

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**UNCONSOLIDATED FINANCIAL STATEMENTS AND RELATED  
DISCLOSURES AT SEPTEMBER 30, 2022  
TOGETHER WITH AUDITOR'S INTERIM REVIEW REPORT**



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

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

To the General Assembly of QNB Finansbank Anonim Şirketi;

### *Introduction*

We have reviewed the unconsolidated balance sheet of QNB Finansbank Anonim Şirketi ("the Bank") at September 30, 2022 and the related unconsolidated statement of profit or loss, unconsolidated statement of profit or loss and other comprehensive income, unconsolidated statement of changes in shareholders' equity, unconsolidated statement of cash flows and a summary of significant accounting policies and other explanatory notes to the unconsolidated financial statements for the nine-month-period then ended. The Bank Management is responsible for the preparation and fair presentation of interim financial information in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated November 1, 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

### *Scope of Review*

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



*Basis for the Qualified Conclusion*

As mentioned in Section Five Part II 9.4 of Explanations and Notes to the Unconsolidated Financial Statements; the accompanying unconsolidated financial statements as of September 30, 2022 include a free provision amounting to TRY 3,200,000 thousand which was provided in the current year by the Bank management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

*Qualified Conclusion*

Based on our review, except for the effects of the matter on the unconsolidated financial statements described in the basis for the qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying unconsolidated financial information do not present fairly in all material respects the unconsolidated financial position of QNB Finansbank A.Ş. at September 30, 2022 and its unconsolidated operations and its unconsolidated cash flows for the nine-months period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

*Report on other regulatory requirements arising from legislation*

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

*Additional Paragraph for Convenience Translation:*

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board including the application of IAS 29 - Financial Reporting in Hyperinflationary Economies as of September 30, 2022. Accordingly, the accompanying unconsolidated financial statements are not intended to present fairly the unconsolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

Talar Gül, SMMM  
Partner

Istanbul, October 27, 2022

**THE UNCONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2022**

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

The unconsolidated financial report for the nine months period ended September 30, 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 BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE BANK
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BANK
- FOOTNOTES AND EXPLANATIONS ON UNCONSOLIDATED FINANCIAL STATEMENTS
- INTERIM REVIEW REPORT
- INTERIM ACTIVITY REPORT

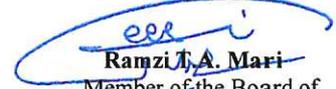
The accompanying unconsolidated financial statements and related disclosures and footnotes for the nine months period ended September 30, 2022, are prepared and reviewed in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidances, and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying unconsolidated financial statements are presented in **thousands of Turkish Lira (TL)**.



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



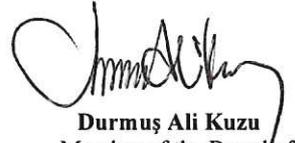
**Ali Teoman Kerman**  
Member of the Board of  
Directors and Chairman of the  
Audit Committee



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



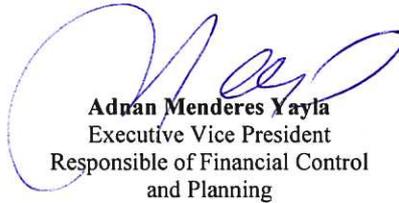
**Noor Mohd J. A. Al-Naimi**  
Member of the Board of  
Directors and of the  
Audit Committee



**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 report 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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# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD THEN ENDED SEPTEMBER 30, 2022

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

### SECTION ONE

#### GENERAL INFORMATION

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

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

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

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

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

99.88% of shares of QNB Finansbank A.Ş. are controlled by Qatar National Bank as of September 30, 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.

Regarding the partnership share in Cigna Sağlık Hayat ve Emeklilik A.Ş., whose capital is 49%; The Bank's Board of Directors determined that TRY 1,000,000,000 of the 22,950,000 shares with a nominal value of TRY 22,950,000, which corresponds to 51% of the capital of Cigna Sağlık Hayat ve Emeklilik A.Ş., owned by Cigna Nederland Gamma BV In this context, a Share Purchase Agreement was signed with Cigna Nederland Gamma BV on October 21, 2022. The share transfer process will be completed after the necessary permissions are obtained.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD THEN ENDED SEPTEMBER 30, 2022 (Amounts expressed in Thousands of Turkish Lira (TRY) unless otherwise stated.)

### GENERAL INFORMATION

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

| Name                             | Titles  | Date of Appointment | Education |
|----------------------------------|---|---------------------|-----------|
| Dr. Ömer A. Aras                 | Chairman  | April 16, 2010      | PhD       |
| Yousef Mahmoud H. N. Al-Neama    | Deputy Chairman and Executive Member<br>Board Member and Chairman of the Audit<br>Committee | May 28, 2019        | Masters   |
| Ali Teoman Kerman                | Board Member and Audit Committee Member   | April 16, 2013      | Masters   |
| Ramzi T. A. Mari                 | Board Member  | June 16, 2016       | Masters   |
| Fatma Abdulla S.S. Al-Suwaidi    | Board Member and Audit Committee Member   | June 16, 2016       | Masters   |
| Durmuş Ali Kuzu                  | Board Member  | August 25, 2016     | PhD       |
| Osman Ömür Tan                   | Board Member and General Manager  | January 1, 2022     | Masters   |
| Temel Güzeloğlu                  | Board Member  | April 16, 2010      | Masters   |
| Esel Yıldız Çekin <sup>(*)</sup> | Board Member  | September 2, 2022   | Graduate  |
| Adel Ali M. A. Al-Malki          | Board Member  | May 28, 2019        | Graduate  |
| Noor Mohd J. A. Al-Naimi         | Board Member and Audit Committee Member   | June 22, 2017       | Graduate  |
| Adnan Menderes Yayla             | Executive Vice President  | May 20, 2008        | Masters   |
| Köksal Çoban                     | Executive Vice President  | August 19, 2008     | Masters   |
| Dr. Mehmet Kürşad Demirkol       | Executive Vice President  | October 8, 2010     | PhD       |
| Enis 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<br>Compliance                                | September 12, 2012  | Graduate  |
| Ersin Emir                       | Head of Internal Audit  | February 18, 2011   | Masters   |
| Zeynep Aydın Demirkıran          | Head of Risk Management   | September 16, 2011  | Masters   |

(\*) Esel Yıldız Çekin was appointed as of September 2, 2022, and the oath process was completed on September 29, 2022.

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

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

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

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

The Bank's activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets and securities operations and credit card operations. In addition, the Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of September 30, 2022, the Bank operates through 438 domestic (December 31, 2021 – 442), 1 abroad (December 31, 2021 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2021 – 1) branches. As of September 30, 2022, the Bank has 11,385 employees (December 31, 2021 – 10,944 employees).

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

None.

## **SECTION TWO**

### **UNCONSOLIDATED FINANCIAL STATEMENTS**

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF BALANCE SHEET SEPTEMBER 30, 2022

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

### I. BALANCE SHEET - ASSETS

|   | Section 5 Part I | Current Period<br>30.09.2022 |                    |                    | Prior Period<br>31.12.2021 |                    |                    |
|---|------------------|------------------------------|--------------------|--------------------|----------------------------|--------------------|--------------------|
|   |                  | TRY                          | FC                 | Total              | TRY                        | FC                 | Total              |
| <b>I. FINANCIAL ASSETS (NET)</b>  |                  | <b>61,485,357</b>            | <b>120,835,749</b> | <b>182,321,106</b> | <b>36,875,476</b>          | <b>91,014,591</b>  | <b>127,890,067</b> |
| <b>1.1 Cash and Cash Equivalents</b>  |                  | <b>8,912,248</b>             | <b>106,169,201</b> | <b>115,081,449</b> | <b>7,426,349</b>           | <b>78,137,381</b>  | <b>85,563,730</b>  |
| 1.1.1 Cash and Balances with Central Bank   | (1)              | 8,924,953                    | 70,516,688         | 79,441,641         | 7,436,280                  | 62,858,291         | 70,294,571         |
| 1.1.2 Banks   | (3)              | 2,373                        | 35,246,272         | 35,248,645         | 822                        | 15,119,582         | 15,120,404         |
| 1.1.3 Money Markets   | (4)              | -                            | 419,489            | 419,489            | -                          | 159,508            | 159,508            |
| 1.1.4 Expected Credit Losses (-)  |                  | 15,078                       | 13,248             | 28,326             | 10,753                     | -                  | 10,753             |
| <b>1.2 Financial Assets at Fair Value Through Profit or Loss</b>                                      | <b>(2)</b>       | <b>512,188</b>               | <b>352,367</b>     | <b>864,555</b>     | <b>181,903</b>             | <b>499,454</b>     | <b>681,357</b>     |
| 1.2.1 Government Debt Securities  |                  | 388,414                      | 90,026             | 478,440            | 101,865                    | 64,122             | 165,987            |
| 1.2.2 Equity Securities   |                  | 91,089                       | -                  | 91,089             | 47,353                     | -                  | 47,353             |
| 1.2.3 Other Financial Assets  |                  | 32,685                       | 262,341            | 295,026            | 32,685                     | 435,332            | 468,017            |
| <b>1.3 Financial Assets at Fair Value Through Other Comprehensive Income</b>                          | <b>(5)</b>       | <b>30,926,862</b>            | <b>9,824,838</b>   | <b>40,751,700</b>  | <b>9,633,009</b>           | <b>10,008,077</b>  | <b>19,641,086</b>  |
| 1.3.1 Government Debt Securities  |                  | 30,919,188                   | 9,824,838          | 40,744,026         | 9,625,335                  | 10,008,077         | 19,633,412         |
| 1.3.2 Equity Securities   |                  | 7,674                        | -                  | 7,674              | 7,674                      | -                  | 7,674              |
| 1.3.3 Other Financial Assets  |                  | -                            | -                  | -                  | -                          | -                  | -                  |
| <b>1.4 Derivative Financial Assets</b>  | <b>(12)</b>      | <b>21,134,059</b>            | <b>4,489,343</b>   | <b>25,623,402</b>  | <b>19,634,215</b>          | <b>2,369,679</b>   | <b>22,003,894</b>  |
| 1.4.1 Derivative Financial Assets at Fair Value Through Profit/Loss                                   |                  | 16,140,148                   | 2,638,057          | 18,778,205         | 16,419,234                 | 2,225,197          | 18,644,431         |
| 1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income                    |                  | 4,993,911                    | 1,851,286          | 6,845,197          | 3,214,981                  | 144,482            | 3,359,463          |
| <b>II. FINANCIAL ASSETS MEASURED AT AMORTIZED COST (Net)</b>  |                  | <b>233,918,050</b>           | <b>123,120,420</b> | <b>357,038,470</b> | <b>132,561,876</b>         | <b>97,907,918</b>  | <b>230,469,794</b> |
| <b>2.1 Loans</b>  | <b>(6)</b>       | <b>213,311,871</b>           | <b>107,371,422</b> | <b>320,683,293</b> | <b>129,816,752</b>         | <b>82,927,002</b>  | <b>212,743,754</b> |
| <b>2.2 Lease Receivables</b>  | <b>(11)</b>      | <b>-</b>                     | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>           | <b>-</b>           |
| <b>2.3 Factoring Receivables</b>  | <b>-</b>         | <b>-</b>                     | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>           | <b>-</b>           |
| <b>2.4 Other Financial Assets Measured at Amortized Cost</b>  | <b>(7)</b>       | <b>32,070,765</b>            | <b>20,126,540</b>  | <b>52,197,305</b>  | <b>14,876,060</b>          | <b>14,980,916</b>  | <b>29,856,976</b>  |
| 2.4.1 Public Sector Debt Securities   |                  | 32,070,765                   | 19,472,242         | 51,543,007         | 14,876,060                 | 14,417,974         | 29,294,034         |
| 2.4.2 Other Financial Assets  |                  | -                            | 654,298            | 654,298            | -                          | 562,942            | 562,942            |
| <b>2.5 Expected Credit Losses (-)</b>   | <b>-</b>         | <b>11,464,586</b>            | <b>4,377,542</b>   | <b>15,842,128</b>  | <b>12,130,936</b>          | <b>-</b>           | <b>12,130,936</b>  |
| <b>III. PROPERTY AND EQUIPMENT HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)</b> | <b>(15)</b>      | <b>-</b>                     | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>           | <b>-</b>           |
| 3.1 Held for Sale Purpose   |                  | -                            | -                  | -                  | -                          | -                  | -                  |
| 3.2 Related to Discontinued Operations  |                  | -                            | -                  | -                  | -                          | -                  | -                  |
| <b>IV. EQUITY INVESTMENTS</b>   |                  | <b>3,487,593</b>             | <b>-</b>           | <b>3,487,593</b>   | <b>2,400,164</b>           | <b>-</b>           | <b>2,400,164</b>   |
| <b>4.1 Investments in Associates (Net)</b>  | <b>(8)</b>       | <b>45,276</b>                | <b>-</b>           | <b>45,276</b>      | <b>14,026</b>              | <b>-</b>           | <b>14,026</b>      |
| 4.1.1 Associates Valued Based on Equity Method  |                  | -                            | -                  | -                  | -                          | -                  | -                  |
| 4.1.2 Unconsolidated Associates   |                  | 45,276                       | -                  | 45,276             | 14,026                     | -                  | 14,026             |
| <b>4.2 Subsidiaries (Net)</b>   | <b>(9)</b>       | <b>3,215,026</b>             | <b>-</b>           | <b>3,215,026</b>   | <b>2,167,844</b>           | <b>-</b>           | <b>2,167,844</b>   |
| 4.2.1 Unconsolidated Financial Subsidiaries   |                  | 3,086,980                    | -                  | 3,086,980          | 2,129,798                  | -                  | 2,129,798          |
| 4.2.2 Unconsolidated Non-Financial Subsidiaries   |                  | 128,046                      | -                  | 128,046            | 38,046                     | -                  | 38,046             |
| <b>4.3 Joint Ventures (Net)</b>   | <b>(10)</b>      | <b>227,291</b>               | <b>-</b>           | <b>227,291</b>     | <b>218,294</b>             | <b>-</b>           | <b>218,294</b>     |
| 4.3.1 Joint Ventures Valued Based on Equity Method  |                  | -                            | -                  | -                  | -                          | -                  | -                  |
| 4.3.2 Unconsolidated Joint Ventures   |                  | 227,291                      | -                  | 227,291            | 218,294                    | -                  | 218,294            |
| <b>V. PROPERTY AND EQUIPMENT (Net)</b>  |                  | <b>3,905,438</b>             | <b>97</b>          | <b>3,905,535</b>   | <b>3,660,096</b>           | <b>37</b>          | <b>3,660,133</b>   |
| <b>VI. INTANGIBLE ASSETS (Net)</b>  |                  | <b>914,581</b>               | <b>-</b>           | <b>914,581</b>     | <b>628,673</b>             | <b>-</b>           | <b>628,673</b>     |
| 6.1 Goodwill  |                  | -                            | -                  | -                  | -                          | -                  | -                  |
| 6.2 Other   |                  | 914,581                      | -                  | 914,581            | 628,673                    | -                  | 628,673            |
| <b>VII. INVESTMENT PROPERTY (Net)</b>   | <b>(13)</b>      | <b>-</b>                     | <b>-</b>           | <b>-</b>           | <b>-</b>                   | <b>-</b>           | <b>-</b>           |
| <b>VIII. CURRENT TAX ASSET</b>  | <b>(14)</b>      | <b>-</b>                     | <b>-</b>           | <b>-</b>           | <b>2,040</b>               | <b>-</b>           | <b>2,040</b>       |
| <b>IX. DEFERRED TAX ASSET</b>   | <b>(14)</b>      | <b>150,345</b>               | <b>-</b>           | <b>150,345</b>     | <b>133,892</b>             | <b>-</b>           | <b>133,892</b>     |
| <b>X. OTHER ASSETS (Net)</b>  | <b>(16)</b>      | <b>6,977,689</b>             | <b>348,507</b>     | <b>7,326,196</b>   | <b>6,052,142</b>           | <b>132,336</b>     | <b>6,184,478</b>   |
| <b>TOTAL ASSETS</b>   |                  | <b>310,839,053</b>           | <b>244,304,773</b> | <b>555,143,826</b> | <b>182,314,359</b>         | <b>189,054,882</b> | <b>371,369,241</b> |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF BALANCE SHEET SEPTEMBER 30, 2022

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

### I. BALANCE SHEET - LIABILITIES AND EQUITY

|                          |   | Current Period<br>30.09.2022 |                    |                    | Prior Period<br>31.12.2021 |                    |                    |                    |
|--------------------------|---|------------------------------|--------------------|--------------------|----------------------------|--------------------|--------------------|--------------------|
|                          |   | Section 5 Part               |                    |                    |                            |                    |                    |                    |
|                          |   | II                           | TRY                | FC                 | Total                      | TRY                | FC                 | Total              |
| <b>I.</b>                | <b>DEPOSITS</b>   | (1)                          | 141,792,938        | 208,654,029        | 350,446,967                | 79,660,507         | 147,262,712        | 226,923,219        |
| <b>II.</b>               | <b>FUNDS BORROWED</b>   | (3)                          | 450,859            | 42,002,501         | 42,453,360                 | 526,513            | 26,505,405         | 27,031,918         |
| <b>III.</b>              | <b>MONEY MARKETS</b>  | (4)                          | 13,834,637         | 15,257,984         | 29,092,621                 | 2,302,812          | 15,717,177         | 18,019,989         |
| <b>IV.</b>               | <b>SECURITIES ISSUED (Net)</b>  | (5)                          | 5,097,224          | 20,763,801         | 25,861,025                 | 4,609,660          | 23,779,092         | 28,388,752         |
| 4.1                      | Bills   |                              | 5,097,224          | 2,527,021          | 7,624,245                  | 4,609,660          | 2,154,632          | 6,764,292          |
| 4.2                      | Asset Backed Securities   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 4.3                      | Bonds   |                              | -                  | 18,236,780         | 18,236,780                 | -                  | 21,624,460         | 21,624,460         |
| <b>V.</b>                | <b>FUNDS</b>  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 5.1                      | Borrower Funds  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 5.2                      | Other   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| <b>VI.</b>               | <b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT &amp; LOSS</b>                    |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| <b>VII.</b>              | <b>DERIVATIVE FINANCIAL LIABILITIES</b>   |                              | 4,394,637          | 3,719,699          | 8,114,336                  | 9,160,015          | 3,292,413          | 12,452,428         |
| 7.1                      | Derivative Financial Liabilities at Fair Value Through Profit or Loss                   | (2)                          | 4,394,637          | 3,287,256          | 7,681,893                  | 8,982,699          | 2,623,496          | 11,606,195         |
| 7.2                      | Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income       | (8)                          | -                  | 432,443            | 432,443                    | 177,316            | 668,917            | 846,233            |
| <b>VIII.</b>             | <b>FACTORING PAYABLES</b>   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| <b>IX.</b>               | <b>LEASE PAYABLES (Net)</b>   | (7)                          | 503,125            | 292                | 503,417                    | 491,912            | 777                | 492,689            |
| <b>X.</b>                | <b>PROVISIONS</b>   | (9)                          | 5,096,027          | 273,495            | 5,369,522                  | 1,567,815          | -                  | 1,567,815          |
| 10.1                     | Restructuring Provisions  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 10.2                     | Reserve for Employee Benefits   |                              | 1,244,083          | -                  | 1,244,083                  | 977,114            | -                  | 977,114            |
| 10.3                     | Insurance Technical Provisions (Net)  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 10.4                     | Other Provisions  |                              | 3,851,944          | 273,495            | 4,125,439                  | 590,701            | -                  | 590,701            |
| <b>XI.</b>               | <b>CURRENT TAX LIABILITY</b>  | (10)                         | 2,790,487          | -                  | 2,790,487                  | -                  | -                  | -                  |
| <b>XII.</b>              | <b>DEFERRED TAX LIABILITY</b>   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| <b>XIII.</b>             | <b>LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)</b> | (11)                         | -                  | -                  | -                          | -                  | -                  | -                  |
| 13.1                     | Held for Sale   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 13.2                     | Discontinued Operations   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| <b>XIV.</b>              | <b>SUBORDINATED DEBT INSTRUMENTS</b>  | (12)                         | -                  | 17,262,406         | 17,262,406                 | -                  | 11,852,564         | 11,852,564         |
| 14.1                     | Subordinated Loans  |                              | -                  | 17,262,406         | 17,262,406                 | -                  | 11,852,564         | 11,852,564         |
| 14.2                     | Other Debt Instruments  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| <b>XV.</b>               | <b>OTHER LIABILITIES</b>  |                              | 19,212,050         | 15,716,817         | 34,928,867                 | 10,570,280         | 11,925,527         | 22,495,807         |
| <b>XVI.</b>              | <b>SHAREHOLDERS' EQUITY</b>   |                              | 40,262,618         | (1,941,800)        | 38,320,818                 | 24,785,657         | (2,641,597)        | 22,144,060         |
| 16.1                     | Paid-in Capital   | (13)                         | 3,350,000          | -                  | 3,350,000                  | 3,350,000          | -                  | 3,350,000          |
| 16.2                     | Capital Reserves  |                              | 714                | -                  | 714                        | 714                | -                  | 714                |
| 16.2.1                   | Share Premium   | (14)                         | 714                | -                  | 714                        | 714                | -                  | 714                |
| 16.2.2                   | Share Cancellation Profits  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 16.2.3                   | Other Capital Reserves  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 16.3                     | Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss             |                              | (209,352)          | -                  | (209,352)                  | (223,943)          | -                  | (223,943)          |
| 16.4                     | Other Comprehensive Income/Expense Items Reclassified to Profit or Loss                 |                              | 4,669,302          | (1,941,800)        | 2,727,502                  | 678,070            | (2,641,597)        | (1,963,527)        |
| 16.5                     | Profit Reserves   |                              | 20,980,816         | -                  | 20,980,816                 | 17,052,702         | -                  | 17,052,702         |
| 16.5.1                   | Legal Reserves  |                              | 771,684            | -                  | 771,684                    | 757,842            | -                  | 757,842            |
| 16.5.2                   | Status Reserves   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 16.5.3                   | Extraordinary Reserves  |                              | 20,209,132         | -                  | 20,209,132                 | 16,294,860         | -                  | 16,294,860         |
| 16.5.4                   | Other Profit Reserves   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 16.6                     | Profit/Loss   |                              | 11,471,138         | -                  | 11,471,138                 | 3,928,114          | -                  | 3,928,114          |
| 16.6.1                   | Prior Periods' Profit/Loss  |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| 16.6.2                   | Current Period's Net Profit/Loss  |                              | 11,471,138         | -                  | 11,471,138                 | 3,928,114          | -                  | 3,928,114          |
| 16.7                     | Minority Interest   |                              | -                  | -                  | -                          | -                  | -                  | -                  |
| <b>TOTAL LIABILITIES</b> |   |                              | <b>233,434,602</b> | <b>321,709,224</b> | <b>555,143,826</b>         | <b>133,675,171</b> | <b>237,694,070</b> | <b>371,369,241</b> |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS SEPTEMBER 30, 2022

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

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

|   |   | Current Period<br>30.09.2022 |                      |                      | Prior Period<br>31.12.2021 |                    |                      |
|---|---|------------------------------|----------------------|----------------------|----------------------------|--------------------|----------------------|
| Section 5<br>Part III                         |   | TRY                          | FC                   | TOTAL                | TRY                        | FC                 | TOTAL                |
| <b>A.</b>                                     | <b>OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I-II+III)</b>           | <b>400,675,359</b>           | <b>610,815,752</b>   | <b>1,011,491,111</b> | <b>250,865,291</b>         | <b>432,479,100</b> | <b>683,344,391</b>   |
| <b>I.</b>                                     | <b>GUARANTEES</b>   | <b>25,391,101</b>            | <b>34,723,692</b>    | <b>60,114,793</b>    | <b>13,161,207</b>          | <b>34,332,017</b>  | <b>47,493,224</b>    |
| 1.1.  | Letters of guarantee  | 22,856,039                   | 20,075,580           | 42,931,619           | 13,025,750                 | 17,491,611         | 30,517,361           |
| 1.1.1.  | Guarantees subject to State Tender Law                                      | 838,742                      | 169,827              | 1,008,569            | 553,377                    | 133,441            | 686,818              |
| 1.1.2.  | Guarantees given for foreign trade operations                               | 11,131,950                   | 19,905,753           | 31,037,703           | 7,285,611                  | 17,358,170         | 24,643,781           |
| 1.1.3.  | Other letters of guarantee  | 10,885,347                   | -                    | 10,885,347           | 5,186,762                  | -                  | 5,186,762            |
| 1.2.  | Bank loans  | 2,495,797                    | 8,286,811            | 10,782,608           | 71,783                     | 8,635,893          | 8,707,676            |
| 1.2.1.  | Import letter of acceptance   | 2,495,797                    | 8,286,811            | 10,782,608           | 71,783                     | 8,635,893          | 8,707,676            |
| 1.2.2.  | Other bank acceptances  | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.3.  | Letters of credit   | 39,265                       | 6,361,301            | 6,400,566            | 63,674                     | 8,204,513          | 8,268,187            |
| 1.3.1.  | Documentary letters of credit   | 39,265                       | 6,027,255            | 6,066,520            | 63,674                     | 7,424,841          | 7,488,515            |
| 1.3.2.  | Other letters of credit   | -                            | 334,046              | 334,046              | -                          | 779,672            | 779,672              |
| 1.4.  | Prefinancing given as guarantee   | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.5.  | Endorsements  | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.5.1.  | Endorsements to the Central Bank of Turkey                                  | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.5.2.  | Other endorsements  | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.6.  | Securities issue purchase guarantees  | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.7.  | Factoring guarantees  | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.8.  | Other guarantees  | -                            | -                    | -                    | -                          | -                  | -                    |
| 1.9.  | Other collaterals   | -                            | -                    | -                    | -                          | -                  | -                    |
| <b>II.</b>                                    | <b>COMMITMENTS</b>  | <b>212,291,207</b>           | <b>86,148,231</b>    | <b>298,439,438</b>   | <b>150,120,272</b>         | <b>5,965,872</b>   | <b>156,086,144</b>   |
| 2.1.  | Irrevocable commitments   | 138,756,581                  | 35,873,972           | 174,630,553          | 81,745,417                 | 5,965,872          | 87,711,289           |
| 2.1.1.  | Forward asset purchase commitments  | 6,037,865                    | -                    | 6,037,865            | 1,107,989                  | -                  | 7,145,854            |
| 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   | 40,375,499                   | 404,076              | 40,779,575           | 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   | 3,737,474                    | -                    | 3,737,474            | 2,885,779                  | -                  | 2,885,779            |
| 2.1.8.  | Tax and fund liabilities from export commitments                            | 86,529                       | -                    | 86,529               | 29,314                     | -                  | 115,843              |
| 2.1.9.  | Commitments for credit card expenditure limits                              | 85,296,921                   | -                    | 85,296,921           | 49,733,289                 | -                  | 135,030,210          |
|   | Commitments for promotions related with credit cards and banking activities | 98,959                       | -                    | 98,959               | 71,498                     | -                  | 170,457              |
| 2.1.10.                                       | Receivables from short sale commitments                                     | -                            | -                    | -                    | -                          | -                  | -                    |
| 2.1.11.                                       | Payables for short sale commitments   | -                            | -                    | -                    | -                          | -                  | -                    |
| 2.1.12.                                       | Other irrevocable commitments   | 3,123,334                    | 10,829,142           | 13,952,476           | 866,845                    | 2,314,300          | 3,181,145            |
| 2.2.  | Revocable commitments   | 73,534,626                   | 50,274,259           | 123,808,885          | 68,374,855                 | -                  | 68,374,855           |
| 2.2.1.  | Revocable loan granting commitments   | 73,534,626                   | 50,274,259           | 123,808,885          | 68,374,855                 | -                  | 68,374,855           |
| 2.2.2.  | Other revocable commitments   | -                            | -                    | -                    | -                          | -                  | -                    |
| <b>III.</b>                                   | <b>DERIVATIVE FINANCIAL INSTRUMENTS</b>                                     | <b>162,993,051</b>           | <b>489,943,829</b>   | <b>652,936,880</b>   | <b>87,583,812</b>          | <b>392,181,211</b> | <b>479,765,023</b>   |
| 3.1.  | Derivative financial instruments for hedging purposes                       | 22,413,561                   | 131,046,705          | 153,460,266          | 12,146,306                 | 102,778,047        | 114,924,353          |
| 3.1.1.  | Fair value hedge  | 6,439,313                    | 41,060,784           | 47,500,097           | 5,829,388                  | 42,107,334         | 47,936,722           |
| 3.1.2.  | Cash flow hedge   | 15,974,248                   | 89,985,921           | 105,960,169          | 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   | 140,579,490                  | 358,897,124          | 499,476,614          | 75,437,506                 | 289,403,164        | 364,840,670          |
| 3.2.1.  | Forward foreign currency buy/sell transactions                              | 13,575,361                   | 25,077,244           | 38,652,605           | 7,288,292                  | 16,053,812         | 23,342,104           |
| 3.2.1.1.                                      | Forward foreign currency transactions-buy                                   | 13,313,219                   | 6,101,048            | 19,414,267           | 6,377,847                  | 4,862,254          | 11,240,101           |
| 3.2.1.2.                                      | Forward foreign currency transactions-sell                                  | 262,142                      | 18,976,196           | 19,238,338           | 910,445                    | 11,191,558         | 12,102,003           |
| 3.2.2.  | Swap transactions related to foreign currency and interest rates            | 112,401,133                  | 315,666,516          | 428,067,649          | 66,545,184                 | 268,882,455        | 335,427,639          |
| 3.2.2.1.                                      | Foreign currency swap-buy   | 1,066,385                    | 130,779,977          | 131,846,362          | 2,126,829                  | 98,404,122         | 100,530,951          |
| 3.2.2.2.                                      | Foreign currency swap-sell  | 77,899,950                   | 54,057,885           | 131,957,835          | 37,918,755                 | 62,467,695         | 100,386,450          |
| 3.2.2.3.                                      | Interest rate swaps-buy   | 16,717,399                   | 65,414,327           | 82,131,726           | 13,249,800                 | 54,005,319         | 67,255,119           |
| 3.2.2.4.                                      | Interest rate swaps-sell  | 12,935,519                   | 14,528,025           | 27,463,544           | 1,227,592                  | 2,651,799          | 3,879,391            |
| 3.2.3.  | Foreign currency, interest rate and securities options                      | 9,306,532                    | 4,557,563            | 13,864,095           | 821,817                    | 1,131,799          | 1,953,616            |
| 3.2.3.1.                                      | Foreign currency options-buy  | 3,628,987                    | 9,970,462            | 13,599,449           | 405,775                    | 1,520,000          | 1,925,775            |
| 3.2.3.2.                                      | Foreign currency options-sell   | -                            | -                    | -                    | -                          | -                  | -                    |
| 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  | 1,667,477                    | 1,589,921            | 3,257,398            | 376,438                    | 387,573            | 764,011              |
| 3.2.4.1.                                      | Foreign currency futures-buy  | 878,809                      | 762,320              | 1,641,129            | 361,015                    | 18,895             | 379,910              |
| 3.2.4.2.                                      | Foreign currency futures-sell   | 788,668                      | 827,601              | 1,616,269            | 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   | -                            | 2,035,418            | 2,035,418            | -                          | 1,427,525          | 1,427,525            |
| <b>B.</b>                                     | <b>CUSTODY AND PLEDGED ITEMS (IV+V+VI)</b>                                  | <b>1,566,164,153</b>         | <b>661,035,083</b>   | <b>2,227,199,236</b> | <b>1,168,863,151</b>       | <b>489,419,290</b> | <b>1,658,282,441</b> |
| <b>IV.</b>                                    | <b>ITEMS HELD IN CUSTODY</b>  | <b>27,545,592</b>            | <b>21,818,024</b>    | <b>49,363,616</b>    | <b>22,219,062</b>          | <b>16,495,503</b>  | <b>38,714,565</b>    |
| 4.1.  | Assets under management   | 8,576,257                    | -                    | 8,576,257            | 7,427,814                  | -                  | 7,427,814            |
| 4.2.  | Investment securities held in custody                                       | 274,784                      | 17,611,916           | 17,886,700           | 1,633,011                  | 11,510,543         | 13,143,554           |
| 4.3.  | Checks received for collection  | 15,795,420                   | 1,579,127            | 17,374,547           | 10,923,733                 | 3,061,613          | 13,985,346           |
| 4.4.  | Commercial notes received for collection                                    | 2,898,881                    | 1,283,590            | 4,182,471            | 2,233,879                  | 920,079            | 3,153,958            |
| 4.5.  | Other assets received for collection  | -                            | -                    | -                    | -                          | -                  | -                    |
| 4.6.  | Assets received for public offering   | -                            | -                    | -                    | -                          | -                  | -                    |
| 4.7.  | Other items under custody   | 250                          | 1,343,391            | 1,343,641            | 625                        | 1,003,268          | 1,003,893            |
| 4.8.  | Custodians  | -                            | -                    | -                    | -                          | -                  | -                    |
| <b>V.</b>                                     | <b>PLEDGED ITEMS</b>  | <b>888,402,578</b>           | <b>363,989,248</b>   | <b>1,252,391,826</b> | <b>666,936,857</b>         | <b>290,504,187</b> | <b>957,441,044</b>   |
| 5.1.  | Marketable securities   | 5,407,417                    | 23,700,937           | 29,108,354           | 5,098,635                  | 18,744,531         | 23,843,166           |
| 5.2.  | Guarantee notes   | 681,982                      | 968,075              | 1,650,057            | 538,348                    | 602,312            | 1,140,660            |
| 5.3.  | Commodity   | 946,607                      | -                    | 946,607              | 521,666                    | -                  | 521,666              |
| 5.4.  | Warranty  | -                            | -                    | -                    | -                          | -                  | -                    |
| 5.5.  | Properties  | 188,003,690                  | 169,839,718          | 357,843,408          | 130,004,304                | 146,855,545        | 276,859,849          |
| 5.6.  | Other pledged items   | 693,362,882                  | 169,480,518          | 862,843,400          | 530,773,904                | 124,301,799        | 655,075,703          |
| 5.7.  | Pledged items-depository  | -                            | -                    | -                    | -                          | -                  | -                    |
| <b>VI.</b>                                    | <b>ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES</b>                       | <b>650,215,983</b>           | <b>275,227,811</b>   | <b>925,443,794</b>   | <b>479,707,232</b>         | <b>182,419,600</b> | <b>662,126,832</b>   |
| <b>TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)</b> |   | <b>1,966,839,512</b>         | <b>1,271,850,835</b> | <b>3,238,690,347</b> | <b>1,419,728,442</b>       | <b>921,898,390</b> | <b>2,341,626,832</b> |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS SEPTEMBER 30, 2022

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

### III. STATEMENT OF PROFIT OR LOSS

|  | Part 5 Note<br>IV | Current<br>Period<br>01.01 -<br>30.09.2022 | Current<br>Period<br>3 Months<br>01.07 -<br>30.09.2022 | Prior Period<br>01.01 -<br>30.09.2021 | Prior Period<br>3 Months<br>01.07 -<br>30.09.2021 |
|--|-------------------|--|--|---------------------------------------|---|
| <b>I. INTEREST INCOME</b>  | <b>(1)</b>        | <b>42,281,998</b>                          | <b>18,235,168</b>                                      | <b>17,425,923</b>                     | <b>6,483,442</b>                                  |
| 1.1 Interest income on loans   |                   | 27,971,611                                 | 11,778,687   | 14,105,458                            | 5,167,688   |
| 1.2 Interest income on reserve deposits  |                   | 130,135                                    | -  | 303,571                               | 133,347   |
| 1.3 Interest income on banks   |                   | 150,545                                    | 122,663  | 34,220                                | 6,936   |
| 1.4 Interest income on money market transactions                                 |                   | 44,608                                     | 18,886   | 12,422                                | 87  |
| 1.5 Interest income on securities portfolio                                      |                   | 13,957,240                                 | 6,307,126  | 2,954,387                             | 1,171,073   |
| 1.5.1 Financial assets measured at FVTPL   |                   | 58,650                                     | 22,782   | 16,662                                | 5,991   |
| 1.5.2 Financial assets measured at FVOCI   |                   | 3,639,418                                  | 1,637,518  | 1,258,365                             | 500,076   |
| 1.5.3 Financial assets measured at amortized cost                                |                   | 10,259,172                                 | 4,646,826  | 1,679,360                             | 665,006   |
| 1.6 Financial lease income   |                   | -  | -  | -                                     | -   |
| 1.7 Other interest income  |                   | 27,859                                     | 7,806  | 15,865                                | 4,311   |
| <b>II. INTEREST EXPENSE (-)</b>  | <b>(2)</b>        | <b>17,381,940</b>                          | <b>7,417,817</b>                                       | <b>9,338,654</b>                      | <b>3,457,019</b>                                  |
| 2.1 Interest on deposits   |                   | 11,593,019                                 | 5,215,170  | 6,521,441                             | 2,442,862   |
| 2.2 Interest on funds borrowed   |                   | 1,894,886                                  | 765,847  | 941,951                               | 303,946   |
| 2.3 Interest on money market transactions  |                   | 1,976,724                                  | 694,929  | 836,628                               | 291,653   |
| 2.4 Interest on securities issued  |                   | 1,687,131                                  | 585,316  | 963,831                               | 397,281   |
| 2.5 Interests on leaseings   |                   | 73,321                                     | 25,575   | 46,240                                | 14,937  |
| 2.6 Other interest expenses  |                   | 156,859                                    | 130,980  | 28,563                                | 6,340   |
| <b>III. NET INTEREST INCOME (I - II)</b>   |                   | <b>24,900,058</b>                          | <b>10,817,351</b>                                      | <b>8,087,269</b>                      | <b>3,026,423</b>                                  |
| <b>IV. NET FEES AND COMMISSIONS INCOME/EXPENSES</b>                              |                   | <b>4,290,903</b>                           | <b>1,776,633</b>                                       | <b>2,415,106</b>                      | <b>879,547</b>                                    |
| 4.1 Fees and commissions received  |                   | 5,730,038                                  | 2,342,783  | 3,105,687                             | 1,179,161   |
| 4.1.1 Non-cash loans   |                   | 303,235                                    | 124,500  | 195,812                               | 68,105  |
| 4.1.2 Others   |                   | 5,426,803                                  | 2,218,283  | 2,909,875                             | 1,111,056   |
| 4.2 Fees and commissions paid (-)  |                   | 1,439,135                                  | 566,150  | 690,581                               | 299,614   |
| 4.2.1 Non-cash loans   |                   | 1,542                                      | 657  | 1,757                                 | 660   |
| 4.2.2 Others   |                   | 1,437,593                                  | 565,493  | 688,824                               | 298,954   |
| <b>V. DIVIDEND INCOME</b>  | <b>(3)</b>        | <b>14,889</b>                              | <b>-</b>   | <b>518</b>                            | <b>-</b>  |
| <b>VI. TRADING INCOME / LOSS (Net)</b>   | <b>(4)</b>        | <b>(462,389)</b>                           | <b>(60,160)</b>  | <b>(3,052,426)</b>                    | <b>(1,072,256)</b>                                |
| 6.1 Trading gains / losses on securities   |                   | 312,046                                    | 170,941  | 57,187                                | 13,615  |
| 6.2 Gain/losses from derivative transactions                                     |                   | (5,996,547)                                | (2,527,143)  | (3,680,316)                           | (1,301,027)                                       |
| 6.3 Foreign exchange gain / losses   |                   | 5,222,112                                  | 2,296,042  | 570,703                               | 215,156   |
| <b>VII. OTHER OPERATING INCOME</b>   | <b>(5)</b>        | <b>259,476</b>                             | <b>74,129</b>  | <b>390,120</b>                        | <b>220,135</b>                                    |
| <b>VIII. TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)</b>                      |                   | <b>29,002,937</b>                          | <b>12,607,953</b>                                      | <b>7,840,587</b>                      | <b>3,053,849</b>                                  |
| <b>IX. EXPECTED CREDIT LOSSES (-)</b>  | <b>(6)</b>        | <b>4,101,785</b>                           | <b>1,101,949</b>                                       | <b>1,444,765</b>                      | <b>563,861</b>                                    |
| <b>X. OTHER PROVISION LOSSES (-)</b>   |                   | <b>3,596,446</b>                           | <b>3,450,179</b>                                       | <b>82,481</b>                         | <b>20,164</b>                                     |
| <b>XI. PERSONNEL EXPENSES (-)</b>  |                   | <b>2,844,474</b>                           | <b>1,061,292</b>                                       | <b>1,466,917</b>                      | <b>511,922</b>                                    |
| <b>XII. OTHER OPERATING EXPENSES (-)</b>   | <b>(7)</b>        | <b>3,422,041</b>                           | <b>1,261,123</b>                                       | <b>1,959,198</b>                      | <b>687,813</b>                                    |
| <b>XIII. NET OPERATING PROFIT / LOSS (VIII-IX-X-XI-XII)</b>                      |                   | <b>15,038,191</b>                          | <b>5,733,410</b>                                       | <b>2,887,226</b>                      | <b>1,270,089</b>                                  |
| <b>XIV. EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER</b>                        |                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                              | <b>-</b>  |
| <b>XV. INCOME/LOSS FROM INVESTMENTS UNDER EQUITY ACCOUNTING</b>                  |                   | <b>980,889</b>                             | <b>394,735</b>   | <b>418,131</b>                        | <b>151,590</b>                                    |
| <b>XVI. GAIN/LOSS ON NET MONETARY POSITION</b>                                   |                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                              | <b>-</b>  |
| <b>XVII. OPERATING PROFIT/LOSS BEFORE TAXES (XII+...+XV)</b>                     | <b>(8)</b>        | <b>16,019,080</b>                          | <b>6,128,145</b>                                       | <b>3,305,357</b>                      | <b>1,421,679</b>                                  |
| <b>XVIII. PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)</b>                    | <b>(9)</b>        | <b>4,547,942</b>                           | <b>2,272,507</b>                                       | <b>712,322</b>                        | <b>314,478</b>                                    |
| 18.1 Current tax charge  |                   | 5,946,279                                  | 2,789,357  | 8,528                                 | -   |
| 18.2 Deferred tax charge (+)   |                   | 884,037                                    | 310,920  | 1,322,581                             | 279,663   |
| 18.3 Deferred tax credit (-)   |                   | (2,282,374)                                | (827,770)  | (618,787)                             | 34,815  |
| <b>XIX. NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)</b>                   | <b>(10)</b>       | <b>11,471,138</b>                          | <b>3,855,638</b>                                       | <b>2,593,035</b>                      | <b>1,107,201</b>                                  |
| <b>XX. INCOME FROM DISCONTINUED OPERATIONS</b>                                   |                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                              | <b>-</b>  |
| 20.1 Income from assets held for sale  |                   | -  | -  | -                                     | -   |
| 20.2 Income from sale of associates, subsidiaries and joint-ventures             |                   | -  | -  | -                                     | -   |
| 20.3 Others  |                   | -  | -  | -                                     | -   |
| <b>XXI. EXPENSES FROM DISCONTINUED OPERATIONS (-)</b>                            |                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                              | <b>-</b>  |
| 21.1 Expenses on assets held for sale  |                   | -  | -  | -                                     | -   |
| 21.2 Expenses on sale of associates, subsidiaries and joint-ventures             |                   | -  | -  | -                                     | -   |
| 21.3 Others  |                   | -  | -  | -                                     | -   |
| <b>XXII. PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)</b>        |                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                              | <b>-</b>  |
| <b>XXIII. PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)</b>                 |                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                              | <b>-</b>  |
| 23.1 Current tax charge  |                   | -  | -  | -                                     | -   |
| 23.2 Deferred tax charge (+)   |                   | -  | -  | -                                     | -   |
| 23.3 Deferred tax credit (-)   |                   | -  | -  | -                                     | -   |
| <b>XXIV. NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)</b> |                   | <b>-</b>                                   | <b>-</b>   | <b>-</b>                              | <b>-</b>  |
| <b>XXV. NET PROFIT/LOSS (XIX+XXIV)</b>   | <b>(11)</b>       | <b>11,471,138</b>                          | <b>3,855,638</b>                                       | <b>2,593,035</b>                      | <b>1,107,201</b>                                  |
| 25.1 Group's profit/loss   |                   | 11,471,138                                 | 3,855,638  | 2,593,035                             | 1,107,201   |
| 25.2 Minority interest   |                   | -  | -  | -                                     | -   |
| Earnings Per Share   |                   | 0.3424                                     | 0.1151   | 0.0774                                | 0.0331  |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME SEPTEMBER 30, 2022

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

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

|  | Current Period<br>01.01 - 30.09.2022 | Prior Period<br>01.01 - 30.09.2021 |
|--|--------------------------------------|------------------------------------|
| <b>I. CURRENT PERIOD PROFIT/LOSS</b>   | <b>11,471,138</b>                    | <b>2,593,035</b>                   |
| <b>II. OTHER COMPREHENSIVE INCOME</b>  | <b>4,705,620</b>                     | <b>(198,797)</b>                   |
| <b>2.1 Other Income/Expense Items not Reclassified to Profit or Loss</b>                           | <b>14,591</b>                        | <b>234</b>                         |
| 2.1.1 Revaluation Surplus on Tangible Assets   | -                                    | -                                  |
| 2.1.2 Revaluation Surplus on Intangible Assets   | -                                    | -                                  |
| 2.1.3 Defined Benefit Plans' Actuarial Gains/Losses  | 2,673                                | 167                                |
| 2.1.4 Other Income/Expense Items not Reclassified to Profit or Loss                                | 830                                  | -                                  |
| 2.1.5 Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss         | 11,088                               | 67                                 |
| <b>2.2 Other Income/Expense Items to Reclassified to Profit or Loss</b>                            | <b>4,691,029</b>                     | <b>(199,031)</b>                   |
| 2.2.1 Foreign Currency Translation Differences   | -                                    | -                                  |
| 2.2.2 Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI | 3,341,517                            | (648,472)                          |
| 2.2.3 Gains/losses from Cash Flow Hedges   | 2,724,817                            | 397,654                            |
| 2.2.4 Gains/Losses on Hedges of Net Investments in Foreign Operations                              | -                                    | -                                  |
| 2.2.5 Other Income/Expense Items to Reclassified to Profit or Loss                                 | 17,666                               | -                                  |
| 2.2.6 Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss             | (1,392,971)                          | 51,787                             |
| <b>III. TOTAL PROFIT/LOSS ACCOUNTED FOR IN THE PERIOD (I+II)</b>                                   | <b>16,176,758</b>                    | <b>2,394,238</b>                   |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHODERS' EQUITY SEPTEMBER 30, 2022

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

### V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

|  | Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss |                 |               |                            |                        |   |   | Other Comprehensive Income/Expense Items Reclassified to Profit or Loss |                         |  |                       |                 |                            |                                  |                            |
|--|---|-----------------|---------------|----------------------------|------------------------|---|---|---|-------------------------|--|-----------------------|-----------------|----------------------------|----------------------------------|----------------------------|
|  | Section 5 Part V  | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves | Revaluation surplus on tangible and intangible assets | Defined Benefit Plans' Actuarial Gains/Losses | Other <sup>(*)</sup>  | Translation Differences | Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI | Other <sup>(**)</sup> | Profit Reserves | Prior Periods' Profit/Loss | Current Period's Net Profit/Loss | Total Shareholders' Equity |
| <b>I. Prior Period - 01.01 - 30.09.2021</b>                                |   |                 |               |                            |                        |   |   |   |                         |  |                       |                 |                            |                                  |                            |
| <b>Prior Period End Balance</b>  |   | 3,350,000       | 714           | -                          | -                      | -   | (106,814)                                     | (4,809)   | -                       | (475,450)  | (603,574)             | 14,204,536      | 2,848,166                  | -                                | 19,212,769                 |
| <b>II. Correction made as per TAS 8</b>                                    |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| 2.1 Effect of Corrections  |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| 2.2 Effect of Changes in Accounting Policies                               |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>III. Adjusted Balances at Beginning of Period (I+II)</b>                |   | 3,350,000       | 714           | -                          | -                      | -   | (106,814)                                     | (4,809)   | -                       | (475,450)  | (603,574)             | 14,204,536      | 2,848,166                  | -                                | 19,212,769                 |
| <b>IV. Total Comprehensive Income</b>                                      |   | -               | -             | -                          | -                      | -   | 132   | 102   | -                       | (520,548)  | 321,517               | -               | -                          | 2,593,035                        | 2,394,238                  |
| <b>V. Capital Increase in Cash</b>   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>VI. Capital Increase from Internal Sources</b>                          |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b> |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>VIII. Convertible Bonds</b>   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>IX. Subordinated Debt Instruments</b>                                   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>X. Increase/Decrease by Others Changes</b>                              |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>XI. Profit Distribution</b>   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | 2,848,166       | (2,848,166)                | -                                | -                          |
| 11.1 Dividends Paid  |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| 11.2 Transfers to Reserves   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | 2,848,166       | (2,848,166)                | -                                | -                          |
| 11.3 Other   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>Balances at end of the period (III+IV...+X+XI)</b>                      |   | 3,350,000       | 714           | -                          | -                      | -   | (106,682)                                     | (4,707)   | -                       | (995,998)  | (282,057)             | 17,052,702      | -                          | 2,593,035                        | 21,607,007                 |

|  | Other Comprehensive Income/Expense Items not Reclassified to Profit or Loss |                 |               |                            |                        |   |   | Other Comprehensive Income/Expense Items Reclassified to Profit or Loss |                         |  |                       |                 |                            |                                  |                            |
|--|---|-----------------|---------------|----------------------------|------------------------|---|---|---|-------------------------|--|-----------------------|-----------------|----------------------------|----------------------------------|----------------------------|
|  | Section 5 Part V  | Paid-in Capital | Share Premium | Share Cancellation Profits | Other Capital Reserves | Revaluation surplus on tangible and intangible assets | Defined Benefit Plans' Actuarial Gains/Losses | Other <sup>(*)</sup>  | Translation Differences | Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI | Other <sup>(**)</sup> | Profit Reserves | Prior Periods' Profit/Loss | Current Period's Net Profit/Loss | Total Shareholders' Equity |
| <b>I. Current Period - 01.01 - 30.09.2022</b>                              |   |                 |               |                            |                        |   |   |   |                         |  |                       |                 |                            |                                  |                            |
| <b>Prior Period End Balance</b>  |   | 3,350,000       | 714           | -                          | -                      | -   | (213,835)                                     | (10,108)  | -                       | (1,608,182)  | (355,345)             | 17,052,702      | 3,928,114                  | -                                | 22,144,060                 |
| <b>II. Correction made as per TAS 8</b>                                    |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| 2.1 Effect of Corrections  |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| 2.2 Effect of Changes in Accounting Policies                               |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>III. Adjusted Balances at Beginning of Period (I+II)</b>                |   | 3,350,000       | 714           | -                          | -                      | -   | (213,835)                                     | (10,108)  | -                       | (1,608,182)  | (355,345)             | 17,052,702      | 3,928,114                  | -                                | 22,144,060                 |
| <b>IV. Total Comprehensive Income</b>                                      |   | -               | -             | -                          | -                      | -   | 15,369  | (778)   | -                       | 2,606,649  | 2,084,380             | -               | -                          | 11,471,138                       | 16,176,758                 |
| <b>V. Capital Increase in Cash</b>   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>VI. Capital Increase from Internal Sources</b>                          |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>VII. Capital Reserves from Inflation Adjustments to Paid-in Capital</b> |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>VIII. Convertible Bonds</b>   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>IX. Subordinated Debt Instruments</b>                                   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>X. Increase/Decrease by Others Changes</b>                              |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>XI. Profit Distribution</b>   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | 3,928,114       | (3,928,114)                | -                                | -                          |
| 11.1 Dividends Paid  |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| 11.2 Transfers to Reserves   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | 3,928,114       | (3,928,114)                | -                                | -                          |
| 11.3 Other   |   | -               | -             | -                          | -                      | -   | -   | -   | -                       | -  | -                     | -               | -                          | -                                | -                          |
| <b>Balances at end of the period (III+IV...+X+XI)</b>                      |   | 3,350,000       | 714           | -                          | -                      | -   | (198,466)                                     | (10,886)  | -                       | 998,467  | 1,729,035             | 20,980,816      | -                          | 11,471,138                       | 38,320,818                 |

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

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

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

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## UNCONSOLIDATED STATEMENT OF CASH FLOW SEPTEMBER 30, 2022

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

### VI. STATEMENT OF CASH FLOW

|  | Current Period<br>01.01 - 30.09.2022 | Prior Period<br>01.01 - 30.09.2021 |
|--|--------------------------------------|------------------------------------|
| <b>A. CASH FLOWS FROM / (TO) BANKING OPERATIONS</b>  |                                      |                                    |
| <b>1.1 Operating Profit Before Changes in Operating Assets and Liabilities</b>               | <b>15,874,450</b>                    | <b>1,446,590</b>                   |
| 1.1.1 Interest Received  | 22,122,324                           | 15,934,856                         |
| 1.1.2 Interest Paid  | (19,295,127)                         | (10,120,928)                       |
| 1.1.3 Dividend Received  | 14,889                               | 518                                |
| 1.1.4 Fees and Commissions Received  | 5,776,837                            | 3,105,125                          |
| 1.1.5 Other Income   | 259,476                              | 808,251                            |
| 1.1.6 Collections From Previously Written Off Loans  | 1,727,050                            | 1,592,271                          |
| 1.1.7 Payments To Personnel and Service Suppliers  | (2,666,450)                          | (1,502,084)                        |
| 1.1.8 Taxes Paid   | (4,797,742)                          | (1,222,295)                        |
| 1.1.9 Others   | 12,733,193                           | (7,149,124)                        |
| <b>1.2 Changes in Operating Assets and Liabilities</b>                                       | <b>23,233,476</b>                    | <b>5,755,299</b>                   |
| 1.2.1 Net (Increase) Decrease in Financial Assets Measured at Fair Value Through Profit/Loss | (182,168)                            | 42,250                             |
| 1.2.2 Net (Increase) Decrease in Due From Banks  | (3,500,228)                          | (3,224,817)                        |
| 1.2.3 Net (Increase) Decrease in Loans   | (79,286,434)                         | (23,005,409)                       |
| 1.2.4 Net (Increase) Decrease in Other Assets  | (5,172,450)                          | 4,828,878                          |
| 1.2.5 Net Increase (Decrease) in Bank Deposits   | (1,194,128)                          | (2,814,238)                        |
| 1.2.6 Net Increase (Decrease) in Other Deposits  | 79,768,294                           | 26,396,121                         |
| 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  | 5,279,874                            | (3,776,419)                        |
| 1.2.9 Net Increase (Decrease) in Matured Payables  | -                                    | -                                  |
| 1.2.10 Net Increase (Decrease) in Other Liabilities  | 27,520,716                           | 7,308,933                          |
| <b>I. Net Cash Provided From / (Used in) Banking Operations</b>                              | <b>39,107,926</b>                    | <b>7,201,889</b>                   |
| <b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                      |                                    |
| <b>II. Net Cash Provided From / (Used in) Investing Activities</b>                           | <b>(13,479,397)</b>                  | <b>(3,670,835)</b>                 |
| 2.1 Purchase Of Entities Under Common Control, Associates and Subsidiaries                   | -                                    | (124,800)                          |
| 2.2 Sale of Entities Under Common Control, Associates and Subsidiaries                       | -                                    | 25,650                             |
| 2.3 Fixed Assets Purchases   | (772,620)                            | (359,525)                          |
| 2.4 Fixed Assets Sales   | 156,790                              | 89,389                             |
| 2.5 Purchase of Financial Assets Measured at Fair Value Through Other Comprehensive Income   | (19,458,309)                         | (8,978,951)                        |
| 2.6 Sale of Financial Assets Measured at Fair Value Through Other Comprehensive Income       | 14,311,486                           | 7,026,427                          |
| 2.7 Purchase of Financial Assets Measured at Amortized Cost                                  | (9,284,217)                          | (3,666,627)                        |
| 2.8 Sale of Financial Assets Measured at Amortized Cost                                      | 1,853,381                            | 2,404,893                          |
| 2.9 Others   | (285,908)                            | (87,291)                           |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                      |                                    |
| <b>III. Net Cash Provided From / (Used in) Financing Activities</b>                          | <b>(2,092,303)</b>                   | <b>6,585,511</b>                   |
| 3.1 Cash Obtained From Funds Borrowed and Securities Issued                                  | 15,026,640                           | 16,470,778                         |
| 3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued                          | (17,056,752)                         | (9,799,959)                        |
| 3.3 Capital Increase   | -                                    | -                                  |
| 3.4 Dividends Paid   | -                                    | -                                  |
| 3.5 Payments for Finance Leases  | (3,398)                              | (11,280)                           |
| 3.6 Other  | (58,793)                             | (74,028)                           |
| <b>IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents</b>            | <b>2,356,483</b>                     | <b>774,811</b>                     |
| <b>V. Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III+IV)</b>               | <b>25,892,709</b>                    | <b>10,891,376</b>                  |
| <b>VI. Cash and Cash Equivalents at Beginning of the Period</b>                              | <b>47,100,231</b>                    | <b>15,425,482</b>                  |
| <b>VII. Cash and Cash Equivalents at End of the Period (V+VI)</b>                            | <b>72,992,940</b>                    | <b>26,316,858</b>                  |

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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**SECTION THREE  
ACCOUNTING POLICIES**

**I. Basis of Presentation**

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

The unconsolidated financial statements are prepared within the scope of the "Regulation on Accounting Applications for Banks and Safeguarding of Documents" related with Banking Law numbered 5411 published in the Official Gazette no. 26333 dated November 1, 2006 and in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA") and in case where a specific regulation is not made by BRSA and Turkish Accounting Standards published by the Public Oversight Accounting for the format and detail of the publicly announced unconsolidated financial statements and notes to these statements have been prepared in accordance with the "Communiqué on Publicly Announced Financial Statements, Explanations and Notes to These Financial Statements", published in Official Gazette no. 28337, dated June 28, 2012, and amendments to this Communiqué dated February 1, 2019 which include Turkish Accounting Standard principles.

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

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

The accounting policies followed and the valuation principles used in the preparation of the interim financial statements that have been determined and applied in accordance with the principles included in the "BRSA Accounting and Financial Reporting Legislation" with the accounting policies applied in the annual financial statements prepared for the year ended December 31, 2021, VIII. is consistent except for the new regulations mentioned in the section. Accounting policies for the current period and valuation principles used are explained in Notes II to XXVI.

Financial statements are prepared on the historical cost basis, excluding financial assets and liabilities at fair value through profit or loss, financial assets and liabilities at fair value through other comprehensive income and subsidiaries and joint ventures accounted for using the equity method.

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

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

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

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

### ACCOUNTING POLICIES (Continued)

#### I. Basis of Presentation (Continued)

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

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 June, 2023.

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

| <b>Current Period</b>        | <b>Derivative</b>  | <b>Non-Derivative<br/>Financial<br/>Instruments</b> |
|------------------------------|--------------------|---|
| USD LIBOR                    | 162,517,951        | 36,111,993  |
| Hedge Accounting Instruments | 88,421,095         | -   |
| <b>Total</b>                 | <b>162,517,951</b> | <b>36,111,993</b>                                   |

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

#### 2.2. Other

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 September 30, 2022, considering the magnitude of the economic changes due to COVID-19, the Bank made certain estimates in the calculation of expected credit losses and disclosed them in footnote numbered VIII "Explanations on Expected Provisions for Losses". In the upcoming periods, the Bank will update its relevant assumptions as necessary and revise the realizations of past estimates.

In TAS 29 Financial Reporting Standard in Hyperinflationary Economies, the threshold value to be taken as a basis for determining whether there is hyperinflation in an economy by considering the economies with high inflation and the financial statements of the enterprises whose functional currency is the currency of a hyperinflationary economy are related to inflation. explains how to fix it. On January 20, 2022, the Public Oversight Authority ("POA") made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies. As of September 30, 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 September 30, 2022.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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### ACCOUNTING POLICIES (Continued)

#### I. Basis of Presentation (Continued)

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

The tension between Russia and Ukraine since January, 2022 has subsequently turned into a crisis and a hot conflict, and the current situation continues as of the date of the report. The Bank does not carry out any activities 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.

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

##### 1. Strategy for the use of financial instruments

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

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

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

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

##### 2. Foreign currency transactions

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

The Bank accounts for the transactions denominated in foreign currencies in accordance with TAS 21 "The Effects of Changes in Foreign Exchange Rates". Foreign exchange gains and losses arising from transactions that are completed as of September 30, 2022 are translated to TRY by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TRY by using foreign currency exchange rates of the Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency non-monetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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**ACCOUNTING POLICIES (Continued)**

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

**2. Foreign currency transactions (Continued)**

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

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

As of September 30, 2022, derivative financial transactions loss amounting to TRY 5,996,547 (September 30, 2021 – TRY 3,680,316 derivative financial transactions loss) and foreign exchange gain amounting to TRY 5,222,112 (September 30, 2021 – net foreign exchange gain of TRY 570,703), net interest expense amounting to TRY 4,080,127 arising from derivative transactions (September 30, 2021 – TRY 3,497,081 net interest expense) is excluded, resulting in net foreign currency transaction profit of TRY 3,305,692 (September 30, 2021 – TRY 387,468 net profit on foreign exchange transactions).

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

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

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

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

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

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

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

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

**In cash flow hedge accounting:**

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

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

**In fair value hedge accounting:**

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

As of September 30, 2018, the Bank terminated the hedge accounting for the fair value hedge of the fair value risk arising from the changes in the exchange rates for the real estates purchased in previous periods in foreign currency and the fair value of which is in foreign currency in the market and as of September 30, 2022, fair value exchange difference adjustment amounting to TRY 1,149,428 which is shown intangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**V. Explanations on Interest Income and Expenses (Continued)**

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

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

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

**VII. Explanations and Disclosures on Financial Instruments**

**Initial recognition of financial instruments**

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

**Initial measurement of financial instruments**

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

**Classification of financial instruments**

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

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

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ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments(Continued)

**Assessment of business model**

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

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

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

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

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

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

**Other business models:**

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

**Measurement categories of financial assets and liabilities**

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

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

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

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

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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### ACCOUNTING POLICIES (Continued)

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

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

#### Financial Assets at Fair Value Through Other Comprehensive Income:

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the statement of profit or loss and other comprehensive income of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Other Accumulated Comprehensive Income or Expenses Reclassified to Profit or Loss” under shareholders' equity. When the aforementioned securities are collected or disposed, accumulated fair value differences which were reflected under equity, are reflected in the statement of profit or loss and other comprehensive income.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

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**ACCOUNTING POLICIES (Continued)**

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

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

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

**Financial Assets Measured at Amortized Cost:**

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

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

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

**VIII. Explanations on Expected Credit Losses**

The Bank recognizes a loss allowance for expected credit losses on financial assets and loans measured at amortized cost, financial assets measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts not measured at fair value through profit/loss based on TFRS 9 and the regulation published in the Official Gazette no. 29750 dated 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 Bank shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Bank considers the changes in the default risk of financial instrument, when making the assessment.

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**ACCOUNTING POLICIES (Continued)**

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

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

**Stage 1:**

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of September 30, 2022, minimum probability of default of Basel II is used in the calculation for the expected loss of receivables from public institutions and organizations. Such calculation is performed for each of two scenarios explained below.

**Stage 2:**

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

**Stage 3:**

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

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

**Calculation of expected credit losses**

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

While the expected credit loss is estimated, two scenarios (internal bad, internal extreme bad) are evaluated. Each of these scenarios was associated with the different parameters.

**ACCOUNTING POLICIES (Continued)**

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

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

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

**Probability of Default (PD)**

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

**Loss Given Default (LGD)**

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

**Exposure at Default (EAD):**

The EAD represents an estimate of the exposure to credit risk at the time of a potential default occurring during the life of a financial instrument. It represents the cash flows outstanding at the time of default, considering expected repayments, interest payments and accruals, discounted at the effective interest rate. Future drawdowns on facilities are considered through a credit conversion factor (CCF) that is reflective of historical drawdown and default patterns and the characteristics of the respective portfolios. While the expected credit loss is estimated, two scenarios (internal bad, internal extreme bad) 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 years credit risk of Turkey (CDS Spread)
- Real GDP growth
- Unemployment rate
- Inflation rate
- Five years government bond interest rate of Turkey.

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

The Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on September 30, 2022. Due to its nature, model effects are reflected in the financial statements with a delay, since the events causing the change and their effects occur at different times. For this reason, the Bank made individual valuations in order to eliminate the timing discrepancy and established additional provisions for the sectors and customers whose impact is considered to be high.

This approach, which is preferred in reserve calculations for the third quarter of 2022, will be revised in the following reporting periods, taking into account the impact of the pandemic, portfolio and future expectations.

**Calculating the Expected Loss Period**

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

**Significant increase in credit risk**

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

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

**Write-off policy**

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

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

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

- Within the scope of the regulation "Fifth Group-Loans with Losses",
- The number of days of delay is at least one year,
- Lifetime expected credit loss provision has been made due to the default of the debtor.

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

Within the scope of TFRS 9, the amount written off during the period is TRY 360,937 (December 31, 2021: TRY 126,001), and its effect on the NPL ratio is 0.11% (December 31, 2021: 0.05%). While the NPL ratio is 2.76% (December 31, 2021: 4.21%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 2.86% (December 31, 2021: 4.26%).

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

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

**X. Derecognition of Financial Instruments**

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

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

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**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**c) Derecognition of financial liabilities**

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

**d) Reclassification of financial instruments**

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

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

During the follow-up period of at least one year following the date of restructuring/refinancing, if there is a new restructuring/refinancing or a delay of more than 30 days, the transactions which were non-performing at the beginning of the follow-up period are classified as non-performing loans again. The performing or non-performing retail loans being subject to restructuring shall be removed from the watchlist only if the debt is paid in full.

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

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

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

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

As of the balance sheet date, securities subject to repo amounting to TRY 33,844,720 (December 31, 2021 – TRY 22,990,663).

As of September 30, 2022 the Bank has no securities that are subject to lending transactions (December 31, 2021 – None).

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### ACCOUNTING POLICIES (Continued)

#### XI. Explanations on Sales and Repurchase Agreements and Lending of Securities (Continued)

Securities purchased with a commitment to resell (reverse repurchase agreements) are recorded in a separate account under “Cash and Cash Equivalents” and on the line of “Money Market Placements” in the balance sheet. Income discount 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 September 30, 2022 the Bank has assets held for sale and discontinued operations and it is explained in footnote 1.15. of Section Five.

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

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

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

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

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

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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### ACCOUNTING POLICIES (Continued)

#### XIII. Explanations on Goodwill and Other Intangible Assets (Continued)

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

#### XIV. Explanations on Tangible Assets

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

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

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

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

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

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

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

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

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

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**ACCOUNTING POLICIES (Continued)**

**XV. Explanations on Leasing Transactions**

With the TFRS 16 Leases Standard, the difference between operating leases and financial leases has disappeared, and fixed assets purchased through lease are recorded as “Tangible Fixed Assets” in the Bank’s assets and as “Financial Lease Liabilities” in its liabilities at the beginning of the lease. The basis for the determination of related balance sheet amounts is the lower of fair value of the leased asset and the present value of the lease payments. The direct costs incurred for a finance lease transaction are capitalized as additions to the cost of the leased asset. Lease payments include the financing costs incurred due to the leasing transaction and the principal amount of the leased asset for the current period. Depreciation is calculated on a straight-line basis over the estimated useful life of the leased assets at the rate of 20% except for the buildings which are depreciated at the rate of 2%.

**TFRS 16 Leases**

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

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

**Right of use assets**

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

The right use includes the presence of:

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

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

**Lease Liabilities**

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

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

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### ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

#### Short-Term Leases and Leases of Low-Value Assets

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

Due to the Bank's implementation of TFRS 16, assets classified under tangible assets as of September 30, 2022 amounted to TRY 492,861 (December 31, 2021 – TRY 478,814), lease liability amounted to TRY 495,718 (December 31, 2021 – TRY 482,495), financing expense amounted to TRY 72,404 (September 30, 2021 – TRY 43,851) and depreciation expense amounted to TRY 201,069 (September 30, 2021 – TRY 178,920).

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

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

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**ACCOUNTING POLICIES (Continued)**

**XVII. Explanations on Obligations of the Bank Concerning Employee Benefits**

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

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

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

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

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

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

**XVIII. Explanations on Taxation**

**1. Corporate Tax**

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

With the Law No. 7394 published in the Official Gazette dated April 15, 2022 and number 31810 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, Article 26 of the Law on Amending Certain Laws and Decree-Laws and the paragraph added to the temporary 13th article of the Corporate Tax Law No. 5520, the Corporate Tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be applied as 25% for corporate earnings for the 2022 taxation period.

75% of the profits arising from the sale of participation shares held in the bank’s assets for more than two years and the founder's shares, usufruct shares and preference rights held for the same period of time, and 50% of the profits arising from the sale of immovables that are in the assets for the same period of time are stated in the Corporate Tax Law. It is exempt from tax, provided that it is added to the capital or kept in a special fund account in liabilities for 5 years.

Companies calculate temporary tax at the rate of 22% for the taxation period of 2020 and 25% for the taxation periods of 2021 and 2022 (20% in the first temporary tax period of 2021 and 23% in the first temporary tax period of 2022) on their quarterly financial profits and it is declared and paid until the 17th day of the second month following that period. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or deducted.

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
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**ACCOUNTING POLICIES (Continued)**

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

**1. Corporate Tax (Continued)**

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

The corporate and income tax provisions calculated over the profit for the period are recorded in the "Current Tax Provision" account in the statement of profit or loss and other comprehensive income, and the current tax effects of the transactions that are directly accounted for in equity are reflected in the shareholders' 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. Although, 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, this rate has been changed to 10% with the Presidential Decision published in the Official Gazette dated December 22, 2021 and numbered 31697. In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the practices included in the relevant Double Taxation Agreements are also taken into consideration.

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

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

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

**2. Deferred Taxes**

The Bank calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the calculation of the Parent Bank's deferred tax, the enacted tax rates that are valid in accordance with the current tax legislation are used in accordance with the tax period for the related items. The Corporate Tax rate, which is 20% in accordance with the Provisional Article 13 added to the Corporate Tax Law with the 11th Article of the Law on the Amendment of Certain Laws and the Law on the Collection of Public Claims, published in the Official Gazette on April 22, 2021, numbered 7316. It will be applied as 25% for corporate earnings and 25% for 2022.

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### ACCOUNTING POLICIES (Continued)

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

##### 2. Deferred Taxes (Continued)

With the Law No. 7394 published in the Official Gazette dated April 15, 2022 and number 31810 on Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, Article 26 of the Law on Amending Certain Laws and Decree-Laws and the paragraph added to the temporary 13th article of the Corporate Tax Law No. 5520, the Corporate Tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be applied as 25% for 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.

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

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

##### 3. Transfer Pricing

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

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

#### XIX. Explanations on Additional Explanations on Borrowings

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

#### XX. Explanations on Share Issues

There are no shares issued in 2022. (December 31, 2021 – None).

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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### ACCOUNTING POLICIES (Continued)

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

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

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

#### XXII. Explanations on Government Incentives

As of September 30, 2022 the Bank does not have any government incentives or grants (December 31, 2021 – None).

#### XXIII. Explanations on Segment Reporting

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

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

Corporate and Commercial Banking serves corporate firms with an annual turnover of TRY 1,5 billion or more, multinational companies operating in Turkey, and commercial firms with an annual turnover of TRY 125 million – 1,5 billion. In addition to the financing and investment needs of its customers, it offers products that will facilitate the payment and collection processes in both domestic and foreign trade. It produces solutions that will create added value for all the needs of its customers with its customer-oriented service approach, company-specific solution approach and strategy to establish long-term business partnerships.

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

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

### ACCOUNTING POLICIES (Continued)

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

| <b>Current Period (January 1 – September 30, 2022)</b>                         | <b>Retail<br/>Banking</b> | <b>Corporate and<br/>Commercial<br/>Banking</b> | <b>Treasury and<br/>Head Office</b> | <b>Total<br/>Operations of<br/>the Bank</b> |
|--|---------------------------|---|-------------------------------------|---|
| <b>Operating Income</b>  | <b>8,316,115</b>          | <b>7,466,171</b>                                | <b>14,201,540</b>                   | <b>29,983,826</b>                           |
| Dividend Income  | -                         | -   | 14,889                              | 14,889                                      |
| P/L from Equity Applied Partnerships   | -                         | -   | 980,889                             | 980,889                                     |
| <b>Profit Before Taxes</b>   | <b>2,739,930</b>          | <b>3,035,604</b>                                | <b>10,243,546</b>                   | <b>16,019,080</b>                           |
| <b>Provision Tax (-) (*)</b>   | <b>-</b>                  | <b>-</b>  | <b>4,547,942</b>                    | <b>4,547,942</b>                            |
| <b>Net Profit/Loss</b>   | <b>2,739,930</b>          | <b>3,035,604</b>                                | <b>5,695,604</b>                    | <b>11,471,138</b>                           |
| <b>Total Assets</b>  | <b>105,291,103</b>        | <b>199,570,917</b>                              | <b>226,399,812</b>                  | <b>555,143,826</b>                          |
| Segment Assets   | 105,291,103               | 199,570,917                                     | 226,399,812                         | 531,261,832                                 |
| Associates, Subsidiaries and Entities Under<br>Common Control (Joint Ventures) | -                         | -   | -                                   | 3,487,593                                   |
| Undistributed Assets   | -                         | -   | -                                   | 20,394,401                                  |
| <b>Total Liabilities</b>   | <b>219,793,176</b>        | <b>120,961,037</b>                              | <b>132,476,503</b>                  | <b>555,143,826</b>                          |
| Segment Liabilities  | 219,793,176               | 120,961,037                                     | 132,476,503                         | 473,230,716                                 |
| Undistributed Liabilities  | -                         | -   | -                                   | 43,592,292                                  |
| Equity   | -                         | -   | -                                   | 38,320,818                                  |
| <b>Other Segment Accounts</b>  | <b>808,090</b>            | <b>551,882</b>                                  | <b>(75,925)</b>                     | <b>1,284,047</b>                            |
| Capital Expenditures   | 439,659                   | 300,263   | (38,119)                            | 701,803                                     |
| Depreciation and Amortization  | 368,431                   | 251,619   | (37,806)                            | 582,244                                     |

(\*) Provision tax is not distributed.

| <b>Prior Period (January 1 – September 30, 2021)</b>                           | <b>Retail<br/>Banking</b> | <b>Corporate and<br/>Commercial<br/>Banking</b> | <b>Treasury and<br/>Head Office</b> | <b>Total<br/>Operations of<br/>the Bank</b> |
|--|---------------------------|---|-------------------------------------|---|
| <b>Operating Income</b>  | <b>4,741,015</b>          | <b>3,253,478</b>                                | <b>264,224</b>                      | <b>8,258,717</b>                            |
| Dividend Income  | -                         | -   | 518                                 | 518   |
| P/L from Equity Applied Partnerships   | -                         | -   | 418,130                             | 418,130                                     |
| <b>Profit Before Taxes</b>   | <b>2,238,923</b>          | <b>1,196,818</b>                                | <b>(130,384)</b>                    | <b>3,305,357</b>                            |
| <b>Provision Tax (-) (*)</b>   | <b>-</b>                  | <b>-</b>  | <b>712,322</b>                      | <b>712,322</b>                              |
| <b>Net Profit/Loss</b>   | <b>2,238,923</b>          | <b>1,196,818</b>                                | <b>(842,706)</b>                    | <b>2,593,035</b>                            |
| <b>Total Assets</b>  | <b>61,143,413</b>         | <b>104,541,822</b>                              | <b>92,177,965</b>                   | <b>272,796,333</b>                          |
| Segment Assets   | 61,143,413                | 104,541,822                                     | 92,177,965                          | 257,863,200                                 |
| Associates, Subsidiaries and Entities Under<br>Common Control (Joint Ventures) | -                         | -   | -                                   | 2,208,328                                   |
| Undistributed Assets   | -                         | -   | -                                   | 12,724,805                                  |
| <b>Total Liabilities</b>   | <b>110,854,717</b>        | <b>50,413,866</b>                               | <b>71,149,642</b>                   | <b>272,796,332</b>                          |
| Segment Liabilities  | 110,854,717               | 50,413,866                                      | 71,149,642                          | 232,418,225                                 |
| Undistributed Liabilities  | -                         | -   | -                                   | 18,771,393                                  |
| Equity   | -                         | -   | -                                   | 21,606,714                                  |
| <b>Other Segment Accounts</b>  | <b>648,748</b>            | <b>452,002</b>                                  | <b>(3,280)</b>                      | <b>1,097,470</b>                            |
| Capital Expenditures   | 368,185                   | 256,525   | 1,512                               | 626,222                                     |
| Depreciation and Amortization  | 280,563                   | 195,477   | (4,792)                             | 471,248                                     |

(\*) Provision tax is not distributed.

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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### ACCOUNTING POLICIES (Continued)

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

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

##### 2021 profit distribution table:

|  |                  |
|--|------------------|
| <b>Current Year Profit</b>                                 | <b>3,928,114</b> |
| A – I. Legal Reserve (Turkish Commercial Code 466/1) at 5% | 757,842          |
| C – Extraordinary Reserves                                 | 3,258,114        |

#### XXV. Earnings Per Share

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

|  | <b>Current Period</b> | <b>Prior Period</b> |
|--|-----------------------|---------------------|
| Net Profit for the Period                            | 11,471,138            | 2,365,670           |
| Weighted Average Amount of Shares Issued (Thousands) | 33,500,000            | 33,500,000          |
| <b>Earnings Per Share</b>                            | <b>0.3424</b>         | <b>0.0706</b>       |

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

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

#### XXVI. Explanations on Other Matters

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

As a result of the change made in the statement of profit or loss and other comprehensive income on September 30, 2021, the dividend income which was TRY 191,284 was TRY 518, and the profit/loss amount from the partnerships with equity management was reflected as TRY 418,131.

# QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

#### I. Explanations on Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. As of September 30, 2022 Bank’s total capital has been calculated as TRY 59,378,239 (December 31, 2021 – TRY -37,423,424), capital adequacy ratio is 15.43% (December 31, 2021 – 15.91%).

In accordance with the BRSA's Decision dated Dec 21, 2021 and numbered 9996 and published in the Official Gazette dated 23.10.2015 and numbered 29511, in the calculation of the amount subject to credit risk in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy; Banks have the right to use the simple arithmetic average of the Central Bank's foreign exchange buying rates for the last 252 business days as of December 31, 2021, when calculating the monetary assets and non-monetary assets, other than the items in foreign currency measured in historical cost, in accordance with the Turkish Accounting Standards and the related provision amounts. In the event that the net valuation differences of the securities in the portfolio of “Securities at Fair Value Through Other Comprehensive Income” are negative, these differences are not taken into account in the equity amount to be calculated and used for the capital adequacy ratio.

| Explanations on Equity  | Current Period<br>September 30,<br>2022 | Prior Period<br>December 31,<br>2021 |
|---|---|--------------------------------------|
| <b>COMMON EQUITY TIER 1 CAPITAL</b>   |   |                                      |
| Paid-in capital following all debts in terms of claim in liquidation of the Bank  | 3,350,000                               | 3,350,000                            |
| Share issue premiums  | 714                                     | 714                                  |
| Reserves  | 20,980,816                              | 17,052,702                           |
| Gains recognized in equity as per TAS   | 3,560,435                               | 298,650                              |
| Profit  | 11,471,138                              | 3,928,114                            |
| Current Period Profit   | 11,471,138                              | 3,928,114                            |
| Prior Period Profit   | -                                       | -                                    |
| Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period  | 829                                     | -                                    |
| <b>Common Equity Tier 1 Capital Before Deductions</b>   | <b>39,363,932</b>                       | <b>24,630,180</b>                    |
| <b>Deductions from Common Equity Tier 1 Capital</b>   |   |                                      |
| Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks   | -                                       | -                                    |
| Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS   | 349,421                                 | 837,044                              |
| Improvement costs for operating leasing   | 94,000                                  | 78,386                               |
| Goodwill (net of related tax liability)   | -                                       | -                                    |
| Other intangibles other than mortgage-servicing rights (net of related tax liability)   | 825,458                                 | 573,325                              |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)   | -                                       | -                                    |
| Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk   | -                                       | -                                    |
| Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision  | -                                       | -                                    |
| Gains arising from securitization transactions  | -                                       | -                                    |
| Unrealized gains and losses due to changes in own credit risk on fair valued liabilities  | -                                       | -                                    |
| Defined-benefit pension fund net assets   | -                                       | -                                    |
| Direct and indirect investments of the Bank in its own Common Equity  | -                                       | -                                    |
| Shares obtained contrary to the 4th clause of the 56th Article of the Law   | -                                       | -                                    |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank | -                                       | -                                    |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank | -                                       | -                                    |
| Portion of mortgage servicing rights exceeding 10% of the Common Equity   | -                                       | -                                    |
| Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity  | -                                       | -                                    |
| Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks   | -                                       | -                                    |
| Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital                                   | -                                       | -                                    |
| Excess amount arising from mortgage servicing rights  | -                                       | -                                    |
| Excess amount arising from deferred tax assets based on temporary differences   | -                                       | -                                    |
| Other items to be defined by the BRSA   | -                                       | -                                    |
| Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital   | -                                       | -                                    |
| <b>Total Deductions From Common Equity Tier 1 Capital</b>   | <b>1,268,879</b>                        | <b>1,488,755</b>                     |
| The positive difference between the expected loan loss provisions under TFRS 9 and the total provision amount calculated before the application of TFRS 9   | -                                       | 130,312                              |
| <b>Total Common Equity Tier 1 Capital</b>   | <b>38,095,053</b>                       | <b>23,271,737</b>                    |

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

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

|  | Current Period<br>September 30,<br>2022 | Prior Period<br>December 31,<br>2021 |
|--|---|--------------------------------------|
| <b>ADDITIONAL TIER I CAPITAL</b>   |   |                                      |
| Preferred Stock not Included in Common Equity and the Related Share Premiums   | -                                       | -                                    |
| Debt instruments and premiums approved by BRSA   | 9,714,495                               | 6,813,188                            |
| Debt instruments and premiums approved by BRSA(Temporary Article 4)  | -                                       | -                                    |
| <b>Additional Tier I Capital before Deductions</b>   | <b>9,714,495</b>                        | <b>6,813,188</b>                     |
| <b>Deductions from Additional Tier I Capital</b>   | <b>-</b>                                | <b>-</b>                             |
| Direct and indirect investments of the Bank in its own Additional Tier I Capital   | -                                       | -                                    |
| Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7  | -                                       | -                                    |
| Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital  | -                                       | -                                    |
| The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital   | -                                       | -                                    |
| Other items to be defined by the BRSA  | -                                       | -                                    |
| <b>Transition from the Core Capital to Continue to deduce Components</b>   | <b>-</b>                                | <b>-</b>                             |
| Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)   | -                                       | -                                    |
| Net deferred tax asset/liability which is not deducted from Common Equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)  | -                                       | -                                    |
| Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)   | -                                       | -                                    |
| <b>Total Deductions From Additional Tier I Capital</b>   | <b>-</b>                                | <b>-</b>                             |
| <b>Total Additional Tier I Capital</b>   | <b>9,714,495</b>                        | <b>6,813,188</b>                     |
| <b>Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)</b>   | <b>47,809,548</b>                       | <b>30,084,925</b>                    |
| <b>TIER II CAPITAL</b>   |   |                                      |
| Debt instruments and premiums deemed suitable by the BRSA  | -                                       | -                                    |
| Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)  | 7,123,963                               | 4,996,338                            |
| Provisions (Article 8 of the Regulation on the Equity of Banks)  | 4,482,584                               | 2,665,224                            |
| <b>Tier II Capital Before Deductions</b>   | <b>11,606,547</b>                       | <b>7,661,562</b>                     |
| <b>Deductions From Tier II Capital</b>   | <b>-</b>                                | <b>-</b>                             |
| Direct and indirect investments of the Bank on its own Tier II Capital (-)   | -                                       | -                                    |
| Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.   | -                                       | -                                    |
| Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank (-)  | -                                       | -                                    |
| Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank  | -                                       | -                                    |
| Other items to be defined by the BRSA (-)  | -                                       | -                                    |
| <b>Total Deductions from Tier II Capital</b>   | <b>-</b>                                | <b>-</b>                             |
| <b>Total Tier II Capital</b>   | <b>11,606,547</b>                       | <b>7,661,562</b>                     |
| <b>Total Capital (The sum of Tier I Capital and Tier II Capital)</b>   | <b>59,416,095</b>                       | <b>37,746,487</b>                    |
| <b>Deductions from Total Capital</b>   |   |                                      |
| Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law   | 7,619                                   | 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 (-)  | 46,064                                  | 314,923                              |
| <b>In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components</b>  | <b>-</b>                                | <b>-</b>                             |
| The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds | -                                       | -                                    |
| The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds                               | -                                       | -                                    |
| The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank owns more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common Equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds                       | -                                       | -                                    |

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

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

|  | Current Period<br>September 30,<br>2022 | Prior Period<br>December 31,<br>2021 |
|--|---|--------------------------------------|
| <b>TOTAL CAPITAL</b>   |   |                                      |
| Total Capital  | 59,362,412                              | 37,423,424                           |
| Total Risk Weighted Amounts  | 384,812,780                             | 235,207,150                          |
| <b>Capital Adequacy Ratios</b>   |   |                                      |
| Core Capital Adequacy Ratio (%)  | 9.90                                    | 9.89                                 |
| Tier 1 Capital Adequacy Ratio (%)  | 12.42                                   | 12.79                                |
| Capital Adequacy Ratio (%)   | 15.43                                   | 15.91                                |
| <b>BUFFERS</b>   |   |                                      |
| Bank specific total common equity tier 1 capital ratio (%)   | 2.51                                    | 2.51                                 |
| a) Capital conservation buffer requirement (%)   | 2.50                                    | 2.50                                 |
| b) Bank specific counter-cyclical buffer requirement (%)   | 0.01                                    | 0.01                                 |
| 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 (%)                  | 3.90                                    | 3.89                                 |
| <b>Amounts below the Excess Limits as per the Deduction Principles</b>   |   |                                      |
| Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital | -                                       | -                                    |
| Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital                       | 227,291                                 | 218,294                              |
| Amount arising from mortgage-servicing rights  | -                                       | -                                    |
| Amount arising from deferred tax assets based on temporary differences   | -                                       | -                                    |
| <b>Limits related to provisions considered in Tier II calculation</b>  |   |                                      |
| General provisions for standard based receivables (before tenthousandtwentyfive limitation)  | 9,043,834                               | 5,588,842                            |
| Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used   | 4,482,584                               | 2,665,224                            |
| Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation  | -                                       | -                                    |
| Excess amount of total provision amount to &0,6 of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation   | -                                       | -                                    |
| <b>Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)</b>   |   |                                      |
| Upper limit for Additional Tier I Capital subjected to temporary Article 4   | 9,714,495                               | 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  | 7,123,963                               | 4,996,338                            |
| Amounts Excess the Limits of Additional Tier II Capital subjected to temporary Article 4   | -                                       | -                                    |

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

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

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

| Information on debt instruments included in the calculation of equity:                          |  |  |  |
|---|--|--|--|
|   | 1  | 2  | 3  |
| Issuer  | Qatar National Bank Q.P.S.C.   | Qatar National Bank Q.P.S.C.                   | Qatar National Bank Q.P.S.C.                   |
| Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)                | -  | -  | -  |
| Governing law(s) of the instrument  | BRSA   | BRSA   | BRSA   |
| Regulatory treatment  | Additional Capital   | Supplementary Capital                          | Supplementary Capital                          |
| Transitional Basel III rules  | No   | No   | No   |
| Eligible at stand-alone / consolidated  | Stand alone - Consolidated   | Stand alone - Consolidated                     | Stand alone - Consolidated                     |
| Instrument type (types to be specified by each jurisdiction)                                    | Loan   | Loan   | Loan   |
| Amount recognized in regulatory capital (Currency in million, as of most recent reporting date) | 9,950  | 2,399  | 4,914  |
| Par value of instrument (Currency in million)   | 9,950  | 2,399  | 4,914  |
| 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 26, 2022                                   |
| Perpetual or dated  | Undated  | Dated  | Dated  |
| Original maturity date  | -  | 10 years                                       | 8 years  |
| Issuer call subject to prior BRSA approval  | Yes  | Yes  | Yes  |
| Optional call date, contingent call dates and redemption amount                                 | Every 5 years  | 5 years  | 3 years  |
| Subsequent call dates, if applicable  | -  | -  | -  |
| Coupons / dividends   | -  | -  | -  |
| Fixed or floating dividend/coupon   | Fixed  | Floating                                       | Floating                                       |
| Coupon rate and any related index   | First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.08%       | 6M LIBOR + 5.75%                               | SOFR + 5.10%                                   |
| Existence of a dividend stopper   | There will be no interest on the deducted value after thr impairment | -  | -  |
| Fully discretionary, partially discretionary or mandatory                                       | Optional   | -  | -  |

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

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

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

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

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

#### II. Explanations On Risk Management

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

- RWA flow statements of credit risk exposures under IRB
- RWA flow statements of CCR exposures under the Internal Model Method (IMM)
- IRB (stock investment subject to specialized loans and simple risk weight approach)
- RWA flow statements of market risk exposures under an IMA
- Comparing VaR estimations with profit/loss

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

|  | Risk Weighted Amount |                    | Minimum Capital Requirement |                   |
|--|----------------------|--------------------|-----------------------------|-------------------|
|  | 30.09.2022           | 31.12.2021         | 30.09.2022                  | 31.12.2021        |
| 1 Credit Risk (Excluding Counterparty Credit Risk)                                       | 342,569,935          | 203,244,172        | 27,405,595                  | 16,259,534        |
| 2 Standardized approach  | 342,569,935          | 203,244,172        | 27,405,595                  | 16,259,534        |
| 3 Internal rating-based approach   | -                    | -                  | -                           | -                 |
| 4 Counterparty credit risk   | 16,036,761           | 9,973,738          | 1,282,941                   | 797,899           |
| 5 Standardized approach for counterparty credit Risk                                     | 16,036,761           | 9,973,738          | 1,282,941                   | 797,899           |
| 6 Internal model method  | -                    | -                  | -                           | -                 |
| 7 Basic risk weight approach to internal models equity position in the banking account   | -                    | -                  | -                           | -                 |
| 8 Investments made in collective investment companies – look-through approach            | -                    | -                  | -                           | -                 |
| 9 Investments made in collective investment companies – mandate-based approach           | -                    | -                  | -                           | -                 |
| 10 Investments made in collective investment companies – 1250% weighted risk approach    | -                    | -                  | -                           | -                 |
| 11 Settlement risk   | -                    | -                  | -                           | -                 |
| 12 Securitization positions in banking accounts  | -                    | -                  | -                           | -                 |
| 13 IRB ratings-based approach  | -                    | -                  | -                           | -                 |
| 14 IRB Supervisory Formula Approach  | -                    | -                  | -                           | -                 |
| 15 SA/simplified supervisory formula approach  | -                    | -                  | -                           | -                 |
| 16 Market risk   | 7,333,713            | 5,239,000          | 586,697                     | 419,120           |
| 17 Standardized approach   | 7,333,713            | 5,239,000          | 586,697                     | 419,120           |
| 18 Internal model approaches   | -                    | -                  | -                           | -                 |
| 19 Operational Risk  | 18,872,371           | 16,750,240         | 1,509,789                   | 1,340,019         |
| 20 Basic Indicator Approach  | 18,872,371           | 16,750,240         | 1,509,789                   | 1,340,019         |
| 21 Standard Approach   | -                    | -                  | -                           | -                 |
| 22 Advanced measurement approach   | -                    | -                  | -                           | -                 |
| 23 The amount of the discount threshold under the equity (subject to a 250% risk weight) | -                    | -                  | -                           | -                 |
| 24 Floor adjustment  | -                    | -                  | -                           | -                 |
| <b>25 Total+4+7+8+9+10+11+12+16+19+23+24)</b>  | <b>384,812,780</b>   | <b>235,207,150</b> | <b>30,785,022</b>           | <b>18,816,572</b> |

# QNB FİNANSBANK ANONİM ŞİRKETİ

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

#### III. Explanations on Foreign Currency Exchange Rate Risk

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

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

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

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

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

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

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

|  |             |
|--|-------------|
| US Dollar purchase rate at the date of the balance sheet | TRY 18.5038 |
| Euro purchase rate at the date of the balance sheet      | TRY 17.9232 |

| <u>Date</u>        | <u>US Dollar</u> | <u>Euro</u> |
|--------------------|------------------|-------------|
| September 30, 2022 | 18.5038          | 17.9232     |
| September 29, 2022 | 18.4862          | 17.6711     |
| September 28, 2022 | 18.4509          | 17.7719     |
| September 27, 2022 | 18.4266          | 17.7909     |
| September 26, 2022 | 18.3702          | 17.9431     |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

With the simple arithmetic average of September 2022, the US Dollar foreign exchange buying rate is TRY 18.2814, and the Euro foreign exchange buying rate is TRY 18.1282.

##### 5. Information on the foreign currency exchange rate risk of the Bank (Thousands of TRY)

| Current Period  | EUR               | USD                 | Other FC            | Total               |
|---|-------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>   |                   |                     |                     |                     |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(1)</sup> | 23,139,131        | 45,103,625          | 2,273,932           | 70,516,688          |
| Due From Banks <sup>(2)</sup>   | 10,524,984        | 24,131,674          | 576,366             | 35,233,024          |
| Financial Assets at Fair Value through Profit/Loss <sup>(3)</sup>   | 1,187,208         | 1,337,642           | 498                 | 2,525,348           |
| Money Market Placements   | -                 | 419,489             | -                   | 419,489             |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)  | 996,852           | 8,827,986           | -                   | 9,824,838           |
| Loans and Receivables <sup>(4)</sup>  | 59,534,504        | 43,388,348          | 386,745             | 103,309,597         |
| Investments in Assoc., Subsidiaries and Entities under Common Control (Joint Vent.)   | -                 | -                   | -                   | -                   |
| Financial Assets Measured at Amortized Cost   | 1,379,999         | 18,746,541          | -                   | 20,126,540          |
| Derivative Financial Assets Hedging Purposes  | 88,506            | 1,951,644           | -                   | 2,040,150           |
| Tangible Assets   | -                 | -                   | 97                  | 97                  |
| Intangible Assets   | -                 | -                   | -                   | -                   |
| Other Assets <sup>(5)</sup>   | 48,533            | 102,112             | 4,464               | 155,109             |
| <b>Total Assets</b>   | <b>96,899,717</b> | <b>144,009,061</b>  | <b>3,242,102</b>    | <b>244,150,880</b>  |
| <b>Liabilities</b>  |                   |                     |                     |                     |
| Bank Deposits   | 3,638,377         | 5,972,407           | 65,099              | 9,675,883           |
| Foreign Currency Deposits <sup>(6)</sup>  | 40,714,908        | 130,926,339         | 27,336,899          | 198,978,146         |
| Money Market Borrowings   | 1,639,535         | 13,618,449          | -                   | 15,257,984          |
| Funds Provided from Other Financial Institutions  | 13,296,328        | 45,968,579          | -                   | 59,264,907          |
| Securities Issues   | 717,859           | 15,065,388          | 4,980,554           | 20,763,801          |
| Miscellaneous Payables  | 8,160,179         | 6,534,398           | 144,507             | 14,839,084          |
| Derivative Fin. Liabilities for Hedging Purposes  | 945               | 844,957             | -                   | 845,902             |
| Other Liabilities <sup>(7)</sup>  | 1,215,560         | 1,908,642           | 2,256               | 3,126,458           |
| <b>Total Liabilities</b>  | <b>69,383,691</b> | <b>220,839,159</b>  | <b>32,529,315</b>   | <b>322,752,165</b>  |
| <b>Net Balance Sheet Position</b>   | <b>27,516,026</b> | <b>(76,830,098)</b> | <b>(29,287,213)</b> | <b>(78,601,285)</b> |
| <b>Net Off-Balance Sheet Position</b>   |                   |                     |                     |                     |
| Financial Derivative Assets   | (26,917,388)      | 79,724,394          | 29,120,010          | 81,927,016          |
| Financial Derivative Liabilities  | 39,287,806        | 220,633,588         | 32,284,230          | 292,205,624         |
| Non-Cash Loans <sup>(8)</sup>   | 66,205,194        | 140,909,194         | 3,164,220           | 210,278,608         |
|   | 17,708,926        | 16,348,509          | 666,257             | 34,723,692          |
| <b>Prior Period</b>   |                   |                     |                     |                     |
| Total Assets  | 87,952,855        | 95,988,942          | 5,424,976           | 189,366,773         |
| Total Liabilities   | 51,597,317        | 160,358,315         | 28,186,060          | 240,141,692         |
| <b>Net Balance Sheet Position</b>   | <b>36,355,538</b> | <b>(64,369,373)</b> | <b>(22,761,084)</b> | <b>(50,774,919)</b> |
| <b>Net Off-Balance Sheet Position</b>   |                   |                     |                     |                     |
| Financial Derivative Assets   | (36,160,955)      | 62,063,449          | 22,811,068          | 48,713,562          |
| Financial Derivative Liabilities  | 32,278,439        | 164,612,702         | 23,228,937          | 220,120,078         |
| Non-Cash Loans  | 68,439,394        | 102,549,253         | 417,869             | 171,406,516         |
|   | 18,384,626        | 15,231,819          | 715,572             | 34,332,017          |

<sup>(1)</sup> Cash and Balances with TR Central Bank; Other FC include TRY 2,012,518 (December 31, 2021 – TRY 1,587,037) precious metal deposit account.

<sup>(2)</sup> There are foreign bank guarantees amounting to TRY 8,706,088 (December 31, 2021 – TRY 7,481,729)

<sup>(3)</sup> Does not include TRY 276,212 (December 31, 2021– TRY 327,091) of currency income accruals arising from derivative transactions.

<sup>(4)</sup> Includes TRY 315,717 (December 31, 2021 – TRY 379,005) FC indexed loans.

<sup>(5)</sup> Does not include FC prepaid expenses amounting to TRY 193,398 (December 31, 2021 – TRY 67,969) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.

<sup>(6)</sup> Other foreign currency includes TRY 23,661,198 (December 31, 2021 – TRY 21,599,519) of precious metal deposit account..

<sup>(7)</sup> Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 898,859 (December 31, 2021 – TRY 193,975)

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

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

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

#### IV. Explanations on Interest Rate Risk

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

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

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

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

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

(Based on repricing dates)

|   | Up to 1<br>Month    | 1-3 Months          | 3-12 Months        | 1-5 Years         | 5 Years and<br>Over | Non-Interest<br>Bearing <sup>(1)</sup> | Total              |
|---|---------------------|---------------------|--------------------|-------------------|---------------------|--|--------------------|
| <b>Current Period</b>   |                     |                     |                    |                   |                     |  |                    |
| Assets  |                     |                     |                    |                   |                     |  |                    |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank <sup>(2)</sup> | 41,489,233          | -                   | -                  | -                 | -                   | 37,942,945                             | 79,432,178         |
| Due From Banks <sup>(3)</sup>   | 7,023,997           | -                   | -                  | -                 | -                   | 28,205,785                             | 35,229,782         |
| Financial Assets at Fair Value Through Profit/Loss <sup>(4)</sup>   | 5,716               | 51,893              | 183,285            | 178,759           | 54,536              | 19,168,571                             | 19,642,760         |
| Money Market Placements   | 419,489             | -                   | -                  | -                 | -                   | -                                      | 419,489            |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) <sup>(5)</sup>   | 1,929,561           | 7,546,488           | 7,392,225          | 9,311,516         | 11,831,108          | 9,585,999                              | 47,596,897         |
| Loans and Receivables   | 64,348,254          | 56,482,630          | 121,773,667        | 53,246,893        | 7,462,272           | 1,548,305                              | 304,862,021        |
| Financial Assets Measured at Amortized Cost <sup>(6)</sup>  | 2,615,283           | 7,595,382           | 17,792,291         | 13,926,434        | 5,564,519           | 4,682,540                              | 52,176,449         |
| Other Assets  | -                   | -                   | -                  | -                 | -                   | 15,784,250                             | 15,784,250         |
| <b>Total Assets</b>   | <b>117,831,533</b>  | <b>71,676,393</b>   | <b>147,141,468</b> | <b>76,663,602</b> | <b>24,912,435</b>   | <b>116,918,395</b>                     | <b>555,143,826</b> |
| Liabilities   |                     |                     |                    |                   |                     |  |                    |
| Bank Deposits   | 2,962,148           | 5,289,412           | 404,874            | -                 | -                   | 1,036,322                              | 9,692,756          |
| Other Deposits  | 124,812,673         | 79,985,682          | 15,498,526         | 625,819           | 403                 | 119,831,108                            | 340,754,211        |
| Money Market Borrowings   | 18,366,846          | 5,925,292           | 4,800,483          | -                 | -                   | -                                      | 29,092,621         |
| Miscellaneous Payables  | 14,839,084          | -                   | -                  | -                 | -                   | 11,365,699                             | 26,204,783         |
| Securities Issued   | 4,706,757           | 6,075,685           | 3,237,067          | 11,841,516        | -                   | -                                      | 25,861,025         |
| Funds Borrowed  | 5,035,372           | 29,133,118          | 15,230,818         | 366,770           | 9,949,688           | -                                      | 59,715,766         |
| Other Liabilities <sup>(7)</sup>  | 597                 | 1,628               | 14,856             | 486,337           | -                   | 63,319,246                             | 63,822,664         |
| <b>Total Liabilities</b>  | <b>170,723,477</b>  | <b>126,410,817</b>  | <b>39,186,624</b>  | <b>13,320,442</b> | <b>9,950,091</b>    | <b>195,552,375</b>                     | <b>555,143,826</b> |
| On Balance Sheet Long Position  | -                   | -                   | 107,954,844        | 63,343,160        | 14,962,344          | -                                      | 186,260,348        |
| On Balance Sheet Short Position   | (52,891,944)        | (54,734,424)        | -                  | -                 | -                   | (78,633,980)                           | (186,260,348)      |
| Off-Balance Sheet Long Position   | 11,897,958          | 22,904,377          | 6,304,898          | -                 | -                   | -                                      | 41,107,233         |
| Off-Balance Sheet Short Position  | -                   | -                   | -                  | (8,468,316)       | (16,055,587)        | -                                      | (24,523,903)       |
| <b>Total Position</b>   | <b>(40,993,986)</b> | <b>(31,830,047)</b> | <b>114,259,742</b> | <b>54,874,844</b> | <b>(1,093,243)</b>  | <b>(78,633,980)</b>                    | <b>16,583,330</b>  |

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

<sup>(2)</sup> Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank includes amount of TRY 9,463 expected loss provisions.

<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 18,863.

<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss include TRY 18,778,205 derivative financial assets used for hedging purposes.

<sup>(5)</sup> Financial Assets at Fair Value Through Other Comprehensive Income include TRY 6,845,197 derivative financial assets used for hedging purposes.

<sup>(6)</sup> Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 20,865.

<sup>(7)</sup> Other Liabilities includes Derivative Financial Liabilities amounting to TRY 8,114,336.

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

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

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

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

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

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

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

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

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

<sup>(6)</sup> Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 9,793

<sup>(7)</sup> Other Liabilities includes Derivative Financial Liabilities amounting to TRY 12,452,428.

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

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

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

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

|  | EURO   | USD  | JPY  | TRY   |
|--|--------|------|------|-------|
|  | %      | %    | %    | %     |
| <b>Current Period</b>  |        |      |      |       |
| Assets   |        |      |      |       |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank | -      | -    | -    | -     |
| Due from Banks   | -      | 1.69 | -    | -     |
| Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)  | 7.07   | 8.04 | -    | 20.72 |
| Money Market Placements  | -      | 2.94 | -    | -     |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)                                       | 2.87   | 5.43 | -    | 30.10 |
| Loans and Receivables  | 4.86   | 6.72 | 1.66 | 23.85 |
| Financial Assets Measured at Amortized Cost  | 4.60   | 5.65 | -    | 68.83 |
| Liabilities  |        |      |      |       |
| Bank Deposits  | 1.91   | 3.90 | -    | 10.58 |
| Other Deposits   | 1.37   | 3.21 | 0.25 | 16.99 |
| Money Market Borrowings  | 0.60   | 3.37 | -    | 11.99 |
| Miscellaneous Payables   | 0.32   | -    | -    | -     |
| Securities Issued  | 1.82   | 6.60 | -    | 22.95 |
| Funds Borrowed   | 2.55   | 5.69 | -    | 18.11 |
|  | EURO   | USD  | JPY  | TRY   |
|  | %      | %    | %    | %     |
| <b>Prior Period</b>  |        |      |      |       |
| Assets   |        |      |      |       |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the T.R. Central Bank | -      | -    | -    | 8.50  |
| Due from Banks   | -      | 0.07 | -    | -     |
| Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)  | 4.97   | 4.58 | -    | 21.51 |
| Money Market Placements  | -      | 0.05 | -    | -     |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)                                       | 2.87   | 5.32 | -    | 18.41 |
| Loans and Receivables  | 4.02   | 4.86 | 1.49 | 18.81 |
| Financial Assets Measured at Amortized Cost  | 4.60   | 5.61 | -    | 22.41 |
| Liabilities  |        |      |      |       |
| Bank Deposits  | 0.03   | 0.61 | -    | 13.96 |
| Other Deposits   | 0.22   | 0.81 | 0.27 | 18.22 |
| Money Market Borrowings  | (0.71) | 1.17 | -    | 13.91 |
| Miscellaneous Payables   | (0.39) | -    | -    | -     |
| Securities Issued  | -      | 5.51 | -    | 16.62 |
| Funds Borrowed   | 2.24   | 4.52 | -    | 15.82 |

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

| Equity Securities (shares)                               | Comparison       |                  |              |
|--|------------------|------------------|--------------|
|  | Carrying Value   | Fair Value       | Market Value |
| <b>1. Investment in Shares- grade A</b>                  | -                | -                | -            |
| Quoted Securities  | -                | -                | -            |
| <b>2. Investment in Shares- grade B</b>                  | -                | -                | -            |
| Quoted Securities  | -                | -                | -            |
| <b>3. Investment in Shares- grade C</b>                  | <b>1,513,259</b> | <b>1,513,259</b> | -            |
| Quoted Securities  | 1,513,259        | 1,513,259        | -            |
| <b>4. Investment in Shares grade Other<sup>(*)</sup></b> | <b>1,974,334</b> | <b>1,828,632</b> | -            |

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

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

| Portfolio                     | Gains/Losses<br>in Current<br>Period | Revaluation Surpluses |  | Unrealized Gains and Losses |                                    |  |
|-------------------------------|--------------------------------------|-----------------------|--|-----------------------------|------------------------------------|--|
|                               |                                      | Total                 | Amount under<br>Supplementary<br>Capital | Total                       | Amount<br>under<br>Core<br>Capital | Amount under<br>Supplementary<br>Capital |
| 1. Private Equity Investments | -                                    | -                     | -  | -                           | -                                  | -  |
| 2. Quoted Shares              | 1,809                                | -                     | -  | -                           | -                                  | -  |
| 3. Other Shares               | -                                    | -                     | -  | -                           | -                                  | -  |
| <b>4. Total</b>               | <b>1,809</b>                         | -                     | -  | -                           | -                                  | -  |

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Liquidity Coverage Ratio

| Current Period – September 30, 2022   | Unweighted Amounts <sup>(*)</sup> |                   | Weighted Amounts <sup>(*)</sup> |                       |
|---|-----------------------------------|-------------------|---------------------------------|-----------------------|
|   | TRY+FC                            | FC                | TRY+FC                          | FC                    |
| <b>HIGH QUALITY LIQUID ASSETS</b>   |                                   |                   | <b>110,678,174</b>              | <b>72,242,988</b>     |
| 1 High Quality Liquid Assets  |                                   |                   | 110,678,174                     | 72,242,988            |
| <b>CASH OUTFLOWS</b>  |                                   |                   |                                 |                       |
| 2 Retail and Small Business Customers Deposits  | 230,155,483                       | 134,901,636       | 21,326,837                      | 13,490,164            |
| 3 Stable deposits   | 33,774,221                        | -                 | 1,688,711                       | -                     |
| 4 Less stable deposits  | 196,381,262                       | 134,901,636       | 19,638,126                      | 13,490,164            |
| 5 Unsecured Funding other than Retail and Small Business Customers Deposits                                 | 96,362,988                        | 65,892,624        | 50,845,275                      | 34,597,381            |
| 6 Operational deposits  | 2,964,643                         | 747,251           | 741,161                         | 186,813               |
| 7 Non-Operational Deposits  | 79,322,369                        | 61,566,747        | 39,199,532                      | 30,861,635            |
| 8 Other Unsecured Funding   | 14,075,976                        | 3,578,626         | 10,904,582                      | 3,548,933             |
| 9 Secured funding   | -                                 | -                 | -                               | -                     |
| 10 Other Cash Outflows  | 82,838,576                        | 19,795,725        | 82,838,576                      | 19,795,725            |
| 11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions          | 82,838,576                        | 19,795,725        | 82,838,576                      | 19,795,725            |
| 12 Debts related to the structured financial products   | -                                 | -                 | -                               | -                     |
| 13 Commitment related to debts to financial markets   | -                                 | -                 | -                               | -                     |
| 14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | 117,228,492                       | 40,010,747        | 5,861,425                       | 2,000,537             |
| 15 Other irrevocable or conditionally revocable commitments   | 195,458,252                       | 46,913,898        | 14,481,685                      | 4,671,409             |
| <b>16 TOTAL CASH OUTFLOWS</b>   |                                   |                   | <b>175,353,798</b>              | <b>74,555,216</b>     |
| <b>CASH INFLOWS</b>   |                                   |                   |                                 |                       |
| 17 Secured Lending Transactions   | 313,365                           | 603,062           | -                               | -                     |
| 18 Unsecured Lending Transactions   | 40,058,953                        | 23,777,928        | 30,958,203                      | 22,328,961            |
| 19 Other contractual cash inflows   | 80,842,300                        | 68,164,516        | 80,842,300                      | 68,164,515            |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>121,214,618</b>                | <b>92,545,506</b> | <b>111,800,503</b>              | <b>90,493,476</b>     |
|   |                                   |                   |                                 | <b>Capped Amounts</b> |
| <b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>  | -                                 | -                 | <b>110,678,174</b>              | <b>72,242,988</b>     |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   | -                                 | -                 | <b>63,553,295</b>               | <b>18,638,804</b>     |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  | -                                 | -                 | <b>174.15</b>                   | <b>387.59</b>         |

<sup>(\*)</sup> Basic arithmetic average calculated for the last three months of values calculated by taking the weekly basic arithmetic average

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

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

| Prior Period – December 31, 2021  | Unweighted Amounts <sup>(*)</sup> |                   | Weighted Amounts <sup>(*)</sup> |                   |
|---|-----------------------------------|-------------------|---------------------------------|-------------------|
|   | TRY+FC                            | FC                | TRY+FC                          | FC                |
| <b>HIGH QUALITY LIQUID ASSETS</b>   |                                   |                   | <b>60,813,146</b>               | <b>42,159,807</b> |
| 1 High Quality Liquid Assets  | -                                 | -                 | 60,813,146                      | 42,159,807        |
| <b>CASH OUTFLOWS</b>  |                                   |                   |                                 |                   |
| 2 Retail and Small Business Customers Deposits  | 142,445,916                       | 85,890,876        | 13,107,912                      | 8,589,088         |
| 3 Stable deposits   | 22,733,598                        | -                 | 1,136,680                       | -                 |
| 4 Less stable deposits  | 119,712,318                       | 85,890,876        | 11,971,232                      | 8,589,088         |
| 5 Unsecured Funding other than Retail and Small Business Customers Deposits                                 | 53,088,632                        | 33,169,750        | 28,190,637                      | 17,673,287        |
| 6 Operational deposits  | 1,835,716                         | 724,319           | 458,929                         | 181,080           |
| 7 Non-Operational Deposits  | 41,503,111                        | 29,074,970        | 19,838,642                      | 14,178,884        |
| 8 Other Unsecured Funding   | 9,749,805                         | 3,370,461         | 7,893,066                       | 3,313,323         |
| 9 Secured funding   | -                                 | -                 | -                               | -                 |
| 10 Other Cash Outflows  | 22,697,893                        | 5,332,054         | 22,697,893                      | 5,332,054         |
| 11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions          | 22,697,893                        | 5,332,054         | 22,697,893                      | 5,332,054         |
| 12 Debts related to the structured financial products   | -                                 | -                 | -                               | -                 |
| 13 Commitment related to debts to financial markets   | -                                 | -                 | -                               | -                 |
| 14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments | 66,378,356                        | 3,516,584         | 3,318,918                       | 175,829           |
| 15 Other irrevocable or conditionally revocable commitments   | 123,596,393                       | 33,282,667        | 9,141,360                       | 3,226,641         |
| <b>16 TOTAL CASH OUTFLOWS</b>   | <b>-</b>                          | <b>-</b>          | <b>76,456,720</b>               | <b>34,996,899</b> |
| <b>CASH INFLOWS</b>   |                                   |                   |                                 |                   |
| 17 Secured Lending Transactions   | 162,765                           | 273,898           | -                               | -                 |
| 18 Unsecured Lending Transactions   | 16,599,230                        | 9,206,568         | 11,943,644                      | 8,140,506         |
| 19 Other contractual cash inflows   | 22,708,639                        | 20,298,391        | 22,708,639                      | 20,298,392        |
| <b>20 TOTAL CASH INFLOWS</b>  | <b>39,470,634</b>                 | <b>29,778,857</b> | <b>34,652,283</b>               | <b>28,438,898</b> |
| <b>21 TOTAL HIGH QUALITY LIQUID ASSETS</b>  | <b>-</b>                          | <b>-</b>          | <b>60,813,146</b>               | <b>42,159,807</b> |
| <b>22 TOTAL NET CASH OUTFLOWS</b>   | <b>-</b>                          | <b>-</b>          | <b>41,804,437</b>               | <b>9,895,194</b>  |
| <b>23 LIQUIDITY COVERAGE RATIO (%)</b>  | <b>-</b>                          | <b>-</b>          | <b>145.47</b>                   | <b>426.06</b>     |

<sup>(\*)</sup> Basic arithmetic average calculated for the last three months of values calculated by taking the weekly basic arithmetic average.

The dates and values of minimum and maximum foreign currency and total liquidity coverage ratios calculated weekly related to the last three months of 2022 are explained in the table below. According to “Regulation on Liquidity Coverage Ratio Calculation” published in the Official Gazette numbered 28948, dated March 21, 2014.

|        | Maximum | Week       | Minimum | Week       | Average |
|--------|---------|------------|---------|------------|---------|
| TRY+FC | 198.47  | 23/09/2022 | 157.72  | 22/07/2022 | 174.82  |
| FC     | 417.54  | 19/08/2022 | 363.25  | 09/09/2022 | 388.74  |

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

All of Bank’s high quality liquid assets are comprised of first quality liquid assets, most of which are CBRT accounts and securities that are issued by the Republic of Turkey Ministry of Treasury 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 Bank mainly consist of deposits which constitute 63% of total liabilities of the bank (December 31, 2021 – 61%) and also include repo, syndication, securitization, securities issued and other instruments including subordinated debts.

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

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

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

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

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

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

#### Presentation of assets and liabilities according to their remaining maturities

| Current Period   | Demand              | Up to 1 month       | 1-3 months          | 3-12 months        | 1-5 Years          | 5 Years and Over  | Unallocated <sup>(1)</sup> | Total              |
|--|---------------------|---------------------|---------------------|--------------------|--------------------|-------------------|----------------------------|--------------------|
| <b>Assets</b>  |                     |                     |                     |                    |                    |                   |                            |                    |
| Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank <sup>(2)</sup> | 37,948,021          | 41,493,620          | -                   | -                  | -                  | -                 | (9,463)                    | 79,432,178         |
| Due from Banks <sup>(3)</sup>  | 19,510,524          | 15,738,121          | -                   | -                  | -                  | -                 | (18,863)                   | 35,229,782         |
| Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) <sup>(4)</sup>   | 386,115             | 1,862,049           | 2,088,124           | 10,303,394         | 2,327,539          | 2,675,539         | -                          | 19,642,760         |
| Money Markets Placements <sup>(5)</sup>  | -                   | 419,489             | -                   | -                  | -                  | -                 | -                          | 419,489            |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) <sup>(6)</sup>  | 7,674               | 14,017              | 390,868             | 4,555,965          | 26,122,413         | 16,505,960        | -                          | 47,596,897         |
| Loans and Receivables  | -                   | 57,840,123          | 35,714,846          | 111,439,883        | 74,924,173         | 23,394,692        | 1,548,304                  | 304,862,021        |
| Financial Assets Measured at Amortized Cost <sup>(7)</sup>   | -                   | 1,416,140           | -                   | 4,281,550          | 29,019,599         | 17,480,016        | (20,856)                   | 52,176,449         |
| Other Assets   | -                   | 6,464,802           | -                   | -                  | 872,609            | -                 | 8,446,839                  | 15,784,250         |
| <b>Total Assets</b>  | <b>57,852,334</b>   | <b>125,248,361</b>  | <b>38,193,838</b>   | <b>130,580,792</b> | <b>133,266,333</b> | <b>60,056,207</b> | <b>9,945,961</b>           | <b>555,143,826</b> |
| <b>Liabilities</b>   |                     |                     |                     |                    |                    |                   |                            |                    |
| Bank Deposits  | 1,036,322           | 2,962,148           | 5,289,412           | 404,874            | -                  | -                 | -                          | 9,692,756          |
| Other Deposits   | 119,831,108         | 124,812,673         | 79,985,682          | 15,498,526         | 625,819            | 403               | -                          | 340,754,211        |
| Funds Borrowed   | -                   | 1,182,664           | 13,121,688          | 18,745,488         | 16,319,492         | 10,346,434        | -                          | 59,715,766         |
| Money Market Borrowings  | -                   | 15,230,413          | 2,301,845           | 6,962,354          | 4,044,212          | 553,797           | -                          | 29,092,621         |
| Securities Issued  | -                   | 2,836,742           | 5,147,966           | 5,107,082          | 12,769,235         | -                 | -                          | 25,861,025         |
| Miscellaneous Payables   | -                   | 26,204,783          | -                   | -                  | -                  | -                 | -                          | 26,204,783         |
| Other Liabilities <sup>(8)</sup>   | -                   | 9,625,198           | 1,473,037           | 2,681,358          | 1,833,844          | 1,728,397         | 46,480,830                 | 63,822,664         |
| <b>Total Liabilities</b>   | <b>120,867,430</b>  | <b>182,834,621</b>  | <b>107,319,630</b>  | <b>49,399,682</b>  | <b>35,592,602</b>  | <b>12,629,031</b> | <b>46,480,830</b>          | <b>555,143,826</b> |
| <b>Liquidity Excess / (Gap)</b>  | <b>(63,015,096)</b> | <b>(57,606,260)</b> | <b>(69,125,792)</b> | <b>81,181,110</b>  | <b>97,673,731</b>  | <b>47,427,176</b> | <b>(36,534,869)</b>        | <b>-</b>           |
| <b>Net Off Balance Sheet Position <sup>(9)</sup></b>   |                     |                     |                     |                    |                    |                   |                            |                    |
| Receivables from Financial Derivative Instruments  | -                   | 839,086             | 938,789             | 8,642,721          | 4,009,674          | 36                | -                          | 14,430,306         |
| Liabilities from Derivatives   | -                   | 113,585,105         | 55,881,854          | 37,705,068         | 66,085,087         | 60,426,479        | -                          | 333,683,593        |
| Non-cash Loans <sup>(10)</sup>   | -                   | 112,746,019         | 54,943,065          | 29,062,347         | 62,075,413         | 60,426,443        | -                          | 319,253,287        |
| <b>Prior period</b>  |                     |                     |                     |                    |                    |                   |                            |                    |
| Total Assets   | 39,224,327          | 88,742,875          | 25,302,117          | 70,336,053         | 98,901,913         | 39,857,688        | 9,004,268                  | 371,369,241        |
| Total Liabilities  | 96,056,009          | 131,401,672         | 35,575,893          | 44,551,007         | 17,792,932         | 15,463,180        | 30,528,548                 | 371,369,241        |
| <b>Liquidity Excess / (Gap)</b>  | <b>(56,831,682)</b> | <b>(42,658,797)</b> | <b>(10,273,776)</b> | <b>25,785,046</b>  | <b>81,108,981</b>  | <b>24,394,508</b> | <b>(21,524,280)</b>        | <b>-</b>           |
| <b>Net-Off Balance Sheet Position <sup>(9)</sup></b>   | <b>-</b>            | <b>(1,868,846)</b>  | <b>2,132,681</b>    | <b>3,220,098</b>   | <b>5,587,225</b>   | <b>37</b>         | <b>-</b>                   | <b>9,071,195</b>   |
| Receivables from Derivative Instruments  | -                   | 72,095,490          | 34,346,603          | 41,123,550         | 47,682,217         | 49,170,249        | -                          | 244,418,109        |
| Liabilities from Derivative Instruments  | -                   | 73,964,336          | 32,213,922          | 37,903,452         | 42,094,992         | 49,170,212        | -                          | 235,346,914        |
| Non-cash Loans <sup>(10)</sup>   | -                   | 1,534,845           | 5,201,610           | 10,822,178         | 3,857,735          | 337,993           | 25,738,863                 | 47,493,224         |

<sup>(1)</sup> The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified "Unallocated" column. Unallocated other liabilities include shareholders' equity amounting to TRY 38,320,818 (December, 31 2021 : TRY 22,144,060) and unallocated provisions amounting to TRY 5,369,522 (December 31, 2021: TRY 1,567,815)

<sup>(2)</sup> Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R Central Bank includes expected loss provisions the amount of TRY 9,463 (December 31, 2021 : TRY 7,083).

<sup>(3)</sup> Banks include balance of expected loss provisions amounting to TRY 18,863 (December 31, 2021 : TRY 3,670).

<sup>(4)</sup> Financial Assets at Fair Value Through Profit/Loss includes TRY 18,778,205 (December 31, 2021 : TRY 18,644,431) fair value derivative financial assets used for Financial Assets at Fair Value Through Profit/Loss.

<sup>(5)</sup> Receivables from Money Markets includes none/zero (December 31, 2021 : none) balance of expected loss provisions.

<sup>(6)</sup> Financial Assets at Fair Value Through Other Comprehensive Income includes TRY 6,845,197 (December 31, 2021: TRY 3,359,463) fair value derivative financial assets used for hedging purposes.

<sup>(7)</sup> Financial assets measured at amortized cost include TRY 20,856 (December 31, 2021: TRY 9,793) of expected loss provisions.

<sup>(8)</sup> Other Liabilities includes Derivative Financial Liabilities amounting to TRY 8,114,336 (December 31, 2021 TRY 12,452,428).

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

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

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

#### VII. Information Regarding Leverage Ratio

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

The Bank's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.57% (December 31, 2021: 5.96%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

|  | Book Value         |                    |
|--|--------------------|--------------------|
|  | Current Period (*) | Prior Period (*)   |
| <b>Assets on Balance sheet</b>   |                    |                    |
| Assets on Balance sheet (except for derivative financial instruments and credit (Assets deducted from capital stock) | 450,806,562        | 319,780,825        |
|  | 784,788            | 725,830            |
| <b>Total risk amount related to Assets on Balance sheet</b>  | <b>450,021,774</b> | <b>319,054,995</b> |
| <b>Derivative financial instruments and credit derivatives</b>   |                    |                    |
| Replacement cost of derivative financial instruments and credit derivatives  | 23,212,423         | 19,899,502         |
| Potential credit risk amount of derivative financial instruments and credit derivatives                              | 2,602,464          | 1,898,270          |
| <b>Total risk amount related to derivative financial instruments and credit derivatives</b>                          | <b>25,814,887</b>  | <b>21,797,772</b>  |
| <b>Financial transactions having security or commodity collateral</b>  |                    |                    |
| Risk amount of financial transactions having security or commodity collateral  | 2,528              | 2,665              |
| Risk amount sourcing from transactions mediated  | 7,387,697          | 452,004            |
| <b>Total risk amount related to financial transactions having security or commodity collateral</b>                   | <b>7,390,225</b>   | <b>454,669</b>     |
| <b>Off-Balance sheet Transaction</b>   |                    |                    |
| Gross nominal amount of off-balance sheet transactions   | 319,541,431        | 191,895,841        |
| (Adjustment amount sourcing from multiplying to credit conversion rates)   | 99,205,956         | 56,567,997         |
| <b>Total risk amount related to off-balance sheet transactions</b>   | <b>220,335,475</b> | <b>135,327,844</b> |
| <b>Capital and Total Risk</b>  |                    |                    |
| Core Capital   | 39,156,345         | 28,265,345         |
| Amount of total risk   | 703,562,361        | 476,635,281        |
| <b>Financial leverage ratio</b>  |                    |                    |
| Financial leverage ratio   | 5.57%              | 5.96%              |

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

### SECTION FIVE

#### EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS

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

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

|                              | Current Period   |                   | Prior Period     |                   |
|------------------------------|------------------|-------------------|------------------|-------------------|
|                              | TRY              | FC                | TRY              | FC                |
| Cash in TRY/Foreign Currency | 1,035,001        | 6,504,738         | 678,315          | 6,245,263         |
| T.R. Central Bank            | 7,657,268        | 63,686,630        | 6,654,230        | 56,333,197        |
| Other                        | 232,684          | 325,320           | 103,735          | 279,831           |
| <b>Total</b>                 | <b>8,924,953</b> | <b>70,516,688</b> | <b>7,436,280</b> | <b>62,858,291</b> |

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

|                              | Current Period   |                   | Prior Period     |                   |
|------------------------------|------------------|-------------------|------------------|-------------------|
|                              | TRY              | FC                | TRY              | FC                |
| Unrestricted Demand Deposits | 6,410,821        | 22,193,010        | 6,654,230        | 18,465,910        |
| Restricted Time Deposits     | 1,246,447        | 41,493,620        | -                | 37,867,287        |
| <b>Total</b>                 | <b>7,657,268</b> | <b>63,686,630</b> | <b>6,654,230</b> | <b>56,333,197</b> |

As of September 30, 2022 amount of TRY 9,463 (December 31, 2021: TRY 7,083) provision provided for the account T.R. Central Bank.

As of September 30, 2022, our bank has been appointed to CBRT depending on the maturity structure, the required reserve rates for TRY liabilities vary between 3% and 8% for TRY deposits and other liabilities according to their maturities. The reserve rates for foreign currency liabilities vary between 5% and 25% for deposit and other foreign currency liabilities according to their maturities. Gold deposit liabilities vary between 22% and 26% for gold liabilities according to their maturities.

Required reserves can be kept in Turkish Lira, USD, EUR and standard gold in accordance with the "Communiqué on Required Reserves" at the Central Bank of the Republic of Turkey. According to the required reserve communiqué, as long as the amount converted to Turkish lira deposits with a maturity of 1 month or longer, foreign currency deposits (including precious metals) existing on June 25, 2021, remain in the Turkish lira time deposit account, the "Turkish Lira Time Deposit Conversion Amount". Banks are no longer given interest in Turkish Lira.

As of September 2, 2022 excluding banks with a Turkish lira deposit/participation fund share of more than 50 percent in both real and legal person deposits, an annual commission of 3 percent will be applied over the required reserve amount for foreign currency deposit/participation fund (excluding foreign banks) liabilities.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

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

|                                  | Current Period |    | Prior Period |               |
|----------------------------------|----------------|----|--------------|---------------|
|                                  | TRY            | FC | TRY          | FC            |
| Given as Collateral/ Blocked     | -              | -  | -            | 19,850        |
| Subject to repurchase agreements | -              | -  | -            | -             |
| <b>Total</b>                     | -              | -  | -            | <b>19,850</b> |

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

|                      | Current Period   |                  | Prior Period     |                  |
|----------------------|------------------|------------------|------------------|------------------|
|                      | TRY              | FC               | TRY              | FC               |
| Forward Transactions | 457,824          | -                | 373,516          | -                |
| Swap Transactions    | 4,569,071        | 1,920,381        | 7,657,503        | 1,729,687        |
| Futures Transactions | -                | -                | -                | -                |
| Options              | -                | 528,812          | -                | 289,303          |
| <b>Total</b>         | <b>5,026,895</b> | <b>2,449,193</b> | <b>8,031,019</b> | <b>2,018,990</b> |

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

|                                      | Current Period |                   | Prior Period |                   |
|--------------------------------------|----------------|-------------------|--------------|-------------------|
|                                      | TRY            | FC                | TRY          | FC                |
| Banks                                |                |                   |              |                   |
| Domestic                             | 2,373          | 106,777           | 822          | 1,203,335         |
| Foreign                              | -              | 35,139,495        | -            | 13,916,247        |
| Foreign Head Offices and<br>Branches | -              | -                 | -            | -                 |
| <b>Total</b>                         | <b>2,373</b>   | <b>35,246,272</b> | <b>822</b>   | <b>15,119,582</b> |

As of September 30, 2022 amount of TRY 18,863 provision provided for the Bank account (December 31, 2021 – TRY 3,670).

In accordance with the Uniform Chart of Accounts, which became effective as of January 1, 2021, foreign bank guarantees amounting to TRY 8,706,088 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.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

##### b) Information on foreign bank accounts

|                               | Unrestricted Amount |                  | Restricted Amount <sup>(**)</sup> |                  |
|-------------------------------|---------------------|------------------|-----------------------------------|------------------|
|                               | Current Period      | Prior Period     | Current Period                    | Prior Period     |
| EU Countries                  | 14,826,088          | 1,240,635        | 8,706,087                         | 7,478,485        |
| USA and Canada                | 11,451,608          | 5,046,277        | -                                 | 3,244            |
| OECD Countries <sup>(*)</sup> | 23,153              | 8,567            | -                                 | -                |
| Off-shore Banking Regions     | -                   | -                | -                                 | -                |
| Other                         | 132,559             | 139,039          | -                                 | -                |
| <b>Total</b>                  | <b>26,433,408</b>   | <b>6,434,518</b> | <b>8,706,087</b>                  | <b>7,481,729</b> |

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

<sup>(\*\*)</sup> No money is kept in blocked accounts in foreign banks for loans used from foreign markets (December 31, 2021- None).

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

|  | Current Period |                | Prior Period |                |
|--|----------------|----------------|--------------|----------------|
|  | TRY            | FC             | TRY          | FC             |
| <b>Domestic Transactions</b>                   | -              | -              | -            | -              |
| T.R Central Bank                               | -              | -              | -            | -              |
| Banks  | -              | -              | -            | -              |
| Intermediary Institutions                      | -              | -              | -            | -              |
| Other Financial Institutions and Organizations | -              | -              | -            | -              |
| Other Institutions and Organization            | -              | -              | -            | -              |
| Real Persons                                   | -              | -              | -            | -              |
| <b>Foreign Transactions</b>                    | -              | <b>419,489</b> | -            | <b>159,508</b> |
| Central Banks                                  | -              | -              | -            | -              |
| Banks  | -              | 419,489        | -            | 159,508        |
| Intermediary Institutions                      | -              | -              | -            | -              |
| Other Financial Institutions and Organizations | -              | -              | -            | -              |
| Other Institutions and Organizations           | -              | -              | -            | -              |
| Real Persons                                   | -              | -              | -            | -              |
| <b>Total</b>                                   | -              | <b>419,489</b> | -            | <b>159,508</b> |

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

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

|                                  | Current Period    |                  | Prior Period     |                  |
|----------------------------------|-------------------|------------------|------------------|------------------|
|                                  | TRY               | FC               | TRY              | FC               |
| Given as Collateral/ Blocked     | 21,858,441        | 1,498,211        | 3,200,224        | 2,244,960        |
| Subject to repurchase agreements | 9,764             | 7,871,509        | 498,884          | 7,553,683        |
| <b>Total</b>                     | <b>21,868,205</b> | <b>9,369,720</b> | <b>3,699,108</b> | <b>9,798,643</b> |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

#### 5. Information on Financial Assets Measured at Fair Value through Other Comprehensive Income (Continued)

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

|                                  | Current Period     | Prior Period       |
|----------------------------------|--------------------|--------------------|
| <b>Debt securities</b>           | <b>43,746,433</b>  | <b>20,978,048</b>  |
| Quoted on a stock exchange (*)   | 43,746,433         | 20,978,048         |
| Unquoted on a stock exchange     | -                  | -                  |
| <b>Share certificates</b>        | <b>7,781</b>       | <b>7,781</b>       |
| Quoted on a stock exchange       | -                  | -                  |
| Unquoted on a stock exchange     | 7,781              | 7,781              |
| <b>Impairment provision(-)**</b> | <b>(3,002,514)</b> | <b>(1,344,743)</b> |
| <b>Total</b>                     | <b>40,751,700</b>  | <b>19,641,086</b>  |

(\*) The Eurobond Portfolio amounting to TRY 4,728,752 (December 31, 2021 – TRY 4,561,219) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from March and April 2009.

(\*\*) As of September 30, 2022 amount of TRY 5,323 (December 31, 2021 – TRY 2,815) provision provided for financial assets measured at fair value through other comprehensive income account.

#### 6. Information related to loans

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

|   | Current Period |                | Prior Period   |               |
|---|----------------|----------------|----------------|---------------|
|   | Cash           | Non-Cash       | Cash           | Non-Cash      |
| <b>Direct Loans Granted to Shareholders</b> | -              | <b>115,649</b> | -              | <b>55,271</b> |
| Corporate Shareholders                      | -              | 115,649        | -              | 55,271        |
| Individual Shareholders                     | -              | -              | -              | -             |
| Indirect Loans Granted to Shareholders      | -              | -              | -              | -             |
| <b>Loans Granted to Employees(*)</b>        | <b>222,255</b> | -              | <b>170,379</b> | -             |
| <b>Total</b>                                | <b>222,255</b> | <b>115,649</b> | <b>170,379</b> | <b>55,271</b> |

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

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

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

|                                 | 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        |
| <b>Cash Loans</b>               |                                      |  |   |                  |
| <b>Non-specialized Loans</b>    | <b>280,036,933</b>                   | <b>21,638,210</b>                                  | <b>214,956</b>                                    | <b>9,956,233</b> |
| Discount Notes                  | 21,753,369                           | 198,280  | -   | -                |
| Export Loans                    | 28,145,574                           | 596,358  | -   | -                |
| Import Loans                    | -                                    | -  | -   | -                |
| Loans Given to Financial Sector | 6,996,907                            | 857  | -   | -                |
| Retail Loans                    | 51,450,779                           | 4,483,779  | 35,140  | 1,087,014        |
| Credit Cards                    | 45,477,860                           | 5,335,326  | -   | 526,855          |
| Other                           | 126,212,444                          | 11,023,610   | 179,816   | 8,342,364        |
| <b>Specialized Loans</b>        | -                                    | -  | -   | -                |
| <b>Other Receivables</b>        | -                                    | -  | -   | -                |
| <b>Total</b>                    | <b>280,036,933</b>                   | <b>21,638,210</b>                                  | <b>214,956</b>                                    | <b>9,956,233</b> |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

|   | Standard Loans | Loans Under Close Monitoring |
|---|----------------|------------------------------|
| <b>Current Period</b>                         |                |                              |
| Provision for 12 Month Expected Credit Losses | 3,085,613      | -                            |
| Significant Increase in Credit Risk           | -              | 5,447,004                    |
| <b>Prior Period</b>                           |                |                              |
| Provision for 12 Month Expected Credit Losses | 2,093,107      | -                            |
| Significant Increase in Credit Risk           | -              | 3,267,407                    |

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

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

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

| Cash Loans                 | Standard Loans     | Loans Under Close Monitoring       |                               |
|----------------------------|--------------------|------------------------------------|-------------------------------|
|                            |                    | Loans Not Subject to Restructuring | Loans with Restructured Loans |
| Short-term Loans           | 137,394,150        | 5,335,326                          | 526,855                       |
| Medium and Long-term Loans | 142,642,783        | 16,302,884                         | 9,644,334                     |
| <b>Total</b>               | <b>280,036,933</b> | <b>21,638,210</b>                  | <b>10,171,189</b>             |

**QNB FİNANSBANK ANONİM ŞİRKETİ**

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

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

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

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

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

|  | Short Term        | Medium and Long<br>Term | Total             |
|--|-------------------|-------------------------|-------------------|
| <b>Consumer Loans-TRY</b>                    | <b>5,891,033</b>  | <b>46,734,078</b>       | <b>52,625,111</b> |
| Housing Loans                                | 2,641             | 3,427,592               | 3,430,233         |
| Automobile Loans                             | 980               | 20,719                  | 21,699            |
| Personal Need Loans                          | 5,887,412         | 43,285,767              | 49,173,179        |
| Other  | -                 | -                       | -                 |
| <b>Consumer Loans-FC Indexed</b>             | <b>-</b>          | <b>1,153</b>            | <b>1,153</b>      |
| Housing Loans                                | -                 | 1,140                   | 1,140             |
| Automobile Loans                             | -                 | -                       | -                 |
| Personal Need Loans                          | -                 | 13                      | 13                |
| Other  | -                 | -                       | -                 |
| <b>Consumer Loans-FC</b>                     | <b>-</b>          | <b>-</b>                | <b>-</b>          |
| Housing Loans                                | -                 | -                       | -                 |
| Automobile Loans                             | -                 | -                       | -                 |
| Personal Need Loans                          | -                 | -                       | -                 |
| Other  | -                 | -                       | -                 |
| <b>Individual Credit Cards-TRY</b>           | <b>37,126,655</b> | <b>611,616</b>          | <b>37,738,271</b> |
| Installment                                  | 13,879,622        | 436,595                 | 14,316,217        |
| Non- Installment                             | 23,247,033        | 175,021                 | 23,422,054        |
| <b>Individual Credit Cards-FC</b>            | <b>85,257</b>     | <b>142</b>              | <b>85,399</b>     |
| Installment                                  | -                 | -                       | -                 |
| Non- Installment                             | 85,257            | 142                     | 85,399            |
| <b>Personnel Loans-TRY</b>                   | <b>18,420</b>     | <b>101,097</b>          | <b>119,517</b>    |
| Housing Loans                                | -                 | 71                      | 71                |
| Automobile Loans                             | -                 | -                       | -                 |
| Personal Need Loans                          | 18,420            | 101,026                 | 119,446           |
| Other  | -                 | -                       | -                 |
| <b>Personnel Loans-FC Indexed</b>            | <b>-</b>          | <b>-</b>                | <b>-</b>          |
| Housing Loans                                | -                 | -                       | -                 |
| Automobile Loans                             | -                 | -                       | -                 |
| Personal Need Loans                          | -                 | -                       | -                 |
| Other  | -                 | -                       | -                 |
| <b>Personnel Loans-FC</b>                    | <b>-</b>          | <b>-</b>                | <b>-</b>          |
| Housing Loans                                | -                 | -                       | -                 |
| Automobile Loans                             | -                 | -                       | -                 |
| Personal Need Loans                          | -                 | -                       | -                 |
| Other  | -                 | -                       | -                 |
| <b>Personnel Credit Cards-TRY</b>            | <b>97,852</b>     | <b>736</b>              | <b>98,588</b>     |
| Installment                                  | 39,776            | 299                     | 40,075            |
| Non- Installment                             | 58,076            | 437                     | 58,513            |
| <b>Personnel Credit Cards-FC</b>             | <b>339</b>        | <b>1</b>                | <b>340</b>        |
| Installment                                  | -                 | -                       | -                 |
| Non- Installment                             | 339               | 1                       | 340               |
| <b>Overdraft Accounts-TRY (Real Persons)</b> | <b>4,135,209</b>  | <b>175,722</b>          | <b>4,310,931</b>  |
| <b>Overdraft Accounts-FC (Real Persons)</b>  | <b>-</b>          | <b>-</b>                | <b>-</b>          |
| <b>Total</b>                                 | <b>47,354,765</b> | <b>47,624,545</b>       | <b>94,979,310</b> |

**QNB FİNANSBANK ANONİM ŞİRKETİ**

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

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

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

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

|  | Short Term        | Medium and<br>Long Term | Total             |
|--|-------------------|-------------------------|-------------------|
| <b>Commercial Loans with Installment Facility – TRY</b>        | <b>2,064,147</b>  | <b>26,704,653</b>       | <b>28,768,800</b> |
| Real Estate Loans  | -                 | 246,764                 | 246,764           |
| Automobile Loans   | 84,815            | 1,361,537               | 1,446,352         |
| Personal Need Loans  | 1,979,332         | 25,096,352              | 27,075,684        |
| Other  | -                 | -                       | -                 |
| <b>Commercial Loans with Installment Facility - FC Indexed</b> | <b>-</b>          | <b>301,416</b>          | <b>301,416</b>    |
| Real Estate Loans  | -                 | 1,542                   | 1,542             |
| Automobile Loans   | -                 | -                       | -                 |
| Personal Need Loans  | -                 | 299,874                 | 299,874           |
| Other  | -                 | -                       | -                 |
| <b>Commercial Loans with Installment Facility – FC</b>         | <b>-</b>          | <b>-</b>                | <b>-</b>          |
| Real Estate Loans  | -                 | -                       | -                 |
| Automobile Loans   | -                 | -                       | -                 |
| Personal Need Loans  | -                 | -                       | -                 |
| Other  | -                 | -                       | -                 |
| <b>Corporate Credit Cards –TRY</b>                             | <b>13,265,883</b> | <b>142,062</b>          | <b>13,407,945</b> |
| Installment  | 5,583,028         | 84,220                  | 5,667,248         |
| Non-Installment  | 7,682,855         | 57,842                  | 7,740,697         |
| <b>Corporate Credit Cards –FC</b>                              | <b>9,482</b>      | <b>16</b>               | <b>9,498</b>      |
| Installment  | -                 | -                       | -                 |
| Non-Installment  | 9,482             | 16                      | 9,498             |
| <b>Overdraft Accounts-TRY (Legal Entities)</b>                 | <b>2,079,258</b>  | <b>8,757</b>            | <b>2,088,015</b>  |
| <b>Overdraft Accounts-FC (Legal Entities)</b>                  | <b>-</b>          | <b>-</b>                | <b>-</b>          |
| <b>Total</b>   | <b>17,418,770</b> | <b>27,156,904</b>       | <b>44,575,674</b> |

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

|              | Current Period     | Prior Period       |
|--------------|--------------------|--------------------|
| Public       | 200,000            | 127,577            |
| Private      | 311,646,332        | 203,647,133        |
| <b>Total</b> | <b>311,846,332</b> | <b>203,774,710</b> |

<sup>(\*)</sup> The table does not include non-performing loan amount.

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

|                | Current Period     | Prior Period       |
|----------------|--------------------|--------------------|
| Domestic Loans | 310,093,450        | 202,117,091        |
| Foreign Loans  | 1,752,882          | 1,657,619          |
| <b>Total</b>   | <b>311,846,332</b> | <b>203,774,710</b> |

<sup>(\*)</sup> The table does not include non-performing loan amount.

QNB FİNANSBANK ANONİM ŞİRKETİ

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

EXPLANATIONS AND DISCLOSURES ON UNCONSOLIDATED FINANCIAL STATEMENTS  
(Continued)

I. Explanations and Disclosures Related to Assets (Continued)

6. Information related to loans (Continued)

h) Loans granted to subsidiaries and associates

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Direct Loans Granted to Subsidiaries and Associates   | 3,936,391        | 2,202,964        |
| Indirect Loans Granted to Subsidiaries and Associates | -                | -                |
| <b>Total</b>  | <b>3,936,391</b> | <b>2,202,964</b> |

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

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>Provisions</b>                                 |                  |                  |
| Loans and Receivables with Limited Collectability | 454,512          | 608,541          |
| Doubtful Loans and Other Receivables              | 757,252          | 440,090          |
| Uncollectible Loans and Receivables               | 6,076,893        | 5,711,998        |
| <b>Total</b>                                      | <b>7,288,657</b> | <b>6,760,629</b> |

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

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

|                                     | III. Group  | IV. Group  | V. Group                                  |
|-------------------------------------|---|--|---|
|                                     | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and other receivables |
| <b>Current Period</b>               |   |  |   |
| Gross Amounts Before the Provisions | 490   | 154,311  | 258,601                                   |
| Restructured Loans                  | 490   | 154,311  | 258,601                                   |
| <b>Prior Period</b>                 |   |  |   |
| Gross Amounts Before the Provisions | 580   | 592  | 191,581                                   |
| Restructured Loans                  | 580   | 592  | 191,581                                   |

j.2) Movement of total non-performing loans

|   | III. Group  | IV. Group  | V. Group                                  |
|---|---|--|---|
|   | Loans and receivables with limited collectability | Loans and receivables with doubtful collectability | Uncollectible loans and other receivables |
| <b>Prior Period End Balance</b>                             | <b>1,098,553</b>                                  | <b>716,284</b>                                     | <b>7,154,207</b>                          |
| Additions (+)   | 1,491,562   | 31,213   | 432,908                                   |
| Transfers from Other Categories of Non-Performing Loans (+) | -   | 1,740,972  | 968,637                                   |
| Transfers to Other Categories of Non-Performing Loans (-)   | 1,740,972   | 968,637  | -   |
| Collections (-)   | 237,204   | 380,405  | 1,109,220                                 |
| Write-offs (-)  | -   | -  | 360,937                                   |
| <b>Debt Sales (-)</b>                                       | <b>-</b>  | <b>-</b>   | <b>-</b>                                  |
| Corporate and Commercial Loans                              | -   | -  | -   |
| Consumer Loans  | -   | -  | -   |
| Credit Cards  | -   | -  | -   |
| Others  | -   | -  | -   |
| <b>Current Period End Balance</b>                           | <b>611,939</b>                                    | <b>1,139,427</b>                                   | <b>7,085,595</b>                          |
| Provision (-)   | 454,512   | 757,252  | 6,076,893                                 |
| <b>Net Balances on Balance Sheet</b>                        | <b>157,427</b>                                    | <b>382,175</b>                                     | <b>1,008,702</b>                          |

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

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

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

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

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

None (December 31, 2021- None).

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

|  | <b>III. Group<br/>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>IV. Group<br/>Loans and<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>V. Group<br/>Uncollectible loans<br/>and other<br/>receivables</b> |
|--|---|---|---|
| <b>Current Period (Net)</b>                      | <b>157,427</b>  | <b>382,175</b>  | <b>1,008,702</b>  |
| Loans to Real Persons and Legal Entities (Gross) | 611,939   | 1,139,427   | 6,910,531   |
| Provision (-)                                    | 454,512   | 757,252   | 5,901,829   |
| Loans to Real Persons and Legal Entities (Net)   | 157,427   | 382,175   | 1,008,702   |
| Banks (Gross)                                    | -   | -   | -   |
| Provision (-)                                    | -   | -   | -   |
| Banks (Net)                                      | -   | -   | -   |
| Other Loans and Receivables (Gross)              | -   | -   | 175,064   |
| Provision (-)                                    | -   | -   | 175,064   |
| Other Loans and Receivables (Net)                | -   | -   | -   |
| <b>Prior Period (Net)</b>                        | <b>490,012</b>  | <b>276,194</b>  | <b>1,442,209</b>  |
| Loans to Real Persons and Legal Entities (Gross) | 1,098,553   | 716,284   | 7,009,968   |
| Specific provision (-)                           | 608,541   | 440,090   | 5,567,759   |
| Loans to Real Persons and Legal Entities (Net)   | 490,012   | 276,194   | 1,442,209   |
| Banks (Gross)                                    | -   | -   | -   |
| Specific provision (-)                           | -   | -   | -   |
| Banks (Net)                                      | -   | -   | -   |
| Other Loans and Receivables (Gross)              | -   | -   | 144,239   |
| Specific provision (-)                           | -   | -   | 144,239   |
| Other Loans and Receivables (Net)                | -   | -   | -   |
|  | <b>III. Group<br/>Loans and<br/>receivables with<br/>limited<br/>collectability</b> | <b>IV. Group<br/>Loans and<br/>receivables with<br/>doubtful<br/>collectability</b> | <b>V. Group<br/>Uncollectible loans<br/>and other<br/>receivables</b> |
| <b>Current Period (Net)</b>                      |   |   |   |
| Interest Accruals and Valuation Differences      | 93,764  | 148,274   | 1,186,312   |
| Provision (-)                                    | 72,506  | 82,344  | 865,440   |
| <b>Prior Period (Net)</b>                        |   |   |   |
| Interest Accruals and Valuation Differences      | 199,336   | 86,316  | 1,195,269   |
| Provision (-)                                    | 110,170   | 40,115  | 791,012   |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

##### k) Liquidation policies for uncollectible loans and other receivables

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

##### l) Write-off policy

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

#### 7. Information on Financial Assets Measured at Amortized Cost

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

|  | Current Period    |                   | Prior Period     |                   |
|--|-------------------|-------------------|------------------|-------------------|
|  | TRY               | FC                | TRY              | FC                |
| Given as Collateral / Blocked Subject to repurchase agreements | 4,666,616         | 2,756,982         | 1,261,325        | 635,643           |
| <b>Total</b>   | <b>15,568,769</b> | <b>17,818,281</b> | <b>2,767,628</b> | <b>14,067,436</b> |

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

|                       | Current Period    |                   | Prior Period      |                   |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
|                       | TRY               | FC                | TRY               | FC                |
| Government Bond       | 32,070,765        | 19,109,666        | 14,876,060        | 14,162,999        |
| Treasury Bill         | -                 | -                 | -                 | -                 |
| Other Debt Securities | -                 | 362,576           | -                 | 254,975           |
| <b>Total</b>          | <b>32,070,765</b> | <b>19,472,242</b> | <b>14,876,060</b> | <b>14,417,974</b> |

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

|                                 | Current Period    |                   | Prior Period      |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | TRY               | FC                | TRY               | FC                |
| <b>Debt Securities</b>          | <b>32,070,765</b> | <b>20,126,540</b> | <b>14,876,060</b> | <b>14,980,916</b> |
| Publicly-traded                 | 32,070,765        | 20,126,540        | 14,876,060        | 14,980,916        |
| Non-publicly traded             | -                 | -                 | -                 | -                 |
| <b>Provision for losses (-)</b> | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>-</b>          |
| <b>Total</b>                    | <b>32,070,765</b> | <b>20,126,540</b> | <b>14,876,060</b> | <b>14,980,916</b> |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

##### d) Movements of financial assets measured at amortized cost

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| <b>Value at the beginning of the period</b> | <b>29,856,976</b> | <b>18,743,356</b> |
| Exchange differences on monetary assets     | 5,981,623         | 6,418,170         |
| Acquisitions during the year                | 9,284,217         | 5,543,888         |
| Disposals through sales and redemptions     | (1,853,381)       | (2,609,710)       |
| Provision for losses (-)                    | -                 | -                 |
| Valuation effect                            | 8,927,870         | 1,761,272         |
| <b>The sum of end of the period</b>         | <b>52,197,305</b> | <b>29,856,976</b> |

As of September 30, 2022, a provision amounting to TRY 20,856 (December 31, 2021 – TRY 9,793) is provided for the financial assets measured at amortized cost.

#### 8. Investments in associates (Net)

##### 8.1. Investments in associates

##### a) Information on the unconsolidated subsidiaries

| Title                                  | Address (City/<br>Country) | Bank's Share-If<br>Different, Voting Rights<br>(%) | Bank's Risk<br>Group<br>Share (%) |
|--|----------------------------|--|-----------------------------------|
| Bankalararası Kart Merkezi (BKM) (*)   | İstanbul/Türkiye           | 4.52   | 4.52                              |
| Ulusal Derecelendirme A.Ş. (**)        | İstanbul/Türkiye           | 2.86   | 2.86                              |
| İhracaatı Geliştirme A.Ş. (İGE) (****) | İstanbul/Türkiye           | 0.82   | 0.82                              |

| Total<br>Assets | Shareholder's<br>Equity | Total Fixed<br>Assets | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current Period<br>Profit/Loss | Prior Period<br>Profit/Loss | Company's<br>Fair Value |
|-----------------|-------------------------|-----------------------|--------------------|--------------------------------------|-------------------------------|-----------------------------|-------------------------|
| 601,847         | 494,145                 | 102,593               | 28,736             | -                                    | 122,202                       | 53,975                      | -                       |
| 104,324         | 86,888                  | 31,176                | 4,486              | -                                    | 58,825                        | 2,467                       | -                       |
| -               | -                       | -                     | -                  | -                                    | -                             | -                           | -                       |

(\*) Current period information is based on June 30, 2022 financials. Prior period profit and loss amounts are based on June 30, 2021 financials.

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

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

(\*\*\*\*) İhracaatı Geliştirme A.Ş. (İGE) period information has not been disclosed to the public yet, thus no information can be given.

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

None (December 31, 2021 – None).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

#### 8. Investments in associates (Net) (Continued)

#### 8.2. Movements of investments in associates

|  | Current Period | Prior Period  |
|--|----------------|---------------|
| <b>Balance at the Beginning of Period</b>            | <b>14,026</b>  | <b>14,026</b> |
| <b>Movements During the Period</b>                   | <b>31,250</b>  | -             |
| Purchases  | -              | -             |
| Bonus Shares Received (*)                            | 31,250         | -             |
| Dividends From Current Year Profit                   | -              | -             |
| Sales  | -              | -             |
| Reclassifications                                    | -              | -             |
| Increase/Decrease in Market Values                   | -              | -             |
| Currency Differences on Foreign Associates           | -              | -             |
| Impairment Losses (-)                                | -              | -             |
| <b>Balance at the End of the Period</b>              | <b>45,276</b>  | <b>14,026</b> |
| <b>Capital Commitments</b>                           | -              | -             |
| <b>Share Percentage at the End of the Period (%)</b> | -              | -             |

(\*) In the item of Bonus Shares, İhracaatı Geliştirme A.Ş. (İGE) capital participation fee..

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

|                     | Current Period | Prior Period  |
|---------------------|----------------|---------------|
| Factoring Companies | -              | -             |
| Leasing Companies   | -              | -             |
| Finance Companies   | -              | -             |
| Other Associates    | 45,276         | 14,026        |
| <b>Total</b>        | <b>45,276</b>  | <b>14,026</b> |

#### 8.4. Quoted Associates

None (December 31, 2021 – None).

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

|                         | Current Period | Prior Period  |
|-------------------------|----------------|---------------|
| Valued at Cost          | 45,276         | 14,026        |
| Valued at Fair Value    | -              | -             |
| Valued at Equity Method | -              | -             |
| <b>Total</b>            | <b>45,276</b>  | <b>14,026</b> |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

##### a) Information on the unconsolidated subsidiaries

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

|    | Total Assets | Shareholder's<br>Equity | Total Fixed<br>Assets | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current<br>Period<br>Profit/Loss | Prior Period<br>Profit/Loss | Company's<br>Fair Value |
|----|--------------|-------------------------|-----------------------|--------------------|--------------------------------------|----------------------------------|-----------------------------|-------------------------|
| 1. | 163,920      | 12,133                  | 46,981                | -                  | -                                    | 9,516                            | 12,730                      | -                       |
| 2. | 168,306      | 129,416                 | 7,999                 | 5,481              | -                                    | 16,679                           | 6,614                       | -                       |

<sup>(\*)</sup> Current period information is presented as of September 30, 2022, and prior period profit and loss amounts are based on the financial statements prepared as of September 30, 2021.

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

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

| Title                                      | Address<br>(City/Country) | Bank's Share-If<br>different, Voting<br>Rights (%) | Bank's Risk<br>Group Share<br>(%) |
|--|---------------------------|--|-----------------------------------|
| 1. QNB Finans Yatırım Menkul Değerler A.Ş. | İstanbul/Türkiye          | 99.80  | 100.00                            |
| 2. QNB Finans Finansal Kiralama A.Ş.       | İstanbul/Türkiye          | 99.40  | 99.40                             |
| 3. QNB Finans Portföy Yönetimi A.Ş.        | İstanbul/Türkiye          | 88.89  | 100.00                            |
| 4. QNB Finans Faktoring A.Ş.               | İstanbul/Türkiye          | 99.99  | 100.00                            |
| 5. QNB Finans Varlık Kiralama Şirketi A.Ş. | İstanbul/Türkiye          | -  | 100.00                            |

Information on subsidiaries in the order presented in the table above

|    | Total Assets | Shareholder's<br>Equity | Total Fixed<br>Assets | Interest<br>Income | Income on<br>Securities<br>Portfolio | Current<br>Period<br>Profit/Loss | Prior Period<br>Profit/Loss | Company's<br>Fair Value |
|----|--------------|-------------------------|-----------------------|--------------------|--------------------------------------|----------------------------------|-----------------------------|-------------------------|
| 1. | 2,290,097    | 958,629                 | 23,028                | 227,759            | 9,247                                | 298,998                          | 136,234                     | -                       |
| 2. | 14,333,666   | 1,522,390               | 26,740                | 998,770            | -                                    | 283,674                          | 128,124                     | 1,513,259               |
| 3. | 205,500      | 193,164                 | 1,247                 | 2,919              | -                                    | 40,762                           | 13,214                      | -                       |
| 4. | 7,345,596    | 453,815                 | 18,833                | 987,098            | -                                    | 193,047                          | 50,380                      | -                       |
| 5. | 110,015      | 749                     | -                     | -                  | -                                    | 366                              | (57)                        | -                       |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

##### b.2) Movement schedule for consolidated subsidiaries

|  | Current Period   | Prior Period     |
|--|------------------|------------------|
| <b>Balance at the beginning of the period</b>        | <b>2,129,798</b> | <b>1,645,370</b> |
| <b>Movements during the period</b>                   | <b>957,182</b>   | <b>484,428</b>   |
| Bonus Shares Received                                | -                | -                |
| Purchases  | -                | -                |
| Dividends from Current Year Profit                   | -                | -                |
| Disposals (*)  | -                | (25,651)         |
| Revaluation Increase (**)                            | 957,182          | 510,079          |
| Impairment Provision                                 | -                | -                |
| <b>Balance at the End of the Period</b>              | <b>3,086,980</b> | <b>2,129,798</b> |
| <b>Capital Commitments</b>                           | -                | -                |
| <b>Share Percentage at the end of the Period (%)</b> | -                | -                |

(\*) It is the amount of the sale transaction realized pursuant to the decision of the Board of Directors taken on October 19, 2020 of Hemenal Finansman A.Ş. As of the balance sheet date, the said sale transaction was completed on May 31, 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 | 453,815          | 260,648          |
| Leasing Companies   | 1,513,259        | 1,230,205        |
| Finance Companies   | -                | -                |
| Other Subsidiaries  | 1,119,906        | 638,945          |
| <b>Total</b>        | <b>3,086,980</b> | <b>2,129,798</b> |

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

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Quoted on Domestic Stock Exchanges      | 1,513,259        | 1,230,205        |
| Quoted on International Stock Exchanges | -                | -                |
| <b>Total</b>                            | <b>1,513,259</b> | <b>1,230,205</b> |

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

The Bank does not have any significant subsidiaries.

#### 10. Information on joint ventures

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

##### 10. Information on joint ventures (Continued)

|    | Total Shareholders'<br>Assets | Shareholders'<br>Equity | Total<br>Fixed<br>Asset | Interest<br>Income | Securities<br>Income | Current<br>Period<br>Profit/Loss | Prior<br>Period<br>Profit/Loss | Company's<br>Fair Value |
|----|-------------------------------|-------------------------|-------------------------|--------------------|----------------------|----------------------------------|--------------------------------|-------------------------|
| 1. | 3,521,050                     | 351,257                 | 46,453                  | -                  | -                    | 307,565                          | 168,121                        | -                       |
| 2. | 234,633                       | 142,003                 | 59,464                  | -                  | -                    | 36,750                           | 28,151                         | -                       |

(<sup>o</sup>) Cigna Sağlık, Hayat ve Emeklilik A.Ş., is accounted with fair value method as Communique on Bank's unconsolidated Financial Statement and Turkish Financial Reporting Standards.

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

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

None (December 31, 2021 – None).

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

|                               | Current Period    |                  | Prior Period      |                |
|-------------------------------|-------------------|------------------|-------------------|----------------|
|                               | TRY               | FC               | TRY               | FC             |
| Fair Value Hedge (*)          | 11,113,253        | 188,864          | 8,388,215         | 206,207        |
| Cash Flow Hedge (**)          | 4,993,911         | 1,851,286        | 3,214,981         | 144,482        |
| Foreign Net Investment Hedges | -                 | -                | -                 | -              |
| <b>Total</b>                  | <b>16,107,164</b> | <b>2,040,150</b> | <b>11,603,196</b> | <b>350,689</b> |

(<sup>o</sup>) Derivative financial instruments for fair value hedging consist of swaps. As of September 30, 2022, TRY 11,113,253 of this amount is for loans (December 31, 2021 – TRY 8,388,215), TRY 188,864 for securities (December 31, 2021 – None) represents the derivative financial instruments used in fair value hedging transactions. In the current period; derivative financial instruments used in the fair value hedging of the securities issued have no fair value (December 31, 2021 – TRY 206,207).

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

##### 13. Explanations regarding the investment properties

None (December 31, 2021- None).

##### 14. Information on Tax Asset

As of September 30, 2022, the Bank has deferred tax assets of TRY 150,345 calculated within the scope of the relevant regulations.

Deferred tax assets and liabilities are reflected to the financial statements by netting off according to TAS 12. As of September 30, 2022, the Bank has deferred tax assets amounting to TRY 5,463,998 and deferred tax liabilities amounting to TRY 5,313,653, which arise between the carrying amount of the assets and liabilities in the balance sheet and the tax bases determined in accordance with tax legislation and calculated over the amounts to be taken into account in the calculation of financial profit / the tax liability is netted and recorded in the records.

Deferred tax is offset against deferred tax assets or liabilities, if the differences between the carrying amount and the fair value of the related assets are related to the equity account group. The deferred tax liability amounting to TRY 1,381,882 has been netted under equity (December 31, 2021 – TRY 255,491 deferred tax asset).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

##### 14. Information on Tax Asset (Continued)

|  | Accumulated Temporary Differences |              | Deferred Tax Assets/(Liabilities) |                    |
|--|-----------------------------------|--------------|-----------------------------------|--------------------|
|  | 30.09.2022                        | 31.12.2021   | 30.09.2022                        | 31.12.2021         |
| Provision for Employee Rights                                      | 1,244,083                         | 977,114      | 311,021                           | 195,423            |
| Difference Between the Book Value of Financial Assets and Tax Base | 9,504,385                         | 4,139,112    | 2,376,096                         | 827,822            |
| Other (*)  | 11,107,525                        | 7,941,900    | 2,776,881                         | 1,588,380          |
| <b>Deferred Tax Assets</b>   |                                   |              | <b>5,463,998</b>                  | <b>2,611,625</b>   |
| Difference Between the Book Value of Financial Assets and Tax Base | (549,791)                         | (446,957)    | (137,448)                         | (89,391)           |
| Difference Between the Book Value of Financial Assets and Tax Base | (17,078,634)                      | (10,772,225) | (4,269,659)                       | (2,154,445)        |
| Other  | (3,626,187)                       | (474,166)    | (906,546)                         | (233,897)          |
| <b>Deferred Tax Liabilities</b>                                    |                                   |              | <b>(5,313,653)</b>                | <b>(2,477,733)</b> |
| <b>Deferred Tax Assets/(Liabilities), Net</b>                      |                                   |              | <b>150,345</b>                    | <b>133,892</b>     |

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

|  | Current Period<br>01.01-30.09.2022 | Prior Period<br>01.01-30.09.2021 |
|--|------------------------------------|----------------------------------|
| Deferred Tax as of January 1 Active/ Passive – Net       | 133,891                            | 931,700                          |
| Deferred Tax (Loss) / Gain                               | 1,398,337                          | (703,794)                        |
| Deferred Tax that is Realized Under Shareholder's Equity | (1,381,883)                        | 51,854                           |
| <b>Deferred Tax Active/ (Passive) – Net</b>              | <b>150,345</b>                     | <b>279,760</b>                   |

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

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

##### 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 September 30, 2022, the bank provisions for other assets to TRY 11,216 (December 31, 2021 – TRY 8,503).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

##### 17. Accrued interest and income

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

|   | Current Period    |                  | Prior Period      |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | TRY               | FC               | TRY               | FC               |
| Derivative Financial Instruments                                  | 21,134,059        | 4,489,343        | 19,634,215        | 2,369,679        |
| Loans   | 5,633,926         | 1,974,299        | 4,138,138         | 1,172,015        |
| Financial Assets measured at amortized cost                       | 5,660,141         | (2,926,915)      | 280,503           | (984,469)        |
| Financial Assets at Fair Value Through Other Comprehensive Income | 4,437,866         | 265,531          | 858,545           | 241,641          |
| Central Bank of Turkey  | -                 | -                | 143,453           | -                |
| Financial Assets at Fair Value Through Profit or Loss             | 4,311             | (61)             | -                 | 10               |
| Banks   | -                 | 590              | 3,139             | 81               |
| Other Accruals  | 52,575            | 23,631           | 37,658            | 1,835            |
| <b>Total</b>  | <b>36,922,878</b> | <b>3,826,418</b> | <b>25,095,651</b> | <b>2,800,792</b> |

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

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

| Current Period                 | Demand             | 7 Days Notice | Up to 1 Month     | 1-3 Months        | 3-6 Months        | 6-12 Months       | 1 Year and Over  | Accumulated      | Total              |
|--------------------------------|--------------------|---------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|--------------------|
|                                |                    |               |                   |                   |                   |                   |                  | Deposit Accounts |                    |
| Saving Deposits <sup>(*)</sup> | 14,151,552         | -             | 17,231,515        | 9,654,173         | 49,435,088        | 1,810,369         | 1,939,559        | 1,169            | 94,223,425         |
| Foreign Currency               | 72,207,836         | -             | 20,408,248        | 56,885,181        | 19,655,953        | 3,464,378         | 2,690,152        | 5,200            | 175,316,948        |
| Residents in Turkey            | 67,070,626         | -             | 20,232,537        | 55,292,169        | 18,908,750        | 2,953,101         | 1,520,787        | 5,200            | 165,983,170        |
| Residents Abroad               | 5,137,210          | -             | 175,711           | 1,593,012         | 747,203           | 511,277           | 1,169,365        | -                | 9,333,778          |
| Public Sector Deposit          | 1,095,137          | -             | 24,183            | 1,287             | -                 | 802               | -                | -                | 1,121,409          |
| Commercial Deposits            | 10,091,851         | -             | 11,215,509        | 6,003,073         | 10,744,922        | 4,615,981         | 2,561,982        | -                | 45,233,318         |
| Other Ins. Deposits            | 130,944            | -             | 150,507           | 738,572           | 42,839            | 135,009           | 42               | -                | 1,197,913          |
| Precious Metal Depos           | 22,153,788         | -             | 21,846            | 78,840            | 52,929            | 34,683            | 1,319,112        | -                | 23,661,198         |
| Bank Deposits                  | 1,036,322          | -             | 2,962,148         | 5,261,368         | 420,407           | 12,511            | -                | -                | 9,692,756          |
| T.R Central Bank               | -                  | -             | -                 | -                 | -                 | -                 | -                | -                | -                  |
| Domestic Banks                 | 3,810              | -             | -                 | -                 | -                 | -                 | -                | -                | 3,810              |
| Foreign Banks                  | 1,029,119          | -             | 2,962,148         | 5,261,368         | 420,407           | 12,511            | -                | -                | 9,685,553          |
| Participation Banks            | 3,393              | -             | -                 | -                 | -                 | -                 | -                | -                | 3,393              |
| Other                          | -                  | -             | -                 | -                 | -                 | -                 | -                | -                | -                  |
| <b>Total</b>                   | <b>120,867,430</b> | <b>-</b>      | <b>52,013,956</b> | <b>78,622,494</b> | <b>80,352,138</b> | <b>10,073,733</b> | <b>8,510,847</b> | <b>6,369</b>     | <b>350,446,967</b> |

<sup>(\*)</sup> As of September 30, 2022, the balance of savings deposits includes the amounts related to TRY 25,254,494 Treasury Currency Protected Deposits and TRY 43,318,678 CBRT Currency Protected Deposits.

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

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

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

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

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

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

##### 1.1. Information on savings deposits insured by Saving Deposit Insurance Fund and the total amount other deposits exceeding the insurance coverage limit

|  | Covered by<br>Deposit Insurance Fund |                   | Exceeding Deposit<br>Insurance Limit |                   |
|--|--------------------------------------|-------------------|--------------------------------------|-------------------|
|  | Current<br>Period                    | Prior Period      | Current<br>Period                    | Prior Period      |
| Saving Deposits  | 38,502,510                           | 23,295,512        | 55,720,915                           | 25,641,369        |
| Foreign Currency Savings Deposits                              | 29,328,637                           | 23,322,540        | 103,176,496                          | 74,161,488        |
| Other Saving Deposits  | -                                    | -                 | -                                    | -                 |
| Foreign Branches' Deposits Under<br>Foreign Insurance Coverage | -                                    | -                 | -                                    | -                 |
| Off-Shore Deposits Under Foreign<br>Insurance Coverage         | -                                    | -                 | -                                    | -                 |
| <b>Total</b>   | <b>67,831,147</b>                    | <b>46,618,052</b> | <b>158,897,411</b>                   | <b>99,802,857</b> |

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

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

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

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

##### 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  | 8,583          | 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   | 470,785        | 410,147        |
| Deposits obtained through illegal acts defined in the 282nd 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   | -              | -              |
| <b>Total</b>  | <b>479,368</b> | <b>413,161</b> |

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

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

|              | Current Period   |                  | Prior Period     |                  |
|--------------|------------------|------------------|------------------|------------------|
|              | TRY              | FC               | TRY              | FC               |
| Forwards     | 697,085          | -                | 1,622,423        | -                |
| Swaps        | 3,695,492        | 2,625,531        | 7,358,117        | 1,735,075        |
| Futures      | -                | -                | -                | -                |
| Options      | 2,060            | 248,266          | 2,159            | 67,196           |
| Other        | -                | -                | -                | -                |
| <b>Total</b> | <b>4,394,637</b> | <b>2,873,797</b> | <b>8,982,699</b> | <b>1,802,271</b> |

##### 3. Information on funds borrowed

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

|                                      | Current Period |                   | Prior Period   |                   |
|--------------------------------------|----------------|-------------------|----------------|-------------------|
|                                      | TRY            | FC                | TRY            | FC                |
| T.R. Central Bank Loans              | -              | -                 | -              | -                 |
| Domestic Bank and Institutions       | 450,859        | 535,422           | 526,513        | 366,330           |
| Foreign Bank, Institutions and Funds | -              | 41,467,079        | -              | 26,139,075        |
| <b>Total</b>                         | <b>450,859</b> | <b>42,002,501</b> | <b>526,513</b> | <b>26,505,405</b> |

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

|                      | Current Period |                   | Prior Period   |                   |
|----------------------|----------------|-------------------|----------------|-------------------|
|                      | TRY            | FC                | TRY            | FC                |
| Short-Term           | 450,859        | 11,042,167        | 526,513        | 2,679,024         |
| Medium and Long-Term | -              | 30,960,334        | -              | 23,826,381        |
| <b>Total</b>         | <b>450,859</b> | <b>42,002,501</b> | <b>526,513</b> | <b>26,505,405</b> |

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

##### 3. Information on funds borrowed (Continued)

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

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

As of September 30, 2022 the Bank's liabilities comprise; 63% deposits (December 31, 2021 – 61%), 8% funds borrowed (December 31, 2021 – 7%), 5% issued bonds (December 31, 2021 – 8%) and 5% Money Market Debts (December 31, 2021 – 5%).

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

|  | Current Period    |                   | Prior Period     |                   |
|--|-------------------|-------------------|------------------|-------------------|
|  | TRY               | FC                | TRY              | FC                |
| <b>From domestic transactions</b>        | <b>13,650,074</b> | -                 | <b>1,891,193</b> | -                 |
| Financial institutions and organizations | 13,639,014        | -                 | 1,878,568        | -                 |
| Other institutions and organizations     | 5,654             | -                 | 5,798            | -                 |
| Real persons                             | 5,406             | -                 | 6,827            | -                 |
| <b>From foreign transactions</b>         | <b>184,563</b>    | <b>15,257,984</b> | <b>411,619</b>   | <b>15,717,177</b> |
| Financial institutions and organizations | 174,797           | 15,257,984        | 407,467          | 15,717,177        |
| Other institutions and organizations     | 9,766             | -                 | 4,152            | -                 |
| Real persons                             | -                 | -                 | -                | -                 |
| <b>Total</b>                             | <b>13,834,637</b> | <b>15,257,984</b> | <b>2,302,812</b> | <b>15,717,177</b> |

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

|              | Current Period   |                   | Prior Period     |                   |
|--------------|------------------|-------------------|------------------|-------------------|
|              | TRY              | FC                | TRY              | FC                |
| Bank Bonds   | 5,097,224        | 2,527,021         | 4,609,660        | 2,154,632         |
| Bills        | -                | 18,236,780        | -                | 21,624,460        |
| <b>Total</b> | <b>5,097,224</b> | <b>20,763,801</b> | <b>4,609,660</b> | <b>23,779,092</b> |

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

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

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

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

##### 7.1. Changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2021 – None)

##### 7.2. Financial Lease Payables

|                     | Current Period |                | Prior Period   |                |
|---------------------|----------------|----------------|----------------|----------------|
|                     | Gross          | Net            | Gross          | Net            |
| Less than 1 year    | 20,656         | 17,062         | 25,058         | 20,008         |
| Between 1 - 4 years | 586,669        | 486,355        | 591,125        | 472,681        |
| More than 4 years   | -              | -              | -              | -              |
| <b>Total</b>        | <b>607,325</b> | <b>503,417</b> | <b>616,183</b> | <b>492,689</b> |

##### 7.3. Information and footnotes on operational lease

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

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

The Bank does non sale-and-lease back transactions in the current period (December 31, 2021 None).

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

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

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

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

|                      | Current Period <sup>(***)</sup> |                | Prior Period   |                  |
|----------------------|---------------------------------|----------------|----------------|------------------|
|                      | TRY                             | FC             | TRY            | FC               |
| Fair Value Hedge (*) | -                               | 413,459        | -              | 821,225          |
| Cash Flow Hedge (**) | -                               | 432,443        | 177,316        | 668,917          |
| Net Investment Hedge | -                               | -              | -              | -                |
| <b>Total</b>         | <b>-</b>                        | <b>845,902</b> | <b>177,316</b> | <b>1,490,142</b> |

(\*) Derivative financial instruments for fair value hedge purposes consist of swaps. As of September 30, 2022, TRY 181,481 (December 31, 2021 – TRY 821,225) represents the fair value of securities, while TRY 231,978 (December 31, 2021 – None) represents the fair value of derivative financial instruments for fair value hedging purposes.

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

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

##### 9. Information on provisions

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

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

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

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

|              | Current Period | Prior Period   |
|--------------|----------------|----------------|
| Stage 1      | 426,410        | 185,947        |
| Stage 2      | 24,409         | 13,332         |
| Stage 3      | 56,469         | 54,581         |
| <b>Total</b> | <b>507,288</b> | <b>253,860</b> |

##### 9.3. Information on employee termination benefits and unused vacation accrual

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

As of September 30, 2022 the Bank presented the provision for severance pay of TRY 537,176 (December 31, 2021 – TRY 469,457) under the “Reserves for Employee Benefits” item in its financial statements.

As of September 30, 2022, the Bank has shown a total vacation liability of TRY 117,038 (December 31, 2021 – TRY 63,893) under the “Reserves for Employee Benefits” in its financial statements.

As of September 30, 2022 TRY 589,869 (December 31, 2021 – TRY 443,764) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the “Reserve for Employee Benefits” in its financial statements.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

##### 9. Information on provisions (Continued)

##### 9.3. Information on employee termination benefits and unused vacation accrual (Continued)

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

|   | Current Period<br>01.01-30.09.2022 | Prior Period<br>01.01-30.09.2021 |
|---|------------------------------------|----------------------------------|
| As of January 1                             | 469,457                            | 282,700                          |
| Service Cost                                | 42,470                             | 26,188                           |
| Interest Cost                               | 65,001                             | 27,627                           |
| Settlement / curtailment / termination loss | 20,750                             | 16,210                           |
| Actuarial Difference                        | (2,673)                            | (167)                            |
| Paid during the period                      | (57,829)                           | (30,945)                         |
| <b>Total</b>                                | <b>537,176</b>                     | <b>321,613</b>                   |

##### 9.4. Information on other provisions

Except for those stated in footnote 9.3 above, other provisions amounting to TRY 418,151 (December 31, 2021 – TRY 336,841) are set aside for lawsuits and tax lawsuits against the Bank, taking into account the adverse situations that may arise from possible changes in the economy and market conditions, and all of them are set aside in accordance with the prudence principle. It includes free provision for possible risks amounting to TRY 3,200,000 (December 31, 2021 – None) written off as expense in the period. The Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

#### 10. Taxation

##### 10.1. Current Taxes

##### 10.1.1. Current tax liability

As of September 30, 2022, the Bank's current tax liability is TRY 2,790,487 (December 31, 2021 – none). As of September 30, 2022, the Bank's prepaid tax is amounting to TRY 466,042 (December 31, 2021 – TRY 2,040).

##### 10.1.2. Information on taxes payable

|  | Current Period   | Prior Period   |
|--|------------------|----------------|
| Corporate taxes payable                      | 2,790,487        | -              |
| Banking and Insurance Transaction Tax (BITT) | 349,001          | 214,142        |
| Taxation on Securities Income                | 113,665          | 75,403         |
| Taxation on Real Estates Income              | 4,619            | 2,958          |
| Other  | 88,009           | 61,269         |
| <b>Total</b>                                 | <b>3,345,781</b> | <b>353,772</b> |

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

##### 10.1.3. Information on premiums

|   | Current Period | Prior Period  |
|---|----------------|---------------|
| Social Security Premiums - Employee Share | 29,655         | 14,388        |
| Social Security Premiums - Employer Share | 35,066         | 16,586        |
| Unemployment Insurance - Employee Share   | 2,085          | 1,012         |
| Unemployment Insurance - Employer Share   | 4,171          | 2,024         |
| <b>Total</b>                              | <b>70,977</b>  | <b>34,010</b> |

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

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

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

None (December 31, 2021 – None).

**12. Information on subordinated loans**

|  | Current Period |                   | Prior Period |                   |
|--|----------------|-------------------|--------------|-------------------|
|  | TRY            | FC                | TRY          | FC                |
| <b>To be included in the calculation of additional capital</b>             | -              | <b>9,949,688</b>  | -            | <b>6,816,673</b>  |
| Subordinated Loans   | -              | 9,949,688         | -            | 6,816,673         |
| Subordinated debt instruments  | -              | -                 | -            | -                 |
| <b>Debt instruments to be included in contribution capital calculation</b> | -              | <b>7,312,718</b>  | -            | <b>5,035,891</b>  |
| Subordinated loans   | -              | 7,312,718         | -            | 5,035,891         |
| Subordinated debt instruments  | -              | -                 | -            | -                 |
| <b>Total</b>   | -              | <b>17,262,406</b> | -            | <b>11,852,564</b> |

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

**13.1. Paid-in capital**

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

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

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

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

None (December 31, 2021 – None).

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

None (December 31, 2021 – None).

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

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

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

None (December 31, 2021 – None).

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

#### 13. Information on shareholder's equity (Continued)

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

None (December 31, 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 <sup>(*)</sup> | 714            | 714          |
| Common Stock Withdrawal Profits            | -              | -            |
| Other Capital Instruments                  | -              | -            |

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

#### 15. Securities value increase fund

|  | Current Period   |                    | Prior Period   |                    |
|--|------------------|--------------------|----------------|--------------------|
|  | TRY              | FC                 | TRY            | FC                 |
| <b>Associates, Subsidiaries and Entities under Common Control</b>    | -                | -                  | -              | -                  |
| Valuation Difference   | -                | -                  | -              | -                  |
| Foreign Exchange Rate Difference                                     | -                | -                  | -              | -                  |
| <b>Securities Measured at Fair Value Through Other Comprehensive</b> | <b>4,078,130</b> | <b>(3,079,663)</b> | <b>371,814</b> | <b>(1,955,341)</b> |
| Valuation Difference   | 4,078,130        | (3,079,663)        | 371,814        | (1,955,341)        |
| Foreign Exchange Rate Difference                                     | -                | -                  | -              | -                  |
| <b>Total</b>   | <b>4,078,130</b> | <b>(3,079,663)</b> | <b>371,814</b> | <b>(1,955,341)</b> |

#### 16. 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 | 4,394,637        | 3,719,699        | 9,160,015        | 3,292,413        |
| Deposits                         | 1,879,361        | 283,133          | 347,788          | 61,807           |
| Funds Borrowed                   | 19,099           | 595,811          | 20,185           | 125,790          |
| Money Market Borrowings          | 20,767           | 65,057           | 10,311           | 52,057           |
| Securities Issued                | -                | 172,305          | 17,839           | 436,439          |
| Other Accruals                   | 928,515          | 288,932          | 416,526          | 291,202          |
| <b>Total</b>                     | <b>7,242,379</b> | <b>5,124,937</b> | <b>9,972,664</b> | <b>4,259,708</b> |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

##### 1. Information related to off-balance sheet contingencies

##### 1.1. Type and amount of irrevocable commitments

|  | Current Period     | Prior Period      |
|--|--------------------|-------------------|
| Credit Cards Limit Commitments   | 85,296,921         | 49,733,289        |
| Commitment For Use Guaranteed Credit Allocation  | 40,779,575         | 27,844,210        |
| Forward, Asset Purchase Commitments  | 30,678,619         | 3,966,054         |
| Other Irrevocable Commitments  | 13,952,476         | 3,181,145         |
| Payment Commitments for Cheques  | 3,737,474          | 2,885,779         |
| Commitments for Promotions Related with Credit Cards and<br>Tax and Fund Liabilities due to Export Commitments | 98,959             | 71,498            |
|  | 86,529             | 29,314            |
| <b>Total</b>   | <b>174,630,553</b> | <b>87,711,289</b> |

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

A provision of TRY 507,288 (December 31, 2021 – TRY 253,860) has been made for non-compensated and non-cash loans or expected credit losses on non-cash loans followed in off-balance sheet accounts.

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

|                   | Current Period    | Prior Period      |
|-------------------|-------------------|-------------------|
| Bank Loans        | 10,782,608        | 8,707,676         |
| Letters of Credit | 6,400,566         | 8,268,187         |
| <b>Total</b>      | <b>17,183,174</b> | <b>16,975,863</b> |

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

|   | Current Period    | Prior Period      |
|---|-------------------|-------------------|
| Final Letters of Guarantee                    | 15,752,725        | 11,143,617        |
| Advance Letters of Guarantee                  | 7,155,139         | 4,679,152         |
| Provisional Letters of Guarantee              | 1,206,101         | 989,132           |
| Letters of Guarantee Given to Customs Offices | 1,008,569         | 686,818           |
| Other Letters of Guarantee                    | 17,809,085        | 13,018,642        |
| <b>Total</b>                                  | <b>42,931,619</b> | <b>30,517,361</b> |

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

|  | Current Period    | Prior Period      |
|--|-------------------|-------------------|
| <b>Non-Cash Loans granted for Obtaining Cash</b>         |                   |                   |
| <b>Loans</b>   | <b>6,584,088</b>  | <b>5,864,322</b>  |
| Less Than or Equal to One Year with Original<br>Maturity | 1,099,299         | 1,113,508         |
| More Than One Year with Original Maturity                | 5,484,789         | 4,750,814         |
| <b>Other Non-Cash Loans</b>                              | <b>53,530,705</b> | <b>41,628,902</b> |
| <b>Total</b>   | <b>60,114,793</b> | <b>47,493,224</b> |

**QNB FİNANSBANK ANONİM ŞİRKETİ**

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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

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

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

|                              | Current Period    |               |                   |              | Prior Period      |               |                   |               |
|------------------------------|-------------------|---------------|-------------------|--------------|-------------------|---------------|-------------------|---------------|
|                              | TRY               | %             | FC                | %            | TRY               | %             | FC                | %             |
| <b>Agricultural</b>          | <b>140,084</b>    | <b>0.55</b>   | <b>5,019</b>      | <b>0.01</b>  | <b>64,146</b>     | <b>0.49</b>   | <b>187,880</b>    | <b>0.55</b>   |
| Farming and Raising          |                   |               |                   |              |                   |               |                   |               |
| Livestock                    | 62,255            | 0.25          | 538               | -            | 48,540            | 0.37          | 3,788             | 0.01          |
| Forestry                     | 40,871            | 0.16          | -                 | -            | 13,982            | 0.11          | -                 | -             |
| Fishing                      | 36,958            | 0.15          | 4,481             | 0.01         | 1,624             | 0.01          | 184,092           | 0.54          |
| <b>Manufacturing</b>         | <b>8,132,094</b>  | <b>32.03</b>  | <b>17,306,929</b> | <b>49.84</b> | <b>2,694,667</b>  | <b>20.47</b>  | <b>16,869,155</b> | <b>49.13</b>  |
| Mining and Quarrying         | 103,716           | 0.41          | 30,365            | 0.09         | 60,835            | 0.46          | 54,775            | 0.16          |
| Production                   | 7,608,695         | 29.97         | 17,042,086        | 49.08        | 2,419,032         | 18.38         | 16,439,294        | 47.88         |
| Electricity, gas and water   | 419,683           | 1.65          | 234,478           | 0.68         | 214,800           | 1.63          | 375,086           | 1.09          |
| <b>Construction</b>          | <b>5,541,942</b>  | <b>21.83</b>  | <b>6,408,273</b>  | <b>18.46</b> | <b>3,711,216</b>  | <b>28.20</b>  | <b>5,393,318</b>  | <b>15.71</b>  |
| <b>Services</b>              | <b>11,133,629</b> | <b>43.85</b>  | <b>10,588,807</b> | <b>30.49</b> | <b>6,341,918</b>  | <b>48.19</b>  | <b>11,592,111</b> | <b>33.78</b>  |
| Wholesale and Retail Trade   | 7,721,892         | 30.41         | 3,063,706         | 8.82         | 4,009,451         | 30.46         | 3,844,435         | 11.20         |
| Hotel, Food and Beverage     |                   |               |                   |              |                   |               |                   |               |
| Services                     | 333,016           | 1.31          | 1,118,213         | 3.22         | 149,130           | 1.13          | 1,224,499         | 3.57          |
| Transportation&Communication | 653,945           | 2.58          | 767,904           | 2.21         | 560,897           | 4.26          | 332,004           | 0.97          |
| Financial Institutions       | 1,397,702         | 5.50          | 5,150,272         | 14.83        | 988,705           | 7.51          | 5,811,220         | 16.93         |
| Real Estate and Renting      |                   |               |                   |              |                   |               |                   |               |
| Services                     | 69,574            | 0.27          | 18,633            | 0.05         | 27,266            | 0.21          | 16,753            | 0.05          |
| Self Employment Services     | 546,541           | 2.15          | 302,304           | 0.87         | 296,136           | 2.25          | 262,665           | 0.77          |
| Educational Services         | 31,058            | 0.12          | -                 | -            | 17,433            | 0.13          | -                 | -             |
| Health and Social Services   | 379,901           | 1.50          | 167,775           | 0.48         | 292,900           | 2.23          | 100,535           | 0.29          |
| <b>Other</b>                 | <b>443,352</b>    | <b>1.75</b>   | <b>414,664</b>    | <b>1.19</b>  | <b>349,260</b>    | <b>2.65</b>   | <b>289,553</b>    | <b>0.83</b>   |
| <b>Total</b>                 | <b>25,391,101</b> | <b>100.00</b> | <b>34,723,692</b> | <b>100</b>   | <b>13,161,207</b> | <b>100.00</b> | <b>34,332,017</b> | <b>100.00</b> |

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

| Current Period (*)                        | I.Group           |                   | II.Group       |                |
|---|-------------------|-------------------|----------------|----------------|
|   | TRY               | FC                | TRY            | FC             |
| Letters of Guarantee                      | 22,414,350        | 19,860,643        | 385,220        | 214,937        |
| Bills of Exchange and Acceptances         | 2,494,713         | 8,258,430         | 1,084          | 28,381         |
| Letters of Credit                         | 38,971            | 6,360,776         | 294            | 525            |
| Endorsements                              | -                 | -                 | -              | -              |
| Purchase Guarantees for Securities Issued | -                 | -                 | -              | -              |
| Factoring Related Guarantees              | -                 | -                 | -              | -              |
| Other Collaterals and Sureties            | -                 | -                 | -              | -              |
| <b>Non-Cash Loans</b>                     | <b>24,948,034</b> | <b>34,479,849</b> | <b>386,598</b> | <b>243,843</b> |

(\*) The amount of TRY 56,469 excluded for non-cash loans and ECL provision of non-cash loans which are under off-balance accounts and not indemnified and unliquidated but provisioned.

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

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

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

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

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

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

|   | Current Period     | Prior Period       |
|---|--------------------|--------------------|
| <b>Types of trading transactions</b>                        |                    |                    |
| <b>Foreign Currency Related Derivative Transactions (I)</b> | <b>363,856,363</b> | <b>232,868,961</b> |
| Forward transactions (*)                                    | 69,331,224         | 27,308,158         |
| Swap transactions   | 263,804,197        | 200,917,401        |
| Futures transactions  | 3,257,398          | 764,011            |
| Option transactions   | 27,463,544         | 3,879,391          |
| <b>Interest Related Derivative Transactions (II)</b>        | <b>164,263,452</b> | <b>134,510,238</b> |
| Forward rate transactions                                   | -                  | -                  |
| Interest rate swap transactions                             | 164,263,452        | 134,510,238        |
| Interest option transactions                                | -                  | -                  |
| Futures interest transactions                               | -                  | -                  |
| Security option transactions                                | -                  | -                  |
| <b>Other trading derivative transactions (III)</b>          | <b>2,035,418</b>   | <b>1,427,525</b>   |
| <b>A. Total Trading Derivative Transactions (I+II+III)</b>  | <b>530,155,233</b> | <b>368,806,724</b> |
| <b>Types of hedging transactions</b>                        |                    |                    |
| Fair value hedges   | 47,500,097         | 47,936,722         |
| Cash flow hedges  | 105,960,169        | 66,987,631         |
| Net investment hedges                                       | -                  | -                  |
| <b>B. Total Hedging Related Derivatives</b>                 | <b>153,460,266</b> | <b>114,924,353</b> |
| <b>Total Derivative Transactions (A+B)</b>                  | <b>683,615,499</b> | <b>483,731,077</b> |

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

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

|                       | Forward Buy (**)  | Forward Sell (**) | Swap Buy (*)       | Swap Sell (*)      | Option Buy        | Option Sell       | Futures Buy      | Futures Sell     | Other            |
|-----------------------|-------------------|-------------------|--------------------|--------------------|-------------------|-------------------|------------------|------------------|------------------|
| <b>Current Period</b> |                   |                   |                    |                    |                   |                   |                  |                  |                  |
| TRY                   | 19,054,305        | 558,921           | 23,305,734         | 111,508,960        | 9,306,532         | 3,628,987         | 878,809          | 788,668          | -                |
| USD                   | 7,747,376         | 26,583,332        | 211,506,554        | 110,891,511        | 3,462,187         | 8,674,644         | 762,320          | 827,601          | 2,035,418        |
| Euro                  | 5,799,593         | 5,542,661         | 32,975,369         | 59,943,583         | 1,083,345         | 1,283,834         | -                | -                | -                |
| Other                 | 1,306,541         | 2,738,495         | 30,976,445         | 419,759            | 12,030            | 11,985            | -                | -                | -                |
| <b>Total</b>          | <b>33,907,815</b> | <b>35,423,409</b> | <b>298,764,102</b> | <b>282,763,813</b> | <b>13,864,094</b> | <b>13,599,450</b> | <b>1,641,129</b> | <b>1,616,269</b> | <b>2,035,418</b> |

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

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

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

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

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

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

**5.1. Fair value hedge accounting**

**a) Loans**

The Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. As of the balance sheet date, the TRY installment loans amounting to TRY 7,140,846 (December 31, 2021 – TRY 7,277,481) were subject to hedge accounting by swaps with a nominal amount of TRY 6,439,313 (December 31, 2021 – TRY 5,829,388). On September 30, 2022, the net market valuation difference loss of TRY 91,145, arising from TRY 156,354 loss from the aforementioned loans (December 31, 2021 – TRY 750,813 loss) and TRY 65,209 gain from swaps (December 31, 2021 – TRY 689,193 gain), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

According to TAS 39, fair value hedge accounting definitions, some of the fair value hedge accounting applications ceased. The fair value differences of the hedged loans are amortized through statement of profit or loss and other comprehensive income until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TRY 24,042 (December 31, 2021 – TRY 62,140 gain) related to the loans that are ineffective for hedge accounting under “Gains/Losses From Financial Derivatives Transactions” as gain during the current period.

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

The Bank applies fair value hedge accounting through swaps in order to hedge long term fixed coupon foreign currency eurobonds in its portfolio against interest rate fluctuations. As of the balance sheet date, eurobonds with a nominal value of USD 259,315 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 September 30, 2022, net market valuation difference income of TRY 6,608, arising from, TRY 767,897 expense from aforementioned eurobonds (December 31, 2021 – TRY 131,060 income) and TRY 774,504 income from swaps (December 31, 2021 – TRY 130,504 expense), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

The Bank does not have a TRY denominated government bond portfolio subject to fair value hedge accounting in the current period (December 31, 2021 – None).

**c) Marketable Securities Issued**

The Bank applies fair value hedge accounting using interest rate swaps in order to hedge against changes in interest rate with regard to fixed rated, FC denominated securities issued. As of the balance sheet date, bonds with a nominal value of USD 330 Million (December 31, 2021 – USD 730 Million) are subject to hedge accounting with the same nominal amount of swaps. As of September 30, 2022, a net market valuation difference income of TRY 5,892, consisting of TRY 406,530 income from the aforementioned securities (December 31, 2021 – TRY 76,228 income) and TRY 400,638 expense from swaps (December 31, 2021 – TRY 75,193 expense), is shown under “Gains/Losses From Derivative Transactions” account in the financial statements.

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

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

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

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

**5.2. Cash flow hedge accounting**

**a) Floating Rate Loans**

The Bank subject a certain portion of its floating rate TRY and FX loans to cash flow hedge accounting through interest rate swaps in order to protect them from changes in market interest rates. Regarding the subject; effectiveness tests are applied for hedge accounting at each balance sheet date, the effective parts are accounted for in the “Hedging Funds” account under equity in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the profit or loss statement.

As of the balance sheet date, swaps with a nominal amount of USD 525 Million (December 31, 2021 – USD 675 million) are subject to hedge accounting as a hedging instrument. As a result of the mentioned hedge accounting, fair value expense before tax amounting to TRY 535,790 (December 31, 2021 – TRY 91,416 income) has been recognized under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction. The expense amounting to TRY 20 related to the ineffective part is associated with the profit or loss statement (December 31, 2021 – None).

As of the balance sheet date, swaps with a nominal amount of TRY 5,472 million (December 31, 2021 – of TRY 1,850 million) have been subject to hedging accounting as hedging instruments. As a result of the aforementioned hedging accounting, fair value income before tax of TRY 295,763 (December 31, 2021 – TRY 165,120 gain) was accounted under equity in the current period. There is no ineffective portion in the mentioned hedge accounting transaction. The gain amounting to TRY 47 related to the ineffective part is associated with the profit or loss statement (December 31, 2021 – None).

**b) Deposit**

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity until 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As at the balance sheet date, swaps amounting to TRY 50,000 are subject to hedge accounting as hedging instruments (December 31, 2021 – TRY 150,000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TRY 5,685 are accounted for under equity during the current period (December 31, 2021 – TRY 16,723 gain). There is no ineffective portion in the mentioned hedge accounting transaction (December 31, 2021 – None).

As of the balance sheet date, swaps with a nominal amount of USD 1,631 million (December 31, 2021 – USD 1,328 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 114 million (December 31, 2021 – EUR 74 million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value income before taxes amounting to TRY 2,446,978 are accounted for under equity during the current period (December 31, 2021 – TRY 526,927 gain). The income amounting to TRY 2,791 (December 31, 2021 – TRY 3,875 loss) relating to the ineffective portion is accounted for at the statement of profit or loss and other comprehensive income.

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

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

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

**5.2. Cash flow hedge accounting (Continued)**

When the cash flow hedge accounting cannot be continued effectively as defined in TAS 39, the accounting application is terminated. Effective parts classified under equity due to hedge accounting are subtracted from equity and reclassified into profit or loss as a reclassification adjustment in the period or periods in which the hedged estimated cash flows affect profit or loss (such as the periods in which interest income or expense is recognized). Due to the swaps whose effectiveness was deteriorated or closed in the current period, a loss amounting to TRY 9,597 was transferred from equity to the statement of profit or loss and other comprehensive income (December 31, 2021 – TRY 28,640 loss).

The measurements as of September 30, 2022, hedge of cash flow transactions stated above are determined as effective.

**c) Floating Rate Liabilities**

The Bank applies cash flow hedge accounting using interest rate swaps in order to hedge its subordinated loans which have floating interest payment. The Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As at the balance sheet date, swaps amounting to USD 431 million are subject to hedge accounting as hedging instruments (December 31, 2021 – USD 454 million). As a result of the mentioned hedge accounting, fair value income before taxes amounting to TRY 402,433 are accounted for under equity during the current period (December 31, 2021 – TRY 48,015 income). Income amounting to TRY 803 related to the ineffective portion in the related transaction is associated with the profit or loss statement.

On the other hand, accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to this; The valuation effects classified under equity due to hedge accounting are reflected in the statement of profit or loss and other comprehensive income throughout the life of the item subject to hedge accounting. In this context; due to hedge accounting practices terminated in the current year, a loss amounting to TRY 29,891 (December 31, 2021 – TRY 39,561) was transferred from the equity to the statement of profit or loss and other comprehensive income.

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

As of September 30, 2022, the Bank has no commitments “Credit Linked Notes” (As of December 31, 2021 – None).

As of September 30, 2022, “Other Derivative Financial Assets” with nominal amount of USD 110,000,000 (December 31, 2021 – USD 110,000,000) are included in Bank’s “Credit Default Swap”. In aforementioned transaction, the Bank is the seller of the protection for USD 110,000,000.

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

The Bank has recorded a provision of TRY 277,981 (December 31, 2021 – TRY 222,837) for the lawsuits filed against the Bank with a high probability of occurrence, in accordance with Principle of Prudence. Except for the claims where provisions are recorded, management considers as remote the probability of a negative result in ongoing litigations and therefore does not foresee cash outflow for such claims.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

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

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

| MOODY'S August 2022                                    |        | FITCH July 2022                       |                   |
|--|--------|---------------------------------------|-------------------|
| Long-Term Deposit Rating (FC)                          | B3     | 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(tour) (Stable) |
| Adjusted Main Credit Evaluation                        | b1     | Support                               | b-                |
| Appearance   | Stable | Financial Capacity Rating             | b-                |
| Long-Term Foreign Currency Denominated Debt Rating(FC) | B3     |                                       |                   |

#### IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income

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

|  | Current Period    |                  | Prior Period      |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | TRY               | FC               | TRY               | FC               |
| Short-Term Loans                           | 12,422,043        | 1,048,403        | 5,893,988         | 358,799          |
| Medium and Long-Term Loans                 | 10,910,620        | 3,113,913        | 5,949,247         | 1,554,701        |
| Non-Performing Loans                       | 476,632           | -                | 348,723           | -                |
| Resource Utilization Support Fund Premiums | -                 | -                | -                 | -                |
| <b>Total (*)</b>                           | <b>23,809,295</b> | <b>4,162,316</b> | <b>12,191,958</b> | <b>1,913,500</b> |

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

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

|                                   | Current Period |                | Prior Period  |              |
|-----------------------------------|----------------|----------------|---------------|--------------|
|                                   | TRY            | FC             | TRY           | FC           |
| T.R. Central Bank (*)             | -              | -              | -             | -            |
| Domestic Banks                    | 6,185          | 276            | 22,844        | 13           |
| Foreign Banks                     | 785            | 143,299        | 2,382         | 8,981        |
| Foreign Headquarters and Branches | -              | -              | -             | -            |
| <b>Total</b>                      | <b>6,970</b>   | <b>143,575</b> | <b>25,226</b> | <b>8,994</b> |

(\*) The interest income on Required Reserve amounting TRY 130,135 is not included into interest income on Banks (September 30, 2021: TRY 303,571).

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

|  | Current Period    |                  |
|--|-------------------|------------------|
|  | TRY               | FC               |
| Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)                | 54,641            | 4,009            |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) | 3,096,849         | 542,569          |
| Financial Assets Measured at Amortized Cost  | 9,445,320         | 813,852          |
| <b>Total</b>   | <b>12,596,810</b> | <b>1,360,430</b> |

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

#### IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)

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

|  | Prior Period     |                |
|--|------------------|----------------|
|  | TRY              | FC             |
| Financial Assets Measured at Fair Value through Profit/Loss (FVTPL)                | 14,606           | 2,056          |
| Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) | 895,687          | 362,678        |
| Financial Assets Measured at Amortized Cost  | 1,271,916        | 407,444        |
| <b>Total</b>   | <b>2,182,209</b> | <b>772,178</b> |

As stated in Section Three disclosure VII.2, the Bank has inflation indexed (CPI) government bonds in its Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) and Financial Assets Measured at Amortized Cost portfolios. As disclosed in 'Inflation Indexed Bonds Manual' published by Republic of Turkey Ministry of Treasury and Finance, reference index used for the actual payments is determined based on the inflation rates of two months before. The Bank determines the estimated inflation rates used for valuation of securities in line with this. The estimated inflation rate used is updated during the year when necessary. In this context, as of September 30, 2022, valuation of such assets is made according to estimated annual inflation rate of 72%. If valuation of these securities indexed to the CPI had been done by the reference index valid through September 30, 2022, the Bank's marketable securities valuation differences would be decreased by TRY 410,000 and net profit would be increased by TRY 2,797,000 to TRY 14,268,138.

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

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Received from Associates and Subsidiaries | 329,538        | 105,940      |

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

|                                   | Current Period |                  | Prior Period  |                |
|-----------------------------------|----------------|------------------|---------------|----------------|
|                                   | TRY            | FC               | TRY           | FC             |
| <b>Banks</b>                      | <b>60,981</b>  | <b>1,833,905</b> | <b>51,521</b> | <b>890,430</b> |
| T.R. Central Bank                 | -              | -                | -             | -              |
| Domestic Banks                    | 58,120         | 12,385           | 48,637        | 5,151          |
| Foreign Banks                     | 2,861          | 1,821,520        | 2,884         | 885,279        |
| Foreign Head Offices and Branches | -              | -                | -             | -              |
| <b>Other Institutions</b>         | -              | -                | -             | -              |
| <b>Total</b>                      | <b>60,981</b>  | <b>1,833,905</b> | <b>51,521</b> | <b>890,430</b> |

<sup>(\*)</sup> Includes fee and commission expenses related to cash loans.

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

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Interest Paid to Associates and Subsidiaries | 14,604         | 6,007        |

##### c) Information on interest expense paid to securities issued

As of September 30, 2022 interest paid to securities issued is TRY 1,687,131 (September 30, 2021 – TRY 963,831).

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

**IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)**

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

| Account                    | Time Deposits      |                  |                   |                   |                  |                | Accumulated<br>Deposit<br>Account | Total             |
|----------------------------|--------------------|------------------|-------------------|-------------------|------------------|----------------|-----------------------------------|-------------------|
|                            | Demand<br>Deposits | Up to 1<br>Month | Up to 3<br>Months | Up to 6<br>Months | Up to 1<br>Year  | Over 1<br>Year |                                   |                   |
| <b>Turkish Lira</b>        |                    |                  |                   |                   |                  |                |                                   |                   |
| Bank Deposits              | -                  | 46,240           | -                 | -                 | -                | -              | -                                 | 46,240            |
| Saving Deposits            | 23                 | 1,740,053        | 1,698,280         | 3,299,944         | 217,976          | 139,898        | -                                 | 7,096,174         |
| Public Sector<br>Deposits  | -                  | 2,833            | 1,349             | 30                | 85               | -              | -                                 | 4,297             |
| Commercial<br>Deposits     | 2                  | 893,409          | 512,439           | 337,025           | 1,083,035        | 127,697        | -                                 | 2,953,607         |
| Other Deposits             | -                  | 8,850            | 66,464            | 1,760             | 9,746            | 6              | -                                 | 86,826            |
| 7 Days Call<br>Accounts    | -                  | -                | -                 | -                 | -                | -              | -                                 | -                 |
| <b>Total</b>               | <b>25</b>          | <b>2,691,385</b> | <b>2,278,532</b>  | <b>3,638,759</b>  | <b>1,310,842</b> | <b>267,601</b> | <b>-</b>                          | <b>10,187,144</b> |
| <b>Foreign Currency</b>    |                    |                  |                   |                   |                  |                |                                   |                   |
| Deposits                   | 4                  | 150,926          | 769,778           | 254,119           | 33,199           | 42,201         | -                                 | 1,250,227         |
| Bank Deposits              | 109                | 49,914           | 89,242            | 6,624             | 211              | -              | -                                 | 146,100           |
| 7 Days Call<br>Accounts    | -                  | -                | -                 | -                 | -                | -              | -                                 | -                 |
| Precious Metal<br>Deposits | -                  | 9,548            | -                 | -                 | -                | -              | -                                 | 9,548             |
| <b>Total</b>               | <b>113</b>         | <b>210,388</b>   | <b>859,020</b>    | <b>260,743</b>    | <b>33,410</b>    | <b>42,201</b>  | <b>-</b>                          | <b>1,405,875</b>  |
| <b>Grand Total</b>         | <b>138</b>         | <b>2,901,773</b> | <b>3,137,552</b>  | <b>3,899,502</b>  | <b>1,344,252</b> | <b>309,802</b> | <b>-</b>                          | <b>11,593,019</b> |

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

| Account                    | Time Deposits      |                  |                   |                   |                 |                | Accumulated<br>Deposit<br>Account | Total            |
|----------------------------|--------------------|------------------|-------------------|-------------------|-----------------|----------------|-----------------------------------|------------------|
|                            | Demand<br>Deposits | Up to 1<br>Month | Up to 3<br>Months | Up to 6<br>Months | Up to 1<br>Year | Over 1<br>Year |                                   |                  |
| <b>Turkish Lira</b>        |                    |                  |                   |                   |                 |                |                                   |                  |
| Bank Deposits              | -                  | 49,031           | -                 | -                 | -               | -              | -                                 | 49,031           |
| Saving Deposits            | 31                 | 1,175,002        | 2,967,457         | 273,651           | 106,271         | 128,024        | -                                 | 4,650,436        |
| Public Sector<br>Deposits  | -                  | 1,221            | 48                | 129               | 3               | -              | -                                 | 1,401            |
| Commercial<br>Deposits     | 8                  | 579,282          | 802,882           | 50,624            | 27,669          | 1,795          | -                                 | 1,462,260        |
| Other Deposits             | -                  | 4,312            | 60,152            | 8,964             | 20,135          | 23             | -                                 | 93,586           |
| 7 Days Call<br>Accounts    | -                  | -                | -                 | -                 | -               | -              | -                                 | -                |
| <b>Total</b>               | <b>39</b>          | <b>1,808,848</b> | <b>3,830,539</b>  | <b>333,368</b>    | <b>154,078</b>  | <b>129,842</b> | <b>-</b>                          | <b>6,256,714</b> |
| <b>Foreign Currency</b>    |                    |                  |                   |                   |                 |                |                                   |                  |
| Deposits                   | 3                  | 10,352           | 158,859           | 37,858            | 8,188           | 21,563         | -                                 | 236,823          |
| Bank Deposits              | 119                | 10,687           | 10,181            | 2,610             | -               | -              | -                                 | 23,597           |
| 7 Days Call<br>Accounts    | -                  | -                | -                 | -                 | -               | -              | -                                 | -                |
| Precious Metal<br>Deposits | -                  | 4,307            | -                 | -                 | -               | -              | -                                 | 4,307            |
| <b>Total</b>               | <b>122</b>         | <b>25,346</b>    | <b>169,040</b>    | <b>40,468</b>     | <b>8,188</b>    | <b>21,563</b>  | <b>-</b>                          | <b>264,727</b>   |
| <b>Grand Total</b>         | <b>161</b>         | <b>1,834,194</b> | <b>3,999,579</b>  | <b>373,836</b>    | <b>162,266</b>  | <b>151,405</b> | <b>-</b>                          | <b>6,521,441</b> |

**e) Information on interest expense on repurchase agreements**

|  | Current Period |         | Prior Period |         |
|--|----------------|---------|--------------|---------|
|  | TRY            | FC      | TRY          | FC      |
| Interest Expense on Repurchase Agreements <sup>(*)</sup> | 1,736,940      | 239,784 | 735,758      | 100,716 |

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

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## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

#### IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)

##### f) Information on lease expenses

|                  | Current Period | Prior Period |
|------------------|----------------|--------------|
| Leasing Expenses | 73,321         | 46,240       |

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

None (September 30, 2021 – None).

#### 3. Information on dividend income

|  | Current Period | Prior Period |
|--|----------------|--------------|
| Financial Derivative Assets at Fair Value through Profit/Loss (FVTPL)  | -              | -            |
| From Financial Assets at Fair Value through Profit and Loss            | -              | -            |
| From Financial Assets at Fair Value through Other Comprehensive Income | -              | -            |
| Other  | 14,889         | 518          |
| <b>Total</b>   | <b>14,889</b>  | <b>518</b>   |

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

|                                       | Current Period    | Prior Period       |
|---------------------------------------|-------------------|--------------------|
| <b>Trading Gain</b>                   | <b>22,618,737</b> | <b>9,660,066</b>   |
| Gains on Capital Market Transactions  | 739,984           | 108,979            |
| From Derivative Financial Instruments | 9,392,100         | 3,936,893          |
| Foreign Exchange Gains                | 12,486,653        | 5,614,194          |
| <b>Trading Loss (-)</b>               | <b>23,081,126</b> | <b>12,712,492</b>  |
| Losses on Capital Market Transactions | 427,938           | 51,792             |
| From Derivative Financial Instruments | 15,388,647        | 7,617,209          |
| Foreign Exchange Losses               | 7,264,541         | 5,043,491          |
| <b>Net Trading Gain/Loss</b>          | <b>(462,389)</b>  | <b>(3,052,426)</b> |

#### 5. Information on other operating income

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

#### 6. Provision for losses

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| <b>Expected Credit Loss</b>   | <b>4,099,277</b> | <b>1,443,727</b> |
| 12 month expected credit loss (stage 1)   | 1,023,854        | 464,358          |
| Significant increase in credit risk (stage 2)   | 1,852,659        | 172,311          |
| Non-performing loans (stage 3)  | 1,222,764        | 807,058          |
| <b>Marketable Securities Impairment Expense</b>   | <b>2,508</b>     | <b>1,038</b>     |
| Financial Assets at Fair Value through Profit or Loss   | -                | -                |
| Financial Assets at Fair Value through Other Comprehensive Income                             | 2,508            | 1,038            |
| <b>Investments in Associates, Subsidiaries and Held-to-maturity Securities Value Decrease</b> | <b>-</b>         | <b>-</b>         |
| Investments in Associates   | -                | -                |
| Subsidiaries  | -                | -                |
| Joint Ventures  | -                | -                |
| <b>Other <sup>(*)</sup></b>   | <b>3,596,446</b> | <b>82,481</b>    |
| <b>Total</b>  | <b>7,698,231</b> | <b>1,527,246</b> |

<sup>(\*)</sup> Includes free provision expense for possible risks amounting to TRY 3,200,000 allocated in the current period

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

#### IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)

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

|   | Current Period   | Prior Period     |
|---|------------------|------------------|
| Reserve for Employee Termination Benefits(*)          | 70,391           | 39,076           |
| Depreciation Expenses of Fixed Assets                 | 418,820          | 343,379          |
| Amortization Expenses of Intangible Assets            | 163,424          | 127,868          |
| Other Operating Expenses                              | 2,065,074        | 1,005,412        |
| <i>Leasing Expenses Related to TFRS 16 Exemptions</i> | 1,801            | 1,230            |
| <i>Maintenance Expenses</i>                           | 690,202          | 292,243          |
| <i>Advertisement Expenses</i>                         | 150,000          | 71,250           |
| <i>Other Expenses</i>                                 | 1,223,071        | 640,689          |
| Loss on Sales of Assets                               | 61               | 424              |
| Other   | 774,662          | 482,115          |
| <b>Total</b>  | <b>3,492,432</b> | <b>1,998,274</b> |

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

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

For the period ended September 30, 2022 net interest income in income items amounting to TRY 24,900,058 (September 30, 2021 – TRY 8,087,269), net fees and commission income amounting to TRY 4,290,903 (September 30, 2021 – TRY 2,415,106) and other operating income amounting to TRY 259,476 (September 30, 2021 – TRY 390,120) constitute an important part of the income.

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

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

As of September 30, 2022, the Bank has tax expense amounting to TRY 5,946,279 (September 30, 2021 – TRY 8,528). Deferred tax expense amounting to TRY 884,037 (September 30, 2021 – TRY 1,322,581) and deferred tax income amounting to TRY 2,282,374 (September 30, 2021 – TRY 618,787) has been reflected in the bank's records.

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

None (September 30, 2021 – None).

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

Net profit of the Bank from continued operations is TRY 11,471,138 (September 30, 2021 – TRY 2,593,035).

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

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

None (September 30, 2021 – None).

###### 11.2. Effect of changes in accounting estimates on statement of profit or loss and other comprehensive income for the current and for subsequent periods

None.

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

None.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

#### IV. Explanations and Disclosures Related to the statement of profit or loss and other comprehensive income (Continued)

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

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

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

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

#### V. Explanations And Disclosures Related To Statement of Changes in Shareholders' Equity

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

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

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

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

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

##### 1.1. As of September 30, 2022, the Bank's risk group has deposits amounting to TRY 1,304,290 (December 31, 2021 – TRY 1,572,400), cash loans amounting to TRY 3,939,229 (December 31, 2021 – TRY 2,204,737) and non-cash loans amounting to TRY 149,934 (December 31, 2021–TRY 85,277).

###### Current Period

| Bank's Risk Group <sup>(*)</sup>       | Associates and Subsidiaries |          | Bank's Direct and Indirect Shareholders |          | Other Legal and Real Persons in Risk Group <sup>(**)</sup> |          |
|--|-----------------------------|----------|---|----------|--|----------|
|  | Cash                        | NON-Cash | Cash                                    | NON-Cash | Cash   | NON-Cash |
| <b>Loans and Other Receivables</b>     |                             |          |   |          |  |          |
| Balance at the Beginning of the Period | 2,202,964                   | 25,118   | -                                       | 55,271   | 1,773  | 4,888    |
| Balance at the End of the Period       | 3,936,391                   | 28,795   | -                                       | 115,649  | 2,838  | 5,490    |
| Interest and Commission Income         | 329,538                     | 65       | -                                       | 1,705    | 646  | -        |

###### Prior Period

| Bank's Risk Group <sup>(*)</sup>                | Associates and Subsidiaries |          | Bank's Direct and Indirect Shareholders |          | Other Legal and Real Persons in Risk Group <sup>(**)</sup> |          |
|---|-----------------------------|----------|---|----------|--|----------|
|   | Cash                        | NON-Cash | Cash                                    | NON-Cash | Cash   | NON-Cash |
| <b>Loans and Other Receivables</b>              |                             |          |   |          |  |          |
| Balance at the Beginning of the Period          | 1,256,220                   | 22,598   | 2,500                                   | 45,878   | 631  | 5,212    |
| Balance at the End of the Period                | 2,202,964                   | 25,118   | -                                       | 55,271   | 1,773  | 4,888    |
| Interest and Commission Income <sup>(***)</sup> | 105,940                     | 26       | -                                       | 267      | 678  | -        |

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

<sup>(\*\*)</sup> Includes the loans given to the Bank's indirect subsidiaries.

<sup>(\*\*\*)</sup> Prior Period Balance Represents September 30, 2021 balance.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

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

| Bank's Risk Group <sup>(*)</sup>       | Associates and Subsidiaries |              | Bank's Direct and Indirect Shareholders |              | Other Legal and Real Persons in Risk Group <sup>(**)</sup> |              |
|--|-----------------------------|--------------|---|--------------|--|--------------|
|  | Current Period              | Prior Period | Current Period                          | Prior Period | Current Period   | Prior Period |
| <b>Deposit</b>                         |                             |              |   |              |  |              |
| Balance at the Beginning of the Period | 1,046,640                   | 284,875      | -                                       | -            | 525,760  | 293,470      |
| Balance at the End of the Period       | 770,042                     | 1,046,640    | -                                       | -            | 534,248  | 525,760      |
| Interest on deposits <sup>(***)</sup>  | 14,604                      | 6,007        | -                                       | -            | 22,617   | 18,133       |

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

<sup>(\*\*)</sup> Includes the loans given to the Bank's indirect subsidiaries.

<sup>(\*\*\*)</sup> Prior Period Balance Represents September 30, 2021 balance.

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

| Bank's Risk Group <sup>(*)</sup>         | Associates and Subsidiaries |              | Bank's Direct and Indirect Shareholders |              | Other Legal and Real Persons in Risk Group <sup>(**)</sup> |              |
|--|-----------------------------|--------------|---|--------------|--|--------------|
|  | Current Period              | Prior Period | Current Period                          | Prior Period | Current Period   | Prior Period |
| <b>Transactions for Trading Purposes</b> |                             |              |   |              |  |              |
| Beginning of the Period                  | 1,473,687                   | 1,506,342    | -                                       | -            | -  | -            |
| End of the Period                        | 991,820                     | 1,473,687    | -                                       | -            | -  | -            |
| Total Income/Loss <sup>(***)</sup>       | (154,087)                   | (122,946)    | -                                       | 198          | -  | -            |
| <b>Transactions for Hedging Purposes</b> |                             |              |   |              |  |              |
| Beginning of the Period                  | -                           | -            | -                                       | -            | -  | -            |
| End of the Period                        | -                           | -            | -                                       | -            | -  | -            |
| Total Income/Loss <sup>(***)</sup>       | -                           | -            | -                                       | -            | -  | -            |

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

<sup>(\*\*)</sup> Includes the loans given to the Bank's indirect subsidiaries.

<sup>(\*\*\*)</sup> Prior Period Balance Represents September 30, 2021 balance.

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

As of September 30, 2022, the total amount of remuneration and bonuses paid to top management of the Bank is TRY 232,448 (September 30, 2021 – TRY 156,072).

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

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

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

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

As of September 30, 2022, cash loans of the risk group represented 1.2% of the Bank's total cash loans (December 31, 2021 – 1.0%), the deposits represented 0.2% of the Bank's total deposits (December 31, 2021 – 0.7%) and derivative transactions represented 0.15% of the Bank's total derivative transactions (December 31, 2021 – 0.3%).

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

The Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş. As of September 30, 2022, the Bank has net finance lease payables to QNB Finans Finansal Kiralama A.Ş. amounting to TRY 9,462 (December 31, 2021 – TRY 10,194) relating with finance lease agreements.

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

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

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

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

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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

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

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

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

| <b>Date</b> | <b>Currency</b> | <b>Nominal</b> | <b>Due Date</b> |
|-------------|-----------------|----------------|-----------------|
| 07/10/2022  | TRY             | 850,290        | 91              |
| 14/10/2022  | TRY             | 602,000        | 126             |
| 24/10/2022  | GBP             | 9,600          | 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

None.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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### SECTION SIX

#### AUDITOR'S REVIEW REPORT

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

The unconsolidated financial statements for the period ended September 30, 2022 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated September 27, 2022 is presented preceding the unconsolidated financial statements.

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

None (December 31, 2021 – None).

**NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022**

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

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**SECTION SEVEN**

**CONSOLIDATED INTERIM ACTIVITY REPORT**

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

**Message by the Chairman**

Dear Shareholders,

After the pandemic, we are in the fourth quarter of 2022, the year that the war in Ukraine, the energy crisis, and high inflation have dominated the agenda.

The inflation problem which took effect all over the world, and the trend of slowing down production, which comes with the energy shortage in Europe, affect our region adversely as well.

The International Monetary Fund (IMF) published the October 2022 issue of the World Economic Outlook Report with the title of "Countering the Cost-of-Living Crisis". While emphasizing that the world economy is experiencing a series of turbulent difficulties, it was noted that high inflation, tightening financial conditions in most regions, Russia's war in Ukraine, and the Covid-19 pandemic generate heavy pressure on the economic outlook.

In its report, the IMF maintained its 2022 growth forecast for the global economy at 3.2% and revised its growth forecast for 2023 from 2.9% to 2.7%. The IMF's 2022 and 2023 growth expectations for the Turkish economy were announced as 5% and 3%, respectively, while the 2023 inflation projection was announced as 50%.

In the face of all these conditions, while Türkiye is an essential producer in the critical supply chain in both Europe and the region, Türkiye is working to improve exports and current account balance and decrease inflation.

The statements of the Central Bank that it will stop the decreasing interest rate series also started to provide relief in the markets. The most important issue for Türkiye will be the efforts to provide the appropriate macro policies and fiscal discipline to reduce inflation.

Within the framework of all these conditions, the banking sector will continue its efforts to contribute to the real economy, support the balance in the markets and production and investments with the need for funding.

Türkiye has faced such important economic fluctuations several times. The robust banking sector emerged as the most important assurance in these periods. Today, I firmly believe that the banking sector will be the guarantee of the economy.

In a year prevailed by global cyclical uncertainties, the Turkish banking sector continues to sustain its robust structure. Our bank continues to support the Turkish economy with its strong capital structure, steady financial performance, and proactive risk management approach. As of September 30, 2022, the total assets of our Bank increased by 49%, compared to the year end of 2021, reaching TRY 555 billion 144 million. In the same period, net loans grew by 52% to TRY 304 billion 862 million, and customer deposits rose by 59% to TRY 340 billion 754 million. In the first nine months of 2022, our Bank's net profit for the period realized at TRY 11 billion 471 million.

As the banking sector, we manage the economic fluctuations in the world and Türkiye with the right and timely strategies, while catching up with the pace of digitalization and speeding up our sustainability efforts for a better future.

We continue to work on sustainability at full speed. While we carry out activities that will raise awareness among our financiers, our customers, and the public, we also continue to constantly review our credit policies from a sustainability perspective and take remedial actions.

I would like to thank all our financiers, customers, and business partners who contributed to this success.

Kind regards,

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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### SECTION SEVEN (Continued)

#### UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

###### Message by the General Manager

Dear Shareholders and Board Members,

The world is entering the fourth quarter of 2022 with struggling whilst the inflationary backdrop including the developed economies, the ongoing energy crisis in Europe, political uncertainties that have been going on for some time and slowing economic activity as a result of all these factors.

Along with the world, Türkiye continues to struggle with high inflation as well. The fight against inflation and markets functioning in a stable environment based on trust stands out as the most important matters in the economy.

Our focus is on the energy shortage experienced in Europe, where we export the most, and the effects of the decrease in production and demand, which will be experienced along with it. On the other hand, the production for Europe's needs and the importance of the supply chain provides an opportunity for Türkiye.

As the banking sector, we will continue to support the economy in this process for growth in both exports and production, by contributing to economic growth.

Amid all these uncertainties, QNB Finansbank wrapped up the third quarter of 2022 with steady growth on the back of right strategies and successful management. As of September 30, 2022, the total assets of our bank increased by 49%, compared to the end of 2021, reaching TRY 555 billion 144 million. In the same period, our Bank's net loans increased by 52% to TRY 304 billion 862 million, while customer deposits rose by 59% to TRY 340 billion 754 million. In the first 9 months of 2022, our Bank's net profit for the period realized at TRY 11 billion 471 million. As of September 30, 2022, total equities increased by 73%, compared to the year-end of 2021, reaching TRY 38 billion 321 million.

While we launched many banking products and services supporting both our customers and economy in the third quarter of 2022, we continued to carry out important strategic studies with all our banks and subsidiaries regarding sustainability.

In this context, we will continue to offer e-Invoice and other e-Transformation Services free of charge to new customers until 2025, on the Digital Bridge Platform, which we have implemented to accelerate the digital transformation of SMEs and larger-scale companies, and which also contains very important services for the manufacturing and exports. On the other hand, we started to train foreign trade ambassadors with the Digital Bridge Step-by-Step Export Program. In this context, the "Foreign Trade Advanced Level Certificate Training Program", which we organized in-house under the "Digital Bridge Step-by-Step Export Program", had its first graduates.

We continued to introduce sustainability-related resources to our economy and increase our product range in this field. We have raised up to USD 50 million in funding from the EBRD to be used for women-led SMEs. We have agreed with Merrill Lynch International to perform swap transactions based on sustainability performance criteria. In addition, we provide all the electrical energy needed by our bank from renewable energy sources.

Furthermore, sustainability is now becoming an indispensable condition in supporting the economy. Our subsidiary, QNB Finansleasing, and the European Bank for Reconstruction and Development signed a new loan agreement of EUR 25 million. The funding raised will be used to finance investments that support the green economy, energy efficiency projects of SMEs, and green transformation-based investments of women entrepreneurs.

In the capital markets, our subsidiary, QNB Finansinvest broke a record with a total public offering of TRY 3.1 billion in the first 9 months of 2022. With the public offerings it led as a brokerage house during this period, QNB Finansinvest introduced important brands in the renewable energy, textile, iron-steel, and technology sectors to the capital markets.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

### SECTION SEVEN (Continued)

#### UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

QNB Finansbank has taken its place among the best employer brands in the world by receiving two awards from the Stevie Awards for Great Employers Program with its human resources applications while being the winner of the 'Best Digital Transformation Bank of the Year' and 'Best Online Services Bank for Micro and SMEs' awards from Global Finance and Review magazine with its Digital Bridge solutions.

Under the umbrella of our Little Hands Big Dreams Platform, we continue our trainings with no decelerating, in the scope of many subjects, from coding to mathematics to art, to producing projects for a sustainable future for children.

Thank you very much to our esteemed financiers, customers and shareholders, who have been a part of the Bank's growth within the framework of sustainability principles by contributing to all these achievements.

Kind regards,

#### Summary Financial Belonging to the Period of September 30, 2022

| Principal Financial Indicators (Million TRY) | September 30, 2022 | December 30, 2021 |
|--|--------------------|-------------------|
| Total Loans                                  | 304,862            | 200,832           |
| Securities                                   | 93,793             | 49,960            |
| Total Assets                                 | 555,144            | 371,369           |
| Customer Deposits                            | 340,754            | 213,946           |
| Equity                                       | 38,321             | 22,144            |

|  | September 30, 2022 | September 30, 2021 |
|--|--------------------|--------------------|
| Net interest income                      | 24,900             | 8,087              |
| Net fees and commission income           | 4,291              | 2,415              |
| Provision loans and other Receivables(-) | (7,698)            | (1,527)            |
| <b>Profit before tax</b>                 | <b>16,019</b>      | <b>3,078</b>       |
| Tax Provision                            | (4,548)            | (712)              |
| <b>Net profit for the period</b>         | <b>11,471</b>      | <b>2,366</b>       |

As of September 30, 2022, compared to 2021 year-end assets of the Bank increased by 49% and realized TRY 555 billion and 144 million. When compared with the end of year 2021, total loans increased by 52% and reached TRY 304 billion and 862 million while Customer Deposits increased by 59% and realized by TRY 340 billion and 754 million.

Net interest incomes in 2022 reached TRY 24 billion 900 million and net fee and commission incomes were TRY 4 billion 291 million. While the Bank's profit before tax was TRY 16 billion 19 million, its net profit for the period was TRY 11 billion 471 million.

Total shareholders' equity increased by 73% compared with the end of the year and reached to TRY 38 billion 321 million. The capital adequacy ratio of the Bank has been realized as 15.43% as of September 30, 2022.

As of September 30, 2022 the Bank has 11,385 personnel and 440 branches.

# QNB FİNANSBANK ANONİM ŞİRKETİ

## NOTES TO UNCONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2022

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

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### SECTION SEVEN (Continued)

#### UNCONSOLIDATED INTERIM ACTIVITY REPORT (Continued)

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

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

###### Assets

The bank which is continuing its customer-oriented activities in 2022, sustained to grow especially in corporate and commercial loans. As of September 30, 2022, total performing loans increased by 52% and reached TRY 304 billion 862 million while total consolidated assets increased by 49% and reached TRY 555 billion and 144 million compared to the end of the prior year.

###### Liabilities

As of September 30, 2022, the Bank's total customer deposits increased by 59% compared to the end of 2021 and reached TRY 340 billion 754 million, while its shareholders' equity increased by 73% compared to the end of 2021 and reached TRY 38 billion 321 million.

###### Profitability

In 2022, the Bank's net interest income reached TRY 24 billion 900 million, while its net fee and commission income was TRY 4 billion 291 million. Profit before tax was realized as TRY 16 billion 19 million and net profit for the period was TRY 11 billion 471 million.

The bank operates with 11,385 employees.

###### Solvency

Due to its strong capital structure and high shareholders' equity profitability, the Parent Bank has a sound financial structure. Parent Bank has been utilizing of its capital efficiently for 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 September 30, 2022 was TRY 934.

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