major economic developments, in which new strategies were developed for the entire banking sector. In a period of high inflation triggered by the global developments, a new era unfolded, in which the efforts on supporting banking, its customers and the economy were more important than ever.

At QNB Finansbank, we are determined that our duty to inform both institutions and individuals about the fastest and solution-generating services with the digital solutions we offer, while supporting our customers to make the right banking transactions in the digitalized world of this era.

Today we are in a new world. In the banking sector, one of our biggest tasks will be the contributions we will make for a sustainable world with our responsibility arising from funding. While determining our investors and new investment tools within the framework of this vision, we will continue to offer the right and profitable investment tools to our customers. In this framework, we completed our first repo transaction with Barclays Bank, the cost of which was determined based on the energy efficiency performance of QNB Finansbank. Thus, QNB Finansbank once again demonstrated its long-term engagement and commitment to a low-carbon, environmentally friendly economy.

By adding new digital solutions to the Digital Bridge Platform, which we have implemented to accelerate the digital transformation of SMEs and larger-scale companies, we continue to expand the range of solutions offered on the platform. Companies will now be able to find solutions to their financing needs on the Digital Bridge, where they can easily access many digital solutions that meet their needs on a single platform.

We continue to cooperate with the world's giants based on our activities about exports with our comprehensive and special packages. Renewing our cooperation with Ali Express in 2022 as well, we continue to offer special deals to SMEs for e-export. Moreover, with the Step-by-Step Export Program, we offer customized solutions and services to SMEs in their foreign trade transactions, particularly in exports.

## **QNB FİNANSBANK ANONİM ŞİRKETİ**

### **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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In addition, QNB Finansbank Telephone Banking team was awarded in five categories at the 2022 Stevie Awards for Sales & Customer Service Awards. Held for the 16th time this year, the Stevie Awards are recognized as one of the world's most prestigious award programs for customer services, communication center, business development, and sales professionals.

In addition to our banking activities, we pursue our goal of preparing children for the future, which is the most important mission of our Bank. We further progress by giving training to children, again, in the fields of coding, mathematics, and art under the umbrella of our Small Hands Big Dreams Platform.

Scratch Cup 2022, which was held with the cooperation of QNB Finansbank and Habitat Association, took place for the third time this year. 28 children from 10 teams went head-to-head, coding their own games to save nature. 836 teams from 57 different cities, including two from abroad, applied for the competition.

I would like to thank our valued financiers, whose dedicated efforts lie behind these achievements, our customers, and our shareholders.

Kind regards,  
Ömür Tan  
General Manager  
QNB Finansbank A.Ş.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022

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

### 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 (Continued)

##### Summary Financial Belonging to the Period of March 31, 2022

Principal Financial Indicators (Million TRY)	March 31, 2022	December 31, 2021
Total Loans	240,762	200,832
Securities	64,150	49,960
Total Assets	425,669	371,369
Customer Deposits	248,263	213,946
Equity	26,322	22,144
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Net interest income	5,091	2,463
Net fees and commission income	1,064	704
Provision loans and other Receivables(-)	(1,087)	(579)
<b>Profit before tax</b>	<b>3,092</b>	<b>831</b>
Tax Provision	(709)	(181)
<b>Net profit for the period</b>	<b>2,383</b>	<b>650</b>

As of March 31, 2022, compared to 2021 year-end assets of the Bank increased by 15% and realized TRY 425 billion and 669 million. When compared with the end of year 2021, total loans increased by 20% and reached TRY 240 billion and 762 million while Customer Deposits increased by 16% and realized by TRY 248 billion and 263 million.

Net interest incomes in 2022 increased by 107% compared to the prior year and reached TRY 5 billion 91 million and net fee and commission incomes were TRY 1 billion 64 million. While the Bank's profit before tax was TRY 3 billion 92 million, its net profit for the period was TRY 2 billion 383 million.

Total shareholders' equity increased by 19% compared with the end of the year and reached to TRY 26 billion 322 million. The capital adequacy ratio of the Bank has been realized as 15.99% as of March 31, 2022.

As of March 31, 2022 the Bank has 10,887 personnel and 445 branches.

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

##### Assets

The bank which is continuing its customer-oriented activities in 2022, sustained to grow especially in corporate and commercial loans. As of March 31, 2022, total performing loans increased by 20% and reached TRY 240 billion 762 million 2021 while total consolidated assets increased by 15% and reached TRY 425 billion and 669 million compared to the end of the prior year. The Bank maintained its growth in corporate loans (Corporate, Commercial, SME and Business Loans), which it strategically focused on, in 2022, achieving an 11% increase in corporate loans compared to the end of 2021.

##### Liabilities

As of March 31, 2022, the Bank's total customer deposits increased by 16% compared to the end of 2021 and reached TRY 248 billion 263 million, while its shareholders' equity increased by 19% compared to the end of 2021 and reached TRY 26 billion 322 million.

##### Profitability

In 2022, the Bank's net interest income increased by 107% compared to the prior year and reached TRY 5 billion 91 million, while its net fee and commission income was TRY 1 billion 64 million. Profit before tax was realized as TRY 3 billion 92 million and net profit for the period was TRY 2 billion 383 million.

The bank operates with 10,837 employees.

## **QNB FİNANSBANK ANONİM ŞİRKETİ**

### **NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

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

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#### **UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)**

##### **Solvency**

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

##### **General Grants realized during the Period**

General grants realized as of March 31, 2022 was TRY 375.

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