

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

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

Talar Gül, SMMM
Partner

Istanbul, 26 July 2022

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

QNB FİNANS FAKTORİNG A.Ş.

**INDEX TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
AS OF 30 JUNE 2022 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 2022

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

	ASSETS	Note	Reviewed Current Period 30 June 2022			Audited Prior Period 31 December 2021		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	CASH, CASH EQUIVALENTS AND BALANCES WITH CENTRAL BANK		87,202	320,188	407,390	182,733	81,485	264,218
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)		-	-	-	-	-	-
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		5,208,028	946,212	6,154,240	2,823,453	921,323	3,744,776
5.1	Factoring Receivables	3	5,202,484	946,212	6,148,696	2,786,628	921,323	3,707,951
5.1.1	Discounted Factoring Receivables (Net)		2,536,741	445,976	2,982,717	1,851,755	515,907	2,367,662
5.1.2	Other Factoring Receivables		2,665,743	500,236	3,165,979	934,873	405,416	1,340,289
5.2	Saving Financing Receivables		-	-	-	-	-	-
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	56,351	-	56,351	102,566	-	102,566
5.7	Allowance For Expected Credit Losses / Specific Provisions (-)	3	(50,807)	-	(50,807)	(65,741)	-	(65,741)
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)		14,354	-	14,354	10,555	-	10,555
VIII.	INTANGIBLE ASSETS (Net)		6,124	-	6,124	6,479	-	6,479
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSETS		-	-	-	-	-	-
XI.	DEFERRED TAX ASSET		45,363	-	45,363	25,014	-	25,014
XII.	OTHER ASSETS		18,722	759	19,481	11,179	693	11,872
	SUBTOTAL		5,379,795	1,267,159	6,646,954	3,059,415	1,003,501	4,062,916
XIII.	ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	4	41,436	-	41,436	125	-	125
13.1	Held for Sale		41,436	-	41,436	125	-	125
13.2	Assets From Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		5,421,231	1,267,159	6,688,390	3,059,540	1,003,501	4,063,041

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 FAKTÖRİNG A.Ş.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2022

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

	LIABILITIES	Note	Reviewed Current Period 30 June 2022			Audited Prior Period 31 December 2021		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	BORROWINGS	5	4,308,131	1,119,274	5,427,405	2,369,601	988,589	3,358,190
II.	FACTORING PAYABLES		2,505	6,749	9,254	4,462	2,735	7,197
III.	DEBT FROM SAVINGS FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES (Net)		2,760	-	2,760	4,392	-	4,392
V.	MARKETABLE SECURITIES ISSUED (Net)	6	798,655	-	798,655	397,807	-	397,807
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		4,566	-	4,566	-	-	-
VIII.	PROVISIONS		11,084	-	11,084	9,677	-	9,677
8.1	Provision for Restructuring		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		10,774	-	10,774	9,280	-	9,280
8.3	General Provisions		-	-	-	-	-	-
8.4	Other provisions		310	-	310	397	-	397
IX.	CURRENT TAX LIABILITIES		31,023	-	31,023	1,601	-	1,601
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES		14,691	3,583	18,274	8,995	1,580	10,575
	SUBTOTAL		5,173,415	1,129,606	6,303,021	2,796,535	992,904	3,789,439
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	385,369	-	385,369	273,602	-	273,602
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		(1,804)	-	(1,804)	(1,925)	-	(1,925)
14.4	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		11,168	-	11,168	8,096	-	8,096
14.5.1	Legal Reserves		11,168	-	11,168	8,096	-	8,096
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		-	-	-	-	-	-
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		311,005	-	311,005	202,431	-	202,431
14.6.1	Prior Years' Profit or Loss		199,359	-	199,359	140,961	-	140,961
14.6.2	Current Period Net Profit Or Loss		111,646	-	111,646	61,470	-	61,470
	TOTAL EQUITY AND LIABILITIES		5,558,784	1,129,606	6,688,390	3,070,137	992,904	4,063,041

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.

STATEMENTS OFF-BALANCE SHEET ITEMS AS OF 30 JUNE 2022

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

	OFF-BALANCE SHEET ITEMS	Note	Reviewed Current Period 30 June 2022			Audited Prior Period 31 December 2021		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	RECOURSE FACTORING TRANSACTIONS		68,614	278,311	346,925	33,630	161,154	194,784
II.	NON-RECOURSE FACTORING TRANSACTIONS		648,786	199,210	847,996	511,628	200,291	711,919
III.	SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV.	GUARANTEES RECEIVED	9	82,609,149	12,923,304	95,532,453	63,784,278	9,263,016	73,047,294
V.	GUARANTEES GIVEN	9	619,758	-	619,758	468,690	-	468,690
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	125,247	124,819	250,066	-	-	-
7.1	Derivative Financial Instruments for Hedging Purposes		125,247	124,819	250,066	-	-	-
7.1.1	Fair Value Hedges		125,247	124,819	250,066	-	-	-
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		-	-	-	-	-	-
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	3,405,144	518,629	3,923,773	2,218,662	456,780	2,675,442
	TOTAL OFF-BALANCE SHEET ITEMS		87,476,698	14,044,273	101,520,971	67,016,888	10,081,241	77,098,129

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 2022

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

		Note	Reviewed 1 January - 30 June 2022	Reviewed 1 April - 30 June 2022	Reviewed 1 January - 30 June 2021	Reviewed 1 April - 30 June 2021
	INCOME AND EXPENSE ITEMS					
I.	OPERATING INCOME		525,365	308,650	220,948	121,603
	FACTORING INCOME		525,365	308,650	220,948	121,603
1.1	Interest Income on Factoring Receivables		503,297	297,103	210,680	116,349
1.1.1	Discounted		316,558	182,731	128,463	72,030
1.1.2	Other		186,739	114,372	82,217	44,319
1.2	Fees and Commissions Received from Factoring Receivables		22,068	11,547	10,268	5,254
1.2.1	Discounted		8,930	4,381	4,257	2,175
1.2.2	Other		13,138	7,166	6,011	3,079
	FINANCE LOAN INCOME		-	-	-	-
1.3	Interest Income from Finance Loans		-	-	-	-
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 (-)		(365,620)	(216,906)	(156,834)	(86,843)
2.1	Dividends Given to the Saving Fund Pool		-	-	-	-
2.2	Interest Expense From Funds Borrowed		(312,396)	(184,428)	(119,960)	(65,811)
2.3	Interest Expense From Factoring Payables		-	-	-	-
2.4	Interest Expense of Finance Lease Expenses		(241)	(121)	(226)	(106)
2.5	Interest Expense From Securities Issued		(44,305)	(27,599)	(32,090)	(18,535)
2.6	Other Interest Expenses		-	-	-	-
2.7	Fees and Commissions		(8,678)	(4,758)	(4,558)	(2,391)
III.	GROSS PROFIT/LOSS (I+II)		159,745	91,744	64,114	34,760
IV.	OPERATING EXPENSES (-)		(41,414)	(22,578)	(24,485)	(13,493)
4.1	Personnel Expenses		(26,972)	(14,631)	(16,096)	(9,132)
4.2	Employee Severance Indemnity Expense		(796)	(398)	(391)	(196)
4.3	Research and Development Expenses		-	-	-	-
4.4	General Administration Expenses		(12,748)	(7,152)	(7,662)	(3,986)
4.5	Other		(898)	(397)	(336)	(179)
V.	GROSS OPERATING PROFIT/LOSS (III+ IV)		118,331	69,166	39,629	21,267
VI.	OTHER OPERATING INCOME		84,879	46,268	13,927	2,360
6.1	Interest Income From Bank Deposits		3,786	2,035	1,763	942
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		43,592	28,163	10,242	1,051
6.7	Other		23,617	10,336	1,922	367
VII.	PROVISIONS		(7,368)	(4,641)	(5,200)	(3,512)
7.1	Specific Provisions		(7,368)	(4,641)	(5,200)	(3,512)
7.2	Expected Credit Loss		-	-	-	-
7.3	General Provisions		-	-	-	-
7.4	Other		-	-	-	-
VIII.	OTHER OPERATING EXPENSES (-)		(49,020)	(28,248)	(9,429)	(752)
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)	(43)	(2)
8.5	Foreign Exchange Loss		(41,113)	(27,014)	(9,386)	(750)
8.6	Other		-	-	-	-
IX.	NET OPERATING PROFIT/LOSS (V+.....+VIII)		146,822	82,545	38,927	19,363
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)		146,822	82,545	38,927	19,363
XIV.	TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)		(35,176)	(19,612)	(6,212)	(2,276)
14.1	Current Tax Provision		(55,405)	(31,126)	(15,377)	(7,633)
14.2	Deferred Tax Expense Effect (-)		-	-	-	-
14.3	Deferred Tax Income Effect (+)		20,229	11,514	9,164	5,357
XV.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)		111,646	62,933	32,714	17,087
XVI.	INCOME FROM DISCONTINUING OPERATIONS		-	-	-	-
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 (XVII±XVIII)		-	-	-	-
XXI.	NET PROFIT/LOSSES (XIV+XIX)		111,646	62,933	32,714	17,087
	Earnings Per Share		1,7176	0,8843	0,5033	0,2629

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 2022**

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

	Reviewed 1 January - 30 June 2022	Reviewed 1 April - 30 June 2022	Reviewed 1 January - 30 June 2021	Reviewed 1 April - 30 June 2021
I. CURRENT PROFIT/LOSS	111,646	62,933	32,714	17,087
II. OTHER COMPREHENSIVE INCOME	121	-	-	-
2.1 Items not to be reclassified under profit and loss	121	-	-	-
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 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)	111,767	62,933	32,714	17,087

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

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

QNB FİNANS FAKTORİNG A.Ş.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 30 JUNE 2022

(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
Prior Period (1 January - 30 June 2021) (Reviewed)														
I. Period Opening Balance (1 January 2021)	65,000	-	-	-	-	(894)	-	-	-	-	6,460	109,907	32,690	213,163
Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. 2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	65,000	-	-	-	-	(894)	-	-	-	-	6,460	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	-	-	-	-	-	-	-	-	-	-	-	-	32,714	32,714
XI. Profit Distribution	-	-	-	-	-	-	-	-	-	-	1,636	31,054	(32,690)	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	1,636	31,054	(32,690)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (30 June 2021)	65,000	-	-	-	-	(894)	-	-	-	-	8,096	140,961	32,714	245,877
Current Period (1 January - 30 June 2022) (Reviewed)														
I. Period Opening Balance (1 January 2022)	65,000	-	-	-	-	(1,925)	-	-	-	-	8,096	140,961	61,470	273,602
Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. 2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. New Balance (I+II)	65,000	-	-	-	-	(1,925)	-	-	-	-	8,096	140,961	61,470	273,602
IV. Total Comprehensive Income	-	-	-	-	-	121	-	-	-	-	-	-	111,646	111,767
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	-	-	-	-	-	-	-	-	-	-	3,072	58,398	(61,470)	-
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	3,072	58,398	(61,470)	-
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Period End Balance (30 June 2022)	65,000	-	-	-	-	(1,804)	-	-	-	-	11,168	199,359	111,646	385,369

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.

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 2022

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

	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		
1.1 Operating Profit before Changes in Operating Assets and Liabilities	113,706	46,973
1.1.1 Interest Received/Dividends Received /Leasing income	479,714	205,149
1.1.2 Interest Paid / Dividends Paid/Leasing expense	(326,522)	(119,020)
1.1.3 Leasing expense	(241)	(226)
1.1.4 Dividend Received	-	-
1.1.5 Fees and Commissions Received	22,068	10,268
1.1.6 Other Income	9,771	1,428
1.1.7 Collections from Previously Written-off Doubtful Receivables	22,302	1,308
1.1.8 Payments to Personnel and Service Suppliers	(26,972)	(16,096)
1.1.9 Taxes Paid	(26,397)	(11,977)
1.1.10 Other	(40,017)	(23,861)
1.2 Changes in Operating Assets and Liabilities	(367,685)	(159,673)
1.2.1 Net (Increase)/Decrease in Factoring Receivables	(2,374,727)	(702,545)
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	(66,129)	(4,282)
1.2.5 Net (Increase)/Decrease in Savings Finance Receivables	-	-
1.2.6 Net Increase/(Decrease) in Factoring Payables	2,057	6,959
1.2.7 Net Increase/(Decrease) in the Savings Fund Pool	-	-
1.2.8 Net Increase/(Decrease) in Lease Payables	(1,632)	(1,306)
1.2.9 Net Increase/(Decrease) in Funds Borrowed	2,039,036	531,102
1.2.10 Net Increase/(Decrease) in Due Payables	-	-
1.2.11 Net Increase/(Decrease) in Other Liabilities	33,710	10,399
I. Net Cash Used in Operating Activities	(253,979)	(112,700)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
2.1 Acquisition of Investments, Associates and Subsidiaries	-	-
2.2 Disposal of Investments, Associates and Subsidiaries	-	-
2.3 Purchases of Property and Equipment	(6,584)	(6,436)
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	-	-
II. Net Cash (Used in)/Provided from Investing Activities	(6,584)	(6,436)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
3.1 Cash Obtained from Funds Borrowed and Securities Issued	1,005,837	817,777
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued	(604,989)	(598,958)
3.3 Issued Capital Instruments	-	-
3.4 Dividends Paid	-	-
3.5 Payments for Finance Leases	-	-
3.6 Other	-	-
III. Net Cash Provided from Financing Activities	400,848	218,819
IV. Effect of change in foreign exchange rate on cash and cash equivalents	2,957	905
V. Net Increase in Cash and Cash Equivalents	143,242	100,588
VI. Cash and Cash Equivalents at Beginning of the Period	264,130	22,241
VII. Cash and Cash Equivalents at End of the Period	407,372	122,829

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 2022**

(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 8 June 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 2022, the Company employs 134 employees (31 December 2021: 135 employees).

The Company provides factoring operations with 17 branches in the following locations; which are in Adana, Ankara, Antakya, Antalya, Anadolu Ticari Merkez, Avrasya Ticari Merkez, Bursa, Denizli, Eskişehir, Gaziantep, Gebze, Halkalı, İzmir, İvedik, Kayseri, Konya, Samsun (31 December 2021: 17).

As of 22 December 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 15 June 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 adress below, on 25 May 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 2022 dated and ended account term, the financial statements were approved by the Board on 26 July 2022. 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
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 2022**

(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)

2.1.1 Basis of Preparation of Financial Statements (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 2021.

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.

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 2022.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022 with Law No. 7532. It has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repetitive Article 298 have been met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed.

**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 2022**

(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

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 2022 and as of 31 December 2021 and the condensed statement of comprehensive income, condensed equity movement and condensed cash flow statement for the interim period between 1 January - 30 June 2021.

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.

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 2022 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) mümkün olduğunca, cari ve sunulan her bir önceki dönem ile ilgili düzeltme tutarları:
 - 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.

**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 2022**

(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)

a) Standards, amendments, and interpretations applicable as of 30 June 2022:

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 (effective 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. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 (effective 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. 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.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2022:

- **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’.

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. 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.

**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 2022**

(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)

*b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2022:
(Continued)*

- **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.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** 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’, as amended in December 2021;** 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.

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
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 2022**

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

3 - FACTORING RECEIVABLES AND NON PERFORMING RECEIVABLES

	30 June 2022		31 December 2021	
	TRY	FC	TRY	FC
Domestic factoring receivables	5,346,512	703,591	2,867,493	742,003
Import and export factoring receivables	-	247,505	-	186,953
Unearned interest income	(144,028)	(4,884)	(80,865)	(7,633)
	5,202,484	946,212	2,786,628	921,323

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 2022	31 December 2021
Domestic revocable	3,680,203	2,521,708
Domestic irrevocable	2,220,988	999,290
Foreign revocable	43,768	41,522
Foreign irrevocable	203,737	145,431
	6,148,696	3,707,951

As of 30 June 2022, the total amount of postdate cheques and bills received by the Company against its factoring receivables is TRY3,923,773 (31 December 2021: TRY2,675,442). These cheques and bills are classified in off-balance sheet accounts.

	30 June 2022	31 December 2021
<i>Factoring Receivables:</i>		
Fixed Rate	4,465,397	2,917,864
Floating Rate	1,683,299	790,087
	6,148,696	3,707,951

Breakdown of factoring receivables by average maturity:

	30 June 2022	31 December 2021
0-30 days	1,542,051	806,318
30-60 days	1,635,797	1,064,065
60-90 days	1,563,679	716,364
90-180 days	1,229,755	929,639
180-365 days	177,414	184,569
1 year and above	-	6,996
	6,148,696	3,707,951

**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 2022**

(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 2022	31 December 2021
Neither overdue nor impaired	6,142,565	3,704,956
Overdue, but not impaired	6,131	2,995
Impaired	56,351	102,566
Total	6,205,047	3,810,517
Less: Provision for impairment	(50,807)	(65,741)
Factoring receivables, net	6,154,240	3,744,776

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 2022	31 December 2021
Notes	6,068,006	3,663,599
Pledges	86,234	81,177
	6,154,240	3,744,776

As of 30 June 2022 and 31 December 2021, the distribution of the Company's non-performing factoring receivables and provisions is as follows:

	30 June 2022	31 December 2021
Doubtful factoring receivables	56,351	102,566
Specific provisions	(50,807)	(65,741)
Non performing receivables, net	5,544	36,825

Aging of doubtful factoring receivables as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
90 - 180 days	3,036	52,246
180 - 365 days	14,479	11,648
1 year and over	38,836	38,672
	56,351	102,566

**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 2022**

(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:

	2022	2021
Balance as at 1 January	(65,741)	(68,393)
Provision booked during the period	(7,368)	(5,200)
Collections	22,302	1,308
Foreign currency translation effect	-	(433)
Balance at 30 June	(50,807)	(72,718)

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

As of 30 June 2022, the Company has real estate for sale worth TRY41,436 acquired in return for factoring receivables (31 December 2021: TRY125).

The Company has a fiduciary right of TRY41,436 in its assets held for sale, pursuant to the contract dated 4 January 2022. (31 December 2021: None).

5 - BORROWINGS

	30 June 2022		31 December 2021	
	TRY	FC	TRY	FC
Short term borrowings	4,308,131	1,119,274	2,369,601	988,589
Total borrowings	4,308,131	1,119,274	2,369,601	988,589

Short term borrowings are as follows:

Currency Type	Interest Rate	FC Amount	30 June 2022
TRY	18.00%-34.65%	4,308,131	4,308,131
EUR	1.15%-6.04%	40,074	702,188
USD	3.88%-7.09%	23,741	395,746
GBP	2.75%-3.64%	1,054	21,340
			5,427,405
Currency Type	Interest Rate	FC Amount	31 December 2021
TRY	15.65%-26.78%	2,369,601	2,369,601
EUR	1.00%-3.15%	33,576	492,966
USD	1.72%-5.25%	37,306	484,145
GBP	2.58%	658	11,478
			3,358,190

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5 - BORROWINGS (Continued)

The details of loans by interest type are as follows:

	30 June 2022		31 December 2021	
	TRY	FC	TRY	FC
Fixed rate	4,245,131	759,396	2,089,601	567,402
Floating rate	63,000	359,878	280,000	421,187
	4,308,131	1,119,274	2,369,601	988,589

6 - SECURITIES ISSUED

	30 June 2022	31 December 2021
Securities issued	798,655	397,807
	798,655	397,807

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

30 June 2022					
ISIN CODE	Date of issue	Nominal value	Due date	Interest rate	Coupon type
TRFFINF2214	21 June 2022	207,000	4 October 2022	25.00%	Once at maturity
TRFFINF92221	10 May 2022	154,000	6 September 2022	18.25%	Once at maturity
TRFFINF72223	24 March 2022	114,680	6 July 2022	18.75%	Once at maturity
TRFFINF82222	18 April 2022	113,650	1 August 2022	18.50%	Once at maturity
TRFFINF72249	6 April 2022	101,630	25 July 2022	18.75%	Once at maturity
TRFFINF72215	21 March 2022	76,500	4 July 2022	18.50%	Once at maturity
TRFFINF72231	29 March 2022	52,540	19 July 2022	18.75%	Once at maturity
31 December 2021					
ISIN CODE	Date of issue	Nominal value	Due date	Interest rate	Coupon type
TRFFINF12237	28 September 2021	161,099	29 January 2022	18.40%	Once at maturity
TRFFINF12211	25 August 2021	125,740	4 January 2022	19.10%	Once at maturity
TRFFINF12229	2 September 2021	74,260	10 January 2022	19.15%	Once at maturity
TRFFINF32219	21 December 2021	40,350	1 March 2022	18.25%	Once at maturity

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7 - SHAREHOLDERS’ EQUITY

As of 30 June 2022 and 31 December 2021, the shareholders’ of the Company and their share capitals with historical amounts are as follows:

Capital

Shareholders	30 June 2022		31 December 2021	
	% 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
	100	65,000	100	65,000

The registered capital of the company consists of 65,000,000 shares with a nominal value of TRY1 each (31 December 2021: 65,000,000).

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.

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7 – SHAREHOLDERS’ EQUITY (Continued)

Profit Reserves

	30 June 2022	31 December 2021
Legal reserves	11,168	8,095
Total	11,168	8,095

The Company booked first legal reserve amounting to TRY10,876 and second legal reserve amounting to TRY292 over the accumulated profit. (31 December 2021: The Company booked first legal reserve amounting to TRY7,803 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.

Earnings per share

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

	30 June 2022	30 June 2021
Number of shares, nominal value TRY0.01	6,500,000,000	6,500,000,000
Net profit for the period (Thousands of TRY)	111,646	32,714
Basic earnings per share (TRY1 per share)	1,7176	0,5033

8 - RELATED PARTY TRANSACTIONS

Funds borrowed from related parties

QNB Finansbank A.Ş. (Shareholder)

	30 June 2022	31 December 2021
TRY	1,665,477	464,250
USD	336,181	117,297
EUR	549,547	333,779
	2,551,205	915,326

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8 - RELATED PARTY TRANSACTIONS (Continued)

Deposits Held on Related Parties

	30 June 2022	31 December 2021
TRY	48,662	154,351
USD	101,162	48,388
EUR	206,288	32,593
GBP	-	49
	356,112	235,381

**1 January -
30 June 2022**

**1 January -
30 June 2021**

Interest Income from Related Parties

QNB Finansbank A.Ş. (Shareholder)	1,538	8
	1,538	8

Finance Expenses

QNB Finansbank A.Ş. (Shareholder)	(100,456)	(34,119)
	(100,456)	(34,119)

General Administrative Expenses

Shareholders

QNB Finansbank A.Ş.	(2,241)	(1,992)
QNB Finans Yatırım Menkul Değerler A.Ş.	(1,406)	(1,097)
IBTECH Uluslararası Bil. Ve İlt. Tekn. Ar. Ge. Dan. Des. San. ve Tic. A.Ş.	(257)	(34)

Other group companies

Cigna Finans Emeklilik ve Hayat A.Ş.	(9)	(7)
EFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	(8)	(8)

(3,921)

(3,138)

As of 30 June 2022, the Company's total salaries and fees that provided to the top management and the Board of Directors are TRY5,723 (30 June 2021: TRY3,384).

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9 - COMMITMENTS AND CONTINGENCIES

Guarantees Received

As of 30 June 2022, the Company’s guarantees received are TRY95,532,453 (31 December 2021: TRY73.047,294).

Guarantee Given

As of 30 June 2022 and 31 December 2021, collaterals are comprised of notes given to the following institutions:

	30 June 2022	31 December 2021
Letters of guarantee given to Takasbank	605,000	455,000
Collaterals given to courts	14,358	13,490
Government debt securities	400	200
	619,758	468,690

Irrevocable Commitments

None (31 December 2021: None).

Held in custody securities

The Company has obtained securities held in custody for its factoring receivables at 30 June 2022 and 31 December 2021 as detailed below:

	30 June 2022		31 December 2021	
	TRY	FC	TRY	FC
Customer checks	3,281,526	453,844	2,169,473	453,532
Customer notes	123,618	64,785	49,189	3,248
	3,405,144	518,629	2,218,662	456,780

Derivative Transactions

Regarding the fair value hedging transactions, the amount of hedging instruments is TRY250,066 as of 30 June 2022 (31 December 2021: None).

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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.

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.

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.

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10 - FINANCIAL RISK MANAGEMENT (Continued)

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.

Table below summarizes the Company's foreign currency position risk in detailed as of 30 June 2022 and 31 December 2021. The amounts of foreign currency assets and liabilities held by the Company according to their foreign currency types are as follows:

30 June 2022	USD	EUR	GBP	Total
Banks	102,795	217,121	272	320,188
Factoring receivables	417,361	504,944	23,907	946,212
Other assets	481	278	-	759
Total assets	520,637	722,343	24,179	1,267,159
Funds borrowed	(395,746)	(702,188)	(21,340)	(1,119,274)
Factoring payables	(262)	(6,487)	-	(6,749)
Other liabilities	(1,000)	(2,312)	(271)	(3,583)
Total liabilities	(397,008)	(710,987)	(21,611)	(1,129,606)
Net foreign currency position due to derivative financial instruments	(124,819)	-	-	(124,819)
Net foreign currency position	(1,190)	11,356	2,568	12,734

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10 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2021	USD	EUR	GBP	Total
Banks	48,495	32,794	196	81,485
Factoring receivables	436,498	470,846	13,979	921,323
Other assets	395	298	-	693
Total assets	485,388	503,938	14,175	1,003,501
Funds borrowed	(484,144)	(492,966)	(11,479)	(988,589)
Factoring payables	(195)	(1,002)	(1,538)	(2,735)
Other liabilities	(519)	(889)	(172)	(1,580)
Total liabilities	(484,858)	(494,857)	(13,189)	(992,904)
Net foreign currency position due to derivative financial instruments	-	-	-	-
Net foreign currency position	530	9,081	986	10,597

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 20% increases and decrease in foreign currency exchange rate. 20% 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 20% foreign currency change to the subjected items at the end of the period. Positive value expresses the increase in income.

30 June 2022	Profit / Loss		Equity	
	Appreciation foreign currency	Deppreciation foreign currency	Appreciation foreign currency	Deppreciation foreign currency
USD	(238)	238	(238)	238
EUR	2,272	(2,272)	2,272	(2,272)
GBP	514	(514)	514	(514)
Total	2,547	(2,547)	2,547	(2,547)

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10 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign Currency Sensitivity Analysis (Continued)

	Profit / Loss		Equity	
	Appreciation	Depreciation	Appreciation	Depreciation
31 December 2021	foreign currency	foreign currency	foreign currency	foreign currency
USD	105	(105)	105	(105)
EUR	1,816	(1,816)	1,816	(1,816)
GBP	197	(197)	197	(197)
Total	2,119	(2,119)	2,119	(2,119)

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 2022	Level 1	Level 2	Level 3
Financial Assets				
Financial assets at fair value through other comprehensive income	-	-	-	-
Derivative financial assets held for trading purpose	-	-	-	-
Financial Liabilities				
Derivative financial liabilities held for trading purpose	4,566	-	4,566	-

	Fair value level as of the reporting date			
	31 December 2021	Level 1	Level 2	Level 3
Financial Assets				
Financial assets at fair value through other comprehensive income	-	-	-	-
Derivative financial assets held for trading purpose	-	-	-	-
Financial Liabilities				
Derivative financial liabilities held for trading purpose	-	-	-	-

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11 - SUBSEQUENT EVENTS

None.

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