QNB FİNANSBANK ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT, CONSOLIDATED FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED DECEMBER 31, 2023

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

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH (See Note I of Section Three)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of QNB Finansbank A.Ş.

A. Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated financial statements of QNB Finansbank A.Ş. ("the Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the statement of consolidated balance sheet as at 31 December 2023, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, except for the effect of the matter on the consolidated financial statements described in the Basis for Qualified Opinion paragraph below, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette No.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Board and circulars and interpretations published by BRSA and Turkish Financial Reporting Standards ("TFRS") for those matters not regulated by the aforementioned regulations.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kılıçali Paşa Mah. Meclis-i Mebusan Cad. No:8 İç Kapı No:301 Beyoğlu/İstanbul
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

2. Basis for Qualified Opinion

As explained in Section Five Part II 9.5 of Explanations and Notes to the Consolidated Financial Statements; the accompanying consolidated financial statements as at 31 December 2023 include a free provision amounting to TL 6.800.000 thousand which consist of TL 5.400.000 thousand provided in prior year and TL 1.400.000 thousand recognized in the current period by the Group management which is not within the requirements of BRSA Accounting and Financial Reporting Legislation.

Our audit was conducted in accordance with the “Regulation on Independent Audit of Banks” published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our qualified opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion Section we have determined the matters described below to be key audit matters to be communicated in our report.

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Key Audit Matters	*How the key audit matter was addressed in the audit*
Impairment of loans and receivables determined within the framework of TFRS 9 The Group has total expected credit losses for loans and receivables amounting to TL 27.842.541 thousand in respect to total loans and receivables amounting to TL 630.588.707 thousand which represent a significant portion of the Group's total assets in its consolidated financial statements as at 31 December 2023. Explanations and notes regarding the provision for impairment of loans are represented in Notes VIII of Section Three, II.1 of Section Four, II.4 of Section Four and 1.6 of Section Five of the accompanying consolidated financial statements as at 31 December 2023. The Group recognizes provisions for impairment in accordance with "TFRS 9 Financial Instruments" requirements in line with the "Regulation on the Procedures and Principles for Classification of Loans and Provisions to be Provided" as published in the Official Gazette dated 22 June 2016 with number 29750. TFRS 9 is a complex accounting standard which requires considerable judgement and interpretation. These judgements and interpretations are key in the development of the financial models built to measure the expected credit losses on loans recorded at amortized cost. In addition, the operation of the models requires large data inputs that are generated through more than one system and the accuracy and completeness of the data are key in the determination of expected credit losses on loans. Impairment allowances are calculated on a collective basis for portfolios of loans of a similar nature and on individual basis for significant loans taking into account Management's best estimate at the balance sheet date and historical losses incurred.	With respect to stage classification of loans and receivables calculation of expected credit losses in accordance with TFRS 9, we have assessed policy, procedure and management principles of the Group within the scope of our audit. We tested the design and the operating effectiveness of relevant controls implemented in accordance with these principles. We checked appropriateness of matters considered in methodology applied by the Group with respect to TFRS 9 for calculation of the provision amount through stage classification of loans and receivables. For forward looking assumptions by the Group's management in its expected credit losses calculations, we held discussions with management, evaluated the assumptions using publicly available information. Regarding expected credit losses methodology; we have assessed and tested appropriateness of model segmentation, lifetime probability of default model, exposure at default model, loss given default model, and approaches in relation to projection of macroeconomic expectations with our financial risk experts. We have assessed expert judgment utilized in interpretation of supportable forward looking expectations (including macroeconomic factors). Our procedures also included the following: • Together with our financial risk experts, we evaluated and tested reasonableness of the changes in the expected credit loss allowance methodology and the performance of the impairment models used.

Key Audit Matters	*How the key audit matter was addressed in the audit*
Impairment of loans and receivables determined within the framework of TFRS 9 (Continued) Our audit was focused on this area due to existence of complex estimates and information used in the impairment assessment such as macroeconomic expectations, current conditions, historical loss experiences; the significance of the loan balances; the appropriateness of classification of loans as per their credit risk (staging) in accordance with applicable regulation and the importance of determination of the associated impairment allowances. Timely and correctly identification of loss event and the level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for loans. Therefore, this area is considered as key audit matter.	• For a sample of exposures, we checked the accuracy of determining Exposure at Default, including the consideration of prepayments and repayments in the cash flows and the resultant arithmetical calculations. • We checked the calculation of the Loss Given Default (LGD) used by the Group in the expected credit losses calculations, and tested collaterals, recovery and costs in addition to arithmetical calculations. • For a selected sample, we checked expected credit losses determined based on individual assessment per Group's policy by means of supporting data, and evaluated appropriateness via communications with management. • We checked key data sources for data used in expected credit losses calculations. We tested reliability and completeness of the data used in expected credit losses calculations with our information systems specialists. • We checked accuracy of expected credit losses calculations. • To assess appropriateness of the Group's determination of staging for credit risk, identification of impairment and timely and appropriate provisioning for impairment we have performed loan review procedures based on a selected sample. • We have reviewed disclosures made within the TFRS 9 framework in the consolidated financial statements of the Group with respect to loans and receivables related impairment provisions.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Bank's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Bank's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

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 31 December 2023. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Group in accordance with IFRS.

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

Talar Gül, SMMM
Independent Auditor

Istanbul, 29 January 2024

THE CONSOLIDATED FINANCIAL REPORT OF QNB FINANSBANK A.Ş.
FOR THE YEAR ENDED DECEMBER 31, 2023

The Parent Bank's;

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

The consolidated financial report for the year ended December 31, 2023, designed by the Banking Regulation and Supervision Agency in line with the Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE PARENT BANK
- CONSOLIDATED FINANCIAL STATEMENTS OF THE PARENT BANK
- EXPLANATIONS ON THE ACCOUNTING POLICIES OF THE PARENT BANK
- INFORMATION ON CONSOLIDATED FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE GROUP
- FOOTNOTES AND EXPLANATIONS ON CONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

Within the context of this financial report for the year ended, the consolidated subsidiaries and structured entities are as follows. There is no associate consolidated in the financial statements of the Parent Bank.

Subsidiaries
1. ONB Finans Finansal Kiralama Anonim Şirketi
2. QNB Finans Yatırım Menkul Değerler Anonim Şirketi
3. QNB Finans Portföy Yönetimi Anonim Şirketi
4. QNB Finans Faktoring Anonim Şirketi
5. QNB Finans Varlık Kiralama Şirketi Anonim Şirketi
6. QNB Sağlık Hayat Sigorta ve Emeklilik Anonim Şirketi
7. QNBeyond Ventures B.V.

Structured Entities
1. Bosphorus Financial Services Limited
2. Finance Capital Finance Limited

The accompanying consolidated financial statements and related disclosures and footnotes for the year ended December 31, 2023, are prepared and independently audited in accordance with the Regulation on Accounting Applications for Banks and Safeguarding of Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards and the related statements and guidance and in compliance with the financial records of our Bank. Unless otherwise stated, the accompanying consolidated financial statements are presented in **thousands of Turkish Lira (TL)**.

Mehmet Ömer Arif Aras Chairman of the Board of Directors	**Saleh Nofal** Member of the Board of Directors and Chairman of the Audit Committee	**Ramzi T.A. Mari** Member of the Board of Directors and of the Audit Committee
Noor Mohd J. A. Al-Naimi Member of the Board of Directors and of the Audit Committee	**Durmuş Ali Kuzu** Member of the Board of Directors and of the Audit Committee	
Osman Ömür Tan General Manager and Member of the Board of Directors	**Adnan Menderes Yayla** Executive Vice President Responsible of Financial Control and Planning	**Ercan Sakarya** Director of Financial, Statutory Reporting and Treasury Control

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

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

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SECTION ONE

GENERAL INFORMATION ABOUT THE PARENT BANK

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

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

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

A share sales agreement has been concluded between National Bank of Greece S.A. (NBG), principal shareholder of the Parent Bank in previous periods, and Qatar National Bank Q.P.S.C. ("QNB") regarding the direct or indirect sales of NBG's shares, owned by affiliates and current associations of the Parent Bank, at the rate of 99.81% to QNB at a price of EUR 2,750 million 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 Parent Bank has decided to change the logo and the name of the company within the scope of the main shareholder change and brand strategies the new logo and the company name of the Parent Bank has started to be used as "QNB FİNANSBANK" as of October 20, 2016 and the company name started to be used with the registration of the Genel Assembly Resolution dated November 24, 2016 on November 30, 2016. According to the decision dated January 17, 2018 which was taken by the General Assembly; The Parent Bank's trade name is changed from "FİNANS BANK A.Ş" to "QNB FİNANSBANK A.Ş" as of January 19, 2018.

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

99.88% of shares of Parent Bank are controlled by Qatar National Bank as of December 31, 2023 and remaining 0.12% of related shares are public shares.

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

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

GENERAL INFORMATION ABOUT THE PARENT BANK (Continued)

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

Name	Title	Date of Appointment	Education
Dr. Ömer A. Aras	Chairman	April 16, 2010	PhD
Yousef Mahmoud H. N. Al-Neama	Deputy Chairman and Executive Member	May 28, 2019	Masters
Saleh Nofal	Board Member and Chairman of the Audit Committee	March 30, 2023	Graduate
Ramzi T. A. Mari	Board Member and Audit Committee Member	June 16, 2016	Masters
Dr. Fatma Abdulla S.S. Al-Suwaidi	Board Member	June 16, 2016	PhD
Dr. Durmuş Ali Kuzu	Board Member and Audit Committee Member	August 25, 2016	PhD
Osman Ömür Tan	Board Member and General Manager	January 1, 2022	Masters
Temel Güzeloğlu	Board Member	April 16, 2010	Masters
Yeşim Güra	Board Member	March 30, 2023	Masters
Adel Ali M. A. Al-Malki	Board Member	May 28, 2019	Graduate
Noor Mohd J. A. Al-Naimi	Board Member and Audit Committee Member	June 22, 2017	Masters
Adnan Menderes Yayla	Executive Vice President	May 20, 2008	Masters
Köksal Çoban	Executive Vice President	August 19, 2008	Masters
Dr. Mehmet Kürşad Demirkol	Executive Vice President	October 8, 2010	PhD
Enis Kurtoğlu	Executive Vice President	May 14, 2015	Masters
Murat Koraş	Executive Vice President	May 14, 2015	Masters
Engin Turhan	Executive Vice President	June 14, 2016	Masters
Cumhur Türkmen	Executive Vice President	June 11, 2018	Masters
Cenk Akıncılar	Executive Vice President	January 21, 2019	Graduate
Burçin Dündar Tüzün	Executive Vice President	December 1, 2019	Masters
Zeynep Kulalar	Executive Vice President	December 1, 2019	Graduate
Derya Düner	Executive Vice President	January 1, 2020	Graduate
Ali Yılmaz	Executive Vice President	January 1, 2020	Masters
İsmail Işık	Executive Vice President	January 18, 2023	Masters
Ahmet Erzengin	Head of the Department of Internal Control and Compliance	September 12, 2012	Graduate
Ersin Emir	Head of Internal Audit	February 18, 2011	Masters
Zeynep Aydın Demirkıran	Head of Risk Management	September 16, 2011	Masters

The shares of the persons mentioned above in the Parent Bank are insignificant.

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

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

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

The Parent Bank’s activities include trade finance and corporate banking, private and retail banking, SME banking, currency, money markets, securities operations and credit card operations. In addition, the Parent Bank carries out insurance agency activities on behalf of insurance companies through its branches. As of December 31, 2023, the Parent Bank operates through 434 domestics (December 31, 2022 – 434), 1 foreign (December 31, 2022 – 1) and 1 Atatürk Airport Free Trade Zone (December 31, 2022 – 1) branches. As of December 31, 2023, the Group has 14,247 (December 31, 2022 – 13,021) employees.

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

None.

SECTION TWO

CONSOLIDATED FINANCIAL STATEMENTS

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

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

I. CONSOLIDATED BALANCE SHEET – ASSETS

				Current Period 31.12.2023			Prior Period 31.12.2022	
		Section 5 Part I	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	**FINANCIAL ASSETS (Net)**		**126,260,193**	**147,835,098**	**274,095,291**	**68,912,958**	**109,703,251**	**178,616,209**
1.1	**Cash and Cash Equivalents**		**66,393,776**	**119,704,210**	**186,097,986**	**20,873,217**	**93,254,542**	**114,127,759**
1.1.1	Cash and Balances with The Central Bank	(1)	59,793,397	102,786,314	162,579,711	9,719,857	84,817,934	94,537,791
1.1.2	Banks	(3)	871,084	16,941,768	17,812,852	3,127,925	8,015,778	11,143,703
1.1.3	Receivables From Money Market	(4)	5,736,581	-	5,736,581	8,040,936	427,044	8,467,980
1.1.4	Expected Credit Losses (-)		7,286	23,872	31,158	15,501	6,214	21,715
1.2	**Financial Assets Measured at Fair Value through Profit/Loss**	**(2)**	**3,496,344**	**2,209,581**	**5,705,925**	**1,069,093**	**549,922**	**1,619,015**
1.2.1	Public Sector Debt Securities		602,903	488,760	1,091,663	436,626	239,920	676,546
1.2.2	Equity Securities		882,879	236,058	1,118,937	535,326	-	535,326
1.2.3	Other Financial Assets		2,010,562	1,484,763	3,495,325	97,141	310,002	407,143
1.3	**Financial Assets Measured at Fair Value through Other Comprehensive Income**	**(5)**	**49,607,968**	**19,702,462**	**69,310,430**	**29,672,154**	**10,585,327**	**40,257,481**
1.3.1	Public Sector Debt Securities		49,606,449	19,702,462	69,308,911	29,662,961	10,468,015	40,130,976
1.3.2	Equity Securities		1,519	-	1,519	9,193	117,312	126,505
1.3.3	Other Financial Assets		-	-	-	-	-	-
1.4	**Derivative Financial Assets**	**(12)**	**6,762,105**	**6,218,845**	**12,980,950**	**17,298,494**	**5,313,460**	**22,611,954**
1.4.1	Derivative Financial Assets at Fair Value Through Profit/Loss		5,635,561	3,252,643	8,888,204	12,467,643	3,275,585	15,743,228
1.4.2	Derivative Financial Assets at Fair Value Through Other Comprehensive Income		1,126,544	2,966,202	4,092,746	4,830,851	2,037,875	6,868,726
II.	**FINANCIAL ASSETS MEASURED AT AMORTIZED COST(Net)**		**485,195,255**	**219,696,665**	**704,891,920**	**289,882,206**	**135,165,998**	**425,048,204**
2.1	**Loans**	**(6)**	**411,239,230**	**181,860,454**	**593,099,684**	**247,116,343**	**109,023,513**	**356,139,856**
2.2	**Lease Receivables**	**(11)**	**7,306,863**	**14,686,814**	**21,993,677**	**4,588,489**	**10,018,732**	**14,607,221**
2.3	**Factoring Receivables**	**(7)**	**14,641,315**	**854,031**	**15,495,346**	**9,129,082**	**464,403**	**9,593,485**
2.4	**Other Financial Assets Measured at Amortized Cost**	**(8)**	**72,383,513**	**29,788,256**	**102,171,769**	**41,598,971**	**20,364,334**	**61,963,305**
2.4.1	Government Debt Securities		72,383,513	29,669,309	102,052,822	41,598,971	19,872,597	61,471,568
2.4.2	Other Financial Assets		-	118,947	118,947	-	491,737	491,737
2.5	**Expected Credit Losses (-)**		**20,375,666**	**7,492,890**	**27,868,556**	**12,550,679**	**4,704,984**	**17,255,663**
III.	**ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(15)**	**-**	**-**	**-**	**-**	**-**	**-**
3.1	Held for sale		-	-	-	-	-	-
3.2	Discontinued Operations		-	-	-	-	-	-
IV.	**INVESTMENTS**		**187,930**	**-**	**187,930**	**462,086**	**-**	**462,086**
4.1	**Investment in Associates (Net)**	**(9)**	**57,084**	**-**	**57,084**	**45,477**	**-**	**45,477**
4.1.1	Equity Method Associates		-	-	-	-	-	-
4.1.2	Unconsolidated		57,084	-	57,084	45,477	-	45,477
4.2	**Investment in Subsidiaries (Net)**		**128,046**	**-**	**128,046**	**128,046**	**-**	**128,046**
4.2.1	Unconsolidated Financial Investments		-	-	-	-	-	-
4.2.2	Unconsolidated Non-Financial Investments		128,046	-	128,046	128,046	-	128,046
4.3	**Equity Under Common Control (Joint Ventures) (Net)**	**(10)**	**2,800**	**-**	**2,800**	**288,563**	**-**	**288,563**
4.3.1	Equity method associates		-	-	-	285,763	-	285,763
4.3.2	Unconsolidated		2,800	-	2,800	2,800	-	2,800
V.	**TANGIBLE ASSETS (Net)**		**14,610,114**	**487**	**14,610,601**	**4,790,853**	**94**	**4,790,947**
VI.	**INTANGIBLE ASSETS (Net)**		**4,023,849**	**-**	**4,023,849**	**1,054,534**	**-**	**1,054,534**
6.1	Goodwill		-	-	-	-	-	-
6.2	Others		4,023,849	-	4,023,849	1,054,534	-	1,054,534
VII.	**INVESTMENT PROPERTIES (Net)**	**(13)**	**-**	**-**	**-**	**-**	**-**	**-**
VIII.	**CURRENT TAX ASSET**		**-**	**-**	**-**	**101,935**	**-**	**101,935**
IX.	**DEFERRED TAX ASSET**	**(14)**	**6,789,895**	**-**	**6,789,895**	**563,762**	**-**	**563,762**
X.	**OTHER ASSETS (Net)**	**(16)**	**16,617,993**	**2,204,700**	**18,822,693**	**9,502,136**	**1,004,001**	**10,506,137**
	TOTAL ASSETS		**653,685,229**	**369,736,950**	**1,023,422,179**	**375,270,470**	**245,873,344**	**621,143,814**

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

I. CONSOLIDATED BALANCE SHEET – LIABILITIES AND EQUITY

			Current Period 31.12.2023			Prior Period 31.12.2022		
		Section 5 Part II	TRY	FC	TOTAL	TRY	FC	TOTAL
I.	**DEPOSITS**	**(1)**	**387,358,035**	**243,369,501**	**630,727,536**	**234,983,599**	**157,779,523**	**392,763,122**
II.	**FUNDS BORROWED**	**(3)**	**9,413,677**	**118,451,486**	**127,865,163**	**6,196,254**	**49,021,103**	**55,217,357**
III.	**MONEY MARKET BORROWINGS**	**(4)**	**3,361,983**	**27,736,364**	**31,098,347**	**1,344,833**	**21,733,804**	**23,078,637**
IV.	**SECURITIES ISSUED (NET)**	**(5)**	**9,902,636**	**42,134,323**	**52,036,959**	**8,732,587**	**23,284,322**	**32,016,909**
4.1	Bills		9,045,755	13,001,776	22,047,531	8,418,087	5,911,335	14,329,422
4.2	Asset Backed Securities		856,881	-	856,881	314,500	-	314,500
4.3	Bonds		-	29,132,547	29,132,547	-	17,372,987	17,372,987
V.	**FUNDS**		**-**	**-**	**-**	**-**	**-**	**-**
5.1	Borrowers' Funds		-	-	-	-	-	-
5.2	Others		-	-	-	-	-	-
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT & LOSS (NET)**		**-**	**-**	**-**	**-**	**-**	**-**
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		**1,436,361**	**3,559,368**	**4,995,729**	**3,008,663**	**3,706,325**	**6,714,988**
7.1	Derivative Financial Liabilities at Fair Value Through Profit & Loss (Net)	(2)	1,331,159	3,176,022	4,507,181	3,008,663	3,260,937	6,269,600
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(8)	105,202	383,346	488,548	-	445,388	445,388
VIII.	**FACTORING PAYABLES**		-	-	-	-	-	-
IX.	**LEASE PAYABLES (Net)**	**(7)**	**1,172,058**	**1,213**	**1,173,271**	**741,286**	**336**	**741,622**
X.	**PROVISIONS**	**(9)**	**13,995,703**	**1,354,985**	**15,350,688**	**8,803,052**	**293,969**	**9,097,021**
10.1	Restructuring Provisions		-	-	-	-	-	-
10.2	Reserve for Employee Benefits		3,080,549	31,702	3,112,251	2,578,626	18,146	2,596,772
10.3	Insurance Technical Provisions (Net)		1,925,795	1,166,900	3,092,695	-	-	-
10.4	Other Provisions		8,989,359	156,383	9,145,742	6,224,426	275,823	6,500,249
XI.	**CURRENT TAX LIABILITY**	**(10)**	**2,493,475**	**-**	**2,493,475**	**2,843,483**	**-**	**2,843,483**
XII.	**DEFERRED TAX LIABILITY**		**-**	**-**	**-**	**-**	**-**	**-**
XIII.	**LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)**	**(11)**	**-**	**-**	**-**	**-**	**-**	**-**
13.1	Held for Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIV.	**SUBORDINATED DEBT INSTRUMENTS**	**(12)**	**-**	**26,948,856**	**26,948,856**	**-**	**17,127,724**	**17,127,724**
14.1	Subordinated Loans		-	17,997,595	17,997,595	-	17,127,724	17,127,724
14.2	Other Debt Instruments		-	8,951,261	8,951,261	-	-	-
XV.	**OTHER LIABILITIES**		**36,199,837**	**12,897,838**	**49,097,675**	**19,815,961**	**17,450,858**	**37,266,819**
XVI.	**SHAREHOLDERS' EQUITY**		**81,664,501**	**(30,021)**	**81,634,480**	**44,948,075**	**(671,943)**	**44,276,132**
16.1	Paid-in Capital	(13)	3,350,000	-	3,350,000	3,350,000	-	3,350,000
16.2	Capital Reserves		714	-	714	714	-	714
16.2.1	Share Premium	(14)	714	-	714	714	-	714
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss		7,329,944	-	7,329,944	(672,157)	-	(672,157)
16.4	Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss		(409,275)	(30,021)	(439,296)	4,054,334	(671,943)	3,382,391
16.5	Profit Reserves		38,203,368	-	38,203,368	20,979,569	-	20,979,569
16.5.1	Legal Reserves		861,957	-	861,957	771,685	-	771,685
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		37,341,411	-	37,341,411	20,207,884	-	20,207,884
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit/Loss		33,172,965	-	33,172,965	17,223,799	-	17,223,799
16.6.1	Prior Periods' Profit/Loss		-	-	-	-	-	-
16.6.2	Current Period's Net Profit/Loss		33,172,965	-	33,172,965	17,223,799	-	17,223,799
16.7	Minority Interest		16,785	-	16,785	11,816	-	11,816
	TOTAL LIABILITIES		**546,998,266**	**476,423,913**	**1,023,422,179**	**331,417,793**	**289,726,021**	**621,143,814**

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

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

			Current Period 31.12.2023			Prior Period 31.12.2022		
		Section 5 Part III	TRY	FC	TOTAL	TRY	FC	TOTAL
A.	**OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)**		**907,487,303**	**922,457,024**	**1,829,944,327**	**480,095,115**	**600,797,641**	**1,080,892,756**
I.	**GUARANTEES**	**(1), (2), (3), (4)**	**48,549,117**	**53,929,929**	**102,479,046**	**29,655,581**	**35,538,119**	**65,193,700**
1.1.	Letters of guarantee		44,076,997	33,824,955	77,901,952	25,589,026	20,031,380	45,620,406
1.1.1.	Guarantees subject to State Tender Law		1,053,713	296,168	1,349,881	884,755	188,383	1,073,138
1.1.2.	Guarantees given for foreign trade operations		19,387,203	33,528,787	52,915,990	12,326,430	19,842,997	32,169,427
1.1.3.	Other letters of guarantee		23,636,081	-	23,636,081	12,377,841	-	12,377,841
1.2.	Bank loans		4,424,551	8,634,539	13,059,090	4,028,331	9,696,287	13,724,618
1.2.1.	Import letter of acceptance		4,424,551	8,634,539	13,059,090	4,028,331	9,696,287	13,724,618
1.2.2.	Other bank acceptances		-	-	-	-	-	-
1.3.	Letters of credit		47,569	11,470,435	11,518,004	38,224	5,810,452	5,848,676
1.3.1.	Documentary letters of credit		47,569	10,614,747	10,662,316	38,224	5,228,027	5,266,251
1.3.2.	Other letters of credit		-	855,688	855,688	-	582,425	582,425
1.4.	Prefinancing given as guarantee		-	-	-	-	-	-
1.5.	Endorsements		-	-	-	-	-	-
1.5.1.	Endorsements to the Central Bank of Türkiye		-	-	-	-	-	-
1.5.2.	Other endorsements		-	-	-	-	-	-
1.6.	Securities issue purchase guarantees		-	-	-	-	-	-
1.7.	Factoring guarantees		-	-	-	-	-	-
1.8.	Other guarantees		-	-	-	-	-	-
1.9.	Other collaterals		-	-	-	-	-	-
II.	**COMMITMENTS**		**572,434,073**	**104,846,594**	**677,280,667**	**252,607,322**	**24,746,561**	**277,353,883**
2.1.	Irrevocable commitments	(1)	485,304,663	9,176,161	494,480,824	172,054,958	23,241,741	195,296,699
2.1.1.	Forward asset purchase commitments		2,941,702	8,020,668	10,962,370	4,018,129	10,831,566	14,849,695
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		93,558,042	2,944	93,560,986	47,343,805	1,870	47,345,675
2.1.5.	Securities underwriting commitments		-	-	-	-	-	-
2.1.6.	Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7.	Payment commitment for checks		6,684,472	-	6,684,472	3,895,823	-	3,895,823
2.1.8.	Tax and fund liabilities from export commitments		279,060	-	279,060	118,666	-	118,666
2.1.9.	Commitments for credit card expenditure limits		376,605,042	-	376,605,042	111,928,372	-	111,928,372
2.1.10.	Commitments for promotions related with credit cards and banking activities		211,656	-	211,656	109,533	-	109,533
2.1.11.	Receivables from short sale commitments		-	-	-	-	-	-
2.1.12.	Payables for short sale commitments		-	-	-	-	-	-
2.1.13.	Other irrevocable commitments		5,024,689	1,152,549	6,177,238	4,640,630	12,408,305	17,048,935
2.2.	Revocable commitments		87,129,410	95,670,433	182,799,843	80,552,364	1,504,820	82,057,184
2.2.1.	Revocable loan granting commitments		86,230,900	94,129,552	180,360,452	79,347,287	-	79,347,287
2.2.2.	Other revocable commitments		898,510	1,540,881	2,439,391	1,205,077	1,504,820	2,709,897
III.	**DERIVATIVE FINANCIAL INSTRUMENTS**	**(5), (6)**	**286,504,113**	**763,680,501**	**1,050,184,614**	**197,832,212**	**540,512,961**	**738,345,173**
3.1	Derivative financial instruments for hedging purposes		19,679,677	185,692,642	205,372,319	22,065,418	128,742,067	150,807,485
3.1.1	Fair value hedge		851,802	33,306,240	34,158,042	6,235,235	36,659,431	42,894,666
3.1.2	Cash flow hedge		18,827,875	152,386,402	171,214,277	15,830,183	92,082,636	107,912,819
3.1.3	Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2	Held for trading transactions		266,824,436	577,987,859	844,812,295	175,766,794	411,770,894	587,537,688
3.2.1	Forward foreign currency buy/sell transactions		19,577,116	32,006,901	51,584,017	10,544,244	19,818,125	30,362,369
3.2.1.1	Forward foreign currency transactions-buy		18,911,051	7,747,196	26,658,247	10,071,714	5,490,339	15,562,053
3.2.1.2	Forward foreign currency transactions-sell		666,065	24,259,705	24,925,770	472,530	14,327,786	14,800,316
3.2.2	Swap transactions related to foreign currency and interest rates		231,687,369	530,183,466	761,870,835	105,687,546	326,800,908	432,488,454
3.2.2.1	Foreign currency swap-buy		136,463	218,997,022	219,133,485	6,624,797	132,828,947	139,453,744
3.2.2.2	Foreign currency swap-sell		138,769,508	85,800,464	224,569,972	60,927,351	75,886,225	136,813,576
3.2.2.3	Interest rate swaps-buy		46,390,699	112,692,990	159,083,689	19,067,699	59,042,868	78,110,567
3.2.2.4	Interest rate swaps-sell		46,390,699	112,692,990	159,083,689	19,067,699	59,042,868	78,110,567
3.2.3	Foreign currency, interest rate and securities options		7,553,316	7,053,806	14,607,122	58,709,719	58,732,290	117,442,009
3.2.3.1	Foreign currency options-buy		7,212,979	529,529	7,742,508	45,910,391	13,322,787	59,233,178
3.2.3.2	Foreign currency options-sell		340,337	6,524,277	6,864,614	12,799,328	45,409,503	58,208,831
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		8,006,635	7,566,158	15,572,793	825,285	792,923	1,618,208
3.2.4.1	Foreign currency futures-buy		8,006,635	-	8,006,635	-	792,923	792,923
3.2.4.2	Foreign currency futures-sell		-	7,566,158	7,566,158	825,285	-	825,285
3.2.5	Interest rate futures		-	-	-	-	3,570,022	3,570,022
3.2.5.1	Interest rate futures-buy		-	-	-	-	1,785,011	1,785,011
3.2.5.2	Interest rate futures-sell		-	-	-	-	1,785,011	1,785,011
3.2.6	Other		-	1,177,528	1,177,528	-	2,056,626	2,056,626
B.	**CUSTODY AND PLEDGED ITEMS (IV+V+VI)**		**3,889,890,357**	**1,194,005,216**	**5,083,895,573**	**2,121,542,054**	**716,989,813**	**2,838,531,867**
IV.	**ITEMS HELD IN CUSTODY**		**1,339,805,556**	**53,080,213**	**1,392,885,769**	**400,872,053**	**33,839,097**	**434,711,150**
4.1.	Assets under management		55,638,253	28,756	55,667,009	15,019,765	7,963	15,027,728
4.2.	Investment securities held in custody		1,085,838,490	35,898,115	1,121,736,605	237,790,076	12,787,625	250,577,701
4.3.	Checks received for collection		43,596,663	2,702,396	46,299,059	32,048,284	2,269,091	34,317,375
4.4.	Commercial notes received for collection		5,448,086	2,194,245	7,642,331	3,714,274	1,470,469	5,184,743
4.5.	Other assets received for collection		-	-	-	-	-	-
4.6.	Assets received for public offering		-	-	-	-	-	-
4.7.	Other items under custody		149,284,064	12,256,701	161,540,765	112,299,654	17,303,949	129,603,603
4.8.	Custodians		-	-	-	-	-	-
V.	**PLEDGED ITEMS**		**1,431,923,260**	**636,309,351**	**2,068,232,611**	**994,474,840**	**388,564,158**	**1,383,038,998**
5.1.	Marketable securities		6,113,180	31,504,275	37,617,455	5,758,007	25,835,961	31,593,968
5.2.	Guarantee notes		951,802	431,079	1,382,881	754,876	505,077	1,259,953
5.3.	Commodity		1,167,097	-	1,167,097	1,005,497	-	1,005,497
5.4.	Warranty		-	-	-	-	-	-
5.5.	Properties		348,159,077	298,122,947	646,282,024	223,359,270	180,431,706	403,790,976
5.6.	Other pledged items		1,075,532,104	306,251,050	1,381,783,154	763,597,190	181,791,414	945,388,604
5.7.	Pledged items-depository		-	-	-	-	-	-
VI.	**ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES**		**1,118,161,541**	**504,615,652**	**1,622,777,193**	**726,195,161**	**294,586,558**	**1,020,781,719**
	TOTAL OFF-BALANCE SHEET ACCOUNTS (A+B)		**4,797,377,660**	**2,116,462,240**	**6,913,839,900**	**2,601,637,169**	**1,317,787,454**	**3,919,424,623**

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

III. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	INCOME AND EXPENSE ITEMS	Section 5 part IV	Current Period 01.01 - 31.12.2023	Prior Period 01.01 - 31.12.2022
I.	**INTEREST INCOME**	**(1)**	**129,595,059**	**66,995,815**
1.1	Interest income on loans		82,597,724	40,449,705
1.2	Interest income on reserve deposits		412,862	130,135
1.3	Interest income on banks		1,187,700	302,850
1.4	Interest income on money market transactions		1,125,411	168,060
1.5	Interest income on securities portfolio		35,379,661	22,584,528
1.5.1	Financial assets measured at FVTPL		413,236	87,425
1.5.2	Financial assets measured at FVOCI		10,289,759	5,650,136
1.5.3	Financial assets measured at amortized cost		24,676,666	16,846,967
1.6	Financial lease income		3,167,055	1,451,341
1.7	Other interest income		5,724,646	1,909,196
II.	**INTEREST EXPENSE (-)**	**(2)**	**91,269,609**	**28,428,661**
2.1	Interest on deposits		73,397,628	18,739,409
2.2	Interest on funds borrowed		10,073,122	3,927,500
2.3	Interest on money market transactions		3,259,979	2,545,739
2.4	Interest on securities issued		3,879,530	2,763,449
2.5	Interests on leases		145,924	100,667
2.6	Other interest expenses		513,426	351,897
III.	**NET INTEREST INCOME/EXPENSE (I - II)**		**38,325,450**	**38,567,154**
IV.	**NET FEES AND COMMISSIONS INCOME/EXPENSES**		**20,306,295**	**6,688,561**
4.1	Fees and commissions received		28,439,748	9,049,873
4.1.1	Non-cash loans		890,141	429,217
4.1.2	Others		27,549,607	8,620,656
4.2	Fees and commissions paid (-)		8,133,453	2,361,312
4.2.1	Non-cash loans		17,224	6,048
4.2.2	Others		8,116,229	2,355,264
V.	**DIVIDEND INCOME**	**(3)**	**13,067**	**16,976**
VI.	**TRADING GAINS LOSSES (Net)**	**(4)**	**13,715,986**	**1,071,694**
6.1	Trading gains/losses on securities		2,762,239	1,563,149
6.2	Gains/losses from derivative transactions		(9,215,435)	(6,835,151)
6.3	Foreign exchange gains/losses		20,169,182	6,343,696
VII.	**OTHER OPERATING INCOME**	**(5)**	**2,418,546**	**333,926**
VIII.	**TOTAL OPERATING GROSS PROFIT (III+IV+V+VI+VII)**		**74,779,344**	**46,678,311**
IX.	**EXPECTED CREDIT LOSSES (-)**	**(6)**	**12,124,627**	**5,096,254**
X.	**OTHER PROVISION LOSSES (-)**		**2,853,258**	**5,939,858**
XI.	**PERSONNEL EXPENSES (-)**		**9,924,076**	**4,799,775**
XII.	**OTHER OPERATING EXPENSES (-)**	**(7)**	**10,633,531**	**6,407,621**
XIII.	**NET OPERATING PROFIT/LOSS (VIII-IX-X-XI-XII)**		**39,243,852**	**24,434,803**
XIV.	**EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER**		-	-
XV.	**GAINS/LOSSES FROM INVESTMENTS UNDER EQUITY ACCOUNTING**		-	**219,325**
XVI.	**GAINS/LOSSES ON NET MONETARY POSITION**		-	-
XVII.	**OPERATING PROFIT/LOSS BEFORE TAXES (XII+…+XV)**	**(8)**	**39,243,852**	**24,654,128**
XVIII.	**PROVISION FOR TAXES OF CONTINUED OPERATIONS (±)**	**(9)**	**6,065,918**	**7,427,908**
18.1	Current tax charge		10,895,200	9,086,568
18.2	Deferred tax charge (+)		3,287,001	1,712,063
18.3	Deferred tax credit (-)		(8,116,283)	(3,370,723)
XIX.	**NET OPERATING PROFIT/LOSS AFTER TAXES (XVII±XVIII)**	**(10)**	**33,177,934**	**17,226,220**
XX.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-
20.1	Income from assets held for sale		-	-
20.2	Income from sale of associates, subsidiaries and joint-ventures		-	-
20.3	Others		-	-
XXI.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-
21.1	Expenses on assets held for sale		-	-
21.2	Expenses on sale of associates, subsidiaries and joint-ventures		-	-
21.3	Others		-	-
XXII.	**PROFIT/LOSS BEFORE TAXES ON DISCONTINUED OPERATIONS (XX+XXI)**		-	-
XXIII.	**PROVISION FOR TAXES OF DISCONTINUED OPERATIONS (±)**		-	-
23.1	Current tax charge		-	-
23.2	Deferred tax charge (+)		-	-
23.3	Deferred tax credit (-)		-	-
XXIV.	**NET PROFIT/LOSS AFTER TAXES ON DISCONTINUED OPERATIONS (XXII±XXIII)**		-	-
XXV.	**NET PROFIT/LOSS (XIX+XXIV)**	**(11)**	**33,177,934**	**17,226,220**
25.1	Group's profit/loss		33,172,965	17,223,799
25.2	Minority interest		4,969	2,421
	Earnings Per Share		0.9902	0.5141

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

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

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

		Current Period 01.01 - 31.12.2023	Prior Period 01.01 - 31.12.2022
I.	**CURRENT PERIOD PROFIT/LOSS**	**33,177,934**	**17,226,220**
II.	**OTHER COMPREHENSIVE INCOME**	**4,180,414**	**4,897,703**
2.1	**Other Income/Expense Items Not Reclassified Through Profit or Loss**	**8,002,101**	**(448,214)**
2.1.1	Revaluation Surplus on Tangible Assets	7,914,871	-
2.1.2	Revaluation Surplus on Intangible Assets	-	-
2.1.3	Defined Benefit Plans' Actuarial Gains/Losses	57,545	(607,631)
2.1.4	Other Income/Expense Items not Reclassified to Profit or Loss	571	1,030
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	29,114	158,387
2.2	**Other Income/Expense Items Reclassified to Profit or Loss**	**(3,821,687)**	**5,345,917**
2.2.1	Translation Differences	-	-
2.2.2	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	(4,376,615)	4,532,943
2.2.3	Gains/losses from Cash Flow Hedges	(791,648)	2,407,949
2.2.4	Gains/Losses on Hedges of Net Investments in Foreign Operations	-	-
2.2.5	Other Income/Expense Items Reclassified to Profit or Loss	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	1,346,576	(1,594,975)
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**	**37,358,348**	**22,123,923**

QNB FİNANSBANK ANONİM ŞİRKETİ

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

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

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

							Other Comprehensive Income/Expense Items not to be Reclassified to Profit or Loss			Other Comprehensive Income/Expense Items to be Reclassified to Profit or Loss								
		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	Others (*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	Prior Period - 01.01 – 3.12.2022																	
I.	**Balances at Beginning of Period**		**3,350,000**	**714**	**-**	**-**	**-**	**(223,943)**	**-**	**-**	**(1,583,528)**	**(379,998)**	**17,072,922**	**3,906,647**	**-**	**22,142,814**	**9,395**	**22,152,209**
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	**Effect of Corrections**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	**Effect of Changes in Accounting Policies**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(223,943)**	**-**	**-**	**(1,583,528)**	**(379,998)**	**17,072,922**	**3,906,647**	**-**	**22,142,814**	**9,395**	**22,152,209**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**-**	**(449,245)**	**1,031**	**-**	**3,435,311**	**1,910,606**	**-**	**-**	**17,223,799**	**22,121,502**	**2,421**	**22,123,923**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**3,906,647**	**(3,906,647)**	-	-	-	-
11.1	**Dividends**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	**Transfers to Reserves**		-	-	-	-	-	-	-	-	-	-	3,906,647	(3,906,647)	-	-	-	-
11.3	**Others**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV+…..+X+XI)		**3,350,000**	**714**	**-**	**-**	**-**	**(673,188)**	**1,031**	**-**	**1,851,783**	**1,530,608**	**20,979,569**	**-**	**17,223,799**	**44,264,316**	**11,816**	**44,276,132**

							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	Others(*)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Financial Assets Measured at FVOCI	Others(**)	Profit Reserves	Prior Periods' Profit/Loss	Current Period's Net Profit/Loss	Shareholders' Equity Before Minority Interest	Minority Interest	Total Shareholders' Equity
	Current Period - 01.01 – 31.12.2023																	
I.	**Balances at Beginning of Period**		**3,350,000**	**714**	**-**	**-**	**-**	**(673,188)**	**1,031**	**-**	**1,851,783**	**1,530,608**	**20,979,569**	**17,223,799**	**-**	**44,264,316**	**11,816**	**44,276,132**
II.	**Correction made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	**Effect of Corrections**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	**Effect of Changes in Accounting Policies**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**3,350,000**	**714**	**-**	**-**	**-**	**(673,188)**	**1,031**	**-**	**1,851,783**	**1,530,608**	**20,979,569**	**17,223,799**	**-**	**44,264,316**	**11,816**	**44,276,132**
IV.	**Total Comprehensive Income**		**-**	**-**	**-**	**-**	**7,914,871**	**86,659**	**571**	**-**	**(3,345,573)**	**(476,114)**	**-**	**-**	**33,172,965**	**37,353,379**	**4,969**	**37,358,348**
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Debt Instruments**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Others Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	**17,223,799**	**(17,223,799)**	-	-	-	-
11.1	**Dividends Paid**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	**Transfers to Reserves**		-	-	-	-	-	-	-	-	-	-	17,223,799	(17,223,799)	-	-	-	-
11.3	**Others**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (III+IV…+X+XI)		**3,350,000**	**714**	**-**	**-**	**7,914,871**	**(586,529)**	**1,602**	**-**	**(1,493,790)**	**1,054,494**	**38,203,368**	**-**	**33,172,965**	**81,617,695**	**16,785**	**81,634,480**

(*) 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 be reclassified to other profit or loss.

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

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

VI. CONSOLIDATED STATEMENT OF CASH FLOWS

		Current Period 01.01 - 30.12.2023	Prior Period 01.01 - 30.12.2022
A.	**CASH FLOWS FROM BANKING OPERATIONS**		
1.1	**Operating profit before changes in operating assets and liabilities**	**88,834,180**	**8,863,813**
1.1.1	Interest received	96,884,943	30,170,928
1.1.2	Interest paid	(74,402,437)	(33,741,600)
1.1.3	Dividend received	13,067	16,976
1.1.4	Fees and commissions received	28,493,648	9,140,802
1.1.5	Other income	1,099,024	333,926
1.1.6	Collections from previously written off loans	3,288,012	2,406,693
1.1.7	Payments to personnel and service suppliers	(9,172,529)	(4,174,934)
1.1.8	Taxes paid	(8,994,979)	(7,808,223)
1.1.9	Other	51,625,431	12,519,245
1.2	**Changes in operating assets and liabilities**	**(41,086,288)**	**18,953,389**
1.2.1	Net (increase) decrease in financial assets measured at fair value through profit/loss	(4,006,872)	(120,067)
1.2.2	Net (increase) decrease in due from banks	(25,963,427)	(2,298,195)
1.2.3	Net (increase) decrease in loans	(164,005,702)	(116,410,268)
1.2.4	Net (increase) decrease in other assets	(9,626,574)	(6,554,484)
1.2.5	Net increase (decrease) in bank deposits	8,129,678	(1,890,347)
1.2.6	Net increase (decrease) in other deposits	143,152,545	124,147,142
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	(9,708,579)	4,103,424
1.2.9	Net increase (decrease) in matured payables	-	-
1.2.10	Net increase (decrease) in other liabilities	20,942,643	17,976,184
I.	**Net cash provided from banking operations**	**47,747,892**	**27,817,202**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
II.	**Net cash provided from / (used in) investing activities**	**(38,052,825)**	**(7,242,850)**
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries	-	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries	-	-
2.3	Fixed assets purchases	(7,248,221)	(2,913,314)
2.4	Fixed assets sales	1,089,617	591,661
2.5	Cash paid for purchase of financial assets measured at fair value through other comprehensive income	(51,097,248)	(27,968,380)
2.6	Cash obtained from sale of financial assets measured at fair value through other comprehensive income	29,630,115	25,940,243
2.7	Cash paid for purchase of Financial Assets Measured at Amortized Cost	(33,460,484)	(12,898,683)
2.8	Cash obtained from sale of Financial Assets Measured at Amortized Cost	23,033,396	10,005,623
2.9	Other	-	-
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**		
III.	**Net cash provided from / (used in) financing activities**	**34,195,717**	**3,428,289**
3.1	Cash obtained from funds borrowed and securities issued	97,257,338	24,367,162
3.2	Cash used for repayment of funds borrowed and securities issued	(62,458,213)	(21,092,362)
3.3	Issued equity instruments	-	-
3.4	Dividends paid	-	-
3.5	Payments for finance leases	(603,408)	-
3.6	Other	-	153,489
IV.	**Effect of foreign currency translation differences on cash and cash equivalents**	**2,231,281**	**1,454,238**
V.	**Net increase / (decrease) in cash and cash equivalents (I+II+III+IV)**	**46,122,065**	**25,456,879**
VI.	**Cash and cash equivalents at the beginning of the period**	**73,255,713**	**47,798,834**
VII.	**Cash and cash equivalents at end of the period (V+VI)**	**119,377,778**	**73,255,713**

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

VII. CONSOLIDATED STATEMENT OF PROFIT APPROPRIATION (*)

		Current Period 31.12.2023 (**)	Prior Period 31.12.2022
I.	**DISTRIBUTION OF CURRENT YEAR INCOME**		
1.1	CURRENT YEAR INCOME	37,732,640	24,282,814
1.2	TAXES AND DUTIES PAYABLE	4,560,198	7,059,048
1.2.1	Corporate Tax (Income Tax)	9,367,050	8,720,618
1.2.2	Income Withholding Tax	-	-
1.2.3	Other Taxes And Duties	(4,806,852)	(1,661,570)
A.	**NET INCOME FOR THE YEAR (1,1-1,2)**	**33,172,442**	**17,223,766**
1.3	PRIOR YEAR LOSSES (-)	-	-
1.4	FIRST LEGAL RESERVES (-)	-	-
1.5	OTHER STATUTORY RESERVES (-)	-	-
B.	**NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1,3+1,4+1,5)]**	**33,172,442**	**17,223,766**
1.6	FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1	To Owners of Ordinary Shares	-	-
1.6.2	To Owners of Privileged Shares	-	-
1.6.3	To Owners of Preferred Shares	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders of Profit And (Loss) Sharing Certificates	-	-
1.7	DIVIDENDS TO PERSONNEL (-)	-	-
1.8	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9	SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1	To Owners of Ordinary Shares	-	-
1.9.2	To Owners of Privileged Shares	-	-
1.9.3	To Oweners of Preferred Shares	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders of Profit And (Loss) Sharing Certificates	-	-
1.10	SECOND LEGAL RESERVES (-)	-	-
1.11	STATUTORY RESERVES (-)	-	-
1.12	EXTRAORDINARY RESERVES	-	17,194,697
1.13	OTHER RESERVES	-	-
1.14	SPECIAL FUNDS	-	29,069
II.	**DISTRIBUTION OF RESERVES**		
2.1	APPROPRIATED RESERVES	-	-
2.2	SECOND LEGAL RESERVES (-)	-	-
2.3	DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1	To Owners of Ordinary Shares	-	-
2.3.2	To Owners of Privileged Shares	-	-
2.3.3	To Owners of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders of Profit And (Loss) Sharing Certificates	-	-
2.4	DIVIDENDS TO PERSONNEL (-)	-	-
2.5	DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III.	**EARNINGS PER SHARE**		
3.1	TO OWNERS OF ORDINARY SHARES	0.9902	0.5141
3.2	TO OWNERS OF ORDINARY SHARES (%)	99.02%	51.41%
3.3	TO OWNERS OF PRIVILEGED SHARES	-	-
3.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-
IV.	**DIVIDEND PER SHARE**		
4.1	TO OWNERS OF ORDINARY SHARES	-	-
4.2	TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3	TO OWNERS OF PRIVILEGED SHARES	-	-
4.4	TO OWNERS OF PRIVILEGED SHARES (%)	-	-

(*) Profit Appropriation Statement has been prepared according to unconsolidated financial statements of the Parent Bank.

(**) Decision regarding the profit distribution for the 2023 will be taken at the General Meeting.

SECTION THREE

ACCOUNTING POLICIES

I. Basis of Presentation

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

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

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

Explanation for convenience translation to English

BRSA Accounting and Financial Reporting Legislation, as described in the preceding paragraphs, 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 December 31, 2023 and the differences between accounting principles have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position, results of operations, changes in equity and cash flows of the Bank in accordance with IFRS.

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

The accounting policies and valuation principles used in the preparation of the interim financial statements are determined and applied, in accordance with the regulations, communiqués, interpretations and legislations related to accounting and financial reporting principles published by the Banking Regulation and Supervision Agency ("BRSA"). The accounting policies and valuation principles related with current period are explained in Notes II to XXVI below.

Consolidated financial statements are prepared based on historical cost except for financial assets and liabilities valued at their fair value and whose fair value difference is reflected in profit or loss, financial assets at fair value through other comprehensive income, real estate and subsidiaries accounted for using the equity method.

In preparing the consolidated 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

Within the scope of the Benchmark Interest Rate Reform process, which continues on a global basis, the Parent Bank has loan, securities, borrowing and derivative transactions. The necessary infrastructure developments for each product have been completed and started to be used in our bank. EURIBOR is not subject to reform and continues to be used. The reform-related transformation of transactions indexed to USD LIBOR rates has been completed as of December 31, 2023.

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

2.2. Other

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. In the announcement dated November 23, 2023, issued by the Public Oversight, Accounting and Auditing Standards Authority, flexibility has been granted to competent institutions or organizations authorized to regulate and supervise in their respective fields to determine different transition dates for the application of inflation accounting for the financial statements of companies subject to independent audit. In this context, according to the decision numbered 10744 dated December 12, 2023, by the Banking Regulation and Supervision Agency ("BRSA"), it has been decided that the financial statements of banks, financial leasing, factoring, financing, savings financing, and asset management companies as of December 31, 2023, will not be subject to inflation adjustment required under IAS 29. Accordingly, inflation adjustment has not been applied in the preparation of the consolidated financial statements as of December 31, 2023, in accordance with IAS 29.

TFRS 17 Insurance Contracts Standard was published in the Official Gazette dated February 16, 2019 and No. 30688 by the Public Oversight Accounting and Auditing Standards Authority and is valid for annual reporting periods beginning on or after January 1, 2024. This standard replaces TFRS 4, which currently allows for a wide variety of applications. Based on this, the Parent Bank has not applied the relevant standard in its consolidated financial statements for QNB Sigorta company, which is its subsidiary.

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

QNB Sağlık Hayat ve Emeklilik A.Ş., which has been a "Joint Venture" and has been accounted for using the equity method in the accompanying unconsolidated financial statements as of December 31, 2022, became a "Subsidiary" as of the reporting date and accounted for using the equity method in the accompanying unconsolidated financial statements.

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

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

ACCOUNTING POLICIES (Continued)

I. Basis of Presentation (Continued)

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

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

Purchase price of additional QNB Sigorta shares (51%)	981,000
Fair value of QNB Sigorta shares held by the Parent Bank before the acquisition (49%)	1,267,280
	2,248,280
Fair value of net assets controlled (100%)	2,586,285
Gain from bargaining purchase	**338,005**
Carrying value of QNB Sigorta shares held by the Parent Bank before the acquisition (49%)	285,763
Fair value of QNB Sigorta shares held by the Parent Bank before the acquisition (49%)	1,267,280
Value increase in shares owned before the acquisition	**981,517**
Gross profit resulting from the change of control	**1,319,522**
Tax Effect	(99,312)
Net profit resulting from the change of control	**1,220,211**

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

Assets	**4,323,739**
Cash and Cash Equivalents	1,124,051
Agency Contract	2,113,426
Other Assets	1,086,262
Liabilities	**1,737,454**
Trade Payables	96,264
Insurance Technical Provisions	1,443,976
Tax Liability	68,541
Other Liabilities	128,673
Net Assets Defined at Fair Value	**2,586,285**
Carrying value of QNB Sigorta shares held by the Bank before the acquisition (49%)	(285,763)
Net profit as a result of control transfer	(1,319,522)
Purchase price of additional QNB Sigorta shares (51%)	**981,000**

ACCOUNTING POLICIES (Continued)

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

1. Strategy for the use of financial instruments

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

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

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

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

2. Foreign currency transactions

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

The Group accounts for the transactions denominated in foreign currencies in accordance with TAS 21 “The Effects of Changes in Foreign Exchange Rates”. Foreign exchange gains and losses arising from transactions that are completed, As of December 31, 2023 are translated to TRY by using historical foreign currency exchange rates. Balances of the foreign currency denominated assets and liabilities except for non-monetary items are converted into TRY by using foreign currency exchange rates of the Parent Bank for the period end and the resulting exchange differences are recorded as foreign exchange gains and losses. Foreign currency nonmonetary items measured at fair value are converted with currency exchange rates at the time of fair value measurement.

2.2. Total exchange rate differences that are included in net profit or loss for the year

The foreign currency position of the Parent Bank and the profit/loss from the foreign exchange transactions realized are included in the statement of profit or loss comprehensive foreign exchange gains/losses and income/losses from derivative financial instruments in the statement of profit or loss comprehensive. 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 December 31, 2023, derivative financial transactions loss amounting to TRY 9,215,435 (December 31, 2022 – TRY 6,835,151 derivative financial transactions loss) and net foreign exchange gain amounting to TRY 20,169,182 - (December 31, 2022 – TRY 6,343,696 net foreign exchange gain), excluding net interest expense amounting to TRY 4,477,259 (December 31, 2022 – TRY 4,731,113 net interest expense) arising from derivative transactions, the net profit on foreign currency transactions is TRY 15,431,006 (December 31, 2022 – TRY 4,239,658 net profit on foreign currency transactions).

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

ACCOUNTING POLICIES (Continued)

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

2. Foreign currency transactions (Continued)

2.3. Foreign associates

None.

III. Information on Subsidiaries and Entities Under Common Control

The accompanying consolidated financial statements are prepared in accordance with TFRS 10 "Turkish Financial Reporting Standard in regards to Consolidated Financial Statements" and BRSA's "Regulation on Preparation of Consolidated Financial Statements of Banks" published on the Official Gazette No. 26340 and dated November 8, 2006.

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

		Consolidation Method	Place of Establishment	Subject of Operations	Effective Share of the Group (%) December 31, 2023	December 31, 2022
1.	QNB Finans Yatırım Menkul Değerler A.Ş. (Finans Yatırım)	Full Consolidation	Türkiye	Securities Intermediary Services	100.00	100.00
2.	QNB Finans Portföy Yönetimi A.Ş. (Finans Portföy)	Full Consolidation	Türkiye	Portfolio Management	100.00	100.00
3.	QNB Finans Finansal Kiralama A.Ş. (Finans Leasing)	Full Consolidation	Türkiye	Financial Leasing	99.40	99.40
4.	QNB Finans Faktoring A.Ş. (Finans Faktoring)	Full Consolidation	Türkiye	Factoring Services	100.00	100.00
5.	QNB Finans Varlık Kiralama Şirketi A.Ş.	Full Consolidation	Türkiye	Asset Lease	100.00	100.00
6.	QNBeyond Ventures B.V.	Full Consolidation	Netherlands	Financial Holding	100.00	100.00
7.	QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş. (QNB Sigorta)	Full Consolidation	Türkiye	Private Pension and Insurance	100.00	49.00

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

Differences between the accounting policies of subsidiaries and entities under common control and those of the Parent Bank are adjusted, if material. The financial statements of the subsidiaries and entities under common control are prepared as of December 31, 2023.

1. Subsidiaries

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

Control is regarded as when the Parent Bank has the power over an investment made in a legal entity, is exposed to variable returns due to its relationship with the invested legal entity, has the ability to use its power over the invested business, and can influence the amount of returns it will obtain.

ACCOUNTING POLICIES (Continued)

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

1. Subsidiaries (Continued)

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

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

2. Associates and entities under common control

The Parent Bank does not have any financial associates and entities under common control that are consolidated in the accompanying financial statements.

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

IV. Explanations on Futures and Options Contracts and Derivative Products

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

In cash flow hedge accounting

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

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

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

In fair value hedge accounting

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

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

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

QNB Finans Finansal Kiralama A.Ş., the subsidiary of the Parent Bank applies hedge accounting by means of swaps for the purpose of hedging the changes in interest and exchange rates regarding securities issued, borrowings and financial leasing receivables.

Fair value hedge accounting effects are accounted under “Derivative Financial Transactions Profit/Loss from Derivative Financial Transactions” in the statement of profit or loss.

QNB Finans Finansal Kiralama A.Ş., the subsidiary, conducts efficiency tests on every balance sheet date for transactions where fair value hedge accounting is applied.

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

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

When the hedging instrument expires, is executed or sold and when the hedge relationship becomes ineffective or is discontinued as a result of the hedge relationship being revoked, adjustments made to the carrying amount of the hedged item are transferred to profit and loss with straight line method for portfolio hedges or with effective interest rate method for micro hedges. In case the hedged item is derecognized, hedge accounting is discontinued and within context of fair value hedge accounting, adjustments made to the value of the hedged item are accounted in 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 December 31, 2023, fair value exchange difference adjustment amounting to TRY 1,114,764 which is shown intangible assets in the balance sheet, is amortized over the economic life of the property subject to hedging.

V. Explanations on Interest Income and Expenses

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

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

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

ACCOUNTING POLICIES (Continued)

VI. Explanations on Fees and Commission Income and Expenses

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

VII. Explanations and Disclosures on Financial Instruments

Initial recognition of financial instruments

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

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model. A financial asset or financial liability, excluding assets assessed under TFRS 15, is initially measured at its fair value when first recognized in the financial statements. In the initial measurement of financial assets and liabilities, excluding those for which fair value changes are reflected in profit or loss, transaction costs directly attributable to the acquisition or issuance are either added to or deducted from their fair value.

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

Assessment of business model

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

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

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

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

ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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

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

Other business models

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

Measurement categories of financial assets and liabilities

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

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

Financial assets at the fair value through profit or loss

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

In accordance with the Uniform Chart of Accounts (UCoA) explanations, the positive difference between the acquisition cost and the discounted value of a financial asset is recorded under “Interest Income” If the fair value of the asset exceeds the discounted value, the positive difference is recorded in the “Capital Market Transactions Profits” account. Conversely, if the fair value is lower than the discounted value, the negative difference between the discounted value and the fair value is recorded in the “Capital Market Transactions Losses” account. In cases where such assets are sold before their maturities, the gains/losses on such sales are recorded under trading account income/losses.

Financial assets at fair value through other comprehensive income

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

ACCOUNTING POLICIES (Continued)

VII. Explanations and Disclosures on Financial Instruments (Continued)

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

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 are accounted under the “Other comprehensive income/expense items to be reclassified to profit/loss” under shareholders’ equity. Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost, less provision for impairment.

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

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

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

Financial assets measured at amortized cost

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

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

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses

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

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

Stage 1

For the financial assets at initial recognition or that do not have a significant increase in credit risk since initial recognition. Impairment for credit risk is recorded in the amount of expected credit losses on the 12-month default risk. It is calculated 12-month expected credit loss based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate. As of December 31, 2023, minimum probability of default rate of Basel II is used in the expected credit loss calculation of receivables from public institutions and organizations. Such calculation is performed for each of three scenarios explained below.

Stage 2

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

Stage 3

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

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Calculation of expected credit losses

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

While the expected credit loss is estimated, three scenarios (internal mild negative, internal negative, internal severe negative) are evaluated. Each of these scenarios was associated with the different PD and LGD.

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

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

Probability of default ("PD")

The PD represents the likelihood of a default over a specified time period. A 12-month PD represents the likelihood of default determined for the next 12 months and a lifetime PD represents the probability of default over the remaining lifetime of the instrument. The lifetime PD calculation is based on a series of 12-month PIT PDs that are derived from through the cycle (TTC) PDs and scenario forecasts. It is used internal rating systems for both retail and commercial portfolios to measure risk level. The internal rating models used for the commercial portfolio include customer financial information and qualitative survey responses. PD models used in the retail portfolio include the behavioral data of the customer and the product in the bank and the demographic information 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 economic loss at the time of a potential default occurring during the life of a financial instrument. The LGD is calculated taking into account expected future cash flows from collateral and other credit enhancements by considering time value of money. LGD calculations are performed using historical data which best reflects current conditions, by formation of segments based on certain risk factors that are deemed important for each portfolio and inclusion of forward-looking information and macroeconomic expectations. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the "time value of money" calculated by means of deducting costs and additional losses from the present value of collections. Except for corporate loans for which LGD is assigned individually or as prescribed by the Basel Committee, the Parent Bank bases its LGD estimates on models for corporate portfolios and on past experiences for housing loans and unsecured loans.

Exposure at default ("EAD")

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

ACCOUNTING POLICIES (Continued)

VIII. Explanations on Expected Credit Losses (Continued)

Consideration of the macroeconomic factors

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

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

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

The Parent Bank updates the macroeconomic variables used in expected credit loss calculations twice a year and applies them to its models. In addition, The Parent Bank revised its macroeconomic expectations and weights in the calculation of expected credit losses on December 31, 2023. Due to the nature of the model effects, events that cause changes and their effects occur at different times. For this reason, the Parent Bank has made individual valuations in order to eliminate the timing difference and provided additional provisions for the sector and customers that are considered to have a high impact.

This approach, which is preferred in provision calculations for 2023, will be revised in the following reporting periods, taking into account the existing portfolio and future expectations.

Calculating the expected loss period

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

Significant increase in credit risk

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

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

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

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

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 case the write-off of the uncollectible receivables comes to the agenda, one of the methods of destruction, sale of receivables and write-down can be applied.

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

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

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

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

Within the scope of TFRS 9, the amount written off by the Parent Bank during the period is TRY 10,113 (December 31, 2022: TRY 361,940) and the effect on the NPL ratio of the Parent Bank is 0.00% (December 31, 2022: 0.10%). While the NPL ratio is 1.85% (December 31, 2022: 2.66%) with the current period non-performing loan figures, the calculated rate including the loans written off during the year is 1.85% (December 31, 2022: 2.76%).

IX. Explanations on Netting of Financial Instruments

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

X. Derecognition of Financial Instruments

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

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

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

ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

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

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 is derecognized . Except for equity instruments measured at fair value through other comprehensive income, the total amount consisting of the gain or loss arising from the difference between the book value and the amount obtained and any accumulated gain directly accounted in equity shall be recognized in profit/loss.

c) Derecognition of financial liabilities

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

d) Reclassification of financial instruments

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

e) Restructuring and refinancing of financial instruments

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

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

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

- Subsequent to the thorough review of company's financial data and its owners' equity position, at circumstances when it is not anticipated that the owner of the company will face financial difficulties; and it is assessed that the restructured debt will be paid on time,
- At least 1 year should pass over the date of restructuring , 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,
- The delayed payments having been collected, reasons for classifying as doubtful receivables eliminated, (in accordance with the conditions stated above) and being no delays as of the day of reclassification, in principal and/or interest payments, with no doubts about the timely settlement of future payments

ACCOUNTING POLICIES (Continued)

X. Derecognition of Financial Instruments (Continued)

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

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

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

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

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

Securities that are subject to repurchase agreements as at the balance sheet date amounted to TRY 39,923,647 (December 31, 2022 – TRY 30,168,346).

As of December 31, 2023 the Parent Bank has no securities that are subject to lending transactions (December 31, 2022 – None).

Securities purchased with a commitment to resell (reverse repurchase agreements) has shown under "Cash and Cash Equivalents" on the line of "Money Market Placements" in the balance sheet. The difference resulting from purchase and resale prices is treated as interest income and accrued over the life of the agreement.

XII. Explanations on Assets Held for Sale and Discontinued Operations

In accordance with IFRS 5 ("Assets Held for Sale and Discontinued Operations"), assets classified as held for sale are measured at lower of carrying value or fair value less costs to sell. Amortization on subject asset is ended and these assets are presented separately on financial statements. An asset (or a disposal group) is regarded as "asset held for sale" only when the sale is highly probable and the asset (disposal group) is available for immediate sale in its present condition. For a highly probable sale, there must be a valid plan prepared by the management for the sale of asset including identification of possible buyers and completion of sale process. Furthermore, the asset (or a disposal group) should be actively marketed at a price consistent with its fair value. Various events and conditions may prolong the sale procedures for more than one year. In case subject delay is caused by the events and conditions beyond the Group's control and there is enough evidence that plans to sell subject asset (or a disposal group) continue subject assets continue to be classified as assets held for sale. As of December 31, 2023, the Group has assets held for sale and discontinued operations explained in footnote 1.15. of Section Five.

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

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

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

ACCOUNTING POLICIES (Continued)

XIII. Explanations on Goodwill and Other Intangible Assets

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

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

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

If there is objective evidence of impairment, the asset's recoverable amount is estimated in accordance with the Turkish Accounting Standard on Impairment of Assets (TAS 36) and if the recoverable amount is less than the carrying value of the related asset, a provision for impairment loss is made.

XIV. Explanations on Tangible Assets

Initial records of tangible fixed assets are made based on their cost, which is calculated by adding the acquisition amount and other direct expenses necessary to make the asset usable. Tangible assets are valued at their remaining amounts after deducting accumulated depreciation and accumulated value decreases, if any, from their cost in the period following their recording.

As of December 31, 2023, the Parent Bank started to account for its properties, under the tangible assets with their revalued amounts instead of their cost values in accordance with "TAS 16 Plant and Equipment". The revaluation difference arising from the valuations made by the appraisal firms authorized by Capital Markets Board ("CMB") and BRSA is accounted in Investment Properties Revaluation Differences line under the Shareholders' Equity.

As of each reporting date, the Parent Bank evaluates whether there is any indication that its assets may be impaired; If such an indication exists, the recoverable amount of the relevant asset is estimated within the framework of TAS 36 - Impairment of Assets standard and allocates a provision for impairment if the recoverable amount is below the book value of the relevant asset.

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 "Turkish Accounting Standard on Impairment of Assets" (TAS 36).

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions

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

TFRS 16 Leases

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

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

Right of use assets

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

The right use includes the presence of:

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

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

Lease Liabilities

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

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and unpaid on the date the lease actually starts:

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

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

ACCOUNTING POLICIES (Continued)

XV. Explanations on Leasing Transactions (Continued)

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

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

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

Short-Term Leases and Leases of Low-Value Assets

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

Due to the Group’s implementation of TFRS 16, right of use assets classified under tangible assets as of December 31, 2023 amounted to TRY 1,351,093 (December 31, 2022 – TRY 763,013), lease liability amounted to TRY 1,193,405 (December 31, 2022 – TRY 755,012), financing expense amounted to TRY 104,365 (December 31, 2022 – TRY 98,182) and depreciation expense amounted to TRY 323,714 (December 31, 2022 – TRY 260,707).

XVI. Explanations on Factoring Receivables

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

XVII. Explanations on Provisions and Contingent Liabilities

Provisions, other than specific and general provisions for loans and other receivables, and contingent liabilities are provided for in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Provisions are accounted for immediately when obligations arise as a result of past events and a reliable estimate of the obligation is made by the Parent Bank. A provision is recorded in the financial statements if there is a present obligation as a result of past events, it is probable that the obligation will be settled and the amount of the obligation can be measured reliably. If the mentioned criteria are not met, the Group explains the said issues in the explanations and footnotes related to the financial statements. In cases where reliable estimate cannot be made of the amount of the obligation, it is considered contingent liabilities. For contingent liabilities if the probability that the event will occur is greater than the probability that it will not and the amount of the obligation can be measured reliably, a provision is made.

XVIII. Explanations on Obligations of the Group for Employee Benefits

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XIX. Explanations on Insurance Technical Provisions

Insurance companies are subject to TFRS 4 "Insurance Contracts". The TFRS 4 "Insurance Contracts" standard stipulates that all contracts issued by insurance companies must be classified as either insurance contracts or investment contracts. Contracts carrying a significant insurance risk are classified as insurance contracts. Insurance risk is defined as risks transferred by the policyholder (insured) to the insurer, excluding financial risks. Contracts that do not carry a significant insurance risk are classified as investment contracts.

Investment contracts are accounted for under TFRS 9 "Financial Instruments." In the consolidated financial statements, insurance technical provisions consist of unearned premium reserves, unexpired risks reserve, outstanding claims provision and life insurance mathematical reserves.

According to the Technical Reserves Regulation, the entity must recognize adequate mathematical reserves based on actuarial principles to meet its obligations to policyholders and beneficiaries for life, health and personal accident insurance contracts with a duration of more than one year.

Mathematical reserves are recognized as based on the formulas and principles given in the technical principles of the tariffs for the life insurances with a term longer than one year.

Outstanding claims liabilities are recognized for incurred but not reported claims and estimated amounts for claims and indemnities that have been calculated but not yet paid. For estimating ultimate losses, loss reserves are modeled and calculations sensitive to legal, economic and various factors/uncertainties are made, taking into account past loss experience, loss development, market conditions and other relevant factors.

ACCOUNTING POLICIES (Continued)

XX. Explanations on Taxation

1. Corporate tax

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

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

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

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

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

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

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

ACCOUNTING POLICIES (Continued)

XX. Explanations on Taxation (Continued)

1. Corporate tax (Continued)

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:

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

- To be more than 10% in the current accounting period.

The law on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, with the Law No. 7352, and the conditions regarding the inflation adjustment within the scope of the repeated article 298 are determined in the 2021 and 2022 accounting periods and the 2023 accounting period temporary tax periods, including the temporary accounting periods. It has been decided that the financial statements will not be subject to inflation adjustment, regardless of whether the financial statements have been made. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 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. After the third paragraph of temporary Article 33 of Law No. 213 and Article 17 of Law No. 7491, the following provision is added: 'For banks, companies within the scope of Law No. 6361 on Financial Leasing, Factoring, Financing, and Savings Financing Companies, payment and electronic money institutions, authorized exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies, and pension companies, the profit/loss difference arising from inflation adjustments made during the 2024 and 2025 accounting periods, including temporary tax periods, shall not be considered in determining income.

Article 31 of Law No. 7338 and additional paragraph (Ç) to article 298 of Law No. 213 have been added, which provides for taxpayers subject to full income or corporation tax and who keep their books on the basis of balance sheet accounting (including partnerships, ordinary limited partnerships, and ordinary companies, except for those who make inflation adjustments regardless of the conditions set forth in item (1) of the paragraph (9) of the item (A), and those who are allowed to keep their records in a currency other than the Turkish lira), to reevaluate their amortizable economic assets that are included in their balance sheets at the end of the fiscal year in which the conditions for making inflation adjustments under item (1) of paragraph (A) are not met, provided that such assets retain their qualities as such (except for those that are subject to sale-leaseback transactions or issuance of lease certificates), and their amortizations shown in the balance sheet's liabilities section, in accordance with the conditions stipulated by the law.

In this context, the economic assets registered as assets of the Parent Bank were subject to revaluation within the scope of temporary Article 32 and Recurrent Article 298/ç of the Tax Procedure Law.

ACCOUNTING POLICIES (Continued)

XX. Explanations on Taxation (Continued)

2. Deferred Tax

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

The Corporate Tax rate for banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies will be applied as 30%, starting from the declarations that must be submitted as of October 1, 2023, and will also be applied to the profits earned in 2023 and subsequent taxation periods. As of December 31, 2023, deferred tax calculation has been made for assets and liabilities at a rate of 30%.

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

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

3. Transfer Pricing

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

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

XXI. Additional Explanations on Borrowings

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

XXII. Explanations on Share Issues

There are no shares issued in the current year (December 31, 2022 – None).

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

ACCOUNTING POLICIES (Continued)

XXIII. Explanations on Confirmed Bills of Exchange and Acceptances

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

XXIV. Explanations on Government Incentives

As of December 31, 2023, the Group does not have any governmental incentives or support (December 31, 2022 – None).

XXV. Explanations on Segment Reporting

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

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

Corporate and Commercial Banking serves corporate firms with an annual turnover of TRY 2,5 billion (full TRY) or more, multinational companies operating in Türkiye, and commercial firms with an annual turnover of TRY 250 million – 2,5 billion (full TRY). In addition to the financing and investment needs of its customers, it offers products that will facilitate the payment and collection processes in both domestic and foreign trade. It produces solutions that will create added value for all the needs of its customers with its customer-oriented service approach, company-specific solution approach and strategy to establish long-term business partnerships.

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

Current Period (January 1 – December 31, 2023)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	**44,035,202**	**25,262,873**	**5,481,269**	**74,779,344**
Dividend Income	-	-	13,067	13,067
Gains/Losses on joint venture accounted for at equity method	-	-	-	-
Profit Before Taxes	**24,047,221**	**13,934,743**	**1,261,888**	**39,243,852**
Tax Provision (-)(*)	**-**	**-**	**6,065,918**	**6,065,918**
Net Profit/Loss	**24,047,221**	**13,934,743**	**(4,804,030)**	**33,177,934**
Total Assets	**270,185,530**	**332,534,621**	**363,252,162**	**1,023,422,179**
Segment Assets	270,185,530	332,534,621	363,252,162	965,972,313
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	187,930
Undistributed Assets	-	-	-	57,261,936
Total Liabilities	**407,646,366**	**197,497,269**	**268,528,957**	**1,023,422,179**
Segment Liabilities	407,646,366	197,497,269	268,528,957	873,672,592
Undistributed Liabilities	-	-	-	68,115,107
Equity	-	-	-	81,634,480
Other Segment Accounts	**3,365,611**	**2,287,072**	**(743,123)**	**4,909,560**
Capital Expenditures	2,463,638	1,674,144	(540,413)	3,597,369
Amortization	901,973	612,928	(202,710)	1,312,191

(*) No tax provision has been distributed.

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

ACCOUNTING POLICIES (Continued)

XXV. Explanation on Segment Reporting (Continued)

Prior Period (January 1– December 31, 2022)	Retail Banking	Corporate and Commercial Banking	Treasury and Head Office	Total Operations of the Group
Operating Income	**13,442,486**	**11,859,601**	**21,595,549**	**46,897,636**
Dividend Income	-	-	16,976	16,976
Gains/Losses on joint venture accounted for at equity method	-	-	219,325	219,325
Profit Before Taxes	**4,723,097**	**6,046,524**	**13,884,507**	**24,654,128**
Tax Provision (-)(*)	**-**	**-**	**7,427,908**	**7,427,908**
Net Profit/Loss	**4,723,097**	**6,046,524**	**6,456,599**	**17,226,220**
Total Assets	**126,454,786**	**236,630,113**	**228,648,529**	**621,143,814**
Segment Assets	126,454,786	236,630,113	228,648,529	591,733,428
Associates, Subsidiaries and Entities Under Common Control (Joint Ventures)	-	-	-	462,086
Undistributed Assets	-	-	-	28,948,300
Total Liabilities	**253,680,550**	**128,856,795**	**144,695,892**	**621,143,814**
Segment Liabilities	253,680,550	128,856,795	144,695,892	527,233,237
Undistributed Liabilities	-	-	-	49,634,445
Equity	-	-	-	44,276,132
Other Segment Accounts	986,034	664,806	(62,799)	1,588,041
Capital Expenditures	442,465	298,320	300	741,085
Amortization	543,569	366,486	(63,099)	846,956

(*) No tax provision has been distributed.

XXVI. Explanations on Profit Reserves and Profit Distribution

The General Assembly Meeting of the Parent Bank was held on March 30, 2023. In the Board of Directors, it was decided that profit distribution 2022 operations to be distributed as follows.

2022 Profit Distribution Table	
Current Year Profit	**17,223,766**
A – First Legal Reserves (Turkish Commercial Code 519/A) 5%	28,298
C – Extraordinary Reserves	17,195,468

XXVII. Earnings per Share

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

	Current Period	Prior Period
Group’s Net Profit for the Period	33,172,965	17,223,799
Weighted Average Amount of Shares Issued (Thousands)	33,500,000	33,500,000
Earnings per Share	**0.9902**	**0.5141**

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

Amount of issued bonus shared in 2023 is none (Amount of issued bonus shared in 2022 is none).

ACCOUNTING POLICIES (Continued)

XXVIII. Explanations on Other Matters

As stated in the PDP statement made on November 25, 2022, it was decided to continue the Enpara banking services, which are offered under the "Enpara" trademark within the Bank, under a separate legal entity independent from the Bank in order to ensure maximum value creation for the Bank's shareholders. In order to implement this decision, it is planned to establish a deposit bank under the name of Enpara Bank A.Ş. and transfer the Bank's Enpara banking services to the newly established bank by partial separation. The application for establishment permit made by the founding partners for the new bank establishment in question was finalized on August 5, 2023 and the establishment permit was obtained for the Enpara Bank A.Ş.

After obtaining the establishment permit, Enpara Bank A.Ş. was registered on December 4, 2023, and the application for obtaining the operational permit in accordance with the required regulations was submitted on December 5, 2023. The completion of the audit process and after obtaining the operating permit, an application will be made to BRSA, CMB and other institutions and organizations that require permission in order to carry out partial separation transactions in a structure where the shareholder status and current share ratios of the Bank's controlling shareholder (QNB Group) and minority shareholders are preserved.

As of December 31, 2023, Enpara's banking activities to be separated represent 9.2% of the Parent Bank’s consolidated assets and liabilities. Assets and liabilities that will be removed from the balance sheet will not create any change in the Parent Bank’s equity. If such a separation had occurred on December 31, 2023, the Parent Bank capital adequacy ratio would have increased by 187 basis points to 17.78%. If such a separation had occurred on December 31, 2022, The Parent Bank's profit before tax for 2023 would be 11.5% lower.

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

SECTION FOUR

INFORMATION RELATED TO FINANCIAL POSITION AND RISK MANAGEMENT OF THE GROUP

I. Explanations on Consolidated Equity

Total capital and Capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks.” As of December 31, 2023, Group’s total capital has been calculated as TRY 112,478,019 (December 31, 2022: TRY 65,069,913), capital adequacy ratio is 15.92% (December 31, 2022: 14.50%) calculated pursuant to former regulations.

In the calculation of the amount subject to credit risk, in accordance with the Regulation on the Measurement and Evaluation of Capital Adequacy of Banks (Regulation) published in the Official Gazette dated October 23, 2015, as stated in the Board Decision dated April 28, 2022 and numbered 9996, with the decision dated January 31, 2023 and numbered 10496; when calculating the values of monetary assets and non-monetary assets, other than items in foreign currency measured in historical cost, pursuant to TAS and related special provisions; the application for the use of the Central Bank of the Republic of Türkiye foreign exchange buying rate as of December 31, 2021 has been decided to continue using the CBRT's foreign exchange buying rate as of December 30, 2022, until a BRSA Decision to the contrary is taken.

In accordance with the BRSA's decision numbered 9996, dated December 21, 2021, if the net fair value gain/loss of the securities held by banks in the "Securities at Fair Value Through Other Comprehensive Income" portfolio are negative as of this decision date, the option is provided to not take into account these losses in the calculation of the equity amount to be used for the calculation of capital adequacy ratio, to be calculated in accordance with the Regulation on Banks' Equity published in the Official Gazette dated September 5, 2013. It is also decided to continue the application of the current provisions of the Regulation for the "Securities at Fair Value Through Other Comprehensive Income" acquired after the date of this decision.

Components of consolidated shareholders’ equity items

	Current Period December 31, 2023	Prior Period December 31, 2022
COMMON EQUITY TIER 1 CAPITAL		
Paid-in capital following all debts in terms of claim in liquidation of the Bank	3,350,000	3,350,000
Share issue premiums	714	714
Reserves	38,203,368	20,979,569
Gains recognized in equity as per TAS	9,637,262	3,460,024
Profit	33,172,965	17,223,799
Current Period Profit	33,172,965	17,223,799
Prior Period Profit	-	-
Shares acquired free of charge from subsidiaries, affiliates and jointly controlled partnerships and cannot be recognized within profit for the period	1,602	1,031
Minorities’ Share	16,785	11,816
Common Equity Tier 1 Capital Before Deductions	**84,382,696**	**45,026,953**
Deductions from Common Equity Tier 1 Capital		
Common Equity as per the 1st clause of Provisional Article 9 of the Regulation on the Equity of Banks	-	-
Portion of the current and prior periods’ losses which cannot be covered through reserves and losses reflected in equity in accordance with TAS	2,740,465	1,099,566
Improvement costs for operating leasing	209,781	110,385
Goodwill (net of related tax liability)	-	-
Other intangibles other than mortgage-servicing rights (net of related tax liability)	3,774,422	948,015
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
Differences are not recognized at the fair value of assets and liabilities subject to hedge of cash flow risk	-	-
Communiqué Related to Principles of the amount credit risk calculated with the Internal Ratings Based Approach, total expected loss amount exceeds the total provision	-	-
Gains arising from securitization transactions	-	-
Unrealized gains and losses due to changes in own credit risk on fair valued liabilities	-	-
Defined-benefit pension fund net assets	-	-
Direct and indirect investments of the Bank in its own Common Equity	-	-
Shares obtained contrary to the 4th clause of the 56th Article of the Law	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Portion of mortgage servicing rights exceeding 10% of the Common Equity	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of the Common Equity	-	-
Amount exceeding 15% of the common equity as per the 2nd clause of the Provisional Article 2 of the Regulation on the Equity of Banks	-	-
Excess amount arising from the net long positions of investments in common equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital	-	-
Excess amount arising from mortgage servicing rights	-	-
Excess amount arising from deferred tax assets based on temporary differences	-	-
Other items to be defined by the BRSA	-	-
Deductions to be made from common equity due to insufficient Additional Tier I Capital or Tier II Capital	-	-
Total Deductions From Common Equity Tier 1 Capital	**6,724,668**	**2,157,966**
Positive difference between the amount of expected credit losses before implementation of TFRS 9 and expected credit losses from TFRS 9 adoption	-	-
Total Common Equity Tier 1 Capital	**77,658,028**	**42,868,987**

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

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

I. Explanations on Consolidated Equity (Continued)

	Current Period December 31, 2023	Prior Period December 31, 2022
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity and the Related Share Premiums	-	-
Debt instruments and premiums approved by BRSA	15,455,055	9,815,715
Debt instruments and premiums approved by BRSA(Temporary Article 4)	-	-
Third parties' share in the Additional Tier I capital	-	-
Third parties' share in the Additional Tier I capital (Temporary Article 3)	-	-
Additional Tier I Capital before Deductions	**15,455,055**	**9,815,715**
Deductions from Additional Tier I Capital	-	-
Direct and indirect investments of the Bank in its own Additional Tier I Capital	-	-
Investments of Bank to Banks that invest in Bank's additional equity and components of equity issued by financial institutions with compatible with Article 7.	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital	-	-
Other items to be defined by the BRSA	-	-
Transition from the Core Capital to Continue to deduce Components	-	-
Goodwill and other intangible assets and related deferred tax liabilities which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Net deferred tax asset/liability which is not deducted from Common equity Tier 1 capital for the purposes of the sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds (-)	-	-
Deductions to be made from common equity in the case that adequate Additional Tier I Capital or Tier II Capital is not available (-)	-	-
Total Deductions From Additional Tier I Capital	-	-
Total Additional Tier I Capital	**15,455,055**	**9,815,715**
Total Tier I Capital (Tier I Capital=Common Equity+Additional Tier I Capital)	**93,113,083**	**52,684,702**
TIER II CAPITAL		
Debt instruments and premiums deemed suitable by the BRSA	-	-
Debt instruments and premiums deemed suitable by BRSA (Temporary Article 4)	11,333,707	7,198,191
Third parties' share in the Tier II Capital	-	-
Third parties' share in the Tier II Capital (Temporary Article 3)	-	-
Provisions (Article 8 of the Regulation on the Equity of Banks)	8,090,624	5,227,864
Tier II Capital Before Deductions	**19,424,331**	**12,426,055**
Deductions From Tier II Capital	-	-
Direct and indirect investments of the Bank on its own Tier II Capital (-)	-	-
Investments of Bank to Banks that invest on Bank's Tier 2 and components of equity issued by financial institutions with the conditions declared in Article 8.	-	-
Portion of the total of net long positions of investments made in equity items of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or less of the issued common share capital exceeding 10% of Common Equity of the Bank(-)	-	-
Portion of the total of net long positions of investments made in Additional Tier I Capital item of banks and financial institutions outside the scope of consolidation where the Bank owns 10% or more of the issued common share capital exceeding 10% of Common Equity of the Bank	-	-
Other items to be defined by the BRSA (-)	-	-
Total Deductions from Tier II Capital	-	-
Total Tier II Capital	**19,424,331**	**12,426,055**
Total Capital (The sum of Tier I Capital and Tier II Capital)	**112,537,414**	**65,110,757**
Total Capital		
Deductions from Capital Loans granted contrary to the 50th and 51th Article of the Law	9,598	8,049
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 (-)	49,797	32,795
In transition from Total Core Capital and Supplementary Capital (the capital) to Continue to Download Components	-	
The Sum of net long positions of investments (the portion which exceeds the 10% of Banks Common Equity) in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the Additional Tier 1 capital and Tier 2 capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity which will not deducted from Common Equity Tier 1 capital, Additional Tier 1 capital, Tier 2 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-
The Sum of net long positions of investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity, mortgage servicing rights, deferred tax assets arising from temporary differences which will not deducted from Common equity Tier 1 capital for the purposes of the first sub-paragraph of the Provisional Article 2 of the Regulation on Banks' Own Funds	-	-

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

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

I. Explanations on Consolidated Equity (Continued)

	Current Period December 31, 2023	Prior Period December 31, 2022
TOTAL CAPITAL		
Total Capital	112,478,019	65,069,913
Total risk weighted amounts	706,673,784	448,723,522
Capital Adequacy Ratios		
Consolidated Core Capital Adequacy Ratio (%)	10,99	9,55
Consolidated Tier 1 Capital Adequacy Ratio (%)	13,18	11,74
Consolidated Capital Adequacy Ratio (%)	15,92	14,50
BUFFERS		
Bank specific total common equity tier 1 capital ratio	3,50	3,51
a) Capital conservation buffer requirement (%)	2,50	2,50
b) Bank specific counter-cyclical buffer requirement (%)	0,00	0,01
c) Systemic significant bank buffer ratio (%)	1,00	1,00
The ratio of Additional Common Equity Tier 1 capital which will be calculated by the first paragraph of the Article 4 of Regulation on Capital Conservation and Countercyclical Capital buffers to Risk Weighted Assets (%)	4,99	3,55
Amounts below the Excess Limits as per the Deduction Principles		
Portion of the total of net long positions of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	-	-
Portion of the total of investments in equity items of unconsolidated banks and financial institutions where the bank owns 10% or less of the issued share capital exceeding the 10% threshold of above Tier I capital	2,800	288,563
Amount arising from mortgage-servicing rights	-	-
Amount arising from deferred tax assets based on temporary differences	-	-
Limits related to provisions considered in Tier II calculation	-	
General provisions for standard based receivables (before ten thousand twenty-five limitation)	20,952,466	10,030,638
Up to 1.25% of total risk-weighted amount of general reserves for receivables where the standard approach used	8,090,624	5,227,864
Excess amount of total provision amount to credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Excess amount of total provision amount to 0.6% of risk weighted receivables of credit risk Amount of the Internal Ratings Based Approach in accordance with the Communiqué on the Calculation	-	-
Debt instruments subjected to Article 4 (to be implemented between January 1, 2018 and January 1, 2022)	-	
Upper limit for Additional Tier I Capital subjected to temporary Article 4	15,455,055	9,815,715
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	11,333,707	7,198,191

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

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

I. Explanations on Consolidated Equity (Continued)

Information on debt instruments included in the calculation of equity

Information on debt instruments included in the calculation of equity			
	1	**2**	**3**
Issuer	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.	QATAR NATIONAL BANK Q.P.S.C.
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	ISIN: XS2678233243 Common Code: 267823324
Governing law(s) of the instrument	BRSA	BRSA	It is subject to English Law and, with respect to certain articles, to Turkish regulations (CMB-BRSA).
Regulatory treatment	Additional Capital	Supplementary Capital	Supplementary Capital
Since 1.1.2015 10% reduction by being subject to the application	No	No	No
Eligible at stand-alone/consolidated	Standalone - Consolidated	Standalone - Consolidated	Standalone - Consolidated
Instrument type (types to be specified by each jurisdiction)	Loan	Loan	Subordinated debt instrument (Bond)
Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	15,469	2,529	8,831
Par value of instrument (Currency in million)	15,469	2,529	8,831
Accounting classification	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost	Liability – Subordinated Loans- amortized cost
Original date of issuance	June 30, 2019	May 26, 2022	Nov 15, 2023
Perpetual or dated	Perpetual	Dated	Dated
Original maturity date	-	8 years	10 years
Issuer call subject to prior BRSA approval	Yes	Yes	Yes
Optional call date, contingent call dates and redemption amount	Every 5 years	3 years	5 years
Subsequent call dates, if applicable	-	-	-
Coupons/dividends	-	-	-
Fixed or floating dividend/coupon	Fixed	Floating	Fixed
Coupon rate and any related index	First 5 years fixed at 9.50%, next 5 years fixed at MS + 7.36	SOFR + 5.10%	10.75%
Existence of a dividend stopper	Interest will not be processed for the value reduced after the impairment date.	-	-
Fully discretionary, partially discretionary or mandatory	Discretionary	-	-

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

I. Explanations on Consolidated Equity (Continued)

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

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

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

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

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

I. Explanations on Consolidated Equity (Continued)

Explanations on the reconciliation of shareholders' equity items and balance sheet amounts

	Current Period	Prior Period
Balance sheet total equity	**81,634,480**	**44,276,132**
Hedge funds	(842,911)	(1,518,960)
Discounts made within the scope of the regulation	(3,983,832)	(1,057,753)
TFRS 9 transition period application (Temporary Article 5)	-	-
Accumulated revaluation and/or reclassification gains/losses on financial assets at fair value through other comprehensive income	850,291	1,169,568
Core Capital	**77,658,028**	**42,868,987**
Additional capital	15,455,055	9,815,715
Capital	**93,113,083**	**52,684,702**
Expected loss allowance (Stages 1 and 2)	8,090,624	5,227,864
Debt instruments deemed appropriate by the institution	11,333,707	7,198,191
Discounts made within the scope of the regulation	(59,395)	(40,844)
Total Equity	**112,478,019**	**65,069,913**

II. Explanations on Consolidated Risk Management

1. Consolidated credit risk explanations

Credit Risk Explanations Credit risk represents the risk arising due to the counter party's not fulfilling its responsibilities stated in the agreement either partially or totally.

Loan strategies and policies are determined by the Policy Committees. These policies and strategies are constituted in line with the applications of the Parent, and credit risk is managed according to these policies and strategies. The quality of loan portfolio is monitored regularly with the help of metrics which are in line with the Bank’s risk appetite, as specified in Risk Management Strategies.

Credit Risk Management takes place in every steps of the Group’s credit process from the beginning. Loan applications are evaluated by non-profit oriented independent loan granting departments. Loan Limits are determined on a product basis and in the aggregate for every individual, corporate customer and risk group. Furthermore, concentration on product, industry, region, are monitored within the frame of loan limits in line with the regulation.

The credibility of the debtors is monitored periodically in accordance with the related regulation. The statements presenting the financial position of the borrowers are obtained in accordance with the related regulation.

Loan limits of the loan customers are revised periodically in line with the Group’s loan limit revision procedures.

The Group analyses the credibility of the loans within the framework of its loan policies and obtains collaterals for loans.

The Group has control limits over the positions of forward transactions, options and other similar agreements. The credit risk arising from these instruments are managed together with the risks resulting from market fluctuations.

The Group monitors risks of forward transactions, options and other similar agreements and reduces the risk if necessary.

Indemnified non-cash loans are weighted in the same risk group with the past due but not impaired loans.

The restructured and rescheduled loans are monitored by the Group in line with the Group’s credit risk management procedures. The debtor’s financial position and commercial activities are continuously analyzed and the principal and interest payments of rescheduled loans are monitored by the related departments.

The restructured and rescheduled loans are evaluated in the Group’s current internal rating system besides the follow up method determined in the related regulation.

The risk of banking operation abroad and credit transactions is acceptable and there is no significant credit risk density in international banking market.

The policies implemented by the bank regarding the calculation of expected loss provisions are explained in note VIII of the third part. The bank has taken into consideration the general provision for overdue loans and special provision for impaired loans under the Regulation on Identification of and Provision against Non-Performing Loans and Other Receivables (the Provisioning Regulation).

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

In accordance with the Banking Regulation and Supervision Agency's Decision No. 10496 dated January 31, 2023;

In the calculation of the amount subject to credit risk in accordance with the Regulation on Measurement and Evaluation of Capital Adequacy of Banks (Capital Adequacy Regulation) published in the Official Gazette dated October 23, 2015 and numbered 29511, specified in the Board Decision No. 9996 dated April 28, 2022; the practice of using the foreign exchange buying rate of the Central Bank of the Republic of Turkey (Central Bank) as of December 31, 2021 when calculating the valued amounts of monetary assets and non-monetary assets, other than foreign currency items measured in historical cost, in accordance with Turkish Accounting Standards and the relevant special provision amounts; Until a Board Decision to the contrary is taken, it will be continued by using the Central Bank foreign exchange buying rate of December 30, 2022,

In case the net valuation differences of the securities held by the banks in the portfolio of “Securities at Fair Value Through Other Comprehensive Income” as of the date of this Decision are negative, these differences will be calculated in accordance with the Regulation on the Equity of Banks published in the Official Gazette dated September 5, 2013, and allowing the opportunity not to be taken into account in the amount of equity to be used for the capital adequacy ratio, continuing to apply the existing provisions of the aforementioned Regulation for "Securities at Fair Value Reflected in Other Comprehensive Income" acquired after the date of this decision,

With the attached decision of the Banking Regulation and Supervision Agency dated January 31, 2023 and numbered 10496, the Capital Adequacy Regulation;

The limit related to the definition of small and medium-sized enterprises (SMEs) stated in the first paragraph of Article 3(vv) is determined as TRY 500,000,000 for domestically resident SMEs and for internationally resident SMEs, it determined to use the SME definition employed by the banking authority of the country where the SME is located for the calculation of capital adequacy.

It has been reported that a decision has been made to set the retail credit limit mentioned in the first sentence of the second paragraph of Article 6(c) at 20,000,000 Turkish Lira.

- The receivables of the Group from its top 100 cash loan customers are 23% in the total cash loans (December 31, 2022 – 26%).
- The receivables of the Group from its top 200 cash loan customers are 28% in the total cash loans (December 31, 2022 – 31%).
- The receivables of the Group from its top 100 non-cash loan customers are 44% in the total non-cash loans (December 31, 2022 – 44%).
- The receivables of the Group from its top 200 non-cash loan customers are 53% in the total non-cash loans (December 31, 2022 – 54%).
- The share of cash and non-cash receivables of the Group from its top 100 loan customers in total cash and non-cash loans is 23% (December 31, 2022 – 25%).
- The share of cash and non-cash receivables of the Group from its top 200 loan customers in total cash and non-cash loans is 28% (December 31, 2022 – 30%).
- The Group general total provision is amounted to TRY 20,952,466 (December 31, 2022 – TRY 10,030,638).
- As of December 31, 2023 Provision for probable risks in the Group’s loan portfolio amount is not included (December 31, 2022 – None).

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

	Current Period		Prior Period	
Exposure Categories	**Risk Amount (*)**	**Average Risk Amount (**)**	**Risk Amount (*)**	**Average Risk Amount (**)**
Conditional and unconditional receivables from central governments and Central Banks	280,531,959	225,715,086	159,367,372	139,599,639
Conditional and unconditional receivables from regional or local governments	179,707	220,863	241,765	259,768
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	726,920	643,521	895,513	1,477,607
Conditional and unconditional receivables from multilateral development banks		-	-	-
Conditional and unconditional receivables from international organizations		-	-	-
Conditional and unconditional receivables from banks and brokerage houses	70,003,545	77,197,587	58,948,371	62,795,227
Conditional and unconditional receivables from corporates	214,790,646	206,874,196	186,340,459	159,471,406
Conditional and unconditional receivables from retail portfolios	245,252,644	207,410,117	142,555,639	105,881,846
Conditional and unconditional receivables secured by mortgages	19,325,687	16,316,525	13,409,160	13,109,491
Past due receivables	1,865,492	1,526,563	1,566,671	1,633,058
Receivables defined in high risk category by BRSA	124,483,246	80,363,307	54,526,030	33,554,991
Securities collateralized by mortgages		-	-	-
Securitization positions		-	-	-
Short-term receivables from banks, brokerage houses and corporates		-	-	-
Investments similar to collective investment Funds		-	-	-
Investment in equities	8,296,731	6,289,869	3,959,964	2,884,637
Other receivables	32,446,174	27,637,321	19,265,004	15,993,551

(*) Includes total risk amounts before the effect of credit risk mitigation but after credit conversions.

(**) The average risk amount was calculated by taking the arithmetic average of the values in the monthly reports prepared in balance sheet period in regards to "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (the "Regulation").

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

Profile of significant exposures in major regions

																	Exposure Categories (*)	
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Current Period																		
1. Domestic	280,531,959	179,707	726,920	-	-	12,665,899	213,029,724	245,148,479	19,179,526	1,865,251	124,443,016	-	-	-	-	8,296,731	32,446,174	938,513,386
2. European Union Countries	-	-	-	-	-	3,210,540	394,814	710	-	11	192	-	-	-	-	-	-	3,606,267
3. OECD Countries (**)	-	-	-	-	-	40,749,897	-	5,612	-	-	65	-	-	-	-	-	-	40,755,574
4. Offshore Banking Areas	-	-	-	-	-	7,797,239	230,343	994	926	-	8	-	-	-	-	-	-	8,029,510
5. USA, Canada	-	-	-	-	-	5,354,301	-	7	-	-	-	-	-	-	-	-	-	5,354,308
6. Other Countries	-	-	-	-	-	225,669	1,135,765	96,842	145,235	230	39,965	-	-	-	-	-	-	1,643,706
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**280,531,959**	**179,707**	**726,920**	**-**	**-**	**70,003,545**	**214,790,646**	**245,252,644**	**19,325,687**	**1,865,492**	**124,483,246**	**-**	**-**	**-**	**-**	**8,296,731**	**32,446,174**	**997,902,751**

																	Exposure Categories (*)	
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**Total**
Prior Period																		
1. Domestic	159,367,372	241,765	895,513	-	-	12,310,621	184,633,811	142,351,674	13,349,211	1,566,603	54,495,515	-	-	-	-	3,959,964	19,265,004	592,437,053
2. European Union Countries	-	-	-	-	-	2,781,602	336,131	9,864	586	11	126	-	-	-	-	-	-	3,128,320
3. OECD Countries (**)	-	-	-	-	-	38,621,246	18	9,732	-	-	-	-	-	-	-	-	-	38,630,996
4. Offshore Banking Areas	-	-	-	-	-	3,673,122	489,579	61,102	1,172	-	-	-	-	-	-	-	-	4,224,975
5. USA, Canada	-	-	-	-	-	1,407,457	-	193	-	-	-	-	-	-	-	-	-	1,407,650
6. Other Countries	-	-	-	-	-	154,323	880,920	123,074	58,191	57	30,389	-	-	-	-	-		1,246,954
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**159,367,372**	**241,765**	**895,513**	**-**	**-**	**58,948,371**	**186,340,459**	**142,555,639**	**13,409,160**	**1,566,671**	**54,526,030**	**-**	**-**	**-**	**-**	**3,959,964**	**19,265,004**	**641,075,948**

(*) Exposure categories based on “Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks". Prior to the Credit Risk Reduction, the risk amounts after the credit conversion rate are given.
(**) Includes OECD countries other than EU countries, USA and Canada.
(***) Includes assets and liability items that cannot be allocated on a consistent basis.

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment Funds
16- Investment in equities
17- Other receivable

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

Risk profile regarding sectors or counter parties

	Exposure Categories (*)																			
Current Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TRY**	**FC**	**Total**
Agriculture	**-**	**-**	**220**	**-**	**-**	**-**	**1,372,803**	**1,450,668**	**202,236**	**10,116**	**120,996**	**-**	**-**	**-**	**-**	**-**	**-**	**2,299,298**	**857,741**	**3,157,039**
Farming and Raising Livestock	-	-	220	-	-	-	770,471	1,387,433	189,870	10,103	79,688	-	-	-	-	-	-	2,076,085	361,700	2,437,785
Forestry	-	-	-	-	-	-	7,921	28,725	487	-	-	-	-	-	-	-	-	37,133	-	37,133
Fishing	-	-	-	-	-	-	594,411	34,510	11,879	13	41,308	-	-	-	-	-	-	186,080	496,041	682,121
Industrial	**-**	**67,022**	**1,307**	**-**	**-**	**-**	**88,805,579**	**15,557,062**	**4,560,794**	**244,359**	**8,100,641**	**-**	**-**	**-**	**-**	**-**	**-**	**59,348,509**	**57,988,255**	**117,336,764**
Mining and Quarrying	-	-	-	-	-	-	606,770	361,950	98,850	4,172	99,514	-	-	-	-	-	-	864,676	306,580	1,171,256
Production	-	-	1,307	-	-	-	78,635,643	14,902,859	4,453,717	240,159	7,626,584	-	-	-	-	-	-	56,537,451	49,322,818	105,860,269
Electricity, Gas, Water	-	67,022	-	-	-	-	9,563,166	292,253	8,227	28	374,543	-	-	-	-	-	-	1,946,382	8,358,857	10,305,239
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**10,988,520**	**8,036,313**	**2,324,963**	**101,768**	**1,000,935**	**-**	**-**	**-**	**-**	**-**	**-**	**17,187,711**	**5,264,788**	**22,452,499**
Services	**117,916,885**	**18,133**	**20,035**	**-**	**-**	**61,834,038**	**89,010,934**	**31,831,596**	**10,611,862**	**481,305**	**14,774,441**	**-**	**-**	**-**	**-**	**-**	**-**	**160,205,273**	**166,293,956**	**326,499,229**
Wholesale and Retail Trade	-	-	3,460	-	-	-	31,246,955	23,834,435	4,111,858	101,993	11,929,297	-	-	-	-	-	-	59,432,110	11,795,888	71,227,998
Hotel, Food and Beverage	-	-	-	-	-	-	7,534,432	510,312	1,321,122	1,184	100,627	-	-	-	-	-	-	2,576,382	6,891,295	9,467,677
Transportation and Communication	-	18,133	-	-	-	-	28,214,276	3,037,774	207,460	3,940	449,133	-	-	-	-	-	-	5,464,842	26,465,874	31,930,716
Financial Institutions	117,916,885	-	-	-	-	61,834,038	1,224,877	322,499	9,880	375	39,870	-	-	-	-	-	-	82,346,896	99,001,528	181,348,424
Real Estate and Rent Services	-	-	-	-	-	-	11,543,322	542,206	4,555,535	364,856	1,185,242	-	-	-	-	-	-	3,022,112	15,169,049	18,191,161
Self-Employment Services	-	-	15,788	-	-	-	2,002,170	1,964,744	185,722	5,909	39,690	-	-	-	-	-	-	3,229,879	984,144	4,214,023
Educational Services	-	-	-	-	-	-	217,243	376,636	36,926	214	167,956	-	-	-	-	-	-	793,930	5,045	798,975
Health and Social Services	-	-	787	-	-	-	7,027,659	1,242,990	183,359	2,834	862,626	-	-	-	-	-	-	3,339,122	5,981,133	9,320,255
Other	**162,615,074**	**94,552**	**705,358**	**-**	**-**	**8,169,507**	**24,612,810**	**188,377,005**	**1,625,832**	**1,027,944**	**100,486,233**	**-**	**-**	**-**	**-**	**8,296,731**	**32,446,174**	**480,277,409**	**48,179,811**	**528,457,220**
Total	**280,531,959**	**179,707**	**726,920**	**-**	**-**	**70,003,545**	**214,790,646**	**245,252,644**	**19,325,687**	**1,865,492**	**124,483,246**	**-**	**-**	**-**	**-**	**8,296,731**	**32,446,174**	**719,318,200**	**278,584,551**	**997,902,751**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment Funds
16- Investment in equities
17- Other receivable

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

Risk profile regarding sectors or counter parties

	Exposure Categories (*)																			
Prior Period	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**TRY**	**FC**	**Total**
Agriculture	**-**	**-**	**1,478**	**-**	**-**	**-**	**1,342,250**	**1,561,294**	**71,364**	**35,701**	**130,386**	**-**	**-**	**-**	**-**	**-**	**-**	**2,618,385**	**524,088**	**3,142,473**
Farming and Raising Livestock	-	-	1,478	-	-	-	698,300	1,492,551	69,817	35,560	130,386	-	-	-	-	-	-	2,232,885	195,207	2,428,092
Forestry	-	-	-	-	-	-	54,078	23,733	731	1	-	-	-	-	-	-	-	77,670	873	78,543
Fishing	-	-	-	-	-	-	589,872	45,010	816	140	-	-	-	-	-	-	-	307,830	328,008	635,838
Industrial	**-**	**144,509**	**1,045**	**-**	**-**	**-**	**68,357,935**	**9,762,988**	**2,691,576**	**147,646**	**4,289,605**	**-**	**-**	**-**	**-**	**-**	**-**	**43,932,290**	**41,463,014**	**85,395,304**
Mining and Quarrying	-	-	-	-	-	-	497,696	208,482	72,391	2,480	74,338	-	-	-	-	-	-	627,925	227,462	855,387
Production	-	-	1,045	-	-	-	59,239,787	9,381,361	2,582,852	145,064	4,143,519	-	-	-	-	-	-	41,998,309	33,495,319	75,493,628
Electricity, Gas, Water	-	144,509	-	-	-	-	8,620,452	173,145	36,333	102	71,748	-	-	-	-	-	-	1,306,056	7,740,233	9,046,289
Construction	**-**	**-**	**-**	**-**	**-**	**-**	**9,013,390**	**5,497,897**	**1,301,342**	**296,352**	**487,463**	**-**	**-**	**-**	**-**	**-**	**-**	**12,986,136**	**3,610,308**	**16,596,444**
Services	**63,704,102**	**54,038**	**20,400**	**-**	**-**	**50,775,140**	**78,434,668**	**23,488,299**	**7,806,370**	**565,912**	**8,009,908**	**-**	**-**	**-**	**-**	**-**	**-**	**98,417,959**	**134,440,878**	**232,858,837**
Wholesale and Retail Trade	-	-	1,134	-	-	-	27,317,321	17,888,980	2,950,225	212,165	6,301,512	-	-	-	-	-	-	47,094,826	7,576,511	54,671,337
Hotel, Food and Beverage	-	-	-	-	-	-	5,870,161	376,656	749,351	25,633	5,649	-	-	-	-	-	-	1,953,013	5,074,437	7,027,450
Transportation and Communication	-	54,005	-	-	-	-	23,711,799	2,204,355	236,282	9,909	587,100	-	-	-	-	-	-	4,810,808	21,992,642	26,803,450
Financial Institutions	63,704,102	33	-	-	-	50,775,140	3,683,367	204,210	5,164	271	30,173	-	-	-	-	-	-	36,523,461	81,878,999	118,402,460
Real Estate and Rent Services	-	-	-	-	-	-	9,903,473	342,991	3,535,538	297,401	467,922	-	-	-	-	-	-	2,513,055	12,034,270	14,547,325
Self-Employment Services	-	-	17,707	-	-	-	1,616,146	1,218,256	194,821	11,384	51,776	-	-	-	-	-	-	2,224,733	885,357	3,110,090
Educational Services	-	-	-	-	-	-	182,289	336,290	17,408	6,054	171,938	-	-	-	-	-	-	707,502	6,477	713,979
Health and Social Services	-	-	1,559	-	-	-	6,150,112	916,561	117,581	3,095	393,838	-	-	-	-	-	-	2,590,561	4,992,185	7,582,746
Other	**95,663,270**	**43,218**	**872,590**	**-**	**-**	**8,173,231**	**29,192,216**	**102,245,161**	**1,538,508**	**521,060**	**41,608,668**	**-**	**-**	**-**	**-**	**3,959,964**	**19,265,004**	**249,887,494**	**53,195,396**	**303,082,890**
Total	**159,367,372**	**241,765**	**895,513**	**-**	**-**	**58,948,371**	**186,340,459**	**142,555,639**	**13,409,160**	**1,566,671**	**54,526,030**	**-**	**-**	**-**	**-**	**3,959,964**	**19,265,004**	**407,842,264**	**233,233,684**	**641,075,948**

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

1- Conditional and unconditional receivables from central governments and Central Banks
2- Conditional and unconditional receivables from regional or local governments
3- Conditional and unconditional receivables from administrative bodies and noncommercial enterprises
4- Conditional and unconditional receivables from multilateral development banks
5- Conditional and unconditional receivables from international organizations
6- Conditional and unconditional receivables from banks and brokerage houses
7- Conditional and unconditional receivables from corporates
8- Conditional and unconditional receivables from retail portfolios
9- Conditional and unconditional receivables secured by mortgages
10- Past due receivables
11- Receivables defined under high risk category by BRSA
12- Securities collateralized by mortgages
13- Securitization positions
14- Short-term receivables from banks, brokerage houses and corporates
15- Investments similar to collective investment Funds
16- Investment in equities
17- Other receivable

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

Analysis of maturity-bearing exposures according to remaining maturities (*)

Current Period Exposure Categories	Term To Maturity				
	Up to 1 month	1-3 month	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	2,142,465	2,159,983	3,044,119	3,022,874	143,915,428
Conditional and unconditional receivables from regional or local governments	-	3,068	18,133	5,810	152,662
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	118,871	230,211	93,011	298	226,289
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	12,141,090	23,077,046	5,091,847	3,553,066	7,858,614
Conditional and unconditional receivables from corporates	24,746,829	28,635,021	26,674,387	34,576,841	81,542,333
Conditional and unconditional receivables from retail portfolios	24,333,324	28,200,984	27,036,780	37,108,352	22,971,760
Conditional and unconditional receivables secured by mortgages	776,408	1,179,916	2,424,765	3,632,690	10,814,207
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	3,461,920	8,944,472	8,970,825	28,862,822	40,856,560
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-	-
Investment in equities	-	-	-	-	-
Other receivables	-	-	-	-	-
General Total	**67,720,907**	**92,430,701**	**73,353,867**	**110,762,753**	**308,337,853**

(*) Risk amounts prior to Loan Reduction, After the Loan conversion rates are given.

Prior Period Risk Classification	Term To Maturity				
	Up to 1 month	1-3 month	3-6 months	6-12 months	Over 1 year
Conditional and unconditional receivables from central governments and Central Banks	785,676	422,833	3,491,006	4,689,779	85,267,977
Conditional and unconditional receivables from regional or local governments	-	2,307	7,612	6,113	222,855
Conditional and unconditional receivables from administrative bodies and noncommercial enterprises	164,987	314,964	90,348	10,140	288,595
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	17,621,354	5,984,127	4,124,416	4,860,106	6,796,423
Conditional and unconditional receivables from corporates	17,114,528	19,398,381	20,661,730	22,967,590	76,638,128
Conditional and unconditional receivables from retail portfolios	11,166,774	15,685,571	12,049,891	28,307,427	90,695,830
Conditional and unconditional receivables secured by mortgages	306,281	748,503	1,177,719	1,644,559	9,225,468
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	1,384,749	3,590,528	4,858,924	1,521,541	40,072,042
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment Funds	-	-	-	-	-
Investment in equities	7,674	-	-	-	-
Other receivables	-	-	-	-	-
General Total	**48,552,023**	**46,147,214**	**46,461,646**	**64,007,255**	**309,207,318**

(*) Risk amounts prior to Loan Reduction, After the Loan conversion rates are given.

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

Exposures by risk weights

Current Period

Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	200%	250%	2'	Deductions from Equity
1. Exposures Before Credit Risk Mitigation	289,534,217	-	35,226,938	9,250	56,398,485	214,653,419	277,444,109	100,634,666	23,345,906		502,67	153,086
2. Exposures After Credit Risk Mitigation	290,551,436	-	28,005,412	,838,532	46,423,000	202,713,498	263,442,092	100,573,014	23,345,906		502,67	153,086

Prior Period

Risk Eight	0%	10%	20%	35%	50%	75%	100%	150%	200%	25(		Deductions from Equity
1. Exposures Before Credit Risk Mitigation	168,514,959	-	22,724,748	-	33,940,632	119,097,189	242,251,866	41,628,959	12,700,634	-	196,437	20,523
2. Exposures After Credit Risk Mitigation	169,852,592	-	16,560,567	1,814,699	31,572,888	106,571,583	227,359,607	41,090,648	12,700,634	-	196,437	20,523

Information by major sectors and type of counterparties

Information about impaired credits and past due credits and value adjustments and provisioning methods are described in Section IV Part 2.

Current Period	Loans (*)			Provisions	
	Impaired Loans (TFRS 9)				
Major Sectors/Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Non-Performing (Regulation of Provision)	Expected Credit Loss Provisions (TFRS 9)	(Regulation of Provision)
1. Agriculture	**85,292**	**171,229**	**-**	**163,659**	**-**
1.1. Farming and Livestock	79,511	169,235	-	160,862	-
1.2. Forestation	3,493	104	-	600	-
1.3. Fishing	2,288	1,890	-	2,197	-
2. Industrial	**3,511,009**	**1,989,222**	**-**	**2,131,270**	**-**
2.1. Mining and Quarrying	13,637	45,310	-	42,531	-
2.2. Manufacturing Industry	3,472,217	1,884,024	-	2,020,523	-
2.3. Electricity, Gas, Water	25,155	59,888	-	68,216	-
3. Construction	**2,084,607**	**811,055**	**-**	**1,340,627**	**-**
4. Services	**26,413,751**	**2,894,840**	**-**	**7,318,853**	**-**
4.1. Wholesale and Retail Commerce	4,641,187	1,503,575	-	1,852,021	-
4.2. Hotel and Restaurant Services	1,774,322	146,604	-	479,597	-
4.3. Transportation and Communication	460,093	107,785	-	172,208	-
4.4. Financial Corporations	13,360	9,945	-	10,850	-
4.5. Real Estate and Loan Services	17,949,561	825,889	-	4,088,696	-
4.6. Independent Business Services	709,728	232,558	-	420,986	-
4.7. Education Services	44,752	28,043	-	33,671	-
4.8. Health and Social Services	820,748	40,441	-	260,824	-
5. Other	**31,360,317**	**5,121,995**	**-**	**9,003,124**	**-**
6. Total	**63,454,976**	**10,988,341**	**-**	**19,957,533**	**-**

(*) Represents the distribution of cash loans.

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

Information by major sectors and type of counterparties (Continued)

Prior Period	Loans (*)			Provisions	
	Impaired Loans (TFRS 9)				
Major Sectors/Counterparties	Significant Increase of Credit Risk (Stage 2)	Default (Stage 3)	Non-Performing (Regulation of Provision)	Expected Credit Loss Provisions (TFRS 9)	(Regulation of Provision)
1. Agriculture	**142,855**	**249,702**	**-**	**213,655**	**-**
1.1. Farming and Livestock	133,225	247,302	-	210,600	-
1.2. Forestation	4,236	104	-	559	-
1.3. Fishing	5,394	2,296	-	2,496	-
2. Industrial	**2,835,561**	**1,775,197**	**-**	**1,884,035**	**-**
2.1. Mining and Quarrying	36,000	75,109	-	62,178	-
2.2. Manufacturing Industry	2,780,315	1,390,390	-	1,482,880	-
2.3. Electricity, Gas, Water	19,246	309,698	-	338,977	-
3. Construction	**1,113,394**	**1,056,060**	**-**	**866,551**	**-**
4. Services	**19,344,003**	**3,166,763**	**-**	**6,148,952**	**-**
4.1. Wholesale and Retail Commerce	4,698,583	1,748,378	-	1,957,589	-
4.2. Hotel and Restaurant Services	1,447,733	260,681	-	520,392	-
4.3. Transportation and Communication	441,084	136,948	-	176,137	-
4.4. Financial Corporations	32,486	8,968	-	11,320	-
4.5. Real Estate and Loan Services	11,188,469	826,543	-	2,900,153	-
4.6. Independent Business Services	846,616	101,121	-	302,366	-
4.7. Education Services	59,133	37,760	-	35,693	-
4.8. Health and Social Services	629,899	46,364	-	245,302	-
5. Other	**12,915,605**	**3,246,798**	**-**	**4,517,552**	**-**
6. Total	**36,351,418**	**9,494,520**	**-**	**13,630,745**	**-**

(*) Represents the distribution of cash loans.

Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
1. Stage 3 Provisions (**)	7,829,033	2,992,590	(1,033,008)	(908,332)	8,880,283
2. Stage 1 and 2 Provisions	9,406,590	11,361,163	(1,805,496)	-	18,962,257

(*) Represents the provision of loans written-off or sold.
(**) Demonstrates provision movement of Stage 3 cash loans.

Prior Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments (*)	Closing Balance
1. Stage 3 Provisions (**)	7,132,156	1,768,481	(677,441)	(394,163)	7,829,033
2. Stage 1 and 2 Provisions	5,553,774	4,992,286	(1,139,470)	-	9,406,590

(*) Represents the provision of loans written-off or sold.

(**) Demonstrates provision movement of Stage 3 cash loans.

Exposures subject to countercyclical capital buffer

The exposures subject to countercyclical capital buffer table prepared in accordance with the communiqué “Regulation on Capital Conservation and Countercyclical Capital Buffers of Banks” published in the Official Gazette No. 28812 dated November 5, 2013 is presented below:

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

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

II. Explanations on Consolidated Risk Management (Continued)

1. Consolidated credit risk explanations (Continued)

Information on private sector receivables

Current Period Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	721,439,401	-	721,439,401
Malta	591,450	-	591,450
Other	418,293	-	418,293
Total	**722,449,144**	**-**	**722,449,144**

Prior Period Country	RWAs of Banking Book for Private Sector Lending	RWAs of Trading Book	Total
Türkiye	488,140,145	-	488,140,145
Malta	442,373	-	442,373
Other	731,150	-	731,150
Total	**489,313,668**	**-**	**489,313,668**

2. Risk Management and General Disclosures regarding Risk Weighted Amounts

2.1. GBA – Risk management approach of the group

a) The way risk profile of the Group is determined by business model and the interaction between (e.g. key risks related to business model and in which way those risks are reflected to disclosures) and in which way the risk profile of the Group is related to risk appetite approved by board of directors

Group acknowledges that business and strategy risks are material since the Group's growth oriented business plan is sensitive to changes in market conditions. From this point of view, Group classifies business and strategy risk as an important risk. Group reviews its 5 year long term business plans once a year periodically. If the economic developments and market conditions require, then business plans are reviewed and revised more often.

b) Risk management structure: Allocation of responsibilities in the Group (e.g. supervision and delegation of authorization; separation of responsibilities with respect to their risk type, business unit etc.; relations between structures included in risk management processes [e.g. board of directors, senior management, separate risk committee, risk management unit, legal compliance, internal audit function])

Group's risk measurement, monitoring, and control functions have clearly defined responsibilities that are sufficiently independent from position/risk taking functions. Risk exposures are directly reported to Senior Management and the Board of Directors/Board Risk Committee. Group's internal control systems are designed to provide adequate segregation of duties, in order to prevent conflicts of interest with respect to the distinct functions of undertaking, approving, monitoring and controlling risks. In particular the functions that undertake transactions (front line) are administratively and operationally separate from the functions of, confirmation, accounting and settlement of transactions, as well as the safekeeping of the assets of the Group or its customers.

Risk management governance at the Group starts with the Board of Directors. The Board Risk Committee ("BRC"), Audit Committee (the "AC"), Assets and Liabilities Committee (the "ALCO"), Corporate and Retail Credit Policy Committee ("CPC"), Operational Risk Management Committee ("ORC"), Reputation Risk Management Committee and Risk Management Department are the important bodies of the risk management structure. The Board of Directors determines the general risk policy and the risk appetite of the Group.

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

II. Explanations on Consolidated Risk Management (Continued)

2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)

2.1. GBA – Risk management approach of the group (Continued)

b) Risk management structure: Allocation of responsibilities in the Group (e.g. supervision and delegation of authorization; separation of responsibilities with respect to their risk type, business unit etc.; relations between structures included in risk management processes [e.g. board of directors, senior management, separate risk committee, risk management unit, legal compliance, internal audit function]) (Continued)

The AC is responsible for supervising whether the Group complies with the provisions of applicable risk management legislation, and the internal risk management policies and procedures approved by the BoD. The AC reviewing whether the Group has the methods, instruments and procedures required for identifying, measuring, monitoring and controlling the risk exposures of the Group,

The ALCO, meeting monthly, is responsible for monitoring and managing the structural asset-liability mismatches of the Group, as well as monitoring and controlling liquidity risk and foreign currency exchange risk.

The CPC meets monthly and is responsible for monitoring and evaluating the Group’s lending portfolio and determining principles and policies regarding the credit risk management processes such as loan approval, limit setting, rating, monitoring and problem management. The ORMC meets every three months and is responsible for reviewing operational risk issues of the Group and defining the necessary actions to be taken to minimize these risks. The Reputation Risk Management Committee is established to identify, evaluate and monitor the reputational risks that the Group is exposed to and to take necessary actions to prevent risks and meets quarterly.

The Risk Management Department, working independently from the executive functions and reporting to the Board of Directors, is organized under three main section as market risk, credit risk, operational risk and model validation, each having responsibility for identifying, measuring, monitoring, controlling and managing the relevant risks as well as for model validation, assessing the predictive ability of risk estimates and the use of ratings in credit processes.

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. In doing so, the compliance function informs all Group employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Group risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Group has and controls relevant to them during audit works.

c) Channels which are used to extend and apply risk culture in the Group (e.g. behavior rules, manuals including operation limits or procedures which shall be applied when the risk limits are exceeded, procedures regarding sharing of risk matters between business units and risk units)

The Risk Appetite Statement stands out as the basic risk management policy document in which the Group defines its risks and determines its risk appetite and management principles. It also defines current and targeted risk profile and appetite, risk management organization, and core risk management capabilities.

Corporate and Retail Loan Policies and application directions also determines the Group’s credit risk management workflow and procedures.

TFRS 9 Impairment Policy is to define TFRS 9 Impairment and related activities to be performed in accordance with the requirements of TFRS 9 Implementation Guide. The policy is to determine the roles and responsibilities of the Group units within the framework of TFRS 9, to determine the changes specific to TFRS 9 apart from the existing credit policy guidelines, to establish guidelines for TFRS 9 risk monitoring, control and reporting activities, and to establish the TFRS 9 Impairment framework applied within the Group. aims to provide.

Corporate Rating Governance Policy regulates the internal governance framework for corporate and commercial segment risk rating system operations.

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

II. Explanations on Consolidated Risk Management (Continued)

2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)

2.1. GBA – Risk management approach of the group (Continued)

c) Channels which are used to extend and apply risk culture in the Group (e.g. behavior rules, manuals including operation limits or procedures which shall be applied when the risk limits are exceeded, procedures regarding sharing of risk matters between business units and risk units) (Continued)

Capital Management Policy sets a framework for managing capital requirements and adequacy assessment, capital planning, capital measurement and monitoring, capital allocation, risk-adjusted aims to establish performance measurement and pricing principles.

Counterparty Credit Risk Policy, the risk strategy determined by the Bank with risk policies and local legislation in comply with effective and sufficient counterparty credit risk management with caution, constant to establish based on the principles of applicability.

The Enterprise Risk Management Policy aims to coordinate the Group's risk management activities, establish the necessary standards and optimize performance and decision-making through the classification of risks and developing a structured approach for the Group to address these risks.

Country Risk Policy is to set a consistent framework for the identification, management and reporting of country risk that QNB Finansbank is exposed to through its counterparties in different countries.

The Market Risk Management Policy determines the key principles underlying the operations of the Group in money and capital markets including limit structure.

Banking Account Interest Rate Risk (BHFOR) Policy sets the basic principles for the management of interest rate risk related to banking activities other than trading accounts.

The liquidity policy outlines the Group’s view and identifies the guidelines for incurring, retaining and managing liquidity risk.

The Fair Value Policy aims to define the main principles, roles and responsibilities for measuring the fair value of financial instruments in accordance with accounting provisions and regulatory principles.

Investment Portfolio Risk Policy ensures that the activities related to the management of the Group's investment portfolio are carried out in accordance with generally accepted practices. This policy explains the objectives and targets of the investment portfolio, whose management is given to the Treasury Trading and Asset-Liability Management units by the Asset-Liability Committee (ALCO). It also defines the management and risk control framework for managing and maintaining the investment portfolio.

The Operational Risk Management Policy ensures that all the Group’s stakeholders manage operational risk within a formalized framework aligned to business objectives.

Reputation Risk Policy, identifies the rules and frame of managing the reputation risk.

The Environmental and Social Risk Policy (Policy) sets forth QNB Finansbank's approach to environmental and social issues in line with the sustainability policy, strategy and ESG (Environmental, Social, Governance) commitments of QNB Group and QNB Finansbank.

d) Key elements and scope of risk measurement systems

Consistent across the Group internal risk rating systems appropriate to the nature, size and complexity of each activity and fully integrated in credit processes. The internal risk rating system employs appropriate credit risk rating models the scope and coverage of which are adequate to accommodate the Group’s strategic aspirations and regulatory requirements. In particular, the Group’s internal rating systems form the basis of capital assessment and allocation and constitute a key element of risk adjusted performance measurement, pricing and profitability measurement.

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

II. Explanations on Consolidated Risk Management (Continued)

2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)

2.1. GBA – Risk management approach of the group (Continued)

d) Key elements and scope of risk measurement systems (Continued)

Information systems and analytical techniques that enable measurement of credit risk inherent in all relevant activities, providing adequate information on the composition of the credit portfolio of the Group, including identification of any concentrations of risk.

The Market Risk Management Policy determines the key principles underlying the operations of the Group in money and capital markets. Key principles of Market Risk Management Framework are:

The Board Risk Committee is responsible for ensuring that market risk strategy and policy are consistently implemented. This includes:

- Implementation of the market risk management policy.
- Designation of risk limits.
- Definition of responsibilities for every unit involved in market risk management.
- Ongoing market risk monitoring and control, ensuring that risk appetite remains within the approved limits.
- Setting up appropriate IT systems for evaluating and monitoring the risks taken.
- Setting up standard models for market risk positions valuation and performance evaluation.
- Setting up comprehensive reporting and internal control systems.
- Providing for the maintenance of an adequate level of regulatory capital against the market risk undertaken.
- Providing for the disclosure of information regarding the type and level of the market risk assumed and for the implementation of policies for the management thereof.

e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting)

Monthly risk reports are submitted to the Board of Directors and Board Risk Committee. These executive reports include information related to capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operation Risk.

Credit Risk section of the report consists of three main sub sections such as general Outlook, business Loans and retail Loans, and include;

- Basic risk appetite parameters in the Group Risk Management Strategy.
- Exposures by segments, monthly and annual changes, portfolio growth.
- Sector concentration and risk metrics.
- Delinquency amounts, product types and delinquencies by segments, new NPLs and recoveries from NPLS.
- Detailed watch list analyses for business segments.
- Rating distributions, PD distributions, expected loss trend, collateral structure.
- New NPLs, vintage analyses, recoveries by segments and products.
- Restructured credits by segments.
- Derivative products exposures by segments, stress testing.
- Credit risk information regarding subsidiaries.

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

II. Explanations on Consolidated Risk Management (Continued)

2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)

2.1. GBA – Risk management approach of the group (Continued)

e) Disclosures regarding risk reporting processes provided to Board of Directors and senior management (especially on the scope and main content of reporting) (Continued)

The Market Risk Management Division informs and reports to the senior management, including the Board member responsible for internal systems, about the market and counterparty risks of trading accounts and the securities portfolio.

Reports are prepared daily and indicatively include the following:

- Estimation of the VaR on aggregate basis and by type of risk (interest rate, FX, equity)
- Estimation of Stress VaR on aggregate basis and by type of risk (interest rate, FX, equity)
- Sensitivity of the Trading Book and AFS portfolio
- Nominal values of bond portfolios
- A breakdown of the portfolio and the relevant limits utilization
- Utilization of limits on option Greeks
- Estimation of the VaR on subsidiaries

In addition, Board of Directors Risk Committee Report is prepared monthly in a way covering abovementioned market risk metrics and stress tests in order to be presented to Board of Directors and Risk Committee.

Operational Risk segment reporting broadly covers the following:

- Operational risk loss events experienced in the group
- Key risk indicators and risk metrics
- Action tracking

f) Disclosures regarding stress test (e.g. assets included in stress test, adapted scenarios and used methodologies and use of stress test in risk management)

Stress tests constitute the center of capital planning within the scope of the Group’s APICA (Assessment Process of Internal Capital Adequacy). The Bank’s general principles on the stress testing framework can be summarized as follows:

- Comprehensive stress testing, aggregated per risk category, is conducted at least annually on year end data and business plan
- Stress testing is integrated to the ICAAP document which is subject to Board of Directors approval
- A historical scenario is selected as an anchor scenario to be used on the construct of base adverse scenario for the stress test use. However, final scenario is applied by enriching with hypothetical components as independent from anchor scenario
- Bank’s stress testing framework encompasses sensitivity tests.
- The impact of the stress testing on the Group’s financial strength and capital position are analyzed through some key ratios and key items including but not limited to the following: Non-performing Loan Ratio, Return of Equity, Return on Asset, Leverage Ratio, Core Tier I Ratio, Capital Adequacy Ratio, Loan Balances, Balance Sheet Items, Statement of Profit or Loss Items
- The stress testing framework also includes reverse stress tests, where scenarios and shocks that could lead to the failure of the Group are quantitatively or qualitatively outlined

In scenarios using stress testing, as a result of increase in non-performing loans due to significant deterioration in asset quality and a decrease in capital adequacy, The Group's ability to meet capital-strengthening actions and cash outflows that may occur in case of a possible liquidity crisis were tested. In this context, when potential risks are assessed, it is believed that the Group has sufficient capacity for actions that may be taken.

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

II. Explanations on Consolidated Risk Management (Continued)

2. Risk Management and General Disclosures Regarding Risk Weighted Amounts (Continued)

2.1. GBA – Risk management approach of the group (Continued)

f) Disclosures regarding stress test (e.g. assets included in stress test, adapted scenarios and used methodologies and use of stress test in risk management) (Continued)

Market Risk Management defines the stress test approaches as below:

- To move the risk factors parallel in one direction.
- To move the risk factors non parallel.
- To perform tests to the existing portfolio based on past extreme situations.

Trading book consists of Financial Assets at Fair Value Through Profit or Loss securities, Financial Assets at Fair Value Through Profit or Loss derivatives and open currency positions which are clearly defined in Market Risk Management Policy.

Within the scope of liquidity stress test to identify possible sources of liquidity weaknesses, scenarios that are specific to the bank, related to the market in general and taking both situations into account have been defined. Thus, the Group's ability to meet its obligations during a funding crisis is tested. The Group has had four different stress tests measuring how much it can meet its promises, without providing any new funds from the market or at very low levels of funds, cumulative cash outflows. For effective and sufficient liquidity risk management, the stress tests in question have been created based on crisis scenarios specific to the group, a general market crisis scenario, and a combined scenario in accordance with the "Guidance on Liquidity Risk Management".

g) Risk management, protection and mitigation strategies and process of the Group sourcing from its business model and Monitoring processes of continuing effects of protection and mitigation

Forecasts related to effectiveness of credit risk mitigation methods and collection ability of the Group associated with miscellaneous collateral types are stated with consideration ratios on the basis of collaterals. The aforementioned ratios are determined based on long term historical observations of the Group and judgement of expert business units and most importantly with precautionary principle.

Likewise, conservatism is also embedded in regulatory rules through respective haircuts, collateral eligibility requirements and so forth. Furthermore, the collaterals used as a risk mitigant in the Bank’s capital adequacy calculations are predominantly cash or equivalent collaterals. The treatment of cash collaterals is straight forward, issues about recovery, and valuation are not relevant.

Regarding the exposure secured with mortgages, the new capital adequacy regime with Basel II increased the operational requirements for the recognition.

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

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

II. Explanations on Consolidated Risk Management (Continued)

2. Risk Management and General Disclosures regarding Risk Weighted Amounts (Continued)

2.1. GBA – Risk management approach of the group (Continued)

GB1 – Overview of risk weighted assets

		Risk Weighted Assets		Minimum Capital Requirements	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
1	Credit risk (excluding counterparty credit risk)	636,874,183	399,456,740	50,949,935	31,956,540
2	Standardised approach	636,874,183	399,456,740	50,949,935	31,956,540
3	Internal rating-based approach	-	-	-	-
4	Counterparty credit risk	10,375,705	18,772,414	830,056	1,501,793
5	Standardised approach for counterparty credit risk	10,375,705	18,772,414	830,056	1,501,793
6	Internal model method	-	-	-	-
7	Basic risk weight approach to internal models equity position in the banking account	-	-	-	-
8	Investments made in collective investment companies – look-through approach	-	-	-	-
9	Investments made in collective investment companies – mandate-based approach	-	-	-	-
10	Investments made in collective investment companies – 1250% weighted risk approach	-	-	-	-
11	Settlement risk	-	-	-	-
12	Securitisation exposures in banking accounts	-	-	-	-
13	IRB ratings-based approach	-	-	-	-
14	IRB Supervisory Formula Approach	-	-	-	-
15	SA/simplified supervisory formula approach	-	-	-	-
16	Market risk	16,592,375	10,050,275	1,327,390	804,022
17	Standardised approach	16,592,375	10,050,275	1,327,390	804,022
18	Internal model approaches		-	-	-
19	Operational risk	42,831,521	20,444,093	3,426,522	1,635,527
20	Basic Indicator Approach	42,831,521	20,444,093	3,426,522	1,635,527
21	Standardised Approach	-	-	-	-
22	Advanced Measurement Approach	-	-	-	-
23	The amount of the discount threshold under the equity (subject to a 250% risk weight)	-	-	-	-
24	Floor adjustment	-	-	-	-
25	**TOTAL(1+4+7+8+9+10+11+12+16+19+23+24)**	**706,673,784**	**448,723,522**	**56,533,903**	**35,897,882**

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

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

II. Explanations on Consolidated Risk Management (Continued)

3. Linkages between financial statements and risk amounts

3.1. B1- Differences and matching between asset and liabilities' carrying values in financial statements and risk amounts

Current Period			Carrying values of items in accodance with TAS			
Assets	**Carrying values in financial statements prepared as per TAS**	**Carrying values in accordance legal consolidation prepared as per TAS**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash and Balances with the Central Bank	162,571,896	162,561,639	162,569,574	-	-	-
Trading Financial Assets (*)	5,711,926	5,711,926	-	5,714,663	2,289,167	-
Financial Assets at Fair Value Through Profit or Loss	4,833,030	5,705,925	-	-	2,210,600	-
Banks	18,530,481	17,799,913	17,822,472	-	-	-
Money Market Placements	5,736,434	5,736,434	5,435,353	301,081	-	-
Financial Assets Available-for-Sale (net)	69,364,150	69,310,430	69,310,430	9,860,710	-	-
Loans and Receivables	565,410,752	565,257,143	584,160,006	-	-	59,395
Factoring Receivables	15,270,570	15,495,346	15,495,346	-	-	-
Held-to-Maturity Investments (net)	102,145,753	102,145,754	102,171,752	30,062,937	-	-
Investment in Associates (net)	-	57,084	57,084	-	-	-
Investment in Subsidiaries (net)	-	128,046	128,046	-	-	-
Investment in Joint ventures (net)	64,368	2,800	2,800	-	-	-
Lease Receivables	22,800,264	21,993,677	21,993,677	-	-	-
Derivative Financial Assets Held for Hedging (*)	7,269,024	7,269,024	-	7,269,024	-	-
Property and Equipment (net)	6,793,530	14,820,382	14,610,601	-	-	209,781
Intangible Assets (net)	4,013,971	3,814,068	-	-	-	3,814,067
Investment Property (net)	-	-	-	-	-	-
Tax Asset	6,796,452	6,789,895	6,789,895	-	-	-
Assets Held for Resale and Related to Discontinued Operations (net)	-	-	-	-	-	-
Other Assets	14,776,208	18,822,693	18,845,374	-	-	-
Total Assets	**1,012,088,809**	**1,023,422,179**	**1,019,392,410**	**53,208,415**	**4,499,767**	**4,083,243**
Liabilities					-	-
Deposits	638,492,607	630,727,536	-	-	-	-
Derivative Financial Liabilities Held for Trading (**)	4,165,100	4,165,100	-	-	1,687,400	-
Funds Borrowed	126,871,273	127,865,163	-	-	-	-
Money Markets	31,124,580	31,098,347	-	31,098,347	-	-
Marketable Securities Issued	51,989,913	52,036,959	-	-	-	-
Funds	-	-	-	-	-	-
Miscellaneous Payables (***)	30,720,075	38,771,266	-	-	-	-
Other Liabilities (***)	18,751,130	10,326,409	-	-	-	-
Factoring Payables	-	-	-	-	-	-
Lease Payables	1,173,271	1,173,271	-	-	-	-
Derivative Financial Liabilities Held for Hedging (**)	830,629	830,629	-	-	-	-
Provisions	4,367,829	15,350,688	-	-	-	-
Tax Liability	2,788,501	2,493,475	-	-	-	-
Liabilities for Property and Equipment Held for Sale and Related to Discontinued Operations (net)	-	-	-	-	-	-
Subordinated Loans	26,948,856	26,948,856	-	-	-	-
Shareholders' Equity	73,865,047	81,634,480	-	-	-	-
Total Liabilities	**1,012,088,811**	**1,023,422,179**	**-**	**31,098,347**	**1,687,400**	**-**

(*) Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.
(**) Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.
(***) Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

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

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

II. Explanations on Consolidated Risk Management (Continued)

3. Linkages between financial statements and risk amounts (Continued)

3.1. B1- Differences and matching between asset and liabilities’ carrying values in financial statements and risk amounts

Prior period			Carrying values of items in accodance with TAS			
Assets	**Carrying values in financial statements prepared as per TAS**	**Carrying values in accordance legal consolidation prepared as per TAS**	**Subject to credit risk**	**Subject to counterparty credit risk**	**Subject to market risk**	**Not subject to capital requirements or subject to deduction from capital**
Cash and Balances with the Central Bank	94,533,049	94,527,176	94,532,103	-	-	-
Trading Financial Assets (*)	8,090,348	8,090,348	-	7,691,497	3,792,070	-
Financial Assets at Fair Value Through Profit or Loss	1,619,014	1,619,015	-	-	1,211,871	-
Banks	11,358,595	11,137,685	11,149,252	-	-	-
Money Market Placements	8,462,898	8,462,898	4,422,294	4,040,604	-	-
Financial Assets Available-for-Sale (net)	40,302,956	40,257,481	40,128,060	10,288,785	-	-
Loans and Receivables	339,661,284	338,904,231	348,269,977	-	-	40,844
Factoring Receivables	9,468,733	9,593,485	9,593,485	-	-	-
Held-to-Maturity Investments (net)	61,943,267	61,943,267	61,948,362	19,879,566	-	-
Investment in Associates (net)	-	45,477	45,477	-	-	-
Investment in Subsidiaries (net)	-	128,046	128,046	-	-	-
Investment in Joint ventures (net)	343,575	288,563	288,563	-	-	-
Lease Receivables	15,284,714	14,607,221	14,607,221	-	-	-
Derivative Financial Assets Held for Hedging (*)	14,521,606	14,521,606	-	14,521,606	-	-
Property and Equipment (net)	4,857,485	4,901,332	4,790,947	-	-	110,385
Intangible Assets (net)	982,157	944,149	-	-	-	944,149
Investment Property (net)	-	-	-	-	-	-
Tax Asset	570,548	665,697	665,697	-	-	-
Assets Held for Resale and Related to Discontinued Operations (net)	-	-	-	-	-	-
Other Assets	7,559,384	10,506,137	10,519,352	-	-	-
Total Assets	**619,559,613**	**621,143,814**	**601,088,836**	**56,422,058**	**5,003,941**	**1,095,378**
Liabilities						
Deposits	407,494,763	392,763,122	-	-	-	-
Derivative Financial Liabilities Held for Trading (**)	5,591,399	5,591,399	-	-	3,515,675	-
Funds Borrowed	54,946,924	55,217,357	-	-	-	-
Money Markets	23,053,503	23,078,637	-	23,078,637	-	-
Marketable Securities Issued	32,001,173	32,016,909	-	-	-	-
Funds	0	-	-	-	-	-
Miscellaneous Payables (***)	14,784,702	29,702,644	-	-	-	-
Other Liabilities (***)	10,997,460	7,564,175	-	-	-	-
Factoring Payables	0	-	-	-	-	-
Lease Payables	741,622	741,622	-	-	-	-
Derivative Financial Liabilities Held for Hedging (**)	1,123,589	1,123,589	-	-	-	-
Provisions	4,583,106	9,097,021	-	-	-	-
Tax Liability	2,843,483	2,843,483	-	-	-	-
Liabilities for Property and Equipment Held for Sale and Related to Discontinued Operations (net)	0	-	-	-	-	-
Subordinated Loans	17,127,724	17,127,724	-	-	-	-
Shareholders’ Equity	44,270,165	44,276,132	-	-	-	-
Total Liabilities	**619,559,613**	**621,143,814**	**-**	**23,078,637**	**3,515,675**	**-**

(*) Financial assets held for trading and derivative financial assets for hedging purposes are included in the "Derivative Financial Assets" item in the financial statements.
(**) Financial liabilities held for trading and derivative financial liabilities for hedging purposes are included in the "Derivative Financial Liabilities" item in the financial statements.
(***) Miscellaneous payables and other liabilities are presented under "Other Liabilities" items in the financial statements.

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

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

II. Explanations on Consolidated Risk Management (Continued)

3. Linkages between financial statements and risk amounts (Continued)

3.2. B2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	Current period	Total	Subject to Credit Risk	Subject to the Securitization	Subject to Counterparty Credit Risk	Subject to Market Risk
1	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	1,077,100,592	1,019,392,410	-	53,208,415	4,499,767
2	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	32,785,747	-	-	31,098,347	1,687,400
3	Total net amount under regulatory scope of consolidation	1,044,314,845	1,019,392,410	-	22,110,068	2,812,367
4	Off-Balance Sheet Amount	779,731,809	76,680,910	-	-	-
5	Differences due to different netting rules (except 2)	13,780,008	-	-	-	13,780,008
6	Repo transactions	608,004	-	-	608,004	-
7	Decrease in counterparty credit risk as a result of netting	3,678,502	-	-	3,678,502	-
8	Potential credit risk amount calculated for the counterparty	(16,351,309)	(14,437,547)	-	(1,913,762)	-
9	Differences due to credit risk reduction	(147,569,936)	(147,569,936)	-	-	-
10	Average exchange rate effect (*)	1,825,761,859	934,065,838	-	24,482,812	16,592,375
	Risk amounts		**1,868,131,675**	**-**	**48,965,624**	**33,184,750**

(*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated January 31, 2023.

	Prior Period	Total	Subject to Credit Risk	Subject to the Securitization	Subject to Counterparty Credit Risk	Subject to Market Risk
1	Asset carrying value amount under scope of regulatory consolidation (as in template B1)	662,514,835	601,088,836	-	56,422,058	5,003,941
2	Liabilities carrying value amount under regulatory scope of consolidation (as in template B1)	26,594,312	-	-	23,078,637	3,515,675
3	Total net amount under regulatory scope of consolidation	635,920,523	601,088,836	-	33,343,421	1,488,266
4	Off-Balance Sheet Amount	342,491,942	58,108,375	-	-	-
5	Differences due to different netting rules (except 2)	8,562,009	-	-	-	8,562,009
6	Repo transactions	2,471,321	-	-	2,471,321	-
7	Decrease in counterparty credit risk as a result of netting	-	-	-	-	-
8	Potential credit risk amount calculated for the counterparty	9,114,794	-	-	9,114,794	-
9	Differences due to credit risk reduction	(25,665,149)	(11,730,439)	-	(13,934,710)	-
10	Average exchange rate effect (*)	(70,721,420)	(70,721,420)	-	-	-
	Risk amounts		**576,745,352**	**-**	**30,994,826**	**10,050,275**

(*) It shows the average exchange rate effect used in credit risk calculation within the scope of the BRSA's Resolution dated April 28, 2022.

3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures

a) None.

b) There is no significant difference between amounts valued in accordance with TAS included in B2 and risk exposures except for “Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)”. There is a significant difference between amounts valued according to TAS and risk exposures, since the securities which are subject to repurchase that include in Money Market Payables account item are subject to counter party risk.

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

II. Explanations on Consolidated Risk Management (Continued)

3. Linkages between financial statements and risk amounts (Continued)

3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures (Continued)

c) Valuation methodologies regarding the disclosure related to use of Market Value and Model Value

In general terms, market risk is the possibility of making loss as a result of changes occurring in the current market values of financial assets and positions in the Group's trading accounts. In this framework, the following elements of the Group, which must be reflected on balance sheet over their current market values (market to market), are included in market risk:

- Equity shares included in trading, investment fund participation documents, securities such as bonds and bills,
- Open foreign exchange position with respect to each foreign currency,
- Derivative contracts (forwards) sensitive to interest changes and concluded for trading, future transactions, simple or complex options, swaps, credit derivatives are subject to market risk. Classification of Trading Accounts are made in accordance with Appedix-3 of Regulation on Measurement and Evaluation of Bank’s Capital Adequacy.

The Group calculates its value at market risk with standard method in the framework of “Regulation on Measurement and Evaluation of Bank’s Capital Adequacy”. Accordingly, capital requirement is reached through multiplying of total of general market risk, commodity risk, settlement risk, option risk to 12.5.

The Group's market risk basis value is reached by determining the amounts related to market risk. The details of the analysis are as follows:

- Commodity risk analysis: Simplified approach (Standard method)
- Interest rate risk analysis: General Market Risk Calculation (Standard method – maturity approach) – Specific risk calculation (standard method)
- Equity share risk analysis: Position risk in equity share investments (Standard method)
- Exchange rate exposure analysis (standard method)
- Option risk analysis: Weighting method with delta factor (standard method)

Securities such as equity share, bond and bills, whose market prices are monitored directly, and derivative products such as futures, which are traded in stock exchange, are reviewed over their transaction prices as of reporting date. If a security included in Financial Assets at Fair Value through Profit/Loss portfolio cannot be treated as of reporting date, it is evaluated over the price determined in scope of precautionary principles.

Market value of products, which are traded at over the counter markets such as forward foreign exchange, foreign exchange swaps and interest swaps, are calculated in line with discounting of cash flows over market interest rates. Market value of option transactions is performed based on softwares which are internationally accepted valuation methodologies.

Definition of independent price approval processes

There are four main price parameters which shall have an impact on current market value of financial assets and positions held by the Banks:

- Market interest rates (bond, bill and derivative prices)
- Share prices
- Exchange rates
- Gold, other precious metals and commodity prices

Total risk of loss sourcing from price movements (interest, equity share, exchange and commodity risk) related to financial assets and positions are called as “general market risk”.

Independency of price process in ensured through the recording and management of prices to Group systems by back office. In addition, the pricing and valuation systems in question are also reviewed and validated by Validation Unit. Details belonging to aforementioned valuation and accounting are strictly documented and monitored by Treasury Control Unit.

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

II. Explanations on Consolidated Risk Management (Continued)

3. Linkages between financial statements and risk amounts (Continued)

3.3. BA - Disclosures regarding differences between amounts valued according to TAS and risk exposures (Continued)

Processes for valuation adjustments or differences (It includes definition of process and methodology definition for the valuation of trading positions according to type of financial instrument)

TRY borrowing instruments included in securities portfolio of Financial Assets at Fair Value through Profit/Loss account consist of government securities. The aforementioned securities are evaluated based on weighted average price traded in the market. For the TRY securities not traded, market price is calculated based on CBRT prices. Average of quotation of purchase and sell in the market are accepted as market price for Foreign Currency securities included in the same portfolio.

4. Credit Risk Disclosures

4.1. General Information on Credit Risk

4.1.1. CRD – general qualitative information on credit risk

a) Conversion of The Parent Bank’s business model to components of credit risk profile

The Parent Bank has forward-looking measurement and forecast instruments which are sensitive to risk and including appropriate information technology applications and management information systems in order to take expected or unexpected losses into account in all types of risk under both normal and also negative market conditions. The conversion of business model to components in risk profile is digitized through aforementioned instruments.

b) Criteria and approach used during the determination of credit risk policy and credit risk limits

Group credit policies have been established to form effective and satisfactory loan allocation processes based on prudence and applicability principles in a way that it is in line with the risk boundaries set by the Group, Group Credit Policies and legal authorities. Pillars of credit risk management policy in Group are;

- Rules and Regulations of BRSA (Banking Regulation and Supervision Agency)
- Decisions of institutions auditing QNB Group
- Credit policies and procedures at Group level
- Credit policies and procedures at Bank level
- Risk Appetite Statement Document
- Corporate, commercial and SME banking credit policies and corporate grading management documents
- Individual credit and credit cards policies

Risk Management Strategy is the main risk management policy document in which the risks of the Group are identified, and its risk appetite and managements principles are determined. Credit risk limits are annually reviewed in line with risk strategy.

c) Structure and organization of credit risk management and control function

All of the process related to direct or indirect credit allocation, extension, monitoring and operation of the Group in favor of individuals or legal entities are reviewed in scope of credit risk management. Activities related to capital management includes calculation of legal and economic capital requirement of annual and long term business plans of the Bank.

Activities related to Credit Risk and Capital Management are carried out by Credit Risk Analytic, Strategy and Capital Management unit. Group’s Credit Risk organization, duties and responsibilities, related units and responsibilities of those units are identified in detail in the own Credit Policy documents of the Group, Risk Management Strategy Document and Risk Management Department operation instruction and also main principles, applications, limits and reporting processes, which are going to be adopted in Credit Risk Management, are included

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

II. Explanations on Consolidated Risk Management (Continued)

4. Credit Risk Disclosures (Continued)

4.1. General Information on Credit Risk (Continued)

4.1.1. CRD – general qualitative information on credit risk (Continued)

c) Structure and organization of credit risk management and control function (Continued)

Main responsibilities of Credit Risk Management Department are as follows:

- To establish risk management policies and strategies related to risks exposed by the Group and to submit those policies and strategies for the approval of Board of Directors Risk Committee,
- To ensure fulfilment of risk identification, measurement, analysis, monitoring, control and mitigation activities in accordance with risk management policies and processes approved by Board of Directors and to report all significant in balance and off balance risks which are undertaken at group level to senior management,
- To make internal capital adequacy review covering all risks and to make forecasts related to course of capital adequacy ratio in the framework of long term business plans of the Group,
- To make periodic stress tests and scenario analysis and establish early warning systems,
- To support decision-making processes of the Group through providing reviews and risk point of view with respect to risk management,
- To encourage risk awareness and management culture across the bank
- To develop of forecasting models/approaches and the measurement monitoring of portfolio credit risk through Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).
- Implementation of risk based Credit Classification and Expected Credit Loss calculations under TFRS 9, determination of credit risk measurement framework, development and implementation of relevant models/approaches.

d) Relationship between credit risk management, risk control, legal compliance and internal audit functions

Risk governance model includes three lines of defense consisting of:

- The risk taking units (lines of business) at the first level, responsible for assessing and minimizing risks for a given level of return.
- Risk Management Unit, at the second level, identifies, monitors, controls, quantifies risk, provides appropriate tools and methodologies, provides coordination and assistance; measures risk adjusted performance across the business lines; reports to appropriate levels and proposes mitigation measures, being supported by business lines, where the risk is actually created, and specialized units.
- Internal Audit – provides the independent review function.

The Compliance function is ensuring, through proper procedures, that the requirements and deadlines provided for by the regulatory framework in force are observed. In doing so, the compliance function informs all Group employees on the relevant changes to the regulatory framework and provides guidance on the required changes to internal rules and processes. Moreover, the Compliance function cooperates as appropriate with the Risk Management unit, as compliance risk is considered a subcategory of operational risk.

Internal audit function acts as one of the three lines of defense of Group risk Management model and provides the independent review function. Risk assessments at internal audit are carried out by internal audit department by paying attention to exposures that Group has and controls relevant to them during audit works.

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

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

II. Explanations on Consolidated Risk Management (Continued)

4. Credit Risk Disclosures (Continued)

4.1. General Information on Credit Risk (Continued)

4.1.1. CRD – general qualitative information on credit risk (Continued)

e) Scope and main content of reporting to senior management and board members regarding the credit risk management function and exposure to credit risk

A Board of Directors Risk Committee Report is prepared monthly to be submitted to the Board of Directors Risk Committee, and the report mainly consists of information on capital adequacy, Market Risk, Credit Risk, Counterparty Credit Risk and Operational Risk. The main content and scope of the report contains development in risk parameters, change in risk profile, concentration and risk metrics, stress tests and results, delay amounts and rates on the basis of segments, third stage, second stage, rating and default probability distributions, aging analysis collateral structure, collection amounts by segment and product, and non-performing loan restructurings. In addition to this monthly report, a quarterly comparison analysis with peer banks based on capital adequacy and credit risk metrics is reported to senior management and the board of directors.

4.2. CR1 Credit Quality of Assets

	Current Period	Gross carrying values of as per TAS		Allowances/impairments	Net value
		Defaulted exposures	**Non-defaulted exposures**		
1	Loans	10,988,341	582,645,210	8,880,284	584,753,267
2	Debt Securities	-	171,480,680	-	171,480,680
3	Off-balance sheet exposures	-	585,997,500	27,904	585,969,596
4	**Total**	**10,988,341**	**1,340,123,390**	**8,908,188**	**1,342,203,543**

	Prior Period	Gross carrying values of as per TAS		Allowances/impairments	Net value
		Defaulted exposures	**Non-defaulted exposures**		
1	Loans (*)	9,494,520	347,114,928	7,829,034	348,780,414
2	Debt Securities	-	102,094,281	-	102,094,281
3	Off-balance sheet exposures	52,021	245,588,683	55,641	245,585,063
4	**Total**	**9,546,541**	**694,797,892**	**7,884,675**	**696,459,758**

4.3. CR2 Changes in stock of defaulted loans and debt securities

		Current Period	Prior Period
1	Defaulted loans and debt securities at end of the previous reporting period	9,494,520	9,516,147
2	Loans and debt securities that have defaulted since the last reporting period	5,251,906	2,777,814
3	Returned to non-defaulted status	-	-
4	Amounts written-off (*)	917,816	394,163
5	Other changes (**)	2,840,269	2,405,278
6	**Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)**	**10,988,341**	**9,494,520**

(*) Includes sales of non-performing loan receivables amounting to TRY 907,703 in the current period (31 December 2022 – TRY 32,223).

(**) Includes collections from credits in default.

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

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

II. Explanations on Consolidated Risk Management (Continued)

4. Credit Risk Disclosures (Continued)

4.4. CRB – Additional disclosures related to credit quality of assets

a) The criteria taken into consideration by the Parent Bank in determining the impairment are explained in footnote VIII of the third section.
b) There is no part of past due receivables which is not reviewed as “loans subject to provisioning”.
c) The Group's specific provision calculation is explained in footnote VIII of the third section.
d) In receivables of the customers having difficulties in payment of receivables to the Bank or expected to have possible difficulties in payments then receivables in aforementioned scope are identified as “restructured receivables”.

e) Exposures provisioned against by major regions, major sectors and remaining maturity

Exposures provisioned against by major regions

Country	Current Period	Prior Period
Türkiye	580,290,501	345,259,369
European Union (EU) Countries	803	1,035
USA, Canada	2	28
OECD Countries (*)	2,236	432
Off-Shore Banking	869,732	763,195
Other Countries	1,481,936	1,090,871
Total (*)	**582,645,210**	**347,114,930**

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

Exposures provisioned against by major sectors

	Current Period	Prior Period
1. Agricultural	**3,206,115**	**2,986,225**
1.1. Farming and raising livestock	2,235,461	2,240,146
1.2. Forestry	36,489	42,472
1.3. Fishing	934,165	703,607
2. Manufacturing	**111,625,809**	**76,599,281**
2.1. Mining and Quarrying	963,553	659,976
2.2. Production	98,017,568	65,591,520
2.3. Electricity, Gas, Water	12,644,688	10,347,785
3. Construction	**15,096,310**	**11,221,790**
4. Services	**190,121,329**	**134,895,954**
4.1 Wholesale and retail trade	71,954,428	54,134,919
4.2 Hotel, food and beverage services	16,809,256	10,198,976
4.3 Transportation and telecommunication	46,529,727	33,428,456
4.4 Financial institutions	10,788,633	6,757,854
4.5 Real estate and leasing services	26,671,005	17,574,338
4.6 Self-employment services	4,064,145	3,133,492
4.7 Education services	931,756	789,278
4.8 Health and social services	12,372,379	8,878,641
5.Other	**262,595,647**	**121,411,680**
6. Total (*)	**582,645,210**	**347,114,930**

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

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

II. Explanations on Consolidated Risk Management (Continued)

4. Credit Risk Disclosures (Continued)

4.4. CRB – Additional disclosures related to credit quality of assets (Continued)

e) Exposures provisioned against by major regions, major sectors and remaining maturity (Continued)

Breakdown of Exposures according to remaining maturity

Current Period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables	-	203,925,397	93,929,683	189,235,959	100,184,295	32,324,882	619,600,216

Prior Period	Demand	Up to 1 month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Total
Loans and Receivables (*)	-	77,550,568	52,229,600	121,086,605	87,641,420	22,931,257	361,439,450

(*) Relevant provision amounts have been deducted from the loans and receivables balances.

f) Exposures provisioned against by major regions and sectors and loans written off during the period an uncollectible

Exposures provisioned against by major regions and loans written off during the period an uncollectible

Current Period	Loans subject to provision	Provision	Written-off from Assets
Türkiye	10,971,258	8,863,471	917,816
EU Countries	26	15	-
USD, Canada	-	-	-
OECD Countries (*)	-	-	-
Off-shore Banking Regions	-	-	-
Other Countries	17,057	16,798	-
Total	**10,988,341**	**8,880,284**	**917,816**

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

Prior Period	Loans subject to provision	Provision	Written-off from Assets
Türkiye	9,478,145	7,812,737	394,163
EU Countries	26	15	-
USD, Canada	-	-	-
OECD Countries (*)	-	-	-
Off-shore Banking Regions	-	-	-
Other Countries	16,349	16,284	-
Total	**9,494,520**	**7,829,036**	**394,163**

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

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

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

II. Explanations on Consolidated Risk Management (Continued)

4. Credit Risk Disclosures (Continued)

4.4. CRB – Additional disclosures related to credit quality of assets (Continued)

f) Exposures provisioned against by major regions and sectors and loans written off during the period an uncollectible (Continued)

Exposures provisioned against by major sectors and loans written off

	Current Period			Prior Period		
	Loans subject to provision	Provision	Written-off from Assets	Loans subject to provision	Provision	Written-off from Assets
1. Agriculture	**171,229**	**152,412**	**19,541**	**249,702**	**201,668**	**580**
1.1. Farming and Raising Livestock	169,235	150,434	19,232	247,302	199,421	215
1.2. Forestry	104	104	-	104	102	365
1.3. Fishing	1,890	1,874	309	2,296	2,145	-
2. Industrial	**1,989,222**	**1,716,533**	**51,068**	**1,775,197**	**1,549,603**	**23,208**
2.1. Mining and Quarrying	45,310	41,090	231	75,109	55,073	-
2.2. Production	1,884,024	1,615,587	50,647	1,390,390	1,184,947	3,647
2.3. Electricity, Gas, Water	59,888	59,856	190	309,698	309,583	19,561
3. Construction	**811,055**	**581,131**	**26,317**	**1,056,060**	**733,609**	**1,099**
4. Services	**2,894,840**	**2,345,022**	**227,358**	**3,166,763**	**2,551,914**	**327,998**
4.1. Wholesale and Retail Trade	1,503,575	1,354,303	168,886	1,748,378	1,529,582	52
4.2. Hotel, Food and Beverage Services	146,604	126,284	22,959	260,681	198,455	-
4.3. Transportation and Communication	107,785	100,169	17,995	136,948	123,681	327,946
4.4. Financial Institutions	9,945	9,274	536	8,968	8,617	-
4.5. Real Estate and Renting Services	825,889	466,236	5,900	826,543	528,818	-
4.6. Self-Employment Services	232,558	225,536	6,221	101,121	88,490	-
4.7. Educational Services	28,043	26,015	1,436	37,760	31,373	-
4.8. Health and Social Services	40,441	37,205	3,425	46,364	42,898	-
5. Other	**5,121,995**	**4,085,186**	**593,532**	**3,246,798**	**2,792,242**	**41,278**
6. Total	**10,988,341**	**8,880,284**	**917,816**	**9,494,520**	**7,829,036**	**394,163**

g) Aging analysis

Overdue days	Current Period	Prior Period
0-30	603,561,484	364,955,258
31-60	4,175,579	1,157,522
61-90	1,480,357	568,805
90+	10,988,341	9,494,520
Total	**620,205,761**	**376,176,105**

5. Credit risk mitigation

5.1. CRM - Qualitative disclosure on credit risk mitigation techniques

Collateralization is used as main risk mitigation method. Tangible and intangible assets which can be accepted as collateral and their consideration rates are defined in detail in instructions. The Parent Bank follows a conservative approach in collateral valuation. The value of the collateral is determined both with independent valuation and also internal valuation.

Legality and operational applicability is the precondition for the validity of collaterals. Legal teams should have performed sufficient legal examinations and confirmed all legal regulations related to collateral and validity of collateral before the receipt of the collateral. In addition, all contracts and other related documents should be obtained.

Collateral value should not have a positive correlation with the credit worthiness of the debtor.

Monitoring of collateral values is important to maintain credit quality. Market value of the collateral is periodically reviewed in line with determined frequency in directives and necessary precautions are taken when there is a significant deterioration indication in market value of the collateral.

Insurance policies of the collaterals should be obtained.

Collateral value meets Debt-Collateral ratio determined for credit type or specific sectors legally or in internal application of The Parent Bank.

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

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

II. Explanations on Consolidated Risk Management (Continued)

5. Credit risk mitigation (Continued)

5.1. CRM - Qualitative disclosure on credit risk mitigation techniques (Continued)

The Parent Bank takes netting agreements concluded with counterparties into account in the framework of rules mentioned in scope of Appendix-2 of Regulation on Measurement and Evaluation of Bank's Capital Adequacy during the counterparty risk measurement.

5.2. CR3 – Credit risk mitigation techniques – Overview

	Current Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	570,245,099	14,508,168	11,118,365	-	-	-	-
2	Debt securities	171,480,680	-	-	-	-	-	-
3	**Total**	**741,725,779**	**14,508,168**	**11,118,365**	**-**	**-**	**-**	**-**
4	Of which defaulted	2,000,003	80,149	20,088	-	-	-	-

	Prior Period	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
1	Loans	334,526,954	14,253,460	9,470,250	-	-	-	-
2	Debt securities	102,094,281	-	-	-	-	-	-
3	**Total**	**436,621,235**	**14,253,460**	**9,470,250**	**-**	**-**	**-**	**-**
4	Of which defaulted	1,644,593	17,273	314	-	-	-	-

6. Credit risk when standard approach is used

6.1. CRA – Qualitative disclosures which shall be made related to grading marks used by the Banks while calculating credit risk with standard approach

a) Ratings of Fitch and JCR Avrasya Derecelendirme A.Ş. credit rating agencies are used in credit risk standard approach calculations.

b) Ratings of Fitch credit rating agency are used to determine the risk weights of receivables from central governments or central banks, receivables from banks and intermediary institutions, which are subject to risk classes. The ratings of JCR Avrasya Değerlendirme A.Ş. are used in determining the risk weights for corporate receivables subject to risk categories.

c) Mark assigned to a debtor is taken into account for all assets of the debtor.

d) CRA, which is not included in twinning table of the institution, is not used.

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

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

II. Explanations on Consolidated Risk Management (Continued)

6. Credit risk when standard approach is used (Continued)

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

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

	Prior Period	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Exposure Categories	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Exposures to central governments or central banks	158,594,968	-	159,932,601	-	-	-
2	Exposures to regional governments or local authorities	241,732	115	241,732	-	120,866	50%
3	Exposures to public sector entities	788,967	160,548	787,710	35,695	823,404	100%
4	Exposures to multilateral development banks	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-
6	Exposures to institutions	13,775,238	3,648,585	13,770,672	2,089,021	4,949,804	31%
7	Exposures to corporates	142,242,834	103,403,298	135,956,690	39,716,961	175,673,650	100%
8	Retail exposures	129,352,594	217,461,119	125,375,302	6,650,760	105,828,690	80%
9	Exposures secured by residential property	1,760,178	173,017	1,760,178	54,521	635,145	35%
10	Exposures secured by commercial real estate	10,819,746	1,562,221	10,819,746	774,714	8,314,408	72%
11	Past-due loans	1,566,671	-	1,566,362	-	1,034,419	66%
12	Higher-risk categories by the Agency Board	54,495,857	30,173	53,957,546	30,173	88,019,427	163%
13	Exposures in the form of covered bonds	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-
16	Other assets	19,265,004	56,194	19,265,004	-	10,096,920	52%
17	Investments in equities	3,959,964	-	3,959,964	-	3,959,964	100%
18	**Total**	**536,863,753**	**326,495,270**	**527,393,507**	**49,351,845**	**399,456,697**	**69%**

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

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

II. Explanations on Consolidated Risk Management (Continued)

6. Credit risk when standard approach is used (Continued)

6.3. CR5 – Standard approach – exposures by asset classes and risk

Current Period

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

Prior Period

	Exposure Categories/Risk Weight	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total Credit Risk Exposure Amount
1	Exposures to central governments or central banks	159,932,601	-	-	-	-	-	-	-	-	159,932,601
2	Exposures to regional governments or local authorities	-	-	-	-	241,732	-	-	-	-	241,732
3	Exposures to public sector entities	-	-	-	-	-	-	823,405	-	-	823,405
4	Exposures to multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Exposures to international organizations	-	-	-	-	-	-	-	-	-	-
6	Exposures to institutions	-	-	10,096,273	-	5,665,736	-	97,684	-	-	15,859,693
7	Exposures to corporates	-	-	-	-	-	-	175,673,651	-	-	175,673,651
8	Retail exposures	-	-	-	-	-	104,789,489	27,236,573	-	-	132,026,062
9	Exposures secured by residential property	-	-	-	1,814,699	-	-	-	-	-	1,814,699
10	Exposures secured by commercial real estate	-	-	-	-	6,560,107	-	5,034,353	-	-	11,594,460
11	Past-due loans	-	-	-	-	1,063,835	-	502,527	-	-	1,566,362
12	Higher-risk categories by the Agency Board	-	-	-	-	-	-	-	41,090,648	12,897,071	53,987,719
13	Exposures in the form of covered bonds	-	-	-	-	-	-	-	-	-	-
14	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-
15	Exposures in the form of units or shares in collective investment undertakings (CIUs)	-	-	-	-	-	-	-	-	-	-
16	Investments in equities	-	-	-	-	-	-	3,959,964	-	-	3,959,964
17	Other Asset	9,168,110	-	-	-	-	-	10,096,894	-	-	19,265,004
18	**Total**	**169,100,711**	**-**	**10,096,273**	**1,814,699**	**13,531,410**	**104,789,489**	**223,425,051**	**41,090,648**	**12,897,071**	**576,745,352**

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

II. Explanations on Consolidated Risk Management (Continued)

7. Disclosures Regarding Counterparty Credit Risk

7.1. Qualitative disclosures regarding DCCR – CCR table

a) Counterparty credit risk (CCR) states default risk of counterparty, which is a party to a transaction imposing an obligation to both parties, going into default before the final payment included in cash flow of the transaction in question. CCR causes credit risk for banks carrying out money and capital market transactions. Derivative financial instruments, repo and reverse repo transactions, securities and commodities lending transactions, transactions having long clearing process and margin trading transactions are considered in the aforementioned scope.

The most significant part of CCR in the Parent Bank is sourced from derivative financial instruments. Derivative transactions are made with financial institutions, individual and commercial customers for the purposes of trading, management of interest risk of banking accounts and meeting customer demands.

CCR is managed within the framework of the Counterparty Credit Policy approved by the Board of Directors. In this policy, the scope of the CCR, the risk calculation method, and the distribution of responsibility distribution were determined. The general lines determined in the CCR policy are detailed with the Derivative Products Application Instructions.

The Parent Bank make a distinction between banks, non-bank financial institutions and individual customers with respect to counterparty credit risk. Transactions made with non-bank financial institutions are reviewed in the framework of corporate-commercial credit risk while banks are considered in the framework of financial institutions.

Derivative risk amount which can be carried by the customer is limited within the credit policies framework. Related risk and limit amounts are monitored on a daily basis and when a collateral shortfall exists, shortfall collateral amount is completed in line with given standards in Derivative Products Application Instruction.

b) A clear definition of risk appetite and its approval by Board of Directors is the precondition to establish a consistent risk limit system. The Bank has determined the following limit structure in order to limit the risk carried over derivative transactions. Those limits are determined in Market Risk Policy and approved by Board of Directors.

- Limits on option sensitivity indexes basis: Maximum risk which can be taken in delta, gamma and vega positions is limited.
- Option nominal position limit: Maximum nominal position which can be taken on option type basis is limited.
- Interest sensitivity limit of forward exchanges included in trading accounts: Interest risk which can be carried by swap and forward exchanges made for the purposes of trading.

Derivative limit on the basis of customer has been prepared in addition to abovementioned limit structure. The Bank has established required control mechanism in order to stay in the framework of determined limits.

c) CCR is being tried to be reduced with various techniques. The Parent Bank uses daily exchange limits in addition to credit support and global repo agreements in order to reduce exchange risk. Limits, defined for financial institutions, are allocated according to creditability of counterparty and monitored as real time and online. Parties, having over the counter transactions with the Bank, are financial institutions which are well known and having a long term of business relationship.

d) Countertrend risk states that probability of default of counterparty has a positive correlation with general market risk factors. The Bank monitors impacts of market risk factors such as interest and exchange on customer credit risk. Especially, in periods having sharp financial movements, required actions are taken in line with analysis performed.

e) If there is a decline in credit rating grade, there is no additional collateral amount which must be provided by the Bank.

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

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

II. Explanations on Consolidated Risk Management (Continued)

7. Disclosures Regarding Counterparty Credit Risk (Continued)

7.2. CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach

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

	Prior Period	Revaluation Cost	Potential credit risk exposure	EEPE	Alpha	Exposure after credit risk mitigation	Risk Weighted Amounts
1	Standard approach - CCR (for derivatives)	6,254,657	9,114,794	-	1.4	21,278,169	9,959,668
2	Internal Model Method (for derivative financial instruments, repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	-	-
3	The simple method used to mitigate credit risk - repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions,	-	-	-	-	-	-
4	Comprehensive method for reducing credit risk - (for repo transactions, securities or commodity lending or borrowing transactions, long transactions and credit securities transactions)	-	-	-	-	9,716,657	5,625,466
5	Repo transactions, securities or commodity lending or borrowing transactions, long-term transactions with risk exposure value for credit securities transactions	-	-	-	-	-	-
6	**Total**	**-**	**-**	**-**	**-**	**-**	**15,585,134**

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

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

II. Explanations on Consolidated Risk Management (Continued)

7. Disclosures Regarding Counterparty Credit Risk (Continued)

7.3. CCR2 – Credit valuation adjustment (CVA) capital charge

		Exposure (After credit risk mitigation methods)		Risk Weighted Amounts	
		Current Period	Prior Period	Current Period	Prior Period
	Total portfolio value with comprehensive approach CVA capital adequacy				
1	(i) Value at risk component (3*multiplier included)	-	-	-	-
2	(ii) Stressed Value at Risk (3*multiplier included)	-	-	-	-
3	Total portfolio value with simplified approach CVA capital adequacy	12,485,695	21,278,169	1,898,578	3,187,279
4	**Total amount of CVA capital adequacy**	**12,485,695**	**21,278,169**	**1,898,578**	**3,187,279**

7.4. CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights

Current Period

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

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

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

II. Explanations on Consolidated Risk Management (Continued)

7. Disclosures Regarding Counterparty Credit Risk (Continued)

7.4. CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk weights (Continued)

Prior Period

	Exposure Categories/Risk Weight	0%	10%	20%	50%	75%	100%	150%	Other	Total Credit Risk
1	Exposures from central governments or central banks	751,881	-	-	-	-	-	-	20,523	772,404
2	Exposures from regional or local governments	-	-	-	-	-	-	-	-	-
3	Exposures from administrative units and non-commercial enterprises	-	-	-	-	-	502	-	-	502
4	Exposures from multilateral development banks	-	-	-	-	-	-	-	-	-
5	Exposures from international organizations	-	-	-	-	-	-	-	-	-
6	Exposures from banks and brokerage houses	-	-	6,464,294	18,041,478	-	900,503	-	-	25,406,275
7	Exposures from corporates	-	-	-	-	-	3,033,551	-	-	3,033,551
8	Retail receivables	-	-	-	-	1,782,094	-	-	-	1,782,094
9	Mortgage receivables	-	-	-	-	-	-	-	-	-
10	Non performing receivables	-	-	-	-	-	-	-	-	-
11	High risk defined receivables	-	-	-	-	-	-	-	-	-
12	Mortgage backed securities	-	-	-	-	-	-	-	-	-
13	Securitization Positions	-	-	-	-	-	-	-	-	-
14	Short term credit rated banks and Intermediary Institutions receivables	-	-	-	-	-	-	-	-	-
15	Collective investment undertaking investments	-	-	-	-	-	-	-	-	-
16	Equity Investments	-	-	-	-	-	-	-	-	-
17	Other Receivables	-	-	-	-	-	-	-	-	-
18	Other Assets	-	-	-	-	-	-	-	-	-
19	**Total**	**751,881**	**-**	**6,464,294**	**18,041,478**	**1,782,094**	**3,934,556**	**-**	**20,523**	**30,994,826**

7.5. CCR4 – Risk class and counterparty credit risk on the basis of possibility of default

Related table is not presented due to standard method is used for calculation of capital adequacy (December 31, 2022 – None).

7.6. CCR5 – Composition of collateral for CCR exposure

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

	Collaterals for Derivatives				Collaterals or Other Transactions	
	Collaterals Taken		Collaterals Given		Collaterals Taken	Collaterals Given
Prior Period	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**	**Segregated**	**Unsegregated**
Cash-Local Currency	-	-	-	-	5,155,375	-
Cash - Foreign Currency	-	14,917,942	-	4,741,482	18,076,585	-
Government bond-domestic	-	-	-	-	-	-
Government bond-other	-	-	-	-	-	-
Public institution bonds	-	-	-	-	-	-
Corporate bond	-	-	-	-	-	-
Equity share	-	-	-	-	-	-
Other collaterals	-	-	-	-	-	-
Total	**-**	**14,917,942**	**-**	**4,741,482**	**23,231,960**	**-**

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

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

II. Explanations on Consolidated Risk Management (Continued)

7. Disclosures Regarding Counterparty Credit Risk (Continued)

7.7. CCR6 – Credit derivatives

Related table is not presented due to the Parent Bank has no risk arrived from derivative credit received or sold (December 31, 2022 - None).

7.8. CCR7 – RWA changes on CCR within the internal model method

Related table is not presented due to standard method is used for calculation of capital adequacy (December 31, 2022 - None).

7.9. CCR8 – Exposures to central counterparties

		Current Period		Prior Period	
		Exposure at default (post-CRM)	RWA	Exposure at default (post-CRM)	RWA
1	**Exposure to Qualified Central Counterparties (QCCPs)(total)**	153,086	3,062	**26,594**	**532**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
3	(i) OTC Derivatives	-	-	-	-
4	(ii) Other derivative financial instruments	153,086	3,062	26,594	532
5	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing of securities or commodities	-	-	-	-
6	(iv) Netting sets where cross-product netting has been approved Segregated initial margin	-	-	-	-
7	Segregated initial margin	-	-	-	-
8	Non-segregated initial margin	-	-	-	-
9	Pre-funded default fund contributions	-	-	-	-
10	Unfunded default fund contributions	-	-	-	-
11	Exposures ton on-QCCPs (total)	-	-	-	-
12	Exposures for trades at non- QCCPs (excluding initial margin and default fund contributions); of which	-	-	-	-
13	(i) OTC Derivatives	-	-	-	-
14	(ii) Other derivative financial instruments	-	-	-	-
15	(iii) Repo-reverse repo transactions, overdraft transactions, and lending or borrowing of securities or commodities	-	-	-	-
16	(iv) Netting sets where cross-product netting has been approved Segregated initial margin	-	-	-	-
17	Segregated initial margin	-	-	-	-
18	Non-segregated initial margin	-	-	-	-
19	Pre-funded default fund contributions	-	-	-	-
20	Unfunded default fund contributions	-	-	-	-

8. Securitization exposures

The Parent Bank has no securitization transactions (December 31, 2022 None).

9. Disclosures regarding Market Risk

9.1. MRD – Qualitative information which shall be disclosed to public related to market risk

a) Market risk states the risk sourcing from change in market prices on positions held in order to make profit in trading accounts in line with short term expectations in market prices or interest rates. Financial Assets at Fair Value through Profit/Loss accounts covers all derivative products except for Financial Assets at Fair Value through Profit/Loss, open exchange position and having hedging purposes.

The Parent Bank has established a structure to effectively define, monitor and manage the risk sourcing from changes in market prices including interest rates, stocks, bond prices, exchange rates and uncertainty of aforementioned prices in their volatility levels. The aforementioned structure is determined in Market Risk Policy of the Bank which is approved by the Board of Directors. This policy determines principles, measurement methods, processes and limits covering all transactions of the Bank sourcing from market risk.

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

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

II. Explanations on Consolidated Risk Management (Continued)

9. Disclosures regarding Market Risk (Continued)

9.1. MRD – Qualitative information which shall be disclosed to public related to market risk (Continued)

Market risk is calculated and reported on a monthly basis with standard method for capital adequacy calculation in line with regulation on Measurement and Evaluation of Bank's Capital Adequacy published by BRSA.

Market risk also includes value at risk limits in line with internal policies based on internal model. Limits include value at risk limits, positions, limits on options sensitivity and loss cessation limits for each of the market risk types.

b) Risk Committee of the Parent Bank is responsible to ensure implementation of market risk strategy and policies in a consistent manner. Market risk unit operates totally independent from risk carrying units and directly subject to Risk Committee of the Bank in given authorization and responsibilities framework.

Internal Control Department is responsible for the evaluation of internal control system related to market risk through periodical independent audits. Required system evaluation reports are shared with Board of Directors and other related authorities. Risk Committee of Board of Directors provides holding of sufficient capital against market risk carried by the Parent Bank.

c) The Parent Bank makes its capital calculation for market risk in accordance with standard method approach defined in Basel II first pillar. Capital calculation method for each risk category is made by BRSA in line with Basel standards as of month-ends as solo and consolidated.

The Group calculates market risk with value at risk approach for the purpose of monitoring and management of risk at the Bank except for standard method. The aforementioned calculation is made both for the risk of trading portfolio and the risk of positions of the trading desk. Value at risk calculation is made daily with historical simulation at 99% confidence interval through 252 working days observation period and exponential weighted moving average volatility assumption. Dynamic structure of the volatility is reached through giving weight to recent observations in exponential weighted moving average. In addition to the VaR calculation, risk amounts are calculated by stress VaR and stress tests, taking into account the risk that may occur during stress periods.

9.2. MR1- Market risk under standardised approach

		RWA (**)	
		Current Period	**Prior Period**
	Outright products (*)	15,740,100	9,120,888
1	*Interest rate risk (general and specific)*	*4,964,411*	*3,931,938*
2	*Equity risk (general and specific)*	*727,838*	*1,057,475*
3	*Foreign exchange risk*	*8,990,088*	*3,810,275*
4	*Commodity risk*	*1,057,763*	*321,200*
	Options	852,275	929,388
5	*Simplified approach*	-	-
6	*Delta-plus method*	*852,275*	*929,388*
7	*Scenario approach*	-	-
8	*Securitization*	-	-
9	**Total**	**16,592,375**	**10,050,276**

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

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

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

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

II. Explanations on Consolidated Risk Management (Continued)

10. Explanations on Consolidated Operational Risk

The Parent Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2021, 2020 and 2019, year-end gross income balances of the Bank, in accordance with Section 3 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio", published in the Official Gazette No. 28337 dated June 28, 2012, namely. It was calculated using the "Basic Indicator Method" using the 2022, 2021 and 2020 year-end gross income of the Parent Bank for the last 3 years. As of December 31, 2023, the amount subject to operational risk is TRY 42,831,525 (December 31, 2022 – TRY 20,444,088).

Current Period Basic Indicator Method	**2 Prior Period Value**	**1 Prior Period Value**	**Current Period value**	**Total/Total number of years for which gross income is positive**	**Rate (%)**	**Total**
Gross Income (*)	10,141,119	13,236,805	45,152,510	22,843,478	15	3,426,522
Amount subject to operational risk (Total*12.5)						**42,831,525**
Prior Period Basic Indicator Method	**2 Prior Period Value**	**1 Prior Period Value**	**Current Period value**	**Total/Total number of years for which gross income is positive**	**Rate (%)**	**Total**
Gross Income (*)	9,332,624	10,141,119	13,236,805	10,903,516	15	1,635,527
Amount subject to operational risk (Total*12.5)						**20,444,088**

Annual gross income is calculated by deducting the profit/loss arising from the sale of securities followed up in the securities available for sale and held-to-maturity accounts, the extraordinary incomes and the amounts indemnified from insurance, from the sum of the net amounts of interest income and non-interest income.

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

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

III. Explanations on Consolidated Foreign Exchange Risk

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

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

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

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

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

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

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

US Dollars purchase rate in the balance sheet date	TRY 29.4382
Euro purchase rate in the balance sheet date	TRY 32.5739

Date	US Dollar	Euro
December 29, 2023	29,4382	32,5739
December 28, 2023	29,3973	32,6937
December 27, 2023	29,3374	32,4186
December 26, 2023	29,2647	32,2421
December 25, 2023	29,2108	32,1766

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

The arithmetical average of the Parent Bank's US Dollar and Euro purchase rates for December 2023 are TRY 29.052 and TRY 31.7082 respectively.

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

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

III. Explanations on Consolidated Foreign Exchange Risk (Continued)

5. Information on the consolidated foreign exchange risk

Current Period	EUR	USD	Other	Total
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R.Central Bank [1]	31,260,479	63,384,771	8,141,064	102,786,314
Due From Banks [2]	6,670,098	8,988,201	1,259,597	16,917,896
Financial Assets Measured at Fair Value through Profit/Loss (FVTPL) [3]	2,107,282	2,276,623	5,623	4,389,528
Money Market Placements	-	-	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)	2,619	19,699,843	-	19,702,462
Loans [4]	115,917,890	73,480,597	691,616	190,090,103
Investments in Assoc., Subsidiaries and Entities under Common Control	-	-	-	-
Investment Assets Measured at Amortized Cost	2,264,075	27,524,181	-	29,788,256
Derivative Financial Assets Hedging Purposes	146,784	3,103,855	-	3,250,639
Tangible Assets	-	-	487	487
Intangible Assets	-	-	-	-
Other Assets [5]	764,719	440,584	16,251	1,221,554
Total Assets	**159,133,946**	**198,898,655**	**10,114,638**	**368,147,239**
Liabilities				
Bank Deposits	4,080,103	19,171,268	1,098,990	24,350,361
Foreign Currency Deposits [6]	55,001,511	124,125,578	39,892,051	219,019,140
Money Market Borrowings	-	27,736,364	-	27,736,364
Funds Provided from Other Financial Institutions	39,492,857	96,956,221	3	136,449,081
Securities Issued	3,784,841	40,491,371	6,809,372	51,085,584
Sundry Creditors	4,683,417	5,588,332	67,873	10,339,622
Derivative Fin. Liabilities Hedging Purposes	47,629	677,798	-	725,427
Other Liabilities [7] [8]	2,027,076	4,450,239	33,275	6,510,590
Total Liabilities	**109,117,434**	**319,197,171**	**47,901,564**	**476,216,169**
Net Balance Sheet Position	**50,016,512**	**(120,298,516)**	**(37,786,926)**	**(108,068,930)**
Net Off-Balance Sheet Position	**(49,583,914)**	**127,035,807**	**37,901,309**	**115,353,202**
Financial Derivative Assets	51,114,451	349,356,811	40,167,072	440,638,334
Financial Derivative Liabilities	100,698,365	222,321,004	2,265,763	325,285,132
Non-Cash Loans [9]	27,572,890	24,389,074	1,967,965	53,929,929
Prior Period				
Total Assets	119,252,598	119,408,510	6,851,092	245,512,200
Total Liabilities	73,747,271	183,864,004	32,631,727	290,243,002
Net Balance Sheet Position	**45,505,327**	**(64,455,494)**	**(25,780,635)**	**(44,730,802)**
Net Off-Balance Sheet Position	**(45,107,396)**	**66,570,093**	**26,048,445**	**47,511,142**
Financial Derivative Assets	32,202,013	225,595,182	28,403,576	286,200,771
Financial Derivative Liabilities	77,309,409	159,025,089	2,355,131	238,689,629
Non-Cash Loans	18,043,661	17,030,918	463,540	35,538,119

(1) Cash and Balances with TR Central; Other FC include TRY 7,765,222 (December 31, 2022 – TRY 5,494,682) precious metal deposit account.
(2) Includes foreign bank guarantees amounting to TRY 3,025,514 (December 31, 2022 – TRY 4,516,091).
(3) Foreign exchange accruals of TRY 788,259 (December 31, 2022 – TRY 369,444) for derivative financial instruments are not included.
(4) It also includes foreign currency indexed loans amounting to TRY 181,694 (December 31, 2022 - TRY 232,939), which are followed in TRY in the balance sheet.
(5) Does not include FC prepaid expenses amounting to TRY 983,146 (December 31, 2022 – TRY 224,639) as per BRSA's Communique published in Official Gazette no 26085 on February 19, 2006.
(6) Foreign currency deposits include TRY 34,499,557 (December 31, 2022 – TRY 22,159,406) of precious metal deposit account.
(7) Other Liabilities do not include the Foreign Currency Index Factoring payables amounting to TRY 4 (December 31, 2022 – TRY 3,260).
(8) Does not include currency expense accruals of derivative financial instruments kept in FC accounts amounting to TRY 237,761 (December 31, 2022 – TRY 151,702).
(9) Does not have an effect on Net Off-balance Sheet Position.

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

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

III. Explanations on Consolidated Foreign Exchange Risk (Continued)

6. Sensitivity to foreign exchange risk

The Bank is subject to exchange rate risk mainly from Euro and USD.

The table below shows the Bank's sensitivity to a 10% change in Euro and USD currencies. It is assumed that all other variables are constant.

	% change in the Foreign currency	Effect on Gain/Loss (After Tax)	Net Effect on Shareholders Equity (*)	Effect on Gain/Loss (After Tax)	Net Effect on Shareholders Equity (*)
		Current Period	**Current Period**	**Prior Period**	**Prior Period**
USD	10% increase	(12,764)	(22,420)	(22,613)	(85,182)
	10% decrease	12,764	22,420	22,613	85,182
EURO	10% increase	29,195	36,449	8,957	8,957
	10% decrease	(29,195)	(36,449)	(8,957)	(8,957)

(*) Effect on Shareholders Equity include the effect of the change of exchange rates on the statement of profit or loss and other comprehensive income.

IV. Explanations on Consolidated Interest Rate Risk

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

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

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

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

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

Interest Rate Sensitivity of Assets, Liabilities and off-Balance Sheet Items

(Based on repricing dates)

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

(1) Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.
(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TRY 18,072 expected loss provisions.
(3) Banks include balance of expected loss provisions amounting to TRY 12,939.
(4) Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 8,888,204.
(5) Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 4,092,746.
(6) Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 26,015.
(7) Other Liabilities includes Derivative Financial Liabilities amounting to TRY 4,995,729.

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

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

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

(Based on repricing dates)

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Non-Interest Bearing [1]	Total
End of Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank [2]	36,498,079	-	-	-	-	58,029,097	94,527,176
Due from Banks [3]	2,941,212	-	-	-	-	8,196,473	11,137,685
Financial Assets at Fair Value Through Profit/Loss [4]	302,530	104,379	118,529	191,795	34,143	16,610,867	17,362,243
Money Market Placements	4,427,376	4,040,604	-	-	-	(5,082)	8,462,898
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVTOCI) [5]	7,070,186	5,959,770	3,354,114	9,825,209	9,624,704	11,292,224	47,126,207
Loans and Receivables	82,955,431	70,375,199	135,559,924	64,146,706	8,464,963	1,602,714	363,104,937
Financial Assets Measured at Amortized Cost [6]	28,418,409	647,443	2,276,143	15,932,112	7,588,431	7,080,729	61,943,267
Other Assets	-	-	-	-	-	17,479,401	17,479,401
Total Assets	**162,613,223**	**81,127,395**	**141,308,710**	**90,095,822**	**25,712,241**	**120,286,423**	**621,143,814**
Liabilities							
Bank Deposits	4,246,561	2,763,128	2,476,493	-	-	739,595	10,225,777
Other Deposits	145,100,082	95,663,898	12,667,551	589,295	504	128,516,015	382,537,345
Money Market Borrowings	12,075,878	7,644,329	3,209,343	-	-	149,087	23,078,637
Miscellaneous Payables	15,775,865	-	-	-	-	13,926,779	29,702,644
Securities Issued	6,179,495	9,842,834	3,680,636	12,135,273	-	178,671	32,016,909
Funds Borrowed	9,627,502	17,463,759	30,434,536	3,873,655	10,162,444	783,185	72,345,081
Other Liabilities [7]	397	1,161	21,331	726,580	-	70,487,952	71,237,421
Total Liabilities	**193,005,780**	**133,379,109**	**52,489,890**	**17,324,803**	**10,162,948**	**214,781,284**	**621,143,814**
On Balance Sheet Long Position	-	-	88,818,820	72,771,019	15,549,293	-	177,139,132
On Balance Sheet Short Position	(30,392,557)	(52,251,714)	-	-	-	(94,494,861)	(177,139,132)
Off-Balance Sheet Long Position	14,883,737	27,602,409	-	-	-	-	42,486,146
Off-Balance Sheet Short Position	-	-	(3,548,564)	(8,375,774)	(16,493,564)	-	(28,417,902)
Total Position	**(15,508,820)**	**(24,649,305)**	**85,270,256**	**64,395,245**	**(944,271)**	**(94,494,861)**	**14,068,244**

(1) Non-Interest Bearing column includes accruals, provision for losses and derivative financial instruments' fair value valuation difference.
(2) Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include amount of TRY 10,615 expected loss provisions.
(3) Banks include balance of expected loss provisions amounting to TRY 6,018.
(4) Financial Assets at Fair Value Through Profit/Loss includes Derivative Financial Assets at Fair Value Through Profit or Loss amounting to TRY 15,743,228.
(5) Financial Assets Measured at Fair Value Through Other Comprehensive Income includes Derivative Financial Assets Through Other Comprehensive Income amounting to TRY 6,868,726.
(6) Financial Assets measured at amortized cost includes the balance of the expected loss provisions amounting to TRY 20,038.
(7) Other Liabilities includes Derivative Financial Liabilities amounting to TRY 6,714,988.

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

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

Average interest rates applied to monetary financial instruments

	EUR %	USD %	JPY %	TRY%
End of Current Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T,R, Central Bank	-	-	-	-
Due from Banks	-	-	-	18.36
Financial Assets Measured at Fair Value through Profit/Loss	4.92	7.69	-	33.33
Money Market Placements	-	-	-	43.28
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-	-	-
Loans and Receivables	7.32	9.28	4.92	39.41
Financial Assets Measured at Amortized Cost	4.73	5.61	-	47.07
Liabilities				
Bank Deposits	5.21	7.14	-	40.94
Other Deposits	1.01	2.60	0.05	37.18
Money Market Borrowings	-	6.55	-	22.33
Miscellaneous Payables	3.57	5.05	-	-
Securities Issued	6.76	8.59	-	39.40
Funds Borrowed	5.69	8.20	-	43.92

	EUR %	USD %	JPY %	TRY%
End of Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash in Transit, Cheques Purchased) and Balances with the T,R, Central Bank	-	-	-	-
Due from Banks	-	0.04	-	9.36
Financial Assets Measured at Fair Value through Profit/Loss	5.32	7.22	-	23.78
Money Market Placements	-	2.92	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	2.87	5.42	-	31.34
Loans and Receivables	5.52	6.88	4.92	23.55
Financial Assets Measured at Amortized Cost	4.60	5.65	-	72.82
Liabilities				
Bank Deposits	3.79	5.65	-	25.86
Other Deposits	1.01	3.06	0.17	18.02
Money Market Borrowings	1.69	4.38	-	13.00
Miscellaneous Payables	1.48	-	-	-
Securities Issued	4.97	6.91	-	22.58
Funds Borrowed	4.03	7.36	-	17.63

Interest rate risk on banking book

The interest rate risk resulting from banking book comprises of maturity mismatch risk, yield-curve risk, base risk and option risk. Within the scope of the interest rate risk, the Parent Bank analyzes all these risks periodically and manages all aspects of interest rate risk on banking book effectively in accordance with the bank strategy by considering market conditions. To ensure these, risks are measured, monitored and limited on a regular basis within the scope of "Asset Liability Management Policy".

In the calculation of the interest rate risk on banking book, income approach and the economic value approach are applied. The analysis of economic value, duration and gap analysis are calculated twice a month, analysis of the standard economic value approach is supported by different scenarios.

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

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

IV. Explanations on Consolidated Interest Rate Risk (Continued)

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) included in banking book are monitored daily. In this context, the risk level of this portfolio is managed considering the sensitivity of nominal interest rate and limits.

The interest rate risk on banking book is measured legally as per the “Regulation on Measurement and Evaluation of Interest Rate Risk Resulted from Banking Book as per Standard Shock Method” published in the Official Gazette No. 28034 dated August 23, 2011, and the legal limit as per this measurement is monitored and reported monthly to the Assets and Liability Committee, the Risk Committee and the Board of Directors.

In calculations within the framework of the mentioned regulation, behavioral maturity modeling is carried out for demand deposits with low sensitivity to interest rate changes and with a principal maturity longer than the contract maturity. In the studies defined as core deposit analysis, based on historical data, analyses are conducted regarding how much of demand deposits will remain within the Parent Company Bank at which maturity. These analyses are taken into account in economic value, gap, and duration analyses. Additionally, the net interest income sensitivity is monitored, and the early repayment rates of loans are considered in interest rate risk management.

All these analyzes are presented to the Assets and Liabilities Committee and the Risk Committee, and the interest rate risk arising from banking accounts is managed within the limits determined in line with the Bank's risk appetite, in line with the bank's strategy, taking market conditions into account.

Currency	Shocks Applied (+/- x basis points)	Gains/Losses	Gains/Equity-Losses/Equity
1. TRY	+500	(3,610,547)	(3.22%)
	-400	3,488,611	3.11%
2. EURO	+200	1,664,987	1.48%
	-200	(1,650,868)	(1.47%)
3. USD	+200	(192,662)	(0.17%)
	-200	329,844	0.29%
Total (of negative shocks)		**2,167,587**	**1.93%**
Total (of positive shocks)		**(2,138,222)**	**(1.91%)**

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

Equity Securities (shares)	Comparison		
	Carrying Value	Fair Value	Carrying Value
1. Equity Investments Group A	**223,674**	-	**223,674**
Quoted Securities	223,674	-	223,674
2. Equity Investments Group B	-	-	-
Quoted Securities	-	-	-
3. Equity Investments Group C	-	-	-
Quoted Securities	-	-	-
4. Equity Investments Group Other (*)	**187,930**	-	-

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

Portfolio	Gains/Losses in Current Period	Revaluation Surpluses		Unrealized Gains and Losses		
		Total	Amount under Supplementary Capital	Total	Amount under Core Capital	Amount under Supplementary Capital
1. Private Equity Investments	-	-	-	-	-	-
2. Quoted Shares	175,320			(2,335)		(2,335)
3. Other Shares	-	-	-	-	-	-
4. Total	**175,320**	-	-	**(2,335)**	-	**(2,335)**

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

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

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

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

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

It is essential for the Parent Bank to monitor its liquidity position and funding strategy consistently. The primary priority is for the liquidity risk faced by the Parent Company Bank to be in line with the risk appetite arising from the risk capacity determined within the limits prescribed by regulations and aligned with the fundamental strategies of the Parent Company Bank. It is essential for the Parent Company Bank to maintain a sufficient level of readily marketable or repoable liquid assets at all times to address significant decreases in liquidity sources.

Funding management of the Parent Bank is carried out in line with limits and internal warning systems within the framework of ALCO decisions. Funding and placement strategies are developed through evaluating the liquidity of the Parent Bank. While developing this strategy, it is aimed to provide funding from long-term and stable sources as much as possible. Deposits, which constitute the main fund source of the Parent Bank, are obtained from a large number of customers as a natural result of the stable core deposit base.

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

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

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

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

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

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

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

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

Liquidity Coverage Ratio

	Current Period – December 31, 2023	Unweighted Amounts (*)		Weighted Amounts (*)	
		TRY+FC	FC	TRY+FC	FC
	HIGH QUALITY LIQUID ASSETS			**190,784,602**	**94,509,268**
1	High Quality Liquid Assets			94,509,268	74,571,694
	CASH OUTFLOWS				
2	Retail and Small Business Customers Deposits	418,935,463	143,837,583	37,985,050	14,383,758
3	Stable deposits	78,169,924	-	3,908,496	-
4	Less stable deposits	340,765,539	143,837,583	34,076,554	14,383,758
5	Unsecured Funding other than Retail and Small Business Customers Deposits	171,374,911	87,406,198	104,284,664	52,799,094
6	Operational deposits	5,298,002	1,285,799	1,324,501	321,450
7	Non-Operational Deposits	125,280,384	70,040,560	71,135,856	36,971,014
8	Other Unsecured Funding	40,796,525	16,079,839	31,824,307	15,506,630
9	Secured funding	-	-	65,702	65,702
10	Other Cash Outflows	63,318,490	17,344,317	63,318,490	17,344,317
11	Liquidity needs related to derivatives and market valuation changes on derivatives transactions	63,318,490	17,344,317	63,318,490	17,344,317
12	Debts related to the structured financial products	-	-	-	-
13	Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14	Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	198,937,489	102,556,820	9,946,874	5,127,841
15	Other irrevocable or conditionally revocable commitments	544,562,139	52,540,338	34,456,584	5,123,889
16	**TOTAL CASH OUTFLOWS**	**-**	**-**	**250,057,364**	**94,844,601**
	CASH INFLOWS				
17	Secured Lending Transactions	92,017	-	-	-
18	Unsecured Lending Transactions	87,592,456	30,500,894	53,290,987	22,227,877
19	Other contractual cash inflows	61,797,454	50,431,813	61,797,454	50,431,814
20	**TOTAL CASH INFLOWS**	**149,481,927**	**80,932,707**	**115,088,441**	**72,659,691**
				Upper Limit Applied Values	
21	**TOTAL HIGH QUALITY LIQUID ASSETS**			**226,954,519**	**96,634,210**
22	**TOTAL NET CASH OUTFLOWS**			**134,968,923**	**26,905,185**
23	**LIQUDITY COVERAGE RATIO (%)**			**168.15**	**359.17**

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

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

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

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

Prior Period – December 31, 2022	Unweighted Amounts (*)		Weighted Amounts (*)	
	TRY+FC	FC	TRY+FC	FC
HIGH QUALITY LIQUID ASSETS			**134,724,292**	**71,736,563**
1 High Quality Liquid Assets			134,724,292	71,736,563
CASH OUTFLOWS				
2 Retail and Small Business Customers Deposits	260,608,133	127,826,867	24,129,643	12,782,687
3 Stable deposits	38,623,407	-	1,931,170	-
4 Less stable deposits	221,984,726	127,826,867	22,198,473	12,782,687
5 Unsecured Funding other than Retail and Small Business Customers Deposits	110,799,404	61,806,911	64,350,982	35,594,369
6 Operational deposits	3,585,378	907,137	896,345	226,784
7 Non-Operational Deposits	85,680,017	52,454,345	46,686,595	27,637,566
8 Other Unsecured Funding	21,534,009	8,445,429	16,768,042	7,730,019
9 Secured funding	-	-	-	-
10 Other Cash Outflows	90,836,397	20,535,216	90,836,397	20,535,216
11 Liquidity needs related to derivatives and market valuation changes on derivatives transactions	90,836,397	20,535,216	90,836,397	20,535,216
12 Debts related to the structured financial products	-	-	-	-
13 Commitment related to debts to financial markets and other off balance sheet liabilities	-	-	-	-
14 Commitments that are unconditionally revocable at any time by the Bank and other contractual commitments	117,777,721	40,423,002	5,888,886	2,021,150
15 Other irrevocable or conditionally revocable commitments	224,072,756	45,451,099	16,172,035	4,491,184
16 TOTAL CASH OUTFLOWS	**-**	**-**	**201,377,943**	**75,424,606**
CASH INFLOWS				
17 Secured Lending Transactions	1,408,853	420,035	-	-
18 Unsecured Lending Transactions	41,167,505	18,563,682	29,070,600	16,275,342
19 Other contractual cash inflows	87,994,177	74,450,173	87,994,177	74,450,173
20 TOTAL CASH INFLOWS	**130,570,535**	**93,433,890**	**117,064,777**	**90,725,515**
			Upper Limit Applied Values	
21 TOTAL HIGH QUALITY LIQUID ASSETS			**134,724,292**	**71,736,563**
22 TOTAL NET CASH OUTFLOWS			**84,313,166**	**18,856,152**
23 LIQUDITY COVERAGE RATIO (%)			**159.79**	**380.44**

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

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

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

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

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

	Maximum	Date	Minimum	Date	Average
TRY+FC	199.19	28/12/2023	144.63	8/11/2023	168.59
FC	556.39	29/12/2023	223.06	26/10/2023	369.67

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

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

Funding sources of the Parent Bank mainly consist of deposits which constitute 62% of total liabilities of the Group (December 31, 2022 – 63%) and also include repo, secured loans, syndication, bond/security issuance and other instruments including subordinated debts.

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

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

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

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

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

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

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

Presentation of assets and liabilities according to their remaining maturities

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Over	Unallocated[1]	Total
Assets								
Cash (Cash in Vault, Foreign Currency, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T,R, Central Bank [2]	95,231,022	67,348,689	-	-	-	-	(18,072)	162,561,639
Due from Banks [3]	14,391,583	3,400,956	20,313	-	-	-	(12,939)	17,799,913
Financial Assets at Fair Value Through Profit/Loss [4]	2,836,937	1,241,764	1,407,509	2,222,239	3,035,989	2,072,365	1,777,326	14,594,129
Money Market Placements	-	5,736,581	-	-	-	-	(147)	5,736,434
Financial Assets Measured at Fair Value through Other Comprehensive Income [5]	-	923,906	510,938	1,872,640	42,764,946	27,330,746	-	73,403,176
Loans and Receivables [6]	-	203,925,397	93,929,683	189,235,959	100,184,295	32,324,882	(16,854,050)	602,746,166
Financial Assets Measured at Amortized Cost[7]	-	1,532,855	2,889,692	5,272,742	58,122,572	34,353,908	(26,015)	102,145,754
Other Assets	-	13,344,390	586,954	944,036	1,005,622	886	28,553,080	44,434,968
Total Assets	**112,459,542**	**297,454,538**	**99,345,089**	**199,547,616**	**205,113,424**	**96,082,787**	**13,419,183**	**1,023,422,179**
Liabilities								
Bank Deposits	1,126,701	9,390,256	12,161,208	2,905,736	-	-	-	25,583,901
Other Deposits	211,580,820	243,587,619	86,808,752	62,303,156	862,369	919	-	605,143,635
Funds Borrowed	-	13,933,976	17,102,390	91,969,268	20,070,744	2,699,216	87,164	145,862,758
Money Market Borrowings	-	4,298,040	17,628,373	3,708,831	5,463,103	-	-	31,098,347
Securities Issued	-	3,848,322	11,835,515	33,419,539	2,933,583	8,951,261	-	60,988,220
Miscellaneous Payables	-	38,041,824	-	-	-	-	729,438	38,771,262
Other Liabilities [8]	-	10,412,005	1,089,655	2,667,569	3,260,055	2,324,687	96,220,085	115,974,056
Total Liabilities	**212,707,521**	**323,512,042**	**146,625,893**	**196,974,099**	**32,589,854**	**13,976,083**	**97,036,687**	**1,023,422,179**
Liquidity Excess/Gap	**(100,247,979)**	**(26,057,504)**	**(47,280,804)**	**2,573,517**	**172,523,570**	**82,106,704**	**(83,617,504)**	**-**
Net Off- Balance Sheet Position [9]	**-**	**(222,100)**	**(3,969,857)**	**2,261,083**	**2,189,002**	**-**	**-**	**258,128**
Receivables from financial derivative instruments	-	139,318,231	131,653,442	91,896,625	92,873,258	69,479,815	-	525,221,371
Liabilities from derivative financial instruments	-	139,540,331	135,623,299	89,635,542	90,684,256	69,479,815	-	524,963,243
Non Cash Loans [10]	**-**	**7,522,893**	**14,448,578**	**39,206,652**	**13,000,054**	**1,178,206**	**27,122,663**	**102,479,046**
Prior period								
Total Assets	58,821,285	139,013,980	62,880,469	137,722,970	146,972,416	64,252,302	11,480,392	621,143,814
Total Liabilities	126,020,752	210,472,266	121,515,595	55,254,371	40,397,991	9,933,718	57,549,121	621,143,814
Liquidity Excess/Gap	**(67,199,467)**	**(71,458,286)**	**(58,635,126)**	**82,468,599**	**106,574,425**	**54,318,584**	**(46,068,729)**	**-**
Net Off- Balance Sheet Position [10]	**-**	**1,465,746**	**5,992,273**	**4,187,211**	**2,600,912**	**37**	**-**	**14,246,179**
Receivables from financial derivative instruments	-	138,984,434	75,431,503	40,346,479	62,732,529	58,800,731	-	376,295,676
Liabilities from derivative financial instruments	-	137,518,688	69,439,230	36,159,268	60,131,617	58,800,694	-	362,049,497
Non Cash Loans [11]	**-**	**3,167,528**	**7,830,151**	**27,428,783**	**9,713,322**	**922,518**	**16,131,398**	**65,193,700**

(1) The assets which are necessary to provide banking services and could not be liquidated in the short-term, such as fixed assets, investments in subsidiaries and associates, office stationery, and prepaid expenses are classified under "Unallocated" column. Unallocated other liabilities include equities amounting to TRY 81,634,480 (December 31, 2022 – TRY 44,276,132), unallocated provisions amounting to TRY 15,305,688 (December 31, 2022 – TRY 9,097,021) and deferred tax liabilities amounting to TRY 2,493,475 (December 31, 2022 – TRY 2,843,483).

(2) Cash (Cash in Vault, Foreign Currency Cash, Cash in Transit, Cheques Purchased, Precious Metal) and Balances with the T.R. Central Bank include expected loss provisions amounting to TRY 18,072 (December 31, 2022 – TRY 10,615).

(3) Banks include balance of expected loss provisions amounting to TRY 12,939 (December 31, 2022 – TRY 6,018).

(4) Financial assets at fair value through profit/loss include derivative financial assets through profit loss amounting to TRY 8,888,204- (December 31, 2022 – TRY 15,743,228).

(5) Receivables from Money Markets include the expected loss provisions balance of TRY 147. (31 December 2022 – TRY 5,082).

(6) Financial assets at fair value through other comprehensive income include derivative financial assets through other comprehensive income amounting to TRY 4,092,746- (December 31, 2022 – TRY 6,868,726).

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

(8) Financial assets measured at amortized cost include TRY 26,015 (December 31, 2022 – TRY 20,038) of expected loss provisions.

(9) Other Liabilities also includes the portion of derivative financial liabilities at fair value through other comprehensive income amounting to TRY 4,995,729 (December 31, 2022 – TRY 6,714,988).

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

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

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

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

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

Financial Liabilities according to the remaining maturities on the contract

The table below shows the maturity breakdown of the Bank's financial liabilities that are not classified as derivatives. These tables were prepared by taking the closest dates that the Bank will recognize its future cash flows. The interest payable through the said assets and liabilities are included in the tables below.

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and longer	Total	Balance Sheet Value
Bank Deposits	1,126,701	9,416,723	12,288,330	3,022,266	-	-	25,854,020	25,583,901
Other Deposits	211,580,821	245,426,593	91,546,564	70,559,490	1,215,417	1,289	620,330,174	605,143,635
Payables to Money Market	-	4,350,976	17,808,051	4,494,736	6,784,102	-	33,437,865	31,098,347
Funds from other Financial Institutions	-	13,949,648	17,129,326	112,019,923	20,086,384	2,699,216	165,884,497	145,862,758
Securities Issued	-	3,867,462	12,774,637	35,518,366	6,883,018	13,578,370	72,621,853	60,988,220
Noncash Loans (*)	27,122,663	7,522,893	14,448,578	39,206,652	13,000,054	1,178,206	102,479,046	102,479,046

Prior Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and longer	Total	Balance Sheet Value
Bank Deposits	692,867	4,280,270	2,804,405	2,592,936	-	-	10,370,478	10,225,777
Other Deposits	125,327,886	147,160,605	98,853,408	13,711,700	714,345	651	385,768,595	382,537,345
Payables to Money Market	-	19,778,772	3,292,865	3,967,204	4,223,210	583,569	31,845,620	23,078,637
Funds from other Financial Institutions	-	5,150,622	8,349,871	30,965,612	20,761,415	7,604,857	72,832,377	72,345,081
Securities Issued	-	6,247,478	10,022,581	4,333,534	13,925,187	-	34,528,780	32,016,909
Noncash Loans (*)	16,131,397	3,167,529	7,830,151	27,428,783	9,713,322	922,518	65,193,700	65,193,700

(*) Amounts related to letters of guarantee represent maturities based on contract and amounts per these maturities and the amounts have the nature to be withdrawn on demand optionally.

The table below shows the remaining maturity breakdown of the Bank's derivative assets and liabilities.

Current Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 Years and Longer	Total
Forward contracts buying (**)	10,138,764	8,821,169	12,095,862	1,078,087	-	32,133,882
Forward contracts selling (**)	(10,165,416)	(8,520,114)	(10,906,251)	(820,724)	-	(30,412,505)
Swap contracts buying (*)	134,516,388	114,979,300	72,811,275	93,597,783	66,909,233	482,813,979
Swap contracts selling (*)	(134,418,139)	(119,213,162)	(71,730,558)	(91,988,475)	(67,078,841)	(484,429,175)
Futures buying	-	7,147,722	757,596	101,317	-	8,006,635
Futures selling	-	(6,843,480)	(652,380)	(70,298)	-	(7,566,158)
Options buying	418,572	1,210,190	6,113,746	-	-	7,742,508
Options selling	(443,509)	(1,252,278)	(5,168,827)	-	-	(6,864,614)
Other	-	-	1,177,528	-	-	1,177,528
Total	**46,660**	**(3,670,653)**	**4,497,991**	**1,897,690**	**(169,608)**	**2,602,080**

(*) Derivative financial assets held for hedges are included.
(**) Includes the Dated, Asset Value Buying and Selling obligations that are in Obligations.

Prior Period	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	5 years and Longer	Total
Forward contracts buying (**)	9,936,299	5,574,106	6,532,312	287,757	-	22,330,474
Forward contracts selling (**)	(10,930,615)	(5,645,193)	(6,015,957)	(289,825)	-	(22,881,590)
Swap contracts buying (*)	121,552,725	29,000,683	27,569,084	62,333,433	57,454,331	297,910,256
Swap contracts selling (*)	(119,715,603)	(23,961,846)	(22,809,604)	(59,231,743)	(57,642,380)	(283,361,176)
Futures buying	-	2,577,934	-	-	-	2,577,934
Futures selling	-	(2,610,296)	-	-	-	(2,610,296)
Options buying	13,589,634	38,879,754	6,696,442	67,348	-	59,233,178
Options selling	(13,526,882)	(38,153,086)	(6,461,515)	(67,348)	-	(58,208,831)
Other	-	-	1,308,762	747,864	-	2,056,626
Total	**905,558**	**5,662,056**	**6,819,524**	**3,847,486**	**(188,049)**	**17,046,575**

(*) Derivative financial assets held for hedges are included.
(**) Includes the Dated, Asset Value Buying and Selling obligations that are in Obligations.

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

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

VII. Explanations on Consolidated Leverage Ratio

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

The Group's leverage ratio, calculated in accordance with the "Regulation on Measurement and Evaluation of Bank's Leverage Levels" is 5.41% (December 31, 2022: 5.88%). Subject level is above the minimum requirement which is determined as 3% by the regulation. Difference between current period and prior period leverage ratios is mostly due to increase in risk amounts of balance sheet asset items.

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

		Current Period (**)	Prior Period (**)
1	Total asset amount in consolidated financial statements prepared in accordance with TFRS (*)	966,730,951	599,134,667
2	Difference between total asset amount in consolidated financial statements prepared in accordance with TFRS and total asset amount in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	5,912,010	1,382,506
3	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of derivative financial instruments and credit derivatives	10,098,239	8,369,267
4	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of investment securities or financial transaction that are commodity collateralized	17,258	899,050
5	Difference between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements of off balance transactions	593,763,572	268,206,049
6	Other differences between risk amounts and amounts in consolidated financial statements prepared in accordance with the Communique on the Preparation of Consolidated Financial Statements	(7,511,859)	(1,926,409)
7	**Total Risk Amount**	**1,569,010,171**	**876,065,130**

(*) Consolidated financial statements prepared in accordance with the 5th clause and 6th subclause of Communique on the Preparation of Consolidated Financial Statements.
(**) Amounts presented above represent the arithmetic average of the last three months.

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

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

VII. Explanations on Consolidated Leverage Ratio (Continued)

c) Leverage ratio public disclosure template

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

	Book Value	
	Current Period (*)	Prior Period (*)
Assets on Balance sheet		
Assets on Balance sheet (except for derivative financial instruments and credit derivatives, including guarantees)	956,236,202	577,289,514
(Assets deducted from capital stock)	7,511,859	1,926,409
Total risk amount related to Assets on Balance sheet	948,724,343	575,363,105
Derivative financial instruments and credit derivatives		
Replacement cost of derivative financial instruments and credit derivatives	16,406,759	23,227,659
Potential credit risk amount of derivative financial instruments and credit derivatives	10,098,239	8,369,267
Total risk amount related to derivative financial instruments and credit derivatives	26,504,998	31,596,926
Financial transactions having security or commodity collateral		
Risk amount of financial transactions having security or commodity collateral	3,189	49,485
Risk amount sourcing from transactions mediated	14,069	849,565
Total risk amount related to financial transactions having security or commodity collateral	17,258	899,050
Off-Balance sheet Transaction		
Gross nominal amount of off-balance sheet transactions	768,359,678	365,192,728
(Adjustment amount sourcing from multiplying to credit conversion rates)	174,596,106	96,986,679
Total risk amount related to off-balance sheet transactions	593,763,572	268,206,049
Capital and Total Risk		
Core Capital	84,831,756	51,554,037
Amount of total risk	1,569,010,171	876,065,130
Financial leverage ratio		
Financial leverage ratio	5.41%	5.88%

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

The estimated fair value of loans and receivables from financial leasing transactions is calculated by finding discounted cash flows using current market interest rates for fixed interest loans. The book value of variable interest loans represents their fair value.

The fair value of financial assets measured at amortized cost; market prices or, where such price cannot be determined, interest is determined on the basis of quoted market prices for other securities subject to the same qualified amortization in terms of maturity and other similar conditions.

The estimated fair value of the demand deposit represents the amount payable at the time of demand. The fair value of floating rate placements and overnight deposits represents the book value. The estimated fair value of fixed rate deposits is calculated by finding the discounted cash flows using market interest rates applied to similar loans and other liabilities.

The estimated fair value of funds from banks, other financial institutions, is determined based on discounted cash flows using the current market interest rates.

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

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

VIII. Explanations Related to Presentation of Consolidated Financial Assets and Liabilities at Their Fair Value

In the table below; the fair values and the carrying values of some of the financial assets and liabilities are presented. Book value represents the total of cost of subject asset and liabilities and accrued interest.

Current Period	Book value	Fair value
Financial Assets	**797,777,798**	**775,201,734**
Receivables from Money Market	5,736,581	5,736,434
Banks	17,812,852	17,799,912
Financial Assets Measured at Fair Value through Other Comprehensive Income	69,310,430	69,310,430
Financial Assets Measured at Amortized Cost	102,171,769	93,347,981
Credits Given	602,746,166	589,006,977
Financial Liabilities	**907,448,123**	**907,874,536**
Bank Deposits	25,583,901	25,589,018
Other Deposits	605,143,635	605,674,508
Funds from Other Financial Institutions	145,862,758	145,862,758
Payable to Money Market	31,098,347	31,098,347
Securities Issued	60,988,220	60,878,643
Other Debts	38,771,262	38,771,262

Prior Period	Book value	Fair value
Financial Assets	**484,937,406**	**487,905,177**
Receivables from Money Market	8,467,980	8,462,898
Banks	11,143,703	11,137,824
Financial Assets Measured at Fair Value through Other Comprehensive Income	40,257,481	40,257,481
Financial Assets Measured at Amortized Cost	61,963,305	71,112,732
Credits Given	363,104,937	356,934,242
Financial Liabilities	**549,906,393**	**552,237,831**
Bank Deposits	10,225,775	10,228,398
Other Deposits	382,537,347	382,650,384
Funds from Other Financial Institutions	72,345,081	74,560,859
Payable to Money Market	23,078,637	23,078,637
Securities Issued	32,016,909	32,016,909
Other Debts	29,702,644	29,702,644

In accordance with “TFRS 13, Fair Value Measurement” accounts represented at fair value in the face of financial statements are required to be leveled according to the observability of the data used for the calculation of fair value.

The classification of fair value calculation is as follows.

a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities (market value);

b) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

c) Level 3: Inputs that are not observable for the asset and liability (Fair value calculations which are not observable).

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

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

VIII. Explanations Related to Presentation of Consolidated Financial Assets and Liabilities at Their Fair Value (Continued)

In the table below, the fair value classification of the financial instruments that are recorded at fair value at the financial statements is presented:

Current Period	Level 1	Level 2	Level 3	Total
Financial Assets	**71,212,936**	**16,399,825**	**384,544**	**87,997,305**
Financial Assets at Fair Value through Profit/Loss	4,996,348	325,033	384,544	5,705,925
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) (*)	66,215,872	3,094,558	-	69,310,430
Derivative Financial Assets	716	12,980,234	-	12,980,950
Financial Liabilities	**327**	**4,995,402**	**-**	**4,995,729**
Derivative Financial Liabilities	327	4,995,402	-	4,995,729

(*) Real estates that the Bank accounts for at fair value under tangible fixed assets are classified as level 3.

Prior Period	Level 1	Level 2	Level 3	Total
Financial Assets	**36,410,597**	**27,936,204**	**141,649**	**64,488,450**
Financial Assets at Fair Value through Profit/Loss (*)	1,311,780	165,586	141,649	1,619,015
Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI) (**)	35,098,817	5,158,664	-	40,257,481
Derivative Financial Assets	-	22,611,954	-	22,611,954
Financial Liabilities	**30,387**	**6,684,601**	**-**	**6,714,988**
Derivative Financial Liabilities	30,387	6,684,601	-	6,714,988

Confirmation for fair value of financial assets under Level 3 is as below:

	Current Period	Prior Period
Opening Balance	**141,649**	**242,355**
Change in total gain/loss	241,069	99,896
Accounted in the statement of profit or loss and other comprehensive income	*241,069*	*99,896*
Accounted in other comprehensive income	-	-
Purchases	1,826	9,068
Disposals	-	(209,670)
Matured Loans	-	-
Sales from Level 3	-	-
Closing Balance	**384,544**	**141,649**

IX. Information on the Services in the Name and Account of Third Parties

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

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

SECTION FIVE

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS

I. Explanations and Disclosures Related to Consolidated Assets

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Cash in TRY/Foreign Currency	2,150,944	9,412,639	1,621,492	6,809,684
T.R. Central Bank	56,835,380	92,810,848	7,929,515	74,677,290
Others	807,073	562,827	168,850	3,330,960
Total	**59,793,397**	**102,786,314**	**9,719,857**	**84,817,934**

b) Information related to the account of the CBRT

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Unrestricted Demand Deposits	41,053,357	34,030,574	7,929,515	34,202,891
Restricted Demand Deposits	8,487,000	-	-	-
Restricted Time Deposits	7,295,023	58,780,274	-	40,474,399
Total	**56,835,380**	**92,810,848**	**7,929,515**	**74,677,290**

As of December 31, 2023, a provision amounting to TRY 18,072 (December 31, 2022 – TRY 10,615) has been provided to the Central Bank account.

As of December 31, 2023, The Parent Bank has been appointed to CBRT depending on the maturity structure, the required reserve rates for TRY liabilities vary between 0% and 8% for TRY deposits and other liabilities according to their maturities. For exchange rate/price protection support, rates vary between 10% and 30% depending on the maturity structure. The reserve rates for foreign currency liabilities vary between 5% and 30% 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.

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

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Given as Collateral/blocked	-	-	56,131	-
Subject to repurchase agreement	768	-	-	-
Total	**768**	**-**	**56,131**	**-**

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forward Transactions	409,551	109,239	457,631	-
Swap Transactions	2,333,453	2,783,394	4,600,327	2,273,153
Futures	-	-	-	514
Options	716	75,573	-	758,724
Total	**2,743,720**	**2,968,206**	**5,057,958**	**3,032,391**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. a) Information on banks

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Banks	**871,084**	**16,941,768**	**3,127,925**	**8,015,778**
Domestic	871,079	815,958	3,127,920	230,110
Foreign	5	16,125,810	5	7,785,668
Foreign Head Offices and Branches	-	-	-	-
Total	**871,084**	**16,941,768**	**3,127,925**	**8,015,778**

Amount of TRY 12,939 provision is provided for banks account as of December 31, 2023 (December 31, 2022 – TRY 6,017).

b) Information on foreign bank accounts

	Unrestricted Amount		Restricted Amount (**)	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
EU Countries	4,209,512	1,601,789	3,615	135,032
USA and Canada	7,649,932	892,625	-	-
OECD Countries (*)	866,040	644,395	3,025,514	4,383,255
Off-shore Banking Regions	-	-	-	-
Other	371,202	128,577	-	-
Total	**13,096,686**	**3,267,386**	**3,029,129**	**4,518,287**

(*) Include OECD countries other than the EU countries, USA and Canada.
(**) Includes the guarantees in foreign banks for the borrowings from foreign markets.

4. Information on receivables from reverse repurchase agreements

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Domestic Transactions	**301,081**	**-**	**3,613,560**	**-**
T.R. Central Bank	-	-	-	-
Banks	301,081	-	3,613,560	-
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Natural Persons	-	-	-	-
Foreign Transactions	**-**	**-**	**-**	**427,044**
Central Banks	-	-	-	-
Banks	-	-	-	427,044
Intermediary Institutions	-	-	-	-
Other Financial Institutions	-	-	-	-
Other Institutions	-	-	-	-
Natural Persons	-	-	-	-
Total	**301,081**	**-**	**3,613,560**	**427,044**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on financial assets measured at fair value through other comprehensive income

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Given as Collateral/Blocked	18,555,820	-	12,462,239	-
Subject to repurchase agreements	6,240	9,855,238	9,095	10,279,690
Total	**18,562,060**	**9,855,238**	**12,471,334**	**10,279,690**

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

	Current Period	Prior Period
Debt Securities	**71,908,976**	**41,939,468**
Quoted on a stock exchange (*)	71,908,976	41,939,468
Unquoted on a stock exchange	-	-
Stocks	**1,627**	**126,612**
Quoted on a stock exchange	1,520	118,831
Unquoted on a stock exchange	107	7,781
Provision for Impairment (-) (**)	**(2,600,173)**	**(1,808,599)**
Total	**69,310,430**	**40,257,481**

(*) The Eurobond Portfolio amounting to TRY 6,218,276 (December 31, 2022 – TRY 5,436,447) which is accounted for as financial assets measured at fair value through other comprehensive income were hedged under fair value hedge accounting starting from 2009.
(**) As of December 31, 2023 amount of TRY 9,630 (December 31, 2022 – TRY 5,094) provision provided for financial assets measured at fair value through other comprehensive income account.

6. Information related to loans

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

	Current Period		Prior Period	
	Cash	**Non-Cash**	**Cash**	**Non-Cash**
Direct Loans Granted to Shareholders	**-**	**2,316,570**	**-**	**116,854**
Corporate Shareholders	-	2,316,570	-	116,854
Individual Shareholders	-	-	-	-
Indirect Loans Granted to Shareholders	**-**	**-**	**-**	**-**
Loans Granted to Employees (*)	**629,167**	**-**	**333,147**	**-**
Total	**629,167**	**2,316,570**	**333,147**	**116,854**

(*) Includes advances given to the bank personnel.

b) Information on first and second group loans, other receivables, restructured or rescheduled loans and other receivables

b.1) Financial assets measured at amortized cost

Cash Loans	Standard Loans and Other Receivables	Loans Under Close Monitoring		
			Restructured Loans and Receivables	
		Loans and Receivables Not Subject to Restructuring	Loans and Receivables with Revised Contract Terms	Refinance
Non Specialized Loans	**519,190,234**	**42,377,257**	**89,640**	**20,988,079**
Enterprise Loans	32,789,275	64,067	-	-
Export Loans	45,388,265	610,700	-	-
Import Loans	11,775	-	-	-
Financial Sector Loans	2,953,557	207	-	-
Consumer Loans	101,504,226	8,603,870	33,302	3,915,221
Credit Cards	149,791,659	16,264,845	-	3,873,135
Other	186,751,477	16,833,568	56,338	13,199,723
Specialized Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	**519,190,234**	**42,377,257**	**89,640**	**20,988,079**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

	Standard Loans	Loans Under Close Monitoring
Current Period		
12 Month Expected Credit Losses	7,885,008	-
Significant Increase in Credit Risk	-	11,077,249
Prior Period		
12 Month Expected Credit Losses	3,604,877	-
Significant Increase in Credit Risk	-	5,801,712

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

		Loans Under Close Monitoring	
Cash Loans	**Standard Loans**	**Loans Not Subject to Restructuring**	**Restructured Loans**
Short-term Loans	307,611,329	16,264,845	3,873,135
Medium and Long-term Loans	211,578,905	26,112,412	17,204,584
Total	**519,190,234**	**42,377,257**	**21,077,719**

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

	Short Term	Medium and Long Term	Total
Consumer Loans-TRY	**15,842,487**	**80,796,680**	**96,639,167**
Housing Loans	2,307	3,420,231	3,422,538
Automobile Loans	801	31,730	32,531
Personal Need Loans	15,839,379	77,344,719	93,184,098
Other	-	-	-
Consumer Loans-FC Indexed	**-**	**165,019**	**165,019**
Housing Loans	-	383	383
Automobile Loans	-	-	-
Personal Need Loans	-	164,636	164,636
Other	-	-	-
Consumer Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Individual Credit Cards-TRY	**140,810,165**	**3,934,310**	**144,744,475**
Installment	46,702,023	2,263,984	48,966,007
Non- Installment	94,108,142	1,670,326	95,778,468
Individual Credit Cards-FC	**256,640**	**519**	**257,159**
Installment	-	-	-
Non- Installment	256,640	519	257,159
Personnel Loans-TRY	**57,828**	**220,692**	**278,520**
Housing Loans	-	22	22
Automobile Loans	-	-	-
Personal Need Loans	57,828	220,670	278,498
Other	-	-	-
Personnel Loans-FC Indexed	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	**-**	**-**	**-**
Housing Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TRY	**335,771**	**5,842**	**341,613**
Installment	126,256	2,197	128,453
Non-Installment	209,515	3,645	213,160
Personnel Credit Cards-FC	**1,268**	**3**	**1,271**
Installment	-	-	-
Non-Installment	1,268	3	1,271
Overdraft Accounts-TRY (Natural Persons)	**16,228,062**	**745,851**	**16,973,913**
Overdraft Accounts-FC (Natural Persons)	**-**	**-**	**-**
Total	**173,532,221**	**85,868,916**	**259,401,137**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

e) Information on commercial installment loans and corporate credit cards

	Short Term	Medium and Long Term	Total
Commercial Loans with Installment Facility – TRY	**1,137,755**	**36,689,873**	**37,827,628**
Real Estate Loans	812	240,484	241,296
Automobile Loans	20,834	1,678,397	1,699,231
Personal Need Loans	1,116,109	34,770,992	35,887,101
Other	-	-	-
Commercial Loans with Installment Facility - FC Indexed	**-**	**179,293**	**179,293**
Real Estate Loans	-	825	825
Automobile Loans	-	-	-
Personal Need Loans	-	178,468	178,468
Other	-	-	-
Commercial Loans with Installment Facility - FC	**-**	**-**	**-**
Real Estate Loans	-	-	-
Automobile Loans	-	-	-
Personal Need Loans	-	-	-
Other	-	-	-
Corporate Credit Cards –TRY	**24,166,512**	**397,891**	**24,564,403**
Installment	5,276,764	102,250	5,379,014
Non-Installment	18,889,748	295,641	19,185,389
Corporate Credit Cards –FC	**20,678**	**40**	**20,718**
Installment	-	-	-
Non-Installment	20,678	40	20,718
Overdraft Accounts-TRY (Legal Entities)	**2,185,382**	**23,010**	**2,208,392**
Overdraft Accounts-FC (Legal Entities)	**-**	**-**	**-**
Total	**27,510,327**	**37,290,107**	**64,800,434**

f) Allocation of loans by customers (*)

	Current Period	Prior Period
Public	4,463,025	4,285,525
Private	578,182,185	342,829,405
Total	**582,645,210**	**347,114,930**

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

g) Allocation of domestic and foreign loans (*)

	Current Period	Prior Period
Public	580,290,500	345,259,369
Private	2,354,710	1,855,561
Total	**582,645,210**	**347,114,930**

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

h) Loans to associates and subsidiaries

	Current Period	Prior Period
Direct Loans Granted to Subsidiaries and Associates	4,948,468	5,341,116
Indirect Loans Granted to Subsidiaries and Associates	-	-
Total	**4,948,468**	**5,341,116**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

i) Specific provisions for loans (Third Stage)

	Current Period	Prior Period
Provisions		
Loans and Receivables with Limited Collectability	1,772,070	631,552
Loans and Receivables with Doubtful Collectability	990,325	462,383
Uncollectible Loans and Receivables	6,117,889	6,735,101
Total	**8,880,284**	**7,829,036**

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

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Current Period			
Gross Amounts Before the Provisions	148	3,532	336,984
Restructured Loans	148	3,532	336,984
Prior Period			
Gross Amounts Before the Provisions	46	16,863	599,291
Restructured Loans	46	16,863	599,291

j.2) Movement of non-performing loans

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
Prior Period End Balance	**875,123**	**642,611**	**7,976,786**
Additions (+)	4,725,229	191,819	334,858
Transfers from Other Categories of Non-Performing Loans (+)	267	2,666,460	1,745,531
Transfers to Other Categories of Non-Performing Loans (-)	2,666,460	1,745,531	267
Collections (-)	505,852	391,452	1,942,965
Non-registered(-)	-	-	10,113
Write-offs (-) (*)	**-**	**-**	**907,703**
Corporate and Commercial Loans	-	-	-
Consumer Loans	-	-	309,295
Credit Cards	-	-	350,789
Others	-	-	247,619
Current Period End Balance	**2,428,307**	**1,363,907**	**7,196,127**
Specific Provision (-)	1,772,070	990,325	6,117,889
Prior Period End Balance	**656,237**	**373,582**	**1,078,238**

(*) The bank sold TRY 907,703 of the non-performing loans portfolio to the asset management company for TRY 444,750.

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

None (December 31, 2022 – None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

6. Information related to loans (Continued)

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

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	**Loans and Other Receivables with Doubtful Collectibility**	**Uncollectible Loans and Other Receivables**
Current Period (Net)	**656,237**	**373,582**	**1,078,238**
Loans to Natural Persons and Legal Entities (Gross)	2,428,307	1,363,907	6,919,193
Provision (-)	1,772,070	990,325	5,840,955
Loans to Natural Persons and Legal Entities (Net)	656,237	373,582	1,078,238
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	276,934
Provision (-)	-	-	276,934
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)	**243,571**	**180,228**	**1,241,685**
Loans to Natural Persons and Legal Entities (Gross)	875,123	642,611	7,785,799
Provision (-)	631,552	462,383	6,544,114
Loans to Natural Persons and Legal Entities (Net)	243,571	180,228	1,241,685
Banks (Gross)	-	-	-
Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	190,987
Provision (-)	-	-	190,987
Other Loans and Receivables (Net)	-	-	-

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	**Loans and Other Receivables with Doubtful Collectibility**	**Uncollectible Loans and Other Receivables**
Current Year (Net)			
Interest accruals and valuation differences	180,107	122,271	1,168,019
Provision Amount (-)	85,694	64,388	800,916
Prior Period (Net)			
Interest Accruals and Rediscounts and Valuation Differences	120,514	56,981	1,264,638
Provision Amount (-)	86,994	40,884	1,068,121

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

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

l) Explanations regarding the write-off policy

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

7. Information on factoring receivables

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Short Term	14,641,315	854,031	9,129,082	464,403
Medium and Long Term	-	-	-	-
Total	**14,641,315**	**854,031**	**9,129,082**	**464,403**

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

	Current Period	Prior Period
Prior Period End Balance	81,651	73,017
Provided Provision/(reversal), Net	136,461	39,878
Collections	(57,539)	(31,244)
Write-offs	-	-
Provision at the End of Period	**160,573**	**81,651**

8. Information on financial assets measured at amortized cost

a) Information on financial assets measured at amortized cost which are subject to repurchase agreements and given as Collateral/Blocked

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Given as Collateral/Blocked	19,956,890	149,001	7,436,978	-
Subject to repurchase agreements	4,753,009	25,309,928	234,667	19,644,899
Total	**24,709,899**	**25,458,929**	**7,671,645**	**19,644,899**

b) Information on government debt securities measured at amortized cost

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Government Bond	72,383,513	29,088,903	41,598,971	19,504,773
Treasury Bill	-	-	-	-
Other Public Sector Debt Securities	-	580,406	-	367,824
Total	**72,383,513**	**29,669,309**	**41,598,971**	**19,872,597**

c) Information on investments securities measured at amortized cost

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Debt Securities	**72,383,513**	**29,788,256**	**41,598,971**	**20,364,334**
Publicly-traded	72,383,513	29,788,256	41,598,971	20,364,334
Non-publicly traded	-	-	-	-
Provision for losses (-)	-	-	-	-
Total	**72,383,513**	**29,788,256**	**41,598,971**	**20,364,334**

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

	Current Period	Prior Period
Balance at the beginning of the period	**61,963,305**	**29,856,976**
Exchange differences on monetary assets	11,129,111	6,288,072
Acquisitions during the year	33,460,484	12,898,683
Disposals through sales and redemptions	(23,033,396)	(10,005,623)
Impairment provision (-)	-	-
Valuation Effect	18,652,265	22,925,197
Total	**102,171,769**	**61,963,305**

As of December 31, 2023, a provision amounting to TRY 26,015 (December 31, 2022 – TRY 20,038) is provided for the financial assets measured at amortized cost.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on investments in associates (Net)

9.1. Information on unconsolidated associates

	Title	Address (City/Country)	Bank's Share-If Different, Voting Rights(%)	Bank's Risk Group Share(%)
1.	Bankalararası Kart Merkezi (BKM) (*)	Istanbul/Türkiye	4.52	4.52
2.	JCR Avrasya Derecelendirme A.Ş. (**)	Istanbul/Türkiye	2.86	2.86
3.	İhracatı Geliştirme A.Ş. (İGE) (**)	Istanbul/Türkiye	0.44	0.44
4.	Kredi Garanti Fonu A.Ş. (KGF) (**)	Istanbul/Türkiye	1.49	1.49
5.	Emeklilik Gözetim Merkezi (EGM) (***)	Istanbul/Türkiye	-	6.25

	Total Assets	Shareholder's Equity	Total Fixed Assets(****)	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	3,880,800	3,344,720	196,203	512,853	-	2,659,647	207,418	-
2.	181,747	142,869	10,448	15,355	-	100,751	58,825	-
3.	4,563,113	4,532,905	13,404	429,893	-	1,154,146	22,740	-
4.	1,814,872	1,093,002	30,886	263,543	-	326,628	211,158	-
5.	114,134	81,645	31,994	5,077	22	21,865	6,373	-

(*) Current period information is based on September 30, 2023 financials. Prior period profit and loss amounts are based on September 30, 2022 financials.
(**) Current period information is based on December 31, 2022 financials. Prior period profit and loss amounts are based on December 31, 2021 financials.
(***) Current period information is based on September 30, 2023 financials. Prior period profit and loss amounts are based on September 30, 2022 financials.
(****) Total fixed assets consist of non-current assets.

9.2. Movements of investments in associates

	Current Period	Prior Period
Balance at the Beginning of Period	**45,477**	**14,026**
Movements During the Period	**11,607**	**31,451**
Purchases	2,858	-
Impact of business combinations	504	-
Bonus Shares Received (*)	571	31,451
Dividends From Current Year Profit	-	-
Sales	-	-
Reclassifications	7,674	-
Increase/Decrease in Market Values	-	-
Currency Differences on Foreign Associates	-	-
Impairment Losses (-)	-	-
Balance at the End of the Period	**57,084**	**45,477**
Capital Commitments	-	-
Share Percentage at the end of the Period (%)	-	-

(*) Capital participation fee is included in the item of Shares Acquired Free of Charge, JCR Avrasya Derecelendirme A.Ş. in the current period, İhracatı Geliştirme A.Ş. (İGE) in the previous period.

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

	Current Period	Prior Period
Factoring Companies	-	-
Leasing Companies	-	-
Finance Companies	-	-
Other Associates	57,084	45,477
Total	**57,084**	**45,477**

9.4. Quoted Associates

None (December 31, 2022 – None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

9.5. Investments in associates sold during the current period

None (December 31, 2022 – None).

9.6. Information on subsidiaries (Net)

a) Information on the Parent Bank's unconsolidated subsidiaries

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

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

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	179,506	6,199	57,491	-	-	11,362	7,406	-
2.	289,544	201,735	30,432	24,461	-	63,360	26,364	-

b) Information on the Parent Bank's consolidated subsidiaries

b.1) Information on the consolidated subsidiaries

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

Information on subsidiaries in the order as presented in the table above

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income on Securities Portfolio	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
1.	4,847,995	2,121,440	75,506	1,228,934	25,387	933,347	464,752	-
2.	24,816,292	2,450,331	43,691	3,204,082	7,739	824,381	401,552	2,435,631
3.	704,702	550,428	5,255	4,263	-	250,241	59,332	-
4.	16,012,885	1,477,891	28,317	4,265,884	-	926,785	295,365	-
5.	859,958	1,478	-	-	-	742	464,752	-
6.	5,522,719	1,583,499	101,660	345,804	123,412	966,314	431,591	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

b.2) Movement schedule for consolidated subsidiaries

	Current Period	Prior Period
Balance at the Beginning of the Period	**3,490,203**	**2,129,798**
Movements during the Period	**6,299,627**	**1,360,405**
Purchases (*)	981,000	-
Bonus Shares Received	885,002	-
Dividends from Current Year Profit	-	-
Disposals	-	-
Revaluation Difference (**)	4,433,625	1,360,405
Provisions for Impairment	-	-
Balance at the End of the Period	**9,789,830**	**3,490,203**
Capital Commitments	**-**	**-**
Share Percentage at the end of the Period (%)	**-**	**-**

(*) Regarding the partnership share in QNB Sağlık Hayat ve Emeklilik A.Ş., whose 49% capital is owned by the Parent Bank, with the decision of the Parent Bank's Board of Directors, 51% shares with a total nominal value of TRY 22,950,000, which is owned by Cigna Nederland Gamma BV and corresponds to 51% of the capital of QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., was decided to be purchased with a price of TRY 981,000,000 (in full TRY). In this context, a Share Purchase Agreement was signed with Cigna Nederland Gamma BV on October 21, 2022. The Parent Bank's shareholding in QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş. has increased to 100% following the completion of the said share transfer transactions, obtaining the necessary permits, and the registration of the General Assembly regarding the share transfer on January 13, 2023.

(**) Includes equity method accounting differences.

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

	Current Period	Prior Period
Factoring Companies	1,477,891	551,597
Leasing Companies	2,435,631	1,622,787
Finance Companies	3,310,198	-
Other Subsidiaries	2,566,110	1,315,819
Total	**9,789,830**	**3,490,203**

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

b.4) Subsidiaries quoted to a stock exchange

	Current Period	Prior Period
Quoted on Domestic Stock Exchanges	2,435,631	1,622,787
Quoted on International Stock Exchanges	-	-
Total	**2,435,631**	**1,622,787**

b.5) Information on shareholders' equity of the significant subsidiaries

The Parent Bank does not have any significant sized subsidiaries.

10. Information on joint ventures

Title	Address (City/Country)	Bank's Share-If different, Voting Rights (%)	Bank' Risk Group Share (%)
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş. (*)	İstanbul/Türkiye	33.33	33.33

Total Assets	Shareholders' Equity	Total Fixed Asset	Interest Income	Securities Income	Current Period Profit/Loss	Prior Period Profit/Loss	Company's Fair Value
372,227	165,267	177,040	-	-	9,680	56,460	-

(*) Current period information is stated as of November 30, 2023, prior period profit and loss amounts are based on the financial statements prepared as of November 30, 2022.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

11. Information on lease receivables (Net)

11.1 Maturity analysis of financial lease receivables

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	12,486,755	9,504,950	7,140,530	5,674,402
Between 1-4 years	14,270,628	11,814,803	9,762,187	8,126,818
Over 4 years	728,444	673,924	882,557	806,001
Total	**27,485,827**	**21,993,677**	**17,785,274**	**14,607,221**

Finance lease receivables include non-performing finance lease receivables amounting to TRY 373,295 (December 31, 2022 – TRY 387,943) and expected credit loss amounting to TRY 297,641 (December 31, 2022 – TRY 318,272).

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

	Current Period	Prior Period
End of the prior period	318,272	298,510
Provided provision/(reversal), Net	(4,776)	76,852
Collections	(15,855)	(24,867)
Written-off	-	(32,223)
Provision at the end of the period	**297,641**	**318,272**

11.2. Information on net investments in finance leases

	Current Period	Prior Period
Gross Finance Lease Investments	27,482,467	17,779,015
Unearned Finance Income (-)	5,488,790	3,171,794
Cancelled Leasing Agreements (-)	-	-
Net Investment on Leases	**21,993,677**	**14,607,221**

11.3. Information of finance lease contracts of the Parent Bank

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

12. Information on the hedging derivative financial assets

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Fair Value Hedge (*)	2,891,841	284,437	7,409,685	243,194
Cash Flow Hedge (**)	1,126,544	2,966,202	4,830,851	2,037,875
Net Investment Hedge	-	-	-	-
Total	**4,018,385**	**3,250,639**	**12,240,536**	**2,281,069**

(*) Derivative financial instruments for fair value hedging consist of swaps. As of December 31, 2023, TRY 2,891,841 (December 31, 2022 – TRY 7,409,685) from loans, TRY 284,437 (December 31, 2022 – TRY 243,194) of securities represents the fair value of derivatives which are designated as hedging instruments.

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

13. Explanations on investment properties

None (December 31, 2022 – None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

14. Explanations on tangible assets

	Land and Buildings	Fixed Assets from Finance Lease	Vehicles	Other Fixed Assets	Total
Prior Period End					
Cost	3,629,829	289,943	381,856	3,332,458	7,634,086
Accumulated Depreciation(-)	727,130	256,741	72,403	1,786,865	2,843,139
Net Book Value	**2,902,699**	**33,202**	**309,453**	**1,545,593**	**4,790,947**
Current Period End					
Cost at the Beginning of the Period	**3,629,829**	**289,943**	**381,856**	**3,332,458**	**7,634,086**
Costs regarding Subsidiaries	33,734	-	-	28,941	62,675
Additions (*)	1,085,265	-	126,504	2,532,602	3,744,371
Disposals (-)	158,254	22,778	12,231	891,035	1,084,298
Impairment (-)/(increase)	-	-	101	-	101
Current Period Cost	7,914,871	-	-	-	7,914,871
Accumulated Depreciation at the Beginning of the Period	**12,505,445**	**267,165**	**496,028**	**5,002,966**	**18,271,604**
Accumulated Depreciation regarding Subsidiaries	**727,130**	**256,741**	**72,403**	**1,786,865**	**2,843,139**
Disposals (-)	13,633	-	-	12,962	26,595
Transfer (-)	41,708	10,779	4,127	19,718	76,332
Depreciation amount	-	-	-	-	-
Accumulated Depreciation at the End of the Period (-)	372,452	2,935	73,999	418,215	867,601
Net Book Value at the End of the Period	**1,071,507**	**248,897**	**142,275**	**2,198,324**	**3,661,003**
	11,433,938	**18,268**	**353,753**	**2,804,642**	**14,610,601**

(*) As mentioned in Section 3 footnote IV, the fair value currency difference income amounting to TRY 27,685 (the amortized) that belongs to the real estate, which is subjected to fair value hedge accounting by the Parent Bank, is shown in the “Additions” line of the Financial Fixed Assets movement table.

a) If impairment on individual asset recorded or reversed in the current period is material for the overall financial statements

Events and conditions for recording or reversing impairment and amount of recorded or reversed impairment in the financial statements

There is no provision for impairment in the current period as a result of the changes in the fair values of the real estates determined by the licensed real estate valuation companies. (December 31, 2022 - None).

b) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially effecting the overall financial statements, and the reason and conditions for this

None (December 31, 2022 - None).

c) Pledges, mortgages and other restrictions (if any) on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets

None (December 31, 2022 - None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Explanations on Intangible Assets

	Rights	Goodwill	Total
Prior Period End			
Cost	2,547,268	-	2,547,268
Accumulated Amortization (-)	1,492,734	-	1,492,734
Net Book Value	**1,054,534**	**-**	**1,054,534**
Current Period End			
Cost at the Beginning of the Period	**2,547,268**	**-**	**2,547,268**
Costs related to acquisition of subsidiary	2,201,231	-	2,201,231
Additions	1,651,552	-	1,651,552
Disposals (-)	5,319	-	5,319
Value Decrease (-)/(increase)	-	-	-
Current Period Cost	**6,394,732**	**-**	**6,394,732**
Acc, Amort, At the Beginning of the Period	**1,492,734**	**-**	**1,492,734**
Accrued amortization related to acquisition of subsidiary	438,192		438,192
Disposals(-)	4,633	-	4,633
Amortization charge	444,590	-	444,590
Current Period Accumulated Amortization (-)	**2,370,883**	**-**	**2,370,883**
Net Book Value-End of the Period	**4,023,849**	**-**	**4,023,849**

a) Disclosures for book value, description and remaining life to be amortized for a specific intangible fixed asset that is material to the financial statements

None (December 31, 2022 - None).

b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition

None (December 31, 2022 - None).

c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition

None (December 31, 2022 - None.)

d) The book value of intangible fixed assets that are pledged or restricted for use

None (December 31, 2022 - None.)

e) Amount of purchase commitments for intangible fixed assets

None (December 31, 2022 - None).

f) Information on revalued intangible assets according to their types

None (December 31, 2022 - None)

g) Amount of total research and development expenses recorded within the period if any

Amount of total research expenses recorded in the statement of profit or loss and other comprehensive income within the period is TRY 38,717 (December 31, 2022 – TRY 41,354).

h) Positive or negative consolidation goodwill on entity basis

None (December 31, 2022 - None)

i) Goodwill’s book value at beginning, during and end of period

Explanation about balance sheet’s debit accounts and footnotes section specified in number 15 footnote.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

16. Information on tax asset.

As of December 31, 2023, the Parent Bank has deferred tax asset amounting to TRY 6,789,896 under the related regulations.

According to TAS 12, deferred tax assets and liabilities are netted off in the financial statements. As of December 31, 2023, the Group determined the carrying amount of the assets and liabilities in the balance sheet and the tax basis in accordance with the tax legislation and deferred tax asset amounting to TRY 11,216,103 calculated over the amounts to be taken into consideration in the calculation of financial profit/loss in the following periods and deferred tax liability amounting to TRY 4,426,208 which are calculated over the amounts to be taken into consideration in the calculation of financial profit/loss in the following periods.

In cases whereby deferred tax differences arising from the differences between the carrying amounts and the taxable amounts of the assets subjected to deferred tax that are related with certain items under the shareholders' equity accounts, the deferred tax benefits/charges are netted under these accounts. The deferred tax asset amounting to TRY 1,375,690 is netted under equity. (December 31, 2022 – TRY 1,436,588 deferred tax liabilities).

	Temporary Differences		**Deferred Tax Assets/(Liabilities)**	
	31.12.2023	**31.12.2022**	**31.12.2023**	**31.12.2022**
Provision for Employee Rights	3,112,251	2,596,772	933,675	649,192
Difference Between the Book Value of Financial Assets and Tax Base	643,326	7,021,079	192,998	1,704,569
Other (*)	33,631,434	11,917,779	10,089,430	2,979,445
Deferred Tax Assets			**11,216,103**	**5,333,206**
Differences Between Carrying Value and Tax Value of Tangible Fixed Assets	(7,521)	(750,417)	(2,256)	(187,204)
Differences Between Carrying Value and Tax Basis of Financial Assets	(12,202,190)	(17,498,210)	(3,660,657)	(4,366,998)
Other	(2,544,318)	(860,966)	(763,295)	(215,242)
Deferred Tax Liabilities			**(4,426,208)**	**(4,769,444)**
Deferred Tax Asset/(Debt), Net			**6,789,895**	**563,762**

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

	Current Period 01.01-31.12.2023	**Prior Period 01.01-30.09.2022**
Deferred Tax as of January 1 Asset/(Liability)- Net	563,762	341,690
Impact of business combinations	21,161	-
Deferred Tax (Loss)/Gain	4,829,282	1,658,660
Deferred Tax that is Realized Under Shareholder's Equity	1,375,690	(1,436,588)
Deferred Tax Asset/(Liability) – Net	**6,789,895**	**563,762**

17. Information on assets held for sale and discontinued operations

None. (December 31, 2022 – None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

18. Information on other assets

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

As of December 31, 2023, provisions for other assets amount to TRY 22,755 (December 31, 2022 – TRY 13,215).

19. Information on accrued interest and income

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

	Current Period		**Prior Period**	
	TRY	**FC**	**TRY**	**FC**
Derivative Financial Assets	6,762,105	6,218,845	17,298,494	5,313,460
Loans	12,292,347	5,197,443	6,424,904	1,969,786
Securities Measured at Amortized Cost	11,085,004	497,745	6,876,724	224,043
Financial Assets Measured at Fair Value through Other Comprehensive Income	2,596,666	(853,858)	6,055,460	(1,750,115)
T.R Central Bank	81,415	-	-	-
Receivables from Leasing Transactions	-	-	-	-
Banks	47,551	215	23,357	2
Financial Assets Measured at Fair Value through Profit/Loss	83,191	19,156	18,612	3,697
Other Accruals	47,112	41,261	38,319	18,593
Total	**32,995,391**	**11,120,807**	**36,735,870**	**5,779,466**

II. Explanations and Disclosures Related to Consolidated Liabilities

1. Information on maturity structure of deposits

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

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on maturity structure of deposits (Continued)

Prior Period	Demand	7 Days Notice	Up to 1 Month	1-3 Months	3-6 Months	6-12 Months	1 Year and Over	Accumulated Deposit Accounts	Total
Saving Deposits (*)	**17,850,909**	**-**	**28,462,849**	**30,209,586**	**76,800,432**	**2,528,154**	**2,095,541**	**1,273**	**157,948,744**
Foreign Currency Deposits	**71,128,745**	**-**	**12,944,579**	**22,158,132**	**14,478,140**	**2,823,557**	**2,297,663**	**4,903**	**125,835,719**
Residents in Türkiye	66,321,442	-	12,474,254	21,291,812	13,872,696	2,277,577	1,395,762	4,903	117,638,446
Residents Abroad	4,807,303	-	470,325	866,320	605,444	545,980	901,901	-	8,197,273
Public Sector Deposits	**578,667**	**-**	**44,150**	**1,347**	**-**	**51**	**-**	**-**	**624,215**
Commercial Deposits	**14,207,721**	**-**	**20,266,076**	**14,995,790**	**15,036,159**	**5,678,716**	**3,316,340**	**-**	**73,500,802**
Other Ins. Deposits	**141,156**	**-**	**359,956**	**1,380,266**	**347,147**	**239,893**	**43**	**-**	**2,468,461**
Precious Metal Deposits	**21,420,687**	**-**	**-**	**22,269**	**14,806**	**25,226**	**676,418**	**-**	**22,159,406**
Bank Deposits	**692,867**	**-**	**3,762,398**	**3,163,722**	**810,537**	**1,796,251**	**-**	**-**	**10,225,775**
T.R. Central Bank	-	-	-	-	-	-	-	-	-
Domestic Banks	10,889	-	433,921	-	-	-	-	-	444,810
Foreign Banks	678,633	-	3,328,477	3,163,722	810,537	1,796,251	-	-	9,777,620
Participation Banks	3,345	-	-	-	-	-	-	-	3,345
Other	-	-	-	-	-	-	-	-	-
Total	**126,020,752**	**-**	**65,840,008**	**71,931,112**	**107,487,221**	**13,091,848**	**8,386,005**	**6,176**	**392,763,122**

(*) As of December 31, 2022, the balance of saving deposits includes the amounts related to TRY 15,313,257 "Treasury Currency Protected Deposits" and TRY 84,134,369 "CBRT Currency Protected Deposits".

1.1. Information on savings deposits under the guarantee of the saving deposits insurance fund and exceeding the limit of deposit insurance fund (*)

	Covered by Deposit Insurance Fund		Exceeding the Deposit Insurance Limit	
	Current Period	**Prior Period**	**Current Period**	**Prior Period**
Saving Deposits	106,246,382	55,175,424	279,878,113	179,366,796
Foreign Currency Savings Deposits	54,536,106	29,307,602	164,483,034	118,687,523
Other Saving Deposits	-	-	-	-
Foreign Branches' Deposits Under Foreign Insurance Coverage	-	-	-	-
Off-Shore Deposits Under Foreign Insurance Coverage	-	-	-	-
Total	**160,782,488**	**84,483,026**	**444,361,147**	**298,054,319**

(*) With the amendment of the Regulation on Deposits and Participation Funds Subject to Insurance and Premiums Collected by The Savings Deposit Insurance Fund published in the Official Gazette dated August 27, 2022 and No. 31936, all deposits and participation funds in credit institutions, other than those belonging to official institutions, credit institutions and financial institutions, started to be insured. In this context, commercial deposits covered by insurance amount to TRY 17,566,297 (December 31, 2022 – TRY 9,717,740) is included in the footnote.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Information on maturity structure of deposits (Continued)

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

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

	Current Period	Prior Period
Deposits and accounts in branches abroad	14,370	9,181
Deposits of ultimate shareholders and their close family members	-	-
Deposits of chairman and members of the Board of Directors and their close family members	924,939	515,786
Deposits obtained through illegal acts defined in the 282nd Article of the Turkish Criminal Code No. 5237 dated September 26, 2004.	-	-
Saving deposits in banks established in Türkiye exclusively for off-shore banking activities	-	-
Total	**939,309**	**524,967**

2. Information on trading derivative financial liabilities

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Forwards	286,280	130,686	421,525	11,658
Swaps	1,044,552	2,413,005	2,556,751	2,087,711
Futures	-	-	-	-
Options	327	290,250	30,387	483,367
Other	-	-	-	-
Total	**1,331,159**	**2,833,941**	**3,008,663**	**2,582,736**

(*) Current period derivative financial liabilities for trading purposes are shown in line 7.1 Derivative Financial Liabilities in the financial statement.

3. Information on borrowings

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

	Current Period		Prior Period	
	TRY	FC	TRY	FC
T.R. Central Bank Loans	-	-	-	-
Domestic Banks and Institutions	8,164,974	3,737,246	5,775,489	1,963,023
Foreign Banks, Institutions and Funds	1,248,703	114,714,240	420,765	47,058,080
Total	**9,413,677**	**118,451,486**	**6,196,254**	**49,021,103**

b) Information on maturity structure of borrowings

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Short-Term	8,872,328	25,330,406	5,519,452	15,617,892
Medium and Long-Term	541,349	93,121,080	676,802	33,403,211
Total	**9,413,677**	**118,451,486**	**6,196,254**	**49,021,103**

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on borrowings (Continued)

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

As of December 31, 2023, the Group's liabilities comprise; 62% deposits (December 31, 2022 – 63%), 12% funds borrowed (December 31, 2022 – 9%), 5% issued bonds (December 31, 2022 – 4%) and 3% money market debts (December 31, 2022 – 5%).

4. Information on funds provided under repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
From domestic transactions	**2,374,701**	**-**	**1,165,878**	**-**
Financial institutions and organizations	2,362,077	-	1,149,893	-
Other institutions and organizations	6,243	-	8,772	-
Natural persons	6,381	-	7,213	-
From foreign transactions	**189,980**	**27,736,364**	**178,955**	**21,733,804**
Financial institutions and organizations	183,633	27,736,364	169,856	13,970,191
Other institutions and organizations	5,446	-	9,099	181,991
Natural persons	901	-	-	7,581,622
Total	**2,564,681**	**27,736,364**	**1,344,833**	**21,733,804**

5. Information on marketable securities issued (Net)

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Bank Bonds	9,045,755	13,001,776	8,401,709	5,911,335
Asset backed securities	856,881	-	330,878	-
Bills	-	29,132,547	-	17,372,987
Total	**9,902,636**	**42,134,323**	**8,732,587**	**23,284,322**

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

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

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

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

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

7.1. Explanations of changes in agreements and further commitments arising

No changes have been made to the leasing agreements in the current period (December 31, 2022 – None).

7.2. Explanations on financial lease liabilities

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

7.3. Explanations on operational leasing transactions liabilities

	Current Period		Prior Period	
	Gross	**Net**	**Gross**	**Net**
Less than 1 year	85,318	49,229	39,077	13,515
Between 1-4 years	1,368,518	1,123,935	868,095	728,013
More than 4 years	164	107	174	94
Total	**1,454,000**	**1,173,271**	**907,346**	**741,622**

7.4. Explanations and notes on financial lease:

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

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

The Parent Bank does non sale-and-lease back transactions in the current period (December 31, 2022 – None).

8. Information on the hedging derivative financial liabilities

	Current Period (***)		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Fair Value Hedge (*)	-	342,081	-	678,201
Cash Flow Hedge (**)	105,202	383,346	-	445,388
Net Investment Hedge	-	-	-	-
Total	**105,202**	**725,427**	**-**	**1,123,589**

(*) Derivative financial instruments for fair value hedging consist of swaps. As of December 31, 2023, TRY 154,155 (December 31, 2022 – TRY 227,293) of securities issued, TRY 147,019 of loans received (December 31, 2022 – TRY 314,881) represent the fair value of derivative financial instruments for fair value hedging purposes.
(**) It represents the fair value of derivative financial instruments for cash flow hedging of deposits and floating rate borrowings.
(***) Derivative financial liabilities for Fair Value Hedge are shown in line 7.1 in the financial statements, and derivative financial liabilities for Cash Flow Hedges are shown in line 7.2 of financial statements.

9. Information on provisions

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

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

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

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

	Current Period	Prior Period
Stage I	1,859,894	544,980
Stage II	50,405	24,102
Stage III	27,904	55,641
Total	**1,938,203**	**624,723**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

9. Information on provisions (Continued)

9.3. Information on reserve for employee rights

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

As of December 31, 2023, the Group presented the provision for severance pay of TRY 983,622 (December 31, 2022 – TRY 1,200,277) under the "Reserves for Employee Benefits " item in its financial statements.

As of December 31, 2023, the Group has shown a total vacation liability of TRY 234,460 (December 31, 2022 – TRY 145,545) under the "Reserves for Employee Benefits" in its financial statements.

As of December 31, 2023, TRY 1,894,169 (December 31, 2022 – TRY 1,250,950) provision for salaries, bonuses and premiums to be paid to the personnel has been presented under the "Reserves for Employee Benefits" in its financial statements.

9.3.1 Movement of employee termination benefits

	Current Period 01.01-31.12.2023	Prior Period 01.01-31.12.2022
As of January, 1	1,200,277	489,567
Impact of business combinations	30,276	-
Service Cost	130,147	57,488
Interest Cost	115,977	88,226
Cutting payments and benefits	19,401	22,933
Actuarial difference	(57,545)	607,631
Paid during the period	(454,911)	(65,568)
Total	**983,622**	**1,200,277**

9.4. Information on insurance technical provisions

As of December 31, 2023, the Group has reflected the insurance technical provision amounting to TRY 9,092,695 (December 31, 2022 - None) in its consolidated financial statements.

9.5. Information on other provisions

Except for those mentioned in note 9.2 above, there is a provision for lawsuits against the Group and tax lawsuits in the amount of TRY 407,539 (December 31, 2022 – TRY 475,524) in other provisions. The Parent Bank has benefited from the relevant articles of the Law No. 7326 regarding various ongoing tax lawsuits.

As of December 31, 2023, in the consolidated financial statements, within the other provisions, there is a total of TRY 6,800,000 of free provision, of which TRY 5,400,000 was expensed in the previous year, and TRY 1,400,000 was expensed in the current period by the Bank management, outside the requirements of the Banking Regulation and Supervision Agency (BDDK) Accounting and Financial Reporting Regulations.

10. Explanations on tax liabilities

10.1 Information on current tax liability

10.1.1 Information on tax provision

The Group has reflected the current tax liability and prepaid tax amounts to the consolidated financial statements by offsetting the balances in the financial statements of the consolidated subsidiaries separately. As a result of offseting, there is a tax liability of TRY 2,493,475 (December 31, 2022 – TRY 3,167,083) and no current tax receivable (December 31, 2022 – TRY 101,935) in the accompanying consolidated financial statements, and as of December 31, 2023, there is prepaid tax amounting to TRY 1,215,902 (31 December 2022 – TRY 323,601).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

10. Explanations on tax liabilities (Continued)

10.1.2. Information on taxes payable

	Current Period	Prior Period
Corporate Taxes Payable	2,493,475	2,843,483
Banking and Insurance Transaction Tax (BITT)	1,373,920	386,347
Taxation on Securities Income	288,391	97,627
Taxation on Real Estates Income	20,308	5,444
VAT Payable	3,980	103
Other	238,345	152,517
Total	**4,418,419**	**3,485,521**

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

10.1.3. Information on premium payables

	Current Period	Prior Period
Social Security Premiums - Employee Share	118,357	49,995
Social Security Premiums - Employer Share	145,118	57,705
Pension Fund Fee and Provisions – Employee Share	214	68
Pension Fund Fee and Provisions – Employer Share	700	223
Unemployment Insurance - Employee Share	7,754	3,514
Unemployment Insurance - Employer Share	15,512	7,031
Other	500	61
Total	**288,155**	**118,597**

11. Information on payables related to assets held for sale

None (December 31, 2022 – None).

12. Information on subordinated loans

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Debt Instruments subject to common equity	**-**	**15,468,985**	**-**	**9,826,193**
Subordinated Loans	-	15,468,985	-	9,826,193
Subordinated Debt Instruments	-	-	-	-
Debt Instruments subject to tier 2 common equity	**-**	**11,479,871**	**-**	**7,301,531**
Subordinated Loans	-	2,528,610	-	7,301,531
Subordinated Debt Instruments	-	8,951,261	-	-
Total	**-**	**26,948,856**	**-**	**17,127,724**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

13. Information on shareholder's equity

13.1. Presentation of paid-in capital

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

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

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

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

None (December 31, 2022 – None).

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

None (December 31, 2022 – None)

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

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

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

None (December 31, 2022 – None).

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

None (December 31, 2022 – None).

14. Common stock issue premiums, shares and equity instruments

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

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

15. Information on marketable securities value increase fund

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Associates, Subsidiaries and Entities under Common Control	**153,018**	**-**	**81,784**	**-**
Valuation Differences	-	-	41,812	-
Foreign Exchange Rate Differences	153,018	-	39,972	-
Securities Measured at FV Through Other Comprehensive Income	**(536,368)**	**(1,110,440)**	**3,616,031**	**(1,846,032)**
Valuation Differences	(536,368)	(1,110,440)	3,616,031	(1,846,032)
Foreign Exchange Rate Differences	-	-	-	-
Total	**(383,350)**	**(1,110,440)**	**3,697,815**	**(1,846,032)**

16. Information on accrued interest and expenses

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Derivative Financial Liabilities	1,436,361	3,559,368	3,008,663	3,706,325
Deposits	12,924,762	310,841	2,984,266	250,152
Funds Borrowed	430,151	1,754,602	93,425	505,155
Money Market Borrowings	45,111	9,582,323	2,767	139,542
Issued Securities	16,905	509,179	24,714	400,290
Other Accruals	1,229,547	1,234,481	1,307,501	368,615
Total	**16,082,837**	**16,950,794**	**7,421,336**	**5,370,079**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Explanations on off-balance-sheet-commitments

1.1. Type and amount of irrevocable commitments

	Current Period	Prior Period
Credit Cards Limit Commitments	376,605,042	111,928,372
Commitment For Use Guaranteed Credit Allocation	93,560,986	47,345,675
Payment Commitments for Cheques	10,962,370	14,849,695
Forward Asset Purchase Commitments	6,177,238	17,048,935
Other Irrevocable Commitments	6,684,472	3,895,823
Commitments for Promotions Related with Credit Cards and Banking Activities	211,656	109,533
Tax and Fund Liabilities due to Export Commitments	279,060	118,666
Total	**494,480,824**	**195,296,699**

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

A provision of TRY 1,938,203 (December 31, 2022 – TRY 624,723) has been made for non-compensated and non-cash loans or expected loan losses on off-balance sheet loans.

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

	Current Period	Prior Period
Bank Loans	13,059,090	13,724,618
Other Letters of Guarantee	11,518,004	5,848,676
Total	**24,577,094**	**19,573,294**

1.4. Guarantees, suretyships and other similar transactions

	Current Period	Prior Period
Provisional Letters of Guarantee	27,300,457	17,059,240
Final Letters of Guarantee	16,887,172	7,239,998
Advance Letters of Guarantee	1,165,597	1,327,806
Letters of Guarantee Given to Customs Offices	1,349,881	1,073,138
Other Letters of Guarantee	31,198,845	18,920,224
Total	**77,901,952**	**45,620,406**

2. Total amount of non-cash loans

	Current Period	Prior Period
Non-Cash Loans granted for Obtaining Cash Loans	**13,306,425**	**7,483,761**
Less Than or Equal to One Year with Original Maturity	385,093	578,172
More Than One Year with Original Maturity	12,921,332	6,905,589
Other Non-Cash Loans	**89,172,621**	**57,709,939**
Total	**102,479,046**	**65,193,700**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

	Current Period				Prior Period			
	TRY	%	FC	%	TRY	%	FC	%
Agricultural	**244,389**	**0.50**	**-**	**-**	**165,630**	**0.56**	**596**	**0.00**
Farming and Raising Livestock	167,207	0.34	-	-	79,656	0.27	596	0.00
Forestry	20,553	0.04	-	-	45,255	0.15	-	-
Fishing	56,629	0.12	-	-	40,719	0.14	-	-
Manufacturing	**16,773,181**	**34.55**	**27,294,734**	**50.61**	**10,058,694**	**33.92**	**18,219,721**	**51.27**
Mining and Quarrying	266,113	0.55	40,035	0.07	161,862	0.55	33,296	0.09
Production	15,420,248	31.76	26,788,571	49.68	9,498,871	32.03	17,910,743	50.40
Electricity, gas and water	1,086,820	2.24	466,128	0.86	397,961	1.34	275,682	0.78
Construction	**9,320,457**	**19.20**	**10,709,626**	**19.86**	**6,222,108**	**20.98**	**6,167,027**	**17.35**
Services	**21,936,214**	**45.18**	**15,031,752**	**27.87**	**12,762,410**	**43.04**	**10,669,011**	**30.01**
Wholesale and Retail Trade	14,842,936	30.57	6,380,976	11.83	8,726,222	29.43	4,304,979	12.11
Hotel, Food and Beverage Services	1,157,226	2.38	270,042	0.50	609,706	2.06	1,135,063	3.19
Transportation&Communication	873,419	1.80	1,208,576	2.24	713,008	2.40	842,222	2.37
Financial Institutions	3,253,716	6.70	5,447,278	10.10	1,578,822	5.32	3,808,729	10.72
Real Estate and Renting Services	12,538	0.03	6,515	0.01	89,435	0.30	20,669	0.06
Self Employment Services	1,177,719	2.43	915,500	1.70	583,415	1.97	417,290	1.17
Educational Services	35,652	0.07	-	-	31,168	0.11	-	-
Health and Social Services	583,008	1.20	802,865	1.49	430,634	1.45	140,059	0.39
Other	**274,876**	**0.57**	**893,817**	**1.66**	**446,739**	**1.50**	**481,764**	**1.37**
Total	**48,549,117**	**100.00**	**53,929,929**	**100.00**	**29,655,581**	**100.00**	**35,538,119**	**100.00**

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

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

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

Prior Period (*)	I. Group		II. Group	
	TRY	FC	TRY	FC
Letters of Guarantee	25,165,547	19,889,615	367,838	141,765
Bill of Exchange and Acceptances	3,970,331	9,694,144	58,000	2,143
Letters of Credit	38,039	5,809,183	185	1,269
Endorsements	-	-	-	-
Purchase Guarantees for Securities Issued	-	-	-	-
Factoring Related Guarantees	-	-	-	-
Other Collaterals and Sureties	-	-	-	-
Non-cash Loans	**29,173,917**	**35,392,942**	**426,023**	**145,177**

(*) The amount of TRY 55,641 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.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments

	Current Period	Prior Period
Types of trading transactions		
Foreign Currency Related Derivative Transactions (I)	**536,429,759**	**440,539,601**
Forward transactions (*)	62,546,387	45,212,064
Swap transactions	443,703,457	276,267,320
Futures transactions	15,572,793	1,618,208
Option transactions	14,607,122	117,442,009
Interest Related Derivative Transactions (II)	**318,167,378**	**159,791,156**
Forward rate transactions	-	-
Interest rate swap transactions	318,167,378	156,221,134
Interest option transactions	-	-
Futures interest transactions	-	3,570,022
Security option transactions	-	-
Other trading derivative transactions (III)	**1,177,528**	**2,056,626**
A, Total Trading Derivative Transactions (I+II+III)	**855,774,665**	**602,387,383**
Types of hedging transactions		
Fair value hedges	34,158,042	42,894,666
Cash flow hedges	171,214,277	107,912,819
Net investment hedges	-	-
B, Total Hedging Related Derivatives	**205,372,319**	**150,807,485**
Total Derivative Transactions (A+B)	**1,061,146,984**	**753,194,868**

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

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

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

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

	Forward Buy (**)	Forward Sell (**)	Swap Buy (*)	Swap Sell (*)	Option Buy	Option Sell	Futures Buy	Futures Sell	Other
Prior Period									
TRY	13,715,428	846,945	32,777,465	94,975,499	45,910,391	12,799,328	-	825,285	-
USD	3,300,933	17,975,259	211,798,828	116,675,752	11,634,673	36,843,573	2,577,934	1,785,011	2,056,626
Euro	4,944,415	2,287,495	26,313,610	72,342,218	1,684,385	7,378,288	-	-	-
Other	369,698	1,771,891	28,032,607	379,960	3,729	1,187,642	-	-	-
Total	**22,330,474**	**22,881,590**	**298,922,510**	**284,373,429**	**59,233,178**	**58,208,831**	**2,577,934**	**2,610,296**	**2,056,626**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

5.1. Fair value hedge accounting

a) Loans

The Parent Bank applies fair value hedge accounting within the framework of TAS 39 by performing swap transactions in order to protect itself against changes that may occur in the fair value of a certain part of its long term fixed interest loans resulting from changes in market interest rates. As of the balance sheet date, the TRY installment loans amounting to TRY 725,780 (December 31, 2022 – TRY 2,113,014) were subject to hedge accounting by swaps with a nominal amount of TRY 1,102,305 (December 31, 2022 – TRY 4,808,155). On December 31, 2023, the net market valuation difference loss of TRY 43,038 arising from TRY 92,934 loss from the aforementioned loans (December 31, 2022 – TRY 196,115 gain) and TRY 85,593 loss from swaps (December 31, 2022 – TRY 301,175 loss), is shown under "Gains/Losses From Derivative Transactions" account in the financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest rate swaps in order to protect itself from interest rate changes in relation to its fixed rate foreign currency lease transactions. There is no valuation impact as of the balance sheet date.

When the fair value hedge accounting cannot be effectively continued as stated in TAS 39, the fair value hedge accounting is ceased. The fair value differences of the hedged loans are amortized through statement of profit or loss and other comprehensive income until the maturity of the hedged loans. The Bank has booked the valuation effect amounting to TRY 247,211 (December 31, 2022 – TRY 67,268 gain) related to the loans that are ineffective for hedge accounting under "gain/(loss) from financial derivatives transactions" as gain during the current period.

Similarly; Subsidiary QNB Finans Finansal Kiralama A.Ş. has no valuation effect arising from the financial leasing transactions whose hedge accounting effectiveness has deteriorated, in the current period (December 31, 2022 – TRY 35) in the "Gains/Losses From Financial Derivatives Transactions".

b) Financial assets at fair value through other comprehensive income

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to long term foreign currency Eurobonds with fixed coupon held by the Parent Bank using swaps as hedging instruments. As of the balance sheet date; Eurobonds with a nominal of USD 212,671 million (December 31, 2022 – USD 259,315 million and EUR 44 million) were subject to hedge accounting by interest rate swaps with the same nominal value. On December 31, 2023, the net market valuation difference gain amounting to TRY 17,532 due to loss from Eurobonds amounting to TRY 372,205 (December 31, 2022 – TRY 844,795 loss) and gain from swaps amounting to TRY 14,757 (December 31, 2022 – TRY 839,160 gain) is accounted for under "gain/(loss) from financial derivatives transactions" line in the accompanying financial statements.

The Parent Bank does not apply fair value hedge on TRY government bonds in the current period (December 31, 2022 – None).

c) Marketable securities issued

The Parent Bank applies fair value hedge accounting to hedge itself against the changes in the interest rates related to the foreign currency bonds issued using interest rate swaps as hedging instruments. As of the balance sheet date, bonds with nominal amount of USD 300 million (December 31, 2022 – USD 330 million) have been subject to hedge accounting with the same nominal amount of swaps. As of December 31, 2023, TRY 5,102 net fair valuation difference loss, due to net of TRY 44,707 (December 31, 2022 – TRY 417,088 gain) loss from issued bonds and TRY 39,605 (December 31, 2022 – TRY 414,503 loss) gain from swaps, has been recorded under "Gain/(loss) from financial derivatives transactions" on accompanying financial statements.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies hedge accounting for fair value risk through swaps to hedge against changes in interest rates related to fixed-rate TRY securities it has issued. As of the balance sheet date, there are no such instruments.

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

5.1. Fair value hedge accounting (Continued)

d) Borrowings

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies fair value hedge accounting through interest and currency swaps in order to protect itself from changes in interest rates in relation to fixed interest rate TRY loans. As of the balance sheet date, swaps amounting to TRY 135,504 were subject to hedge accounting as hedging instruments. As a result of the mentioned hedge accounting, in the current period, the net market valuation difference loss amounting to TRY 99 before tax was recognized in the financial statements as “Profit/Loss from Derivative Financial Transactions”.

5.2. Cash flow hedge accounting

a) Floating Rate Loans

The Parent Bank is subject to cash flow hedge accounting through interest swaps in order to protect a certain part of its long term floating interest rate loans from changes in market interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the “Hedge Funds” account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the statement of profit or loss and other comprehensive income.

In this context; as of the balance sheet date, swaps with a nominal amount of USD 525 Million (December 31, 2022 – USD 525 Million) regarding the floating rate FX loans extended by the Bank are subject to hedge accounting as a hedging instrument. As a result of the said hedge accounting, fair value gain before tax amounting to TRY 166,065 (December 31, 2022 – TRY 572,313 loss) has been accounted for under equity in the current period. The loss of the ineffective portion amounting to TRY 531 is associated with the statement of profit or loss (December 31, 2022 – TRY 4 loss).

On the other hand; as of the balance sheet date, swaps with a nominal amount of TRY 5,724 Million (December 31, 2022 – TRY 5,472 Million) regarding the floating rate TRY loans extended by the Bank are subject to hedge accounting as hedging instruments. As a result of the aforementioned hedge accounting, the fair value loss before tax amounting to TRY 395,810 (December 31, 2022 – TRY 330,708 gain) has been accounted for under equity in the current period. The loss amounting to TRY 55 related to the ineffective portion is associated with the profit or loss statement (December 31, 2022 – TRY 75 gain).

b) Deposit

The Parent Bank applies cash flow hedge accounting using interest rate swaps in order to hedge itself from the interest rate changes of deposits that have an average maturity of 3 months, the Bank implements cash flow hedge accounting with interest rate swaps. The Parent Bank implements efficiency tests at the balance sheet dates for hedging purposes; the effective portions are accounted for under equity “Hedging Funds”, whereas the ineffective portions are accounted for at statement of profit or loss and other comprehensive income as defined in TAS 39. As at the balance sheet date, swaps amounting to TRY 1,405,000 are subject to hedge accounting as hedging instruments (December 31, 2022 – TRY 50,000). As a result of the mentioned hedge accounting, fair value gain before taxes amounting to TRY 24,571 are accounted for under equity during the current period (December 31, 2022 – TRY 2,192 loss.). There is no ineffective part in the hedge accounting transaction in question (December 31, 2022 - None).

As of the balance sheet date, swaps with a nominal amount of USD 1,771 Million (December 31, 2022 – USD 1,621 Million) have been subject to hedge accounting with USD deposits and swaps with a nominal amount of EUR 136 Million (December 31, 2022 – EUR 114 Million) have been subject to hedge accounting with Euro deposits. As a result of above mentioned hedge accounting, fair value loss before taxes amounting to TRY 347,876 (December 31, 2022 – TRY 2,123,518 gain) are accounted under equity during the current period. The gain amounting to TRY 15,970 (December 31, 2022 – TRY 13,216 gain) relating to the ineffective portion is accounted under at the statement of profit or loss and other comprehensive income.

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

5. Information on derivative financial instruments (Continued)

c) Floating Rate Liabilities

The Parent Bank applies cash flow hedge accounting through interest rate swaps in order to protect its subordinated loans with variable interest payments from changes in interest rates. The Bank conducts effectiveness tests for hedge accounting on every balance sheet date, the active segments are accounted in the "Hedge Funds" account item in the financial statements as defined in TAS 39, and the amount related to the inactive part is associated with the statement of profit or loss and other comprehensive income. As of the balance sheet date, the nominal amount of USD 217 Million (December 31, 2022 – USD 423 Million) was subject to hedge accounting as hedging instrument. As a result of the mentioned hedge accounting, the fair value loss amounting to TRY 249,573 (December 31, 2022 – TRY 423,008 gain) before tax was recognized under equity. The gain amounting to TRY 3,790 (December 31, 2022 – TRY 8 gain) related to the ineffective portion of the relevant transaction is associated with the statement of profit or loss.

On the other hand; accounting application is terminated when cash flow hedge accounting is not effectively maintained as defined in TAS 39. According to that the effective amounts classified under equity due to hedge accounting are reclassified into profit or loss as the reclassification adjustments during periods or periods when the estimated cash flows subject to hedging in case of deterioration of the event affect profit or loss (such as the periods when interest income or expense is accounted for). Due to hedge accounting practices terminated in the current year, a loss amounting to TRY 57,575 (December 31, 2022 – TRY 39,964 loss) was transferred from the "Gain/losses from derivative transactions" to the statement of profit or loss and other comprehensive income.

In this context, in the current period, the Bank has transferred loss of TRY 11,672 (December 31, 2022 – TRY 12,357 loss) from equity to the profit or loss statement related to terminated hedge accounting practices.

Subsidiary QNB Finans Finansal Kiralama A.Ş. applies cash flow hedge accounting by means of interest and currency swaps in order to protect itself from the changes in interest rates regarding the floating rate foreign currency loans and floating rate securities. The Company applies effectiveness tests for hedge accounting at each balance sheet date, the effective parts are accounted for in the "Hedging Funds" account item under equity in the financial statements as defined in TAS 39, and the amount related to the ineffective part is associated with the profit or loss statement. As of the balance sheet date, swaps amounting to TRY 2,409,767 are subject to hedge accounting. As a result of the aforementioned hedge accounting, in the current period, net market valuation difference gain before tax amounting to TRY 9,378 has been accounted for under "Hedging Funds" account item in the consolidated financial statements (December 31, 2022 – TRY 2,147 gain).

In the measurements made as of December 31, 2023, it has been determined that the above-mentioned cash flow hedging transactions are effective.

6. Credit derivatives and risk exposures on credit derivatives

As of December 31, 2023, the Bank has no commitments "Credit Linked Notes" (As of December 31, 2022 – None).

As of December 31, 2023, "Other Derivative Financial Instruments" with nominal amount of USD 40,000,000 (December 31, 2022: 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 40,000,000.

7. Information on contingent liabilities and assets

The Parent Bank has recorded a provision of TRY 92,874 (December 31, 2022 – TRY 296,729) 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.

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

MOODY'S January 2024		FITCH September 2023	
Long-Term Deposit Rating (FC)	B2	Long -Term Foreign Curr.	B- (Stable)
Long-Term Deposit Rating (TRY)	B1	Short-Term Foreign Curr.	B
Short-Term Deposit Rating (FC)	NP	Long-Term TRY	B (Stable)
Short-Term Deposit Rating (TRY)	NP	Short-Term TRY	B
Main Credit Evaluation	b3	Long-Term National	AA(tur) (Stable)
Adjusted Main Credit Evaluation	b1	Support	b-
Appearance	Positive	Financial Capacity Rating	b-
Long-Term Foreign Currency Denominated Debt (FC)	B2		

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

1. a) Information on interest income on loans

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Short-Term Loans	38,342,402	4,768,549	17,556,264	1,625,933
Medium and Long-Term Loans	29,933,893	8,764,370	16,185,212	4,445,863
Non-Performing Loans	788,510	-	636,433	-
Resource Utilization Support Fund Premiums	-	-	-	-
Total(*)	**69,064,805**	**13,532,919**	**34,377,909**	**6,071,796**

(*) Includes fees and commissions income from cash loans

b) Information on interest income from banks

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
T.R. Central Bank (*)	156,988	-	-	-
Domestic Banks	500,011	881	18,089	1,010
Foreign Banks	3,377	526,443	1,170	282,581
Foreign Headquarters and Branches	-	-	-	-
Total	**660,376**	**527,324**	**19,259**	**283,591**

(*) The interest income on Required Reserve amounting TRY 412,862 excluded from interest income on Banks. (December 31, 2022 - TRY 130,135).

c) Information on interest income on marketable securities

	Current Period	
	TRY	**FC**
Financial Assets Measured at Fair Value through Profit/Loss	383,739	29,497
Financial Assets Measured at Fair Value through Other Comprehensive Income	9,348,061	941,698
Financial Assets Measured at Amortized Cost	23,174,698	1,501,968
Total	**32,906,498**	**2,473,163**

	Prior Period	
	TRY	**FC**
Financial Assets Measured at Fair Value through Profit/Loss	79,904	7,521
Financial Assets Measured at Fair Value through Other Comprehensive Income	4,941,239	708,897
Financial Assets Measured at Amortized Cost	15,751,314	1,095,653
Total	**20,772,457**	**1,812,071**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

As indicated in Footnote VII. number 2 of Section Three, the Parent Bank has inflation-linked government bonds in the financial asset portfolios, reflected in fair value changes recognized in other comprehensive income, and measured at amortized cost. As stated in the Ministry of Treasury and Finance's Inflation-Indexed Bonds Investor Guide, the reference indices used for calculating the actual coupon payment amounts of these instruments are based on the inflation index of two months prior. In the valuation of related instruments, as of December 31, 2023, considered as the rate of 61.36%.

d) Information on interest income received from associates and subsidiaries

None (December 31, 2022 – None).

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

	Current Period		Prior Period	
	TRY	**FC**	**TRY**	**FC**
Banks	**1,800,168**	**8,272,954**	**797,994**	**3,129,506**
T.R. Central Bank	-	-	-	-
Domestic Banks	1,558,590	354,066	749,649	152,173
Foreign Banks	241,578	7,918,888	48,345	2,977,333
Foreign Headquarters and Branches	-	-	-	-
Other Institutions	-	-	-	-
Total	**1,800,168**	**8,272,954**	**797,994**	**3,129,506**

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

b) Information on interest expense paid to associates and subsidiaries

	Current Period	Prior Period
Interest Paid to Associates and Subsidiaries	28,607	7,913

c) Information on interest expense paid to securities issued

As of December 31, 2023 the amount paid to securities issued is TRY 3,879,530 (December 31, 2022 – TRY 2,763,449).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

d) Information on maturity structure of interest expenses on deposits

Current Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	184,688	-	-	-	-	-	184,688
Saving Deposits	-	9,422,176	10,322,264	27,878,029	2,971,069	727,044	-	51,320,582
Public Sector Deposits	-	3,791	2,203	-	4	-	-	5,998
Commercial Deposits	-	5,810,244	4,930,800	5,124,923	1,732,531	1,228,998	-	18,827,496
Other Deposits	-	74,575	399,088	191,527	24,412	661	-	690,263
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**-**	**15,495,474**	**15,654,355**	**33,194,479**	**4,728,016**	**1,956,703**	**-**	**71,029,027**
Foreign Currency								
Deposits	-	49,350	331,249	406,852	23,861	48,034	-	859,346
Bank Deposits	1,172	529,553	787,597	96,597	91,847	-	-	1,506,766
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	2,489	-	-	-	-	-	2,489
Total	**1,172**	**581,392**	**1,118,846**	**503,449**	**115,708**	**48,034**	**-**	**2,368,601**
Grand Total	**1,172**	**16,076,866**	**16,773,201**	**33,697,928**	**4,843,724**	**2,004,737**	**-**	**73,397,628**

Prior Period		Time Deposits						
Account Name	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	Over 1 Year	Accumulated Deposit Account	Total
Turkish Lira								
Bank Deposits	-	52,247	16,800	-	-	-	-	69,047
Saving Deposits	-	2,730,362	2,489,527	5,654,397	299,312	212,360	-	11,385,958
Public Sector Deposits	-	3,760	1,412	30	98	-	-	5,300
Commercial Deposits	-	1,673,231	1,048,983	800,913	1,291,954	240,053	-	5,055,134
Other Deposits	-	22,835	115,670	9,156	17,015	7	-	164,683
7 Days Call Accounts	-	-	-	-	-	-	-	-
Total	**-**	**4,482,435**	**3,672,392**	**6,464,496**	**1,608,379**	**452,420**	**-**	**16,680,122**
Foreign Currency								
Deposits	-	189,253	943,422	496,604	53,189	55,374	-	1,737,842
Bank Deposits	118	134,170	90,790	23,429	60,999	-	-	309,506
7 Days Call Accounts	-	-	-	-	-	-	-	-
Precious Metal Deposits	-	11,939	-	-	-	-	-	11,939
Total	**118**	**335,362**	**1,034,212**	**520,033**	**114,188**	**55,374**	**-**	**2,059,287**
Grand Total	**118**	**4,817,797**	**4,706,604**	**6,984,529**	**1,722,567**	**507,794**	**-**	**18,739,409**

e) Information on interest expenses on repurchase agreements

	Current Period		Prior Period	
	TRY	FC	TRY	FC
Interest Expenses on Repurchase Agreements (*)	1,371,741	1,206,816	1,906,016	404,695

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

f) Information on financial lease expenses

	Current Period	Prior Period
Leasing Expenses	145,924	100,667

g) Information on interest expenses on factoring payables

None (December 31, 2022 – None)

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information on dividend income

	Current Period	Prior Period
Derivative Financial Assets at Fair Value Through Profit or Loss	12,353	3,539
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets Measured at Fair Value through Other Comprehensive Income	-	-
Other	714	13,437
Total	**13,067**	**16,976**

4. Information on trading income/loss

	Current Period	Prior Period
Trading Gain	**66,172,391**	**35,045,190**
Gain on Capital Market Transactions	4,351,652	2,389,128
From Derivative Transactions	26,054,897	13,687,257
Foreign Exchange Gains	35,765,842	18,968,805
Trading Loss (-)	**52,456,405**	**33,973,496**
Losses on Capital Market Transactions	1,589,413	825,979
From Derivative Transactions	35,270,332	20,522,408
Foreign Exchange Losses	15,596,660	12,625,109
Net Trading Gain/Loss	**13,715,986**	**1,071,694**

5. Information on other operating income

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

6. Provision for losses and other provision expenses

	Current Period	Prior Period
Expected Credit Losses	**12,119,567**	**5,093,975**
12 Month Expected Credit Loss (Stage 1)	4,309,259	1,493,919
Significant Increase in Credit Risk (Stage 2)	5,312,932	2,112,726
Lifetime ECL Impaired Credits (Stage 3)	2,497,376	1,487,330
Marketable Securities Impairment Provision	**5,060**	**2,279**
Financial Assets Measured at Fair Value Through Profit/Loss	-	-
Financial Assets Measured at Other Comprehensive Income	5,060	2,279
Provisions for Impairment of Associates, Subsidiaries and Joint Ventures	-	-
Investment in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other(*)	**2,853,258**	**5,939,858**
Total	**14,977,885**	**11,036,112**

(*) Includes free provision expense for possible risks amounting to TRY 1,400,000 allocated in the current period (December 31, 2022 – TRY 5,400,000).

7. Information on other operating expenses

	Current Period	Prior Period
Severance Pay Provision Expense (*)	280,936	103,078
Tangible Fixed Asset Depreciation Expenses	867,601	609,671
Intangible Asset Depreciation Expenses	444,590	237,285
Other Operating Expenses	6,397,791	4,384,497
TFRS 16 Leasing expenses	*8,922*	*4,308*
Maintenance expenses	*1,116,352*	*1,267,165*
Advertisement expenses	*636,518*	*332,946*
Other expenses	*4,635,999*	*2,780,078*
Loss on sales of assets	84	61
Other	2,923,465	1,176,107
Total	**10,914,467**	**6,510,699**

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

8. Fees for Services Obtained from an Independent Auditor/Independent Audit Firm

	Current Period (*) (**)	Prior Period (*) (**)
Independent audit fee for the reporting period	12,663	6,168
Fees for tax advisory services	-	-
Fee for other assurance services	6,055	649
Fees for services other than independent auditing	-	-
Total	**18,718**	**6,817**

(*) Consolidated amounts are reported.
(**) VAT excluded.

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

As of December 31, 2023, net interest income amounting to TRY 38,325,450 (December 31, 2022- TRY 38,567,154), net fee and commission income amounting to TRY 20,306,295 (December 31, 2022 – TRY 6,688,561) and other operating revenues amounting to TRY 2,418,546 (December 31, 2022 – TRY 333,926) have important place among income items related to continuing operations.

10. Explanation on tax provision for continuing and discontinued operations

10.1. Calculated current tax income or expense and deferred tax income or expense

As of December 31, 2023, the Parent Bank has a current tax expense of TRY 10,895,200 (December 31, 2022 – TRY 9,086,568), deferred tax expense of TRY 3,287,001 (December 31, 2022 – TRY 1,712,063) deferred tax income of TRY 8,116,283 (December 31, 2022 – TRY 3,370,723).

10.2. Explanations on operating profit/loss after tax

None (December 31, 2022 - None).

11. Explanation on net profit/loss for the period from continuing and discontinued operations

The profit generated by the Group from continuing operations is TRY 33,177,934 (December 31, 2022 – TRY 17,226,220).

12. Explanations on net profit and loss for the period

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

None (December 31, 2022 - None).

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

None (December 31, 2022 - None).

12.3. Profit or loss attributable to minority shares

	Current Period	Prior Period
Profit/Loss Attributable to Minority Shares	4,969	2,421

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

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

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

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. Changes arising from the revaluation of financial assets at fair value through other comprehensive income

The net decrease of TRY 1,730,198 after the tax effect arising from the remeasurement of the Group's financial assets at fair value through other comprehensive income (31 December 2022 – TRY 3,377,006 net decrease) will be recorded in equity as "Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss" account.

2. Explanations on foreign exchange differences

None.

3. Explanations on dividends

3.1. Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements

There is no dividend notified before the promulgation of financial statements. It was decided to distribute the profit of 2022 as stated below at the Ordinary General Assembly held on March 30, 2023:

2022 profit distribution table

Current Year Profit	**17,223,766**
A - I. Legal Reserve (TCC 466/1) 5%	28,298
B - The First Dividend for Shareholders	-
C - To Owners of Founding Shares	-
D - II. Legal Reserves	-
E - Profit from Disposal of Associates Fund	-
F - Extraordinary Reserves	17,195,468

3.2. Dividends per share proposed subsequent to the balance sheet date

No decision is taken concerning the profit distribution by the General Assembly as of the balance sheet date (December 31, 2022 - None).

3.3. Transfers to legal reserves

	Current Period	**Prior Period**
Amount Transferred to Reserve from Retained	-	-

4. Information on issuance of share certificates

4.1. The rights, priorities and restrictions regarding the share capital including distribution of income and repayment of the capital

None (December 31, 2022 - None).

5. Information on the other capital increase items in the statement of changes in shareholders' equity

There was no capital increase in 2023 (December 31, 2022 - None).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents

"Other items" amounting to TRY 51,625,431 (December 31, 2022 – TRY 12,519,245) in "Operating profit before changes in operating assets and liabilities" consist of fees and commissions paid amounting to TRY 8,133,453 (December 31, 2022 – TRY 2,361,312), net trading income amounting to TRY 63,217,592 (December 31, 2022 – TRY 21,259,438 net trading income) and other operating expenses amounting to TRY 3,458,708 (December 31, 2022 – TRY 6,378,881).

"Other" item in the "Change in other assets of the field of banking" amounting to TRY 9,626,574 (December 31, 2022 – TRY 6,554,484), guarantees given to TRY 511,687 (December 31, 2022 – TRY 2,898,805), rental receivables from transactions amounting to TRY 7,386,456 (December 31, 2022 – TRY 3,917,473), factoring receivables amounting to TRY 5,901,861 (December 31, 2022 – TRY 5,782,967) and other assets of TRY 9,114,887 (December 31, 2022 – TRY 247,151).

The "Other" item amounting to TRY 20,942,643 (December 31, 2022 – TRY 17,976,184) included in the "change in other debts subject to banking activity", TRY 7,635,935 (December 31, 2022 – TRY 4,808,082) to money markets and TRY 2,289,950 (December 31, 2022 – TRY 4,979,897) includes other liabilities.

The effect of change in foreign exchange rate on cash and cash equivalents is the sum of the foreign exchange differences arising from the conversion of the average balances of cash and cash equivalents in foreign currency to TRY at the beginning of the period and at the end of the period. As of December 31, 2023, TRY 2,231,281 (December 31, 2022 – TRY 1,454,238).

2. Information regarding the balances of cash and cash equivalents at the beginning of the period

	December 31, 2022
Cash	**11,930,986**
Cash in TRY	1,621,492
Cash in Foreign Currencies	6,809,684
Other	3,499,810
Cash Equivalents	**61,324,727**
Balances with the T.R. Central Bank	42,132,406
Banks and Other Financial Institutions	10,747,700
Money Market Placements	8,467,980
Less: Accruals	(23,359)
Cash and Cash Equivalents	**73,255,713**

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

3. Information regarding the balances of cash and cash equivalents at the end of the period

	December 31, 2023
Cash	**12,933,483**
Cash in TRY	2,150,944
Cash in Foreign Currencies	9,412,639
Other	1,369,900
Cash Equivalents	**106,444,295**
Balances with the T.R. Central Bank	83,652,347
Banks and Other Financial Institutions	17,184,548
Money Market Placements	5,736,581
Less: Accruals	(129,181)
Cash and Cash Equivalents	**119,377,778**

4. Restricted cash and cash equivalents due to legal requirements or other reasons

A portion of foreign bank accounts amounting to TRY 628,304 (December 31, 2022 – TRY 396,003) includes blocked cash for foreign money and capital market transactions and for borrowings from foreign markets.

5. Additional information

5.1. Restrictions on the potential borrowings that can be used for banking operations or capital commitment

None (December 31, 2022 – None).

5.2. The sum of cash flows that show the increases in banking activity capacity, apart from the cash flows needed to maintain current banking activity capacity

None (December 31, 2022 – None).

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

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

1.1. As of December 31, 2023, the Parent Bank's risk group has deposits amounting to TRY 9,073,791 (December 31, 2022 – TRY 724,884), cash loans amounting to TRY 5,469 (December 31, 2022 – TRY 4,102) and non-cash loans amounting to TRY 2,405,453 (December 31, 2022 – TRY 118,429).

Current Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries (Partnerships)		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group	
	Cash	Non- Cash	Cash	Non- Cash	Cash	Non- Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	226	-	116,854	4,102	1,349
Balance at the End of the Period	-	194	-	2,316,570	5,469	88,689
Interest and Commission Income	-	-	-	2,242	3,800	-

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Prior Period

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group	
	Cash	Non-Cash	Cash	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	730	-	55,271	1,773	4,888
Balance at the End of the Period	-	226	-	116,854	4,102	1,349
Interest and Commission Income	-	-	-	1,705	646	-

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

(**) Represents the balances of December 31, 2022

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

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

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Deposits						
Balance at the Beginning of the Period	152,259	60,887	-	-	572,625	525,760
Balance at the End of the Period	251,658	152,259	-	-	8,822,133	572,625
Interest Expense on Deposit (**)	28,607	7,913	-	-	232,930	22,015

(*) As described in the Article 49 of Banking Law No 5411.
(**) Previous period's balances represent December 31, 2022 balances.

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

Parent Bank's Risk Group (*)	Associates and Subsidiaries		Bank's Direct and Indirect Shareholders		Other Legal and Natural Persons in Risk Group	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Transactions for Trading Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(**)	-	-	-	-	48	384
Transactions for Hedging Purposes						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Total Income/Loss(**)	-	-	-	-	-	-

(*) As described in the Article 49 of Banking Law No 5411.
(**) Prior Period represents December 31, 2022 balance.

1.4. Information regarding benefits provided to the Top Management

As of December 31, 2023, the total amount of remuneration and bonuses paid to key management of the Group is TRY 560,869 (December 31, 2022 – TRY 304,876).

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

EXPLANATIONS AND DISCLOSURES ON CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

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

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

As of December 31, 2023, the rate of cash loans of the risk group divided by to total loans is 0.0%; (December 31, 2022 – 0.0%); the deposits represented 1.4% (December 31, 2022 – 0.2%), the ratio of total derivative transactions with derivatives risk is 0.0% (December 31, 2022 – 0.0%).

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

The Parent Bank enters into finance lease agreements with QNB Finans Finansal Kiralama A.Ş., one of the risk group companies it belongs to.

The Parent Bank provides agency services regarding insurance services to QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş., one of the risk group companies it belongs to.

The Parent Bank has signed an agreement with 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 Parent Bank participated with 33.33% shareholding, provides cash transfer services to the Parent Bank.

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

VIII. Explanations on the Parent Bank's Domestic, Foreign and Off-Shore Banking Branches and Foreign Representatives of the Group

1. Information relating to the Parent Bank's domestic and foreign branch and representatives

	Number	Employees	Country	Total Assets	Capital
Domestic Branch	435	14,247			
Foreign Representation	-	-	-		
Foreign Branch	1	8	1- Bahrain	114,431,512	-
			-	-	-

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

SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations Related to the Parent Bank's Operations

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

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

Issue Date	Currency	Nominal Amount	Maturity
16/01/2024	USD	25,800,000	91
19/01/2024	EUR	10,000,000	91

The Parent Bank's application to the Capital Markets Board dated September 11, 2023 regarding debt instruments to be issued abroad has been approved by the Board, and the bond issuance program of USD 4 Billion (Global Medium Term Note Program), which will be valid for 1 year as of October 18, 2023, has been announced and the green and/or sustainable debt instrument issuance limit of USD 1 Billion has been updated.

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

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

3. Other matters

With the decision numbered 10825 on January 11, 2024; BRSA determined the transition date for banks, financial leasing, factoring, financing, savings financing and asset management companies to TAS 29 application as January 1, 2025.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on Independent Auditor's Report

The consolidated financial statements for the period ended December 31, 2023 have been reviewed by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. The auditor's report dated January 29, 2024 is presented preceding the consolidated financial statements.

II. Explanations and Notes Prepared by Independent Auditor

None (December 31, 2022 – None).

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