

# **QNB Finans Faktoring Anonim Őirketi**

## **INDEPENDENT AUDITOR'S REVIEW REPORT, FINANCIAL STATEMENTS AND NOTES FOR THE PERIOD JANUARY 1 - JUNE 30, 2020**

**(Convenience Translation of the Auditor's Review Report  
Financial Statements and Related  
Disclosures and Footnotes Originally Issued in Turkish, See  
Note 1.1 of Section Three)**



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**(Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish to English)**

**Interim Review Report on Interim Financial Information**

**To the Board of Directors of QNB Finans Faktoring A.Ş.**

**Introduction**

We have reviewed the accompanying interim statement of financial position of QNB Finans Faktoring Anonim Şirketi ("the Company") as at June 30, 2020 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the six-month period then ended and other explanatory notes to the financial statements. The company management is responsible for the preparation and fair presentation of interim financial information in accordance with the "Regulation on Accounting Practices and Financial Statement of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and other regulations, communiques and circulars published by the Banking Regulation and Supervision Agency and Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by the BRSA (together "the BRSA Accounting and Financial Reporting Legislation"). Our responsibility is to express a conclusion on this interim financial information based on our review.

**Scope of Review**

We conducted our review in accordance with the Standard on Review Engagements (ISRE) 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 of Turkey and the objective which is to express an opinion on the financial statements. Consequently, a review of the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements, do not present fairly, in all material aspects in accordance with the BRSA Accounting and Financial Reporting Legislation.



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**Additional paragraph for convenience translation into English of financial statements as of June 30, 2020 and independent auditor's report originally issued in Turkish:**

As explained in detail in Note 1.1 to the financial statements, the accompanying financial statements are presented in accordance with regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles. The effects of differences between the accounting principles and standards set out by regulations, communiqués, interpretations and circulars published by the BRSA, and accounting principles generally accepted in the 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.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited

  
Emre Cemil, SMMM  
Associate Partner

July 27, 2020  
Istanbul, Turkey

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**SECTION ONE****GENERAL INFORMATION****1. Organization and Operations of 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 of June 30, 2020 the Company has 128 employees (December 31, 2019: 131).

The Company provides factoring operations with 22 branches in the following locations; Osmanbey, Bayrampaşa, Kırac, Çorlu, Gebze, Pendik, Kozyatağı, Bursa, Ankara, İvedik, Eskişehir, Konya, Samsun, İzmir, Antalya, Denizli, Manisa, Gaziantep, Kayseri, Adana, Diyarbakır, (December 31, 2019: 22).

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 continues its operations mainly in one geographical region (Turkey).

As of June 30, 2020 companies organizational structure is as it follows;

<b>Title</b>	<b>Name</b>	<b>Date of Appointment</b>	<b>Termination of Office of Board of Director's Members</b>	<b>Period of Office</b>
Chairman	Sinan Şahinbaş	26/03/2018	26/03/2021	3 Years
Board Member	Adnan Menderes Yayla	26/03/2018	26/03/2021	3 Years
Board Member	Bülent Yurdalan	26/03/2018	26/03/2021	3 Years
Board Member and General Manager	Nergis Ayvaz Bumedian	26/03/2018	26/03/2021	3 Years
Board Member	Erkin Aydın	26/03/2018	26/03/2021	3 Years
Board Member	Osman Ömür Tan	19/06/2019	26/03/2021	2 Years

## **SECTION TWO**

### **FINANCIAL STATEMENTS**

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

**QNB Finans Faktoring A.Ş.**

**Balance Sheet (Statement of Financial Position) statements for the six-month period then ended June 30, 2020**

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

**Convenience Translation of the Independent Auditor's Report originally issued in Turkish.**

**I. BALANCE SHEET - ASSETS**

ASSETS		Section 4 Part I	THOUSANDS OF TURKISH LIRA					
			REVIEWED			AUDITED		
			CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
I.	CASH, CASH EQUIVALENTS AND CENTRAL BANK	1	12.690	22.131	34.821	19	33.095	33.114
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	2	-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS	4	-	448	448	-	-	-
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	3	-	-	-	-	-	-
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		1.482.442	171.020	1.653.462	1.423.979	219.452	1.643.431
5.1	Factoring Receivables	5	1.476.915	171.020	1.647.935	1.417.478	219.452	1.636.930
5.1.1	Discounted Factoring Receivables (Net)		697.730	78.190	775.920	732.024	79.297	811.321
5.1.2	Other Factoring Receivables		779.185	92.830	872.015	685.454	140.155	825.609
5.2	Finance Loans		-	-	-	-	-	-
5.2.1	Consumer Loans		-	-	-	-	-	-
5.2.2	Credit Cards		-	-	-	-	-	-
5.2.3	Installment Commercial Loans		-	-	-	-	-	-
5.3	Lease Receivables (Net)		-	-	-	-	-	-
5.3.1	Receivables From Finance Lease		-	-	-	-	-	-
5.3.2	Receivables From Operating Lease		-	-	-	-	-	-
5.3.3	Unearned Income (-)		-	-	-	-	-	-
5.4	Other Financial Assets Measured At Amortised Cost		-	-	-	-	-	-
5.5	Non Performing Receivables		70.341	2.456	72.797	75.416	2.119	77.535
5.6	Expected Credit Losses/Specific Provisions (-)		64.814	2.456	67.270	68.915	2.119	71.034
VI.	INVESTMENTS		2	-	2	2	-	2
6.1	Investments in Associates (Net)		2	-	2	2	-	2
6.2	Subsidiaries (Net)		-	-	-	-	-	-
6.3	Joint Venture (Net)		-	-	-	-	-	-
VII.	TANGIBLE ASSETS (Net)		3.832	-	3.832	4.893	-	4.893
VIII.	INTANGIBLE ASSETS (Net)		6.976	-	6.976	7.589	-	7.589
IX.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X.	CURRENT TAX ASSETS		-	-	-	-	-	-
XI.	DEFERRED TAX ASSETS	8	17.061	-	17.061	18.719	-	18.719
XII.	OTHER ASSETS	9	3.704	101	3.805	3.643	115	3.758
	<b>SUBTOTAL</b>		<b>1.526.707</b>	<b>193.700</b>	<b>1.720.407</b>	<b>1.458.844</b>	<b>252.662</b>	<b>1.711.506</b>
XIII.	ASSETS HELD FOR SALE PURPOSE AND RELATED TO DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
	<b>TOTAL ASSETS</b>		<b>1.526.707</b>	<b>193.700</b>	<b>1.720.407</b>	<b>1.458.844</b>	<b>252.662</b>	<b>1.711.506</b>

Balance Sheet (Statement of Financial Position) statements for the six-month period then ended June 30, 2020

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish.

I. BALANCE SHEET – LIABILITIES

LIABILITIES		Section 4 Part II	THOUSANDS OF TURKISH LIRA					
			REVIEWED			AUDITED		
			CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
			TL	FC	Total	TL	FC	Total
I.	FUNDS BORROWED	1	1.224.320	180.515	1.404.835	1.103.013	246.383	1.349.406
II.	FACTORING PAYABLES		1.045	5.452	6.497	1.962	103	2.065
III.	LEASE PAYABLES		2.370	742	3.112	3.239	1.113	4.352
IV.	SECURITIES ISSUED (Net)	2	92.216	-	92.216	164.116	-	164.116
V.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS		-	-	-	-	-	-
VI.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VII.	PROVISIONS	6	4.882	-	4.882	5.610	-	5.610
7.1	Restructuring Provisions		-	-	-	-	-	-
7.2	Reserve of Employee Benefits		4.776	-	4.776	5.598	-	5.598
7.3	General Provisions		-	-	-	-	-	-
7.4	Other Provisions		106	-	106	12	-	12
VIII.	CURRENT TAX LIABILITIES	5	2.387	-	2.387	2.005	-	2.005
IX.	DEFERRED TAX LIABILITIES		-	-	-	-	-	-
X.	SUBORDINATED DEBT INSTRUMENTS		-	-	-	-	-	-
XI.	OTHER LIABILITIES	3-4	4.769	196	4.965	2.920	301	3.221
	<b>SUBTOTAL</b>		<b>1.331.989</b>	<b>186.905</b>	<b>1.518.894</b>	<b>1.282.665</b>	<b>247.910</b>	<b>1.530.775</b>
XII.	LIABILITIES FOR ASSETS HELD FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
XIII.	SHAREHOLDERS' EQUITY	7	201.513	-	201.513	180.731	-	180.731
13.1	Paid-in Capital		65.000	-	65.000	65.000	-	65.000
13.2	Capital Reserves		-	-	-	-	-	-
13.2.1	Share Premiums		-	-	-	-	-	-
13.2.2	Share Cancellation Profits		-	-	-	-	-	-
13.2.3	Other Capital Reserves		-	-	-	-	-	-
13.3	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss		(636)	-	(636)	(636)	-	(636)
13.4	Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss		-	-	-	-	-	-
13.5	Profit Reserves	8	6.460	-	6.460	4.046	-	4.046
13.5.1	Legal Reserves		6.460	-	6.460	4.046	-	4.046
13.5.2	Status Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		-	-	-	-	-	-
13.5.4	Other Profit Reserves		-	-	-	-	-	-
13.6	Profit or Loss		130.689	-	130.689	112.321	-	112.321
13.6.1	Prior Periods Profit or Loss		109.907	-	109.907	64.033	-	64.033
13.6.2	Current Period Profit or Loss		20.782	-	20.782	48.288	-	48.288
	<b>TOTAL LIABILITIES</b>		<b>1.533.502</b>	<b>186.905</b>	<b>1.720.407</b>	<b>1.463.596</b>	<b>247.910</b>	<b>1.711.506</b>

Off-Balance Sheet (Statement of Financial Position) statements for the six-month period then ended June 30, 2020

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish.

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

OFF-BALANCE SHEET ITEMS	Section 4 Part II	THOUSANDS OF TURKISH LIRA					
		REVIEWED			AUDITED		
		CURRENT PERIOD (30/06/2020)			PRIOR PERIOD (31/12/2019)		
		TL	FC	Total	TL	FC	Total
I. IRREVOCABLE FACTORING OPERATIONS		26.307	54.800	81.107	12.741	42.045	54.786
II. REVOCABLE FACTORING OPERATIONS		423.937	1.828	425.765	412.926	18.967	431.893
III. GUARANTEES TAKEN		38.693.733	4.197.167	42.890.900	34.552.490	3.615.813	38.160.303
IV. GUARANTEES GIVEN		311.135	-	311.135	86.743	-	86.743
V. COMMITMENTS		-	-	-	-	-	-
5.1 Irrevocable Commitments		-	-	-	-	-	-
5.2 Revocable Commitments		-	-	-	-	-	-
5.2.1 Lease Commitments		-	-	-	-	-	-
5.2.1 Finance Lease Commitments		-	-	-	-	-	-
5.2.1 Operational Lease Commitments		-	-	-	-	-	-
5.2.2 Other Revocable Commitments		-	-	-	-	-	-
VI. DERIVATIVE FINANCIAL INSTRUMENTS	4	-	55.175	55.175	-	-	-
6.1 Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
6.1.1 Fair Value Hedges		-	-	-	-	-	-
6.1.2 Cash Flow Hedges		-	-	-	-	-	-
6.1.3 Net Investment Hedges		-	-	-	-	-	-
6.2 Derivative Financial Instruments Held For Trading		-	55.175	55.175	-	-	-
6.2.1 Forward Buy/Sell Transactions		-	-	-	-	-	-
6.2.2 Swap Buy/Sell Transactions		-	55.175	55.175	-	-	-
6.2.3 Options Buy/Sell Transactions		-	-	-	-	-	-
6.2.4 Futures Buy/Sell Transactions		-	-	-	-	-	-
6.2.5 Other		-	-	-	-	-	-
VII. ITEMS HELD IN CUSTODY		763.206	137.068	920.274	671.144	122.421	993.565
<b>TOTAL OFF BALANCE SHEET ITEMS</b>		<b>40.238.318</b>	<b>4.446.038</b>	<b>44.684.356</b>	<b>35.936.044</b>	<b>3.798.246</b>	<b>39.735.290</b>

Statement of Profit or Loss statements for the six-month period then ended June 30, 2020  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)

Convenience Translation of the Independent Auditor's Report originally issued in Turkish.

III. STATEMENT OF PROFIT OR LOSS

INCOME STATEMENT	Section 4 Part III	THOUSANDS OF TURKISH LIRA		THOUSANDS OF TURKISH LIRA	
		REVIEWED	NOT REVIEWED	REVIEWED	NOT REVIEWED
		CURRENT PERIOD (01/01-30/06/2020)	PRIOR PERIOD (01/04-30/06/2020)	CURRENT PERIOD (01/01-30/06/2019)	PRIOR PERIOD (01/04-30/06/2019)
I. OPERATING INCOME	1	102.974	50.286	137.340	70.779
FACTORING INCOME		102.974	50.286	137.340	70.779
1.1 Interest Income on Factoring Receivables		96.518	48.935	128.725	66.799
1.1.1 Discounted		59.597	28.715	73.337	37.960
1.1.2 Other		36.921	18.220	55.388	28.839
1.2 Fees and Commissions Income from Factoring Receivables		6.456	3.351	8.615	3.980
1.2.1 Discounted		2.781	1.558	3.405	1.592
1.2.2 Other		3.675	1.793	5.210	2.388
FINANCE LOANS INCOME		-	-	-	-
1.3 Interest Income From Finance Loans		-	-	-	-
1.4 Fees and Commissions From Finance Loans		-	-	-	-
FINANCE LEASE INCOME		-	-	-	-
1.5 Finance Lease Income		-	-	-	-
1.6 Operating Lease Income		-	-	-	-
1.7 Fees and Commissions Received from the Leasing Transactions		-	-	-	-
II. FINANCIAL EXPENSES (-)	4	59.674	28.227	69.656	48.327
2.1 Interest Expense From Funds Borrowed		48.728	22.884	61.900	32.692
2.2 Interest Expense From Factoring Payables		-	-	-	-
2.3 Interest Expense of Finance Lease Expenses		214	100	271	125
2.4 Interest Expense From Securities Issued		8.563	4.123	23.285	13.342
2.5 Other Interest Expenses		-	-	-	-
2.6 Fees and Commissions Paid		2.149	1.120	4.212	2.168
III. GROSS PROFIT/LOSS (I-II)		43.300	22.059	47.672	22.452
IV. OPERATING EXPENSES (-)	2	21.591	10.425	19.979	10.359
4.1 Personnel Expenses		14.198	7.017	12.454	6.561
4.2 Employee Severance Indemnity Expense		299	150	196	98
4.3 Research and Development Expenses		-	-	-	-
4.4 General Administrative Expenses		6.922	3.113	7.077	3.541
4.5 Other		172	145	252	159
V. GROSS OPERATING PROFIT/LOSS (III-IV)		21.709	11.634	27.693	12.093
VI. OTHER OPERATING INCOME	3	9.042	3.565	27.640	15.987
6.1 Interest Income From Bank Deposits		183	175	363	148
6.2 Interest Income From Securities Portfolio		-	-	-	-
6.3 Dividend Income		-	-	-	-
6.4 Trading Account Income		-	-	-	-
6.5 Income From Derivative Financial Instruments		2	2	1.993	470
6.6 Foreign Exchange Gains		4.383	2.361	16.968	13.527
6.7 Other		4.474	1.027	8.316	1.842
VII. EXPENSES		-	-	-	-
7.1 Specific Provisions		373	-	1.140	-
7.2 Allowances for Expected Credit Loss		373	-	1.140	-
7.3 General Provisions		-	-	-	-
7.4 Other		-	-	-	-
VIII. OTHER OPERATING EXPENSES (-)	5	3.687	1.969	17.627	13.341
8.1 Impairment Losses From Securities Portfolio		-	-	-	-
8.2 Impairment Losses From Non-Current Assets		-	-	-	-
8.3 Trading Account Loss		-	-	-	-
8.4 Loss From Derivative Financial Instruments		30	30	-	-
8.5 Foreign Exchange Loss		3.657	1.939	17.627	13.341
8.6 Other		-	-	-	-
IX. NET OPERATING PROFIT/LOSS (V+...+VIII)		26.891	13.230	36.566	14.739
X. INCOME RESULTED FROM MERGER		-	-	-	-
XI. PROFIT/LOSS FROM PARTNERSHIPS VALUED BY EQUITY METHOD		-	-	-	-
XII. GAIN/LOSS ON NET MONETARY POSITION		-	-	-	-
XIII. PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)		26.891	13.230	36.566	14.739
XIV. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (a)	6	5.909	2.924	8.058	3.251
14.1 Current Tax Charge		4.459	2.276	7.358	4.254
14.2 Deferred Tax Charge (+)		1.450	648	700	-
14.3 Deferred Tax Benefit (-)		-	-	-	1.003
XV. NET PROFIT FROM CONTINUING OPERATIONS (XIII+XIV)		20.782	10.306	28.508	11.488
XVI. INCOME FROM DISCONTINUED OPERATIONS		-	-	-	-
16.1 Income from Assets Held for Sale		-	-	-	-
16.2 Gain on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-	-	-
16.3 Other Income from Discontinued Operations		-	-	-	-
XVII. EXPENSES FROM DISCONTINUED OPERATIONS (-)		-	-	-	-
17.1 Expense on Assets Held for Sale		-	-	-	-
17.2 Loss on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-	-	-
17.3 Other Expenses from Discontinued Operations		-	-	-	-
XVIII. PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)		-	-	-	-
XIX. INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (a)		-	-	-	-
19.1 Current Tax Charge		-	-	-	-
19.2 Deferred Tax Charge (+)		-	-	-	-
19.3 Deferred Tax Benefit (-)		-	-	-	-
XX. NET PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII+XIX)		-	-	-	-
XXI. NET PROFIT/LOSS FOR THE PERIOD (XV+XX)		20.782	10.306	28.508	11.488
Profit/Loss Per Share		-	-	-	-

Statement of Profit or Loss and Other Comprehensive Income statements for the six-month period then ended June 30, 2020

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

Convenience Translation of the Independent Auditor's Report originally issued in Turkish.

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

	Note	THOUSANDS OF TURKISH LIRA		THOUSANDS OF TURKISH LIRA	
		REVIEWED	NOT REVIEWED	REVIEWED	NOT REVIEWED
		CURRENT PERIOD	CURRENT PERIOD	PRIOR PERIOD	PRIOR PERIOD
		(01/04-30/06/2020)	(01/04-30/06/2020)	(01/01-30/06/2019)	(01/04-30/06/2019)
I.	PERIOD INCOME/LOSS	20.782	10.308	28.508	11.488
II.	OTHER COMPREHENSIVE INCOME	-	-	-	-
2.1	Items That Will Not be Reclassified to Profit or Loss	-	-	-	-
2.1.1	Gains/Losses on revaluation of tangible assets	-	-	-	-
2.1.2	Gains/ Losses on revaluation of intangible assets	-	-	-	-
2.1.3	Gains/ Losses on remeasurement of defined benefit pension plans	-	-	-	-
2.1.4	Other items that will not be reclassified to profit or loss	-	-	-	-
2.1.5	Taxation on other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
2.1.5.1	Current Tax Income/Loss	-	-	-	-
2.1.5.2	Deferred Tax Income/Loss	-	-	-	-
2.2	Items That Will be Reclassified to Profit or Loss	-	-	-	-
2.2.1	Translation differences for transactions in foreign currencies	-	-	-	-
2.2.2	Transition and classification profit / loss of financial assets at fair value through other comprehensive income	-	-	-	-
2.2.3	Gains/(losses) from cash flow hedges	-	-	-	-
2.2.4	Gains/(losses) from net investment hedges	-	-	-	-
2.2.5	Other items that will be reclassified to profit or loss	-	-	-	-
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss	-	-	-	-
2.2.6.1	Current Tax Income/Loss	-	-	-	-
2.2.6.2	Deferred Tax Income/Loss	-	-	-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	20.782	10.308	28.508	11.488

**QNB Finans Faktoring A.Ş.**

**Statement of Changes in Equity statements for the six-month period then ended June 30, 2020  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

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

	Notes	Paid in Capital	Share Premium	Cancellation Profits	Other Capital Reserves	Other Comprehensive Income/Expense Items not to be Recycled to Profit or Loss			Other Comprehensive Income/Expense Items to be Recycled to Profit or Loss			Current Period Net Profit/Loss	Non Controlling Interest	
						Revaluation surplus on tangible and intangible assets	Defined Benefit Plans' Actuarial Gains/Losses	Other (Accumulated amounts of share of investments accounted for by the equity method that are not classified as profit / loss from other comprehensive income with other comprehensive income that will not be reclassified to other profit or loss)	Translation Differences	Income/Expenses from Valuation and/or Reclassification of Assets Measured in FYOCI	Other (Accumulated amount of cash flow hedge gains / losses, equity attributable to equity holders of the Bank for profit or loss from other comprehensive income and other comprehensive income to be reclassified to other profit or loss)			Profit Reserves
<b>PRIOR PERIOD (30/06/2019) (Reviewed)</b>														
Balances at Beginning of Period		65.000					(402)					29.817		
Corrections made as per TAS 8														
Effect of corrections														
Adjusted Balances at Beginning of Period		65.000					(402)					29.817		
Total Comprehensive Income														
Capital Increase in Cash														
Capital Increase from Internal Sources														
Capital Reserves from Inflation Adjustments to Paid-in Capital														
Convertible Bonds														
Subordinated Liabilities														
Others Changes														
Dividend Distribution														
Transfers to Reserves														
Other														
<b>Balances at end of the period (30/06/2020) (Reviewed)</b>		65.000					(402)					64.033		29.508
Balances at Beginning of Period		65.000					(936)					64.033		48.288
Corrections made as per TAS 8														
Effect of corrections														
Adjusted Balances at Beginning of Period		65.000					(936)					64.033		48.288
Total Comprehensive Income														
Capital Increase in Cash														
Capital Increase from Internal Sources														
Capital Reserves from Inflation Adjustments to Paid-in Capital														
Convertible Bonds														
Subordinated Liabilities														
Others Changes														
Profit Distribution														
Dividends														
Transfers to Reserves														
Other														
<b>Balances at end of the period</b>		65.000					(936)					109.907		20.782

Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
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VI. STATEMENT OF CASH FLOWS

		THOUSANDS OF TURKISH LIRA	
		REVIEWED	REVIEWED
		CURRENT PERIOD (1/1-30/06/2020)	PRIOR PERIOD (1/1-30/06/2019)
	Notes		
<b>A.</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
1.1	Operating Profit Before Changes in Operating Assets and Liabilities	13.861	26.386
1.1.1	Interest Received	90.759	129.088
1.1.2	Interest Paid	(61.569)	(89.666)
1.1.3	Leasing Expenses	(214)	-
1.1.4	Dividends Received	-	-
1.1.5	Fees and Commissions Received	5.842	8.615
1.1.6	Other Income	-	-
1.1.7	Collections from Previously Written Off Receivables	4.474	8.293
1.1.8	Payments to Personnel and Service Suppliers	(19.319)	(19.979)
1.1.9	Taxes Paid	(5.909)	(3.131)
1.1.10	Other	(403)	(6.832)
1.2	Changes in operating assets and liabilities	58.020	63.284
1.2.1	Net (Increase) Decrease in Factoring Receivables	(3.475)	(81.059)
1.2.1	Net (Increase) Decrease in Finance Loans	-	-
1.2.1	Net (Increase) Decrease in Receivables from Leasing Transactions	-	-
1.2.2	Net (Increase) Decrease in Other Assets	1.163	1.532
1.2.3	Net Increase (Decrease) in Factoring Payables	4.432	(2.164)
1.2.3	Net (Increase) Decrease in Payables from Leasing Transactions	(1.240)	-
1.2.4	Net Increase (Decrease) in Funds Borrowed	58.014	146.986
1.2.5	Net Increase (Decrease) in Due Payables	-	-
1.2.6	Net Increase (Decrease) in Other Liabilities	(674)	(2.011)
I.	Net Cash Provided from Operating Activities	71.681	89.670
<b>B.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
2.1	Cash Paid for Purchase of Joint Ventures, Associates and Subsidiaries	-	-
2.2	Cash Obtained from Sale of Joint Ventures, Associates and Subsidiaries	-	-
2.3	Fixed Assets Purchases	-	-
2.4	Fixed Assets Sales	-	-
2.5	Cash Paid for Purchase of Financial Assets Available for Sale	-	-
2.6	Cash Obtained from Sale of Financial Assets Available for Sale	-	-
2.7	Cash Paid for Purchase of Financial Assets Held to Maturity	-	-
2.8	Cash Obtained from Sale of Financial Assets Held to Maturity	-	-
2.9	Other	1.674	(3.312)
II.	Net cash provided from investing activities	1.674	(3.312)
<b>C.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
3.1	Cash Obtained from Funds Borrowed and Securities Issued	91.740	202.774
3.2	Cash Used for Repayment of Funds Borrowed and Securities Issued	(164.116)	(262.946)
3.3	Capital Increase	-	-
3.4	Dividends Paid	-	-
3.5	Payments for Finance Leases	-	-
3.6	Other	-	-
III.	Net Cash Provided from Financing Activities	(72.376)	(80.172)
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	728	1.334
V.	Net Increase/Decrease in Cash and Cash Equivalents	1.707	7.520
VI.	Cash and Cash Equivalents at the Beginning of the Period	33.114	3.868
VII.	Cash and Cash Equivalents at the End of the Period	34.821	11.388

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
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### **SECTION THREE**

#### **ACCOUNTING PRINCIPLES**

##### **1. Basis of preparation of the financial statements**

###### **1.1. Basis of Presentation**

The Company maintains its books of account in accordance with the Communiqué on “The Application of Uniform Charts of Accounts and its Guide Book In Connection to the Establishment and Main Activities of Finance Leasing, Factoring and Financing Companies and The Format of the Financial Statements for Public Presentation” published in the Official Gazette No: 28861 on December 24, 2013. The Company maintains its books of account in accordance with the Turkish Accounting Standards applying the disclosures of Banking Regulations and Supervision Agency(“BRSA”) and “BRSA Accounting and Financial Reporting Regulations”.

For the interim period ended on June 30, 2020, accompanying financial statements and notes are prepared according to the TAS 34 Interim Financial Reporting Standard (“TAS 34”).

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

###### **Additional paragraph for convenience translation to English:**

The accompanying financial statements are presented in accordance with regulations, communiqués, interpretations and circulars published by the BRSA on accounting and financial reporting principles. The effects of differences between the accounting principles and standards set out by regulations, communiqués, interpretations and circulars published by the BRSA, and accounting principles generally accepted in the 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

###### **Approval of Financial Statements:**

The financial statements were approved and authorized for issue by the Board of Directors based on the Board of Directors decision dated July 27, 2020. The General Assembly has the authority to change the financial statements.

###### **1.1.1 Functional Currency**

Financial statements of the Company have been presented using the currency (functional currency) of the economic environment in which the Company operates. Financial position and the results of operations of the Company have been presented in Turkish Lira (“TL”) the current currency of the company.

###### **1.1.2 Clarification/Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

###### **1.1.3 Going Concern**

The financial statements have been prepared based on the going concern assumption.

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

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**1. Basis of preparation of the financial statements (continued)**

**Comparatives and restatement of prior year financial statements**

In order to enable the determination of the financial position and performance trends, the Company’s financial statements have been presented comparatively with the prior period. Reclassifications are made on comparative figures to conform to changes in presentation or reclassification of the financial statements.

**Significant Estimations and Assumptions**

The ongoing COVID-19 pandemic, which has recently emerged in China, has spread to various countries in the world, causing potentially fatal respiratory infections, negatively affects both regional and global economic conditions, as well as it causes disruptions in operations, especially countries that are exposed to the epidemic. As a result of the spread of COVID-19 around the world, several measures have been taken in our country as well as in the world in order to prevent the spread of the virus and measures are still being taken. In addition to these measures, economic measures are also taken to minimize the economic impact of the virus outbreak on individuals and businesses in our country and worldwide. As of June 30, 2020, Company Management believes that the effects of current situation is not material to the Financial statements. Also, current estimations and assumptions will be reviewed in the following periods.

Due to the disruptions in economic and commercial activities as a result of the Covid-19 epidemic, within the scope of first clause (in paragraph a) of Article 6 and sixth clause of the same article of Regulation of Principles for Establishment and Operations of Financial Leasing, Factoring and Financing Companies, in accordance with the BRSA Decision number 8950 dated March 19, 2020, as a part of TFRS 9, the 90 days default period for loans to be classified as non-performing loans shall be applied as 180 days including receivables that are not monitored under “receivables to be liquidated” dated according to assembly’s resolution on March 19, 2020. This measure will be effective until December 31, 2020.

As of June 30, 2020, the Company has no receivables to be evaluated within the scope of that decision.

***1.2 Changes in Accounting Policies***

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

***1.3 Changes in Accounting Estimates and Errors***

The effect of a change in an accounting estimate is recognised 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.

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
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**1. Basics of preparation of the financial statement (continued)**

**1.4 The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the consolidated financial statements as at June 30, 2020 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, 2020. The effects of these standards and interpretations on the Company's financial position and performance have been disclosed in the related paragraphs.

**i) New standards, amendments and interpretations as effective from January 1, 2020**

**Definition of a Business (Amendments to TFRS 3)**

In May 2019, the POA issued amendments to the definition of a business in TFRS 3 Business Combinations standards. The amendments are intended to assist entities to remove the assessment regarding the definition of business.

*The amendments:*

- *clarify the minimum requirements for a business;*
- *remove the assessment of whether market participants are capable of replacing any missing elements;*
- *add guidance to help entities assess whether an acquired process is substantive;*
- *narrow the definitions of a business and of outputs; and*
- *introduce an optional fair value concentration test.*

The amendments to TFRS 3 are effective for annual reporting periods beginning on or after 1 January 2020 and apply prospectively. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

**Interest Rate Benchmark Reform (Amendments to TFRS 9, TAS 39 and TFRS 7)**

The amendments issued to TFRS 9 and TAS 39 which are effective for periods beginning on or after January 1, 2020 provide reliefs which enable hedge accounting to continue. For these reliefs, it is assumed that the benchmark on which the cash flows of hedged risk or item are based and/or, the benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. in connection with interest rate benchmark reform.

Reliefs used as a result of amendments in TFRS 9 and TAS 39 is aimed to be disclosed in financial statements based on the amendments made in TFRS 7. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

**Definition of Material (Amendments to TAS 1 and TAS 8)**

In June 2019, the POA issued amendments to TAS 1 Presentation of Financial Statements and TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements.

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

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**1. Basics of preparation of the financial statement (continued)**

The amendments to TAS 1 and TAS 8 are required to be applied for annual periods beginning on or after 1 January 2020. The amendments must be applied prospectively and earlier application is permitted. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company

**Amendments to TFRS 16 – Covid-19 Rent Related Concessions**

In June 5, 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. A lessee that makes this election accounts for any change in lease payments related rent concession the same way it would account for the change under the standard, if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change,
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 and;
- There is no substantive change to other terms and conditions of the lease.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 June 2020. Early application of the amendments is permitted. The amendments are not applicable for the Company and did not have an impact on the financial position or performance of the Company.

**ii) Standards issued but not yet effective and not early adopted**

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting financial statements and disclosures, when the new standards and interpretations become effective.

**TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)**

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

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**1. Basis of preparation of the financial statements (continued)**

**TFRS 17 - The new Standard for insurance contracts**

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

**Amendments to IAS 1- Classification of Liabilities as Current and Non-Current Liabilities**

On March 12, 2020, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2022, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

**iii) The new standards, amendments and interpretations that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)**

The following standards, interpretations and amendments to existing IFRS standards are issued by the IASB but not yet effective up to the date of issuance of the financial statements. However, these standards, interpretations and amendments to existing IFRS standards are not yet adapted/issued by the POA, thus they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the new standards and interpretations are issued and become effective under TFRS.

**Amendments to TFRS 3 – Reference to the Conceptual Framework**

In May 2020, the IASB issued amendments to IFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the IASB's Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of IFRS 3. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to IFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS standards (March 2018). The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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**1. Basis of preparation of the financial statements (continued)**

**Amendments to IAS 16 – Proceeds before intended use**

In May 2020, the IASB issued amendments to IAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to IAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

**Amendments to IAS 37 – Onerous contracts – Costs of Fulfilling a Contract**

In May 2020, the IASB issued amendments to IAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to IAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied retrospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

**Annual Improvements – 2018–2020 Cycle**

In May 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020 Cycle, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- IFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- IAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of IAS 41.
- Illustrative Examples accompanying IFRS 16 Leases – Lease incentives: The amendment removes the illustration of payments from the lessor relating to leasehold improvements in illustrative Example 13 accompanying IFRS 16 and also removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022 except the changes in IFRS 16 Leases (became effective date of issue). Earlier application is permitted for all. The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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**1. Basics of preparation of the financial statement (continued)**

**1.5. Summary of Significant Accounting Policies**

The accompanying financial statements ended on June 30, 2020 are prepared according to the TFRS including the requirements of TAS 34 Interim Financial Reporting Standard ("TAS 34"). In addition, the interim condensed financial statements as of June 30, 2020 prepared by applying accounting policies consistent with the accounting policies applied during the preparation of the financial statements for the year ended on December 31, 2019. Therefore, these interim financial statements should be evaluated together with the financial statements for the year on ended 31 December 2019.

**2. Applied valuation principles / accounting policies**

The accompanying financial statements ended on June 30, 2020 are prepared according to the TFRS including the requirements of TAS 34 Interim Financial Reporting Standard ("TAS 34").

Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
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#### SECTION FOUR

#### I. Disclosures and footnotes on the balance sheet's asset accounts

##### 1. Cash, cash equivalents and central bank

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Banks	12.690	22.131	19	33.095
Demand Deposit	12.690	22.131	19	33.095
Time Deposit	-	-	-	-
	<b>12.690</b>	<b>22.131</b>	<b>19</b>	<b>33.095</b>

The Company has no time deposit as of June 30, 2020 (December 31, 2019: None).

As of June 30, 2020, the Company has demand deposit with total amount of TL 11.377 (TL 26 Turkish Lira and TL 11.351 foreign currency) at QNB Finansbank A.Ş which is related party of the Company.(As of December 31, 2019, the Company has demand deposit with total amount of TL 32.528 (TL 8 Turkish Lira and TL 32.520 foreign currency) at QNB Finansbank A.Ş which is related party of the Company. There is no lien or restriction on the Company's bank deposits. The details of all related party transactions of the Company is given at Section 4- Footnote I-7.

The reconciliation of the amounts of cash and cash equivalents in balance sheet and presented in the statement of cash flows:

	June 30, 2020	December 31, 2019
Cash and Cash Equivalents		
Demand Deposit	34.821	33.114
Time Deposit	-	-
	<b>34.821</b>	<b>33.114</b>

##### 2. Financial Assets at Fair Value Through Profit/Loss

None (December 31, 2019: None).

##### 3. Financial assets at fair value through other comprehensive income

None (December 31, 2019: None).

##### 4. Derivative Financial Assets/Liabilities

As of June 30, 2020, the Company's total value of the swaps amounting to TL 55.175, the fair value of the positive value is amounting to TL 448 (December 31, 2019: None).

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
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**5. Factoring receivables**

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Domestic factoring receivables	1.497.151	164.084	1.443.217	166.846
Import and export factoring receivables	-	7.869	-	53.752
Unearned interest income	(20.236)	(933)	(25.739)	(1.146)
	<b>1.476.915</b>	<b>171.020</b>	<b>1.417.478</b>	<b>219.452</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:

	June 30, 2020	December 31, 2019
Domestic revocable	1.195.311	1.176.852
Domestic irrevocable	444.756	406.327
Foreign revocable	-	7.368
Foreign irrevocable	7.868	46.383
	<b>1.647.935</b>	<b>1.636.930</b>

As of June 30, 2020, the total amount of postdate cheques and bills received by the Company against its factoring receivables is TL 920.274 (December 31, 2019: TL 993.565). These cheques and bills are classified in off-balance sheet accounts.

	June 30, 2020	December 31, 2019
Factoring Receivables:		
Fixed Rate	1.314.681	1.095.073
Floating Rate	333.254	541.857
	<b>1.647.935</b>	<b>1.636.930</b>

Breakdown of factoring receivables by maturity:

	June 30, 2020	December 31, 2019
0-30 days	637.221	441.942
30-90 days	505.898	726.261
90-180 days	339.884	363.517
180-360 days	139.234	72.990
1 year and over	25.698	32.220
	<b>1.647.935</b>	<b>1.636.930</b>

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
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**5. Faktoring receivables (continued)**

Factoring receivables are analysed as follows:

	June 30, 2020	December 31, 2019
Neither overdue nor impaired	1.647.764	1.636.314
Overdue, but not impaired	171	616
Impaired	72.797	77.535
<b>Total</b>	<b>1.720.732</b>	<b>1.714.465</b>
(Less): Provision for impairment	67.270	71.034
<b>Factoring receivables and doubtful receivables (net)</b>	<b>1.653.462</b>	<b>1.643.431</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:	June 30, 2020	December 31, 2019
Notes	1.550.146	1.520.288
Pledges	103.316	123.143
	<b>1.653.462</b>	<b>1.643.431</b>

**6. Doubtful receivables**

	June 30, 2020	December 31, 2019
Doubtful factoring receivables	72.797	77.535
Specific provisions	(67.270)	(71.034)
	<b>5.527</b>	<b>6.501</b>

Aging of doubtful factoring receivables as at June 30, 2020 and December 31, 2019 are as follows:

	June 30, 2020	December 31, 2019
90 – 180 days	869	9.611
180 – 360 days	9.319	3.998
1 year and over	62.609	63.926
	<b>72.797</b>	<b>77.535</b>

**QNB Finans Faktoring A.Ş.**

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**6. Doubtful receivables (continued)**

The movement of specific provision for doubtful factoring receivables is as follows:

	January 1 – June 30, 2020	January 1 – June 30, 2019
Balance as at January 1	(71.034)	(67.829)
Provision booked during the period	(373)	(1.140)
Collections	4.474	8.293
Exchange difference	(337)	-
<b>Balance at June, 30</b>	<b>(67.270)</b>	<b>(60.676)</b>

**7. Related party transactions****Funds borrowed from related parties****QNB Finansbank A.Ş.**

Currency Type	Interest Rate	Maturity	June 30, 2020
TL	9,45%	September 30, 2020	87.286
			<b>87.286</b>

**QNB Finansbank A.Ş.**

Currency Type	Interest Rate	Maturity	December 31, 2019
TL	15,12%	Sep 25, 20	72.704
TL	14,70%	April 1, 20	67.372
TL	11,81%	Mar 31, 20	22.805
			<b>162.881</b>

**Deposits Held on Related Parties**

	June 30, 2020
QNB Finansbank A.Ş. Demand Deposit	11.377
QNB Finansbank A.Ş. Time Deposit	-
	<b>11.377</b>

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7. Related party transactions (continued)

Deposits Held on Related Parties

	December 31, 2019	
QNB Finansbank A.Ş. Demand Deposit		32.528
		32.528

	January 1– June 30, 2020	1 Ocak – June 30, 2019
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Interest Income from Related Parties

QNB Finansbank A.Ş.	22	70
	22	70

Financing Expenses

QNB Finansbank A.Ş.	(6.278)	(9.680)
	(6.278)	(9.680)

	January 1– June 30, 2020	1 Ocak – June 30, 2019
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General Administrative Expenses

QNB Finansbank A.Ş.	(1.863)	(1.800)
IBTECH Uluslararası Bil. Ve İlt. Tekn. Ar. Ge. Dan. Des. San. ve Tic. A.Ş.	(34)	(34)
Cigna Finans Emeklilik ve Hayat A.Ş.	(7)	(8)
QNB Finans Yatırım Menkul Değerler A.Ş.	(339)	(763)
EFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	(2)	(4)
	(2.245)	(2.609)

<u>Benefits provided to Top Management</u>	3.341	2.251
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<u>Short term Benefits (*)</u>	3.341	2.251
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(\*) Top Management consists of general manager, assistant general managers and directors.

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**8. Deferred tax assets and liabilities**

The cumulative temporary differences subject to deferred tax has been calculated, and the deferred income tax assets and liabilities as of June 30, 2020 and December 31, 2019 are shown in the following table, which was prepared using the applicable tax rates:

	Total temporary differences		Deferred tax assets/(liabilities) (*)	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Provision for impaired doubtful factoring receivables	49.847	52.840	10.966	11.625
Unearned income	22.094	27.194	4.861	5.983
Provision for premiums	1.800	3.000	396	660
Provision for termination benefits	2.069	1.770	455	389
Provision for unused vacation	907	829	200	182
Provision for litigation	106	12	23	3
Use Rights(IFRS 16)	309	189	68	42
Rediscount for general administrative expense	1.875	282	412	62
<b>Deferred Tax Assets</b>	<b>79.007</b>	<b>86.116</b>	<b>17.381</b>	<b>18.946</b>
Derivative instruments	(448)	-	(99)	-
Net difference between carrying value and tax base of tangible assets and intangible assets	(532)	(818)	(117)	(180)
IRR difference of loans	(106)	(210)	(23)	(47)
Prepaid Expenses	(370)	-	(81)	-
<b>Deferred tax liabilities</b>	<b>(1.456)</b>	<b>(1.028)</b>	<b>(320)</b>	<b>(227)</b>
<b>Deferred tax (liabilities) / assets, net</b>	<b>77.551</b>	<b>85.088</b>	<b>17.061</b>	<b>18.719</b>

(\*) As of January 1, 2018, effective tax rate changed as 22%, for valid 3 years. As of June 30, 2020 and December 31, in the calculation of deferred tax, 22% is used for temporary differences that are expected to realized or closed in 3 years (2018, 2019 and 2020).

Movement of deferred tax assets as of balance sheet date is as follows:

	June 30, 2020	June 30, 2019
Opening Amount	18.719	22.402
Deferred Tax Income/(Expense)	(1.450)	(700)
Deferred Tax Correction at the End of the Year (*)	(208)	-
<b>Closing Balance</b>	<b>17.061</b>	<b>21.702</b>

(\*) According to the Income Tax Law published in the Official Gazette dated July 19, 2019 and numbered 30836, within the scope of 2019 Corporate Tax correction made.

**9. Prepaid expenses and other assets**

	June 30, 2020		December 31, 2019	
	FC	TL	TP	YP
Prepaid Expenses (*)	1.256	-	720	-
	<b>1.256</b>	<b>-</b>	<b>720</b>	<b>-</b>

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**9. Prepaid expenses and other assets (continued)**

	June 30, 2020		December 31, 2019	
	FC	TL	TP	YP
Advances Given	137	-	129	-
Other (**)	2.311	101	2.794	115
	<b>2.448</b>	<b>101</b>	<b>2.923</b>	<b>115</b>

(\*) Prepaid expenses account consists of sum of the balances that are paid to Capital Markets Board (CMB) and Finans Yatırım A.Ş. and the BRSA Operating Fees, Settlement and Custody Bank (Takasbank) Commissions, Health Insurance, Life Insurance like multifarious prepaid expenses of upcoming periods regarding the issuance of bonds.

(\*\*) Other item which is TL 2.311 consist of TL 2.201 and banking and insurance transaction tax receivables, TL 89 stamp tax receivables, TL 21 from other receivables. Amounting to TL 101 consist of banking and insurance transaction tax receivables due to domestic foreign exchange receivable (December 31, 2019: TL 2.794 of the amount of TL 2.613 in the other item consists of Turkish Lira, while TL 181 consists of stamp duty and other receivables. The portion of TL 115 consists of BITT receivables from customers with respect to domestic foreign exchange receivables).

**II. Explanations and footnotes on the balance sheet's liabilities**

**1. Borrowings**

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Short term borrowings	1.224.320	141.964	1.103.013	179.861
Long term borrowings	-	38.551	-	66.532
<b>Total borrowings</b>	<b>1.224.320</b>	<b>180.515</b>	<b>1.103.013</b>	<b>246.393</b>

Short term borrowings are as follows:

Currency Type	Interest Rate	FC Amount	June 30, 2020
TL	8,20% - 20,16%	-	1.224.320
EUR	1,58% - 1,60%	10.230	78.854
USD	2,81% - 4,99%	9.216	63.060
GBP	3,07% - 3,07%	6	50
			<b>1.366.284</b>

Currency Type	Interest Rate	FC Amount	December 31, 2019
TL	10,80%- 20,16%	-	1.103.013
EUR	1,58% - 2,25%	15.637	104.005
USD	3,05% - 4,93%	12.762	75.807
GBP	3,26% - 3,26%	6	49
			<b>1.282.874</b>

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1. Borrowings (continued)

Long term borrowings are as follows:

Currency Type	Interest Rate	FC Amount	June 30, 2020
EUR	1,58%	5.001	38.551
<b>Total</b>		<b>5.001</b>	<b>38.551</b>

Currency Type	Interest Rate	FC Amount	December 31, 2019
EUR	1,58%	10.004	66.532
<b>Total</b>		<b>10.004</b>	<b>66.532</b>

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Fixed rate	1.137.034	132.762	1.080.208	198.525
Floating rate	87.286	47.753	22.805	47.868
	<b>1.224.320</b>	<b>180.515</b>	<b>1.103.013</b>	<b>246.393</b>

2. Securities issued

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Bond issued	92.216	-	164.116	-
	<b>92.216</b>	<b>-</b>	<b>164.116</b>	<b>-</b>

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

ISIN CODE	Date of Issue	Nominal Value	Interest Rate	Due Date	Payment Period
TRFFINF92015	10/03/2020	91.740	8,44%	02/09/2020	Interim payment

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3. Other payables and other liabilities

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Payables to suppliers (*)	2.044	84	386	154
	<b>2.044</b>	<b>84</b>	<b>386</b>	<b>154</b>

(\*) The amounts shows the payables of the Company to the suppliers.

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Other Liabilities (*)	812	112	163	147
	<b>812</b>	<b>112</b>	<b>163</b>	<b>147</b>

(\*) This is an interim account that unearned income of interest, fees and commissions are followed under this account.

4. Tax and liabilities payables

	June 30, 2020		December 31, 2019	
	TL	FC	TL	FC
Taxes and liabilities (*)	1.913	-	2.371	-
	<b>1.913</b>	<b>-</b>	<b>2.371</b>	<b>-</b>

(\*) The amount includes income tax payable, BITT and Social Security Institution Premiums.

5. Current income tax assets/ liability

	June 30, 2020	December 31, 2019
Provision for Current Period Corporate Income Tax	(4.459)	(9.902)
Prepaid Taxes	2.072	7.897
	<b>(2.387)</b>	<b>(2.005)</b>

6. Provisions for liabilities and charges

As of June 30, 2020 and December 31, 2019, details of employee benefits liability provisions are as follows:

	June 30, 2020	December 31, 2019
Bonus Provision	1,800	3,000
Provision for Employment Termination Benefits	2,069	1,769
Provision for Unused vacation	907	829
<b>Employee Benefits Liability Provisions</b>	<b>4,776</b>	<b>5,598</b>

6. Provisions for liabilities and charges (continued)

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As of June 30, 2020 and December 31, 2019, details of other provisions are as follows:

	June 30, 2020	December 31, 2019
Provisions for other liabilities (*)	106	12
<b>Other provisions</b>	<b>106</b>	<b>12</b>

(\*) It consists provisions for business lawsuits.

**7. Paid-in capital and capital reserves**

As of June 30, 2020 and December 31, 2019, the shareholders' of the Company and their share capitals with historical amounts are as follows:

***Paid-in Capital***

Shareholders	June 30, 2020		December 31, 2019	
	% Share	Amount	% Share	Amount
QNB Finansbank A.Ş.	99.99996	64,999	99.99996	64,999
Ibtech 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>

***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.

BRSA has expressed its opinion that, income generated from deferred tax assets may not be qualified as cash or internal resource, and as such, the income generated in this manner should not be classified as part of the current term income subject to dividend distribution and capital increase. As of

**7. Paid-in capital and capital reserves (continued)**

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June 30, 2020, the Company has no deferred tax income (June 30, 2019: has no deferred tax income).

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.

**8. Profit reserves**

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Legal Reserves	<b>6.460</b>	<b>4.046</b>
<b>Total</b>	<b>6.460</b>	<b>4.046</b>

The Company booked first legal reserve amounting to TL 6,168 and second legal reserve amounting to TL 292 over the accumulated profit. (December 31, 2019: The Company booked first legal reserve amounting to TL 3,754 and second legal reserve amounting to TL 292 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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9. Foreign currency position

June 30, 2020	US Dollar	EUR	Other	TL	Total
Cash	-	-	-	-	-
Trading derivative financial assets	-	448	-	-	448
Banks	3.134	11.144	7.853	12.690	34.821
Factoring receivables	85.548	85.438	34	1.482.442	1.653.462
Subsidiaries	-	-	-	2	2
Property, plant and equipment	-	-	-	3.832	3.832
Intangible assets	-	-	-	6.976	6.976
Prepaid expenses	-	-	-	1.256	1.256
Other assets	58	43	-	19.509	19.610
<b>Total assets</b>	<b>88.740</b>	<b>97.073</b>	<b>7.887</b>	<b>1.526.707</b>	<b>1.720.407</b>
Trading derivative financial liabilities	-	-	-	-	-
Borrowings	(63.059)	(117.406)	(50)	(1.224.320)	(1.404.835)
Factoring payables	(355)	(2.223)	(2.874)	(1.045)	(6.497)
Marketable securities issued	-	-	-	(92.216)	(92.216)
Tax and liabilities payables	-	(742)	-	(2.370)	(3.112)
Provisions	-	-	-	(2.387)	(2.387)
Other payables	-	-	-	(4.882)	(4.882)
Diğer borçlar	(4)	(162)	(30)	(4.769)	(4.965)
<b>Total liabilities</b>	<b>(63.418)</b>	<b>(120.533)</b>	<b>(2.954)</b>	<b>(1.331.989)</b>	<b>(1.518.894)</b>
<b>Net foreign currency position</b>	<b>25.322</b>	<b>(23.460)</b>	<b>4.933</b>	<b>194.718</b>	<b>201.513</b>
<b>Financial derivative instruments</b>	<b>(27.369)</b>	<b>27.806</b>	<b>-</b>	<b>-</b>	<b>437</b>

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9. Foreign currency position (continued)

December 31, 2019	US Dollar	EUR	Other	TL	Total
Cash	-	-	-	-	-
Trading derivative financial assets	-	-	-	-	-
Banks	771	30.444	1.880	19	33.114
Factoring receivables	69.948	142.975	6.529	1.423.979	1.643.431
Subsidiaries	-	-	-	2	2
Property, plant and equipment	-	-	-	4.893	4.893
Intangible assets	-	-	-	7.589	7.589
Prepaid expenses	-	-	-	720	720
Other assets	63	52	-	21.642	21.757
<b>Total assets</b>	<b>70.782</b>	<b>173.471</b>	<b>8.409</b>	<b>1.458.844</b>	<b>1.711.506</b>
Trading derivative financial liabilities	-	-	-	-	-
Borrowings	(75.808)	(170.536)	(49)	(1.103.013)	(1.349.406)
Factoring payables	-	(103)	-	(1.962)	(2.065)
Marketable securities issued	-	-	-	(164.116)	(164.116)
Tax and liabilities payables	-	(1.113)	-	(3.239)	(4.352)
Provisions	-	-	-	(2.005)	(2.005)
Other payables	-	-	-	(5.610)	(5.610)
Diğer borçlar	(6)	(278)	(17)	(2.920)	(3.221)
<b>Total liabilities</b>	<b>(75.814)</b>	<b>(172.030)</b>	<b>(66)</b>	<b>(1.282.865)</b>	<b>(1.530.775)</b>
<b>Net foreign currency position</b>	<b>(5.032)</b>	<b>1.441</b>	<b>8.343</b>	<b>175.979</b>	<b>180.731</b>
<b>Financial derivative instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

10. Provisions, contingent assets and liabilities

The Company has litigation provision amounting to TL 106 (December 31, 2019: TL 12).

11. Segment reporting

None (December 31, 2019: None).

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III. Disclosures and footnotes on income statement

1. Income from Operating Activities

	1 January - June 30, 2020	1 April - June 30, 2020	1 January - June 30, 2019	1 April - June 30, 2019
Interest income on factoring operations, net	96.518	46.935	128.725	66.799
Factoring commission income	6.456	3.351	8.615	3.980
	<b>102.974</b>	<b>50.286</b>	<b>137.340</b>	<b>70.779</b>

2. Operating Expenses

	1 January - June 30, 2020	1 April - June 30, 2020	1 January - June 30, 2019	1 April - June 30, 2019
Wages	(9.418)	(4.898)	(8.070)	(4.386)
Personnel Premium Expenses	(1.800)	(900)	(1.500)	(650)
Social Security Contributions	(1.637)	(755)	(1.418)	(715)
Health Insurance Expenses	(551)	(274)	(444)	(227)
Meal Expenses	(262)	(97)	(298)	(157)
Outsourced Personnel Expenses	(78)	(31)	(71)	(28)
Other	(452)	(62)	(653)	(398)
<b>Personnel Expenses</b>	<b>(14.198)</b>	<b>(7.017)</b>	<b>(12.454)</b>	<b>(6.561)</b>
Rent Expenses and Membership Dues	(1.610)	(812)	(1.528)	(771)
Legal Consultancy and Litigation Expenses	(1.081)	(573)	(1.066)	(410)
Travel Expenses	(1.103)	(469)	(1.206)	(661)
Depreciation and Amortization Expenses	(899)	(478)	(597)	(322)
Consultancy Expenses	(317)	(164)	(279)	(125)
Taxes and Duties Other Than on Income	(297)	(167)	(290)	(166)
Representation Expenses	(689)	(105)	(1.023)	(500)
Communication Expenses	(65)	(31)	(63)	(32)
Provision for Employment Termination Benefits	(299)	(150)	(196)	(98)
Provision for Unused Vacation	(78)	(53)	(240)	(148)
Stationary Expenses	(89)	(30)	(111)	(59)
Public Relations and Advertising Expenses	(58)	(17)	(61)	(31)
Other General Administrative Expenses	(808)	(359)	(865)	(475)
<b>Operating Expenses</b>	<b>(21.591)</b>	<b>(10.425)</b>	<b>(19.979)</b>	<b>(10.359)</b>

3. Other Operating Income

	1 January - June 30, 2020	1 April - June 30, 2020	1 January - June 30, 2019	1 April - June 30, 2019
Foreign exchange gains	4.383	2.361	16.968	13.527
Profit from derivative financial transactions	2	2	1.993	470
Interest income on bank deposits and securities	183	175	363	148
Other Income	4.474	1.027	8.316	1.842
	<b>9.042</b>	<b>3.565</b>	<b>27.640</b>	<b>15.987</b>

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4. Financing Expenses

	1 January - June 30, 2020	1 April - June 30, 2020	1 January - June 30, 2019	1 April - June 30, 2019
Interest Expenses on Funds Borrowed	(48.728)	(22.884)	(61.900)	(32.692)
Interest Expenses on Securities Issued	(8.583)	(4.123)	(23.285)	(13.342)
Fees and Commissions Paid	(2.149)	(1.120)	(4.212)	(2.168)
Interest Expenses Related to Leasing Transactions	(214)	(100)	(271)	(125)
	<b>(59.674)</b>	<b>(28.227)</b>	<b>(89.668)</b>	<b>(48.327)</b>

5. Other Operating Expenses

	1 January - June 30, 2020	1 April - June 30, 2020	1 January - June 30, 2019	1 April - June 30, 2019
Foreign Exchange Loss	(3.657)	(1.939)	(17.627)	(13.341)
Loss from Derivative Financial Transactions	(30)	(30)	-	-
Other	-	-	-	-
	<b>(3.687)</b>	<b>(1.969)</b>	<b>(17.627)</b>	<b>(13.341)</b>

6. Taxes

<i>Tax Provision</i>	January 1 - June 30, 2020	January 1 - June 30, 2019
Provision for Current Period Corporate Income Tax	(4.459)	(7.358)
Deferred Tax Income/(Expense)	(1.450)	(700)
	<b>(5.909)</b>	<b>(8.058)</b>
<b>Reconciliation of Tax Provision:</b>	<b>January 1 - June 30, 2020</b>	<b>January 1 - June 30, 2019</b>
Profit before tax	(26.691)	36.566
Effective Tax Rate	22%	22%
Calculated Tax Base	(5.872)	(8.045)
Non-allowable expenses	(37)	(13)
<b>Tax expense in statement of profit or loss</b>	<b>(5.909)</b>	<b>(8.058)</b>

6. Taxes (continued)

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

**Convenience Translation of the Independent Auditor's Report originally issued in Turkish.**

**Corporate Tax**

The Company is subject to the Turkish corporate taxes, the Company has no corporate tax liability based on the results for current period.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting exempt income and other non-taxable income (carried forward losses if available and investment incentives if preferred), the effective tax rate in 2020 is 22% (2019: 22%).

In Turkey, advance taxes are being calculated and accrued on quarterly (three-months) periods.

As of the advance tax period of 2015's corporate incomes, in the taxation process, 20% advance tax calculated on the profit of the Company. Losses can be carried forward up to maximum 5 years in order to offset against future taxable income. Yet, losses cannot be deducted retrospectively from the profits of previous years.

There is no procedure for a final and definitive agreement on tax assessments in Turkey. The companies prepare their tax returns between April 1-25 of the year following the closing period of the relevant year. These statements and the accounting records that are based on this can be examined and changed by the Tax Office within 5 years.

**Income Withholding Tax**

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are resident companies in Turkey and Turkish branches of foreign companies. Income tax withholding 24 April 2003 - 22 July 2006 is 10% among all companies. This rate since 22 July 2006, by the Council of Ministers No. 2006/10731 of 15% is applied. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

It is required to imply 19,8% tax withholding on the balance of investment allowance that are benefited by investment incentive certificates acquired before April 24, 2003. After this date, there is not any tax withholding made for investment expenditures that do not have incentive document.

**Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
(Amounts expressed in Thousands of Turkish Lira (TL) unless otherwise stated.)**

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**SECTION FIVE**

**1. Information on financial structure**

**a) Currency Risk**

Currency risk is a result of the foreign currency transactions. The Company manages its exposure to currency risk which is a result of the Company's operations and cash flows due to the financing agreement regularly aims to make the most efficient use of the debt and equity balance while trying to maintain the continuity of its operations.

The foreign currency details of monetary assets and liabilities of the Company is disclosed at Note 4 Part II-9.

**Foreign Currency Sensitivity**

The Company is mainly exposed to foreign currency risk 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..

	June 30, 2020			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL				
1 - USD net asset/liability	(205)	205	(205)	205
2- Secured portion from USD Risk (-)				
<b>3- USD Effect – net (1+2)</b>	<b>(205)</b>	<b>205</b>	<b>(205)</b>	<b>205</b>
Change of EUR by 10% against TL				
4 - EUR net asset/liability	435	(435)	435	(435)
5 - Secured portion from EUR risk (-)				
<b>6- EUR Effect – net (4+5)</b>	<b>435</b>	<b>(435)</b>	<b>435</b>	<b>(435)</b>
Change of other currency by 10% against TL				
7- Other currency net asset/liability	493	(493)	493	(493)
8- Secured portion from Other FC risk (-)				
<b>9- Other FC Effect – net (7+8)</b>	<b>493</b>	<b>(493)</b>	<b>493</b>	<b>(493)</b>
<b>TOTAL (3 + 6 +9)</b>	<b>723</b>	<b>(723)</b>	<b>723</b>	<b>(723)</b>

Statement of Cash Flow statements for the six-month period then ended June 30, 2020  
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1. Information on financial structure (continued)

	December 31, 2019			
	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change of USD by 10% against TL				
1 - USD net asset/liability	(503)	503	(503)	503
2- Secured portion from USD Risk (-)				
<b>3- USD Effect – net (1 +2)</b>	<b>(503)</b>	<b>503</b>	<b>(503)</b>	<b>503</b>
Change of EUR by 10% against TL				
4 - EUR net asset/liability	144	(144)	144	(144)
5 - Secured portion from EUR risk (-)				
<b>6 EUR Effect – net (4+5)</b>	<b>144</b>	<b>(144)</b>	<b>144</b>	<b>(144)</b>
Change of other currency by 10% against TL				
7- Other currency net asset/liability	834	(834)	834	(834)
8- Secured portion from Other FC risk (-)				
<b>9- Other FC Effect – net (7+8)</b>	<b>834</b>	<b>(834)</b>	<b>834</b>	<b>(834)</b>
<b>TOTAL (3 + 6 +9)</b>	<b>475</b>	<b>(475)</b>	<b>475</b>	<b>(475)</b>

7. Subsequent events

None.