

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

**QNB FINANS FAKTORİNG A.Ş.**

**CONDENSED INTERIM FINANCIAL STATEMENTS  
AS OF 30 JUNE 2021 TOGETHER WITH  
INDEPENDENT AUDITOR'S REVIEW REPORT**



## AUDITOR'S REVIEW REPORT ON INTERIM FINANCIAL INFORMATION

(Convenience translation of the independent auditor's review report originally issued in Turkish, See Note 2)

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

### *Introduction*

We have reviewed the condensed balance sheet of QNB Finans Faktoring A.Ş. ("the Company") at 30 June 2021 and the related condensed statement of profit or loss, condensed statement of profit or loss and other comprehensive income, statement of changes in shareholders' equity, 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 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 and 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 BRSA and Turkish Accounting Standard 34 "Interim Financial Reporting" for those matters not regulated by the aforementioned regulations. Our responsibility is to express a conclusion on these interim financial information based on our review.

### *Scope of Review*

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



### *Conclusion*

Based on our review nothing has come to our attention that causes us to believe that the accompanying financial information does not present fairly in all material respects the financial position of QNB Finans Faktoring A.Ş. at 30 June 2021 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.

### *Other Matter*

The financial statements of the Company as at 31 December 2020 were audited by another auditor whose report dated 27 January 2021 expressed an unqualified opinion.

### *Additional Paragraph for Convenience Translation:*

The effects of differences between accounting principles and standards explained in detail in Note 2 and accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Talar Gül, SMMM  
Partner

Istanbul, 28 July 2021

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2**

**QNB FİNANS FAKTORİNG A.Ş.**

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AS OF 30 JUNE 2021 AND FOR THE SIX-MONTH PERIOD THEN ENDED**

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CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

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

ASSETS	Note	REVIEWED Current Period 30 June 2021			Audited Prior Period 31 December 2020		
		TRY	FC	TOTAL	TRY	FC	TOTAL
I. CASH, CASH EQUIVALENTS AND BALANCES WITH CENTRAL BANK		19,843	102,986	122,829	18,947	3,294	22,241
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)		-	-	-	799	-	799
V. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		-	-	-	-	-	-
5.1 Factoring Receivables	3	2,395,897	461,195	2,857,092	1,806,757	335,296	2,142,053
5.1.1 Discounted Factoring Receivables (Net)		2,386,005	461,195	2,847,200	1,795,342	335,296	2,130,638
5.1.2 Other Factoring Receivables		1,286,832	219,374	1,506,206	860,707	131,587	992,294
5.2 Saving Financing Receivables		1,099,173	241,821	1,340,994	934,635	203,709	1,138,344
5.2.1 Saving 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 Lease Receivables (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	79,308	3,302	82,610	76,938	2,870	79,808
5.7 Allowance For Expected Credit Losses / Specific Provisions (-)	3	(69,416)	(3,302)	(72,718)	(65,523)	(2,870)	(68,393)
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)		9,869	-	9,869	5,169	-	5,169
VIII. INTANGIBLE ASSETS (Net)		6,131	-	6,131	6,704	-	6,704
IX. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X. CURRENT TAX ASSETS		-	-	-	-	-	-
XI. DEFERRED TAX ASSET		27,617	-	27,617	18,453	-	18,453
XII. OTHER ASSETS		8,912	334	9,246	4,829	191	5,020
XIII. SUBTOTAL		2,468,271	564,515	3,032,786	1,860,861	339,580	2,200,441
ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)		125	-	125	6,125	-	6,125
13.1 Held for Sale		125	-	125	6,125	-	6,125
13.2 Assets From Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		2,468,396	564,515	3,032,911	1,866,986	339,580	2,206,566

The accompanying notes are an integral part of these financial statements

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

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

	LIABILITIES	Note	REVIEWED Current Period 30 June 2021			Audited Prior Period 31 December 2020		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	BORROWINGS	4	1,657,835	557,501	2,215,336	1,314,835	336,369	1,651,204
II.	FACTORING PAYABLES		5,361	2,380	7,741	645	137	782
III.	DEBT FROM SAVINGS FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES (Net)		2,951	-	2,951	4,061	196	4,257
V.	MARKETABLE SECURITIES ISSUED (Net)	5	539,387	-	539,387	320,568	-	320,568
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VIII.	PROVISIONS		6,306	-	6,306	7,099	-	7,099
8.1	Provision for Restructuring		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		5,919	-	5,919	6,812	-	6,812
8.3	General Provisions		-	-	-	-	-	-
8.4	Other provisions		387	-	387	287	-	287
IX.	CURRENT TAX LIABILITIES		7,581	-	7,581	4,228	-	4,228
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES		6,801	931	7,732	4,837	428	5,265
	SUBTOTAL		2,226,222	560,812	2,787,034	1,656,273	337,130	1,993,403
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	6	245,877	-	245,877	213,163	-	213,163
14.1	Paid-in 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		(894)	-	(894)	(894)	-	(894)
14.4	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		8,096	-	8,096	6,460	-	6,460
14.5.1	Legal Reserves		8,096	-	8,096	6,460	-	6,460
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		-	-	-	-	-	-
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		173,675	-	173,675	142,597	-	142,597
14.6.1	Prior Years' Profit or Loss		140,961	-	140,961	109,907	-	109,907
14.6.2	Current Period Net Profit Or Loss		32,714	-	32,714	32,690	-	32,690
	TOTAL LIABILITIES		2,472,099	560,812	3,032,911	1,869,436	337,130	2,206,566

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

STATEMENT OF OFF-BALANCE SHEET ITEMS AS OF 30 JUNE 2021

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

	OFF BALANCE SHEET ITEMS	Note	REVIEWED Current Period 30 June 2021			Audited Prior Period 31 December 2020		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	RECOURSE FACTORING TRANSACTIONS		19,483	113,597	133,080	8,886	81,593	90,479
II.	NON-RECOURSE FACTORING TRANSACTIONS		542,103	55,424	597,527	453,640	37,804	491,444
III.	SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV.	GUARANTEES RECEIVED	8	51,353,815	5,979,597	57,333,412	44,482,268	5,086,229	49,568,497
V.	GUARANTEES GIVEN	8	316,400	-	316,400	312,862	-	312,862
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		-	-	-	-	-	-
7.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	52,141	52,141
7.1.1	Fair Value Hedges		-	-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-	-
7.1.3	Net Investment Hedges		-	-	-	-	-	-
7.2	Derivative Financial Instruments Held For Trading		-	-	-	-	-	-
7.2.1	Forward Buy/Sell Transactions		-	-	-	-	52,141	52,141
7.2.2	Swap Buy/Sell Transactions		-	-	-	-	-	-
7.2.3	Options Buy/Sell Transactions		-	-	-	-	52,141	52,141
7.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII.	ITEMS HELD IN CUSTODY	8	1,419,316	301,553	1,720,869	990,511	165,829	1,156,340
	TOTAL OFF BALANCE SHEET ITEMSS		53,651,117	6,450,171	60,101,288	46,248,167	5,423,596	51,671,763

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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FINANS FAKTORİNG A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JANUARY - 30 JUNE 2021

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

INCOME AND EXPENSE ITEMS	Note	REVIEWED 1 January - 30 June 2021	NOT REVIEWED 1 April - 30 June 2021	REVIEWED 1 January - 30 June 2020	NOT REVIEWED 1 April - 30 June 2020
I. OPERATING INCOME					
FACTORIZING INCOME		220,948	121,603	102,974	50,286
1.1 Interest Income on Factoring Receivables		220,948	121,603	102,974	50,286
1.1.1 Discounted		210,680	116,349	96,518	46,935
1.1.2 Other		128,463	72,030	59,597	28,715
1.2 Fees and Commissions Received from Factoring Receivables		82,217	44,319	36,921	18,220
1.2.1 Discounted		10,268	5,254	6,456	3,351
1.2.2 Other		4,257	2,175	2,781	1,558
1.3 Interest Income from Finance Loans		6,011	3,079	3,675	1,793
1.4 Fees and Commissions* From Finance Loans		-	-	-	-
FINANCE LEASE INCOME		-	-	-	-
1.5 Financial Lease Income		-	-	-	-
1.6 Operating Lease Income		-	-	-	-
1.7 Fees and Commissions Received from Leasing Transactions		-	-	-	-
SAVING FINANCE INCOME		-	-	-	-
1.8 Dividends Received from Saving Finance Receivables		-	-	-	-
1.9 Fees and Commissions Received from Saving Finance Activities		-	-	-	-
II. FINANCIAL EXPENSES (-)					
2.1 Dividends Given to the Saving Fund Pool		(156,834)	(86,843)	(59,674)	(28,227)
2.2 Interest Expense From Funds Borrowed		-	-	-	-
2.3 Interest Expense From Factoring Payables		(119,960)	(65,811)	(48,728)	(22,884)
2.4 Interest Expense of Finance Lease Expenses		-	-	-	-
2.5 Interest Expense From Securities Issued		(226)	(106)	(214)	(100)
2.6 Other Interest Expenses		(32,090)	(18,535)	(8,583)	(4,123)
2.7 Fees and Commissions		-	-	-	-
III. GROSS PROFIT/LOSS (I+II)		(4,558)	(2,391)	(2,149)	(1,120)
IV. OPERATING EXPENSES (-)					
4.1 Personnel Expenses		64,114	34,760	43,300	22,059
4.2 Employee Severance Indemnity Expense		(24,485)	(13,493)	(21,591)	(10,425)
4.3 Research and Development Expenses		(16,096)	(9,132)	(14,198)	(7,017)
4.4 General Administration Expenses		(391)	(196)	(299)	(150)
4.5 Other		(7,662)	(3,986)	(6,922)	(3,113)
V. GROSS OPERATING PROFIT/LOSS (III+ IV)		(336)	(179)	(172)	(145)
VI. OTHER OPERATING INCOME					
6.1 Interest Income From Bank Deposits		39,629	21,267	21,709	11,634
6.2 Interest Income From Securities Portfolio		13,927	2,360	9,042	3,565
6.3 Dividend Income		1,763	942	183	175
6.4 Capital Market Transactions Profit		-	-	-	-
6.5 Interest From Derivative Financial Transactions		-	-	-	-
6.6 Foreign Exchange Gains		-	-	2	2
6.7 Other		10,242	1,051	4,383	2,361
VII. PROVISIONS					
7.1 Specific Provisions		1,922	367	4,474	1,027
7.2 Expected Credit Loss		(5,200)	(3,512)	(373)	-
7.3 General Provisions		(5,200)	(3,512)	(373)	-
7.4 Other		-	-	-	-
VIII. OTHER OPERATING EXPENSES (-)					
8.1 Impairment of Marketable Securities		(9,429)	(752)	(3,687)	(1,969)
8.2 Impairment Losses From Non-Current Assets		-	-	-	-
8.3 Trading Account Loss		-	-	-	-
8.4 Loss from Derivative Financial Transaction		-	-	-	-
8.5 Foreign Exchange Loss		(43)	(2)	(30)	(30)
8.6 Other		(9,386)	(750)	(3,657)	(1,939)
IX. NET OPERATING PROFIT/LOSS (V+.....+VIII)		38,927	19,363	26,691	13,230
X. SURPLUS WRITTEN AS GAIN AFTER MERGER		-	-	-	-
XI. INCOME/(LOSS) FROM INVESTMENTS CONSOLIDATED BASED ON EQUITY METHOD		-	-	-	-
XII. NET MONETARY POSITION GAIN/LOSS		-	-	-	-
XIII. PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS (IX+X+XI+XII)		-	-	-	-
XIV. TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)					
14.1 Current Tax Provision		38,927	19,363	26,691	13,230
14.2 Deferred Tax Expense Effect (-)		(6,213)	(2,276)	(5,909)	(2,924)
14.3 Deferred Tax Income Effect (+)		(15,377)	(7,633)	(4,459)	(2,276)
14.4 Other		-	-	(1,450)	(648)
XV. NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)		9,164	5,357	-	-
XVI. INCOME FROM DISCONTINUING OPERATIONS		32,714	17,087	20,782	10,306
16.1 Income from Assets Held for Resale		-	-	-	-
16.2 Income from Investment and Associates, Subsidiaries and Joint Ventures		-	-	-	-
16.3 Other Income		-	-	-	-
XVII. EXPENSES FROM DISCONTINUING OPERATIONS (-)					
17.1 Expenses from Assets Held for Resale		-	-	-	-
17.2 Income from Investment and Associates, Subsidiaries and Joint Ventures		-	-	-	-
17.3 Other Expenses		-	-	-	-
XVIII. PROFIT/LOSS BEFORE TAX FROM DISCONTINUING OPERATIONS (XVI-XVII)		-	-	-	-
XIX. TAXATION ON INCOME FROM DISCONTINUING OPERATIONS (±)					
19.1 Current Tax Provision		-	-	-	-
19.2 Deferred Tax Expense Effect (+)		-	-	-	-
19.3 Deferred Tax Income Effect (-)		-	-	-	-
XX. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-	-	-
XXI. NET PROFIT/LOSSES (XIV+XIX)		32,714	17,087	20,782	10,306
Earnings Per Share		0,5033	0,2629	0,3197	0,1586

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



CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD 1 JANUARY - 30 JUNE 2021

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

	REVIEWED 1 January - 30 June 2021	NOT REVIEWED 1 April - 30 June 2021	REVIEWED 1 January - 30 June 2020	NOT REVIEWED 1 April - 30 June 2020
I. CURRENT PROFIT/LOSS	32,714	17,087	20,782	10,306
II. OTHER COMPREHENSIVE INCOME	-	-	-	-
2.1 Items not to be reclassified under profit and loss	-	-	-	-
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	-	-	-	-
2.2 Items to be reclassified under profit and loss	-	-	-	-
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	-	-	-	-
III. TOTAL COMPREHENSIVE INCOME (I+II)	32,714	17,087	20,782	10,306

The accompanying notes are an integral part of these financial statements

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED  
INTERIM FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2  
QNB FINANS FAKTORING A.Ş.**

**STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 30 JUNE 2021**  
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

STATEMENT OF CHANGES IN EQUITY	Paid in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Accumulated other comprehensive income or losses to be reclassified under profit or loss statement					Prior Period Net Income / (Loss)	Net Profit / Loss	Total Equity
					1	2	3	4	5			
<b>PERIOD 1 JANUARY - 30 JUNE 2020</b>												
I. Period Opening Balance (1 January 2020)	65,000	-	-	-	-	-	-	-	-	64,033	48,288	180,731
II. Changes in Accounting Policies according to TAS 8	-	-	-	-	-	(636)	-	-	-	-	-	-
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	(636)	-	-	-	-	-	-
III. New Balance (1 January 2021)	65,000	-	-	-	-	-	-	-	-	64,033	48,288	180,731
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
V. Increase in Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase From Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustments to Paid in Capital	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (30 June 2020)</b>	65,000	-	-	-	-	(636)	-	-	-	109,907	20,782	201,513
<b>PERIOD 1 JANUARY - 30 JUNE 2021</b>												
I. Period Opening Balance (1 January 2021)	65,000	-	-	-	-	(894)	-	-	-	109,907	32,690	213,163
II. Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (1 January 2022)	65,000	-	-	-	-	(894)	-	-	-	109,907	32,690	213,163
IV. Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-
V. Increase in Paid-in Capital	-	-	-	-	-	-	-	-	-	-	-	-
VI. Capital Increase From Internal Resources	-	-	-	-	-	-	-	-	-	-	-	-
VII. Inflation Adjustments to Paid in Capital	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Convertible Bonds	-	-	-	-	-	-	-	-	-	-	-	-
IX. Subordinated Loans	-	-	-	-	-	-	-	-	-	-	-	-
X. Other Changes	-	-	-	-	-	-	-	-	-	-	-	-
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	-	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Period End Balance (30 June 2021)</b>	65,000	-	-	-	-	(894)	-	-	-	140,961	32,714	245,877

- (1) The accumulated revaluation increases/losses on property and equipment.  
(2) The accumulated revaluation 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL  
STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

STATEMENT OF CASH FLOWS FOR THE PERIOD 1 JANUARY - 30 JUNE 2021  
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	REVIEWED 1 January - 30 June 2021	REVIEWED 1 January - 30 June 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>1.1 Operating Profit before Changes in Operating Assets and Liabilities</b>	<b>46,973</b>	<b>13,661</b>
1.1.1 Interest Received/Dividends Received /Leasing income		
1.1.2 Interest Paid / Dividends Paid/Leasing expense	205,149	90,759
1.1.3 Leasing expense	(119,020)	(61,569)
1.1.4 Dividend Received	(226)	(214)
1.1.5 Fees and Commissions Received	-	-
1.1.6 Other Income	10,268	5,842
1.1.7 Collections from Previously Written-off Doubtful Receivables	1,428	-
1.1.8 Payments to Personnel and Service Suppliers	1,308	4,474
1.1.9 Taxes Paid	(16,096)	(19,319)
1.1.10 Other	(11,977)	(5,909)
	(23,861)	(403)
<b>1.2 Changes in Operating Assets and Liabilities</b>	<b>(159,673)</b>	<b>58,020</b>
1.2.1 Net (Increase)/Decrease in Factoring Receivables		
1.2.2 Net (Increase)/Decrease in Finance Loans	(702,545)	(3,475)
1.2.3 Net (Increase)/Decrease in Lease Receivables	-	-
1.2.4 Net (Increase)/Decrease in Other Assets	-	-
1.2.5 Net (Increase)/Decrease in Savings Finance Receivables	(4,282)	1,163
1.2.6 Net Increase/(Decrease) in Factoring Payables	-	-
1.2.7 Net Increase/(Decrease) in the Savings Fund Pool	6,959	4,432
1.2.8 Net Increase/(Decrease) in Lease Payables	-	-
1.2.9 Net Increase/(Decrease) in Funds Borrowed	(1,306)	(1,240)
1.2.10 Net Increase/(Decrease) in Due Payables	531,102	58,014
1.2.11 Net Increase/(Decrease) in Other Liabilities	-	-
	10,399	(874)
<b>I. Net Cash Used in Operating Activities</b>	<b>(112,700)</b>	<b>71,681</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
2.1 Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	-	-
2.4 Disposals of Property and Equipment	(6,436)	-
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	-	1,674
<b>II. Net Cash (Used in)/Provided from Investing Activities</b>	<b>(6,436)</b>	<b>1,674</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
3.1 Cash Obtained from Funds Borrowed and Securities Issued		
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	817,777	91,740
3.3 Issued Capital Instruments	(598,958)	(164,116)
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	-	-
3.6 Other	-	-
<b>III. Net Cash Provided from Financing Activities</b>	<b>218,819</b>	<b>(72,376)</b>
<b>IV. Effect of change in foreign exchange rate on cash and cash equivalents</b>	<b>905</b>	<b>728</b>
<b>V. Net Increase in Cash and Cash Equivalents</b>	<b>100,588</b>	<b>1,707</b>
<b>VI. Cash and Cash Equivalents at Beginning of the Period</b>	<b>22,241</b>	<b>33,114</b>
<b>VII. Cash and Cash Equivalents at End of the Period</b>	<b>122,829</b>	<b>34,821</b>

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



**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2**

**QNB FİNANS FAKTORİNG A.Ş.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021**

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

**1 - ORGANISATION AND PRINCIPAL ACTIVITIES OF THE COMPANY**

QNB Finans Faktoring A.Ş. ("The Company") was established on June 8, 2009 in Turkey, started its operations on October, 2009. The main business of the entity is to provide factoring services in and out of Turkey. QNB Finansbank A.Ş. is the owner of 99.99% of entity's shares.

As at 30 June 2021, the Company employs 126 employees (31 December 2020: 128 employees).

The Company provides factoring operations with 18 branches in the following locations; which are in Osmanbey, Bayrampaşa, Gebze, Pendik, Kozyatağı, Bursa, Ankara, İvedik, Eskişehir, Konya, Samsun, İzmir, Antalya, Denizli, Manisa, Gaziantep, Kayseri, Adana (31 December 2020: 20).

As of December 22, 2015, a share sales agreement has been signed between National Bank of Greece SA ("NBG") and Qatar National Bank ("QNB") regarding the sale of 99.81% of Finansbank Anonim Şirketi ("Finansbank") shares NBG owns at a price of EUR 2 billion 750 million. In June 15, 2016, share transfer carried out following the release of necessary legal permit from related countries and end of the process, principal shareholder of the Company is Finansbank and ultimate shareholder of the Company is QNB.

The Company moved its operational office address to the address below, 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**

Prepared financial statements as of 30 June 2021 dated and ended account term, the financial statements were approved by the Board on 28 July 2021. The General Assembly has 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".



**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
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**QNB FİNANS FAKTORİNG A.Ş.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021**

(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)**

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

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 Company prepared its condensed financial statements on a going concern basis.

Due to COVID-19, the company has allowed its individual and corporate customers to postpone their principal, interest and installment payments if they demand, and has implemented the postponements within this scope and the postponement opportunity will continue until September 30, 2021. The Company has evaluated the risks of the factoring receivables that have been postponed and has taken them into account in the provision calculations.

**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 2021 and as of 31 December 2020 and the condensed statement of comprehensive income, condensed equity movement and condensed cash flow statement for the interim period between 1 January - 30 June 2020.

**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

**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

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021

(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)

2.2.4 Amendments in standards and interpretations

New and revised standards and comments

The accounting policies adopted in preparation of the consolidated financial statements as at June 30, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

a. *Standards, amendments and interpretations applicable as at 30 June 2021:*

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:
    - 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.
- **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions;** As of March 2021, this change has been extended until June 2022 and is effective from April 1, 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
  - **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.



CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
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QNB FINANS FAKTORİNG A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021

(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 IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2023. These amendments change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.
- b. *Standards, amendments and interpretations that are issued but not effective as at 30 June 2021:*
  - **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.
  - **Amendments to IAS 1, 'Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
  - **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
    - **Amendments to IFRS 3, 'Business combinations'** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
    - **Amendments to IAS 16, 'Property, plant and equipment'** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
    - **Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets'** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2**

**QNB FİNANS FAKTORİNG A.Ş.**

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021**

(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)**

- **Narrow changes to TAS 1, Statement of Practice 2 and TAS 8**, Effective for annual reporting periods beginning on or after 1 January 2023. These changes are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.
- **TAS 12, Amendment to deferred tax on assets and liabilities arising from a single transaction**, Effective for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

**2.2.5 Additional paragraph for convenience translation into English**

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

**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.



**CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
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**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021**

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

**3 - FACTORING RECEIVABLES AND NON-PERFORMING RECEIVABLES**

	30 June 2021		31 December 2020	
	TRY	FC	TRY	FC
Domestic factoring receivables	2,445,891	396,833	1,833,513	304,710
Import and export factoring receivables	-	67,685	-	32,594
Unearned interest income	(59,886)	(3,323)	(38,171)	(2,008)
	<b>2,386,005</b>	<b>461,195</b>	<b>1,795,342</b>	<b>335,296</b>

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

Factoring transactions are classified as follows:

	30 June 2021	31 December 2020
Domestic revocable	1,945,422	1,537,341
Domestic irrevocable	834,093	560,704
Foreign revocable	4,683	6,693
Foreign irrevocable	63,002	25,900
	<b>2,847,200</b>	<b>2,130,638</b>

As of June 30, 2021, the total amount of postdate cheques and bills received by the Company against its factoring receivables is TRY1,720,869 (December 31, 2020: TRY1,156,340). These cheques and bills are classified in off-balance sheet accounts.

	30 June 2021	31 December 2020
<i>Factoring Receivables:</i>		
Fixed Rate	2,251,988	1,573,845
Floating Rate	595,212	556,793
	<b>2,847,200</b>	<b>2,130,638</b>

Breakdown of factoring receivables by average maturity:

	30 June 2021	31 December 2020
0-30 days	928,043	655,086
30-90 days	991,298	870,077
90-180 days	807,726	487,043
180-360 days	110,053	104,871
1 year and over	10,080	13,561
	<b>2,847,200</b>	<b>2,130,638</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021

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

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

Factoring receivables are analysed as follows:

	30 June 2021	31 December 2020
Neither overdue nor impaired	2,838,070	2,121,961
Overdue, but not impaired	9,130	8,677
Impaired	82,610	79,808
<b>Total</b>	<b>2,929,810</b>	<b>2,210,446</b>
Less: Provision for impairment	(72,718)	(68,393)
<b>Factoring receivables (net)</b>	<b>2,857,092</b>	<b>2,142,053</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:

Guarantees Received:

	30 June 2021	31 December 2020
Notes	2,734,265	2,039,448
Pledges	122,827	102,605
	<b>2,857,092</b>	<b>2,142,053</b>

As of 30 June 2021 and 31 December 2020, the distribution of the Company's non-performing factoring receivables and provisions is as follows:

	30 June 2021	31 December 2020
Doubtful factoring receivables	82,610	79,808
Specific provisions	(72,718)	(68,393)
<b>Non performing receivables, net</b>	<b>9,892</b>	<b>11,415</b>

Aging of doubtful factoring receivables as at June 30, 2021 and December 31, 2020 are as follows:

	30 June 2021	31 December 2020
90 - 180 days	2,170	16,966
180 - 365 days	18,429	939
1 year and over	62,011	61,903
	<b>82,610</b>	<b>79,808</b>

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH, SEE IN NOTE 2

QNB FİNANS FAKTORİNG A.Ş.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 30 JUNE 2021

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

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

The movement of specific provisions are as follows:

	2021	2020
Balance as at January 1	(68,393)	(71,034)
Provision booked during the period	(5,200)	(373)
Collections	1,308	4,474
Foreign currency translation effect	(433)	(337)
Balance at June, 30	(72,718)	(67,270)

4 - BORROWINGS

	30 June 2021		31 December 2020	
	TRY	FC	TRY	FC
Short term borrowings	1,657,835	557,501	1,314,835	336,369
Total borrowings	1,657,835	557,501	1,314,835	336,369

Short term borrowings are as follows:

Currency Type	Interest Rate	FC Amount	30 June 2021
TRY	18.80%-21.92%	-	1,657,835
EUR	1.58%-2.63%	23,553	244,111
USD	2.65%-3.41%	35,998	313,374
GBP	2.59%	1	16
			2,215,336

Currency Type	Interest Rate	FC Amount	31 December 2020
TRY	16.25%-20.48%	-	1,314,835
EUR	1.58%-3.41%	24,484	220,550
USD	2.75%-4.46%	15,776	115,806
GBP	2.57%-2.57%	1	13
			1,651,204

CONVENIENCE TRANSLATION INTO ENGLISH OF CONDENSED INTERIM  
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4 - BORROWINGS (Continued)

The details of loans by interest type are as follows:

	30 June 2021		31 December 2020	
	TRY	FC	TRY	FC
Fixed rate	1,181,082	508,629	1,277,400	224,311
Floating rate	476,753	48,872	37,435	112,058
	<b>1,657,835</b>	<b>557,501</b>	<b>1,314,835</b>	<b>336,369</b>

5 - SECURITIES ISSUED

	30 June 2021	31 December 2020
Securities issued	539,387	320,568
	<b>539,387</b>	<b>320,568</b>

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

ISIN CODE	Date of issue	Nominal value	Due date	Interest rate	Coupon type
TRFFINF2115	9 June 2021	195,830	6 October 2021	19.20%	Discounted
TRFFINF92114	4 May 2021	52,262	2 September 2021	19.10%	Discounted
TRFFINF82123	27 April 2021	108,837	25 August 2021	19.10%	Discounted
TRFFINF82115	14 April 2021	200,000	4 August 2021	19.20%	Discounted

6 - SHAREHOLDERS' EQUITY

As of June 30, 2021 and December 31, 2020, the shareholders' of the Company and their share capitals with historical amounts are as follows:

Capital

Shareholders	30 June 2021		31 December 2020	
	% 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 1 TL each (31 December 2020: 65,000,000).



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6 - 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 2021	31 December 2020
Legal reserves	8,096	6,460
<b>Total</b>	<b>8,096</b>	<b>6,460</b>

The Company booked first legal reserve amounting to TRY7,804 and second legal reserve amounting to TRY292 over the accumulated profit. (December 31, 2020: The Company booked first legal reserve amounting to TRY6,168 and second legal reserve amounting to TRY292 over the 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.

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6 - SHAREHOLDERS' EQUITY (Continued)

Earnings per share

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

	30 June 2021	30 June 2020
Number of shares, nominal value TRY0.01	6,500,000,000	6,500,000,000
Net profit for the period (Thousands of TRY)	32,714	20,782
Basic earnings per share (TRY1 per share)	0.5033	0,628

7 - RELATED PARTY TRANSACTIONS

Funds borrowed from related parties

QNB Finansbank A.Ş. (Shareholder)

	30 June 2021	31 December 2020
TRY	565,057	87,549
USD	175,418	88,244
EUR	52,086	74,359
	<b>792,561</b>	<b>250,152</b>

Deposits Held on Related Parties

	30 June 2021	31 December 2020
QNB Finansbank A.Ş. (Shareholder) - Demand Deposit	100,648	2,178
	<b>100,648</b>	<b>2,178</b>

	1 January - 30 June 2021	1 January - 30 June 2020
<u>Interest Income from Related Parties</u>		
QNB Finansbank A.Ş. (Shareholder)	8	22
	<b>8</b>	<b>22</b>

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7 - RELATED PARTY TRANSACTIONS (Continued)

	1 January - 30 June 2021	1 January - 30 June 2020
<b><u>Finance Expenses</u></b>		
QNB Finansbank A.Ş. (Shareholder)	(34,119)	(6,278)
	<b>(34,119)</b>	<b>(6,278)</b>
	1 January - 30 June 2021	1 January - 30 June 2020
<b><u>General Administrative Expenses</u></b>		
<i>Shareholders</i>		
QNB Finansbank A.Ş.	(1,992)	(1,863)
QNB Finans Yatırım Menkul Değerler A.Ş.	(1,097)	(339)
IBTECH Uluslararası Bil. Ve İlt. Tekn. Ar. Ge.		
Dan. Des. San. ve Tic. A.Ş.	(34)	(34)
<i>Other group companies</i>		
Cigna Finans Emeklilik ve Hayat A.Ş.	(7)	(7)
EFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	(8)	(2)
	<b>(3,138)</b>	<b>(2,245)</b>

As of 30 June 2021, the Company's total salaries and fees that provided to the top management and the Board of Directors are TRY3,384 (30 June 2020: TRY3,341).

8 - COMMITMENTS AND CONTINGENCIES

*Guarantees Received*

As of 30 June 2021, the Company's guarantees received are TRY57,333,412 (31 December 2020: TRY49,568,497).

*Guarantee Given*

As of 30 June 2021 and 31 December 2020, collaterals are comprised of notes given to the following institutions:

	30 June 2021	31 December 2020
Letters of guarantee given to Takasbank	305,000	305,000
Collaterals given to courts	11,300	7,762
Government debt securities	100	100
	<b>316,400</b>	<b>312,862</b>

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8 - COMMITMENTS AND CONTINGENCIES (Continued)

*Irrevocable Commitments*

None (31 December 2020: None).

*Held in custody securities*

The Company has obtained securities held in custody for its factoring receivables at 30 June 2021 and 31 December 2020 as detailed below:

	30 June 2021		31 December 2020	
	TRY	FC	TRY	FC
Customer checks	1,401,467	285,494	969,662	158,040
Customer notes	17,849	16,059	20,849	7,789
	<b>1,419,316</b>	<b>301,553</b>	<b>990,511</b>	<b>165,829</b>

*Derivative Transactions*

None (31 December 2020: TRY52,141).

9 - 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.

The Company's Board of Director's 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.



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

**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 Loans and Risk Monitoring Regulation and the practices in the Company are carried out within the framework of this regulation. 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 makes sure that the distribution of the portfolio is balanced. The Company also established a risk management legal and monitoring department. With the intelligence program developed by the Company, efforts are made in order to minimize the credit risk and control of credit risk in credit limitation of both customer and assignee receivables 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. There is no authorization to make transactions at the contact office 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.

*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.

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9 - FINANCIAL RISK MANAGEMENT (Continued)

Market Risk (Continued)

Table below summarizes the Company's foreign currency position risk in detailed as of 30 June 2021 and 31 December 2020. The amounts of foreign currency assets and liabilities held by the Company according to their foreign currency types are as follows:

30 June 2021	USD	EUR	Other	Total
<b>Assets</b>				
Banks	93,573	7,014	2,399	102,986
Factoring receivables	221,547	239,531	117	461,195
Other assets	208	126	-	334
<b>Total assets</b>	<b>315,328</b>	<b>246,671</b>	<b>2,516</b>	<b>564,515</b>
<b>Liabilities</b>				
Funds borrowed	(313,374)	(244,111)	(16)	(557,501)
Factoring payables	(366)	(159)	(1,855)	(2,380)
Other liabilities	(356)	(499)	(76)	(931)
<b>Total liabilities</b>	<b>(314,096)</b>	<b>(244,769)</b>	<b>(1,947)</b>	<b>(560,812)</b>
Net foreign currency position due to derivative financial instruments	-	-	-	-
<b>Net foreign currency position</b>	<b>1,232</b>	<b>1,902</b>	<b>569</b>	<b>3,703</b>
31 December 2020	USD	EUR	Other	Total
<b>Assets</b>				
Banks	2,157	749	388	3,294
Factoring receivables	138,761	196,513	22	335,296
Other assets	120	870	-	990
<b>Total assets</b>	<b>141,038</b>	<b>198,132</b>	<b>410</b>	<b>339,580</b>
<b>Liabilities</b>				
Funds borrowed	(115,806)	(220,550)	(13)	(336,369)
Factoring payables	-	(137)	-	(137)
Other liabilities	(39)	(567)	(18)	(624)
<b>Total liabilities</b>	<b>(115,845)</b>	<b>(221,254)</b>	<b>(31)</b>	<b>(337,130)</b>
Net foreign currency position due to derivative financial instruments	(25,691)	26,449	-	758
<b>Net foreign currency position</b>	<b>(498)</b>	<b>3,325</b>	<b>381</b>	<b>3,208</b>

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9 - 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 Company's sensitivity to 10% increases and decrease in foreign currency exchange rate. 10% is the rate used for the Company's foreign currency risk reporting to senior management, and expresses the contingent change the management expects on exchange rates. Sensitivity analysis only covers monetary items with open foreign currency type at the end of period and shows the effects of the 10% foreign currency change to the subjected items at the end of the period. Positive value expresses the increase in income.

30 June 2021	Profit / Loss Appreciation foreign currency	Depreciation foreign currency	Equity Appreciation foreign currency	Depreciation foreign currency
Change of USD by 10% against TRY				
1 - USD net asset/liability	123	(123)	123	(123)
2- Secured portion from USD Risk (-)	-	-	-	-
<b>3- USD Effect - net (1+2)</b>	<b>123</b>	<b>(123)</b>	<b>123</b>	<b>(123)</b>
Change of EUR by 10% against TRY				
4 - EUR net asset/liability	190	(190)	190	(190)
5 - Secured portion from EUR risk (-)	-	-	-	-
<b>6- EUR Effect - net (4+5)</b>	<b>190</b>	<b>(190)</b>	<b>190</b>	<b>(190)</b>
Change of other currency by 10% against TRY				
7- Other currency net asset/liability	57	(57)	57	(57)
8- Secured portion from Other FC risk (-)	-	-	-	-
<b>9- Other FC Effect - net (7+8)</b>	<b>57</b>	<b>(57)</b>	<b>57</b>	<b>(57)</b>
<b>TOTAL (3 + 6 +9)</b>	<b>370</b>	<b>(370)</b>	<b>370</b>	<b>(370)</b>

31 December 2020	Profit / Loss Appreciation foreign currency	Depreciation foreign currency	Equity Appreciation foreign currency	Depreciation foreign currency
Change of USD by 10% against TRY				
1 - USD net asset/liability	(50)	50	(50)	50
2- Secured portion from USD Risk (-)	-	-	-	-
<b>3- USD Effect - net (1+2)</b>	<b>(50)</b>	<b>50</b>	<b>(50)</b>	<b>50</b>
Change of EUR by 10% against TRY				
4 - EUR net asset/liability	333	(333)	333	(333)
5 - Secured portion from EUR risk (-)	-	-	-	-
<b>6- EUR Effect - net (4+5)</b>	<b>333</b>	<b>(333)</b>	<b>333</b>	<b>(333)</b>
Change of other currency by 10% against TRY				
7- Other currency net asset/liability	38	(38)	38	(38)
8- Secured portion from Other FC risk (-)	-	-	-	-
<b>9- Other FC Effect - net (7+8)</b>	<b>38</b>	<b>(38)</b>	<b>38</b>	<b>(38)</b>
<b>TOTAL (3 + 6 +9)</b>	<b>321</b>	<b>(321)</b>	<b>321</b>	<b>(321)</b>



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9 - FINANCIAL RISK MANAGEMENT (Continued)

*Foreign Currency Sensitivity Analysis (Continued)*

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.

The fair values of financial assets and liabilities are categorized as follows:

		Fair value level as of the reporting date		
	30 June 2021	Level 1	Level 2	Level 3
<b>Financial Assets</b>	-	-	-	-
Financial assets at fair value through other comprehensive income	-	-	-	-
Derivative financial assets held for trading purpose	-	-	-	-
<b>Financial Liabilities</b>				
Derivative financial liabilities held for trading purpose	-	-	-	-

		Fair value level as of the reporting date		
	31 December 2020	Level 1	Level 2	Level 3
<b>Financial assets</b>	4,782	-	-	4,782
Financial assets at fair value through other comprehensive income	4,782	-	-	4,782
Derivative financial assets held for trading purpose	-	-	-	-
<b>Financial liabilities</b>				
Derivative financial liabilities held for trading purpose	-	-	-	-

10 - SUBSEQUENT EVENTS

None (31 December 2020: None.).