

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AND RELATED DISCLOSURES AT MARCH 31, 2022 TOGETHER WITH AUDITOR’S INTERIM REVIEW REPORT

(Convenience translation of consolidated 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 consolidated balance sheet of QNB Finansbank Anonim Şirketi ("the Bank") and its consolidated subsidiaries (collectively referred to as "the Group") at 31 March 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the consolidated financial statements for the 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 consolidated financial information does not present fairly in all material respects the consolidated financial position of QNB Finansbank Anonim Şirketi and its consolidated subsidiaries at 31 March 2022 and its consolidated financial performance and its consolidated 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 consolidated 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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated 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 CONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022**

The Parent Bank's;

Address of the Head Office : Esentepe Mahallesi Büyükdere Caddesi Kristal Kule Binası No:215 Şişli - ISTANBUL
Phone number : (0 212) 318 50 00
Facsimile number : (0 212) 318 56 48
Web page : www.qnbfinansbank.com
E-mail address : investor.relations@qnbfinansbank.com

The consolidated financial report for the three month period ended March 31, 2022, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

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

Within the context of this financial report, the consolidated subsidiaries, entities under common control and structured entities are as follows. There are no associates included in the consolidation.

Subsidiaries

1. ONB Finans Finansal Kiralama Anonim Şirketi
2. QNB Finans Yatırım Menkul Değerler Anonim Şirketi
3. QNB Finans Portföy Yönetimi Anonim Şirketi
4. QNB Finans Faktoring Anonim Şirketi
5. QNB Finans Varlık Kiralama Şirketi Anonim Şirketi

Entities Under Common Control (Joint Ventures)

1. Cigna Sağlık, Hayat ve Emeklilik A.Ş.

Structured Entities

1. Bosphorus Financial Services Limited
2. QNBeyond Ventures B.V.
3. Finance Capital Finance Limited

The accompanying consolidated interim financial statements and related disclosures and footnotes for the three month period then ended March 31, 2022, are prepared and reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated interim 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
Member of the Board of
Directors and of the
Audit Committee

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

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

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

Ercan Sakarya
Director of Financial, Statutory
Reporting and
Treasury Control

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

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022
(Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

QNB Finansbank Anonim Şirketi (The Parent Bank and/or the Bank) was incorporated in Istanbul on September 23, 1987. The Parent Bank's shares have been listed on the Borsa Istanbul ("BIST") formerly known as Istanbul Stock Exchange ("ISE") since the first public offering on 1990.

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

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

The Parent 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 Parent 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. According to the decision dated January 17, 2018 which was taken by the General Assembly; The Parent Bank's trade name is changed from "FİNANS BANK A.Ş." to "QNB FİNANSBANK A.Ş." as of January 19, 2018.

99.88% of shares of Parent Bank 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.

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QNB FİNANSBANK ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED 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 ABOUT THE PARENT BANK (Continued)

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

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairmen	April 16, 2010	PhD
Sinan Şahinbaş	Deputy Chairman	April 16, 2010	Masters
Ali Teoman Kerman	Board Member and Head of Audit Committee	April 16, 2013	Masters
Ramzi T. A. Mari	Board Member and Member of the Audit Committee	June 16, 2016	Masters
Fatma Abdulla S.S. Al-Suwaiddi	Board Member	June 16, 2016	Masters
Durmuş Ali Kuzu	Board Member and Member of the Audit Committee	August 25, 2016	PhD
Temel Güzelöğlü	Board Member	April 16, 2010	Masters
Yousef Mahmoud H. N. Al-Neama	Board Member	May 28, 2019	Graduate
Osman Ömür Tan	Board Member and General Manager	January 01, 2022	Masters
Adel Ali M. A. Al-Malki	Board Member	May 28, 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Member of the Audit Committee	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 Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Cumhur Türkmen	Executive Vice President	June 11, 2018	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 the Department of Risk Management	September 16, 2011	Masters

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

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

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

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

The Parent Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of March 31, 2022, the Parent Bank operates through 443 domestic (December 31, 2021 - 442), 1 foreign (December 31, 2021 - 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2021 - 1) branches. As of March 31, 2022, the Group has 12,339 employees (December 31, 2021 - 12,345 employees).

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED BALANCE SHEET – ASSETS

		Current Period 31.03.2022			Prior Period 31.12.2021		
	Section 5 Note I	TRY	FC	TOTAL	TRY	FC	TOTAL
I. FINANCIAL ASSETS (Net)		35,869,599	97,999,173	133,868,772	36,871,893	91,649,894	128,521,787
1.1 Cash and Cash Equivalents		3,268,850	84,537,503	87,806,353	7,519,867	78,743,431	86,263,298
1.1.1 Cash and Balances with The 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)	100,029	14,572,651	14,672,680	94,349	15,725,779	15,820,128
1.1.3 Receivables From Money Market	(4)	313,163	179,784	492,947	-	159,508	159,508
1.1.4 Expected Credit Losses (-)		5,488	5,231	10,719	10,762	147	10,909
1.2 Financial Assets Measured at Fair Value through Profit/Loss	(2)	670,728	330,161	1,000,889	275,004	499,454	774,458
1.2.1 Public Sector Debt Securities		432,225	69,544	501,769	118,648	64,122	182,770
1.2.2 Equity Securities		210,430	-	210,430	156,356	-	156,356
1.2.3 Other Financial Assets		28,073	260,617	288,690	-	435,332	435,332
1.3 Financial Assets Measured at Fair Value through Other Comprehensive Income	(5)	14,142,821	11,008,319	25,151,140	9,634,529	10,043,218	19,677,747
1.3.1 Public Sector 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		9,194	47,758	56,952	9,194	35,141	44,335
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets	(12)	17,787,200	2,123,190	19,910,390	19,442,493	2,363,791	21,806,284
1.4.1 Derivative Financial Assets at Fair Value Through Profit/Loss		13,857,962	1,798,313	15,656,275	16,227,512	2,219,309	18,446,821
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
II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)		172,688,908	119,463,328	292,152,236	137,049,425	105,153,019	242,202,444
2.1 Loans	(6)	153,535,614	97,144,106	250,679,720	128,657,423	81,883,367	210,540,790
2.2 Lease Receivables	(11)	3,212,482	8,506,374	11,718,856	2,954,638	7,735,110	10,689,748
2.3 Factoring Receivables	(7)	4,023,123	1,087,906	5,111,029	2,889,195	921,323	3,810,518
2.4 Other Financial Assets Measured at Amortized Cost	(8)	21,584,370	16,644,057	38,228,427	14,876,060	14,980,916	29,856,976
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
2.5 Expected Credit Losses (-)		9,666,681	3,919,115	13,585,796	12,327,891	367,697	12,695,588
III. ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(15)	-	-	-	-	-	-
3.1 Held for sale		-	-	-	-	-	-
3.2 Discontinued Operations		-	-	-	-	-	-
IV. INVESTMENTS (Net)		304,473	-	304,473	270,367	-	270,367
4.1 Investment in Associates (Net)	(9)	14,856	-	14,856	14,027	-	14,027
4.1.1 Equity Method Associates		-	-	-	-	-	-
4.1.2 Unconsolidated		14,856	-	14,856	14,027	-	14,027
4.2 Investment in Subsidiaries (Net)		38,046	-	38,046	38,046	-	38,046
4.2.1 Unconsolidated Financial Investments		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Investments		38,046	-	38,046	38,046	-	38,046
4.3 Equity Under Common Control (Joint Ventures) (Net)	(10)	251,571	-	251,571	218,294	-	218,294
4.3.1 Equity method associates		248,771	-	248,771	215,494	-	215,494
4.3.2 Unconsolidated		2,800	-	2,800	2,800	-	2,800
V. TANGIBLE ASSETS (Net)		3,728,055	45	3,728,100	3,694,478	37	3,694,515
VI. INTANGIBLE ASSETS (Net)		721,341	-	721,341	648,585	-	648,585
6.1 Goodwill		-	-	-	-	-	-
6.2 Others		721,341	-	721,341	648,585	-	648,585
VII. INVESTMENT PROPERTIES (Net)	(13)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		18,119	-	18,119	2,040	-	2,040
IX. DEFERRED TAX ASSET	(14)	1,355,020	-	1,355,020	341,690	-	341,690
X. OTHER ASSETS (Net)	(16)	6,162,533	1,158,135	7,320,668	7,206,046	961,538	8,167,584
TOTAL ASSETS		220,848,048	218,620,681	439,468,729	186,084,524	197,764,488	383,849,012

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

		Current Period 31.03.2022			Prior Period 31.12.2021		
	Section 5 Note II	TRY	FC	TOTAL	TRY	FC	TOTAL
I. DEPOSITS	(1)	89,621,429	163,746,092	253,367,521	79,231,701	146,644,878	225,876,579
II. FUNDS BORROWED	(3)	4,617,752	40,543,691	45,161,443	3,904,586	33,347,681	37,252,267
III. MONEY MARKET BORROWINGS	(4)	10,367,380	15,991,883	26,359,263	2,473,437	15,717,177	18,190,614
IV. SECURITIES ISSUED (NET)	(5)	6,425,280	28,175,194	34,600,474	6,023,724	23,779,092	29,802,816
4.1 Bills		6,375,280	3,666,276	10,041,556	6,023,724	2,154,632	8,178,356
4.2 Asset Backed Securities		50,000	-	50,000	-	-	-
4.3 Bonds		-	24,508,918	24,508,918	-	21,624,460	21,624,460
V. FUNDS		-	-	-	-	-	-
5.1 Borrowers' Funds		-	-	-	-	-	-
5.2 Others		-	-	-	-	-	-
VI. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS (NET)		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL LIABILITIES		5,309,111	2,409,537	7,718,648	9,160,015	3,623,875	12,783,890
7.1 Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)	(2)	5,167,524	2,230,040	7,397,564	8,982,699	2,954,958	11,937,657
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
VIII. FACTORING PAYABLES		-	-	-	-	-	-
IX. LEASE PAYABLES (Net)	(7)	513,950	-	513,950	486,716	546	487,262
X. PROVISIONS	(9)	1,365,987	243,225	1,609,212	1,648,376	25	1,648,401
10.1 Restructuring Provisions		-	-	-	-	-	-
10.2 Reserve for Employee Benefits		907,245	-	907,245	1,032,218	-	1,032,218
10.3 Insurance Technical Provisions (Net)		-	-	-	-	-	-
10.4 Other Provisions		458,742	243,225	701,967	616,158	25	616,183
XI. CURRENT TAX LIABILITY	(10)	2,244,690	-	2,244,690	167,723	-	167,723
XII. DEFERRED TAX LIABILITY		-	-	-	-	-	-
XIII. LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)	(11)	-	-	-	-	-	-
13.1 Held for Sale		-	-	-	-	-	-
13.2 Discontinued Operations		-	-	-	-	-	-
XIV. SUBORDINATED DEBT INSTRUMENTS	(12)	-	13,621,606	13,621,606	-	11,852,564	11,852,564
14.1 Credits		-	13,621,606	13,621,606	-	11,852,564	11,852,564
14.2 Other Debt Instruments		-	-	-	-	-	-
XV. OTHER LIABILITIES		13,330,636	14,610,141	27,940,777	10,664,123	12,970,564	23,634,687
XVI. SHAREHOLDERS' EQUITY		28,445,876	(2,114,731)	26,331,145	24,793,806	(2,641,597)	22,152,209
16.1 Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2 Capital Reserves		714	-	714	714	-	714
16.2.1 Share Premium	(14)	714	-	714	714	-	714
16.2.2 Share Cancellation Profits		-	-	-	-	-	-
16.2.3 Other Capital Reserves		-	-	-	-	-	-
16.3 Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		(221,481)	-	(221,481)	(223,943)	-	(223,943)
16.4 Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		1,943,881	(2,114,731)	(170,850)	678,071	(2,641,597)	(1,963,526)
16.5 Profit Reserves		20,979,569	-	20,979,569	17,072,922	-	17,072,922
16.5.1 Legal Reserves		759,020	-	759,020	757,842	-	757,842
16.5.2 Status Reserves		-	-	-	-	-	-
16.5.3 Extraordinary Reserves		20,220,549	-	20,220,549	16,315,080	-	16,315,080
16.5.4 Other Profit Reserves		-	-	-	-	-	-
16.6 Profit/Loss		2,383,355	-	2,383,355	3,906,647	-	3,906,647
16.6.1 Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2 Current Period's Net Profit/Loss		2,383,355	-	2,383,355	3,906,647	-	3,906,647
16.7 Minority Interest		9,838	-	9,838	9,395	-	9,395
TOTAL LIABILITIES		162,242,091	277,226,638	439,468,729	138,554,207	245,294,805	383,849,012

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ

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

		Current Period 31.03.2022			Prior Period 31.12.2021			
		Section 5 Note III	TRY	FC	TOTAL	TRY	FC	TOTAL
OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS								
A. (I+II+III)			312,143,657	523,997,943	836,141,600	251,760,151	433,120,870	684,881,021
I. GUARANTEES	(1), (2), (3), (4)		15,792,214	36,801,004	52,593,218	13,136,090	34,332,017	47,468,107
1.1. Letters of guarantee			15,198,598	19,990,102	35,188,700	13,000,633	17,491,611	30,492,244
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			8,212,598	19,843,103	28,055,701	7,284,585	17,358,170	24,642,755
1.1.3. Other letters of guarantee			6,261,700	-	6,261,700	5,162,671	-	5,162,671
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			-	-	-	-	-	-
II. COMMITMENTS			176,475,709	31,475,163	207,950,872	150,696,819	7,991,015	158,687,834
2.1. Irrevocable commitments	(1)		103,241,322	29,457,996	132,699,318	81,782,660	6,016,159	87,798,819
2.1.1. Forward asset purchase commitments			9,363,511	22,778,137	32,141,648	1,145,232	2,908,352	4,053,584
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			73,234,387	2,017,167	75,251,554	68,914,159	1,974,856	70,889,015
2.2.1. Revocable loan granting commitments			72,578,103	-	72,578,103	68,374,855	-	68,374,855
2.2.2. Other revocable commitments			656,284	2,017,167	2,673,451	539,304	1,974,856	2,514,160
III. DERIVATIVE FINANCIAL INSTRUMENTS	(5), (6)		119,875,734	455,721,776	575,597,510	87,927,242	390,797,838	478,725,080
3.1. Derivative financial instruments for hedging purposes			24,941,616	125,127,857	150,069,473	12,489,736	101,394,674	113,884,410
3.1.1. Fair value hedge			8,365,748	47,403,507	55,769,255	6,172,818	40,723,961	46,896,779
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			94,934,118	330,593,919	425,528,037	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			84,014,772	308,283,584	392,298,356	66,545,184	268,882,455	335,427,639
3.2.2.1. Foreign currency swap-buy			1,561,353	121,659,915	123,221,268	2,126,829	98,404,122	100,530,951
3.2.2.2. Foreign currency swap-sell			53,276,621	69,633,959	122,910,580	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. CUSTODY AND PLEDGED ITEMS (IV+V+VI)			1,517,434,252	565,127,976	2,082,562,228	1,389,205,116	499,735,768	1,888,940,884
IV. ITEMS HELD IN CUSTODY			251,154,814	35,057,180	286,211,994	242,561,027	26,811,981	269,373,008
4.1. Assets under management			10,337,049	25,795	10,362,844	9,104,743	9,997	9,114,740
4.2. Investment securities held in custody			150,981,705	15,398,185	166,379,890	153,604,458	11,510,543	165,115,001
4.3. Checks received for collection			14,019,067	4,775,531	18,794,598	13,107,448	3,535,033	16,642,481
4.4. Commercial notes received for collection			2,741,544	1,273,823	4,015,367	2,363,152	1,179,744	3,542,896
4.5. Other assets received for collection			-	-	-	-	-	-
4.6. Assets received for public offering			-	-	-	-	-	-
4.7. Other items under custody			73,075,449	13,583,846	86,659,295	64,381,226	10,576,664	74,957,890
4.8. Custodians			-	-	-	-	-	-
V. PLEDGED ITEMS			731,404,552	311,827,300	1,043,231,852	666,936,857	290,504,187	957,441,044
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			-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES			534,874,886	218,243,496	753,118,382	479,707,232	182,419,600	662,126,832
TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)			1,829,577,909	1,089,125,919	2,918,703,828	1,640,965,267	932,856,638	2,573,821,905

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Section 5 Note IV	Current Period 01.01 - 31.03.2022	Prior Period 01.01 - 31.03.2021
I. INTEREST INCOME	(1)	9,943,148	5,386,162
1.1 Interest income on loans		6,830,291	4,185,359
1.2 Interest income on reserve deposits		111,494	58,456
1.3 Interest income on banks		9,702	12,401
1.4 Interest income on money market transactions		17,624	26,130
1.5 Interest income on securities portfolio		2,426,096	793,356
1.5.1 Financial assets measured at FVTPL		15,005	9,474
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		286,634	180,771
1.7 Other interest income		261,307	129,689
II. INTEREST EXPENSE (-)	(2)	4,684,256	2,802,298
2.1 Interest on deposits		2,770,230	1,768,106
2.2 Interest on funds borrowed		706,452	415,228
2.3 Interest on money market transactions		428,682	275,595
2.4 Interest on securities issued		618,147	311,241
2.5 Interests on leasing		22,402	15,684
2.6 Other interest expenses		138,343	16,444
III. NET INTEREST INCOME/EXPENSE (I - II)		5,258,892	2,583,864
IV. NET FEES AND COMMISSIONS INCOME/EXPENSES		1,172,744	773,843
4.1 Fees and commissions received		1,571,644	955,137
4.1.1 Non-cash loans		84,075	61,741
4.1.2 Others		1,487,569	893,396
4.2 Fees and commissions paid (-)		398,900	181,294
4.2.1 Non-cash loans		1,301	846
4.2.2 Others		397,599	180,448
V. DIVIDEND INCOME	(3)	14,331	346
VI. TRADING INCOME / LOSS (Net)	(4)	(370,198)	(915,074)
6.1 Trading gains / losses on securities		56,363	4,195
6.2 Gain/losses from derivative transactions		(1,592,368)	(1,231,813)
6.3 Foreign exchange gain/losses		1,165,807	312,544
VII. OTHER OPERATING INCOME	(5)	62,571	155,223
VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)		6,138,340	2,598,202
IX. EXPECTED CREDIT LOSSES (-)	(6)	1,026,564	584,745
X. OTHER PROVISION LOSSES (-)		89,291	40,950
XI. PERSONNEL EXPENSES (-)		862,588	492,059
XII. OTHER OPERATING EXPENSES (-)	(7)	1,033,430	648,905
XIII. NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)		3,126,467	831,543
XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING		33,264	29,768
XVI. GAIN/LOSS ON NET MONETARY POSITION		-	-
XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XIII+...+XVI)	(8)	3,159,731	861,311
XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)	(9)	775,933	209,715
18.1 Current tax charge		2,238,434	50,633
18.2 Deferred tax charge (+)		447,826	1,370,916
18.3 Deferred tax credit (-)		(1,910,327)	(1,211,834)
XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)	(10)	2,383,798	651,596
XX. INCOME FROM DISCONTINUED OPERATIONS		-	-
20.1 Income from assets held for sale		-	-
20.2 Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3 Others		-	-
XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	275
21.1 Expenses on assets held for sale		-	275
21.2 Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3 Others		-	-
XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)		-	(275)
XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)		-	-
23.1 Current tax charge		-	-
23.2 Deferred tax charge (+)		-	-
23.3 Deferred tax credit (-)		-	-
XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)		-	(275)
XXV. NET PROFIT/LOSS (XIX+XXIV)	(11)	2,383,798	651,321
25.1 Group's profit/loss		2,383,355	651,086
25.2 Minority interest		443	235
Earnings Per Share		0.07114	0.0194

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ

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

	Current Period 01.01 - 31.03.2022	Prior Period 01.01 - 31.03.2021
I. CURRENT PERIOD PROFIT/LOSS	2,383,798	651,321
II. OTHER COMPREHENSIVE INCOME	1,795,138	(286,924)
2.1 Other Income/Expense Items not Reclassified Through Profit or Loss	2,462	641
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	776
2.1.4 Other Income/Expense Items not Reclassified to Profit or Loss	829	-
2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	(2,416)	(135)
2.2 Other Income/Expense Items Reclassified to Profit or Loss	1,792,676	(287,565)
2.2.1 Foreign Currency Translation Differences	-	-
2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	1,461,706	(931,889)
2.2.3 Gains/losses from Cash Flow Hedges	777,724	572,395
2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5 Other Income/Expense Items Reclassified to Profit or Loss	-	-
2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	(446,754)	71,929
III. TOTAL COMPREHENSIVE INCOME (I+II)	4,178,936	364,397

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED 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. CONSOLIDATED 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								
Shareholders' Equity Before Minority Interest																		
	Section 5 Note V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others ^(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Minority Interest	Minority Interest	Total Shareholders' Equity	
I.	Prior Period - 01.01 – 31.03.2021																	
II.	Balances at Beginning of Period		3,350,000	714	-	-	-	(111,564)	-	-	(475,892)	(603,133)	14,217,872	101,267	2,753,783	19,233,047	8,181	19,241,228
2.1	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	-	(111,564)	-	-	(475,892)	(603,133)	14,217,872	101,267	2,753,783	19,233,047	8,181	19,241,228
IV.	Total Comprehensive Income		-	-	-	-	-	641	-	-	(745,047)	457,482	-	-	651,086	364,162	235	364,397
V.	Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	(11)	-	-	(11)	-	-	(11)
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	2,855,050	(101,267)	(2,753,783)	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	2,855,050	(101,267)	(2,753,783)	-	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)			3,350,000	714	-	-	-	(110,923)	-	-	(1,220,939)	(145,651)	17,072,911	-	651,086	19,597,198	8,416	19,605,614

Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss										Other Comprehensive Income/Expense Items Reclassified to Profit or Loss								
Shareholders' Equity Before Minority Interest																		
	Section 5 Note V	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Others ^(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others ^(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Minority Interest	Minority Interest	Total Shareholders' Equity	
I.	Current Period - 01.01 – 31.03.2022																	
II.	Balances at Beginning of Period		3,350,000	714	-	-	-	(223,943)	-	-	(1,583,528)	(379,998)	17,072,922	-	3,906,647	22,142,814	9,395	22,152,209
2.1	Correction made as per TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of Corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Adjusted Balances at Beginning of Period (I+II)		3,350,000	714	-	-	-	(223,943)	-	-	(1,583,528)	(379,998)	17,072,922	-	3,906,647	22,142,814	9,395	22,152,209
IV.	Total Comprehensive Income		-	-	-	-	-	1,633	829	-	1,138,948	653,728	-	-	2,383,355	4,178,493	443	4,178,936
V.	Capital Increase in Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Capital Increase from Internal Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Capital Reserves from Inflation Adjustments to Paid-in Capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Subordinated Debt Instruments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Others Changes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-	-	-	3,906,647	-	(3,906,647)	-	-	-	-
11.1	Dividends Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	3,906,647	-	(3,906,647)	-	-	-	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances at end of the period (III+IV...+X+XI)			3,350,000	714	-	-	-	(222,310)	829	-	(444,580)	273,730	20,979,569	-	2,383,355	26,321,307	9,838	26,331,145

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

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

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

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

QNB FİNANSBANK ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTH PERIOD THEN ENDED MARCH 31, 2022
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VI. CONSOLIDATED CASH FLOW STATEMENT

	Section 5 Note VI	Current Period 01.01 - 31.03.2022	Prior Period 01.01 - 31.03.2021
A. CASH FLOWS FROM / (TO) BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		116,787	(5,206,777)
1.1.1 Interest received		6,721,052	4,869,642
1.1.2 Interest paid		(4,366,231)	(1,931,365)
1.1.3 Dividend received		14,331	346
1.1.4 Fees and commissions received		1,581,294	955,464
1.1.5 Other income		62,571	155,220
1.1.6 Collections from previously written off loans		640,200	473,817
1.1.7 Payments to personnel and service suppliers		(1,007,958)	(599,436)
1.1.8 Taxes paid		(71,990)	(1,278,793)
1.1.9 Other		(3,456,482)	(7,851,672)
1.2 Changes in operating assets and liabilities		7,385,821	14,970,747
1.2.1 Net (increase) decrease in financial assets measured at fair value through profit/loss		1,097,011	114,308
1.2.2 Net (increase) decrease in due from banks		5,566,996	5,306,523
1.2.3 Net (increase) decrease in loans		(30,859,484)	(3,875,100)
1.2.4 Net (increase) decrease in other assets		(1,417,493)	748,245
1.2.5 Net increase (decrease) in bank deposits		(5,463,997)	(821,693)
1.2.6 Net increase (decrease) in other deposits		19,495,102	11,095,663
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		3,748,915	(620,513)
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities		15,218,771	3,023,314
I. Net cash provided from banking operations		7,502,608	9,763,970
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from / (used in) investing activities		(8,315,030)	(365,033)
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries		-	-
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries		-	-
2.3 Fixed assets purchases		(138,148)	(94,982)
2.4 Fixed assets sales		3,373	49,191
2.5 Cash paid for purchase of financial assets measured at fair value through other comprehensive income		(3,552,733)	(3,899,828)
2.6 Cash obtained from sale of financial assets measured at fair value through other comprehensive income		869,753	3,080,461
2.7 Cash paid for purchase of Financial Assets Measured at Amortized Cost		(6,233,276)	(955,110)
2.8 Cash obtained from sale of Financial Assets Measured at Amortized Cost		857,793	1,525,243
2.9 Other		(121,792)	(70,008)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from / (used in) financing activities		4,920,965	548,997
3.1 Cash obtained from funds borrowed and securities issued		3,528,813	2,321,924
3.2 Cash used for repayment of funds borrowed and securities issued		1,387,883	(1,736,711)
3.3 Issued equity instruments		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		4,269	(36,216)
IV. Effect of foreign currency translation differences on cash and cash equivalents		2,976,194	2,211,168
V. Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)		7,084,737	12,159,102
VI. Cash and cash equivalents at the beginning of the period		47,798,834	15,883,101
VII. Cash and cash equivalents at end of the period (V+VI)		54,883,571	28,042,203

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SECTION THREE
ACCOUNTING POLICIES

I. Basis of Presentation

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

Consolidated financial statements are subject to the provisions of the Regulation on the Procedures and Principles Regarding the Accounting Practices of Banks and Retaining Documents published in the Official Gazette dated November 1, 2006 and numbered 26333 regarding the Banking Law No.5411 and the Banking Regulation and Supervision Agency ("BRSA") and other regulations, communiqués, explanations and circulars published regarding the principles of financial reporting and the issues not regulated by them, "Turkish Financial Reporting Standards" ("TFRS") (all of them "BRSA Accounting and Financial Reporting Legislation"). The format and content of the consolidated financial statements to be announced to the public and their explanations and footnotes are in accordance with the "Communiqué on Financial Statements to be Disclosed to the Public by Banks and the Related Disclosures and Footnotes" and "Communiqué on Public Disclosures on Risk Management by Banks" and the communiqués bringing additional and amendments to them. has been prepared. Amounts in the consolidated financial statements and related explanations and footnotes are expressed in thousands of Turkish Lira unless otherwise specified. The amounts expressed in foreign currency are indicated with their full amounts.

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 consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in these consolidated financial statements. Accordingly, these consolidated 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.

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

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

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.

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

Consolidated 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.

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ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

The preparation of consolidated financial statements in conformity with TFRS requires the use of certain critical accounting estimates by the Parent 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 disclosed in reports and 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.

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 Parent 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 Parent 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 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 ("POA") made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of 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 unconsolidated financial statements, the Parent Bank has 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 in the Official Gazette dated December 14, 2019 and numbered 30978. has started to apply since January 1, 2020.

In 2020, the International Accounting Standards Board and POA published Phase 2 standards regarding the reform and related amendments to TFRS 9, TMS 39, TFRS 7, TFRS 4 and TFRS 16. In this context; As of January 01, 2022, the necessary changes/transitions regarding the reference interest rates have been completed.

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ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

2.1. Changes in accounting policies and disclosures (Continued)

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.

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

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

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

1. Strategy for the use of financial instruments

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

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

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ACCOUNTING POLICIES (Continued)

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

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

The Parent Bank has determined securities portfolio limits based on the market risk limitations for money, capital and commodity markets. Products included in the securities portfolio are subject to position and risk limits. Position limits restrict the maximum nominal position based on the product. Risk limits are expressed in terms of “Value at Risk (VAR)” by taking 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 Group’s foreign currency debt securities which are categorized as financial assets at fair value through other comprehensive income explained in foreign currency risk section and the applications regarding the cash flow hedging of interest rate cash flow risk resulting from deposits are explained in the Interest Rate Risk section in detail.

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

2. Foreign currency transactions

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

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”.

Foreign exchange gains and losses arising from transactions that are completed as of 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 Parent 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. Total exchange rate differences that are included in net profit or loss for the year

The foreign currency position of the Parent Bank and the profit / loss from the foreign exchange transactions realized are included in the 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 TRY1,165,807 (March 31, 2021 – TRY312,544 net foreign exchange transaction gain) when the net interest loss amounting to TRY1,300,829 (March 31, 2021 – TRY1,179,267) arising from derivative transactions is excluded from the derivative transactions loss amounting to TRY1,592,368 (March 31, 2021- TRY1,231,813 derivative transactions loss) foreign exchange profit amounting to TRY874,268 (March 31, 2021- TRY259,998 net foreign exchange profit).

2.3. Foreign Associates

None.

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ACCOUNTING POLICIES (Continued)

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

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 “Turkish Financial Reporting Standard in regard to Consolidated Financial Statements” and BRSA’s “Regulation on Preparation of Consolidated Financial Statements of Banks” published on the Official Gazette numbered 26340 and dated November 8, 2006.

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

		Consolidation Method	Place of Establishment	Subject of Operations	Effective Share of the Group (%)	
					March 31, 2022	December 31, 2021
1.	QNB Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full consolidation	Turkey	Securities Intermediary Services	100.00	100.00
2.	QNB Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full consolidation	Turkey	Portfolio Management	100.00	100.00
3.	QNB Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full consolidation	Turkey	Financial Leasing	99.40	99.40
4.	QNB Finans Faktoring A.Ş. (Finans Faktoring)	Full consolidation	Turkey	Factoring Services	100.00	100.00
5.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Full consolidation	Turkey	Asset Lease	100.00	100.00
6.	Cigna Sağlık, Hayat ve Emeklilik A.Ş.	Equity Method	Turkey	Private Pension and Insurance	49.00	49.00

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

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of March 31, 2022.

1. Subsidiaries

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

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

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

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ACCOUNTING POLICIES (Continued)

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

1. Subsidiaries (Continued)

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

2. Associates and entities under common control

The Parent Bank does not have any financial associates that are consolidated in the accompanying financial statements.

The joint venture is established locally, has its primary operations in private pension and insurance, is controlled jointly with another group with a partnership agreement, and is included in Parent Bank's capital. Subject joint venture is included in consolidated financial statements by using equity method.

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

IV. Explanations on Derivative Financial Assets and Liabilities

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

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

The Parent Bank's derivative instruments held for trading and derivative instruments hedging purpose are classified, measured and accounted in accordance with "TFRS 9" and TAS 39 "Financial Instruments: Recognition and Measurement", respectively. Derivative instruments held for trading and derivative instruments hedging purpose are initially recognized at fair value and subsequently measured at fair value. Also, the liabilities and receivables arising from the derivative transactions are recorded as off-balance sheet items at their contractual values. The derivative transactions are accounted for at fair value subsequent to initial recognition and are presented in the "Derivative Financial Assets at Fair Value Through Profit/Loss", "Derivative Financial Liabilities at Fair Value Through Profit & Loss" or "Derivative Financial Assets at Fair Value Through Other Comprehensive Income" and "Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income" items of the balance sheet depending on the resulting positive or negative amounts of the computed value. These amounts of derivative transactions presented on the balance sheet, represent the fair value differences based on the valuation.

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

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

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

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ACCOUNTING POLICIES (Continued)

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

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

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

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

Upon valuation of derivative instruments that are not subject to hedge accounting, differences in fair value, except for currency revaluation differences, are recorded in the 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 Parent Bank applies cash flow hedge accounting using interest swap transactions to hedge its TRY and FC customer deposits with short term cyclical basis and subordinated loans and creditor loans which have floating interest payment. The Parent Bank implements effectiveness tests at the balance sheet dates for hedge accounting; the effective parts are accounted as defined in TAS 39, in financial statements under equity "Other Accumulated Comprehensive Income/Expense Items Reclassified to Profit or Loss" whereas the amount concerning ineffective parts is associated with income statement.

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

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

In fair value hedge accounting

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

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

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

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

QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank issues securities, uses loan and financial through swaps, in order to hedge itself against changes in interest and exchange rates regarding lease receivables.

Fair value hedge accounting effects are accounted under “Derivative Financial Transactions Profit / Loss from Derivative Financial Transactions” in the statement of profit or loss. QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts efficiency tests on every balance sheet date for transactions where fair value hedge accounting is applied.

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

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

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in 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 TRY1,163,308 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 of financial assets or liabilities) defined in the TFRS 9 “Financial Instruments” standard by applying the effective interest rate to the gross carrying amount of a financial asset except for: purchased or originated credit-impaired financial assets or financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. When applying the effective interest rate method, an entity identifies fees that are an integral part of the effective interest rate of a financial instrument. Fees that are an integral part of the effective interest rate of a financial instrument are treated as an adjustment to the effective interest rate, unless the financial instrument is measured at fair value, with the change in fair value being recognized in profit or loss.

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ACCOUNTING POLICIES (Continued)

V. Explanations on Interest Income and Expenses (Continued)

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

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

VI. VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

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

Initial measurement of financial instruments

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

Classification of financial instruments

On which category a financial instrument 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.

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

Classification of financial instruments (Continued)

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

Assessment of business model

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

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

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

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

Measurement categories of financial assets and liabilities

Within the scope of TFRS 9, the Group’s 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.

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

Financial Assets at the Fair Value Through Profit or Loss:

Financial assets at fair value through profit/loss are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and measured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the 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 Parent Bank has stocks, bills and bonds in portfolios of financial assets at fair value through profit and loss that are accounted in accordance with the Group' business model. In accordance with TFRS 9, the Parent 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 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 Parent Bank has inflation indexed (CPI) government bonds in its financial assets at fair value through other comprehensive income and measured at amortized cost portfolios. CPI government bonds that are constant throughout their lives and their real principal amounts are preserved from inflation. These marketable securities are valued and accounted by using effective interest rate method by considering the real coupon rates and reference inflation index at the issue date together with the index calculated by considering the estimated inflation rate as disclosed by the Republic of Turkey Ministry of Treasury and Finance. As disclosed in 'Inflation Indexed Bonds Manual' published by 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 Parent 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 fair value through other comprehensive income are designated as fair value hedged items, hedged against interest rate fluctuations, starting from March and April 2009, and some portion of the TRY government bonds are designated as fair value hedged items, hedged against interest rate fluctuations, starting from July 2011. 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 Gains/ 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 Parent 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 Parent Bank accounts for the hedged loan portfolio at fair value related to hedged risk, the swap transactions used as the hedging instrument at fair value and reflects the related net gain or loss to respective period’s income statement.

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

VIII. Explanations on Expected Credit Losses:

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

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

Stage 1:

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of September 30, 2021, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained above.

Stage 2:

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

Stage 3:

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

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

Calculation of expected credit losses

The Parent 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.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Calculation of expected credit losses (Continued)

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

Probability of Default (“PD”)

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

Loss Given Default (“LGD”)

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

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.

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Consideration of the Macroeconomic Factors

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

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

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

The Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on March 31, 2022. Compared to December 31, 2021, the weight of the worst case scenario was increased by 500 basis points, and the weight of the base case scenario was reduced by 500 basis points. The calculation made taking into account the change in PD / LGD has been reflected in the financial statements as of March 31, 2022. Due to the nature of the model effects, events that cause changes and their effects occur at different times, reflected in the financial statements with a delay. For this reason, the Bank has made individual valuations in order to eliminate the timing difference and provided additional provisions for the sector and customers that are considered to have a high impact.

This approach, which 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 Parent Bank will be exposed to credit risk. The time in financial guarantees and other irrevocable commitments represents the credit maturity for which the liabilities of the Parent Bank. Behavioral maturity analysis has been performed on credit cards and overdraft accounts. With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Significant increase in credit risk

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

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

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ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Significant increase in credit risk (Continued)

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

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

IX. Explanations on Netting of Financial Instruments

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

X. Derecognition of Financial Instruments

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

Based on TFRS 9, the renegotiation or modification of the contractual cash flows of a financial asset could lead to the derecognition of the existing financial asset. When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered as ‘new’ financial asset. When the Parent Bank assesses the characteristics of the new contractual terms of the financial asset, it evaluates the contractual cash flows including foreign currency rate changes, conversion to equity, counterparty changes and solely principal and interest on principle. When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, it is recalculated the gross carrying amount of the financial asset and recognized a modification gain or loss in profit or loss.

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

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

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

c) Derecognition of financial liabilities

It shall be removed a financial liability (or a part of a financial liability) from the statement of financial position when, and only when, it is extinguished—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.

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ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

e) Restructuring and refinancing of financial instruments

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

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

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

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

On order to 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 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; and
- Collection of all overdue amounts, disappearance of the reasons for classification as nonperforming receivable (based on the conditions mentioned above) and having no overdue more than 30 days 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 gain

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

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ACCOUNTING POLICIES (Continued)

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

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

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

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TRY28,989,313

(December 31, 2021– TRY22,990,663). As of March 31, 2022, the Parent Bank has no securities that are subject to lending transactions (December 31, 2021 – None).

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

XII. Explanations on Assets Held for Sale and Discontinued Operations

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 Group has assets held for sale and discontinued operations and it is explained in footnote I.15. of Section Five.

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

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

XIII. Explanations on Goodwill and Other Intangible Assets

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

The intangible assets are recorded at their historical cost less accumulated amortization and provision for impairment, if any. Amortization is calculated on a straight-line basis. Software’s have been classified as other intangible fixed assets. The useful life of software’s 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.

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ACCOUNTING POLICIES (Continued)

XIV. Explanations on Tangible Assets

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

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

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

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

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

Net book value of the property and leased assets under financial lease contracts are compared with the fair values determined by independent appraisers as of the year end and provision for impairment is recognized in “Other Operating Expenses” in the related period 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.

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

XV. Explanations on Leasing Transactions

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

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ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

TFRS 16 Leases

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

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

Right of use assets

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

The right use includes the presence of:

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

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

Lease Liabilities

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

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

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

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

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

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

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

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ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

Short-Term Leases and Leases of Low-Value Assets

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

On 5 June 2020, the POA 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 Group.

Due to the Group’s implementation of TFRS 16, assets classified under tangible assets as of March 31, 2022 amounted to TRY520,160 (December 31, 2021 – TRY491,054), lease liability amounted to TRY519,185 (December 31, 2021 – TRY495,124), financing expense amounted to TRY21,621 (December 31, 2021 – TRY15,778) and depreciation expense amounted to TRY61,394 (December 31, 2021 – TRY60,313).

XVI. Explanations on Factoring Receivables

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

XVII. Explanations on Provisions and Contingent Liabilities

Provisions, other than 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 Parent Bank. In cases where reliable estimate cannot be made of the amount of the obligation, it is considered contingent liabilities. For contingent liabilities if the probability that the event will occur is greater than the probability that it will not and the amount of the obligation can be measured reliably, a provision is made.

XVIII. Explanations on Obligations of the Group for Employees Benefits

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

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities including retirement and notice payments to each employee whose employment is terminated due to resignation or for reasons other than misconduct. The retirement pay is calculated for every working year within the Group over salary for 30 days or the official ceiling amount per year of employment and the notice pay is calculated for the relevant notice period time as determined based on the number of years worked for the Group. The Group has reflected the retirement pay liability amount, which was calculated by an independent actuary, in the accompanying financial statements. According to TAS 19, the Group recognizes all actuarial gains and losses immediately through other comprehensive income. The Group does not have any employees who work under limited period contracts with remaining terms longer than 12 months after the balance sheet date. Provision for the employees’ unused vacations has been booked in accordance with TAS 19 and reflected to the financial statements.

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

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ACCOUNTING POLICIES (Continued)

XIX. Explanations on Taxation

1. Corporate Tax

According to the Corporate Tax Law No. 5520 published in the Official Gazette No. 26205 dated June 21, 2006; Corporate tax is calculated at a rate of 20% over the corporate income. However, in accordance with the Provisional Article 10 added to the Corporate Tax Law, the rate of 20% is applied as 22% for the corporate earnings of the institutions for the taxation periods of 2018, 2019 and 2020 (for the accounting periods starting in the relevant year for the institutions assigned a special fiscal period). Prepaid taxes are followed in "Current Tax Liability" or "Current Tax Asset" accounts to be offset against the corporate tax liability of the relevant year. 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, the corporate tax rate is 25% for the taxation period of 2021 and this rate will be applied as 23% for the taxation period of 2022. In accordance with Article 14 of the Law, the rate to be applied for the year 2021 will start from the declarations to be submitted as of July 1, 2021. (The tax rate applied in the first advance tax period of 2021 is 20%.)

50% of gain from the sale of real estate which are held more than two years in the assets of the Parent Bank and 75% of gain on disposal of subsidiary shares which are held for more than two years in the assets of the Parent Bank are exemption from tax according to Corporate Tax Law in condition with adding these gains into equity or allocating into a specific fund account in the Parent Bank's liabilities for five years.

Corporations calculate a temporary tax of 22% for the 2020 taxation period and 25% (20% in the first advance tax period of 2021) for the 2021 taxation period over their quarterly financial profits, and declare and pay until the 17th day of the second month following that period. If the advance tax paid amount remains after offsetting, this amount could be either returned as cash or offset.

According to the Corporate Tax Law, financial losses in the declaration can be deducted from the corporate tax base of the period not exceeding 5 years. Declarations and related accounting records can be examined within five years by the tax office. On the other hand, if document subjects to stamp duty and the statute of limitations of tax and penalty is used after the expiry of the time limit, the taxable income of document is regenerated.

The provision for corporate and income taxes for the period is recognized as "Current Tax Charge" in the income statement and current tax effect related to transactions directly recognized in equity are reflected to equity.

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.

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ACCOUNTING POLICIES (Continued)

XIX. Explanations on Taxation (Continued)

1. Corporate Tax (Continued)

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 January 1, 2022, starting with the declarations that must be submitted as of July 1, 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 Group calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the calculation of the Parent Bank's deferred tax, the enacted tax rates that are valid in accordance with the current tax legislation are used in accordance with the tax period for the related items. The Corporate Tax rate, 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 April 22, 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 Group is recognized deferred tax for the Stage 1 and Stage 2 expected credit losses provisions.

According to TAS 12, deferred taxes and liabilities resulting from different subsidiaries subject to consolidation are not presented as net; rather they are presented separately as assets and liabilities in the financial statements.

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)

XIX. 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 Communiqué on Disguised Profit Distribution by way of Transfer Pricing” published on November 18, 2007 explains the application related issues in detail. According to this Communiqué, if the taxpayers conduct transactions like purchase and sale of goods or services with the related parties where the prices are not determined according to the arm’s length principle, then it will be concluded that there is a disguised profit distribution by way of transfer pricing. Such disguised profit distributions will not be deducted from the corporate tax base for tax purposes. Disguised profit distribution amount will be recognized as share in net profit and stoppage tax will be calculated depending on whether the profit distributing institution is a real or corporate entity, full-fledged or foreign based taxpayer, is subject to or exempt from tax.

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

XX. Additional Explanations on Borrowings

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

XXI. Explanations on Share Issues

There are no shares issued in the current period (December 31, 2021 - None).

XXII. 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.

XXIII. Explanations on Government Incentives

As of March 31, 2022, the Group does not have any governmental incentives or support (December 31, 2021 – None).

XXIV. Explanations on Segment Reporting

In addition to corporate banking, retail banking and commercial banking services, the Group also provides private banking, SME banking, treasury operations and credit card services through branches and alternative channels. The Group serves its retail banking clients with time, demand deposits, also overdraft services, automatic account services, consumer loans, vehicle loans, housing loans and investment fund services. The Group provides services including deposit and loans, foreign trade financing, forward and option agreements to its corporate clients. Other than those mentioned above, the Group also serves in trading financial instruments, treasury operations, and performs insurance, factoring, and domestic and abroad finance lease operations.

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

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ACCOUNTING POLICIES (Continued)

XXIV. Explanation on Segment Reporting (Continued)

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 Parent Bank and interest and foreign currency risks resulting from market conditions. This segment is in close relation with corporate, commercial, retail, SME and private banking units in order to increase the number of customers and the volume of transactions in treasury products of the Parent Bank.

Current Period (1 January – 31 March 2022)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	1,969,057	1,838,312	2,364,235	6,171,604
Dividend Income	-	-	14,331	14,331
Gain/(Loss) on joint venture accounted for at equity method	-	-	33,264	33,264
Profit Before Taxes	766,628	304,978	2,088,125	3,159,731
Tax Provision (-)^(*)	-	-	775,933	775,933
Net Profit/Loss	766,628	328,605	1,288,565	2,383,798
Total Assets	72,178,150	181,745,655	163,835,729	439,468,729
Segment Assets	72,178,150	181,745,655	163,835,732	417,759,537
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	304,473
Undistributed Assets	-	-	-	21,404,719
Total Liabilities	161,450,298	86,082,265	133,296,392	439,468,729
Segment Liabilities	161,450,298	86,082,265	133,296,392	380,828,955
Undistributed Liabilities	-	-	-	32,308,629
Equity	-	-	-	26,331,145
Other Segment Accounts	552,186	382,552	(47,968)	886,770
Capital Expenditures	436,007	302,064	(34,943)	703,128
Depreciation and Amortization	116,179	80,488	(11,992)	184,675

(*) Tax provision is not distributed.

Prior Period (1 January – 31 March 2021)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	1,338,229	1,035,141	224,832	2,598,202
Dividend Income	-	-	346	346
Gain/(Loss) on joint venture accounted for at equity method	-	-	29,768	29,768
Profit Before Taxes	492,976	312,725	55,610	861,311
Tax Provision (-)	-	-	(209,715)	(209,715)
Net Profit/Loss	-	-	-	651,596
Total Assets^(*)	47,855,623	98,466,811	71,220,907	235,019,721
Segment Assets	47,855,623	98,466,811	71,220,907	217,543,341
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	237,920
Undistributed Assets	-	-	-	17,238,460
Total Liabilities^(*)	88,937,401	36,754,071	66,903,198	235,019,721
Segment Liabilities	88,937,401	36,754,071	66,903,198	192,594,670
Undistributed Liabilities	-	-	-	23,183,823
Equity	-	-	-	19,241,228
Other Segment Accounts	955,982	704,979	(58,858)	1,602,103
Capital Expenditures ^(*)	615,635	453,994	(37,992)	1,031,637
Depreciation and Amortization	340,347	250,985	(20,866)	570,466

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ACCOUNTING POLICIES (Continued)

XXV. Profit Reserves and Profit Distribution

The General Assembly Meeting of the Parent Bank was held on March 25, 2021. In the Board of Directors, it was decided that profit distribution 2020 operations to be distributed as follows.

2021 Profit Distribution Table:

Current Year Profit	3,928,114
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	752,842
C – Extraordinary Reserves	3,170,272

XXVI. 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.

	Current Period	Prior Period
Group's Net Profit for the Period	2,383,355	651,086
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings per Share	0.07114	0.0194

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).

XXVII. Explanations on Other Matters

None.

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SECTION FOUR

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

I. Explanations on Consolidated Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks.” As of March 31, 2022, Group’s total capital has been calculated as TRY43,281,496 (December 31, 2021: TRY37,540,811), capital adequacy ratio is 15.32% (December 31, 2021: 15.24%) calculated pursuant to former regulations.

In accordance with the BRSA's Decision dated December 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.

Components of consolidated shareholders’ equity items:

	Current Period	Prior Period
	March 31, 2022	December 31, 2021
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	20,979,569	17,072,922
Gains recognized in equity as per TAS	1,525,008	298,650
Profit	2,383,355	3,906,647
Current Period Profit	2,383,355	3,906,647
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	-
Minorities’ Share	9,838	9,395
Common Equity Tier 1 Capital Before Deductions	28,249,313	24,638,328
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	619,566	837,041
Improvement costs for operating leasing	79,327	79,130
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	665,153	593,242
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	-	-
Total Deductions From Common Equity Tier 1 Capital	1,364,046	1,509,413
Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adoption	-	142,258
Total Common Equity Tier 1 Capital	26,885,267	23,271,173

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

I. Explanations on Consolidated Equity (Continued)

	Current Period March 31, 2022	Prior Period December 31, 2021
ADDITIONAL TIER I CAPITAL		
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)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	7,689,045	6,813,188
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the	-	-
Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	34,574,312	30,084,361
TIER II CAPITAL		
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
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	3,184,154	2,783,169
Tier II Capital Before Deductions	8,822,787	7,779,507
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	8,822,787	7,779,507
Total Capital (The sum of Tier I Capital and Tier II Capital)	43,397,099	37,863,868
Total Capital		
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
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	-
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

I. Explanations on Consolidated Equity (Continued)

	Current Period March 31, 2022	Prior Period December 31 2021
TOTAL CAPITAL		
Total Capital	43,281,496	37,540,805
Total risk weighted amounts	282,538,807	246,313,414
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	9.52	9.45
Consolidated Tier 1 Capital Adequacy Ratio (%)	12.24	12.21
Consolidated Capital Adequacy Ratio (%)	15.32	15.24
BUFFERS		
Bank specific total common equity tier 1 capital ratio	3.51	3.51
a) Capital conservation buffer requirement (%)	2.50	2.50
b) Bank specific counter-cyclical buffer requirement (%)	0.01	0.01
c) Systemic significant bank buffer ratio (%)	1.00	1.00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	3.52	3.80
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	251,571	218,293
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation		
General provisions for standard based receivables (before ten thousand twenty-five limitation)	6,609,717	5,782,122
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	3,184,154	2,783,169
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0,6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)		
Upper limit for Additional Tier I Capital subjected to temporary Article 4	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

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

I. Explanations on Consolidated Equity (Continued)

Information on debt instruments included in the calculation of equity:

Information on debt instruments included in the calculation of equity:			
	1	2	3
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-
Governing law(s) of the instrument	BRSA	BRSA	BRSA
Regulatory treatment	Additional Capital	Secondary Capital	Secondary Capital
Since 1/1/2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone / consolidated	Standalone - Consolidated	Standalone - Consolidated	Standalone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Loan
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	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 at MS + 7.08	6M LIBOR + 5.75 %	6M LIBOR + 3.88 %
Existence of a dividend stopper	There would be any charges for the reduced value after depreciation date.	-	-
Fully discretionary, partially discretionary or mandatory	Optional	-	-

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

I. Explanations on Consolidated Equity (Continued)

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

	1	2	3
Existence of step up or other incentive to redeem	-	-	-
Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
Convertible or non-convertible	None	Yes	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	-	Discretionary	Discretionary
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)	Disappearance of non-existence and lower core capital ratio 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 the senior creditors, and TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER 2	After the senior creditors, before the TIER 1 sub debt, same with TIER2
Incompliance with article number 7 and 8 of "Own fund regulation"	It fulfills the conditions within the Article 7 of the Regulation on the Equity of Banks.	It fulfills the conditions within the Article 8 of the Regulation on the Equity of Banks.	It fulfills the conditions within the Article 8 of 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.

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

II. Explanations on Consolidated Risk Management

GB1 - Overview of risk weighted assets:

		Risk Weighted Assets		Minimum Capital Requirements	
		31.03.2022	31.12.2021	31.03.2022	31.12.2021
1	Credit risk (excluding counterparty credit risk)	245,692,868	212,756,907	19,655,429	17,020,553
2	Standardized approach	245,692,868	212,756,907	19,655,429	17,020,553
3	Internal rating-based approach	-	-	-	-
4	Counterparty credit risk	9,039,446	9,896,598	723,156	791,728
5	Standardized approach for counterparty credit risk	9,039,446	9,896,598	723,156	791,728
6	Internal model method	-	-	-	-
7	Basic risk weight approach to internal model's 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 exposures in banking accounts	-	-	-	-
13	IRB ratings-based approach	-	-	-	-
14	IRB Supervisory Formula Approach	-	-	-	-
15	SA/simplified supervisory formula approach	-	-	-	-
16	Market risk	7,362,400	5,888,475	588,992	471,078
17	Standardized approach	7,362,400	5,888,475	588,992	471,078
18	Internal model approaches	-	-	-	-
19	Operational risk	20,444,093	17,771,434	1,635,527	1,421,714
20	Basic Indicator Approach	20,444,093	17,771,434	1,635,527	1,421,714
21	Standardized Approach	-	-	-	-
22	Advanced Measurement Approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor adjustment	-	-	-	-
25	TOTAL (1+4+7+8+9+10+11+12+16+19+23+24)	282,538,807	246,313,414	22,603,104	19,705,073

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

III. Explanations on Consolidated Foreign Currency Exchange Risk

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

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

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

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

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

US Dollars purchase rate in the balance sheet date	TRY 14.6458
Euro purchase rate in the balance sheet date	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

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

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

- 4. The basic arithmetical average of the Parent Bank's foreign exchange bid rate for the last thirty days**
The basic arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for March 2022 are TRY14,57 and TRY16,05 respectively.

5. Information on the consolidated foreign exchange risk of the Group

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽¹⁾	32,435,361	34,574,265	2,780,673	69,790,299
Due From Banks ⁽²⁾	3,753,525	10,470,386	343,509	14,567,420
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) ⁽³⁾	580,703	941,696	134	1,522,533
Money Market Placements	-	179,784	-	179,784
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI)	983,506	10,021,920	2,893	11,008,319
Loans ⁽⁴⁾	64,855,071	37,991,087	356,014	103,202,172
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Assets Measured at Amortized Cost	1,235,695	15,408,362	-	16,644,057
Derivative Financial Assets Hedging Purposes	4,656	390,127	-	394,783
Tangible Assets	-	-	45	45
Intangible Assets	-	-	-	-
Other Assets ⁽⁵⁾	818,319	173,544	66,769	1,058,632
Total Assets	104,666,836	110,151,171	3,550,037	218,368,044
Liabilities				
Bank Deposits	1,635,912	3,477,598	31,557	5,145,067
Foreign Currency Deposits ⁽⁶⁾	35,366,265	95,617,546	27,617,214	158,601,025
Money Market Borrowings	1,550,946	14,440,937	-	15,991,883
Funds Provided from Other Financial Institutions	17,938,736	36,197,713	28,848	54,165,297
Securities Issued	-	23,134,117	5,041,077	28,175,194
Miscellaneous Payables	8,264,628	5,076,906	86,078	13,427,612
Derivative Fin. Liabilities Hedging Purposes	35,878	1,054,875	-	1,090,753
Other Liabilities ⁽⁷⁾	808,231	1,533,272	1,515	2,343,018
Total Liabilities	65,600,596	180,532,964	32,806,289	278,939,849

Net Balance Sheet Position	39,066,240	(70,381,793)	(29,256,252)	(60,571,805)
Net Off-Balance Sheet Position	(40,377,602)	71,124,921	29,097,376	59,844,695
Financial Derivative Assets	34,524,272	198,670,109	33,550,021	266,744,402
Financial Derivative Liabilities	74,901,874	127,545,188	4,452,645	206,899,707
Non-Cash Loans ⁽⁸⁾	19,775,590	16,231,460	793,954	36,801,004
Prior Period				
Total Assets	94,224,027	98,444,556	5,406,494	198,075,077
Total Liabilities	57,498,646	162,073,737	28,166,159	247,738,542
Net Balance Sheet Position	36,725,381	(63,629,181)	(22,759,665)	(49,663,465)
Net Off-Balance Sheet Position	(36,545,349)	60,908,043	22,811,068	47,173,762
Financial Derivative Assets	31,112,576	164,392,409	23,228,937	218,733,922
Financial Derivative Liabilities	67,657,925	103,484,366	417,869	171,560,160
Non-Cash Loans	18,384,626	15,231,819	715,572	34,332,017

⁽¹⁾ Cash and Balances with TR Central; Other FC include TRY2,536,414 (December 31, 2021 – TRY1,587,037) precious metal deposit account.

⁽²⁾ There are foreign bank guarantees amounting to TRY4,351,552 (December 31, 2021 – 7,481,729).

⁽³⁾ FC accruals of 536,035 TRY (December 31, 2021 – 327,092 TRY) of derivative financial instruments are not included.

⁽⁴⁾ Includes TRY384,132 (December 31, 2021 – TRY379,005) FC indexed loans. Does not include repealed financial leasing receivables amounting to TRY1,231 (December 31, 2021 – TRY1,301) accounted as FC in balance sheet. FX indexed factoring receivables accounted as TRY in balance sheet is none. (December 31, 2021 – None.)

⁽⁵⁾ Does not include FC prepaid expenses amounting to TRY99,503 (December 31, 2021 – TRY67,969) as per BRSA's Communiqué published in Official Gazette no 26085 on February 19, 2006.

⁽⁶⁾ Foreign currency deposits include TRY24,748,992 (December 31, 2021 – TRY21,599,519) of precious metal deposit account.

⁽⁷⁾ Other Liabilities do not include the Foreign Currency Index Factoring payables amounting to TRY3,549. (December 31, 2021 – TRY3,885).

⁽⁸⁾ Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY288,670 (December 31, 2021 – TRY193,977)

⁽⁹⁾ Does not have an effect on Net Off-balance Sheet Position.

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

IV. Explanations on Consolidated Interest Rate Risk

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

Interest rate sensitivity of assets, liabilities and off-balance sheet items is analyzed by top management in the Asset/Liability Committee meetings held every month by taking the market developments into consideration. The management of the Parent Bank follows the interest rates in the market on a daily basis and revises interest rates of the Parent Bank when necessary.

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

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 ⁽¹⁾	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	32,405,964	-	-	-	-	40,236,782	72,642,746
Due From Banks ⁽³⁾	3,070,817	16,799	-	-	-	11,583,269	14,670,885
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	268,786	110,143	59,528	60,199	24,373	16,134,135	16,657,164
Money Market Placements	492,722	-	-	-	-	-	492,722
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) ⁽⁵⁾	1,747,168	5,938,228	4,764,039	4,113,147	7,913,304	4,929,369	29,405,255
Loans and Receivables	52,033,010	40,799,408	97,797,334	53,737,473	7,421,518	2,148,038	253,936,781
Financial Assets Measured at Amortized Cost ⁽⁶⁾	1,448,225	6,505,046	12,625,272	11,671,998	4,447,531	1,517,383	38,215,455
Other Assets	-	-	-	-	-	13,447,721	13,447,721
Total Assets	91,466,692	53,369,624	115,246,173	69,582,817	19,806,726	89,996,697	439,468,729
Liabilities							
Bank Deposits	3,871,360	1,796,714	-	-	-	166,854	5,834,928
Other Deposits	93,890,108	31,045,321	20,323,546	305,779	419	101,967,420	247,532,593
Money Market Borrowings	14,233,912	4,496,237	7,629,114	-	-	-	26,359,263
Miscellaneous Payables	12,637,563	-	-	-	-	9,430,649	22,068,212
Securities Issued	5,906,020	13,965,685	5,193,636	9,535,133	-	-	34,600,474
Funds Borrowed	8,316,191	28,668,152	10,070,561	3,592,443	8,135,702	-	58,783,049
Other Liabilities ⁽⁷⁾	389	443	13,342	492,808	821	43,782,407	44,290,210
Total Liabilities	138,855,543	79,972,552	43,230,199	13,926,163	8,136,942	155,347,330	439,468,729
On Balance Sheet Long Position	-	-	72,015,974	55,656,654	11,669,784	-	139,342,412
On Balance Sheet Short Position	(47,388,851)	(26,602,928)	-	-	-	(65,350,633)	(139,342,412)
Off-Balance Sheet Long Position	12,497,812	18,327,062	-	-	-	-	30,824,874
Off-Balance Sheet Short Position	-	-	(2,167,490)	(3,121,481)	(13,037,866)	-	(18,326,837)
Total Position	(34,891,039)	(8,275,866)	69,848,484	52,535,173	(1,368,082)	(65,350,633)	12,498,037

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

⁽²⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank includes amount of TRY8,699 expected loss provisions.

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY1,795.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets reflected to Profit/Loss amounting to TRY15,656,275.

⁽⁵⁾ Financial Assets at Fair Value through Other Comprehensive Income includes Derivative Financial Assets reflected to Other Comprehensive Income amounting to TRY4,254,115.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY12,972.

⁽⁷⁾ Other liabilities includes Derivative Financial Liabilities amounting to TRY7,718,649.

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

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

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing ⁽¹⁾	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency, Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	27,488,641	-	-	-	-	42,798,846	70,287,487
Due from Banks ⁽³⁾	1,540,564	-	-	-	-	14,275,739	15,816,303
Financial Assets at Fair Value Through Profit/Loss ⁽⁴⁾	38,546	294,213	27,438	53,814	10,637	18,796,631	19,221,279
Money Market Placements	159,508	-	-	-	-	-	159,508
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) ⁽⁵⁾	2,097,114	2,594,641	4,045,221	4,197,504	7,402,284	2,700,446	23,037,210
Loans and Receivables	43,837,351	34,690,610	76,529,573	50,368,968	4,544,768	2,383,991	212,355,261
Financial Assets Measured at Amortized Cost ⁽⁶⁾	4,961,252	2,568,882	6,556,088	8,429,624	6,240,944	1,090,393	29,847,183
Other Assets	-	-	-	-	-	13,124,781	13,124,781
Total Assets	80,122,976	40,148,346	87,158,320	63,049,910	18,198,633	95,170,827	383,849,012
Liabilities							
Bank Deposits	11,644,754	688,474	74,420	-	-	569,447	12,977,095
Other Deposits	84,255,630	26,809,133	6,145,884	412,329	326	95,276,182	212,899,484
Money Market Borrowings	5,127,316	9,714,670	3,348,628	-	-	-	18,190,614
Miscellaneous Payables	10,917,333	-	-	-	-	7,929,302	18,846,635
Securities Issued	6,375,460	2,080,106	12,586,088	8,761,162	-	-	29,802,816
Funds Borrowed	4,643,709	24,737,911	9,846,587	4,950,493	4,926,131	-	49,104,831
Other Liabilities ⁽⁷⁾	438	1,287	10,716	465,111	821	41,549,164	42,027,537
Total Liabilities	122,964,640	64,031,581	32,012,323	14,589,095	4,927,278	145,324,095	383,849,012
On Balance Sheet Long Position	-	-	55,145,997	48,460,815	13,271,355	-	116,878,167
On Balance Sheet Short Position	(42,841,664)	(23,883,235)	-	-	-	(50,153,268)	(116,878,167)
Off-Balance Sheet Long Position	8,089,258	18,467,702	-	435,415	-	-	26,992,375
Off-Balance Sheet Short Position	-	-	(2,473,907)	(855,891)	(13,500,760)	-	(16,830,558)
Total Position	(34,752,406)	(5,415,533)	52,672,090	48,040,339	(229,405)	(50,153,268)	10,161,817

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

⁽²⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank includes amount of TRY7,084 expected loss provisions.

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY3,825.

⁽⁴⁾ Financial Assets at Fair Value Through Profit/Loss includes derivative financial assets reflected to Profit/Loss amounting to TRY18,446,821.

⁽⁵⁾ Financial Assets at Fair Value Through Other Comprehensive Income include TRY3,359,463 derivative financial assets used for hedging purposes.

⁽⁶⁾ Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY9,793.

⁽⁷⁾ Other Liabilities include derivative Financial Liabilities amounting to TRY12,783,890.

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments:

	EUR (%)	USD (%)	JPY (%)	TRY (%)
Current Period				
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	0.05	15.94	-	11.85
Financial Assets Measured at Fair Value through Profit/Loss	3.71	6.39	-	22.37
Money Market Placements	-	0.52	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.87	5.32	-	22.52
Loans and Receivables	3.69	4.61	1.66	18.29
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	-	13.02
Miscellaneous Payables	(0.39)	-	-	-
Securities Issued	-	5.40	-	13.25
Funds Borrowed	1.44	-	-	14.39

Average interest rates applied to monetary financial instruments:

	EUR (%)	USD (%)	JPY (%)	TRY (%)
Prior Period				
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	0.63	6.89	-	21.21
Financial Assets at Fair Value Through Profit/Loss	4.97	4.58	-	21.35
Money Market Placements	-	0.05	-	-
Financial Assets at Fair Value through Other Comprehensive Income	2.87	5.32	-	18.41
Loans and Receivables	3.61	4.52	1.49	18.03
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	-	13.43
Miscellaneous Payables	(0.39)	-	-	-
Securities Issued	-	5.51	-	12.82
Funds Borrowed	1.43	4.31	-	14.25

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

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Market Value
1. Equity Investments Grade A	121,202	-	121,202
Quoted Securities	121,202	-	121,202
2. Equity Investments Grade B	-	-	-
Quoted Securities	-	-	-
3. Equity Investments Grade C	-	-	-
Quoted Securities	-	-	-
4. Equity Investments Grade Other (*)	304,472	-	-

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

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

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

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1.Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	22,083	-	-	2,925	-	2,925
3. Other Shares	-	-	-	-	-	-
4.Total	22,083	-	-	2,925	-	2,925

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

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

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

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

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. Funding management of the Parent Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Parent Bank. 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 Parent Bank's liabilities consists of TRY, USD and EUR. Gap reports issued based on the aforementioned three currencies are presented in ALCO meetings. Maturity mismatches based on currencies are managed through FX swap and FX forward.

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

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

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

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

Due to the financial uncertainty caused by the coronavirus epidemic, undemonstrative liquidity management has been one of the top priorities of the Parent Bank. The Parent Bank manages LCR over the limit by keeping its high quality liquid assets at a sufficient level. The Parent Bank has created four different stress test scenarios that measure how long it can meet its cumulative cash outflows without providing any new funds from the market or by providing funds at very low levels. A new scenario was created by observing the financial movements that occurred during the coronavirus epidemic, and it was observed that the Parent Bank withstands stress over 30 days, which is the minimum life expectancy, in all scenarios.

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

Funding sources of the Group mainly consist of deposits which constitute 58 of total liabilities of the Group (December 31, 2021 – 59%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

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

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

The Group 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 Group are included in liquidity coverage ratio tables below.

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

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

Liquidity Coverage Ratio

Current Period – March 31, 2022	Unweighted Amounts ^(*)		Weighted Amounts ^(*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			88,616,163	61,723,345
1 High Quality Liquid Assets			88,616,163	61,723,345
CASH OUTFLOWS				
2 Retail and Small Business Customers				
Deposits	167,414,470	107,729,703	15,538,437	10,772,970
3 Stable deposits	24,060,201	-	1,203,010	-
4 Less stable deposits	143,354,269	107,729,703	14,335,427	10,772,970
5 Unsecured Funding other than Retail and Small Business Customers Deposits	67,111,799	46,263,840	36,170,338	23,616,138
6 Operational deposits	1,922,390	640,614	480,597	160,153
7 Non-Operational Deposits	55,030,463	42,858,888	27,959,774	21,253,171
8 Other Unsecured Funding	10,158,946	2,764,338	7,729,967	2,202,814
9 Secured funding	-	-	-	-
10 Other Cash Outflows	47,385,298	13,190,267	47,385,298	13,190,267
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	47,385,298	13,190,267	47,385,298	13,190,267
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	82,607,606	10,748,138	4,130,380	537,407
15 Other irrevocable or conditionally revocable commitments	141,949,709	39,589,702	10,633,630	3,897,573
16 TOTAL CASH OUTFLOWS			113,858,083	52,014,355
CASH INFLOWS				
17 Secured Lending Transactions	224,856	170,819	-	-
18 Unsecured Lending Transactions	22,714,369	12,604,103	16,411,303	10,891,414
19 Other contractual cash inflows	46,838,697	37,117,524	46,838,697	37,117,524
20 TOTAL CASH INFLOWS	69,777,922	49,892,446	63,250,000	48,008,938
			Capped Amounts	
21 TOTAL HIGH-QUALITY LIQUID ASSETS			88,616,163	61,723,345
22 TOTAL NET CASH OUTFLOWS			50,608,083	13,003,589
23 LIQUIDITY COVERAGE RATIO (%)			175.10%	474.66%

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

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

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

Liquidity Coverage Ratio (Continued)

Current Period – March 31, 2022	Unweighted Amounts ^(*)		Weighted Amounts ^(*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			60,105,592	41,728,573
1 High Quality Liquid Assets			60,105,592	41,728,573
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	141,515,493	84,898,033	13,012,189	8,489,803
3 Stable deposits	22,787,215	-	1,139,361	-
4 Less stable deposits	118,728,278	84,898,033	11,872,828	8,489,803
5 Unsecured Funding other than Retail and Small Business Customers Deposits	54,879,746	33,633,717	29,811,372	17,993,501
6 Operational deposits	1,822,934	722,890	455,733	180,722
7 Non-Operational Deposits	42,113,548	28,893,102	20,722,509	14,249,724
8 Other Unsecured Funding	10,943,264	4,017,725	8,633,130	3,563,055
9 Secured funding	-	-	-	-
10 Other Cash Outflows	22,265,401	5,501,550	22,265,401	5,501,550
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	22,265,401	5,501,550	22,265,401	5,501,550
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off-balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	66,317,841	3,640,360	3,315,892	182,018
15 Other irrevocable or conditionally revocable commitments	123,065,092	32,994,068	9,098,334	3,198,915
16 TOTAL CASH OUTFLOWS	-	-	77,503,188	35,365,787
CASH INFLOWS				
17 Secured Lending Transactions	161,211	135,512	-	-
18 Unsecured Lending Transactions	18,740,027	10,456,304	13,483,740	9,177,360
19 Other contractual cash inflows	22,294,557	19,746,944	22,294,557	19,746,944
20 TOTAL CASH INFLOWS	41,195,795	30,338,760	35,778,297	28,924,304
			Capped Amounts	
21 TOTAL HIGH-QUALITY LIQUID ASSETS			60,105,592	41,728,573
22 TOTAL NET CASH OUTFLOWS			41,724,891	10,059,529
23 LIQUIDITY COVERAGE RATIO (%)			144.05%	414.82%

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

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

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

Consolidated liquidity coverage ratios related to first three months of 2022 are calculated weekly and 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	196.46	10/03/2022	145.00	01/01/2022	175.18
FC	519.80	11/02/2022	415.03	21/02/2022	475.48

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

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

Funding sources of the Parent Bank mainly consist of deposits which constitute 58% of total liabilities of the Group (December 31, 2021 – 57%) and also include repo, secured loans, syndication, securitization, bond/security issuance and other instruments including subordinated debts.

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

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

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

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

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

VI. Explanations on Consolidated Liquidity Risk Management and Consolidated Liquidity Coverage Ratio (Continued)
Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated ⁽¹⁾	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank ⁽²⁾	40,354,184	32,297,261	-	-	-	-	(8,698)	72,642,747
Due from Banks ⁽³⁾	6,028,942	8,643,738	-	-	-	-	(1,795)	14,670,885
Financial Assets at Fair Value Through Profit/Loss (FVTPL) ⁽⁴⁾	499,121	952,804	1,161,894	8,526,655	4,549,488	967,202	-	16,657,164
Money Market Placements	-	492,947	-	-	-	-	(225)	492,722
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) ⁽⁵⁾	57,006	451	357,291	3,168,778	14,232,194	11,589,535	-	29,405,255
Loans and Receivables ⁽⁶⁾	-	43,862,107	23,741,422	88,879,495	72,687,331	22,618,388	2,148,038	253,936,781
Financial Assets Measured at Amortized Cost ⁽⁷⁾	-	-	-	1,892,608	25,346,138	10,989,681	(12,972)	38,215,455
Other Assets	349	3,753,870	8,931	42,002	1,327,010	873	8,314,685	13,447,720
Total Assets	46,939,602	90,003,178	25,269,538	102,509,538	118,142,161	46,165,679	10,439,033	439,468,729
Liabilities								
Bank Deposits	166,854	3,871,360	1,796,714	-	-	-	-	5,834,928
Other Deposits	101,967,420	93,890,104	31,045,323	20,323,546	305,781	419	-	247,532,593
Funds Borrowed	-	4,638,673	6,047,657	19,514,543	12,663,435	13,525,182	2,393,559	58,783,049
Money Market Borrowings	-	11,647,551	893,946	9,993,112	3,389,304	435,350	-	26,359,263
Securities Issued	-	2,925,315	14,493,043	6,913,546	10,268,570	-	-	34,600,474
Miscellaneous Payables	-	21,404,822	-	-	-	-	663,390	22,068,212
Other Liabilities ⁽⁸⁾	266,347	6,732,845	726,652	2,354,124	2,577,164	1,469,464	30,163,614	44,290,210
Total Liabilities	102,400,621	145,110,670	55,003,335	59,098,871	29,204,254	15,430,415	33,220,563	439,468,729
Liquidity Excess / (Gap)	(55,461,019)	(55,107,492)	(29,733,797)	43,410,667	88,937,907	30,735,264	(22,781,530)	-
Net Off- Balance Sheet Position ⁽⁹⁾								
Receivables from financial derivative instruments	-	99,004,333	38,074,438	46,234,119	57,119,593	52,663,462	-	293,095,945
Liabilities from derivative financial instruments	-	99,590,823	37,900,860	38,267,449	54,079,008	52,663,425	-	282,501,565
Non-Cash Loans ⁽¹⁰⁾	-	1,832,890	4,930,442	12,838,506	4,436,405	373,673	28,181,302	52,593,218
Prior period								
Total Assets	39,613,823	90,382,468	27,629,618	74,091,079	105,208,043	37,781,195	9,142,786	383,849,012
Total Liabilities	96,034,015	134,141,832	38,549,633	46,923,306	23,269,884	13,627,067	31,303,275	383,849,012
Liquidity Excess / (Gap)	(56,420,192)	(43,759,364)	(10,920,015)	27,167,773	81,938,159	24,154,128	(22,160,489)	-
Net Off- Balance Sheet Position ⁽⁹⁾								
Receivables from financial derivative instruments	-	72,196,159	33,952,450	41,342,421	46,772,646	49,170,248	-	243,433,924
Liabilities from derivative financial instruments	-	74,098,595	32,265,889	38,338,260	41,418,201	49,170,211	-	235,291,156
Non-Cash Loans ⁽¹⁰⁾	-	1,534,846	5,201,610	10,797,060	3,857,735	337,993	25,738,863	47,468,107

⁽¹⁾ The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under "Unallocated" column. Unallocated other liabilities include equity amounting to TRY26,331,145, unallocated provisions amounting to TRY1,609,212 and current tax liability amounting to TRY2,244,690.

⁽²⁾ Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TRY8,698.

⁽³⁾ Banks include balance of expected loss provisions amounting to TRY1,795.

⁽⁴⁾ Financial assets at fair value through profit/loss includes fair value derivative financial assets through profit loss amounting to TRY15,656,275 (December 31, 2021 – TRY18,446,821).

⁽⁵⁾ Financial assets at fair value through other comprehensive income includes fair value derivative financial assets through other comprehensive income amounting to TRY4,254,115 (December 31, 2021 – TRY3,359,463).

⁽⁶⁾ Loans and receivables include leasing and factoring receivables.

⁽⁷⁾ Financial assets measured at amortized cost include TRY12,972 of expected loss provisions.

⁽⁸⁾ Other Liabilities include Derivative Financial Liabilities amounting to TRY7,718,648 includes derivative financial liabilities reflected in FVOCI.

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

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

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

VII. Explanations on Consolidated Leverage Ratio

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

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.51% (December 31, 2021: 5.80%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

	Current Period^(*)	Prior Period^(**)
1 Total asset amount in consolidated financial statements prepared in accordance with TFRS ^(*)	412,784,602	349,460,469
2 Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements	350,115	685,946
3 Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	2,807,786	2,119,562
4 Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	2,564,331	454,669
5 Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements of off-balance transactions	176,982,794	135,914,487
6 Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communiqué on the Preparation of Consolidated Financial Statements	(1,344,914)	(1,420,516)
7 Total Risk Amount	594,144,714	487,214,617

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

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

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

VII. Explanations on Consolidated Leverage Ratio (Continued)

c) Leverage ratio public disclosure template:

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

	Book Value	
	Current Period (*)	Prior Period (*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	392,336,042	330,397,308
(Assets deducted from capital stock)	1,344,914	1,420,516
Total risk amount related to Assets on Balance sheet	390,991,128	328,976,792
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	20,798,675	19,749,107
Potential credit risk amount of derivative financial instruments and credit derivatives	2,807,786	2,119,562
Total risk amount related to derivative financial instruments and credit derivatives	23,606,461	21,868,669
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	529	2,665
Risk amount sourcing from transactions mediated	2,563,802	452,004
Total risk amount related to financial transactions having security or commodity collateral	2,564,331	454,669
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	247,391,582	196,081,218
(Adjustment amount sourcing from multiplying to credit conversion rates)	70,408,788	60,166,731
Total risk amount related to off-balance sheet transactions	176,982,794	135,914,487
Capital and Total Risk		
Core Capital	32,735,980	28,238,011
Amount of total risk	594,144,714	487,214,617
Financial leverage ratio		
Financial leverage ratio	5.51%	5.80%

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

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SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations And Disclosures Related To Consolidated Assets

1. a) Information on cash 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
Others	156,565	1,261,584	103,735	279,831
Total	2,861,146	69,790,299	7,436,280	62,858,291

b) Information related to the 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
Total	1,973,739	62,416,239	6,654,230	56,333,197

As of March 31, 2022, amount of TRY8,698 (December 31, 2021 – TRY7,083) 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.

In accordance with the “Communiqué Regarding the Reserve Requirements” at CBRT, the reserve requirements can be maintained as TRY, USD, EUR and standard gold. 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, the Parent 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 (net amounts are expressed):

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/blocked	-	-	-	19,850
Subject to repurchase agreement	12,832	-	1,373	-
Total	12,832	-	1,373	19,850

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations And Disclosures Related To Consolidated Assets (Continued)

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

b) 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	4,255,790	1,315,243	7,457,376	1,722,657
Futures	-	-	-	-
Options	-	413,164	-	289,303
Total	4,542,977	1,728,407	7,830,892	2,011,960

3. a) Information on banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	100,029	14,572,651	94,349	15,725,779
Domestic	100,026	181,147	94,336	1,781,296
Foreign	3	14,391,504	13	13,944,483
Foreign Head Offices and Branches	-	-	-	-
Total	100,029	14,572,651	94,349	15,725,779

Amount of TRY1,795 provision established for banks account as of March 31, 2022 (December 31,2021 – TRY3,826).

In accordance with the Uniform Chart of Accounts, which became effective as of January 1, 2021, foreign bank guarantees amounting to TRY5,552,920 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	4,814,243	1,267,901	5,549,259	7,479,468
USA and Canada	3,897,280	5,046,277	3,661	3,244
OECD Countries ^(*)	5,684	8,567	-	-
Off-shore Banking Regions	-	-	-	-
Other	121,380	139,039	-	-
Total	8,838,587	6,461,784	5,552,920	7,482,712

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

^(**) No money is kept in blocked accounts in foreign banks for loans used from foreign markets (December 31, 2021 – None).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Explanations And Disclosures Related To Consolidated Assets (Continued)

4. Information on receivables from Reverse Repurchase Agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	-	-	-	-
T.R. Central Bank	-	-	-	-
Banks	-	-	-	-
Brokerage Houses	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
From foreign transactions	-	179,784	-	159,508
T.R. Central Bank	-	-	-	-
Banks	-	179,784	-	159,508
Brokerage Houses	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	-	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 subject to repurchase agreements and provided as collateral /blocked

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral / Blocked	2,436,228	2,178,436	3,204,419	2,244,960
Subject to repurchase agreements	359,077	7,673,115	500,257	7,553,683
Total	2,795,305	9,851,551	3,704,676	9,798,643

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt securities	26,787,796		20,978,048	
Quoted on a stock exchange (*)	26,787,796		20,978,048	
Unquoted on a stock exchange	-		-	
Share certificates	57,060		44,443	
Quoted on a stock exchange	49,279		36,662	
Unquoted on a stock exchange	7,781		7,781	
Impairment provision (-)**	(1,693,716)		(1,344,744)	
Total	25,151,140		19,677,747	

(*) The Eurobond Portfolio amounting to TRY4,983,761 (December 31, 2021 – TRY4,561,219) 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 TRY3,395 (December 31, 2021 – TRY2,815) provision provided for financial assets measured at fair value through other comprehensive income account.

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

6. Information related to loans:

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

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

(*) Includes 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	Loans Under Close Monitoring(*)			
	Standard Loans and Other Receivables	Loans and Receivables Not Subject to Restructuring	Restructured Loans and Receivables	
			Loans and Receivables with Revised Contract Terms	Refinance
Non-Specialized Loans	221,350,837	10,686,201	549,962	9,212,533
Enterprise Loans	18,722,061	24,910	-	-
Export Loans	24,673,450	23,427	-	-
Import Loans	-	-	-	-
Financial Sector Loans	3,371,451	333	-	-
Consumer Loans	40,040,229	1,378,231	152,950	860,186
Credit Cards	31,933,496	2,043,581	-	416,787
Other	102,610,150	7,215,719	397,012	7,935,560
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	221,350,837	10,686,201	549,962	9,212,533

	Standard Loans	Loans Under Close Monitoring
Current Period		
12 Month Expected Credit Losses	2,498,874	-
Significant Increase in Credit Risk	-	3,828,376
Prior Period		
12 Month Expected Credit Losses	2,136,918	-
Significant Increase in Credit Risk	-	3,416,721

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

In the current period, the Parent Bank has no loans followed under financial assets at fair value through profit or loss in accordance with TFRS 9 (December 31, 2021 - TRY 209.671). 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 Turkish Wealth Fund, and as a result of the collection made from the sale amount, the portion of the related loan corresponding to the Parent Bank's share was closed. LYY's Türk Telekom Telekomünikasyon A.Ş. Since it is no longer possible to make principal and interest payments to the Parent Bank after the transfer of its shares to the Turkey Wealth Fund, the loan (TRY353 million) was classified under loans with loss nature and subsequently, the receivable, which was fully provisioned, was written off from the asset.

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I. Explanations And Disclosures Related To Consolidated Assets(Continued)

6. Explanations on loans (Continued)

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

Cash Loans	Standard Loans	Loans Under Close Monitoring	
		Loans Not Subject to Restructuring	Restructured Loans
Short-term Loans	97,446,453	2,043,581	416,788
Medium and Long-term Loans	123,904,384	8,642,620	9,345,707
Total	221,350,837	10,686,201	9,762,495

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

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

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I. Explanations And Disclosures Related To Consolidated Assets(Continued)

6. Explanations on loans(Continued)

e) Information on commercial installment loans and corporate credit cards

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

f) Allocation of loans by customers^(*):

	Current Period	Prior Period
Public	101,703	127,577
Private	241,697,830	201,444,168
Total	241,799,533	201,571,745

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

g) Allocation of domestic and foreign loans^(*):

	Current Period	Prior Period
Domestic Loans	240,296,934	199,914,126
Foreign Loans	1,502,599	1,657,619
Total	241,799,533	201,571,745

^(*)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	-	-
Total	3,061,888	2,202,964

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I. Explanations And Disclosures Related To Consolidated Assets(Continued)

6. Explanation on loans(Continued)

i) Specific provisions for loans:

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	464,527	675,951
Loans and Receivables with Doubtful Collectability	632,370	486,017
Uncollectible Loans and Receivables	6,148,677	5,970,188
Total	7,245,574	7,132,156

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

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

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before the Provisions	79,924	37,769	401,493
Restructured Loans	79,924	37,769	401,493
Prior Period			
Gross Amounts Before the Provisions	79,801	35,301	270,005
Restructured Loans	79,801	35,301	270,005

j.2) Movement of non-performing loans

	III. Group Loans and Other Receivables with Limited Collectability	IV. Group Loans and Other Receivables with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
Prior Period End Balance	1,266,578	767,949	7,481,620
Additions (+)	460,319	13,597	400,250
Transfers from Other Categories of Non-Performing Loans (+)	581	632,087	461,894
Transfers to Other Categories of Non-Performing Loans (-)	750,139	343,032	1,391
Collections (-)	118,424	89,285	432,491
Non-registered (-)	-	-	356,501
Write-offs (-) ^(*)	-	-	-
Debt Sells	-	-	-
Consumer Loans	-	-	-
Credit Cards	-	-	-
Others	-	-	-
Current Period End Balance	858,915	981,316	7,553,381
Provision (-)	464,527	632,370	6,148,677
Net Balances on Balance Sheet	394,388	348,946	1,404,704

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

None (December 31, 2021 – None).

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(Continued)

I. Explanations And Disclosures Related To Consolidated Assets(Continued)

6. Explanations on loans (Continued)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)	394,388	348,946	1,404,704
Loans to Real Persons and Legal Entities (Gross)	858,915	981,316	7,396,830
Provision (-)	464,527	632,370	5,992,126
Loans to Real Persons and Legal Entities (Net)	394,388	348,946	1,404,704
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	156,551
Provision (-)	-	-	156,551
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	590,627	281,932	1,511,432
Loans to Real Persons and Legal Entities (Gross)	1,266,578	767,949	7,337,381
Specific provision (-)	675,951	486,017	5,825,949
Loans to Real Persons and Legal Entities (Net)	590,627	281,932	1,511,432
Banks (Gross)	-	-	-
Specific provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	144,239
Specific provision (-)	-	-	144,239
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectability	Loans and Other Receivables with Doubtful Collectability	Uncollectible Loans and Other Receivables
Current Period (Net)			
Interest accruals and valuation differences	100,450	171,876	1,191,345
Provision amount (-)	49,239	96,917	814,863
Prior Period (Net)			
Interest accruals and valuation differences	199,479	88,104	1,196,682
Provision amount (-)	110,303	41,738	792,353

k) Liquidation policy for uncollectible loans and other receivables:

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

l) Explanations on write-off policy:

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

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

7. Information on factoring receivables:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short Term	4,023,123	1,087,906	2,882,199	921,323
Medium and Long Term	-	-	6,996	-
Total	4,023,123	1,087,906	2,889,195	921,323

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

	Current Period	Prior Period
Prior Period End Balance	82,565	82,530
Provided Provision / (reversal) Net	(2,534)	53,781
Collections	(3,022)	(16,511)
Write-offs	-	(37,235)
Provision at the End of Period	77,009	82,565

8. Information on Financial Assets Measured at Amortized Cost

a) Information on financial assets measured at amortized cost which are subject to repurchase agreements and 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
Total	7,409,654	14,959,912	2,767,628	14,067,436

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 Public Sector Debt Securities	-	286,702	-	254,975
Total	21,584,370	16,083,368	14,876,060	14,417,974

c) Information on investments securities measured at amortized cost:

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

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

8. Information on Financial Assets Measured at Amortized Cost (Continued)

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

	Current Period	Prior Period
Balance at the beginning of the period	29,856,976	18,743,356
Exchange differences on monetary assets	1,864,512	6,418,170
Acquisitions during the year	6,233,276	5,543,887
Disposals through sales and redemptions	(857,793)	(2,609,710)
Impairment provision (-)	-	-
Valuation Effect	1,131,456	1,761,273
The sum of end of the period	38,228,427	29,856,976

As of March 31, 2022, a provision amounting to TRY12,972 (December 31, 2021 – TRY9,793) is provided for the financial assets measured at amortized cost.

9. Information on investments in associates (Net):

9.1. Information on unconsolidated associates:

Description	Address (City/ Country)	Bank's Share-If Different, Voting Rights (%)	Bank's Risk Group Share (%)
Bankalararası Kart Merkez (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.

9.2. Movements of investments in associates:

	Current Period	Prior Period
Balance at the Beginning of Period	14,027	14,027
Movements During the Period	829	-
Purchases	-	-
Bonus Shares Received	-	-
Dividends From Current Year Profit	829	-
Sales	-	-
Reclassifications	-	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	14,856	14,027
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

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

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	14,856	14,027
Total	14,856	14,027

9.4. Quoted Associates:

None (December 31, 2021 - None).

9.5. Valuation of investments in associates:

	Current Period	Prior Period
Valued at Cost	14,856	14,027
Valued at Fair Value	-	-
Valued at Equity Method	-	-
Total	14,856	14,027

9.6. Investments in associates sold during the current period:

None (December 31, 2021 - None).

9.7. Investments on subsidiaries (Net):

a) Information on the Parent Bank's unconsolidated subsidiaries:

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

					Bank's Share – If Different, Voting Rights (%)		Bank's Risk Group Share (%)	
	Title	Address (City/Country)						
1.	Ibtech Uluslararası Bilişim ve İletişim Teknolojileri Araştırma, Geliştirme, Danışmanlık, Destek San. ve Tic. A.Ş.	Istanbul/Turkey				99.91		99.99
2.	EFINANS Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	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	529		9,584	3,003	-

(*) Current period information is based on March 31, 2022 financials. Prior period profit and loss amounts are based on March 31, 2021 financials.

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

9.7. Investments on subsidiaries (Net): (Continued)

b) Information on the Parent Bank's consolidated subsidiaries:

b.1) Information on the consolidated subsidiaries :

Subsidiary	Address (City/Country)	Bank's Share – If Different, Voting Rights (%)	Bank's Risk Group Share (%)
1. QNB Finans Yatırım Menkul Değerler A.Ş.	Istanbul/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 as presented in the table above:

	Total Assets	Shareholde rs' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value ^(*)
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 schedule for consolidated subsidiaries:

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

^(*) 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 31 May 2021.

^(**) 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
Total	2,343,963	2,129,798

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

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

9.7. Investments on 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	-	-
Total	1,303,435	1,230,205

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

None.

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	Shareholders' 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., which is among the joint ventures of the Parent Bank, is accounted by the equity method in the unconsolidated financial statements in accordance with the Turkish Financial Reporting Standards.

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

11. Information on lease receivables (Net):

11.1 Maturity analysis of financial lease receivables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	5,003,625	4,112,886	4,865,238	4,074,767
Between 1-4 years	7,859,874	6,939,266	6,665,208	5,861,829
Over 4 years	813,744	666,704	872,077	753,152
Total	13,677,243	11,718,856	12,402,523	10,689,748

Finance lease receivables include non-performing finance lease receivables amounting to TRY 448,944 (December 31, 2021 – TRY 444,536) and expected credit loss amounting to TRY 316,007 (December 31, 2021 – TRY 298,510).

Changes in non-performing finance lease receivables provision are as follows:

	Current Period	Prior Period
End of the prior period	298,510	175,025
Provided provision / (reversal), Net	20,753	181,665
Collections	(3,256)	(16,563)
Written-off	-	(41,617)
Provision at the end of the period	316,007	298,510

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

11. Information on lease receivables (Net): (Continued)

11.2. Information on net Investment on Financial Lease

	Current Period	Prior Period
Gross Finance Lease Investments	13,668,743	12,393,269
Unearned Finance Income (-)	1,949,887	1,703,521
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	11,718,856	10,689,748

11.3. Information of finance lease contracts of the Parent Bank

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

12. Information on hedging derivative financial assets:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Fair Value Hedge (*)	9,314,985	69,906	8,396,620	207,349
Cash Flow Hedge (**)	3,929,238	324,877	3,214,981	144,482
Net Investment Hedge	-	-	-	-
Total	13,244,223	394,783	11,611,601	351,831

(*) Derivative financial instruments designated for the fair value hedge purposes comprise of swaps. Derivative Financial Instruments at fair value consists swaps. As of March 31, 2022, TRY 9,314,985 (December 31, 2021 – TRY 8,396,620) from securities, TRY 69,906 (December 31, 2021 – TRY 207,349) from loans, represents the fair value of derivatives which are designated as hedging instruments to hedge the fair value.

(**) Represents the fair value of derivatives which are the hedging instruments of deposits and floating dividends' cash flow risk.

13. Information on the investment properties:

None (December 31, 2021- None).

14. Information on tax asset

As of March 31, 2021, the Parent Bank has TRY1,355,020 deferred tax asset calculated under the related regulations.

According to TAS 12, the deferred tax assets and liabilities of the consolidated subsidiaries are netted off separately in their financial statements. As of March 31, 2022, the Parent Bank has deferred tax assets amounting to TRY4,409,374 and deferred tax liabilities amounting to TRY3,054,354 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 cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax liabilities amounting to TRY449,171 are netted under equity. (December 31, 2021 – TRY256,390 deferred tax assets).

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

14. Information on tax asset (Continued)

	Accumulated Temporary Differences		Deferred Tax Assets/(Liabilities)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Provision for Employee Rights	907,245	1,032,218	181,519	206,707
Difference Between the Book Value of Financial Assets and Tax Base	13,047,344	5,097,757	2,609,469	1,019,551
Other (*)	8,091,923	8,085,958	1,618,386	1,617,192
Deferred Tax Assets			4,409,374	2,843,450
Difference Between the Book Value Financial Assets and Tax Base	(452,577)	(450,917)	(90,515)	(90,183)
Difference Between the Book Value of Financial Assets and Tax Base	(13,367,860)	(10,879,235)	(2,673,572)	(2,175,847)
Other	(1,443,730)	(483,321)	(290,267)	(235,730)
Deferred Tax Liabilities			(3,054,354)	(2,501,760)
Deferred Tax Assets/(Liabilities), Net			1,355,020	341,690

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

	Current Period 01.01-31.03.2022	Prior Perior 01.01-31.03.2021
Deferred Tax as of January 1 Asset/ (Liability)- Net	341,690	1,034,082
Deferred Tax (Loss) / Gain	1,462,501	(159,082)
Deferred Tax that is Realized Under Shareholder's Equity	(449,171)	71,794
Deferred Tax Asset/ (Liability) – Net	1,355,020	946,794

15. Information on assets held for sale and discontinued operations

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

(*) 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.

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, provision allocated for other assets amounting to TRY9,033 (December 31, 2021 – TRY8,503).

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I. Explanations And Disclosures Related To Consolidated Assets (Continued)

17. Information on accrued interest and income

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Assets	17,787,200	2,123,190	19,442,493	2,363,791
Loans	4,259,405	1,620,898	4,113,202	1,172,015
Securities Measured at Amortized Cost	1,336,107	194,246	858,545	241,641
Financial Assets Measured at Fair Value through Other Comprehensive Income	1,994,582	(1,373,321)	282,288	(984,469)
T.R Central Bank	111,494	-	143,453	-
Receivables from Leasing Transactions	-	-	-	-
Banks	6,262	570	87	11
Financial Assets Measured at Fair Value through Profit/Loss	1,523	27	3,139	81
Other Accruals	25,027	31,559	37,658	1,835
Total	25,521,600	2,597,169	24,880,865	2,794,905

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II. Explanations And Disclosures Related To Consolidated Liabilities

1. Information on maturity structure of deposits:

Current Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	10,066,655	-	13,839,259	14,415,655	18,636,305	1,659,191	1,220,417	1,126	59,838,608
Foreign Currency	61,182,506	-	14,638,345	42,934,708	9,957,493	2,441,868	2,691,671	5,442	133,852,033
Residents in Turkey	57,952,148	-	14,534,420	41,794,941	9,793,299	2,294,676	1,654,610	5,442	128,029,536
Residents Abroad	3,230,358	-	103,925	1,139,767	164,194	147,192	1,037,061	-	5,822,497
Public Sector Deposits	731,711	-	8,256	22,160	482	745	-	-	763,354
Commercial Deposits	6,625,033	-	5,978,278	3,526,971	484,373	10,856,337	269,651	-	27,740,643
Other Ins. Deposits	102,018	-	50,297	390,705	1,655	44,175	113	-	588,963
Precious Metal Deposits	23,259,497	-	-	74,521	34,257	47,049	1,333,668	-	24,748,992
Bank Deposits	166,854	-	3,871,360	1,774,742	21,972	-	-	-	5,834,928
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	-	-	-	-	-	-	-	-	-
Total	102,134,274	-	38,385,795	63,139,462	29,136,537	15,049,365	5,515,520	6,568	253,367,521

Prior Period

	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits	8,461,102	-	14,099,359	22,054,036	2,852,082	412,060	1,057,209	1,030	48,936,878
Foreign Currency	61,052,728	-	10,821,111	35,233,390	9,175,765	2,243,798	2,530,106	5,290	121,062,188
Residents in Turkey	58,567,314	-	10,586,533	34,389,977	8,755,156	2,140,704	1,566,486	5,290	116,011,460
Residents Abroad	2,485,414	-	234,578	843,413	420,609	103,094	963,620	-	5,050,728
Public Sector Deposits	523,066	-	22,699	1,886	859	719	-	-	549,229
Commercial Deposits	4,968,742	-	7,699,926	7,118,381	51,125	12,203	15,122	-	19,865,499
Other Ins. Deposits	76,498	-	39,437	735,107	1,234	33,650	245	-	886,171
Precious Metal Deposits	20,194,048	-	-	129,327	48,272	29,318	1,198,554	-	21,599,519
Bank Deposits	569,447	-	11,644,754	688,474	74,420	-	-	-	12,977,095
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	74,420	-	-	-	4,128,864
Participation Banks	4,470	-	-	-	-	-	-	-	4,470
Other	-	-	-	-	-	-	-	-	-
Total	95,845,631	-	44,327,286	65,960,601	12,203,757	2,731,748	4,801,236	6,320	225,876,579

1.1. Information on savings deposits covered by deposit insurance and exceeding the deposit insurance limit

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	Prior Period	Current Period	Prior Period
Saving Deposits	29,123,652	23,295,509	30,714,953	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	-	-	-	-
Total	56,720,854	46,618,049	109,267,252	99,802,857

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II. Explanations And Disclosures Related To Consolidated Liabilities (Continued)

1.2. Savings deposits in Turkey are not covered under insurance in another country since the headquarter of the Group 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 nd Article of the 5237 numbered Turkish Criminal Code dated September 26, 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off-shore banking activities	-	-
Total	473,766	413,161

2. Information on trading derivative financial liabilities:

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

	Current Period ^(*)		Prior Period	
	TRY	FC	TRY	FC
Forwards	1,242,290	-	1,622,423	-
Swaps	3,925,234	1,223,135	7,358,117	1,735,074
Futures	-	-	-	-
Options	-	95,649	2,159	67,196
Other	-	-	-	-
Total	5,167,524	1,318,784	8,982,699	1,802,270

^(*) 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 Banks and Institutions	3,786,329	1,844,720	3,826,595	2,332,481
Foreign Banks, Institutions and Funds	831,423	38,698,971	77,991	31,015,200
Total	4,617,752	40,543,691	3,904,586	33,347,681

b) Information on maturity structure of funds borrowed

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	3,841,599	5,859,235	3,112,462	3,208,836
Medium and Long-Term	776,153	34,684,456	792,124	30,138,845
Total	4,617,752	40,543,691	3,904,586	33,347,681

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

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II. Explanations And Disclosures Related To Consolidated Liabilities(Continued)

3. Information on funds borrowed: (Continued)

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

As of March 31, 2022, the Group's liabilities comprise; 58% deposits (December 31, 2021 – 59%), 10% funds borrowed (December 31, 2021 – 10%), 8% issued bonds (December 31, 2021 – 8%) and 6% funds provided from money market borrowings (December 31, 2021 – 5%).

4. Information on funds provided under repurchase agreements:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	9,068,670	-	1,892,535	-
Financial institutions and organizations	9,047,006	-	1,878,568	-
Other institutions and organizations	4,768	-	5,798	-
Real persons	16,896	-	8,169	-
From foreign transactions	516,458	15,991,883	411,619	15,717,177
Financial institutions and organizations	509,861	15,991,883	407,467	15,717,177
Other institutions and organizations	6,597	-	4,152	-
Real persons	-	-	-	-
Total	9,585,128	15,991,883	2,304,154	15,717,177

5. Information on marketable securities issued (Net):

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	6,375,280	3,666,276	6,023,724	2,154,632
Asset-backed securities	50,000	-	-	-
Bills	-	24,508,918	-	21,624,460
Total	6,425,280	28,175,194	6,023,724	23,779,092

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

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

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

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

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

7.1. Explanations of changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2020 – None).

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II. Explanations And Disclosures Related To Consolidated Liabilities (Continued)

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

7.2. Information on liabilities arising from operational lease transactions

The balances of the financial leasing agreements to which the Parent Bank and its subsidiaries are a party are eliminated within the scope of consolidation.

7.3. Information on liabilities arising from operational lease transactions

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 year	30,928	12,915	32,586	12,066
Between 1 - 4 years	621,391	500,915	592,466	475,089
More than 4 years	235	120	202	107
Total	652,554	513,950	625,254	487,262

7.4. Information and footnotes on lease

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

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

The Parent 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 ^(*)	-	911,256	-	1,152,688
Cash Flow Hedge ^(**)	141,587	179,497	177,316	668,917
Net Investment Hedge	-	-	-	-
Total	141,587	1,090,753	177,316	1,821,605

^(*) Derivative financial instruments for fair value hedge purposes consist of swaps. As of March 31, 2022, TRY911,256 (December 31, 2021 – TRY1,152,688) represents the fair value of derivative financial instruments aimed at hedging the fair value risk of securities. Loans do not have value of fair value of the derivative financial instruments used in the fair value hedging transaction (December 31, 2021 – None).

^(**) Represents the fair value of derivative financial instruments of deposit for cash flow hedges of loans and borrowings that have floating rates.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. Explanations And Disclosures Related To Consolidated Liabilities (Continued)

9. Information on provisions:

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

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

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

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

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

9.3. Information on reserve for employee rights

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

As of March 31, 2022, the Group presented the provision for severance pay of TRY510,700 (December 31, 2021

TRY489,567) under the "Reserves for Employee Benefits" item in its financial statements.

As of March 31, 2022, the Group has shown a total vacation liability of TRY105,237 (December 31, 2021 – TRY68,115) under the "Reserves for Employee Benefits" in its financial statements.

As of March 31, 2022, TRY291,308 (December 31, 2021 – TRY474,536) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the "Reserves for Employee Benefits" in its financial statements.

9.3.1 Movement of employee termination benefits

	Current Period	Prior Period
	01.01-31.03.2022	01.01-31.03.2021
As of January, 1	489,568	295,456
Service cost	16,448	9,661
Interest Cost	24,332	9,935
Settlement / curtailment / termination loss	6,177	2,899
Actuarial differences	(4,049)	(776)
Paid during the period	(21,776)	(10,483)
Total	510,700	306,692

9.4. Information on other provisions

Except for those mentioned in note 9.2 above, there is a provision for lawsuits against the Group and tax lawsuits in the amount of TRY 392,841 (December 31, 2021 – TRY 362,323) in other provisions. The Parent Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

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II. Explanations And Disclosures Related To Consolidated Liabilities (Continued)

10. Explanations on Tax Liabilities:

10.1 Information on current tax liability

10.1.1 Information on tax provision

The current tax liability and the prepaid taxes of the consolidated subsidiaries have been offset separately in their financial statements. As of March 31, 2022, The Group's tax liability is amounting to TRY2,244,690 (December 31, 2021 – TRY363,799). As of March 31, 2022, in the attached financial statements, The Group has current tax receivables to TRY18,119 (December 31, 2021 – TRY2,040). The Group have a pre-paid tax amounting to TRY171,660 (December 31, 2021 – TRY196,077).

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate taxes payable	2,244,690	167,723
Banking and Insurance Transaction Tax (BITT)	196,494	219,877
Taxation on Securities Income	71,107	75,403
Taxation on Real Estates Income	3,905	3,466
VAT Payable	42	54
Other	80,554	61,502
Total	2,596,792	528,025

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

10.1.3. Information on premiums

	Current Period	Prior Period
Social Security Premiums - Employee Share	21,818	15,417
Social Security Premiums - Employer Share	25,767	17,807
Pension Fund Fee and Provisions – Employee Share	49	31
Pension Fund Fee and Provisions – Employer Share	162	103
Unemployment Insurance - Employee Share	1,584	1,085
Unemployment Insurance - Employer Share	3,028	2,170
Other	144	81
Total	52,552	36,694

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
Debt Instruments subject to common equity	-	7,872,082	-	6,816,673
Subordinated Loans	-	7,872,082	-	6,816,673
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 common equity	-	5,749,524	-	5,035,891
Subordinated Loans	-	5,749,524	-	5,035,891
Subordinated Debt Instruments	-	-	-	-
Total	-	13,621,606	-	11,852,564

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II. Explanations And Disclosures Related To Consolidated Liabilities (Continued)

13. Information on shareholder's equity:

13.1. Presentation of paid-in capital

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

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

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

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

None (December 31, 2021 – None).

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

None (December 31, 2021 – None).

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

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

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

None (December 31, 2021 – None).

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

None (December 31, 2021 – None).

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

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

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

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II. Explanations And Disclosures Related To Consolidated Liabilities (Continued)

15. Information on marketable securities value increase fund:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Associates, Subsidiaries and Entities under Common Control				
Valuation Differences	(1,448)	-	23,479	-
Foreign Exchange Rate Differences	(24,543)	-	6,990	-
	23,095	-	16,489	-
Securities Measured at FV Through Other Comprehensive Income				
Valuation Differences	1,584,264	(2,027,396)	348,334	(1,955,341)
Foreign Exchange Rate Differences	1,584,264	(2,027,396)	348,334	(1,955,341)
	-	-	-	-
Total	1,582,816	-2,027,396	371,813	(1,955,341)

16. Information on accrued interest and expenses:

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Derivative Financial Liabilities	5,309,111	2,409,537	9,160,015	3,623,875
Deposits	913,177	98,660	347,690	61,807
Funds Borrowed	83,152	426,435	92,621	198,742
Money Market Borrowings	33,105	27,216	10,311	52,057
Issued Securities	20,142	297,495	19,163	436,439
Other Accruals	772,183	306,151	421,052	291,202
Total	7,130,870	3,565,494	10,050,852	4,664,122

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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III. Explanations And Disclosures Related To Consolited Off-Balance Sheet Items

1. Explanations on off-balance-sheet-commitments:

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	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	4,053,584
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 Activities	78,392	71,498
Tax and Fund Liabilities due to Export Commitments	36,457	29,314
Total	132,699,318	87,798,819

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

Specific provision is provided for the non-cash loans followed in the off-balance sheet accounts that are not indemnified and not liquidated yet or expected credit loss provisions for non-cash loans amounting to TRY 309,126 (December 31, 2021 – TRY 253,860).

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

	Current Period	Prior Period
Bank Loans	10,019,961	8,707,676
Letters of Credit	7,384,557	8,268,187
Total	17,404,518	16,975,863

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

	Current Period	Prior Period
Final Letters of Guarantee	12,612,254	11,143,617
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	15,131,655	12,993,525
Total	35,188,700	30,492,244

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	6,852,482	5,839,204
Less Than or Equal to One Year with Original Maturity	2,056,643	1,088,390
More Than One Year with Original Maturity	4,795,839	4,750,814
Other Non-Cash Loans	45,740,736	41,628,903
Total	52,593,218	47,468,107

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(Continued)

III. Explanations And Disclosures Related To Consolited Off-Balance Sheet Items (Continued)

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

	Current Period				Prior Period			
	TRY	(%)	FC	(%)	TRY	(%)	FC	(%)
Agricultural	75,831	0.48	163,409	0.44	64,146	0.49	187,880	0.55
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
Manufacturing	4,047,713	25.63	19,219,476	52.23	2,694,667	20.52	16,869,155	49.13
Mining and Quarrying	60,567	0.38	50,867	0.14	60,835	0.46	54,775	0.16
Production	3,756,206	23.79	18,746,923	50.94	2,419,032	18.42	16,439,294	47.88
Electricity, gas and water	230,940	1.46	421,686	1.15	214,800	1.64	375,086	1.09
Construction	3,895,165	24.67	6,047,548	16.43	3,711,216	28.25	5,393,318	15.71
Services	7,472,432	47.31	11,036,375	30.00	6,341,918	48.28	11,592,111	33.78
Wholesale and Retail Trade	4,885,302	30.93	3,888,698	10.57	4,009,451	30.52	3,844,435	11.20
Hotel, Food and Beverage Services	230,207	1.46	1,330,124	3.61	149,130	1.14	1,224,499	3.57
Transportation Communication	621,753	3.94	341,609	0.93	560,897	4.27	332,004	0.97
Financial Institutions	975,023	6.17	5,029,278	13.67	988,705	7.53	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	0.00	17,433	0.13	-	-
Health and Social Services	301,300	1.91	132,172	0.36	292,900	2.23	100,535	0.29
Other	301,073	1.91	334,196	0.90	324,143	2.46	289,553	0.83
Total	15,792,214	100.00	36,801,004	100.00	13,136,090	100.00	34,332,017	100.00

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

Current Period ^(*)	I. Group		II. Group	
	TRY	FC	TRY	FC
Letters of Guarantee	14,980,535	19,885,666	158,679	104,436
Bill 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	-	-	-	-
Non-cash Loans	15,574,151	36,681,187	158,679	119,817

^(*) Special provision and ECL provision of non-cash loans amounting to TRY 59,384 excluded from provisions that are indemnified and liquidated under off-balance accounts.

Prior Period ^(*)	I. Group		II. Group	
	TRY	FC	TRY	FC
Letters of Guarantee	12,787,373	17,387,175	158,679	104,436
Bill 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	-	-	-	-
Non-cash Loans	12,922,830	34,212,200	158,679	119,817

^(*) Special provision and ECL provision of non-cash loans amounting to TRY 54,581 excluded from provisions that are indemnified and liquidated under off-balance accounts.

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
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III. Explanations And Disclosures Related To Consolited Off-Balance Sheet Items (Continued)

5. Information related to derivative financial instruments:

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	309,892,139	232,956,491
Forward transactions ^(*)	55,233,938	27,395,688
Swap transactions	246,131,848	200,917,401
Futures transactions	786,954	764,011
Option transactions	7,739,399	3,879,391
Interest Related Derivative Transactions (II)	146,166,508	134,510,238
Forward rate transactions	-	-
Interest rate swap transactions	146,166,508	134,510,238
Interest option transactions	-	-
Futures interest transactions	-	-
Security option transactions	-	-
Other trading derivative transactions (III)	1,611,038	1,427,525
A. Total Trading Derivative Transactions (I+II+III)	457,669,685	368,894,254
Types of hedging transactions		
Fair value hedges	55,769,255	46,896,779
Cash flow hedges	94,300,218	66,987,631
Net investment hedges	-	-
B. Total Hedging Related Derivatives	150,069,473	113,884,410
Total Derivative Transactions (A+B)	607,739,158	482,778,664

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

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

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Current Period									
TRY	15,469,048	1,202,978	23,144,164	85,812,224	2,097,994	1,105,282	407,555	-	-
USD	5,101,645	19,897,537	193,438,934	106,533,360	918,226	2,423,382	-	379,399	1,611,038
Euro	5,493,625	2,994,928	28,964,284	71,576,434	805,330	321,039	-	-	-
Other	1,065,834	4,008,343	32,460,015	438,414	54,116	14,030	-	-	-
Total	27,130,152	28,103,786	278,007,397	264,360,432	3,875,666	3,863,733	407,555	379,399	1,611,038

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

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

	Forward Buy ^(**)	Forward Sell ^(**)	Swap Buy ^(*)	Swap Sell ^(*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TRY	6,892,543	1,540,982	18,472,655	60,562,264	821,817	405,775	361,015	15,423	-
USD	2,509,104	9,930,727	161,573,393	93,188,138	572,131	1,192,399	18,895	368,678	1,427,525
Euro	3,728,663	2,371,517	26,773,771	65,549,375	511,472	279,616	-	-	-
Other	122,863	299,289	23,077,722	114,731	48,196	47,985	-	-	-
Total	13,253,173	14,142,515	229,897,541	219,414,508	1,953,616	1,925,775	379,910	384,101	1,427,525

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

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

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III. Explanations And Disclosures Related To Consolited Off-Balance Sheet Items (Continued)

5. Information related to derivative financial instruments: (Continued)

5.1. Fair value hedge accounting

a) Loans

The Parent Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. As of the balance sheet date, the TRY installment loan amounting to TRY8,211,489 (December 31, 2021 – TRY7,277,481) was subject to hedge accounting with swaps with a nominal amount of TRY7,201,098 (December 31, 2021 – TRY5,829,388). On March 31, 2022, a net market valuation difference expense of TRY5,525, arising from TRY12,717 gain from the aforementioned loans (December 31, 2021 – TRY750,813 as expense) and TRY18,242 expense from swaps (December 31, 2021 – TRY689,193 gain), is shown under “Gains / Losses From Derivative Transactions” account in the financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest rate swaps in order to protect itself from interest rate changes in relation to its fixed rate foreign currency lease transactions. As of the balance sheet date, swaps amounting to TRY68,477 have been subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference loss amounting to TRY13 before tax was recognized in the financial statements as “Profit / Loss from Derivative Financial Transactions”.

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 TRY12,979 (December 31, 2021 – TRY62,140 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 Parent 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 TRY5,817, arising from, TRY295,442 expense (December 31, 2021 – TRY 131.060 income) and TRY289,625 income from swaps (December 31, 2021 – TRY130,504 expense), is shown under “Gains / Losses From Derivative Transactions” account in the financial statements.

The Parent 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 Parent 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 amount of swaps. As of March 31, 2022, a net market valuation difference income of TRY3,058, consisting of TRY189,499 income from the aforementioned securities (December 31, 2021 – TRY76,228 income) and TRY186,442 expense from swaps (December 31, 2021 – TRY75,193 expense), is shown under “Gains / Losses From Derivative Transactions” account in the financial statements.

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III. Explanations And Disclosures Related To Consolited Off-Balance Sheet Items (Continued)

5. Information related to derivative financial instruments: (Continued)

5.1. Fair value hedge accounting (Continued)

d) Borrowings

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TRY loans. As of the balance sheet date, swaps amounting to TRY654,850 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference income amounting to TRY 1 before tax was recognized in the financial statements as "Profit / Loss from Derivative Financial Transactions".

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TRYloans. As of the balance sheet date, swaps amounting to TRY665,385 were subject to hedge accounting as hedging instruments. As of March 31, 2022, TRY2,192 income from the aforementioned loans and TRY2,191 loss from the swaps, TRY1 net market valuation difference gain was accounted in the "Profit / Loss from Derivative Financial Transactions" account in the attached financial statements.

The Subsidiary, QNB Finans Finansal Kiralama A.Ş., applies cash flow hedge accounting through interest and currency swaps in order to protect against changes in interest rate with regard to the variable rated and FC denominated loans and variable rated securities it has used. The Company applies efficiency tests for hedge accounting at every balance sheet date, the active parts are accounted under equity under the "Hedging Funds" account item 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, there are no swaps subject to hedge accounting as a hedging instrument (December 31, 2021 - None).

As of March 31, 2022, it is determined that the above mentioned cash flow hedging transactions are effective in the measurement.

5.2. Cash flow hedge accounting

a) Floating Rate Loans

The Parent Bank is subject to cash flow hedge accounting through interest rate swaps in order to protect some of its long-term floating rate 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 USD 675 million (December 31, 2021 - of USD 675 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 250,881 (December 31, 2021 – TRY 91,416) was accounted under equity in the current period.

The Parent Bank is subject to cash flow hedge accounting through interest rate swaps in order to protect some of its TRY denominated floating rate 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 TRY5,472 million (December 31, 2021- TRY1,850 million) have been subject to hedging accounting as hedging instruments. As a result of the mentioned hedging accounting, fair value loss before tax of TRY110,682 (December 31, 2021 – 165,120 gain) was accounted under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction.

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III. Explanations And Disclosures Related To Consolited Off-Balance Sheet Items (Continued)

5. Information related to derivative financial instruments: (Continued)

5.2. Cash flow hedge accounting (Continued)

b) Deposit

The Parent Bank applies cash flow hedge accounting through interest rate swaps in order to protect the deposits with an average maturity of up to 3 months from changes in 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 amounting to TRY50,000 (December 31, 2021 – TRY150,000) are subject to hedge accounting as hedging instrument. As a result of the aforementioned hedge accounting, fair value income before tax amounting to TRY1,757 (December 31, 2021 – TRY16,723 income) has been accounted for under equity in the current period. There is no inactive part in the said 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) of USD deposits, swaps with a nominal amount of EUR 74 Million (December 31, 2021 - EUR 74 Million) Euro deposits are hedged It is subject to hedge accounting as a hedging instrument. As a result of the aforementioned hedge accounting, fair value income before tax amounting to TRY871,703 (December 31, 2021 – TRY526,927) has been accounted for under equity in the current period. The expense of TRY754 (December 31, 2021 – TRY3,875) related to the ineffective portion is associated with 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 TRY6,777 was transferred from equity to the income statement (December 31, 2021 – TRY28,640 loss).

The measurements as of March 31, 2022, hedge of cash flow transactions stated above are determined as effective.

c) Floating Rate Liabilities

The Parent 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 TRY109,391 are accounted for under equity during the current period (December 31, 2021 – TRY48,015 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 TRY11,121 (December 31, 2021 – TRY39,561) was transferred from the equity to the income statement.

The measurements as of March 31, 2022, hedge of cash flow transactions stated above are determined as effective.

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III. Explanations And Disclosures Related To Consolited Off-Balance Sheet Items (Continued)

6. Credit derivatives and risk exposures on credit derivatives

As of March 31, 2022, the Parent Bank has no commitments “Credit Linked Notes” (As of December 31, 2021 - None).

As of March 31, 2022, “Other Derivative Financial Instruments” with nominal amount of USD 110,000,000 (December 31, 2021: USD 110,000,000) are included in Parent 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 Parent Bank has recorded a provision of TRY248,898 (December 31, 2021 – TRY222,837) 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 Group acts as an investment agent for banking transactions on behalf of its customers and provides custody services. Such transactions are followed under off-balance sheet accounts.

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

MOODY’S December 2021		FITCH February 2021	
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+ (NYİ)
Long-Term Foreign Currency	B2		
Denominated Debt Rating(FC)			

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IV. Explanations And Disclosures Related To Consolidated Income Statement

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term Loans	2,806,615	262,789	1,671,650	113,146
Medium and Long-Term Loans	2,702,747	903,768	1,787,128	498,166
Non-Performing Loans	154,372	-	115,269	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total^(*)	5,663,734	1,166,557	3,574,047	611,312

^(*) Includes fees and commissions income from cash loans.

b) Information on interest income from banks:

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank ^(*)	-	-	-	-
Domestic Banks	4,307	307	8,891	103
Foreign Banks	38	5,050	1,242	2,165
Foreign Headquarters and Branches	-	-	-	-
Total	4,345	5,357	10,133	2,268

^(*)The interest income on Required Reserve amounting TRY111,494 excluded from interest income on Banks (March 31, 2021: TRY58,456).

c) Information on interest income on marketable securities

	Current Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	14,110	895
Financial Assets Measured at Fair Value through Other Comprehensive Income	574,053	166,040
Financial Assets Measured at Amortized Cost	1,424,149	246,849
Total	2,012,312	413,784
	Prior Period	
	TRY	FC
Financial Assets Measured at Fair Value through Profit/Loss	8,617	857
Financial Assets Measured at Fair Value through Other Comprehensive Income	202,121	124,745
Financial Assets Measured at Amortized Cost	327,724	129,292
Total	538,462	254,894

As stated in Section Three disclosure VII.2, the Parent 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 and Ministry of Treasury, reference index used for the actual payments is determined based on the inflation rates of two months before. 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 2022, the Group's marketable securities valuation differences after tax would be decreased by TRY519,000 and net profit would be increased by TRY3,133,000 to TRY5,516,165.

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

	Current Period	Prior Period
Interest Received from Associates and Subsidiaries	-	-

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IV. Explanations And Disclosures Related To Consolidated Income Statement (Continued)

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Banks	167,883	538,569	96,146	319,082
T.R. Central Bank	-	-	-	-
Domestic Banks	158,085	30,190	78,967	18,522
Foreign Banks	9,798	508,379	17,179	300,560
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	167,883	538,569	96,146	319,082

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

b) Information on interest expense paid to associates and subsidiaries:

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	-	675

c) Information on interest expense paid to securities issued:

As of March 31, 2022, the amount paid to securities issued is TRY618,147 (March 31, 2021 – TRY311,241).

d) Information on maturity structure of interest expenses on deposits:

Current Period		Time Deposits						Accumulated Deposit Account	Total
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year			
Turkish Lira									
Bank Deposits	-	37,856	40	-	-	-	-	-	37,896
Saving Deposits	3	512,732	792,184	443,615	48,484	34,213	-	-	1,831,231
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	-	-	-	-	-	-	-	-	-
Total	3	799,894	1,007,538	448,224	304,559	41,649	-	-	2,601,867
Foreign Currency									
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
Total	8	31,969	94,437	23,398	5,064	13,487	-	-	168,363
Grand Total	11	831,863	1,101,975	471,622	309,623	55,136	-	-	2,770,230

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IV. Explanations And Disclosures Related To Consolidated Income Statement (Continued)

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

Prior Period		Time Deposits						
Account Nmae	Demand Deposits	Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	6,359	7,815	9,563	-	-	-	23,737
Saving Deposits	3	302,890	764,613	85,820	34,440	33,886	-	1,221,652
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	-	-	-	-	-	-	-	-
Total	3	471,416	992,993	119,976	46,718	34,194	-	1,665,300
Foreign Currency								
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
Total	5	11,876	71,598	8,654	2,563	8,110	-	102,806
Grand Total	8	483,292	1,064,591	128,630	49,281	42,304	-	1,768,106

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expenses on Repurchase Agreements	353,170	48,847	233,944	37,272

(*) Includes "Interest on Money Market Transactions".

f) Information on finance lease expenses

	Current Period	Prior Period
Leasing Expenses	22,402	15,684

g) Information on interest expenses on factoring payables

None (March 31, 2021 – None).

3. Information on dividend income:

	Current Period	Prior Period
Derivative Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Profit or Loss	892	62
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Other	13,439	284
Total	14,331	346

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IV. Explanations And Disclosures Related To Consolidated Income Statement (Continued)

4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	9,306,681	6,771,518
Gain on Capital Market Transactions	168,762	40,966
From Derivative Transactions	2,475,264	2,057,035
Foreign Exchange Gains	6,662,655	4,673,517
Trading Loss (-)	9,676,879	7,686,592
Losses on Capital Market Transactions	112,399	36,771
From Derivative Transactions	4,067,632	3,288,848
Foreign Exchange Losses	5,496,848	4,360,973
Net Trading Income/Loss	(370,198)	(915,074)

5. Explanations on other operating income:

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

6. Provision for losses

	Current Period	Prior Period
Expected Credit Losses	1,025,983	584,198
12 Month Expected Credit Loss (Stage 1)	355,695	369,925
Significant Increase in Credit Risk (Stage 2)	71,507	72,517
Lifetime ECL Impaired Credits (Stage 3)	598,781	141,756
Marketable Securities Impairment Provision	581	547
Financial Assets Measured at Fair Value Through Profit/Loss	-	-
Financial Assets Measured at Other Comprehensive Income	581	547
Investments in Associates, Subsidiaries and Held-to-maturity	-	-
Securities Value Decrease	-	-
Investment in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	89,291	40,950
Total	1,115,855	625,695

7. Information on other operating expenses:

	Current Period	Prior Period
Reserve for employee termination benefits ^(*)	25,181	12,012
Depreciation expenses of Fixed Assets	135,702	114,519
Amortization Expenses of Intangible Assets	49,036	41,036
Other Operating Expenses	622,607	339,861
<i>TFRS 16 Leasing expenses</i>	<i>910</i>	<i>792</i>
<i>Maintenance expenses</i>	<i>194,748</i>	<i>91,164</i>
<i>Advertisement expenses</i>	<i>51,071</i>	<i>24,305</i>
<i>Other expenses</i>	<i>375,878</i>	<i>223,600</i>
Loss on sales of assets	25	20
Other ^(**)	226,060	153,469
Total	1,058,611	660,917

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

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

For the period ended March 31, 2022 net interest income in income items amounting to TRY5,258,892 (March 31, 2021 – TRY2,583,864), net fees and commission income amounting to TRY1,172,744 (March 31, 2021 – TRY773,843), and other operating income amounting to TRY62,571 (March 31, 2021 – TRY155,223) constitute an important part of the income.

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IV. Explanations And Disclosures Related To Consolidated Income Statement (Continued)

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, 2022, the Group recorded current tax expense of TRY1,462,501 (March 31, 2021 - TRY159,082 current tax expense) and a deferred tax expense of TRY2,238,434 (March 31, 2021 - TRY50,633 deferred tax expense) reflected.

9.2. Explanations on operating profit/loss after taxes

None (March 31, 2021 - None).

10. Explanations on current period profit/(loss) from continued and discontinued operations:

The profit generated by the Group from continuing operations is TRY2,383,798 (March 31, 2021 - TRY651,596), and the discontinued operation loss is none. (March 31, 2021, TRY275).

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 Group's performance for the period

None (March 31, 2021 - None).

11.2. Any changes in the Group's accounting estimations that might have a material effect on income statement results.

None (March 31, 2021 - None).

11.3. Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit or loss attributable to minority shares	443	235

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

12. Information on the subaccounts of other items in the income statement account that exceeds 20% of the individual other item exceeding 10% of the income

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 Parent Bank.

V. Explanations And Disclosures Related To Consolidated Change 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 Consolidated Cash Flows Statement

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

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VII. Explanations And Disclosures Related To The Parent Bank's Risk Group

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

- 1.1.** As of March 31, 2022, the Bank's risk group has deposits amounting to TRY586,025 (December 31, 2021 – TRY586,647), cash loans amounting to TRY1,884 (December 31, 2021 – TRY1,773) and non-cash loans amounting to TRY97,378 (December 31, 2021 – TRY60,889).

Current Period

Parent 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
Loans and Other Receivables						
Balance at the Beginning of the Period	-	730	-	55,271	1,773	4,888
Balance at the End of the Period	-	730	-	91,536	1,884	5,112
Interest and Commission Income	-	-	-	15	146	-

Prior Period

Parent 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
Loans and Other Receivables						
Balance at the Beginning of the Period	-	55	2,500	45,878	631	5,212
Balance at the End of the Period	-	730	-	55,271	1,773	4,888
Interest and Commission Income ^(**)	-	-	-	76	132	-

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

^(**) Prior Period represents March 31, 2021 balance

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

Parent 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
Deposits						
Balance at the Beginning of the Period	60,887	19,218	-	-	525,760	293,470
Balance at the End of the Period	54,494	60,887	-	-	531,531	525,760
Balance at the Beginning of the Period ^(**)	-	675	-	-	6,136	675

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

^(**) Prior Period represents March 31, 2021 balance.

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VII. Explanations And Disclosures Related To The Parent Bank's Risk Group (Continued)

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

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

Parent Bank's Risk Group ^(*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Real Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss ^(**)	-	-	-	-	-	-
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss ^(**)	-	-	-	-	-	-

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

^(**) Prior Period represents March 31, 2021 balance.

1.4. Information regarding benefits provided to the Top Management:

As of March 31, 2022, the total amount of remuneration and bonuses paid to key management of the Group is TRY200,876 (March 31, 2021- TRY127,997).

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

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

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

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

As of December 31, 2021, the rate of cash loans of the risk group divided by to total loans is 0%; (December 31, 2021 – 0%); the deposits represented 0,3% (December 31, 2021 – 3%), the ratio of total derivative transactions with derivatives risk is 0% (December 31, 2021 – 0%).

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EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. Explanations And Disclosures Related To The Parent Bank's Risk Group (Continued)

2. Disclosures of transactions with the Parent Bank's risk group (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 Parent Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş.

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

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

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

The Parent Bank offers agency services to Cigna Sağlık, Hayat ve Emeklilik A.Ş. that is 49.00% jointly controlled for its insurance services.

VIII. Explanations and Footnotes Related to Post Balance Sheet Matters

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

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

<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

There are no significant changes in the exchange rates that emerged after the balance sheet date and whose disclosures would affect the evaluation and decision-making of the financial statements users.

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.

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SECTION SIX

AUDITOR’S REVIEW REPORT

I. Explanations on Auditor’s Review Report

The consolidated 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 consolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditors

None (December 31, 2021 – None).

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SECTION SIX

CONSOLIDATED INTERIM ACTIVITY REPORT

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

Message by the Chairman

Dear Shareholders,

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, Group's total assets increased by 14 percent compared to the year-end of 2021, reaching TL 439 billion 469 million. In the same period, net loans of the Parent Bank grew by 19 percent, reaching TL 253 billion 937 million, and customer deposits rose by 16 percent reaching TL 247 billion 533 million. The Group's net profit for the first quarter of 2022 realized at TL 2 billion 384 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.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

Message by the General Manager

Dear Shareholders 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, Group's total assets increased by 14 percent compared to the end of 2021, reaching TL 439 billion 469 million. In the same period, net loans of the Group grew by 19 percent to TL 253 billion 937 million, and customer deposits rose by 16 percent to TL 247 billion 533 million. The Group's net interest income in the first three months of 2022 increased by 104 percent compared to the same period of 2021, reaching TL 5 billion 259 million, while net fees and commissions income grew by 52 percent on a year-on-year basis, reaching TL 1 billion 173 million. Group's net profit for the first quarter of 2022 realized at TL 2 billion 384 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.

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.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

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.

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CONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

Summary Financial Belonging to the Period of March 31, 2022

Principal Financial Indicators (Million TRY)	March 31, 2022	December 31, 2021
Total Loans	253,937	212,565
Securities	64,367	50,090
Total Assets	439,469	383,849
Customer Deposits	247,533	212,899
Equity	26,331	22,152

	March 31, 2022	March 31, 2021
Net interest income	5,259	2,584
Net fees and commission income	1,173	774
Provision loans and other Receivables(-)	1,116	626
Profit before tax	3,160	861
Tax Provision	776	210
Net profit for the period	2,384	651

As of March 31, 2022, compared to 2021 year-end assets of the Group increased by 14% and realized TRY 439 billion and 469 million. When compared with the end of year 2021, total loans increased by 19% and reached TRY 253 billion and 937 million while Customer Deposits increased by 16% and realized by TRY 247 billion and 533 million.

Net interest incomes in 2022 increased and reached TRY 5 billion 259 million and net fee and commission incomes were increased 52% compared to prior year and reached TRY 1 billion 173 million. While the Group's profit before tax was TRY 3 billion 160 million, its net profit for the period was TRY 2 billion 384 million.

Total shareholders' equity increased by 19% compared with the end of the year and reached to TRY 26 billion 331 million. The capital adequacy ratio of the Bank has been realized as 15.32% as of March 31, 2022.

As of March 31, 2022 the Group has 12,399 personnel and 445 branches.

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

Assets

The Group 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 19% and reached TRY 253 billion 937 million 2021 while total consolidated assets increased by 14% and reached TRY 439 billion and 469 million compared to the end of the prior year.

Liabilities

As of March 31, 2022, the Group's total customer deposits increased by 16% compared to the end of 2021 and reached TRY 247 billion 533 million, while its shareholders' equity increased by 19% compared to the end of 2021 and reached TRY 26 billion 331 million.

Profitability

In 2022, the Bank's net interest income reached TRY 5 billion 259 million, while its net fee and commission income increased by 52% compared to the prior year and reached TRY 1 billion 173 million. Profit before tax was realized as TRY 3 billion 160 million and net profit for the period was TRY 2 billion 384 million.

The Group operates with 12,399 employees.

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CONSOLIDATED 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 433.

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