

**CONVENIENCE TRANSLATION INTO  
ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR’S REVIEW REPORT  
ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2**

**QNB FİNANS FAKTORİNG A.Ş.**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
AS OF 30 JUNE 2023 TOGETHER WITH  
INDEPENDENT AUDITOR’S REVIEW REPORT**



## AUDITOR’S REVIEW REPORT ON INTERIM CONDENSED FINANCIAL INFORMATION

(Convenience translation into English of independent auditor’s review report originally issued in Turkish, See Note 2)

To the General Assembly of QNB Finans Faktoring A.Ş.

### *Introduction*

We have reviewed the accompanying condensed statement of financial position of QNB Finans Faktoring A.Ş. (“the Company”) as at 30 June 2023 and the condensed statement of profit or loss, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in shareholders’ equity, the condensed statement of cash flows to the condensed financial statements for the six-month-period then ended. The Company management is responsible for the preparation and fair presentation of interim condensed financial information in accordance with the Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation which includes ‘Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Saving Financing Companies’ published in the Official Gazette dated 24 December 2013 and numbered 28861 by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority and circulars and interpretations published by BRSA and Turkish Accounting Standard 34 “Interim Financial Reporting” for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim condensed financial information based on our review.

### *Scope of Review*

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



### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not present fairly in all material respects the financial position of QNB Finans Faktoring A.Ş. at 30 June 2023 and the results of its operations and its cash flows for the six-month-period then ended in accordance with the BRSA Accounting and Financial Reporting Legislation.

### *Additional Paragraph for Convenience Translation:*

BRSA Accounting and Financial Reporting Legislation explained in detail in Note 2 differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying condensed financial statements are not intended to present fairly the condensed financial position and results of operations of the Company in accordance with IFRS.

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

Talar Gül, SMMM  
Partner

Istanbul, 25 July 2023

<b>INDEX</b>	<b>PAGE</b>
<b>STATEMENTS OF FINANCIAL POSITION (BALANCE SHEET) .....</b>	<b>1-2</b>
<b>STATEMENTS OFF-BALANCE SHEET ITEMS.....</b>	<b>3</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....</b>	<b>4-5</b>
<b>STATEMENT OF CHANGES IN EQUITY .....</b>	<b>6</b>
<b>STATEMENT OF CASH FLOWS.....</b>	<b>7</b>
<b>EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS .....</b>	<b>8-23</b>

# QNB FİNANS FAKTORİNG A.Ş.

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated.)

	ASSETS	Note	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK		106.024	92.166	198.190	56.335	78.961	135.296
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)		-	-	-	-	-	-
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		9.202.677	497.183	9.699.860	9.047.431	464.403	9.511.834
5.1	Factoring Receivables	3	9.202.677	497.183	9.699.860	9.047.431	464.403	9.511.834
5.1.1	Discounted Factoring Receivables (Net)		4.734.302	151.703	4.886.005	4.028.760	171.448	4.200.208
5.1.2	Other Factoring Receivables		4.468.375	345.480	4.813.855	5.018.671	292.955	5.311.626
5.2	Financial Saving Receivables		-	-	-	-	-	-
5.2.1	From Savings Fund Pool		-	-	-	-	-	-
5.2.2	Equity		-	-	-	-	-	-
5.3	Financial Loans		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Commercial Installment Loans		-	-	-	-	-	-
5.4	Leasing Transactions (Net)		-	-	-	-	-	-
5.4.1	Financial Lease Receivables		-	-	-	-	-	-
5.4.2	Operational Lease Receivables		-	-	-	-	-	-
5.4.3	Unearned Income (-)		-	-	-	-	-	-
5.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6	Non Performing Receivables	3	65.234	-	65.234	81.651	-	81.651
5.7	Allowance For Expected Credit Losses / Specific Provisions (-)	3	(65.234)	-	(65.234)	(81.651)	-	(81.651)
VI.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		2	-	2	2	-	2
6.1	Investments in Associates (Net)		2	-	2	2	-	2
6.2	Investments in Subsidiaries (Net)		-	-	-	-	-	-
6.3	Jointly Controlled Partnerships (Joint Ventures) (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)		15.112	-	15.112	19.276	-	19.276
VIII.	INTANGIBLE ASSETS (Net)		5.592	-	5.592	5.933	-	5.933
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSETS		-	-	-	-	-	-
XI.	DEFERRED TAX ASSET		3.616	-	3.616	5.670	-	5.670
XII.	OTHER ASSETS		65.669	1.258	66.927	37.487	2.474	39.961
	SUBTOTAL		9.398.692	590.607	9.989.299	9.172.134	545.838	9.717.972
XIII.	ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	4	26.733	-	26.733	26.733	-	26.733
13.1	Held for Sale		26.733	-	26.733	26.733	-	26.733
13.2	Non-Current Assets From Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		<b>9.425.425</b>	<b>590.607</b>	<b>10.016.032</b>	<b>9.198.867</b>	<b>545.838</b>	<b>9.744.705</b>

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

# QNB FİNANS FAKTORİNG A.Ş.

## STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	LIABILITIES	Note	Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	BORROWINGS	5	7.928.556	576.108	8.504.664	7.383.690	540.439	7.924.129
II.	FACTORING PAYABLES		10.337	4.793	15.130	15.637	2.264	17.901
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES (Net)		3.917	-	3.917	6.410	-	6.410
V.	SECURITIES ISSUED (Net)	6	246.967	-	246.967	1.132.652	-	1.132.652
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VIII.	PROVISIONS		22.717	-	22.717	29.314	-	29.314
8.1	Provision for Restructuring		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		22.401	-	22.401	28.998	-	28.998
8.3	General Loan Loss Provisions		-	-	-	-	-	-
8.4	Other provisions		316	-	316	316	-	316
IX.	CURRENT TAX LIABILITIES		102.552	-	102.552	26.654	-	26.654
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES		93.648	1.228	94.876	22.348	1.373	23.721
	SUBTOTAL		8.408.694	582.129	8.990.823	8.616.705	544.076	9.160.781
XIII.	LIABILITIES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	EQUITY	7	1.025.209	-	1.025.209	583.924	-	583.924
14.1	Issued capital		65.000	-	65.000	65.000	-	65.000
14.2	Capital Reserves		-	-	-	-	-	-
14.2.1	Equity Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		-	-	-	-	-	-
14.3	Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss		(6.340)	-	(6.340)	(6.340)	-	(6.340)
14.4	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		52.736	-	52.736	11.168	-	11.168
14.5.1	Legal Reserves		52.736	-	52.736	11.168	-	11.168
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		-	-	-	-	-	-
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		913.813	-	913.813	514.096	-	514.096
14.6.1	Prior Years' Profit or Loss		472.528	-	472.528	199.359	-	199.359
14.6.2	Current Period Net Profit Or Loss		441.285	-	441.285	314.737	-	314.737
	TOTAL EQUITY AND LIABILITIES		9.433.903	582.129	10.016.032	9.200.629	544.076	9.744.705

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

# QNB FINANS FAKTORING A.Ş.

## STATEMENTS OFF-BALANCE SHEET ITEMS AS OF 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	OFF-BALANCE SHEET ITEMS		Reviewed Current Period 30 June 2023			Audited Prior Period 31 December 2022		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	RECOURSE FACTORING TRANSACTIONS		359.712	255.212	614.924	162.015	146.753	308.768
II.	NON-RECOURSE FACTORING TRANSACTIONS		1.163.263	326.932	1.490.195	831.662	217.366	1.049.028
III.	FINANCIAL SAVING AGREEMENT TRANSACTIONS		-	-	-	-	-	-
IV.	GUARANTEES RECEIVED	9	140.310.251	22.177.670	162.487.921	111.305.853	15.531.194	126.837.047
V.	GUARANTEES GIVEN	9	1.798.822	-	1.798.822	883.053	-	883.053
VI.	COMMITMENTS		-	-	-	-	-	-
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		-	-	-	-	-	-
6.2.1	Lease Commitments		-	-	-	-	-	-
6.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS	9	-	-	-	-	-	-
7.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
7.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
7.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
7.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
7.2	Trading Transactions		-	-	-	-	-	-
7.2.1	Forward Buy/Sell Transactions		-	-	-	-	-	-
7.2.2	Swap Buy/Sell Transactions		-	-	-	-	-	-
7.2.3	Options Buy/Sell Transactions		-	-	-	-	-	-
7.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII.	ITEMS HELD IN CUSTODY	9	6.236.432	146.863	6.383.295	5.246.434	185.347	5.431.781
	<b>TOTAL OFF-BALANCE SHEET ITEMS</b>		<b>149.868.480</b>	<b>22.906.677</b>	<b>172.775.157</b>	<b>118.429.017</b>	<b>16.080.660</b>	<b>134.509.677</b>

The accompanying notes are an integral part of these financial statements

# QNB FİNANS FAKTORİNG A.Ş.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

		Note	Reviewed 1 January - 30 June 2023	Unreviewed 1 April - 30 June 2023	Reviewed 1 January - 30 June 2022	Unreviewed 1 April - 30 June 2022
	<b>INCOME AND EXPENSE ITEMS</b>					
<b>I.</b>	<b>OPERATING INCOME</b>		<b>1.417.034</b>	<b>839.385</b>	<b>525.365</b>	<b>308.650</b>
	<b>FACTORING INCOME</b>		<b>1.417.034</b>	<b>839.385</b>	<b>525.365</b>	<b>308.650</b>
1.1	Interest Income on Factoring Receivables		1.028.802	505.999	503.297	297.103
1.1.1	Discounted		575.262	290.486	316.558	182.731
1.1.2	Other		453.540	215.513	186.739	114.372
1.2	Fees and Commissions Received from Factoring Receivables		388.232	333.386	22.068	11.547
1.2.1	Discounted		247.788	209.098	8.930	4.381
1.2.2	Other		140.444	124.288	13.138	7.166
	<b>FINANCE LOAN INCOME</b>		-	-	-	-
1.3	Interest Income from Finance Loans		-	-	-	-
1.4	Fees and Commissions from Finance Loans		-	-	-	-
	<b>FINANCE LEASE INCOME</b>		-	-	-	-
1.5	Financial Lease Income		-	-	-	-
1.6	Operating Lease Income		-	-	-	-
1.7	Fees and Commissions Received from Leasing Transactions		-	-	-	-
	<b>SAVING FINANCE INCOME</b>		-	-	-	-
1.8	Dividends Received from Saving Finance Receivables		-	-	-	-
1.9	Fees and Commissions Received from Saving Finance Activities		-	-	-	-
<b>II.</b>	<b>FINANCIAL EXPENSES (-)</b>		<b>(775.740)</b>	<b>(418.780)</b>	<b>(365.620)</b>	<b>(216.906)</b>
2.1	Dividends Given to the Saving Fund Pool		-	-	-	-
2.2	Interest Expense from Funds Borrowed		(603.952)	(310.086)	(312.396)	(184.428)
2.3	Interest Expense from Factoring Payables		-	-	-	-
2.4	Interest Expense of Finance Lease Expenses		(292)	(134)	(241)	(121)
2.5	Interest Expense from Securities Issued		(34.724)	(11.810)	(44.305)	(27.599)
2.6	Other Interest Expenses		-	-	-	-
2.7	Fees and Commissions		(136.772)	(96.750)	(8.678)	(4.758)
<b>III.</b>	<b>GROSS PROFIT/LOSS (I+II)</b>		<b>641.294</b>	<b>420.605</b>	<b>159.745</b>	<b>91.744</b>
<b>IV.</b>	<b>OPERATING EXPENSES (-)</b>		<b>(80.361)</b>	<b>(38.730)</b>	<b>(41.414)</b>	<b>(22.578)</b>
4.1	Personnel Expenses		(56.200)	(27.568)	(26.972)	(14.631)
4.2	Employee Severance Indemnity Expense		(1.218)	(1.218)	(796)	(398)
4.3	Research and Development Expenses		-	-	-	-
4.4	General Administration Expenses		(22.201)	(9.925)	(12.748)	(7.152)
4.5	Other		(742)	(19)	(898)	(397)
<b>V.</b>	<b>GROSS OPERATING PROFIT/LOSS (III+ IV)</b>		<b>560.933</b>	<b>381.875</b>	<b>118.331</b>	<b>69.166</b>
<b>VI.</b>	<b>OTHER OPERATING INCOME</b>		<b>43.494</b>	<b>22.675</b>	<b>84.879</b>	<b>46.268</b>
6.1	Interest Income from Bank Deposits		6.279	4.653	3.786	2.035
6.2	Interest Income from Securities Portfolio		-	-	-	-
6.3	Dividend Income		-	-	-	-
6.4	Capital Market Transactions Profit		-	-	-	-
6.5	Interest From Derivative Financial Transactions		-	-	13.884	5.734
6.6	Foreign Exchange Gains		9.613	6.922	43.592	28.163
6.7	Other		27.602	11.100	23.617	10.336
<b>VII.</b>	<b>PROVISIONS</b>		<b>(6.548)</b>	<b>(4.755)</b>	<b>(7.368)</b>	<b>(4.641)</b>
7.1	Specific Provisions		(6.548)	(4.755)	(7.368)	(4.641)
7.2	Expected Credit Loss		-	-	-	-
7.3	General Provisions		-	-	-	-
7.4	Other		-	-	-	-
<b>VIII.</b>	<b>OTHER OPERATING EXPENSES (-)</b>		<b>(6.020)</b>	<b>(3.977)</b>	<b>(49.020)</b>	<b>(28.248)</b>
8.1	Impairment of Marketable Securities		-	-	-	-
8.2	Impairment Losses from Non-Current Assets		-	-	-	-
8.3	Trading Account Loss		-	-	-	-
8.4	Loss from Derivative Financial Transaction		-	-	(7.907)	(1.234)
8.5	Foreign Exchange Loss		(6.020)	(3.977)	(41.113)	(27.014)
8.6	Other		-	-	-	-
<b>IX.</b>	<b>NET OPERATING PROFIT/LOSS (V+.....+VIII)</b>		<b>591.859</b>	<b>395.818</b>	<b>146.822</b>	<b>82.545</b>
<b>X.</b>	<b>SURPLUS WRITTEN AS GAIN AFTER MERGER</b>		-	-	-	-
<b>XI.</b>	<b>INCOME/(LOSS) FROM INVESTMENTS CONSOLIDATED BASED ON EQUITY METHOD</b>		-	-	-	-
<b>XII.</b>	<b>NET MONETARY POSITION GAIN/LOSS</b>		-	-	-	-
<b>XIII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI+XII)</b>		<b>591.859</b>	<b>395.818</b>	<b>146.822</b>	<b>82.545</b>
<b>XIV.</b>	<b>TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)</b>		<b>(150.574)</b>	<b>(98.948)</b>	<b>(35.176)</b>	<b>(19.612)</b>
14.1	Current Tax Provision		(148.520)	(102.780)	(55.405)	(31.126)
14.2	Deferred Tax Expense Effect (-)		(2.054)	3.8320	-	-
14.3	Deferred Tax Income Effect (+)		-	-	20.229	11.514
<b>XV.</b>	<b>NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)</b>		<b>441.285</b>	<b>296.870</b>	<b>111.646</b>	<b>62.933</b>
<b>XVI.</b>	<b>INCOME FROM DISCONTINUING OPERATIONS</b>		-	-	-	-
16.1	Income from Assets Held for Resale		-	-	-	-
16.2	Income from Investment and Associates, Subsidiaries and Joint Ventures		-	-	-	-
16.3	Other income		-	-	-	-
<b>XVII.</b>	<b>EXPENSES FROM DISCONTINUING OPERATIONS (-)</b>		-	-	-	-
17.1	Expenses from Assets Held for Resale		-	-	-	-
17.2	Income from Investment and Associates, Subsidiaries and Joint Ventures		-	-	-	-
17.3	Other Expenses		-	-	-	-
<b>XVIII.</b>	<b>PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XVI-XVII)</b>		-	-	-	-
<b>XIX.</b>	<b>TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)</b>		-	-	-	-
19.1	Current Tax Provision		-	-	-	-
19.2	Deferred Tax Expense Effect (+)		-	-	-	-
19.3	Deferred Tax Income Effect (-)		-	-	-	-
<b>XX.</b>	<b>NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVII±XVIII)</b>		-	-	-	-
<b>XXI.</b>	<b>NET PROFIT/LOSSES (XIV+XIX)</b>		<b>441.285</b>	<b>296.870</b>	<b>111.646</b>	<b>62.933</b>
	Earnings Per Share		6,789	4,5672	1,7176	0,9682

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



## QNB FİNANS FAKTORİNG A.Ş.

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Reviewed 1 January - 30 June 2023	Unreviewed 1 April - 30 June 2023	Reviewed 1 January - 30 June 2022	Unreviewed 1 April - 30 June 2022
<b>I. CURRENT PROFIT/LOSS</b>	<b>441.285</b>	<b>296.870</b>	<b>111.646</b>	<b>62.933</b>
<b>II. OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>-</b>
2.1 <b>Items not to be reclassified under profit and loss</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>-</b>
2.1.1 Revaluation differences of property and equipment	-	-	-	-
2.1.2 Revaluation differences of intangible assets	-	-	-	-
2.1.3 Defined benefit plans remeasurement gains / losses	-	-	-	-
2.1.4 Other comprehensive income items not to be reclassified under profit and loss	-	-	-	-
2.1.5 Taxes on other comprehensive income not to be reclassified under profit or loss	-	-	121	-
2.2 <b>Items to be reclassified under profit and loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2.2.1 Foreign exchange differences from foreign currency transactions	-	-	-	-
2.2.2 Income/expenses on revaluation or reclassification of available for sale financial assets	-	-	-	-
2.2.3 Income/loss on cash flow hedge derivative financial assets	-	-	-	-
2.2.4 Income/loss from foreign investment hedge derivative financial assets	-	-	-	-
2.2.5 Other comprehensive income items to be reclassified under profit and loss	-	-	-	-
2.2.6 Taxes on other comprehensive income to be reclassified under profit or loss	-	-	-	-
<b>III. TOTAL COMPREHENSIVE INCOME (I+II)</b>	<b>441.285</b>	<b>296.870</b>	<b>111.767</b>	<b>62.933</b>

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

# QNB FİNANS FAKTORİNG A.Ş.

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

STATEMENT OF CHANGES IN EQUITY					Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement			Accumulated other comprehensive income or losses to be reclassified under profit or loss statement						
	Paid in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	1	2	3	4	5	6	Profit Reserves	Prior Period Net Income /(Loss)	Net Profit / Loss	Total Equity
<b>Prior Period (1 January - 30 June 2022) (Reviewed)</b>														
<b>I. Period Opening Balance (1 January 2022)</b>	65.000	-	-	-	-	(1.925)	-	-	-	-	8.096	140.961	61.470	273.602
<b>II. Changes in Accounting Policies according to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	<b>65.000</b>	-	-	-	-	<b>(1.925)</b>	-	-	-	-	<b>8.096</b>	<b>140.961</b>	<b>61.470</b>	<b>273.602</b>
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	121	-	-	-	-	-	-	111.646	111.767
<b>V. Increase in Paid-in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase From Internal Resources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Inflation Adjustments to Paid in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	3.072	58.398	(61.470)	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	3.072	58.398	(61.470)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (30 June 2022)</b>	<b>65.000</b>	-	-	-	-	<b>(1.804)</b>	-	-	-	-	<b>11.168</b>	<b>199.359</b>	<b>111.646</b>	<b>385.369</b>
<b>Current Period (1 January - 30 June 2023) (Reviewed)</b>														
<b>I. Period Opening Balance (1 January 2023)</b>	65.000	-	-	-	-	(6.340)	-	-	-	-	11.168	199.359	314.737	583.924
<b>II. Changes in Accounting Policies according to TAS 8</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>III. New Balance (I+II)</b>	<b>65.000</b>	-	-	-	-	<b>(6.340)</b>	-	-	-	-	<b>11.168</b>	<b>199.359</b>	<b>314.737</b>	<b>583.924</b>
<b>IV. Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	-	-	-	-	441.285	441.285
<b>V. Increase in Paid-in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VI. Capital Increase From Internal Resources</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VII. Inflation Adjustments to Paid in Capital</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>VIII. Convertible Bonds</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>IX. Subordinated Loans</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>X. Other Changes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>XI. Profit Distribution</b>	-	-	-	-	-	-	-	-	-	-	41.568	273.169	(314.737)	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	41.568	273.169	(314.737)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (30 June 2023)</b>	<b>65.000</b>	-	-	-	-	<b>(6.340)</b>	-	-	-	-	<b>52.736</b>	<b>472.528</b>	<b>441.285</b>	<b>1.025.209</b>

1. The accumulated revaluation increases/losses on property and equipment,
2. The accumulated remeasurement gains/losses on defined benefit plans,
3. Other (Accumulated other comprehensive income or losses not to be reclassified under profit or loss statement),
4. Foreign currency translation differences,
5. The accumulated revaluation increases/losses on available for sale asset,
6. Other (Cash flow hedge gains/losses, accumulated other comprehensive income or losses to be reclassified under profit or loss statement).

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

# QNB FİNANS FAKTORİNG A.Ş.

## STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Reviewed 1 January - 30 June 2023	Reviewed 1 January - 30 June 2022
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>429.668</b>	<b>113.706</b>
1.1.1 Interest Received/Dividends Received /Leasing income	1.028.147	479.714
1.1.2 Interest Paid / Dividends Paid/Leasing expense	(636.672)	(326.522)
1.1.3 Leasing expense	(292)	(241)
1.1.4 Dividend Received	-	-
1.1.5 Fees and Commissions Received	388.233	22.068
1.1.6 Other Income	8.232	9.771
1.1.7 Collections from Previously Written-off Doubtful Receivables	22.965	22.302
1.1.8 Payments to Personnel and Service Suppliers	(58.757)	(26.972)
1.1.9 Taxes Paid	(72.623)	(26.397)
1.1.10 Other	(249.565)	(40.017)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>517.317</b>	<b>(367.685)</b>
1.2.1 Net (Increase)/Decrease in Factoring Receivables	(99.441)	(2.374.727)
1.2.2 Net (Increase)/Decrease in Finance Loans	-	-
1.2.3 Net (Increase)/Decrease in Lease Receivables	-	-
1.2.4 Net (Increase)/Decrease in Other Assets	(20.353)	(66.129)
1.2.5 Net (Increase)/Decrease in Savings Finance Receivables	-	-
1.2.6 Net Increase/(Decrease) in Factoring Payables	(2.771)	2.057
1.2.7 Net Increase/(Decrease) in the Savings Fund Pool	-	-
1.2.8 Net Increase/(Decrease) in Lease Payables	(2.493)	(1.632)
1.2.9 Net Increase/(Decrease) in Funds Borrowed	578.531	2.039.036
1.2.10 Net Increase/(Decrease) in Due Payables	-	-
1.2.11 Net Increase/(Decrease) in Other Liabilities	63.844	33.710
<b>I. Net Cash Used in Operating Activities</b>	<b>946.985</b>	<b>(253.979)</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
2.1 Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	(55)	(6.584)
2.4 Disposals of Property and Equipment	-	-
2.5 Financial Assets Reflected in Revenue	-	-
2.6 Disposals of Fair Value Differences of Other Comprehensive Financial Assets Reflected in Revenue	-	-
2.7 Purchase of Investment Securities Held to Maturity	-	-
2.8 Sale of Investment Securities Held to Maturity	-	-
2.9 Other	-	-
<b>II. Net Cash (Used in)/Provided from Investing Activities</b>	<b>(55)</b>	<b>(6.584)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
3.1 Cash Obtained from Funds Borrowed and Securities Issued	246.967	1.005.837
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(1.132.652)	(604.989)
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	-	-
3.6 Other	-	-
<b>III. Net Cash Provided from Financing Activities</b>	<b>(885.685)</b>	<b>400.848</b>
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>1.650</b>	<b>2.957</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>	<b>62.895</b>	<b>143.242</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>135.296</b>	<b>264.130</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>198.191</b>	<b>407.372</b>

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

# QNB FİNANS FAKTORİNG A.Ş.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

---

### 1 - ORGANIZATION AND FIELD OF ACTIVITY OF THE COMPANY

QNB Finans Factoring A.Ş. (“The Company”) was established in Turkey on 8 June 2009 and started its operations in October 2009. The Company's field of activity is domestic and international factoring transactions. The main shareholder of the Company is QNB Finansbank A.Ş. with a 99.99% share.

The Company has 137 employees as of 30 June 2023 (31 December 2022: 136).

The Company has 17 branches in total, namely Adana, Anadolu Ticari, Ankara, Antakya, Antalya, Avrasya Ticari, Bursa, Denizli, Eskişehir, Halkalı, Gaziantep, Gebze, İvedik, İzmir, Kayseri, Konya, Samsun. (31 December 2022: 17).

As of 22 December 2015, National Bank of Greece SA (“NBG”) has sold its 99.81% shares in Finansbank Anonim Şirketi (“Finansbank”) to Qatar National Bank (“QNB”) for 2 billion 750 million Euros. The share transfers were completed on 15 June 2016 after obtaining the necessary permits in the relevant countries, and Finansbank, the main shareholder of the Company, and QNB, the ultimate main shareholder of the Company.

The company moved its office address, where it carries out its activities, to the following address on May 25, 2015:

Esentepe Mah. Büyükdere Caddesi Kristal Kule Binası No:215 Kat: 21 ŞİŞLİ - İSTANBUL

The Company carries its operations mainly in one geographical region (Turkey)

#### Approval of Financial Statements

Financial statements prepared as of 30 June 2023 were approved by the Board of Directors on 26 July 2023. The General Assembly has the authority to amend the financial statements.

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of Preparation

##### 2.1.1 Basis of Preparation of Financial Statements

The Company prepared the accompanying financial statements in thousands of Turkish Lira (“TRY”) according to the ‘Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies’ and the ‘Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing’ published in the Official Gazette dated 24 December 2013 and numbered 28861 by Banking Regulation and Supervision Agency and circulars and interpretations published by Banking Regulation and Supervision Authority (together referred as BRSA Accounting and Reporting Legislation) and in case where a specific regulation is not made by BRSA, preparations made according to the Turkish Financial Reporting Standards (“TFRS”) regulations included in; “BRSA Accounting and Financial Reporting Regulations”.

The companies are free to prepare their interim period statements in full set or condensed versions in accordance with TAS 34. The Group preferred to prepare full set consolidated financial statement for the interim period in this context.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

---

**2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**

**2.1 Basis of Preparation (Continued)**

Preparation of financial statements requires the amounts of the reported assets and liabilities or disclosed conditional assets and liabilities and income and estimation and assumption which affects the expense amounts which are reported in the relevant period. These estimations are based on the management's best opinion and knowledge and real consequences may be different than these estimations.

The financial statements have been prepared on the historical cost basis.

**Additional paragraph for convenience translation into English**

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 30 June 2023. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations of the Company in accordance with IFRS.

**2.1.2 Adjustment of financial statements during periods of high inflation**

The financial statements have been adjusted for inflation in accordance with the "Turkish Accounting Standard for Financial Reporting in Hyperinflationary Economies" ("TAS 29") until 31 December 2004. With the Circular dated 28 April 2005 published by the BRSA, it was announced that it was decided to terminate the inflation accounting practice applied in the banking system, and the application of inflation accounting was terminated as of 1 January 2005 in the preparation of the financial statements.

On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it is stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 - Financial Reporting in High Inflation Economies ("TAS 29"). As of the preparation date of these financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 30 June 2023.

**2.2 Changes in Accounting Policies**

**2.2.1 Comparatives and changes in presentation of prior periods' financial statements**

The Company's financial statements are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. The Company prepared its condensed balance sheet as of 30 June 2023 and as of 31 December 2022 and the condensed statement of comprehensive income, condensed equity movement and condensed cash flow statement for the interim period between 1 January - 30 June 2022.

**2.2.2 Changes in accounting policies**

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly. There are no major changes in the accounting policies of the Company in the current period.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

---

**2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Changes in Accounting Policies (Continued)**

**2.2.3 Change in accounting estimates and errors**

The effect of a change in an accounting estimate is recognized prospectively in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. There has not been any significant change in the accounting estimates of the Company in the current year. Material prior year errors are corrected retrospectively by restating the comparative amounts for the prior periods.

**2.2.4 Amendments in standards and interpretations**

**New and revised standards and comments**

The accounting policies adopted in preparation of the consolidated financial statements as at 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

Explanations on the effects of the new TAS/TFRS on financial statements:

- a) The title of TAS/TFRS,
- b) The accounting policy change, if any, is made in accordance with the relevant transitional provisions,
- c) A description of the change in accounting policy,
- d) The possible effects of transitional provisions, if any, on future periods,
- e) Adjusting amounts for the current and each prior period presented, as far as possible:
- f) As far as possible, the correction amounts related to the current and presented previous periods:
  - i. Should be presented for each affected financial statement line item; and
  - ii. If the "TAS 33, Earnings Per Share" standard applies to the company, the basic and diluted earnings per share must be recalculated.
- g) Adjustment amounts for periods prior to periods not presented, if applicable; and
- h) If retrospective application is not possible for any period or periods, the events leading up to this situation should be disclosed and the date and manner in which the change in accounting policy has been applied.

**a. *Standards, amendments, and interpretations applicable as of 30 June 2023:***

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

---

**2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)**

**2.2 Changes in Accounting Policies (Continued)**

- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

However, in the letter of the Public Oversight Agency (KGK) to the Association of Insurance, Reinsurance and Pension Companies of Turkey dated 06.04.2023, the insurance, reinsurance company and pension companies, banks that have partnerships/investments in these companies and those that have partnerships/investments in these companies. It has been reported that it has been concluded that it would be appropriate to apply TFRS 17 as of 1/1/2024 in the consolidated and individual financial statements of other companies.

- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.
- b. Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:*
  - **Amendment to IAS 1 - Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
  - **Amendment to IFRS 16 - Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

## EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

### 2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Changes in Accounting Policies (Continued)

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; ;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;'** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

#### 2.3 Critical Accounting Judgements and Estimates

In the preparation of the financial statements, the Company management make assumptions and estimates that will affect the assets and liabilities and determine the liabilities and commitments likely to occur as of the balance sheet date and the income and expense amounts as of the reporting period. Although these estimates and assumptions are based on Company management's best knowledge of current events and transactions, actual results may differ from those estimates. Estimates are regularly reviewed, necessary adjustments are made and reflected in the income statement of the period they occur.

#### 2.4 Classifications

The current period financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance trends. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period financial statements.

### 3 - FACTORING RECEIVABLES AND NON PERFORMING RECEIVABLES

	<b>30 June 2023</b>		<b>31 December 2022</b>	
	<b>TRY</b>	<b>FC</b>	<b>TRY</b>	<b>FC</b>
Domestic factoring receivables	9.543.080	238.321	9.247.572	280.229
Import and export factoring receivables	-	262.671	-	189.651
Unearned interest income	(340.403)	(3.809)	(200.141)	(5.477)
	<b>9.202.677</b>	<b>497.183</b>	<b>9.047.431</b>	<b>464.403</b>

Unearned interest income represents revenues collected in advance, calculated on the basis of the maturities of factoring receivables.



**QNB FİNANS FAKTORİNG A.Ş.****EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

**3 - FACTORING RECEIVABLES AND NON PERFORMING RECEIVABLES (Continued)**

Factoring transactions are classified as follows:

	30 June 2023	31 December 2022
Domestic revocable	5.716.549	4.330.709
Domestic irrevocable	3.720.639	4.991.474
Foreign revocable	135.979	56.159
Foreign irrevocable	126.693	133.492
	<b>9.699.860</b>	<b>9.511.834</b>

As of 30 June 2023, the total amount of postdate cheques and bills received by the Company against its factoring receivables is TRY6,383,295 (31 December 2022: TRY5,431,781). These cheques and bills are classified in off-balance sheet accounts.

	30 June 2023	31 December 2022
<i>Factoring Receivables:</i>		
Fixed Rate	7.383.246	7.777.464
Floating Rate	2.316.614	1.734.370
	<b>9.699.860</b>	<b>9.511.834</b>

Breakdown of factoring receivables by average maturity:

	30 June 2023	31 December 2022
0-30 days	5.074.832	3.919.256
30-60 days	2.341.765	2.180.800
60-90 days	1.223.950	1.375.444
90-180 days	991.386	1.855.422
180-365 days	67.927	180.912
1 year and above	-	-
	<b>9.699.860</b>	<b>9.511.834</b>

Factoring receivables are analysed as follows:

	30 June 2023	31 December 2022
Not overdue and not impaired	9.699.117	9.511.136
Overdue, but not impaired	743	698
Impaired	65.234	81.651
<b>Total</b>	<b>9.765.094</b>	<b>9.593.485</b>
Less: Provision for impairment	(65.234)	(81.651)
<b>Factoring receivables, net</b>	<b>9.699.860</b>	<b>9.511.834</b>

The Company's guarantees for factoring receivables which are as follows. To calculate the amount of guarantees, only the portion corresponding to the amount of the receivables taken into account in case of the amount of the guarantee exceeds the receivable amount:

## QNB FİNANS FAKTORİNG A.Ş.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 3 - FACTORING RECEIVABLES AND NON PERFORMING RECEIVABLES (Continued)

##### Guarantees Received:

	30 June 2023	31 December 2022
Notes	9.597.040	9.291.236
Mortgage	102.820	220.598
	<b>9.699.860</b>	<b>9.511.834</b>

As of 30 June 2023 and 31 December 2022, the distribution of the Company's non-performing factoring receivables and provisions is as follows:

	30 June 2023	31 December 2022
Non-performing factoring receivables	65.234	81.651
Specific provisions	(65.234)	(81.651)
<b>Non performing receivables, net</b>	<b>-</b>	<b>-</b>

As of 30 June 2023 and 31 December 2022 the aging of the Company's non-performing factoring receivables is as follows:

	30 June 2023	31 December 2022
90 - 180 days	6.548	14.000
180 - 365 days	11.848	26.624
1 year and over	46.838	41.027
	<b>65.234</b>	<b>81.651</b>

Movements in specific provision are as follows:

	2023	2022
<b>Balance as at 1 January</b>	<b>(81.651)</b>	<b>(65.741)</b>
Provision booked during the period	(6.548)	(7.368)
Collections	22.965	22.302
<b>Balance at 30 June</b>	<b>(65.234)</b>	<b>(50.807)</b>

#### 4 - ASSETS HELD FOR SALE AND ASSETS RELATED TO DISCONTINUED OPERATIONS

As of 30 June 2023, the Company has real estate for sale worth TRY26,733 acquired in return for factoring receivables (31 December 2022: TRY26.733).

## QNB FİNANS FAKTORİNG A.Ş.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 5 - BORROWINGS

	30 June 2023		31 December 2022	
	TRY	FC	TRY	FC
Short term borrowings	7.928.556	576.108	7.383.690	540.439
<b>Total borrowings</b>	<b>7.928.556</b>	<b>576.108</b>	<b>7.383.690</b>	<b>540.439</b>

Short term borrowings are as follows:

Currency Type	Interest Rate	Original Amount	30 June 2023
TRY	% 13.65-% 44.00	-	7.928.556
EUR	% 5.90-% 10.50	14.869	418.628
USD	% 7.50-% 9.45	6.088	157.221
GBP	% 7.83-% 9.91	8	259
			<b>8.504.664</b>

Currency Type	Interest Rate	Original Amount	31 December 2022
TRY	% 13.25-% 31.00	7.383.690	7.383.690
EUR	% 4.04-% 8.19	18.285	364.519
USD	% 6.78-% 9.08	8.470	158.374
GBP	% 5.68-% 8.24	780	17.546
			<b>7.924.129</b>

The details of borrowings by interest type are as follows:

	30 June 2023		31 December 2022	
	TRY	FC	TRY	FC
Fixed rate	5.799.639	455.071	6.884.200	442.654
Floating rate	2.128.917	121.037	499.490	97.785
	<b>7.928.556</b>	<b>576.108</b>	<b>7.383.690</b>	<b>540.439</b>

## QNB FİNANS FAKTORİNG A.Ş.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 6 - SECURITIES ISSUED

	30 June 2023	31 December 2022
Securities issued	246.967	1.132.652
	<b>246.967</b>	<b>1.132.652</b>

Features of bonds that were issued by the Company to qualified investors are as follows:

ISIN CODE	30 June 2023				
	Date of issue	Nominal value	Due date	Interest rate	Coupon type
TRFFINF72314	25 April 2023	100.000	24 July 2023	26.00%	Once at maturity
TRFFINF72322	2 May 2023	100.000	10 July 2023	30.50%	Once at maturity
TRFFINF72330	9 May 2023	50.000	18 July 2023	32.50%	Once at maturity

  

ISIN CODE	31 December 2022				
	Date of issue	Nominal value	Due date	Interest rate	Coupon type
TRFFINF42317	12 December 2022	243.000	4 April 2023	22,50%	Once at maturity
TRFFINF22319	1 November 2022	165.300	14 February 2023	24,50%	Once at maturity
TRFFINF12377	25 October 2022	100.000	30 January 2023	21,00%	Once at maturity
TRFFINF12369	17 October 2022	140.000	24 January 2023	21,00%	Once at maturity
TRFFINF12351	10 October 2022	121.500	17 January 2023	21,00%	Once at maturity
TRFFINF12344	4 October 2022	119.100	10 January 2023	21,00%	Once at maturity
TRFFINF12336	28 September 2022	196.000	5 January 2023	21,00%	Once at maturity
TRFFINF12328	26 September 2022	71.100	3 January 2023	20,00%	Once at maturity

#### 7 - SHAREHOLDERS' EQUITY

As of 30 June 2023 and 31 December 2022, the shareholders' of the Company and their share capitals with historical amounts are as follows:

##### Capital

Shareholders	30 June 2023		31 December 2022	
	% Share	Amount	% Share	Amount
QNB Finansbank A.Ş.	99,99996	64.999	99,99996	64.999
İbtech Uluslararası Bilişim ve İletişim Tek. Araştırma Geliştirme Danışmanlık Destek San. Ve Tic. A.Ş.	0,00001	<1	0,00001	<1
QNB Finans Finansal Kiralama A.Ş.	0,00001	<1	0,00001	<1
QNB Finans Yatırım Menkul Değerler A.Ş.	0,00001	<1	0,00001	<1
QNB Finans Portföy Yönetimi A.Ş.	0,00001	<1	0,00001	<1
	<b>100</b>	<b>65.000</b>	<b>100</b>	<b>65.000</b>

The registered capital of the company consists of 65,000,000 shares with a nominal value of TRY1 each (31 December 2022: 65,000,000).

## QNB FİNANS FAKTORİNG A.Ş.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 7 - SHAREHOLDERS' EQUITY (Continued)

##### *Capital Reserves*

In statutory financial statements, accumulated profits may be distributed except for legal reserves and subject to following requirements for legal reserves.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The TCC stipulates that the first legal reserve is appropriated out of taxable profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves may only be used to offset losses unless they exceed 50% of paid-in share capital, and may not be used for any other purpose

According to Law No. 5228 on Amendments to Certain Tax Laws published in Official Gazette No. 25539 if 31 July 2004, inflation adjustments to shareholders' equity line items arising from inflation adjusted financial statements and recognized in "Accumulated Profit/Loss" may be offset against inflation-adjusted accumulated losses or included in share capital by corporate taxpayers, and this transaction is treated as a dividend distribution.

All "inflation-adjustments to shareholders' equity" may only be used to increase capital through bonus issues or to offset losses, while the carrying amount of extraordinary reserves are permitted to be used to increase capital through bonus issues, payment of cash dividends or to offset losses.

##### *Profit Reserves*

	30 June 2023	31 December 2022
Legal reserves	52.736	11.168
<b>Total</b>	<b>52.736</b>	<b>11.168</b>

The Company, from its accumulated profit, consists of first order legal reserves amounting to TL 26.614, secondary reserve funds amounting to TL 292, and additionally TL 25.830, within the scope of the provisional Articles 298/Ç and 32 of the Tax Procedure Law, with the 2022 Ordinary General Assembly Decision dated 23/03/2023 has set aside a total of 52,736 TL as reserves. (December 31, 2022: The Company has set aside TL 10.876 as first-order legal reserves and TL 292 as second-order legal reserves, totaling TL 11.168 from its accumulated profit).

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

##### **Earnings per share**

The weighted average number of shares of the Group and earnings per share are as follows:

	30 June 2023	30 June 2022
Number of shares, nominal value TRY0.01	6.500.000.000	6.500.000.000
Net profit for the period (Thousands of TRY)	441.285	111.646
Basic earnings per share (TRY1 per share)	6,7890	1,7176

## QNB FİNANS FAKTORİNG A.Ş.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 8 - RELATED PARTY TRANSACTIONS

##### Funds borrowed from related parties

##### QNB Finansbank A.Ş. (Shareholder)

	30 June 2023	31 December 2022
TRY	4.203.955	3.355.332
USD	156.759	151.392
EUR	354.620	291.262
	<b>4.715.334</b>	<b>3.797.986</b>

##### Deposits Held on Related Parties

	30 June 2023	31 December 2022
TRY	1.121	2.849
USD	49.272	31.686
EUR	18.226	28.461
GBP	-	-
	<b>68.619</b>	<b>62.996</b>

	1 January - 30 June 2023	1 January - 30 June 2022
--	-----------------------------	-----------------------------

##### Interest Income from Related Parties

QNB Finansbank A.Ş. (Shareholder)	2.315	1.538
	<b>2.315</b>	<b>1.538</b>

##### Finance Expenses

QNB Finansbank A.Ş. (Shareholder)	(298.728)	(100.456)
	<b>(298.728)</b>	<b>(100.456)</b>

##### General Administrative Expenses

##### *Shareholders*

QNB Finansbank A.Ş.	(3.267)	(2.241)
QNB Finans Yatırım Menkul Değerler A.Ş.	(899)	(1.406)
IBTECH Uluslararası Bil. Ve İlt. Tekn. Ar. Ge. Dan. Des. San. ve Tic. A.Ş.	(333)	(257)

##### *Other group companies*

Cigna Finans Emeklilik ve Hayat A.Ş.	(14)	(9)
EFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	(27)	(8)

	<b>(4.540)</b>	<b>(3.921)</b>
--	----------------	----------------

As of 30 June 2023, the Company's total salaries and fees that provided to the top management and the Board of Directors are TRY12,700 (30 June 2022: TRY5,723).

## QNB FİNANS FAKTORİNG A.Ş.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 9 - COMMITMENTS AND CONTINGENCIES

##### *Guarantees Received*

As of 30 June 2023, the Company's guarantees received are TRY 162,487,921 (31 December 2022: TRY126.837,047).

##### *Guarantee Given*

As of 30 June 2023 and 31 December 2022, collaterals are comprised of notes given to the following institutions:

	30 June 2023	31 December 2022
Letters of guarantee given to Takasbank	1.775.000	860.000
Collaterals given to courts	23.222	22.453
DBS	600	600
	<b>1.798.822</b>	<b>883.053</b>

##### *Irrevocable Commitments*

None (31 December 2022: None).

##### *Emanet Kıymetler*

The Company has obtained securities held in custody for its factoring receivables at 30 June 2023 and 31 December 2022 as detailed below:

	30 June 2023		31 December 2022	
	TRY	FC	TRY	FC
Customer checks	6.120.929	130.894	5.182.278	176.115
Customer notes	115.503	15.969	64.156	9.232
	<b>6.236.432</b>	<b>146.863</b>	<b>5.246.434</b>	<b>185.347</b>

##### *Derivative Transactions*

None (31 December 2022: None).

#### 10 - FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

---

**10 - FINANCIAL RISK MANAGEMENT (Continued)**

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**Credit Risk**

The main activity of the Company is to focus on the sectors with high knowledge, and to perform factoring transactions within the limits of the credit and risk monitoring regulation for the companies operating in these sectors.

Policies related to credit risk are detailed in the "Limit Allocation and Fund Disbursement Risk Management Policies" and the procedures regulated accordingly, and the practices within the Company are carried out within the framework of this policy and related procedures. The Credit Committee regularly reviews the Company's credit risk strategy and major credit risk policies. With this strategy, it is aimed to reflect the degree of tolerance of the Company regarding credit risk and the maximize profit expected to be received against various credit risks.

On the other hand, the Company ensures that the distribution of the portfolio is balanced. The Company's Credit Monitoring, Legal Follow-up and Legal Departments were also established. The Credit Department continuously carries out detailed intelligence control regarding customers and debtors of assigned receivables and works to minimize the credit risk, both at the stage of limit establishment and in factoring financing. All these intelligence studies are under the supervision and supervision of the Company's senior management (at the level of General Manager and Assistant General Managers). All operations of the Company are performed by the Central Operation Unit. It does not have the authority to make transactions and make payments at the branch level.

**Liquidity Risk**

Liquidity risk is the possibility that the Company will not be able to meet its net financing needs. As a precaution against this risk, the Company's management diversifies its financing resources and the assets are managed with the liquidity priority to maintain a healthy balance of cash and cash equivalents. Company evaluates its liquidity risks consistently in order to meet its aims to monitor and to determine the change in its funds.

**Market Risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. Market risk management, control the market risk exposures within acceptable parameters, while aiming to optimize the return of risk.



**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

**10 - FINANCIAL RISK MANAGEMENT (Continued)*****Foreign Currency Risk***

The Company is exposed to currency risk through transactions (such as factoring operations and borrowings) in foreign currencies. The Company monitors the balance of foreign exchange assets and foreign exchange liabilities on a daily basis to minimize the exchange rate risk. In order not to be exposed to foreign exchange risk, the active and passive foreign exchange positions are carried out in a manner that does not give a short position in terms of foreign currency, and in order to balance the foreign exchange liabilities and foreign currency liabilities, it performs swap transactions if deemed necessary.

Table below summarizes the Company's foreign currency position risk in detailed as of 30 June 2023 and 31 December 2022. The amounts of foreign currency assets and liabilities held by the Company according to their foreign currency types are as follows:

<b>30 June 2023</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>Total</b>
Banks	54.625	24.049	13.492	<b>92.166</b>
Factoring receivables	94.868	396.767	5.548	<b>497.183</b>
Other assets	445	813	-	<b>1.258</b>
<b>Total assets</b>	<b>149.938</b>	<b>421.629</b>	<b>19.040</b>	<b>590.607</b>
Funds borrowed	(157.221)	(418.628)	(259)	<b>(576.108)</b>
Factoring payables	(596)	(4.197)	-	<b>(4.793)</b>
Other liabilities	(220)	(992)	(16)	<b>(1.228)</b>
<b>Total liabilities</b>	<b>(158.037)</b>	<b>(423.817)</b>	<b>(275)</b>	<b>(582.129)</b>
Net foreign currency position due to derivative financial instruments	-	-	-	-
<b>Net foreign currency position</b>	<b>(8.099)</b>	<b>(2.189)</b>	<b>18.765</b>	<b>8.477</b>
<b>31 December 2022</b>	<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>Total</b>
Banks	41.986	36.423	552	<b>78.961</b>
Factoring receivables	108.962	327.034	28.407	<b>464.403</b>
Other assets	804	1.670	-	<b>2.474</b>
<b>Total assets</b>	<b>151.752</b>	<b>365.127</b>	<b>28.959</b>	<b>545.838</b>
Funds borrowed	(158.374)	(364.519)	(17.546)	<b>(540.439)</b>
Factoring payables	-	(2.264)	-	<b>(2.264)</b>
Other liabilities	(213)	(1.008)	(152)	<b>(1.373)</b>
<b>Total liabilities</b>	<b>(158.587)</b>	<b>(367.791)</b>	<b>(17.698)</b>	<b>(544.076)</b>
Net foreign currency position due to derivative financial instruments	-	-	-	-
<b>Net foreign currency position</b>	<b>(6.835)</b>	<b>(2.664)</b>	<b>11.261</b>	<b>1.762</b>

## QNB FİNANS FAKTORİNG A.Ş.

### EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

#### 10 - FINANCIAL RISK MANAGEMENT (Continued)

##### *Foreign Currency Sensitivity Analysis*

The Company is exposed to currency risk mainly in USD and EUR.

The table below shows the sensitivity of the Company to the related foreign currencies of the 10% increase/decrease in the US Dollar, Euro and British Pound exchange rates. The 10% rate used is the rate used when reporting the currency risk to the senior management within the Company, and the said rate represents the possible change expected by the management in foreign exchange rates. Sensitivity analyzes regarding the exchange rate risk that the Company is exposed to at the reporting date are determined according to the change at the beginning of the financial year and are kept constant throughout the reporting period. A positive amount represents revenue growth in profit/loss.

30 June 2023	Profit / Loss		Equity	
	Appreciation foreign currency	Deppreciation foreign currency	Appreciation foreign currency	Deppreciation foreign currency
USD	(810)	810	(810)	810
EUR	(219)	219	(219)	219
GBP	1.877	(1.877)	1.877	(1.877)
<b>Total</b>	<b>848</b>	<b>(848)</b>	<b>848</b>	<b>(848)</b>

31 December 2022	Profit / Loss		Equity	
	Appreciation foreign currency	Deppreciation foreign currency	Appreciation foreign currency	Deppreciation foreign currency
USD	(684)	684	(684)	684
EUR	(266)	266	(266)	266
GBP	1.126	(1.126)	1.126	(1.126)
<b>Total</b>	<b>176</b>	<b>(176)</b>	<b>176</b>	<b>(176)</b>

Banks, factoring receivables and short-term bank loans denominated in TRY, which are measured at amortized cost discounted effective interest rate approximately due to the short-term nature and negligible possible gross amount.

The fair value of financial assets and financial liabilities are determined as follows:

- First level: Financial assets and liabilities in active markets for identical assets and liabilities are valued using stock market prices.
- Second level: Financial assets and liabilities, the related asset or liability, either directly or indirectly, other than quoted prices included within Level 1 observable market prices used for valuation purposes.
- Third level: Financial assets and liabilities, determining fair value of the asset or liability, are not based on observable market data used in the valuation.

As of 30 June 2023, the Company does not have any financial assets that are stated at their fair values.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

---

**11 - SUBSEQUENT EVENTS**

The corporate tax rate was 25%, together with the "Draft Law Regarding the Establishment of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes on 6 February 2023, and the Amendment of Certain Laws and the Decree Law No. 375", which entered the agenda of the Turkish Grand National Assembly on July 5, 2023. The said ratio is determined as banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies 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. It has been proposed to end the regulation that exempts the income from real estate sales from corporate tax at the rate of 30% for corporate earnings of companies. The said bill was enacted on 15 July 2023. Considering the effective date of the law, the estimated net financial impact expected to decrease/increase the deferred tax asset/liability carried today is TL 29,000.

The bond issued by the Company on 25 April 2023 with a nominal value of 100.000 TL, with a maturity of 90 days and with the ISIN code "TRFFINF72314" with 26.00% annual simple interest was redeemed on July 24, 2023.

The bond issued by the Company on 2 May 2023 with a nominal value of 100.000 TL, with a maturity of 69 days and with the ISIN code "TRFFINF72322" with 30.50% annual simple interest was redeemed on July 10, 2023.

The bond issued by the Company on 9 May 2023 with a nominal value of 50.000 TL, with a maturity of 70 days and with the ISIN code "TRFFINF72330" with 32.50% annual simple interest was redeemed on July 18, 2023.

On 10 July 2023, a bond with a nominal value of 400.000 TL, a maturity of 98 days and an ISIN code of "TRFFINF72313" with an annual simple interest rate of 34.00% was issued by the company with a maturity of 16 October 2023.

.....