

**CONVENIENCE TRANSLATION INTO
ENGLISH OF FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

**QNB FAKTORİNG A.Ş.
(FORMERLY KNOWN AS "QNB FİNANS FAKTORİNG A.Ş.")**

**FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024**



**CONVENIENCE TRANSLATION INTO ENGLISH
OF INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

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

To the General Assembly of QNB Faktoring A.Ş.

A. Audit of Financial Statements

1. Opinion

We have audited the accompanying financial statements of QNB Faktoring A.Ş. (formerly known as “QNB Finans Faktoring A.Ş.”) (“the Company”), which comprise the statement of financial position as of 31 December 2024 and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements and a summary of significant accounting policies and financial statement notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with “Banking Regulation and Supervision Agency (“BRSA”) Accounting and Financial Reporting Legislation” which includes “Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies” published in the Official Gazette numbered 28861 dated 24 December 2013 and “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies”, communiqués, and circulars and, announcements made by BRSA and requirements of Turkish Financial Reporting Standards for the matters not regulated by the aforementioned legislations.

2. Basis for Opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the “SIA”) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the “POA”). Our responsibilities under these standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (Including Independence Standards) (the “Ethical Rules”) and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How our audit addressed the key audit matter
<p>Impairment of factoring receivables</p> <p>The Company’s total factoring receivables are amounting to TRY 26,848,873 thousand including the doubtful factoring receivables in the statement of financial position as of 31 December 2024. Explanations and notes related to the provision for impairment of factoring receivables are provided in accordance with the requirements of “BRSA Accounting and Reporting Legislation” are presented in Notes 2.1.6, 2.4 and 4 to the accompanying financial statements as of 31 December 2024.</p> <p>We focused on this area during our audit; considering the size of factoring receivables and the provision for impairment of factoring receivables, and the importance of the classification of the factoring receivables in accordance with the related legislation and appropriately determination of the provision for impairment factoring receivables considering their classifications. Timely and correctly identification of loss event and level of judgements and estimations made by the management have significant impacts on the amount of impairment provisions for factoring receivables. Therefore, this area is considered as key audit matter.</p>	<p>Within our audit procedures, we assessed and tested the design and operating effectiveness of the relevant important controls applied by the Company with respect to identification of loss event and calculation of impairment provision in line with the framework of the relevant legislation.</p> <p>Within our audit procedures, we tested a select sample of factoring receivables with the objective of identifying whether the loss event occurred and whether the provision for impairment was recognized in a timely manner and within the framework of the provisions of the relevant legislation. Furthermore, we tested the appropriateness of provision calculations provided for impaired factoring receivables in accordance with the BRSA Accounting and Reporting Legislation.</p> <p>We have reviewed the appropriateness and sufficiency of disclosures made in the financial statements of the Company with respect to factoring receivables and related impairment provision.</p>



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

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

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

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

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

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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



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

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

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

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



B. Other Responsibilities Arising From Regulatory Requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2024 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

Additional Paragraph for Convenience Translation:

BRSA Accounting and Financial Reporting Legislation explained in detail in Section Three differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board including the application of IAS 29- Financial Reporting in Hyperinflationary Economies as of 31 December 2024. Accordingly, the accompanying financial statements are not intended to present fairly the financial position, results of operations, changes in equity and cash flows of the Company in accordance with IFRS.

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

Talar Gül, SMMM
Independent Auditor

Istanbul, 29 January 2025

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS
“QNB FİNANS FAKTORİNG A.Ş.”)**

CONTENT	PAGE
STATEMENT OF FINANCIAL POSITION	1-2
OFF-BALANCE SHEET ITEMS.....	3
STATEMENTS OF PROFIT OR LOSS.....	4
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
STATEMENT OF CHANGES IN EQUITY	6
STATEMENT OF CASH FLOWS.....	7
STATEMENT OF PROFIT DISTRIBUTION.....	8
EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS	9-50
NOTE 1 THE ORGANIZATION AND NATURE OF OPERATIONS.....	9
NOTE 2 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS	9-25
NOTE 3 CASH AND CASH EQUIVALENTS	25
NOTE 4 FACTORING RECEIVABLES AND NON PERFORMING RECEIVABLES	26-28
NOTE 5 PROPERTY AND EQUIPMENT	29-30
NOTE 6 INTANGIBLE ASSETS	30-31
NOTE 7 OTHER ASSETS	31
NOTE 8 ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS.	31
NOTE 9 BORROWINGS	32
NOTE 10 FACTORING PAYABLES	33
NOTE 11 DEBT SECURITIES ISSUED	33-35
NOTE 12 PROVISIONS	35
NOTE 13 OTHER LIABLILITES	36
NOTE 14 EQUITY	36-37
NOTE 15 OPERATING INCOME.....	37
NOTE 16 FINANCING EXPENSES	38
NOTE 17 OPERATING EXPENSES.....	38
NOTE 18 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR	39
NOTE 19 OTHER OPERATING INCOME/EXPENSE	39
NOTE 20 TAX ASSETS AND LIABILITIES	39-42
NOTE 21 RELATED PARTY DISCLOSURES	43-44
NOTE 22 COMMITMENTS AND CONTINGENCIES	44-45
NOTE 23 FINANCIAL RISK MANAGEMENT.....	45-50
NOTE 24 EARNINGS PER SHARE	50
NOTE 25 SUBSEQUENT EVENTS.....	50

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

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

	ASSETS	Note	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	CASH, CASH EQUIVALENTS AND BALANCES AT CENTRAL BANK	3	455.373	86.496	541.869	252.976	331.412	584.388
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)		-	-	-	-	-	-
III.	DERIVATIVE FINANCIAL ASSETS		-	-	-	-	-	-
IV.	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)		-	-	-	-	-	-
V.	FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		22.677.742	4.171.131	26.848.873	14.480.742	854.031	15.334.773
4.1	Factoring Receivables	4	22.677.742	4.171.131	26.848.873	14.480.742	854.031	15.334.773
4.1.1	Discounted Factoring Receivables (Net)		6.421.997	1.236.335	7.658.332	4.874.483	211.238	5.085.721
4.1.2	Other Factoring Receivables		16.255.745	2.934.796	19.190.541	9.606.259	642.793	10.249.052
4.2	Financial Saving Receivables		-	-	-	-	-	-
4.2.1	From Savings Fund Pool		-	-	-	-	-	-
4.2.2	Equity		-	-	-	-	-	-
4.3	Financial Loans		-	-	-	-	-	-
4.3.1	Consumer Loans		-	-	-	-	-	-
4.3.2	Credit Cards		-	-	-	-	-	-
4.3.3	Commercial Installment Loans		-	-	-	-	-	-
4.4	Leasing Transactions (Net)		-	-	-	-	-	-
4.4.1	Financial Lease Receivables		-	-	-	-	-	-
4.4.2	Operational Lease Receivables		-	-	-	-	-	-
4.4.3	Unearned Income (-)		-	-	-	-	-	-
4.5	Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
4.6	Non Performing Receivables	4	269.428	-	269.428	160.573	-	160.573
4.7	Allowance For Expected Credit Losses / Specific Provisions (-)	4	(269.428)	-	(269.428)	(160.573)	-	(160.573)
V.	INVESTMENTS IN ASSOCIATES, SUBSIDIARIES AND JOINT VENTURES		2	-	2	2	-	2
5.1	Investments in Associates (Net)		2	-	2	2	-	2
5.2	Investments in Subsidiaries (Net)		-	-	-	-	-	-
5.3	Jointly Controlled Partnerships (Joint Ventures) (Net)		-	-	-	-	-	-
VI.	TANGIBLE ASSETS (Net)	5	33.078	-	33.078	23.073	-	23.073
VII.	INTANGIBLE ASSETS (Net)	6	4.821	-	4.821	5.244	-	5.244
VIII.	INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
IX.	CURRENT TAX ASSETS		-	-	-	-	-	-
XI.	DEFERRED TAX ASSET	20	21.548	-	21.548	20.574	-	20.574
XI.	OTHER ASSETS	7	91.977	3.135	95.112	61.735	1.305	63.040
	SUBTOTAL		23.284.541	4.260.762	27.545.303	14.844.346	1.186.748	16.031.094
XII.	ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	8	-	-	-	26.733	-	26.733
12.1	Held for Sale		-	-	-	26.733	-	26.733
12.2	Non-Current Assets From Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		23.284.541	4.260.762	27.545.303	14.871.079	1.186.748	16.057.827

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2024

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

	LIABILITIES	Note	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	BORROWINGS	9	15.703.712	4.283.644	19.987.356	10.631.471	1.171.537	11.803.008
II.	FACTORING PAYABLES	10	6.436	2.549	8.985	11.787	4	11.791
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES (Net)		15.136	-	15.136	8.204	-	8.204
V.	SECURITIES ISSUED (Net)	11	3.378.077	-	3.378.077	2.528.497	-	2.528.497
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES		-	-	-	-	-	-
VIII.	PROVISIONS	12	74.325	-	74.325	62.356	-	62.356
8.1	Provision for Restructuring		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		74.325	-	74.325	61.987	-	61.987
8.3	General Loan Loss Provisions		-	-	-	-	-	-
8.4	Other provisions		-	-	-	369	-	369
IX.	CURRENT TAX LIABILITIES	20	137.030	-	137.030	73.621	-	73.621
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED DEBT		-	-	-	-	-	-
XII.	OTHER LIABILITIES	13	70.902	1.607	72.509	40.452	7.064	47.516
	SUBTOTAL		19.385.618	4.287.800	23.673.418	13.356.388	1.178.605	14.534.993
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	14	3.871.885	-	3.871.885	1.522.834	-	1.522.834
14.1	Issued capital		1.065.000	-	1.065.000	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		(3.664)	-	(3.664)	(6.830)	-	(6.830)
14.4	Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss		-	-	-	-	-	-
14.5	Profit Reserves		1.464.664	-	1.464.664	525.264	-	525.264
14.5.1	Legal Reserves		26.905	-	26.905	26.905	-	26.905
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		1.437.759	-	1.437.759	498.359	-	498.359
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		1.345.885	-	1.345.885	939.400	-	939.400
14.6.1	Prior Years' Profit or Loss		-	-	-	-	-	-
14.6.2	Current Period Net Profit Or Loss		1.345.885	-	1.345.885	939.400	-	939.400
	TOTAL EQUITY AND LIABILITIES		23.257.503	4.287.800	27.545.303	14.879.222	1.178.605	16.057.827

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

STATEMENTS OFF-BALANCE SHEET ITEMS AT 31 DECEMBER 2024

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

	OFF-BALANCE SHEET ITEMS	Note	Audited Current Period 31 December 2024			Audited Prior Period 31 December 2023		
			TRY	FC	TOTAL	TRY	FC	TOTAL
I.	RECOURSE FACTORING TRANSACTIONS		390.828	343.062	733.890	233.496	158.671	392.167
II.	NON-RECOURSE FACTORING TRANSACTIONS		1.592.047	875.017	2.467.064	1.089.049	344.782	1.433.831
III.	FINANCIAL SAVING AGREEMENT TRANSACTIONS		-	-	-	-	-	-
IV.	GUARANTEES RECEIVED	22	255.426.654	12.924.779	268.351.433	147.961.519	9.498.591	157.460.110
V.	GUARANTEES GIVEN	22	6.742.719	-	6.742.719	3.922.540	-	3.922.540
VI.	COMMITMENTS		-	-	-	-	-	-
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		-	-	-	-	-	-
6.2.1	Lease Commitments		-	-	-	-	-	-
6.2.1.1	Financial Lease Commitments		-	-	-	-	-	-
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
7.1	Hedging Derivative Financial Instruments		-	-	-	-	-	-
7.1.1	Transactions for Fair Value Hedge		-	-	-	-	-	-
7.1.2	Transactions for Cash Flow Hedge		-	-	-	-	-	-
7.1.3	Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
7.2	Trading Transactions		-	-	-	-	-	-
7.2.1	Forward Buy/Sell Transactions		-	-	-	-	-	-
7.2.2	Swap Buy/Sell Transactions		-	-	-	-	-	-
7.2.3	Options Buy/Sell Transactions		-	-	-	-	-	-
7.2.4	Futures Buy/Sell Transactions		-	-	-	-	-	-
7.2.5	Other		-	-	-	-	-	-
VIII.	ITEMS HELD IN CUSTODY	22	9.542.164	878.335	10.420.499	5.632.815	294.640	5.927.455
	TOTAL OFF-BALANCE SHEET ITEMS		273.694.412	15.021.193	288.715.605	158.839.419	10.296.684	169.136.103

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

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QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

STATEMENT OF PROFIT OR LOSS FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024

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

		Note	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
	INCOME AND EXPENSE ITEMS			
I.	OPERATING INCOME	15	7.763.515	4.229.234
	FACTORING INCOME		7.763.515	4.229.234
1.1	Interest Income on Factoring Receivables		7.432.109	3.235.982
1.1.1	Discounted		3.313.363	1.586.712
1.1.2	Other		4.118.746	1.649.270
1.2	Fees and Commissions Received from Factoring Receivables		331.406	993.252
1.2.1	Discounted		251.867	675.763
1.2.2	Other		79.539	317.489
	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 (-)	16	(5.589.542)	(2.669.452)
2.1	Dividends Given to the Saving Fund Pool		-	-
2.2	Interest Expense from Funds Borrowed		(4.991.173)	(2.189.472)
2.3	Interest Expense from Factoring Payables		-	-
2.4	Interest Expense of Finance Lease Expenses		(2.652)	(873)
2.5	Interest Expense from Securities Issued		(446.268)	(220.260)
2.6	Other Interest Expenses		-	-
2.7	Fees and Commissions		(149.449)	(258.847)
III.	GROSS PROFIT/LOSS (I+II)		2.173.973	1.559.782
IV.	OPERATING EXPENSES (-)	17	(394.719)	(213.125)
4.1	Personnel Expenses		(282.417)	(161.236)
4.2	Employee Severance Indemnity Expense		(5.145)	(2.437)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(104.126)	(48.182)
4.5	Other		(3.031)	(1.270)
V.	GROSS OPERATING PROFIT/LOSS (III+ IV)		1.779.254	1.346.657
VI.	OTHER OPERATING INCOME	19	391.712	406.731
6.1	Interest Income from Bank Deposits		236.590	61.478
6.2	Interest Income from Securities Portfolio		-	-
6.3	Dividend Income		-	-
6.4	Capital Market Transactions Profit		-	-
6.5	Interest From Derivative Financial Transactions		-	-
6.6	Foreign Exchange Gains		37.503	311.509
6.7	Other		117.619	33.744
VII.	PROVISIONS		(210.096)	(108.026)
7.1	Specific Provisions	4	(210.096)	(108.026)
7.2	Expected Credit Loss		-	-
7.3	General Provisions		-	-
7.4	Other		-	-
VIII.	OTHER OPERATING EXPENSES (-)	19	(36.937)	(308.023)
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		-	-
8.5	Foreign Exchange Loss		(36.937)	(308.023)
8.6	Other		-	-
IX.	NET OPERATING PROFIT/LOSS (V+.....+VIII)		1.923.933	1.337.339
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)		1.923.933	1.337.339
XIV.	TAXATION ON INCOME FROM CONTINUING OPERATIONS (±)		(578.048)	(397.939)
14.1	Current Tax Provision		(580.379)	(412.028)
14.2	Deferred Tax Expense Effect (-)		(8.374)	(4.544)
14.3	Deferred Tax Income Effect (+)		10.705	18.633
XV.	NET PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII+XIV)		1.345.885	939.400
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 (XVIII±XIX)		-	-
XXI.	NET PROFIT/LOSSES (XIV+XIX)		1.345.885	939.400
	Earnings Per Share		1,4164	14,4523

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH**

**QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS
“QNB FİNANS FAKTORİNG A.Ş.”)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024**

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

	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
I. CURRENT PROFIT/LOSS	1.345.885	939.400
II. OTHER COMPREHENSIVE INCOME	3.166	(490)
2.1 Items not to be reclassified under profit and loss	3.166	(490)
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	4.523	(1.305)
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	(1.357)	815
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)	1.349.051	938.910

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024

(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			Profit Reserves	Prior Period Net Income / (Loss)	Net Profit / Loss	Total Equity	
	Paid in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	1	2	3	4	5	6					
Prior Period (1 January - 31 December 2023) (Audited)															
I. Period Opening Balance (1 January 2023)	65.000	-	-	-	-	(6.340)	-	-	-	-	210.527	-	314.737	583.924	
II. Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New Balance (I+II)	65.000	-	-	-	-	(6.340)	-	-	-	-	210.527	-	314.737	583.924	
IV. Total Comprehensive Income	-	-	-	-	-	(490)	-	-	-	-	-	-	939.400	938.910	
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	-	-	-	-	-	-	-	-	-	-	314.737	-	(314.737)	-	
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	314.737	-	(314.737)	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period End Balance (31 December 2023)	65.000	-	-	-	-	(6.830)	-	-	-	-	525.264	-	939.400	1.522.834	
Current Period (1 January - 31 December 2024) (Audited)															
I. Period Opening Balance (1 January 2024)	65.000	-	-	-	-	(6.830)	-	-	-	-	525.264	-	939.400	1.522.834	
II. Changes in Accounting Policies according to TAS 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1 Effects of Correction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2 Effects of the Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III. New Balance (I+II)	65.000	-	-	-	-	(6.830)	-	-	-	-	525.264	-	939.400	1.522.834	
IV. Total Comprehensive Income	-	-	-	-	-	3.166	-	-	-	-	-	-	1.345.885	1.349.051	
V. Increase in Paid-in Capital	1.000.000	-	-	-	-	-	-	-	-	-	-	-	-	1.000.000	
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	-	-	-	-	-	-	-	-	-	-	939.400	-	(939.400)	-	
11.1 Dividend Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2 Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	939.400	-	(939.400)	-	
11.3 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Period End Balance (31 December 2024)	1.065.000	-	-	-	-	(3.664)	-	-	-	-	1.464.664	-	1.345.885	3.871.885	

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**

**QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS
“QNB FİNANS FAKTORİNG A.Ş.”)**

**STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024**

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

	Note	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit before Changes in Operating Assets and Liabilities		1.284.944	979.180
1.1.1 Interest Received/Dividends Received /Leasing income		7.266.174	2.972.537
1.1.2 Interest Paid / Dividends Paid/Leasing expense		(5.386.354)	(2.074.548)
1.1.3 Dividend Received		-	-
1.1.4 Fees and Commissions Received		331.407	993.252
1.1.5 Other Income		16.944	8.126
1.1.6 Collections from Previously Written-off Doubtful Receivables	4, 19	101.241	29.104
1.1.7 Payments to Personnel and Service Suppliers		(282.417)	(161.821)
1.1.8 Taxes Paid		(516.708)	(365.061)
1.1.9 Other		(245.343)	(422.409)
1.2 Changes in Operating Assets and Liabilities		(3.150.567)	(1.923.650)
1.2.1 Net (Increase)/Decrease in Factoring Receivables		(11.321.810)	(5.498.016)
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		4.711	(35.161)
1.2.5 Net (Increase)/Decrease in Savings Finance Receivables		-	-
1.2.6 Net Increase/(Decrease) in Factoring Payables		(2.806)	(6.110)
1.2.7 Net Increase/(Decrease) in the Savings Fund Pool		-	-
1.2.8 Net Increase/(Decrease) in Lease Payables		6.932	1.794
1.2.9 Net Increase/(Decrease) in Funds Borrowed		8.133.261	3.542.822
1.2.10 Net Increase/(Decrease) in Due Payables		-	-
1.2.11 Net Increase/(Decrease) in Other Liabilities		29.145	71.021
I. Net Cash Used in Operating Activities		(1.865.623)	(944.470)
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		(9.695)	(5.930)
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		(9.695)	(5.930)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash Obtained from Funds Borrowed and Securities Issued		849.580	2.981.585
3.2 Cash Used for Repayment of Funds Borrowed and Securities Issued		-	(1.585.740)
3.3 Issued Capital Instruments		-	-
3.4 Dividends Paid		-	-
3.5 Payments for Finance Leases		(17.317)	-
3.6 Other		1.000.000	-
III. Net Cash Provided from Financing Activities		1.832.263	1.395.845
IV. Effect of change in foreign exchange rate on cash and cash equivalents		397	3.647
V. Net Increase in Cash and Cash Equivalents		(42.658)	449.092
VI. Cash and Cash Equivalents at Beginning of the Period		584.388	135.296
VII. Cash and Cash Equivalents at End of the Period		541.730	584.388

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

STATEMENT OF PROFIT DISTRIBUTION FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2024

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

	31 December 2024	31 December 2023
I. DISTRIBUTION OF CURRENT PERIOD PROFIT		
1.1 CURRENT PERIOD PROFIT	1.923.933	1.337.339
1.2 TAXES AND DUTIES PAYABLE (-)	(578.048)	(397.939)
1.2.1 Corporate Tax (Income Tax)	(580.379)	(412.028)
1.2.2 Withholding Tax	-	-
1.2.3 Other taxes and duties (**)	2.331	14.089
A. NET PERIOD PROFIT (1.1-1.2)	1.345.885	939.400
1.3 PRIORS YEAR LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	-
1.5 LEGAL FUNDS THAT MUST BE LEFT IN THE ORGANIZATION AND MANDATORY SAVINGS (-)	-	-
B. DISTRIBUTABLE NET PERIOD PROFIT [(A)-(1.3+1.4+1.5)]	1.345.885	939.400
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To Owners of Ordinary Shares	-	-
1.6.2 To Owners of Preferred Stocks	-	-
1.6.3 Participation in Redeemed Shares	-	-
1.6.4 To Profit Sharing Bonds	-	-
1.6.5 To Owners of the profit /loss Sharing Certificates	-	-
1.7 DIVIDEND TO PERSONNEL (-)	-	-
1.8 DIVIDEND TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To Owners of Ordinary Shares	-	-
1.9.2 To Owners of Preferred Stocks	-	-
1.9.3 Participation in Redeemed Shares	-	-
1.9.4 To Profit Sharing Bonds	-	-
1.9.5 To Owners of the profit /loss Sharing Certificates	-	-
1.10 SECOND LEGAL RESERVE (-)	-	-
1.11 STATUS RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	(939.400)
1.13 OTHER RESERVES	-	-
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION FROM RESERVES	-	-
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 SHARE TO SHAREHOLDERS (-)	-	-
2.3.1 To Owners of Ordinary Shares	-	-
2.3.2 To Owners of Preferred Stocks	-	-
2.3.3 Participation in Redeemed Shares	-	-
2.3.4 To Profit Sharing Bonds	-	-
2.3.5 To Owners of the profit /loss Sharing Certificates	-	-
2.4 SHARE TO PERSONNEL (-)	-	-
2.5 SHARE TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF STOCKS	1,42	14,45
3.2 TO OWNERS OF STOCKS (%)	141,64%	1445%
3.3 TO OWNERS OF PREFERRED STOCKS	-	-
3.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-
IV. DIVIDEND PER SHARE	-	-
4.1 TO OWNERS OF STOCKS	-	-
4.2 TO OWNERS OF STOCKS (%)	-	-
4.3 TO OWNERS OF PREFERRED STOCKS	-	-
4.4 TO OWNERS OF PREFERRED STOCKS (%)	-	-

(*) The responsible body of the Company regarding the distribution of profit for the current period is the General Assembly. As of the preparation date of these financial statements, the Company's annual Ordinary General Assembly meeting has not been held yet.

(**) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be considered as cash or internal resources and therefore the part of the period profit arising from the said assets should not be subject to profit distribution and capital increase.

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

1 - THE ORGANIZATION AND NATURE OF OPERATIONS

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

The Company has 160 employees as of 31 December 2024 (31 December 2023: 147).

The Company has 20 branches in total, namely Adana, Ankara, Antakya, Antalya, Anadolu Ticari, Avrasya Ticari, Bursa, Denizli, Diyarbakır, Eskişehir, Gebze, Halkalı, İzmir, Kayseri, Konya, Mersin, Ostim, Samsun, Gaziantep, Trabzon (31 December 2023: 17).

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

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

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

The company's commercial title was changed to QNB Faktoring A.Ş. at the Extraordinary General Assembly Meeting dated September 25, 2024.

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

Approval of Financial Statements

Financial statements prepared as of 31 December 2024 were approved by the Board of Directors on 29 January 2025. The General Assembly has the authority to amend the financial statements.

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

2.1.1 Basis of Presentation of Financial Statements

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

The financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value.

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.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Additional paragraph for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2024. Accordingly, the accompanying financial statements are not intended to present fairly the financial position and results of operations of the Company in accordance with IFRS.

2.1.2 Reporting Currency

Financial statements of the Company have been presented using the currency (functional currency) of the economic environment in which the Company operates. The financial position and the results of operations of the Company have been presented in Turkish Lira (“TRY”) which is also the functional currency of the Company.

Financial statements are prepared on the historical cost basis as per thousand Turkish Lira (“TRY”) basis except for financial assets and liabilities recognized at fair value.

2.1.3 Adjustment of financial statements during periods of hyperinflation

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

On November 20, 2023, the Public Oversight Authority made a statement regarding whether the Financial Reporting in High Inflation Economies Standard (“TAS 29”) should be implemented within the scope of Turkish Financial Reporting Standards and the Financial Reporting Standard for Large and Medium-Sized Enterprises. Accordingly, the financial statements of businesses applying TFRS for the annual reporting period ending on or after December 31, 2023 should be presented by adjusting for the effect of inflation in accordance with the relevant accounting principles in TAS 29; However, an announcement has been published stating that institutions or organizations authorized to regulate and supervise their own fields may determine different transition dates than those foreseen above for the implementation of the provisions in TAS 29 or FRS for LMSE. Following this announcement, BRSA, in accordance with its decision numbered 10744 dated 12 December 2023, decided that the financial statements of banks and financial leasing, factoring, financing, savings financing and asset management companies dated 31 December 2023 should not be subject to inflation adjustment required within the scope of TAS 29, and subsequently dated 11 January 2024. With its decision numbered 10825, it was decided that the above-mentioned institutions would switch to inflation accounting as of January 1, 2025. In its decision dated December 5, 2024, and numbered 11021, the Banking Regulation and Supervision Agency has decided that inflation accounting will not be applied by banks, as well as by financial leasing, factoring, financing, savings financing, and asset management companies in 2025. Within the framework of these decisions, inflation accounting was not applied according to TAS 29 while preparing the financial statements dated 31 December 2024.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.1.4 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 offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.1.5 Going concern

The Company prepared its financial statements considering the going concern principal.

2.1.6 Critical Accounting evaluations, estimates and assumptions

Preparation of the financial statements should be in accordance with BRSA’s Accounting and Financial Reporting Standards along with estimates and judgments regarding the reported amount of assets and liabilities or contingent assets and liabilities and reported amount of income and expenses of the related period. Such estimates and judgments are based on the Company’s best estimates regarding current events and transactions, however, the actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised and in any future years affected.

Significant interpretations, estimations and assumptions that may have an effect on the financial statements and effects on any possible change on carrying values of subsequent periods’ assets and liabilities are as follows:

Allowance for impairment losses on factoring receivables

Within the scope of the "Regulation on the Amendment of the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 2 May 2018 and numbered 30409, companies have been granted the right to allocate anticipated loan loss provision within the scope of TFRS 9, provided that they notify the BRSA. and the effective date of the regulation has been arranged as 30 September 2018. In this context, the company has not preferred to apply the expected credit loss provision calculation model within the scope of TFRS 9 defined in Article 6/A of the relevant regulation for its receivables from factoring transactions; as in previous periods. For factoring receivables as of 31 December 2022; Special and general provision has been allocated in accordance with Article 6 of the "Regulation on Accounting Practices and Financial Tables of Financial Leasing, Factoring and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 by the BRSA.

Recognition of deferred tax assets

Deferred tax assets can be recorded as much as the said tax benefit is probable. Amount of taxable profits and possible tax benefits in the future is based on medium term business plan and expectations prepared by the Company. The business plan is based on rational expectations of the Company under current circumstances.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

2.2 Principles of Presentation

2.2.1 Comparatives knowledge and restatement of prior period financial statements

The financial statements of the Company are prepared in comparison with the previous period in order to allow the determination of financial status and performance trends. As of 31 December 2024 the company has prepared the changes in the financial position table, off-balance sheet, profit or loss statement, cash flow statement and equity statement in comparison with its financial statements dated 31 December 2023.

In this context, in accordance with the compliance with the current period financial statements and within the framework of the TFRS 1 standard, the accumulated profit of 939,400 TL from the previous years, which was classified under "Accumulated Profit or Loss" under equity as of December 31, 2023, was classified in "Extraordinary Reserves" under Profit Reserves. Apart from the relevant change, there is no other classification regarding the preparation of financial statements

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 Principles of Presentation

2.2.1 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.

2.3 Amendments in standards and interpretations

2.3.1 New and revised standards and comments

a. Standards, amendments, and interpretations applicable as of 31 December 2024:

- **Amendment to IAS 1 - Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to IFRS 16 - Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

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

However, in the Board Decision published in the Official Gazette on December 29, 2023, the Public Oversight Authority (KGK) announced that certain businesses would be subject to mandatory sustainability reporting starting from January 1, 2024. The "Board Decision on the Scope of Application of Turkey Sustainability Reporting Standards (TSRS)" dated January 5, 2024, specifies the businesses that will be subject to sustainability reporting, detailing the criteria for inclusion under sustainability reporting practices.

- b. New standards, amendments and interpretations that will be valid as of January 1, 2024 are not expected to have a significant impact on the Company's financial statements.*

The IFRS codification remains unchanged for standards issued by the International Accounting Standards Board that have not yet been incorporated into the regulations by the Public Oversight Authority.

- IFRS 17, ‘Insurance Contracts’; is effective for annual reporting periods beginning on or after January 1, 2023. This standard replaces IFRS 4, which currently allows a wide range of applications. IFRS 17 will fundamentally change the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation features.

However, in its letter dated 6 April 2023 sent to the Insurance, Reinsurance and Pension Companies Association of Turkey by the Public Oversight Authority (KGK), it was stated that it was concluded that it would be appropriate to apply TFRS 17 to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies and other companies with partnerships/investments in these companies, as of 1 January 2024.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

On the other hand, due to the change of the effective date of TFRS 17 from “January 1, 2024” to “January 1, 2025” in accordance with the subparagraph (a) of the first paragraph of Article 13 of the “Regulation on Amendments to the Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies” issued by the Insurance and Private Pension Regulation and Supervision Agency (SEDDK), in its letter dated February 15, 2024 sent to the Banks Association of Turkey, it was stated that the application date of TFRS 17 in the consolidated and individual financial statements of insurance, reinsurance companies and pension companies, banks with partnerships/investments in these companies and other companies with partnerships/investments in these companies has been postponed to January 1, 2025.

However, due to the change of the effective date of TFRS 17 from “January 1, 2025” to “January 1, 2026” in accordance with the subparagraph (a) of the first paragraph of Article 13 of the “Regulation on Amendments to the Regulation on Financial Reporting of Insurance, Reinsurance Companies and Pension Companies” issued by SEDDK, in the letter sent by KGK to the Banks Association of Turkey dated January 14, 2025, it was stated that the application date of TFRS 17 in the consolidated and individual financial statements of insurance, reinsurance companies and pension companies, banks with partnerships/investments in these companies and other companies with partnerships/investments in these companies was postponed to January 1, 2026.

- Amendments to IAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- Amendment to IFRS 9 and IFRS 7 -Classification and Measurement of Financial Instruments; effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available) These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

- Annual Improvements to IFRSs - Amendment 11; Annual improvements are limited to amendments that clarify statements in an Accounting Standard or correct relatively minor unexpected results, oversights or inconsistencies between provisions in the Accounting Standards. The 2024 amendments have been made for the following standards:
 - First-time Application of IFRS 1 Turkish Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and the Guidance on the Application of IFRS 7 accompanying the Standard;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements and
 - IAS 7 Cash Flow Statement.
- IFRS 18 Presentation and Disclosure in Financial Statements; effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity’s financial statements (that is, management defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures; effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19’s reduced disclosure requirements balance the information needs of the users of eligible subsidiaries’ financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
 - it does not have public accountability; and
 - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

2.4 Summary of Significant Accounting Policies

Valuation principles and accounting policies followed in the preparation of these financial statements are summarized below.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, deposits at banks and highly liquid investments with maturity periods of less than three months and that are not subject to significant change in value (Note3).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Financial Instruments

Financial assets and liabilities if there is a legal party to these financial instruments of the Company is located in the Company’s balance sheet.

Financial assets

As a result of the purchase or sale of financial assets that are subject to a contract with the condition of delivery of the investment instruments in accordance with the period determined by the relevant market, the related assets are recorded or removed from the records. Financial assets are classified as “financial assets at fair value through profit or loss”, “financial assets whose amortized cost is measured”, “financial assets at fair value through profit or loss” and “loans”. These financial assets are included or excluded according to the third part of IFRS 9 Financial Instruments, related to the classification and measurement of financial instruments published in the Official Gazette dated 19 December 2017 and numbered 29953 by Public Oversight Accounting and Auditing Standards Authority (POA).

The Company includes financial assets only when the Company is a legal party to those financial instruments. In the initial recognition of a financial asset, the business model determined by the Company management and the contractual cash flows of the financial asset are considered.

a. Effective Interest Method

The effective interest method is the method of valuing the financial asset at amortized cost and allocating the related interest income to the related period. The effective interest rate is the rate that exactly discounts the estimated total cash to be collected over the expected life of the financial instrument or, if appropriate, a shorter period of time, to the net present value of the financial asset. Income related to financial assets other than financial assets at fair value through profit or loss and equity instruments classified as available for sale are calculated using the effective interest method.

Financial assets, other than those classified as financial assets at fair value through profit or loss and recorded at fair value, are accounted for at their fair market value and the total amount of expenses directly attributable to the purchase. As a result of the purchase or sale of financial assets subject to a contract with the condition of delivery of investment instruments in accordance with the period determined by the relevant market, the relevant assets are recorded or derecognised on the transaction date

Financial assets are classified as “financial assets at fair value through profit or loss”, “financial assets measured at amortized cost” and “financial assets at fair value through other comprehensive income”. Classification is made depending on the nature and purpose of financial assets and is determined during initial recognition

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

b. Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through the income statement; Financial assets that are held for trading and are not acquired for trading but are recognized in this category at initial recognition. A financial asset is classified in that category when it is acquired for the purpose of selling it in the short term or when it is believed that a more accurate accounting representation will be obtained at initial recognition. Financial assets that constitute derivative products that have not been determined as an effective hedging instrument against financial risk are also classified as financial assets at fair value through profit or loss. Gain or loss resulting from valuation of financial assets at fair value through profit or loss is recognized in profit or loss. Net gains or losses recognized in profit or loss also include interest and/or dividends from the financial asset.

The Company has no financial assets at fair value through profit or loss as of the end of the reporting period (31 December 2023: None).

c. Financial Assets Measured at Amortized Cost

Fixed maturity debt instruments with fixed or determinable payment schedules that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Financial assets measured at amortized cost are recorded by deducting the amount of impairment from their amortized cost using the effective interest method, and related income is calculated using the effective interest method.

The Company has no held-to-maturity investments as of the end of the reporting period (31 December 2023: None).

d. Financial assets at fair value through other comprehensive income r

Listed equity instruments and certain debt securities held by the Company and traded in an active market are classified as financial assets at fair value through other comprehensive income and are shown at fair value. If the Company has equity instruments that are not traded in an active market and are not listed on the stock exchange, but are classified as financial assets at fair value through other comprehensive income, and their fair values cannot be measured reliably, they are presented at cost. Gains and losses arising from changes in fair value, excluding impairment losses recorded in the income statement, interest calculated using the effective interest method, and foreign exchange gains/losses related to monetary assets, are recognized in other comprehensive income and are referred to as “Accumulated Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss”. They are displayed in the ” account. In case of disposal or impairment of the investment, the total profit/loss accumulated in the financial assets revaluation fund is classified in the income statement.

Dividends related to equity instruments to be measured at fair value through profit or loss are recognized in the profit or loss statement when the Company's right to receive dividends occurs.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

The fair value of monetary assets denominated in foreign currency at fair value through other comprehensive income is determined by converting their fair value in foreign currency into the reported currency using the conversion rate applicable at the reporting date. Changes in the fair value of the asset resulting from the conversion rate are accounted for in profit or loss, and other changes are accounted for under equity.

The Company has no financial assets at fair value through other comprehensive income as of the end of the reporting period. (31 December 2023: None).

Financial leasing transactions

“IFRS 16 Leases” Standard determines the principles regarding the recognition, measurement, presentation and disclosure of leases. The aim of the standard is to ensure that the tenants and lessors present these transactions in a truthful manner and provide the information appropriate to the need. This information constitutes the basis for the evaluation of the effect of leases on the financial position, financial performance and cash flows of the financial statement users.

(i) *The lessor position*

In financial leasing, the asset subject to lease is monitored in the financial statements as a receivable equal to the net lease investment. Financing income related to financial leasing is determined to bring a fixed periodic return to the net investment within the scope of financial leasing, and the portion of the interest income that is not accrued in the relevant period is followed in the unearned interest income account. Lease payments received are deducted from the gross lease investment amount, reducing the principal and unearned finance income.

(ii) *The lease position*

In accordance with the “IFRS 16 - Leases” standard, the Company calculates the “right of use” amount based on the present value of the lease payments of the fixed asset subject to lease at the beginning of the lease and includes it in “tangible fixed assets”. In the calculation of assets entitled to use, the unpaid lease payment amounts have been discounted with the alternative borrowing interest rate, taking into account the remaining term in the lease contract with the property owner, and the net present value has been determined.

The Company has accounted the total of the lease obligations to be paid until the end of the lease contract as “Liabilities from Leasing Transactions” in the balance sheet liabilities, instead of directly expending the leases subject to IFRS 16 Leases standard or taking them into prepaid expenses. Changes that will affect the lease obligation are re-measured and reflected in the balance sheet accounts.

Based on the lease contract term, interest and depreciation are calculated monthly over the net present value and accounted in the income statement.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Factoring and other receivables

Factoring receivables and payables are recognized net of any transaction costs through the initial costs. In subsequent periods of the initial recognition, the factoring receivables are shown through amortizing the difference between the initial cost and the present value of repayment amounts which is calculated by using effective interest method, in the income statement.

Provisions for impairment

Provision is made for factoring receivables and other receivables, which may be doubtful in the future, and is deducted from the current period profit by writing an expense. Provision for non-performing loans is the amount that the Company has allocated by evaluating its loan portfolio in terms of quality and risk, taking into account the economic conditions and other factors and the relevant legislation, in order to cover the possible future losses related to the current factoring receivables.

Within the scope of the “Regulation Amending the Regulation on the Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings and Financing Companies” published in the Official Gazette dated 2 May 2018 and numbered 30409, provided that the companies are notified to the BRSA, the expected credit loss provision within the scope of TFRS 9 and the effective date of the regulation has been arranged as 30 September 2018. In this context, the Company did not prefer to apply the expected credit loss provision calculation model within the scope of TFRS 9, defined in article 6/A of the relevant regulation, for its receivables from factoring transactions; As in the previous periods, for factoring receivables as of 31 December 2024; In accordance with Article 6 of the “Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Savings Financing Companies” published by the BRSA in the Official Gazette dated 24 December 2013 and numbered 28861, specific and general provisions have been set aside.

According to the provisions of the relevant Regulation, at least 20% of factoring receivables whose collection is delayed more than 90 days but not more than 180 days from the due date, after taking into account the collaterals, of factoring receivables whose collection is delayed for more than 180 days but not more than 1 year from the due date, after taking into account the collaterals. 100% of the factoring receivables, whose collection is overdue for more than 1 year from the due date, must be set aside at least 50%, after taking into account the collaterals. The Company allocates provisions in a way that fulfills at least the minimum provisions within the scope of this regulation.

Factoring receivables that are overdue less than 1 year are classified as Loans to be Liquidated under NPLs, and factoring receivables with overdue for more than 1 year are classified as Loss-Type Receivables. In accordance with its own risk policies, the Company may classify factoring receivables whose collection is not delayed for more than 1 year as receivables in the nature of loss.

However, the Company has not changed its policy of allocating provisions for its factoring receivables. In addition, the Company recognizes provisions canceled due to collections from non-performing receivables under other operating income.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Financial Liabilities and Securities Issued

Financial liabilities and securities issued are initially reflected in the financial statements at their fair values, including the costs incurred during acquisition, and then recorded at amortized cost using the effective interest method. The difference between the amount remaining after deducting the transaction costs and the discounted cost value is reflected in the income statement as the financing cost during the loan period.

Property and equipment

Property and equipments acquired before 1 January 2005 are measured at cost restated for the effects of inflation at 31 December 2004 less accumulated depreciation. Property and equipments acquired after 31 December 2004 are measured at cost less accumulated depreciation.

To change any part of property and equipment, expenses in the future economic benefits of the asset are capitalized enhancing qualities. All other costs are recognized in the income statement on an accrual basis.

Property and equipments are depreciated over the estimated useful lives by using the straight-line method.

Depreciation periods reflecting the average useful lives of property, plant and equipment are given below:

Definition	Year
Machine and equipment	3-10
Furniture and fixtures	5-10
Motor vehicles	5
Leasehold	5-10

Leasehold improvements are amortized over the periods of the respective leases on the straight-line basis.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Intangible Assets

Intangible assets consist of computer software expenses and they are amortized from inflation adjusted costs until 31 December 2004 in five years. Maintenance expenses for computer software are recognized in financial statements as expense. Furthermore, the expenses which will increase the useful life and benefit of the current computer programmes must be capitalized by means of adding to the cost of softwares.

Definition	Year
Computer software licenses	1-15

Impairment in assets

For assets that are subject to amortization, an impairment test is applied in cases where it is not possible to recover the book value. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. The recoverable amount is the higher of fair value less costs to sell or value in use. For assessment of impairment, assets are grouped at the lowest level with separately identifiable cash flows (cash generating units). Non-financial assets that are subject to impairment are reviewed for possible reversal of impairment at each reporting period.

Employee benefits

Severance provisions are accounted at present value of the contingent liabilities arising from the retirement of Company’s employees and calculated according to Turkish Labor Law. Severance provisions are calculated based on an accrual basis after completion of one year service by each employee and recognized in the financial statements. Obligations related to employee termination and vacation rights are accounted for in accordance with “Turkish Accounting Standard for Employee Rights” (“TAS 19”) and are classified under “reserve for employee benefits” account in the balance sheet.

Severance payment obligation recognized in the balance sheet is arise due to the possible obligation that may rise in the future due to retirement of employees and it is calculated at present value and recognized in the financial statements.

According to the TAS 19 that is revised by Public Oversight Accounting and Auditing Standards Authority (POA) with the Communiqué published in Official Gazette on 12 March 2013 numbered 28585, in the calculation of the employment termination benefit liabilities of the Company, the recognition method of the actuarial gains and losses derived from the changes in actuarial assumptions or the differences between actuarial assumptions and realizations in the income statement has been eliminated which is effective for the annual periods beginning on or after 1 January 2013. Beginning of 1 January 2013, the Company has recognized the actuarial gains and losses that occur in related reporting periods in the “Statement of Comprehensive Income” and present any accumulated profit/loss under Equity as “Benefit Plan Recalculation Gains/Losses” in the Statement of Financial Position.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Provisions, contingent asset and liabilities

In accordance with TAS 37, “Provisions, Contingent Assets and Liabilities”, a provision is recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specific criteria are not met, the Company discloses the related issues in the accompanying notes. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision. To determine the discount rate the interest rate in related markets and risks associated with the liability are considered. Contingent assets are disclosed in the notes and not recognized unless it is realized.

Derivative financial instruments

Company’s activities, expose the company to financial risks, risks that caused by changes in currency and interest rates. The Company uses derivatives (mainly currency swaps) to manage the financial risks associated with exchange rate fluctuations related to the future economic and credit conditions of the company.

Derivatives, calculated at fair value at the date of settlement. For the next reporting periods, derivatives are recalculated at fair value again. The company does not specify derivatives as a form of hedging and accordingly the change in the value of these derivatives in terms of the fair values has been correlated

Income and expense recognition

Factoring income

Factoring revenue consists of factoring interest and commission income collected or accrued on advances given to the customers. A certain percentage of the total amount of invoices subject to factoring transaction is composed of factoring commission income. Factoring interest and commission income is recognized on accrual basis.

Other income and expenses

Other income and expenses are recognized on an accrual basis.

Finance expenses

Other finance expenses are recognized on an accrual basis using effective interest method.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Taxes calculated on the basis of the company’s earnings

Income taxes, include the current (corporate) tax and deferred tax.

Corporate tax

Corporation tax liability which is arising from results of operations of the Company in the financial statements is calculated on Company’s operating results adjusted by the Tax Procedure Law not acceptable expenses and exceptions.

It is deducted when there is a legal right to set off current tax assets against current tax liabilities or if such assets and liabilities are associated with income tax collected by the same tax authority.

Deferred tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

According to TAS 12, “Income Taxes”; deferred tax assets and liabilities are recognized in the accompanying financial statements, using the balance sheet method, on all taxable temporary differences to the extent that they are expected to increase or decrease on the income tax payable in the period when they will reverse. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Valuation of assets on the statement of income as a result of these differences and deferred tax income or expense in the income statement on the relevant valuation of the asset is accounted for in equity as a result of differences; the related deferred tax effect is also recognized in equity.

The Company calculates the deferred tax asset on the deductible temporary differences, excluding general provisions and deferred tax liability, on all taxable temporary differences as long as it is possible to obtain financial profit that can be deducted in the future periods according to the tax legislation.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the deferred tax and liabilities are realized simultaneously.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Related parties

In accordance with TAS 24, “Related Party Disclosures” shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies or considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge.

For the purpose of the accompanying financial statements, shareholders of the Company the companies controlled by associated with them, key management and the Board members of the Company are referred to as ‘related parties.

Subsequent events

It refers to the events that occur in favor or against the company between the reporting period and the date of authorization for the publication of the balance sheet. IAS 10, "Turkey on the incident Accounting Standard after the Balance Sheet Date", in the case under the provisions of the balance sheet date, the question of new evidence, or the related events regarding that such events has occurred after the balance sheet date and require restating these events, financial statements, company financial statements in new situation corrects properly. If the events in question do not require correction of the financial statements, the Company explains the related issues in the related footnotes.

Statement of cash flows

The Company prepares cash flow statements to inform the users of the financial statements about the changes in its net assets, its financial structure and its ability to affect the amount and timing of its cash flows with respect to changing external conditions

In the statement of cash flows, cash flows of the period are reported with a classification based on operating, investing and financing activities. Cash flows from operating activities represent cash flows from activities within the scope of business. Cash flows relating to investment activities represent cash flows used and generated from investment activities (fixed investments and financial investments). Cash flows relating to financing activities represent the sources of financing and the repayments of these sources. Due to nature of the transaction short term borrowings are shown under cash flows from operating activities starting from 1 January 2014.

Segment reporting

An operating segment includes the performance of the Company's business activities, including revenues and expenses incurred from transactions with other operating segments, which are capable of generating revenue and expenditure. Furthermore, operating segment is subject to evaluation from the Board of Directors (which acts as the decision making instrument of the company) and should produce measurable performance results and distinguished financial information.

Since the Company operates in a single business and in a single area, Turkey, there is no segment reporting in the financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

2 - BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Continued)

Effects of foreign currency’s rates

Income and expenses deriving from transactions in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TRY at the exchange rates prevailing at the balance sheet date. Exchange gains or losses arising from conversion of foreign currency items have been included in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to TRY at the exchange rate the date that the fair value was determined.

The foreign exchange rates used by the Company as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
USD	35,2803	29,4382
EUR	36,7362	32,5739
GBP	44,2073	37,4417

Information on leasing activities

Leases by which the risks and rewards belongs to lessor are classified as operating leases. Payments made under operating leases are recognized as an expense in the income statement on a straight-line basis over the lease term.

Earnings per share

Earnings per share is calculated by dividing the profit or loss by the weighted average number of ordinary shares outstanding during the period.

3 - CASH AND CASH EQUIVALENTS

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Banks	455.373	86.496	252.976	331.412
- <i>Time deposit</i> (*)	129.914	-	-	-
- <i>Demand deposit</i> (**)	325.459	86.496	252.976	331.412
	455.373	86.496	252.976	331.412

(*) As of December 31, 2024, the Company has a time deposit of 129.914 TRY, of which 139 TRY consists of interest rediscount (December 31, 2023: None).

(**) There are blocked deposits at Takasbank amounting to 262.956 TRY in demand deposits. (31 December 2023: TRY 252.821).

Cash and cash equivalents shown in the cash flow statements as of 31 December 2024 and 2023 are shown below:

	31 December 2024	31 December 2023
Banks	541.869	584.388
Interest rediscount (-)	139	-
	541.730	584.388

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

4 - FACTORING RECEIVABLES AND NON-PERFORMING RECEIVABLES

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Domestic factoring receivables	23.244.580	3.443.518	14.839.224	464.377
Export factoring receivables	-	763.545	-	399.270
Unearned factoring income	(566.838)	(35.932)	(358.482)	(9.616)
	22.677.742	4.171.131	14.480.742	854.031

Unearned income represents cash collected income calculated over the maturities of factoring receivables.

Factoring transactions according to their types are as follows:

	31 December 2024	31 December 2023
Domestic revocable	8.553.600	5.831.438
Domestic irrevocable	17.531.728	9.104.065
Foreign revocable	408.718	192.093
Foreign irrevocable	354.827	207.177
	26.848.873	15.334.773

The total of the Company's checks and promissory notes against its factoring receivables is TRY 10.420.499 as of 31 December 2024 (31 December 2023: TRY 5.927.455). These checks and promissory notes are followed in off-balance sheet accounts.

	31 December 2024	31 December 2023
<i>Factoring receivables:</i>		
Fixed rate	23.663.664	13.812.215
Floating rate	3.185.209	1.522.558
	26.848.873	15.334.773

The average maturity distribution of factoring receivables is as follows:

	31 December 2024	31 December 2023
Until 30 days	11.102.190	8.844.836
30-60 days	4.952.257	2.982.734
60-90 days	4.080.215	1.588.480
90-180 days	6.423.817	1.735.736
180-365 days	290.394	182.987
	26.848.873	15.334.773

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

4 - FACTORING RECEIVABLES AND NON PERFORMING RECEIVABLES (Continued)

As of 31 December 2024 and 2023, the breakdown of total factoring receivables by industrial groups is as follows:

	31 December 2024	(%)	31 December 2023	(%)
Wholesale Trade and Brokerage	7.804.754	29	3.435.522	22
Oil Refinery Products	4.302.834	16	2.397.894	16
Construction	2.317.463	9	1.317.157	9
Motor vehicles	1.648.068	6	1.154.680	8
Food	1.642.019	6	881.392	6
Financial Institutions *	1.540.618	6	483.840	3
Textile	1.104.918	4	535.159	3
Chemical, Plastic and Pharmaceutical Industry	897.586	3	1.572.220	10
Tourism	879.573	3	214.523	1
Other Manufacturing Industry	767.567	3	409.745	3
Electrical and Electronics Industry	729.784	3	488.414	3
Metal Industry	601.435	2	380.775	2
Transportation	386.961	1	452.832	3
Mining	221.293	1	111.474	1
Other	2.004.000	8	1.499.146	10
Total	26.848.873	100	15.334.773	100

(*) It consists of refactoring operations.

Factoring receivables are analyzed as follows:

	31 December 2024	31 December 2023
Not overdue and not impaired	26.833.766	15.333.482
Past due but not impaired	15.107	1.291
Impaired loans	269.428	160.573
Total	27.118.301	15.495.346
Specific provision for impaired loans	(269.428)	(160.573)
Factoring receivables, net	26.848.873	15.334.773

The guarantees obtained by the Company regarding the factoring receivables are as follows, and in the event that the collateral amount exceeds the receivable amount, only the portion corresponding to the receivable amount is taken into account when calculating the collateral amounts:

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

4 - FACTORING RECEIVABLES AND NON PERFORMING RECEIVABLES (Continued)

Guarantee Information:

	31 December 2024	31 December 2023
Notes	26.429.675	15.024.579
Mortgage	419.198	310.194
	26.848.873	15.334.773

As of 31 December 2024 and 2023, the distribution of the Company's non-performing factoring receivables and provisions is as follows:

	31 December 2024	31 December 2023
Non-performing factoring receivables	269.428	160.573
Specific provisions (-)	(269.428)	(160.573)
Non performing receivables, net	-	-

As of 31 December 2024 and 2023 the aging of the Company's non-performing factoring receivables is as follows:

	31 December 2024	31 December 2023
90 - 180 days	158.793	101.825
180 - 365 days	50.901	6.201
1 year and above	59.734	52.547
	269.428	160.573

Movements in specific provision are as follows:

	2024	2023
1 January, opening	(160.573)	(81.651)
Provision for the period	(210.096)	(108.026)
Collection during the period (Note 19)	101.241	29.104
31 December, closing	(269.428)	(160.573)

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

5 - PROPERTY AND EQUIPMENT

Movements of property and equipment during the period ended 31 December 2024 and 31 December 2023 are as follows:

	1 January 2024	Additions	Disposal	31 December 2024
Costs				
Machinery and equipment	6.244	203	(43)	6.404
Vehicles	17.001	8.661	(226)	25.436
Furniture and fixtures	71	151	-	222
Vehicles with the right of use (*)	2.416	14.342	(3.244)	13.514
Buildings with the right of use (*)	9.349	14.428	(9.351)	14.426
Leasehold improvements	676	437	-	1.113
	35.757	38.222	(12.864)	61.115

(*) Includes lease agreements made within the scope of IFRS 16.

	1 January 2024	Current year depreciation	Disposals	31 December 2024
Accumulated depreciation				
Machinery and equipment	(2.190)	(1.201)	43	(3.348)
Vehicles	(6.367)	(4.950)	226	(11.091)
Furniture and fixtures	(56)	(24)	-	(80)
Vehicles with the right of use (*)	(1.545)	(1.341)	2.240	(646)
Buildings with the right of use (*)	(2.343)	(13.356)	3.184	(12.515)
Leasehold improvements	(183)	(174)	-	(357)
	(12.684)	(21.046)	5.693	(28.037)
Net carrying value	23.073		33.078	

(*) Includes lease agreements made within the scope of IFRS 16.

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Machinery and equipment	2.209	4.043	(8)	6.244
Vehicles	15.324	1.677	-	17.001
Furniture and fixtures	55	16	-	71
Vehicles with the right of use (*)	2.416	-	-	2.416
Buildings with the right of use (*)	6.236	10.151	(7.038)	9.349
Leasehold improvements	487	195	(6)	676
	26.727	16.082	(7.052)	35.757

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

5 - PROPERTY AND EQUIPMENT (Continued)

	1 January 2023	Current year depreciation	Disposals	31 December 2023
Accumulated depreciation				
Machinery and equipment	(1.692)	(506)	8	(2.190)
Vehicles	(3.144)	(3.223)	-	(6.367)
Furniture and fixtures	(55)	(1)	-	(56)
Vehicles with the right of use (*)	(848)	(697)	-	(1.545)
Buildings with the right of use (*)	(1.596)	(6.787)	6.040	(2.343)
Leasehold improvements	(116)	(73)	6	(183)
	(7.451)	(11.287)	6.054	(12.684)
Net carrying value	19.276			23.073

(*) Includes lease agreements made within the scope of IFRS 16.

There are insurance agreements for machinery and equipment and vehicles, which are included in tangible fixed assets, amounting to the entire balance.

6 - INTANGIBLE ASSETS

Movements of intangible assets during the year ended 31 December 2024 and 31 December 2023 are as follows:

	1 January 2024	Additions	Disposals	31 December 2024
Cost				
Computer Software	12.506	243	-	12.749
	12.506	243	-	12.749
	1 January 2024	Current year depreciation	Disposals	31 December 2024
Accumulated amortisation				
Computer Software	(7.262)	(666)	-	(7.928)
	(7.262)	(666)	-	(7.928)
Net carrying value	5.244			4.821

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

6 - INTANGIBLE ASSETS (Continued)

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Computer Software	12.506	-	-	12.506
	12.506	-	-	12.506
		Current year depreciation	Disposals	31 December 2023
Accumulated amortisation				
Computer Software 1	(6.573)	(689)	-	(7.262)
	(6.573)	(689)	-	(7.262)
Net carrying value	5.933			5.244

7 - OTHER ASSETS

As of 31 December 2024 and 31 December 2023, the details of other assets are as follows:

	<u>31 December 2024</u>		<u>31 December 2023</u>	
	TRY	FC	TRY	FC
Other Receivables (*)	57.004	3.064	38.230	929
Prepaid expenses	33.069	16	22.660	376
Advances given	1.902	55	578	-
Other assets	2	-	267	-
	91.977	3.135	61.735	1.305

(*) As of 31 December 2024 and 2023, the other receivables balance consists of the BITT amounts of the interest income to be earned from factoring receivables.

8- ASSETS HELD FOR SALE AND ASSETS RELATED TO THE DISCONTINUED OPERATIONS

The Company does not have any real estate for sale as of December 31, 2024. (31 December 2023: TRY 26,733).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

9 - BORROWINGS

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Short term borrowings	15.703.712	4.283.644	10.631.471	1.171.537
Total borrowings	15.703.712	4.283.644	10.631.471	1.171.537

The company has no long-term borrowings, and as of 31 December 2024 and 2023, the details of short-term bank borrowings are as follows:

Currency	Interest Rate	Original Amount	31 December 2024
TRY	% 44.10-% 64.58	15.703.712	15.703.712
EUR	% 5.14-% 7.14	61.282	2.251.250
USD	% 6.04-% 7.25	55.546	1.959.673
GBP	7.60%	1.645	72.721
			19.987.356

Currency	Interest Rate	Original Amount	31 December 2023
TL	%41.00-%50.40	10.631.471	10.631.471
EUR	%6.22-%9.45	30.832	1.004.316
USD	%7.76-%9.98	5.680	167.218
GBP	%8.09	-	3
			11.803.008

The details of borrowings by interest type are as follows:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Fixed rate	12.273.263	3.424.438	10.143.986	1.034.737
Floating rate	3.430.449	859.206	487.485	136.800
	15.703.712	4.283.644	10.631.471	1.171.537

10 - FACTORING PAYABLES

	31 December 2024	31 December 2023
Payables from factoring transactions (*)	8.985	11.791
Total	8.985	11.791

(*) It consists of the collection and margin balances of invoices assigned to customers for whom financing and collection services are provided, and the corresponding payment instruments. Balances are refunded to customers after reconciliation.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

11 - DEBT SECURITIES ISSUED

	31 December 2024	31 December 2023
Securities issued	3.378.077	2.528.497
	3.378.077	2.528.497

The bonds issued by the Company to qualified investors as of 31 December 2024 and 2023 and their features are as follows:

ISIN CODE	31 December 2024				
	Issue date	Nominal amount	Redemption date	Interest rate	Coupon type
TRFFINF62562	26 December 2024	1.350.000	24 June 2025	48,00%	Once at maturity
TRFFINF62554	24 December 2024	181.900	24 June 2025	47,50%	Once at maturity
TRFFINF62547	17 December 2024	330.000	17 June 2025	47,50%	Once at maturity
TRFFINF62521	3 December 2024	250.000	3 June 2025	48,50%	Once at maturity
TRFFINF62513	25 November 2024	438.400	3 June 2025	48,50%	Once at maturity
TRFFINF52514	21 November 2024	223.500	27 May 2025	48,50%	Once at maturity
TRFFINF52522	26 November 2024	650.900	27 May 2025	48,50%	Once at maturity
TRFFINF32540	24 September 2024	156.800	25 March 2025	50,00%	Once at maturity
TRFFINF32532	17 September 2024	120.000	18 March 2025	50,50%	Once at maturity
TRFFINF32524	10 September 2024	115.600	11 March 2025	50,00%	Once at maturity
TRFFINF32516	3 September 2024	207.600	4 March 2025	50,00%	Once at maturity

ISIN CODE	31 December 2023				
	Issue date	Nominal amount	Redemption date	Interest rate	Coupon type
TRFFINF42432	7 November 2023	263.120	16 April 2024	42,00%	Once at maturity
TRFFINF42424	2 November 2023	330.750	9 April 2024	42,00%	Once at maturity
TRFFINF42416	24 October 2023	100.000	2 April 2024	40,50%	Once at maturity
TRFFINF32417	12 December 2023	129.000	5 March 2024	45,00%	Once at maturity
TRFFINF22459	5 December 2023	400.000	27 February 2024	45,00%	Once at maturity
TRFFINF22442	28 November 2023	183.000	20 February 2024	43,00%	Once at maturity
TRFFINF22418	10 October 2023	250.250	13 February 2024	40,00%	Once at maturity
TRFFINF22426	14 November 2023	232.250	6 February 2024	40,00%	Once at maturity
TRFFINF12419	16 October 2023	786.630	16 January 2024	40,00%	Once at maturity

12 - PROVISIONS

As of 31 December 2024 and 31 December 2023, details of provisions are as follows:

	31 December 2024	31 December 2023
Bonus provisions	60.000	46.000
Provisions for employee severance payments	8.266	12.959
Provisions for unused vacation	6.059	3.028
Other	-	369
	74.325	62.356

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

12 - PROVISIONS (Continued)

Provisions for severance payment

According to the Turkish Labor Law, the Company is required to pay severance to its employees who have completed one year of employment and who break off with the Company or retired, who have completed 25 service years (20 women) and earned retirement (58 for women and 60 for men) who are obliged to do military service or pass away. After the legislative amendment on 23 May 2002, some transition process substances relating to the previous service period before retirement were issued.

The provision for employee severance payments is not subject to a funding requirement.

The provision for employee severance payments is calculated by using the following assumptions.

	31 December 2024	31 December 2023
Net discount rate	%4,00	%4,00

The main assumptions are to increase the ceiling liability in effect from 1 January 2006 for each annual service in proportion to inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the expected effects of inflation. The severance pay ceiling is revised semi-annually and as of 31 December 2024, the full TRY 46.655,43 effective from 1 January 2024 in the calculation of the severance pay provision of the Company (31 December 2023: Effective from 1 January 2024 in the calculation of the severance pay provision of the Company. The severance pay ceiling of 35.058,58 full TRY) was used.

Movements in reserve for employee severance payments are as follows:

	31 December 2024	31 December 2023
Balance at 1 January	12.959	12.240
Current service cost	1.903	1.475
Interest cost	2.031	962
Actuarial gain/(loss)	(4.523)	1.305
Payment during the period (-)	(4.104)	(3.023)
	8.266	12.959

The movements of the bonus provision during the year are as follows:

	31 December 2024	31 December 2023
Balance at 1 January	46.000	15.000
Paid during the period	(26.500)	(14.717)
Canceled during the period	(19.500)	(283)
Allocated during the period	60.000	46.000
	60.000	46.000

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

12 - PROVISIONS (Continued)

Provisions for unused vacation

In accordance with the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, or to its inheritors, the wage of the deserved and unused vacation days over the prevailing wage at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees.

Movements in provision for unused vacation are as follows:

	31 December 2024	31 December 2023
Balance at 1 January	3.028	1.758
Provisions/(leave usage and payments),net	3.031	1.270
	6.059	3.028

13 - OTHER LIABILITIES

As of 31 December 2024 and 2023, the details of other liabilities are as follows:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Taxes, duties, fees payable	57.285	-	30.945	-
Prepaid commissions	270	976	1.054	367
Correspondent commissions payable	-	631	-	583
Other payables	13.347	-	8.453	6.114
	70.902	1.607	40.452	7.064

In the accounting periods ending on 31 December 2024 and 2023, taxes, duties, fees, etc. payable are included in other liabilities. The details of the expenses are as follows:

	31 December 2024	31 December 2023
Banking and insurance transaction tax payable	46.754	25.708
Premiums payable	5.132	2.746
Income tax payable	4.983	2.204
VAT payable	285	203
Stamp duty payable	131	84
	57.285	30.945

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

14 - EQUITY

As of 31 December 2024 and 2023, The Company’s shareholders and their shareholding distributions are as follows:

Paid in capital

Shareholders	31 December 2024		31 December 2023	
	% Share	Amount	% Share	Amount
QNB Bank A.Ş.	99,99996	1.064.999	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 Finansal Kiralama A.Ş.	0,00001	<1	0,00001	<1
QNB Yatırım Menkul Değerler A.Ş.	0,00001	<1	0,00001	<1
QNB Portföy Yönetimi A.Ş.	0,00001	<1	0,00001	<1
	100	1.065.000	100	65.000

The company capital was increased from 65,000 TL to 1,065,000 TL by the Ordinary General Assembly decision dated 15 March 2024. The registered capital of the company consists of 1,065,000,000 shares with a nominal value of 1 TL each (31 December 2023: 65,000,000 shares).

Sermaye Yedekleri

In statutory financial statements, retained earnings excluding legal reserves are available for distribution, subject to the legal reserve requirement set out below.

According to the Turkish Commercial Code, legal reserves are divided into two as first and second legal reserves. According to the Turkish Commercial Code, primary legal reserves are set aside as 5% of the legal net profit until 20% of the paid-in capital of the company is reached. The second order legal reserves are 10% of the distributed profit exceeding 5% of the paid-in capital. According to the Turkish Commercial Code, as long as the legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and cannot be used in any other way.

Pursuant to the Law No. 5228 on “Amendment of Certain Tax Laws” published in the Official Gazette No. 25539 dated 31 July 2004, inflation differences of equity items that appear in the first financial statement balancing transaction adjusted for inflation and are followed in the “Retained Years Profit/Loss” amount can be deducted from the previous year's losses resulting from the adjustment or added to the capital by the corporate taxpayers, but these transactions are not considered as profit distribution.

“Equity inflation adjustment differences” for all equity items can only be used for free capital increase or loss offset. The registered values of the extraordinary reserves can be used for free capital increase, profit distribution or loss offset.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

14 - EQUITY (Continued)

Profit reserves

	31 December 2024	31 December 2023
Legal reserves	26.905	26.905
Extraordinary Reserves	1.437.759	498.359
Total	1.464.664	525.264

The Company has set aside a total of 1.464.664 TRY worth of reserves, including 26.613 TRY worth of first legal reserves from its accumulated profit, TL 292 worth of second reserves, 35.857 TRY worth of extraordinary reserves from the previous year's profits, within the scope of temporary Articles 298/Ç and 32 of the Tax Procedure Law with the decision of the 2023 Ordinary General Assembly dated 15/03/2024, and 1.401.902 TRY worth of extraordinary reserves. (31 December 2023: The Company has set aside a total of 525.264 TRY worth of reserves, including 26.613 TRY worth of first legal reserves from its accumulated profit, 292 TRY worth of second reserves, 25.830 TRY worth of extraordinary reserves within the scope of temporary Articles 298/Ç and 32 of the Tax Procedure Law with the decision of the 2022 Ordinary General Assembly dated 23/03/2023, and 472.529 TRY worth of extraordinary reserves from previous years' profits).

Legal reserves consist of first and second legal reserves set aside according to the Turkish Commercial Code. The first legal reserve is set aside at the rate of 5% of the annual net commercial profit and up to 20% of the paid-in capital. The second reserve is allocated from the first legal reserve and the profit remaining after the first dividend, up to 10% of the cash dividend distributions.

15 - OPERATING INCOME

For the years ended 31 December 2024 and 31 December 2023, details of operating income are as follows:

	1 January - 31 December 2024	1 December - 31 December 2023
Interest income on factoring receivable	7.432.109	3.235.982
- <i>Discounted</i>	3.313.363	1.586.712
- <i>Other</i>	4.118.746	1.649.270
Fees and commissions on factoring receivables	331.406	993.252
- <i>Discounted</i>	251.867	675.763
- <i>Other</i>	79.539	317.489
Operating Income	7.763.515	4.229.234

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

16 - FINANCING EXPENSES

For the accounting periods ended at 31 December 2024 and 31 December 2023, details of financing expenses are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Interest expense on borrowings	4.991.173	2.189.472
Interest expense on securities issued	446.268	220.260
Fees and commissions	149.449	258.847
Interest expense on rent proceedings	2.652	873
	5.589.542	2.669.452

17 - OPERATING EXPENSES

For the accounting periods ended at 31 December 2024 and 31 December 2023, details of operating expenses are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Personnel expenses	282.417	161.236
Litigation expenses	22.116	4.677
Amortization expenses	21.712	11.976
Representation and Hospitality expenses	12.157	10.227
Tax duties and fees	7.185	2.046
Provision for severance payment expenses	5.145	2.437
IT expenses	3.581	3.641
Permit provision expense	3.031	1.270
Consulting expenses	2.704	1.658
Advertising expenses	2.591	2.418
Other	32.080	11.539
	394.719	213.125

For the accounting periods ended at 31 December 2024 and 31 December 2023, details of personnel expenses included in operating expenses are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Wages and salaries	177.656	83.128
Bonuses and premiums	40.500	46.000
Social security premium employer’s share	31.511	14.694
Employee insurance expenses	9.909	4.596
Personal food expenses	11.963	5.131
Other	10.878	7.687
	282.417	161.236

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

18 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITORS

Expenses related to other services received from independent auditors and independent audit companies for the accounting periods ending on 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Independent audit fee for the reporting period	1.200	545
Fees for tax advisory services	-	-
Fee for other assurance services	-	-
Fees for services other than independent auditing	-	-
	1.200	545

19 - OTHER OPERATING INCOME/EXPENSE

For the accounting periods ended at 31 December 2024 and 31 December 2023, details of other income are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Collection from provisions (Note 4)	101.241	29.104
Interest received from banks	236.590	61.478
Foreign exchange gains/losses, net	566	3.486
Gain/(loss) from derivative transactions, net	-	-
Other, net	16.378	4.640
Other Operating Income/Expense, Net	354.775	98.708

20 - TAX ASSETS AND LIABILITIES

“Temporary Article 13” has been added to the Corporate Tax Law no. 5520 as it is stated on 11th article of “Amme Alacaklarının Tahsil Usulü Hakkında Kanun İle Bazı Kanunlarda Değişiklik Yapılmasına Dair Kanun” issued in Official Gazette numbered 31462 on 22 April 2021. Pursuant to the 1st provisional article, the 20% rate in the first paragraph of Article 32 of this Law is 25% for the corporate earnings of the corporations for the 2021 taxation period, and 23% for the corporate earnings of the 2023 taxation period, which must be given as of 1 July 2021. It is applied to corporate earnings for the taxation period starting from 1 January 2021.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

20 - TAX ASSETS AND LIABILITIES (Continued)

In accordance with Law No. 7316 published in the Official Gazette dated April 22, 2021, the corporate tax rate has been increased to 25% for the taxation period of 2021, starting from the declarations that must be submitted as of July 1, 2021 and valid for the taxation period starting from January 1, 2021, this rate was determined as 23% for the 2022 taxation period. With the publication of Law No. 7394 in the Official Gazette dated April 15, 2022, banks, consumer finance companies, factoring and financial leasing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. The corporate tax rate has been permanently increased to 25%, and the 25% rate has been applied to the taxation of corporate earnings for the periods starting from January 1, 2022, starting from the declarations submitted after July 1, 2022. However, in accordance with Law No. 7456 published in the Official Gazette dated July 15, 2023, this rate has been increased to 30% and this change will be applied to the taxation of corporate earnings for the periods starting from January 1, 2023, starting from the declarations submitted after October 1, 2023. In the financial statements dated 31 December 2023, a 30% rate was used for corporate tax.

In determining the net corporate income, the provisions of the Income Tax Law on commercial income are applied.

The corporate tax base is calculated as a result of the addition of non-deductible expenses and additional items to the commercial income of the corporations and taking into account the exceptions (associate earnings exception, investment incentive exemption, real estate sales gain exemption, etc.) and discounts (such as R&D discount). The corporate tax return is declared to the relevant tax office from the first day of the fourth month to the evening of the 25th day following the month in which the accounting period is closed and paid until the end of the 30th day of the same month.

Corporate taxpayers declare the provisional tax amount they have calculated on the tax bases calculated as explained above quarterly, until the 14th day of the second month following the relevant period, and pay it until the evening of the 17th day. An amendment has been made to the 9th article of the Tax Procedure Law No. 7338 and the Law on Amendments to Certain Laws and the 120th article of the Income Tax Law No. 193, published in the Official Gazette No. 31640 dated 26 October 2021, and the taxation period of 2022 is applicable. It has been stated that provisional tax will be calculated, declared and paid based on the quarterly earnings determined for the first nine months of the relevant accounting period, to be applied starting from the declarations to be submitted.

The total of the temporary taxes paid during the year and the taxes paid through withholding during the year are deducted from the corporate tax calculated on the corporate tax return. In the event that there is a tax amount that needs to be refunded after the deduction, the said amount can be refunded in cash or, if requested, can be deducted from other tax liabilities of the institution.

Except for the dividends made to corporate taxpayers in Turkey, dividend payments are subject to withholding at the rate of 15%. Addition of profit to capital is not considered dividend distribution and is not subject to withholding.

In case of investment incentive exemption within the scope of Temporary Article 61 of the Income Tax Law, the benefited exemption amount is subject to withholding tax at the rate of 19.8%.

The statute of limitations period is five years. The five-year period is calculated starting from the beginning of the year following the calendar year in which the tax is incurred. A full or limited tax inspection can be made by those authorized for tax inspection within the said period.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

20 - TAX ASSETS AND LIABILITIES (Continued)

Losses in the corporate tax return can be deducted from the corporate income of the relevant period, provided that they are not transferred for more than five years. However, the corporate loss for the current year cannot be deducted from the previous years' profits.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7532 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2023 and 2024 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2024 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2024, 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.

Corporation tax

	31 December 2024	31 December 2023
Corporate tax provision	580.379	412.028
Prepaid taxes (-)	(443.349)	(338.407)
Prepaid tax/corporation tax payable, net	137.030	73.621

For the accounting periods ended at 31 December 2024 and 31 December 2023, tax expense in the income statement is summarized below:

	1 January - 31 December 2024	1 January - 31 December 2023
Current period corporate tax provision expense	(580.379)	(412.028)
Deferred tax income/(expense)	2.331	14.089
Total tax expense	(578.048)	(397.939)

The reported income tax expense for the years ended 31 December 2024 and 31 December 2023 are different than the amounts computed by applying the statutory tax rate to profits before income taxes as shown in the following reconciliation:

	31 December 2024	31 December 2023
Profit before tax	1.923.933	1.337.339
Tax rate	% 30	% 30
Computed rate	(577.180)	(401.202)
Unacceptable expenses, net	(2.035)	(1.059)
Other	1.167	4.322
Current tax expense	(578.048)	(397.939)

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

20 - TAX ASSETS AND LIABILITIES (Continued)

Deferred taxes

Calculated deferred tax assets and deferred tax liabilities are shown in the financial statements by netting.

The company uses %30 (31 December 2023: %30) in the deferred tax calculation.

The breakdown of the accumulated temporary differences and deferred tax assets and liabilities that are subject to deferred tax as of 31 December 2024 and 2023, using the applicable tax rates, is as follows:

	Temporary Differences		Deferred tax assets/(liabilities)	
	2024	2023	2024	2023
Bonus provisions	60.000	46.000	18.000	13.800
Provision for severance payment	8.266	12.959	2.480	3.888
Impairment provision for doubtful factoring receivables	10.450	10.503	3.135	3.151
General administration expense rediscount	12.508	7.968	3.752	2.390
Provisions for unused vacation	6.059	3.028	1.818	908
Provisions for legal cases	-	369	-	111
Right of use assets	356	327	107	98
Tangible and intangible assets	34.062	17.138	10.219	5.141
Deferred tax assets	131.702	98.292	39.511	29.487
Prepaid expenses	(28.659)	(19.474)	(8.598)	(5.842)
Loans valuation difference	(31.215)	(10.237)	(9.365)	(3.071)
Deferred tax liabilities	(59.874)	(29.711)	(17.963)	(8.913)
Deferred tax assets/(liabilities), net	71.828	68.581	21.548	20.574

The movement table of deferred tax assets as of 31 December 2024 and 2023 is as follows:

	2024	2023
Opening balance, 1 January	20.574	5.670
Deferred tax (expense)/income	2.331	14.089
Amount recognized under equity	(1.357)	815
Closing balance, 31 December	21.548	20.574

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

21 - RELATED PARTY DISCLOSURES

Funds Borrowed

QNB Bank A.Ş. (Shareholder)

	31 December 2024	31 December 2023
TRY	4.431.958	2.620.270
USD	1.958.746	167.199
EUR	1.237.628	353.143
	7.628.332	3.140.612

Demand Deposits

QNB Bank A.Ş. (Shareholder)

	31 December 2024	31 December 2023
TRY	129.839	33
USD	27.356	6.596
EUR	12.640	301.618
GBP	30.127	41
	199.962	308.288

Interest income

	1 January - 31 December 2024	1 January - 31 December 2023
QNB Bank A.Ş. (Hissedar)	55.896	32.268
	55.896	32.268

Financial Expenses (-)

	1 Ocak - 31 January 2024	1 Ocak - 31 January 2023
QNB Bank A.Ş. (Shareholder)	834.349	823.139
QNB Bank A.Ş. (Shareholder) -rent interest	1.870	668
	836.219	823.807

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

21 - RELATED PARTY DISCLOSURES (Continued)

	1 January - 31 December 2024	1 January - 31 December 2023
General administrative expenses (-)		
<i>Shareholders</i>		
QNB Bank A.Ş.	17.254	7.249
QNB Yatırım Menkul Değerler A.Ş.	4.528	3.888
IBTECH Uluslararası Bil. Ve İlt. Teknolojileri Dan. Des. San. ve Tic. A.Ş.	2.030	794
<i>Other group companies</i>		
QNB Sağlık Hayat Sigorta ve Emeklilik A.Ş.	47	24
EFinans Elektronik Ticaret ve Bilişim Hizmetleri A.Ş.	463	67
	24.322	12.022

As of December 31, 2024, the sum of wages and benefits paid to senior managers (Members of the Company's Board of Directors and senior managers, general manager and assistant general managers) is TRY 36.938 (31 December 2023: TRY 21,521).

22 - COMMITMENTS AND CONTINGENCIES

Guarantees

As of 31 December 2024 and 2023, the details of the guarantees received are as follows:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Bails	155.607.732	10.543.914	93.887.414	7.824.844
Notes	98.601.218	2.377.336	53.509.445	1.670.803
Cheques	-	-	40.000	-
Other	1.217.704	3.529	524.660	2.944
	255.426.654	12.924.779	147.961.519	9.498.591

Collaterals

As of 31 December 2024 and 31 December 2023, collaterals are comprised of notes given to the following institutions:

	31 December 2024	31 December 2023
Letters of guarantee given to Takasbank	6.679.000	3.890.000
Collaterals given to courts	62.719	31.940
GDS	1.000	600
	6.742.719	3.922.540

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

22 - COMMITMENTS AND CONTINGENCIES (Continued)

Irrevocable Commitments

None (31 December 2023: None).

Held in custody securities

The Company has obtained securities held in custody for its factoring receivables at 31 December 2024 and 31 December 2023 as detailed below:

	31 December 2024		31 December 2023	
	TRY	FC	TRY	FC
Customer checks	9.194.125	878.335	5.469.408	294.640
Customer notes	348.039	-	163.407	-
	9.542.164	878.335	5.632.815	294.640

Derivative Transactions

There are no derivative agreements as of 31 December 2024 (31 December 2023: None).

23 - 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.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

23 - FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk

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

Policies related to credit risk are detailed in Loans and Risk Monitoring Regulation and the practices in the Company are carried out within the framework of this regulation. The Credit Committee regularly reviews the Company's credit risk strategy and major credit risk policies. With this strategy, it is aimed to reflect the degree of tolerance of the Company regarding credit risk and the maximize profit expected to be received against various credit risks.

On the other hand, the Company makes sure that the distribution of the portfolio is balanced. The Company also established a risk management legal and monitoring department. With the intelligence program developed by the Company, efforts are made in order to minimize the credit risk and control of credit risk in credit limitation of both customer and assignee receivables and in factoring financing. All these intelligence studies are under the supervision and supervision of the Company's senior management (at the level of General Manager and Assistant General Managers). All operations of the Company are performed by the Central Operation Unit. There is no authorization to make transactions at the contact office level.

Details of the financial assets exposed to credit risk as of 31 December 2024 and 31 December 2023 are as follows:

31 December 2024	Factoring Receivables			
	Related Party	Non-related Party	Banks	Other
Exposure to maximum credit risk as of reporting date (*)	-	26.848.873	541.869	-
- Exposure to maximum credit risk as of reporting date	-	26.848.873	541.869	-
A. Net carrying value of financial assets which are neither impaired or overdue	-	26.833.766	-	-
- Secured portion by any guarantee	-	26.833.766	-	-
B. Net carrying value of financial assets that are restructured/renegotiated, otherwise which will be regarded as overdue or impaired	-	-	-	-
C. Net carrying value of financial assets which are overdue but not	-	15.107	-	-
- Secured portion by any guarantee	-	15.107	-	-
D. Net carrying value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	269.428	-	-
- Impairment (-)	-	(269.428)	-	-
- Secured portion of net book value	-	-	-	-
- Not due (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Secured portion of net book value (with letter of guarantee etc.)	-	-	-	-
E. Off-balance sheet items with credit risks	-	-	-	-

(*) Not included the Company's mortgages and guarantees acquired the provision of the factoring receivables in the process of prosecuting.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

23 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	Factoring Receivables			
	Related Party	Non-related Party	Banks	Other
Exposure to maximum credit risk as of reporting date (*)	-	15.334.773	584.388	-
- Exposure to maximum credit risk as of reporting date	-	15.334.773	584.388	-
A. Net carrying value of financial assets which are neither impaired or overdue	-	15.333.482	-	-
- teminat, vs ile güvence altına alınmış kısım	-	15.333.482	-	-
B. Net carrying value of financial assets that are restructured/renegotiated, otherwise which will be regarded as overdue or impaired	-	-	-	-
C. Net carrying value of financial assets which are overdue but not	-	1.291	-	-
- Secured portion by any guarantee	-	-	-	-
D. Net carrying value of impaired assets	-	-	-	-
- Overdue (gross book value)	-	160.573	-	-
- Impairment (-)	-	(160.573)	-	-
- Secured portion of net book value	-	-	-	-
- Not due (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
- Secured portion of net book value	-	-	-	-
E. Off-balance sheet items with credit risks	-	-	-	-

(*) Not included the Company’s mortgages and guarantees acquired the provision of the factoring receivables in the process of prosecuting.

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.

The following table, based on the remaining period until the maturity date of the contract as of the reporting dates, the Company’s financial liabilities by relevant maturity groupings by providing the analysis. The amounts disclosed in the table are the contractual undiscounted cash flows:

Expected maturities	Carrying Amount	31 December 2024				
		Contractual Cash Flows	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non derivative financial liabilities	23.462.063	24.823.510	18.355.745	6.466.797	803	165
Fund borrowed	19.987.356	20.708.109	17.671.547	3.036.562	-	-
Securities issued	3.378.077	4.024.700	600.000	3.424.700	-	-
Lease payables	15.136	9.207	2.704	5.535	803	165
Factoring payables	8.985	8.985	8.985	-	-	-
Other foreign payables	72.509	72.509	72.509	-	-	-

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

QNB FAKTORİNG A.Ş. (FORMERLY KNOWN AS “QNB FİNANS FAKTORİNG A.Ş.”)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

23 - FINANCIAL RISK MANAGEMENT (Continued)

Expected maturities	31 December 2023					
	Carrying Amount	Contractual Cash Flows	Less than 3 months	3 - 12 months	1 - 5 years	More than 5 years
Non derivative financial liabilities	14.399.016	14.775.886	13.912.608	862.310	803	165
Fund borrowed	11.803.008	12.032.372	11.869.467	162.905	-	-
Securities issued	2.528.497	2.675.000	1.981.130	693.870	-	-
Lease payables	8.204	9.207	2.704	5.535	803	165
Factoring payables	11.791	11.791	11.791	-	-	-
Other foreign payables	47.516	47.516	47.516	-	-	-

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 31 December 2024 and 2023. The amounts of foreign currency assets and liabilities held by the Company according to their foreign currency types are as follows:

31 December 2024	USD	EUR	GBP	Total
Banks	36.089	19.671	30.736	86.496
Factoring receivables	1.885.196	2.210.576	75.359	4.171.131
Other assets	720	2.415	-	3.135
Total Assets	1.922.005	2.232.662	106.095	4.260.762
Funds borrowed	(1.959.673)	(2.251.250)	(72.721)	(4.283.644)
Factoring payables	(1.463)	(1.086)	-	(2.549)
Other liabilities	(28)	(1.201)	(378)	(1.607)
Total Liabilities	(1.961.164)	(2.253.537)	(73.099)	(4.287.800)
Net foreign currency position due to derivative financial instruments	-	-	-	-
Net foreign currency position	(39.159)	(20.875)	32.996	(27.038)

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

23 - FINANCIAL RISK MANAGEMENT (Continued)

31 December 2023	USD	EUR	GBP	Total
Banks	12.656	316.591	2.165	331.412
Factoring receivables	222.003	610.434	21.594	854.031
Other assets	378	927	-	1.305
Total Assets	235.037	927.952	23.759	1.186.748
Funds borrowed	(167.218)	(1.004.316)	(3)	(1.171.537)
Factoring payables	-	(4)	-	(4)
Other liabilities	(119)	(6.626)	(319)	(7.064)
Total Liabilities	(167.337)	(1.010.946)	(322)	(1.178.605)
Net foreign currency position due to derivative financial instruments	-	-	-	-
Net foreign currency position	67.700	(82.994)	23.437	8.143

Exchange Rate Sensitivity Analysis

The Company is exposed to currency risk mainly in US Dollar and Euro.

The table below shows the sensitivity of the Company to the related foreign currencies of the 10% increase/decrease in the US Dollar, Euro and British Pound exchange rates. The 10% rate used is the rate used when reporting the currency risk to the senior management within the Company, and the said rate represents the possible change expected by the management in foreign exchange rates. Sensitivity analyzes regarding the exchange rate risk that the Company is exposed to at the reporting date are determined according to the change at the beginning of the financial year and are kept constant throughout the reporting period. A positive amount represents revenue growth in profit/loss. This analysis was made with the assumption that all variables remained constant as of 31 December 2024.

31 December 2024	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
USD	(3.916)	3.916	(3.916)	3.916
EUR	(2.087)	2.087	(2.087)	2.087
GBP	3.300	(3.300)	3.300	(3.300)
Total	(2.703)	2.703	(2.703)	2.703

31 December 2023	Profit / Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
USD	6.770	(6.770)	6.770	(6.770)
EUR	(8.300)	8.300	(8.300)	8.300
GBP	2.344	(2.344)	2.344	(2.344)
Total	814	(814)	814	(814)

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2024

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

23 - FINANCIAL RISK MANAGEMENT (Continued)

The fair values of financial assets and liabilities shown at cost discounted with effective interest, including cash and cash equivalents, factoring receivables and short-term TRY-denominated bank loans, are considered to be close to their book values, considering that they are short-term and possible losses are insignificant.

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

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

As of December 31, 2024 and 2023, the Company has no financial assets carried at fair value.

24 - EARNINGS PER SHARE

The weighted average number of shares of the Group and earnings per share for the period ended 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Weighted average number of outstanding shares	950.246	65.000
Net profit for the period (TRY)	1.345.885	939.400
Basic earnings per share (full TRY)	1,4164	14,4523

There are no diluted shares of the Company. Also, in Turkey, companies can increase their capital by distributing shares to existing shareholders from retained earnings shares ("Bonus Shares"). When earnings per shares are calculated, these bonus shares are considered as issued shares. Therefore, the weighted average number of shares used in earnings per share calculation is obtained by applying the retrospective application of the issuance of shares. There is no difference between main and proportional earnings per share for any period.

25 - SUBSEQUENT EVENTS

It is not available.

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