GARANTİ FAKTORİNG A.Ş.

Financial Statements
As at and for the Period Ended
30 June 2022
With Independent Auditors' Review Report

*(Convenience Translation of Financial Statements
and Related Disclosures and Footnotes
Originally Issued in Turkish)*

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Convenience translation of a report and financial statements originally issued in Turkish

Report on Review of Interim Financial Statements

To the Board of Directors of Garanti Faktoring Anonim Şirketi

Introduction

We have reviewed the accompanying interim statement of financial position of Garanti Faktoring Anonim Şirketi (the Company) as of June 30, 2022 and the interim statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Company management is responsible for the preparation and fair presentation of these interim financial statements in accordance with the "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, and Financing Companies" published in the Official Gazette dated 24 December 2013 and numbered 28861 and other regulations, communiqués and circulars published by the Banking Regulation and Supervision Agency (BRSA) and The Turkish Accounting Standard 34 "Interim Financial Reporting" except for the matters regulated by the BRSA (together "the BRSA Accounting and Financial Legislation"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at June 30, 2022, and its financial performance and its cash flows for the six-month period then ended in accordance with Turkish Financial Reporting Standards.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2021 and as at and for the six-month period ended 30 June 2021 were audited and reviewed by another auditor who expressed an unmodified opinion and unmodified conclusion on those financial statements on 1 February 2022 and 28 July 2021 respectively.

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

Additional paragraph for convenience translation to English

In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

Damla Harman, SMMM
Partner

27 July 2022
Istanbul, Turkey

GARANTİ FAKTORİNG A.Ş.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2022

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	ASSETS	Notes	Reviewed 30 June 2022			Audited 31 December 2021		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	**CASH, CASH EQUIVALENTS AND CENTRAL BANK**	**3**	**69.509**	**34.161**	**103.670**	**130.623**	**22.319**	**152.942**
II.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (net)**	**4**	-	**17**	**17**	-	**15**	**15**
III.	**DERIVATIVE FINANCIAL ASSETS**		-	-	-	-	-	-
IV.	**FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (net)**		-	-	-	-	-	-
V.	**FINANCIAL ASSETS AT AMORTISED COST (Net)**	**5**	**3.452.328**	**1.165.795**	**4.618.123**	**2.837.932**	**1.308.255**	**4.146.187**
5.1	**Factoring Receivables**	**5.1**	**3.453.115**	**1.166.387**	**4.619.502**	**2.838.707**	**1.309.190**	**4.147.897**
5.1.1	Discounted Factoring Receivables (Net)		2.077.042	291.853	2.368.895	1.695.813	354.997	2.050.810
5.1.2	Other Factoring Receivables		1.376.073	874.534	2.250.607	1.142.894	954.193	2.097.087
5.2	**Savings Finance Receivables**		-	-	-	-	-	-
5.2.2	Saving Funds		-	-	-	-	-	-
5.2.3	Equity		-	-	-	-	-	-
5.3	**Financing Loans**		-	-	-	-	-	-
5.3.1	Consumer Loans		-	-	-	-	-	-
5.3.2	Credit Cards		-	-	-	-	-	-
5.3.3	Installment Commercial Loans		-	-	-	-	-	-
5.4	**Leasing (Net)**		-	-	-	-	-	-
5.4.1	Receivables From Finance Lease		-	-	-	-	-	-
5.4.2	Receivables From Operating Lease		-	-	-	-	-	-
5.4.3	Unearned Income (-)		-	-	-	-	-	-
5.5	**Other Financial Assets At Amortized Cost**		-	-	-	-	-	-
5.6	**Non-Performing Receivables**	**5.2**	**50.081**	**24.747**	**74.828**	**49.136**	**19.567**	**68.703**
5.7	**Allowances for Expected Credit Loss/Specific Provisions (-)**	**5.3**	**(50.868)**	**(25.339)**	**(76.207)**	**(49.911)**	**(20.502)**	**(70.413)**
VI.	**SHAREHOLDING (Partnership) INVESTMENTS**		-	-	-	-	-	-
6.1	Investments In Associates (Net)		-	-	-	-	-	-
6.2	Investments In Subsidiaries (Net)		-	-	-	-	-	-
6.3	Investments In Joint Ventures (Net)		-	-	-	-	-	-
VII.	**TANGIBLE ASSETS (NET)**	**6**	**6.063**	-	**6.063**	**6.921**	-	**6.921**
VIII.	**INTANGIBLE ASSETS (NET)**	**7**	**11.068**	-	**11.068**	**11.058**	-	**11.058**
IX.	**REAL ESTATES FOR INVESTMENT (NET)**		-	-	-	-	-	-
X.	**CURRENT PERIOD TAX ASSETS**		-	-	-	-	-	-
XI.	**DEFERRED TAX ASSETS**	**8**	**38.711**	-	**38.711**	**28.591**	-	**28.591**
XII.	**OTHER ASSETS**	**9**	**14.143**	**421**	**14.564**	**9.407**	**777**	**10.184**
	SUBTOTAL		**3.591.822**	**1.200.394**	**4.792.216**	**3.024.532**	**1.331.366**	**4.355.898**
XIII.	**ASSETS HELD FOR SALE AND DISCONTINIUED OPERATIONS (Net)**		**11**	-	**11**	**11**	-	**11**
13.1	Assets Held for Sale		11	-	11	11	-	11
13.2	Assets Held for Discontinued Operations		-	-	-	-	-	-
	TOTAL ASSETS		**3.591.833**	**1.200.394**	**4.792.227**	**3.024.543**	**1.331.366**	**4.355.909**

GARANTİ FAKTORİNG A.Ş.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) AS AT 30 JUNE 2022

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	LIABILITIES	Notes	Reviewed 30 June 2022			Audited 31 December 2021		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	**FUNDS BORROWED**	10	**2.122.017**	**1.134.906**	**3.256.923**	**2.052.733**	**1.297.214**	**3.349.947**
II.	**FACTORING PAYABLES**	5.1	**2.619**	**16.052**	**18.671**	**2.163**	**16.038**	**18.201**
III.	**PAYABLES FROM SAVINGS FUND**		-	-	-	-	-	-
IV.	**LEASE OBLIGATIONS**	11	**6.182**	-	**6.182**	**6.807**	-	**6.807**
V.	**SECURITIES ISSUED (NET)**	12	**954.913**	-	**954.913**	**583.768**	-	**583.768**
VI.	**FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**		-	-	-	-	-	-
VII.	**DERIVATIVE FINANCIAL LIABILITIES**		-	-	-	-	-	-
VIII.	**PROVISIONS**	13	**20.648**	**11.179**	**31.827**	**20.573**	**5.349**	**25.922**
8.1	Restructuring Reserves		-	-	-	-	-	-
8.2	Provisions For Employee Benefits	13.1	15.573	-	15.573	15.158	-	15.158
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions	13.2	5.075	11.179	16.254	5.415	5.349	10.764
VIIII.	**CURRENT PERIOD TAX LIABILITIES**	8	**27.905**	-	**27.905**	**17.179**	-	**17.179**
X.	**DEFERRED TAX LIABILITIES**		-	-	-	-	-	-
XI.	**SUBORDINATED LOANS-DEBT**		-	-	-	-	-	-
XII.	**OTHER LIABILITIES**	14	**13.663**	**1.689**	**15.352**	**7.467**	**1.512**	**8.979**
	SUBTOTAL		**3.147.947**	**1.163.826**	**4.311.773**	**2.690.690**	**1.320.113**	**4.010.803**
XIII.	**PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINIUED OPERATIONS (Net)**		-	-	-	-	-	-
13.1	Held For Sale		-	-	-	-	-	-
13.2	Discontinued Operations		-	-	-	-	-	-
XIIII.	**SHAREHOLDERS' EQUITY**	15	**480.454**	-	**480.454**	**345.106**	-	**345.106**
14.1	Paid-in Capital		79.500	-	79.500	79.500	-	79.500
14.2	Capital Reserves		-	-	-	-	-	-
14.2.1	Share Premiums		-	-	-	-	-	-
14.2.2	Share Cancellation Profits		-	-	-	-	-	-
14.2.3	Other Capital Reserves		-	-	-	-	-	-
14.3	Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		(1.491)	-	(1.491)	(1.590)	-	(1.590)
14.4	Accumulated Other Comprehensive Income that may be Reclassified Subsequently to Profit or Loss		-	-	-	-	-	-
14.5	Profit Reserves		267.196	-	267.196	135.260	-	135.260
14.5.1	Legal Reserves		15.900	-	15.900	13.354	-	13.354
14.5.2	Statutory Reserves		-	-	-	-	-	-
14.5.3	Extraordinary Reserves		251.296	-	251.296	121.906	-	121.906
14.5.4	Other Profit Reserves		-	-	-	-	-	-
14.6	Profit or Loss		135.249	-	135.249	131.936	-	131.936
14.6.1	Prior Periods Profit / Loss		-	-	-	-	-	-
14.6.2	Current Period Profit / Loss		135.249	-	135.249	131.936	-	131.936
	TOTAL LIABILITIES AND EQUITY		**3.628.401**	**1.163.826**	**4.792.227**	**3.035.796**	**1.320.113**	**4.355.909**

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

GARANTİ FAKTORİNG A.Ş.

STATEMENT OF OFF-BALANCE SHEET ITEMS AS AT 30 JUNE 2022

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	OFF-BALANCE SHEET ITEMS	Notes	Reviewed 30 June 2022			Audited 31 December 2021		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	IRREVOCABLE FACTORING OPERATIONS		1.197.020	1.343.880	2.540.900	978.398	1.171.565	2.149.963
II.	REVOCABLE FACTORING OPERATIONS		1.733.681	115.886	1.849.567	1.543.465	107.550	1.651.015
III.	SAVINGS FINANCE CONTRACTS TRANSACTIONS		-	-	-	-	-	-
IV.	GUARANTEES TAKEN	24.1	221.755	64.419.764	64.641.519	171.098	57.902.601	58.073.699
V.	GUARANTEES GIVEN	24.2	1.069.923	-	1.069.923	620.150	85	620.235
VI.	COMMITMENTS		-	-	-	-	-	-
6.1	Irrevocable Commitments		-	-	-	-	-	-
6.2	Revocable Commitments		-	-	-	-	-	-
6.2.1	Lease Commitments		-	-	-	-	-	-
6.2.1.1	Finance Lease Commitments		-	-	-	-	-	-
6.2.1.2	Operational Lease Commitments		-	-	-	-	-	-
6.2.2	Other Revocable Commitments		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL INSTRUMENTS		-	-	-	-	-	-
7.1	Derivative Financial Instruments for Hedging Purposes		-	-	-	-	-	-
7.1.1	Fair Value Hedges		-	-	-	-	-	-
7.1.2	Cash Flow Hedges		-	-	-	-	-	-
7.1.3	Net Investment Hedges		-	-	-	-	-	-
7.2	Derivative Financial Instruments Held For Trading		-	-	-	-	-	-
7.2.1	Forward Buy/Sell Transactions		-	-	-	-	-	-
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	24.3	2.131.612	380.055	2.511.667	1.852.969	425.624	2.278.593
	TOTAL OFF BALANCE SHEET ITEMS		6.353.991	66.259.585	72.613.576	5.166.080	59.607.425	64.773.505

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

GARANTİ FAKTORİNG A.Ş.
STATEMENT OF PROFIT OR LOSS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	INCOME STATEMENT	Notes	Reviewed 1 January-30 June 2022	Reviewed 1 January-30 June 2021	Not Reviewed 1 April-30 June 2022	Not Reviewed 1 April-30 June 2021
I.	**OPERATING INCOME**	**16**	**511.121**	**285.253**	**268.300**	**154.103**
	FACTORING INCOME		**511.121**	**285.253**	**268.300**	**154.103**
1.1	Interest Income on Factoring Receivables		492.505	276.560	257.724	149.794
1.1.1	Discounted		284.854	150.307	149.020	84.241
1.1.2	Other		207.651	126.253	108.704	65.553
1.2	Fees and Commissions Income from Factoring Operations		18.616	8.693	10.576	4.309
1.2.1	Discounted		8.989	3.517	5.306	1.408
1.2.2	Other		9.627	5.176	5.270	2.901
	FINANCING LOANS INCOME		-	-	-	-
1.3	Interest income From Financing Credits		-	-	-	-
1.4	Fees and Commissions From Financing Credits		-	-	-	-
	FINANCE LEASE INCOME		-	-	-	-
1.5	Finance Lease Income		-	-	-	-
1.6	Operating Lease Income		-	-	-	-
1.7	Fees and Commissions Received from the Leasing Transactions		-	-	-	-
	SAVINGS FINANCE INCOME		-	-	-	-
1.8	Dividends from Savings Finance Receivables		-	-	-	-
1.9	Fees and Commissions Taken From Savings Finance Operations		-	-	-	-
II.	**FINANCIAL EXPENSES (-)**	**17**	**(293.369)**	**(187.239)**	**(157.174)**	**(102.815)**
2.1	Dividends to Savings Fund		-	-	-	-
2.2	Interest Expense From Funds Borrowed		(213.151)	(146.288)	(117.694)	(74.070)
2.3	Interest Expense From Factoring Payables		-	-	-	-
2.4	Interest Expense of Finance Lease Expenses		(617)	(480)	(308)	(366)
2.5	Interest Expense From Securities Issued		(76.414)	(40.013)	(37.326)	(28.066)
2.6	Other Interest Expenses		(11)	(13)	-	(9)
2.7	Fees and Commissions Paid		(3.176)	(445)	(1.846)	(304)
III.	**GROSS PROFIT / LOSS (I+II)**		**217.752**	**98.014**	**111.126**	**51.288**
sIV.	**OPERATING EXPENSES (-)**	**18**	**(40.565)**	**(31.785)**	**(22.616)**	**(14.299)**
4.1	Personnel Expenses		(26.438)	(16.607)	(14.841)	(9.004)
4.2	Employee Severance Indemnity Expense		(895)	(758)	(412)	(262)
4.3	Research and Development Expenses		-	-	-	-
4.4	General Administrative Expenses		(13.232)	(14.389)	(7.377)	(5.014)
4.5	Other		-	(31)	14	(19)
V.	**GROSS OPERATING PROFIT / LOSS (III+IV)**		**177.187**	**66.229**	**88.510**	**36.989**
VI.	**OTHER OPERATING INCOME**	**19**	**36.542**	**42.651**	**17.515**	**12.892**
6.1	Interest Income From Bank Deposits		3.940	905	2.172	541
6.2	Interest Income From Securities Portfolio		-	2.742	-	1.717
6.3	Dividend Income		-	-	-	-
6.4	Trading Account Income		-	527	-	84
6.5	Income From Derivative Financial Instruments		-	853	-	10
6.6	Foreign Exchange Gains		19.211	19.777	12.268	7.242
6.7	Other		13.391	17.847	3.075	3.298
VII.	**PROVISION EXPENSES**		**(26.828)**	**(19.949)**	**(9.054)**	**(7.260)**
7.1	Specific Provisions		-	-	-	-
7.2	Allowances for Expected Credit Loss	20	(18.550)	(19.169)	(7.144)	(6.637)
7.3	General Provisions		-	-	-	-
7.4	Other		(8.278)	(780)	(1.910)	(623)
VIII.	**OTHER OPERATING EXPENSES (-)**	**21**	**(10.191)**	**(14.042)**	**(7.247)**	**(5.039)**
8.1	Impairment Losses From Securities Portfolio		-	-	-	-
8.2	Impairment Losses From Non-Current Assets		-	-	-	-
8.3	Trading Account Loss		-	-	-	-
8.4	Loss From Derivative Financial Instruments		-	(219)	-	(219)
8.5	Foreign Exchange Loss		(10.099)	(13.656)	(7.211)	(4.653)
8.6	Other		(92)	(167)	(36)	(167)
IX.	**NET OPERATING PROFIT / LOSS**		**176.710**	**74.889**	**89.724**	**37.582**
X.	**INCOME RESULTED FROM MERGER**		-	-	-	-
XI.	**PROFIT / LOSS FROM PARTNERSHIPS VALUED BY EQUITY METHOD**		-	-	-	-
XII.	**GAIN/LOSS ON NET MONETARY POSITION**		-	-	-	-
XIII.	**PROFIT FROM CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)**		**176.710**	**74.889**	**89.724**	**37.582**
XIV.	**INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (±)**	**8**	**(41.461)**	**(9.894)**	**(21.296)**	**(1.541)**
14.1	Current Tax Charge		(51.483)	-	(27.818)	-
14.2	Deferred Tax Charge		-	(9.894)	-	(1.541)
14.3	Deferred Tax Benefit		10.022	-	6.522	-
XV.	**NET PROFIT FROM CONTINUING OPERATIONS (XIII±XIV)**		**135.249**	**64.995**	**68.428**	**36.041**
XVI.	**INCOME FROM DISCONTINUED OPERATIONS**		-	-	-	
16.1	Income from Assets Held for Sale		-	-	-	
16.2	Gain on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-	-	
16.3	Other Income from Discontinued Operations		-	-	-	
XVII.	**EXPENSES FROM DISCONTINUED OPERATIONS (-)**		-	-	-	
17.1	Expense on Assets Held for Sale		-	-	-	
17.2	Loss on Sale of Subsidiaries, Associates and Jointly Controlled Entities		-	-	-	
17.3	Other Expenses from Discontinued Operations		-	-	-	
XVIII.	**PROFIT FROM DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)**		-	-	-	
XIX.	**INCOME TAX EXPENSE FROM DISCONTINUED OPERATIONS (±)**		-	-	-	
19.1	Current Tax Charge		-	-	-	
19.2	Deferred Tax Charge (+)		-	-	-	
19.3	Deferred Tax Benefit (-)		-	-	-	
XX.	**NET PROFIT FROM DISCONTINUED OPERATIONS (XVIII±XIX)**		-	-	-	
XXI.	**NET PROFIT FOR THE PERIOD (XII+XVII)**		**135.249**	**64.995**	**68.428**	**36.041**
	Earnings Per Share	**22**	1,701245	0,817547	0,860730	0,453346

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

GARANTİ FAKTORİNG A.Ş.
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2022
(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

		Notes	Reviewed 1 January-30 June 2022	Reviewed 1 January-30 June 2021	Not Reviewed 1 April- 30 June 2022	Not Reviewed 1 April- 30 June 2021
I.	**PERIOD INCOME/LOSS**		135.249	64.995	68.428	36.041
II.	**OTHER COMPREHENSIVE INCOME**		99	-	99	-
2.1	**ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS**		99	-	99	-
2.1.1	Gains/(losses) on revaluation of tangible assets		-	-	-	-
2.1.2	Gains/(losses) on revaluation of intangible assets		-	-	-	-
2.1.3	Accumulated revaluation profit/loss from defined benefit plans		-	-	-	-
2.1.4	Other items that will not be reclassified to profit or loss		-	-	-	-
2.1.5	Taxation on comprehensive income that will not be reclassified to profit or loss		99	-	99	-
2.2	**ITEMS THAT WILL BE RECLASSIFIED TO PROFIT OR LOSS**		-	-	-	-
2.2.1	Translation differences for transactions in foreign currencies		-	-	-	-
2.2.2	Translation and classification profit / loss of financial assets at fair value through other comprehensive income		-	-	-	-
2.2.3	Gains/(losses) from cash flow hedges		-	-	-	-
2.2.4	Gains/(losses) from net investment hedges		-	-	-	-
2.2.5	Other items that will be reclassified to profit or loss		-	-	-	-
2.2.6	Taxation on comprehensive income that will be reclassified to profit or loss		-	-	-	-
III.	**TOTAL COMPREHENSIVE INCOME (I+II)**		135.348	64.995	68.527	36.041

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

GARANTİ FAKTORİNG A.Ş.
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2022
(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	CHANGES IN SHAREHOLDERS EQUITY	Notes	Paid in Capital	Capital Reserves	Share Premium	Share Cancellation Profits	Other Capital Reserves	Revaluation Increase/Decrease of property and equipment	Accumulated revaluation profit/loss from defined benefit plans	Other (Other comprehensive income and expenses from equity method investments not to be reclassified on profit/loss, and other accumulated comprehensive income and	Other comprehensive income or expenses that will not be reclassified to profit or loss	Foreign exchange conversion differences	Revaluation and/or reclassification differences of available-for-sale financial asset	Other (Profit/loss from cash flow hedges, other comprehensive income and expenses from equity method investments to be reclassified on profit/loss, and other accumulated comprehensive income and expenses to be reclassified on	Other comprehensive income or expenses that will be reclassified to profit or loss	Profit Reserves	Prior Years' Profit/(Loss)	Current Year Net Profit/(Loss)	Total Shareholders' Equity
	CURRENT PERIOD **1 January - 30 June 2021**																		
	Reviewed																		
I.	**Balances at Beginning of Period**	**16**	**79.500**	-	-	-	-	-	**(1.170)**	-	-	-	-	-	-	**85.110**	-	**50.150**	**213.590**
II.	**Corrections made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**79.500**	-	-	-	-	-	**(1.170)**	-	-	-	-	-	-	**85.110**	-	**50.150**	**213.590**
IV.	**Total Comprehensive Income**																		
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**64.995**	**64.995**
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Other Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	**50.150**	-	**(50.150)**	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	50.150	-	(50.150)	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (30 June 2021) (III+IV+…...+XI+XII)		**79.500**	-	-	-	-	-	**(1.170**	-	-	-	-	-	-	**135.260**	-	**64.995**	**278.585**
	PREVIOUS PERIOD **1 January - 30 June 2022**																		
	Reviewed																		
I.	**Balances at Beginning of Period**	**16**	**79.500**	-	-	-	-	-	**(1.590)**	-	-	-	-	-	-	**135.260**	-	**131.936**	**345.106**
II.	**Corrections made as per TAS 8**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	Effect of corrections		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	Effect of changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	**Adjusted Balances at Beginning of Period (I+II)**		**79.500**	-	-	-	-	-	**(1.590)**	-	-	-	-	-	-	**135.260**	-	**131.936**	**345.106**
IV.	**Total Comprehensive Income**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**135.249**	-
V.	**Capital Increase in Cash**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**131.936**	**345.106**
VI.	**Capital Increase from Internal Sources**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**135.249**	**135.249**
VII.	**Capital Reserves from Inflation Adjustments to Paid-in Capital**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	**Convertible Bonds**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	**Subordinated Liabilities**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	**Other Changes**		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	**Profit Distribution**		-	-	-	-	-	-	**99**	-	-	-	-	-	-	-	-	-	**99**
11.1	Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	**131.936**	-	**(131.936)**	-
11.2	Transfers to Reserves		-	-	-	-	-	-	-	-	-	-	-	-	-	131.936	-	(131.936)	-
11.3	Others		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Balances at end of the period (30 June 2022) (III+IV+…..+XI+XII)		**79.500**	-	-	-	-	-	**(1.491)**	-	-	-	-	-	-	**399.132**	-	**3.313**	**480.454**

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH INTERIM PERIOD ENDED 30 JUNE 2022

(Amounts expressed in thousands of Turkish lira ("Thousands of TL") unless otherwise indicated.)

	STATEMENT OF CASH FLOWS	Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
1.1	Operating profit before changes in operating assets and liabilities		300.083	115.713
1.1.1	Interest/Leasing income received		502.109	301.543
1.1.2	Interest/Leasing expenses		(180.396)	(174.546)
1.1.3	Dividends received		-	-
1.1.4	Fees and commissions received		20.351	6.770
1.1.5	Other earnings		-	-
1.1.6	Receiving from non-performing receivables recognized as a loss	**5.3**	5.418	1.621
1.1.7	Cash payments to staff and service suppliers		(35.191)	(28.661)
1.1.8	Taxes paid	**8**	(23.795)	(45)
1.1.9	Other		11.587	9.031
1.2	Changes in operating assets and liabilities		(672.966)	(210.704)
1.2.1	Net (increase) decrease in factoring receivables		(505.061)	(1.042.350)
1.2.2	Net (increase) decrease in financial loans		-	-
1.2.3	Net (increase) decrease in receivables from leasing transactions		-	-
1.2.4	Net (increase) decrease in savings finance receivables		-	-
1.2.5	Net (increase) decrease in other assets		(4.479)	426
1.2.6	Net increase (decrease) in factoring payables		470	14.924
1.2.7	Net increase (decrease) in savings fund		-	-
1.2.8	Net increase (decrease) in payables from leasing transactions		197	4.902
1.2.9	Net increase (decrease) in funds borrowed		(126.388)	815.024
1.2.10	Net increase (decrease) in due payable		-	-
1.2.11	Net increase (decrease) in other liabilities		(37.705)	(3.630)
I.	Net cash provided from operating activities		(372.883)	(94.991)
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
2.1	Cash paid for purchase of joint ventures, associates and subsidiaries		-	-
2.2	Cash obtained from sale of joint ventures, associates and subsidiaries		-	-
2.3	Fixed assets purchases	**6**	(10)	-
2.4	Fixed assets sales		34	17
2.5	Cash obtained from funds borrowed and securities issued		-	-
2.6	Cash obtained from sale of financial assets available for sale		-	-
2.7	Cash paid for purchase of financial assets held to maturity		-	-
2.8	Cash obtained from sale of financial assets held to maturity		(2)	-
2.9	Other	**7**	(3.466)	(3.347)
II.	Net cash provided from investing activities		(3.444)	(3.330)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
3.1	Cash obtained from funds borrowed and securities issued		1.516.151	1.049.014
3.2	Cash used for repayment of funds borrowed and securities issued		(1.221.420)	(916.953)
3.3	Capital increase		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance lease		(822)	(1.995)
3.6	Other		-	-
III.	Net cash provided from financing activities		293.909	130.066
IV.	Effect of change in foreign exchange rate on cash and cash equivalent		5.695	4.490
V.	**Net increase/decrease in cash and cash equivalents**		**(76.723)**	**36.235**
VI.	**Cash and cash equivalents at the beginning of the period**		**114.602**	**12.405**
VII.	**Cash and cash equivalents at the end of the period**	**2.5**	**37.879**	**48.640**

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

1 ORGANIZATION AND OPERATIONS OF THE COMPANY

Garanti Faktoring Hizmetleri A.Ş. was incorporated on 4 September 1990 in Turkey to provide factoring services to industrial and commercial firms. The commercial title of Aktif Finans Faktoring Hizmetleri A.Ş. was changed to Garanti Faktoring Hizmetleri A.Ş. with the approval of the General Assembly held on 27 March 2002. At the 2013 General Assembly Meeting of the company held on 17 April 2014 the commercial title of the Company was changed to Garanti Faktoring A.Ş. ("the Company").

The Company offered its shares to public in 1993 with the authorization of the Capital Markets Board ("CMB") and is quoted in Borsa İstanbul A.Ş. ("BİAŞ").

The Company operates in accordance with the Capital Markets Law and "Financial Leasing, Factoring and Financing Companies Law" published in the Official Gazette dated 13 December 2012 and numbered 28496 and the "Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring and Financing Companies" issued by the Banking Regulation and Supervision Agency ("BRSA") dated 24 April 2013 and numbered 28627 published in the Official Gazette.
Information about the Company's shareholders and respective shares are as follows:

	30 June 2022	Shareholding (%)	31 December 2021	Shareholding (%)
Türkiye Garanti Bankası A.Ş.	65.066	81,84	65.066	81,84
Türkiye İhracat Kredi Bankası A.Ş.	7.773	9,78	7.773	9,78
Publicly Traded	6.661	8,38	6.661	8,38
Capital	**79.500**	**100,00**	**79.500**	**100,00**

The shareholding of T. Garanti Bankası A.Ş. as of 30 June 2021 is 55,40% and T. Garanti Bankası A.Ş. has obtained the remaining 26,44% shares from public shares via Borsa İstanbul (31 December 2021: 55,40% and 26,44%).

The Company has 124 employees as at 30 June 2022 (31 December 2021: 120).

The Company is registered in Turkey and operates at the following address:

Çamçeşme, Tersane Caddesi No: 15 Pendik / İstanbul
The Company provides factoring operations with 11 (eleven) branches in Turkey.

Approval of Financial Statements:

The financial statements were approved and authorized for issue by the Board of Directors based on the Board of Directors decision dated 27 July 2022 and numbered 024. The General Assembly has the authority to change the financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Statement of Compliance

The Company prepares its financial statements in accordance with "the Banking Regulation and Supervision Agency ("BRSA") Accounting and Reporting Regulations" including the communique on "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring and Financing Companies and on Financial Statements to be announced to Public" published in the Official Gazette dated 24 December 2013 and numbered 28861 and the "Regulation on Principles For Establishment And Operations Of Financial Leasing, Factoring and Financing Companies" and other regulations, communiqués and circulars published by the BRSA and Turkish Accounting Standards ("TAS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") for the matters not legislated by the aforementioned regulations

Changes regarding classification and measurement of financials assets

Within the scope of "Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies" published in the Official Gazette dated 2 May 2018 and numbered 30409, companies are entitled to reserve for the expected credit loss allowance under TFRS 9 and the effective date of the regulation is 31 December 2019. The Company has started to calculate its expected credit loss in accordance with TFRS 9 starting from 1 January 2019 with the Board of Directors decision dated 28 December 2018.

2.1.2 Functional Currency

Financial statements of the Company are presented in Turkish Lira ("TL"), which is the Company's functional currency.

2.1.3 Preparation of Financial Statements in Hyperinflationary Periods

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary and it recommends all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. In the announcement published by the Public Oversight Accounting and Auditing Standards Authority (POB) on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. Nevertheless, the Authority has not published any announcement on whether the entities would restate their financial statements for the accounting period ending on 30 June 2022 in accordance with TAS 29. In this context, since there is no consensus on the application of inflation accounting in TFRS financial statements throughout the country, and it is expected that POB will delay the application of TAS 29, financial statements as of June 30, 2022 are not adjusted for inflation in accordance with TAS 29 in order to ensure comparability.

2 BASIS OF PREPARATION OF THE 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 set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.2 Changes in Accounting Policies

Changes in accounting policies are applied retrospectively and the prior period financial statements are restated accordingly.

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to only one period, changes are applied in the current period but if changes in estimates relate to future periods, changes are applied both in the current and following periods prospectively. Material prior period errors are corrected retrospectively and prior period financial statements are restated.

The management is required to apply accounting policies and make decisions, estimations and assumptions that affect the reported assets, liabilities, income and expenses, in order to prepare the financial statements in accordance with the BRSA Accounting and Reporting Legislation. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed constantly. The effect of a change in accounting estimates is recognized prospectively in the current and future periods.

In order to comply with the profit or loss statement of the Company dated 31 March 2021, a reclassification process was made for TL 32,981 between main operating expenses and other operating income in the profit or loss statement dated 31 March 2020. Based on the classification of these transactions, it had no effect on the financial position statement and cash flow statement for the relevant period.

The main notes for the items including estimates are as follows:

Note 3 – Cash and Cash Equivalents and Central Bank
Note 5 – Factoring receivables, Non-performing Receivables
Note 6 – Tangible Assets
Note 7 – Intangible Assets
Note 8 – Tax Assets and Liabilities
Note 13 – Provisions

2.4 New and Revised Turkish Accounting Standards

The new standards, amendments and interpretations which are effective as at 30 June 2022 but not yet adopted are as follows

Standards issued but not yet effective and not early adopted

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

Amendments to the "Short or Long Term Classification of Liabilities" published by the International Accounting Standards Board (UMSK) on January 23, 2020, in order to clarify the presentation in the statement of financial position regarding the short-term or long-term classification of liabilities according to IAS 1, POA on March 12, 2020, with the title "Amendments Made in TAS 1 - Classification of Liabilities as Short-Term or Long-Term".

This change means that liabilities that the entity can postpone for at least twelve months are considered long-term. Additional explanations regarding the classification of liabilities and other matters related to classification of liabilities made clear.

Amendments to TAS 1 address the following:

a. In the classification of liabilities, the reporting right of the entity to defer liability explicitly stating that it must be available at the end of the period.

b. Management's expectation that the entity will exercise its right to defer liability and its purposes do not affect the classification of the liability as long-term.

c. How the entity's borrowing conditions will affect that classification disclosure.

d. Classification of liabilities that the entity can pay with its own equity instruments explanation of the relevant provisions.

These changes of the Company are effective from the reporting periods beginning on or after 1 January 2022 must be applied retrospectively. However, early application is given. Finally, with the amendment published by the IASB on 15 July 2020. It has been decided to postpone the effective date of TMS 1 amendment until 1 January 2023, the said change was also published by the KGK on January 15, 2021.The implementation of this amendment in TAS 1 has a significant impact on the Company's financial statements effect is not expected.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary tto measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.

TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Changes that have entered into force

The changes that have entered into force for accounting periods beginning on or after January 1, 2021 are as follows:

1) Benchmark Interest Rate Reform – Phase 2 (TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measurement, TFRS 7 Financial Instruments: Disclosures, TFRS 4 Insurance Contracts and TFRS 16 Amendments to Leases).

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023.

In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them.

Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The amendments are not applicable for the company and will not have an impact on the financial position or performance of the company.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The amendments are not applicable for the company and will not have an impact on the financial position or performance of the company.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The amendments are not applicable for the company and will not have an impact on the financial position or performance of the company.

2.5 Summary of Significant Accounting Policies

(a) Revenue

Factoring service income is composed of collected interest income and commission income earned from advance payments made to customers.

A proportion of factoring invoice total obtained constitutes commission income. Interest and commission income and other income and expenses are accounted accrual basis.

Other interest income is accrued based on the effective interest rate which equals the estimated cash flows to net book value of the related asset.

(b) Financial Instruments

Classification and measurement

Classification and measurement of financial assets in accordance with TFRS 9 Financial Instruments standard is determined by whether the financial asset is based on the business model in which the financial asset is managed and whether it is based on contractual cash flows including interest payments on principal and principal balance.

TFRS 9 contains three principal classification categories for financial assets: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Company accounts for its financial assets in three classes. The classification is based on the characteristics of the contractual cash flows of the entity and the business model used by the entity for the management of the financial assets. The Company classifies its financial assets at the time of purchase.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies *(continued)*

(b) Financial Instruments (continued)

Classification and measurement (continued)

"Financial assets measured at amortized cost" are financial assets held as part of a business model aimed at collecting contractual cash flows and that have cash flows that include interest payments solely on principal and principal balance at specific dates in contractual terms, are not traded in an active market. Financial assets at amortized cost of the Company also include "cash and cash equivalents", "factoring receivables".

Related assets are initially recognized at fair value in the financial statements; in subsequent accounting, measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

"Financial assets at fair value through other comprehensive income" are financial assets held as part of a business model for the collection and settlement of contract cash flows and for which there are cash flows from interest payments arising principally only at principal and principal amounts under contractual terms. Interest income, foreign currency gains and losses and impairment losses calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income.

When financial assets are excluded from the statement of financial position, the total gains or losses that previously recognized in other comprehensive income are reclassified to profit or loss.

For investments in equity-based financial assets, the Company may inadvertently choose the method of reflecting subsequent changes in fair value to other comprehensive income during the first financial statement purchase. In the case of such a preference, the dividends from the related investments are recognized in the consolidated income statement.

Under TFRS 9, all investments in equity instruments and contracts on those instruments must be measured at fair value. However, in limited circumstances, cost value may be an appropriate estimate of fair value.

The Company uses the cost method as a method to determine the fair value in case there is not sufficient information about the fair value measurement or if the fair value can be measured with more than one method and the cost reflects the fair value estimation among these methods.

"Financial assets at fair value through profit or loss" are financial assets measured other than those at amortized cost and fair value through other comprehensive income. The resulting gains and losses from the valuation of such assets are recognized in the consolidated income statement.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Classification and measurement (continued)

Factoring Receivables and Other Receivables

Factoring receivables and other receivables are stated at fair value at initial recognition. Subsequent to initial recognition, all receivables except for factoring receivables are carried at amortized cost using the effective interest method. Interest income is calculated and accounted by using the effective interest rate method.

Disclosures on impairment of financial assets

As at 1 January 2019, loss allowance for expected credit losses is set aside for factoring receivables measured at amortized cost based on TFRS 9 and the regulation published in the Official Gazette no. 30409 dated 2 May 2018 and effective from 31 December 2019 in connection with "Regulation on Making Amendments to the Regulation on Accounting Practices and Financial Statements of Leasing, Factoring and Financing Companies".

At each reporting date, it shall be assessed whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, it shall be used the change in the risk of a default occurring for the financial instrument.

As of the reporting date, if the credit risk on a financial instrument has not increased significantly since initial recognition, it shall be measured the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. However, if there is a significant increase in credit risk of a financial instrument since initial recognition, it is measured loss allowance regarding such instrument at an amount equal to lifetime expected credit losses.

The expected credit loss is calculated on a collective basis by means of grouping the financial assets having common credit risk features or on an individual basis.

Calculation of expected credit losses

Expected credit losses is calculated based on a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due based on the contract and the cash flows that are expected to be received.

Probability of Default (PD): PD refers to the likelihood that a loan will default, which is usually set at 12 months, given certain characteristics:

- 12-month PD: as the estimated probability of default occurring within the next 12 months.
- Lifetime PD: as the estimated probability of default occurring over the remaining life of the financial instrument.

Internal rating systems are used for commercial portfolios. The internal rating models used for the commercial portfolio include customer financial information and demographic information. Probability of default calculation has been carried out based on past information, current conditions and forward-looking macroeconomic parameters.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Calculation of expected credit losses (continued)

Loss Given Default (LGD): If a loan default occurs, it represents the economic loss incurred on the loan. It is expressed as a percentage.

LGD calculations are performed using historical data which best reflects current conditions. LGD summarizes all cash flows from customers subsequent to default. It covers all costs and collections that occur during the collection cycle, including collections from collaterals. It also includes the “time value of money” calculated by means of deducting costs and additional losses from the present value of collections.

Exposure at Default (EAD): For cash loans, it corresponds to the amount of loan granted as of the reporting date.

With the exception of revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless there is the legal right to call it earlier.

Stage 1: 12-month expected credit loss represents the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date and calculated as the portion of lifetime expected credit losses. 12-month expected credit loss is calculated based on a probability of default realized within 12 months after the reporting date. Such expected 12-month probability of default is applied on an expected exposure at default, multiplied with loss given default rate and discounted with the original effective interest rate.

Stage 2: When there is a significant increase in credit risk since origination, lifetime expected credit losses is calculated. Including multiple scenario usage, probability of default and loss given default rates are estimated through the life of the instrument. Estimated cash shortfalls are discounted by using the original effective interest rate.

Stage 3: Lifetime expected credit losses are recognized for the impaired lease receivables. The methodology is similar to stage 2 and the probability of default is taken into account as 100%.

It is considered a debt as default on these two below conditions;

1. Objective Default Definition: It means debt having past due more than 90 days. Current definition of default in the Bank and its financial subsidiaries subject to consolidation is based on a more than 90 days past due definition. If a loan is exactly 90 days past due, it will not be considered as default. Default status starts on the 91st day.

2. Subjective Default Definition: It means it is considered that a debt is unlikely to be paid. Whenever it is considered that an obligor is unlikely to pay its credit obligations, it should be considered as defaulted regardless of the existence of any past-due amount or of the number of days past due.

In addition, a certain portion of commercial and corporate loans is assessed individually in accordance with the internal policies in the calculation of the expected credit losses based on TFRS 9. Such calculations are made by discounting the expected cash flows from the individual financial instrument to its present value using the effective interest rate. When measuring expected credit losses, it shall be considered the risk or probability that a credit loss occurs by reflecting the possibility that a credit loss occurs and the possibility that no credit loss occurs, even if the possibility of a credit loss occurring is very low. Such assessment is made by reflecting the estimate of expected credit loss which is unbiased and probability-weighted determined by evaluating a range of possible outcomes.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Forward-looking macroeconomic information

Forward-looking macroeconomic information is incorporated into credit risk parameters during assessment of significant increase in credit risk and expected credit loss calculation.

Significant increase in credit risk

Qualitative and quantitative assessments are performed regarding assessment of significant increase in credit risk.

Qualitative assessment:

It is classified the financial asset as Stage 2 (Significant Increase in Credit Risk) where any of the following conditions are satisfied as a result of a qualitative assessment.

· Loans overdue more than 30 days as of the reporting date,

· Loans classified as watchlist,

- When there is a change in the payment plan due to refinancing, restructuring or concession, the loan is not considered as default or written off and the change is not due to any commercial reason.

Quantitative assessment:

The quantitative reason explaining the significant increase in the credit risk is based on a comparison of the probability of default calculated at the origination of the loan and the probability of default assigned for the same loan as of the reporting date.

It is classified the related financial asset as stage 2 (Significant Increase in Credit Risk) where both of the following criteria are satisfied as a result of quantitative assessment.

Low credit risk

TFRS 9, the credit risk on a financial instrument is considered as low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

It is not considered financial instruments to have low credit risk when they are regarded as having a low risk of loss simply because of the value of collateral and the financial instrument without that collateral would not be considered low credit risk. Financial instruments are also not considered to have low credit risk simply because they have a lower risk of default than the other financial instruments or relative to the credit risk of the jurisdiction within which it is operated.

If it is determined that a financial instrument has a low credit risk as of the reporting date, it is assumed that the credit risk on the financial instrument has not increased significantly following its first recognition in the financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

(b) Financial Instruments (continued)

Explanations on write down policy

The Regulation on Accounting Practices and Financial Tables of Financial Leasing, Factoring and Financing Companies was published in the Official Gazette No. 30961 on November 27, 2019. With this regulation, it is possible to deduct the part of Factoring Receivables, which are classified as "Loss like Receivables" by financial institutions, for which there is no reasonable expectation of recovery by companies, and thus to be taken off the balance sheet.

The company makes an objective and subjective assessment while determining whether there are no reasonable expectations.

As explained in the accounting policies entitled Calculation of Expected Credit Loss, provisions for expected credit losses are made under TFRS 9 for the parts of Factoring receivables that are not expected to be collected.

Therefore, the portion of factoring receivables, which are deemed to have no reasonable expectation for the recovery of the loan by the unit responsible for the collection of the relevant receivables, and which are currently monitored in the uncollectable receivables category, up to the allocated provisions, may be subject to derecognition.

In addition, all factoring receivables that meet at least the following conditions are considered to be completely lost by the Company and can be deducted from the record based on the positive opinion of the relevant units:

In this context, the provision rates of the related receivables can be determined as 100% if the relevant units also have positive opinion.

i. Being monitored as a receivable as a loss for at least 2 years,

ii. The fact that no collection has been made in the last 6 months or the Company has gone bankrupt in the last 6 months, and there is no new collection capacity due to the assets at the bankruptcy estate,

iii. Lack of a guarantee in kind,

As of 30 June 2022, the company does not have any factoring receivables that are written off (31 December 2021: 86.299 TL)

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derivative Financial Instruments

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. Derivatives are initially recognized at fair value at the date a derivative contract is entered and are subsequently remeasured to their fair value at the end of each reporting period.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Financial Liabilities

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value at initial recognition and remeasured at fair value as at the balance sheet date at each reporting period.

Financial Liabilities at Fair Value Through Profit or Loss

Changes in fair values are accounted in the statement of profit or loss. Net gains or losses which are accounted in the statement of profit or loss include the interest paid for the financial liabilities.

(c) TFRS 16 Leases

The Company has started to apply TFRS 16 Leases standard ("TFRS 16") starting from 1 January 2019. TFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognized right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

Definition of Leasing

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under TFRIC 4 Determining Whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under TFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to TFRS 16, the Company elected to apply it as it used to be defined as a lease by using the practical expedient to the assessment of which transactions are leases. It applied TFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under TAS 17 and TFRIC 4 were not reassessed. Therefore, the definition of a lease under TFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which it is a lessee, the Company has elected not to separate non-lease components and will instead account for the lease and non- lease components as a single lease component.

The Company has allocated to each lease and non-lease component, based on its relative stand-alone price, at the reassessment or inception of a contract containing a lease component. However, for the properties it is tenant, the Company has chosen not to separate non-lease components and to account for non-lease and non-lease components as a single lease component.

2 *BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)*

2.5 *Summary of Significant Accounting Policies (continued)*

(c) TFRS 16 Leases (continued)

As a lessee

The Company leases properties and vehicles. Under TFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Company has elected not to recognise to the financial statements right-of-use assets and lease liabilities for properties and vehicles leases with a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents lease liabilities in 'Lease Liabilities (Net)' in the statement of financial position.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

On June 5, 2020, the KGK published the Concessions Granted in Lease Payments in relation to COVID-19 "Changes to TFRS 16 Leases" and structured them in the "Leases Standard by publishing TFRS 16". With this change, COVID-19 was justified in the exemption to find out if there was a change in the lease in the tenants' payments. The change in question did not have a significant impact or financial performance on the Company's financial performance.

2 *BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)*

2.5 *Summary of Significant Accounting Policies (continued)*

(d) Tangible Assets and Amortization

Tangible assets are carried at historical cost, less accumulated depreciation and accumulated impairment losses.

Tangible assets are depreciated principally on a straight-line basis considering the expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Expenses for the maintenance of tangible assets are normally recorded in profit and loss statement. Gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Tangible Asset	**Estimated useful lives (Year)**
Vehicles	5
Furniture and fixtures	3-15
Leasehold improvements	3-10

(e) Intangible Assets

Intangible Fixed Assets Acquired

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

Computer Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their useful lives.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible fixed assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Intangible Assets	**Estimated useful lives (Year)**
Rights	3-5
Software	3-5

2 *BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)*

2.5 *Summary of Significant Accounting Policies (continued)*

(f) Impairment of Assets

Assets that are subject to depreciation and amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets which were subject to impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Capital Increase

Capital increases by the existing shareholders are decided in the General Assembly Meetings and accounted for over the registered nominal values.

(h) Retirement Pay Provision

Under the Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan in accordance with the TAS 19 "Employee Benefits" ("TAS 19").

Retirement pay provision of the employees is calculated by discounting the future retirement liability of the employees and presented in the financial statements. All actuarial gains and losses are accounted under the other comprehensive income.

(i) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

(j) Borrowing Costs

All borrowing costs are recognized in profit or loss in the period in which they are incurred

2 *BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)*

2.5 *Summary of Significant Accounting Policies (continued)*

(k) Effects of Changes in Exchange Rates

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of the Company is expressed in thousands of TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

The foreign currency exchange rates used by the Company as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2022	**31 December 2021**
USD	16,5590	13,0930
EUR	17,3110	14,8480
GBP	20,1150	17,6930

In preparing the financial statements of the Company, transactions in currencies other than TL (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(l) Earnings per Share

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are treated as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

(m) Events after the reporting period

Events after the balance sheet date comprise any event between the balance sheet date and the date of authorization of the financial statements for publication, even if any event after the balance sheet date occurred subsequent to an announcement on the Company's profit or following any financial information disclosed to public.

The Company adjusts the amounts recognized in its financial statements to reflect adjusting events after the balance sheet date if such subsequent events arise.

(n) Segment Reporting

No segmental information is disclosed as the Company operates in Turkey and provides only factoring services.

(o) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2 *BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)*

2.5 *Summary of Significant Accounting Policies (continued)*

Deferred tax is recognized on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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 Company intends to settle its current tax assets and liabilities on a net basis.

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

2 *BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)*

2.5 *Summary of Significant Accounting Policies (continued)*

(o) *Statement of Cash Flows*

In the statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated from factoring operations of the Company.

Cash flows from investment activities express cash used in investment activities (capital expenditures and financial investments) and cash flows generated from investment activities of the Company.

Cash flows relating to finance activities express sources of financial activities and payment schedules of the Company.

Cash and Cash Equivalents:

	30 June 2022	**30 June 2021**
Case / Effective	1	1
Cash and Cash Equivalents (*)	104.373	50.682
Blocked Deposits	(66.495)	(2.043)
	37.879	**48.640**

(*) *Expected credit loss amount TL 704 has not been presented as net .*

3 CASH, CASH EQUIVALENTS AND CENTRAL BANK

Details of cash and cash equivalents as of 30 June 2021 and 31 December 2020 are as follows:

	30 June 2022		**31 December 2021**	
	TL	**FC**	**TL**	**FC**
Cash and cash equivalents	3.454	34.425	2.665	22.379
Time deposits (*)	66.495	-	128.243	-
Expected credit losses	(440)	(264)	(285)	(60)
	69.509	**34.161**	**130.623**	**22.319**

(*) TL 66.495 is held as collateral for Takasbank Monetary Market transactions. (31 December 2021: TL 38.685)

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

4 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (NET)

As of 30 June 2022 and 31 December 2021, financial assets measured at fair value through profit or loss consist of equity securities not listed on exchange.

	30 June 2022			31 December 2021		
	Carrying Value		% Share Rate	Carrying Value		% Share Rate
	TL	FC		TL	FC	
Factors Chain International (FCI)	-	17	1,72	-	15	1,72
	-	**17**	**1.72**	**-**	**15**	**1,72**

5 FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET)

5.1 Factoring Receivables and Payables

Factoring Receivables

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

	30 June 2022		31 December 2021	
Financial assets at amortized cost (net)	**TL**	**FC**	**TL**	**FC**
Discounted Factoring Receivables (Net)	2.077.042	291.853	1.695.813	354.997
Other Factoring Receivables	1.376.073	874.534	1.142.894	954.193
Non-Performing Receivables	50.081	24.747	49.136	19.567
Expected Credit Losses (-)	(50.868)	(25.339)	(49.911)	(20.502)
Stage 1	(10.119)	(592)	(10.492)	(935)
Stage 2	(4)	-	(35)	-
Stage 3	(40.745)	(24.747)	(39.384)	(19.567)
Factoring receivables	**3.452.328**	**1.165.795**	**2.837.932**	**1.308.255**

Stage 1 overdue receivables of the company are TL 6.754 (31 December 2021: None) and the delay periods are as allows:

	30 June 2022		31 December 2021	
Stage 1	**TL**	**FC**	**TL**	**FC**
Overdue 1 month	6.754	-	-	-
	6.754	**-**	**-**	**-**

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

5 FINANCIAL ASSETS MEASURED AT AMORTISED COST (NET) (continued)

5.1 Factoring Receivables and Payables (continued)

Stage 2 overdue receivables of the company are TL 309 (31 December 2021 : TL 554) and the delay periods are as follows:

	30 June 2022		31 December 2021	
Stage 2	**TL**	**FC**	**TL**	**FC**
Overdue 1 month	186	-	499	-
Overdue 1-3 months	123	-	55	-
	309	**-**	**554**	**-**

In addition, there is a factoring receivable of TL 704, which is not overdue, followed up in the second stage (31 December 2021: TL 3.885).

Factoring Payables

Details of short-term factoring payables as at 30 June 2022 and 31 December 2021are as follows:

	30 June 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Factoring payables	2.619	16.052	2.163	16.038
	2.619	**16.052**	**2.163**	**16.038**

Factoring payables represent the amounts of collections on behalf of factoring customers not transferred to the factoring customer accounts yet.

5.2 Non-Performing Receivables

Details of the Company's non-performing factoring receivables as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Non-performing Factoring Receivables	50.081	24.747	49.136	19.567
	50.081	**24.747**	**49.136**	**19.567**

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

5 FINANCIAL ASSETS AT AMORTISED COST (NET) (continued)

5.3 Expected Credit Losses

Details of the Company's expected credit losses for factoring receivables as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		**31 December 2021**	
	TL	**FC**	**TL**	**FC**
Expected credit losses	(50.868)	(25.339)	(49.911)	(20.502)
	(50.868)	**(25.339)**	**(49.911)**	**(20.502)**

The movements of expected credit losses for factoring receivables for 30 June 2021 and 2020 are as follows:

	1 January-30 June 2022	**1 January-30 June 2021**
Opening balance 1 January		
Expected credit loss of the period;	**70.413**	**137.722**
Stage 1	5.969	8.282
Stage 2	23	35
Stage 3	12.015	32.215
Collections/reversals of the period;		
Stage 1	(6.685)	(7.373)
Stage 2	(54)	(7.642)
Stage 3	(5.418)	(6.393)
Deducted receivables provision cancellations;		
Stage 3	(56)	(86.433)
	76.207	**70.413**

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

6 TANGIBLE ASSETS

Movements in tangible fixed assets for the period ended 30 June 2022 are as follows:

	1 January 2022	Additions	Disposals	30 June 2022
Acquisition Cost				
Furniture and fixtures	4.431	-	(94)	4.337
Vehicles	19	-	-	19
Leasehold improvements	2.002	10	-	2.012
Right-of-use				
Leased buildings	4.181	8	226	4.415
Right-of-use				
Vehicles	4.960	-	-	4.960
	15.593	**18**	**132**	**15.743**

Accumulated Depreciation	1 January 2022	Depreciation for the period	Disposals	31 December 2022
Furniture and fixtures	4.262	30	(91)	4.201
Vehicles	19	-	-	19
Leasehold improvements	1.582	49	-	1.631
Leased buildings	1.860	573	(196)	2.237
Vehicles	949	643	-	1.592
	8.672	**1.295**	**(287)**	**9.680**
Net book value	**6.921**			**6.063**

(*) As of 30 June 2022, the insurance amount on tangible assets are TL 939 (31 December 2021: TL 939) and the insurance premium amount is TL 4 (31 December 2021: TL 4).

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

6 TANGIBLE ASSETS (continued)

Movements in tangible assets for the period ended 30 June 2021 are as follows:

	1 January 2021	Additions	Disposals	30 June 2021
Acquisition Cost				
Furniture and fixtures	4.585	20	(174)	4.431
Vehicles	19	-	-	19
Leasehold improvements	1.968	34	-	2.002
Right-of-use				
Leased buildings	4.536	975	(1.330)	4.181
Right-of-use	-	-	-	-
Vehicles	3.571	5.164	(3.775)	4.960
	14.679	**6.193**	**(5.279)**	**15.593**

Accumulated Depreciation	1 January 2021	Depreciation for the period	Disposals	30 June 2021
Furniture and fixtures	4.310	125	(173)	4.262
Vehicles	19	-	-	19
Leasehold improvements	1.487	95	-	1.582
Leased buildings	1.050	1.211	(401)	1.860
Vehicles	2.759	1.384	(3.194)	949
	9.625	**2.815**	**(3.768)**	**8.672**
Net book value	**5.054**			**6.921**

7 INTANGIBLE ASSETS

The movement of intangible assets for the period ended 30 June 2022 is as follows:

	1 January 2022	Additions	Disposals	30 June 2022
Acquisition Cost				
Rights	3.076	-	-	3.076
Other (Software)	45.550	3.466	-	49.017
	48.626	**3.466**	**-**	**52.093**

Accumulated Amortization	1 January 2022	Charge for the period	Disposals	30 June 2022
Rights	3.076	-	-	3.076
Other (Software)	34.492	3.457	-	37.949
	37.568	**3.457**	**-**	**41.025**
Net book value	**11.058**			**11.068**

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

7 INTANGIBLE ASSETS (continued)

The movement of intangible assets for the period ended 30 June 2021 is as follows:

	1 January 2021	Additions	Disposals	30 June 2021
Acquisition Cost				
Rights	3.076	-	-	3.076
Other (Software)	38.696	6.854	-	45.550
	41.772	**6.854**	**-**	**48.626**

Accumulated Amortization	**1 January 2021**	**Charge for the period**	**Disposals**	**30 June 2021**
Rights	3.076	-	-	3.076
Other (Software)	27.452	7.040	-	34.492
	30.528	**7.040**	**-**	**37.568**
Net book value	**11.244**			**11.058**

As at 30 June 2022 and 31 December 2021, the Company has not any intangible asset that is generated within the company.

8 TAX ASSETS AND LIABILITIES

Corporate Tax

The corporate tax rate has been increased in institutions operating in the field of finance such as banks, financial leasing, factoring, financing and savings financing companies, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, insurance companies within the scope of Law No. 6361. These companies will pay 25% tax from the first provisional tax period of 2022. Since the regulation is not a temporary but a permanent regulation, a high corporate tax rate has been passed for banks and financial institutions. It was calculated with 25% ratios for the parts.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised. Dividend payments made to non-resident legal entities in Turkey are subject to 10% income tax. Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings of corporations from participation in the capital of another fully liable corporation (except for participation certificates of mutual funds and dividends obtained from shares of investment partnerships) are exempt from corporate tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founding certificates of the real estates (immovables) owned for the same period of time, the usufruct shares and the preference rights, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.The Company is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Company's results for the period.

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

8 TAX ASSETS AND LIABILITIES (continued)

Corporate Tax (continued)

Published in the Official Gazette numbered 31462, dated 22 April 2021, No. 7316 of the law on collection procedure of public receivables with Article 11 of the law on Amending Certain Laws Corporate Tax law No. 5520, Article 13 of the Corporate Income Tax rate is added to the temporary corporate earnings taxation period from the year 2022, 25% for the period from corporate taxation for the year 2022 earnings and 25% will be applied. This change will be valid in the taxation of corporate earnings for the periods starting from January 1, 2022, starting with the declarations that must be submitted as of July 1, 2022. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

There is no practice in Turkey to reach an agreement with the tax administration to be paid. Corporate tax returns are filed within four months following the month in which the account is closed. The tax inspection authorities can examine the taxation and basic accounting for the following five years, and a drawable assessment can be made.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected by the end of the second calendar year following the year of sale. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them during the five years following the accounting period and make a reassessment as a result of their findings.

Income Tax Withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the President's Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the provisions of the Income Tax Law No. In the application of withholding tax rates on profit distributions to limited taxpayer institutions and real persons, The withholding tax rates in the relevant Double Taxation Agreements are also taken into account. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

Deferred Tax

Deferred tax liability or asset is determined by calculating the tax effects over the "temporary differences" between the values of assets and liabilities shown in the financial statements and the amounts considered in the legal tax base calculation in accordance with TAS 12 – Income Taxes standard. According to the tax legislation, differences that do not affect the financial or commercial profit of the assets or liabilities on the acquisition date are excluded from this calculation. The deferred tax asset and liability can be shown net if the taxable entity has a legal right to offset and is related to the income tax of the same taxable entity.

If the gains or losses resulting from the valuation of the related financial assets are recognized in the income statement, the current period corporate tax or deferred tax income or expense related to them is also recognized in the income statement. If the gains or losses resulting from the valuation of the related financial assets are recognized directly in the equity accounts, the related tax effects are also recognized directly in the equity accounts.

Transfer Pricing

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué on disguised profit distribution through transfer pricing, dated November 18, 2007, regulates the details of the application. partially distributed through transfer pricing. Disguised profit distribution through such transfer pricing is considered as an expense that is not legally accepted for corporate tax.

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

8 TAX ASSETS AND LIABILITIES (continued)

The details of tax income / (expense) for the periods ended 30 June 2022 and 30 June 2021 are as follows:

Income Withholding Tax

	1 January- 30 June 2022	1 January- 30 June 2021
Reported profit/loss before tax	176.710	74.889
Tax calculated on reported profit	(44.178)	(18.722)
Cancellation of corporate tax provision for previous years	2.660	9.988
Deferred tax income/(expense)	(160)	(1.131)
Other	217	(29)
Tax income/(expense)	**(41.461)**	**(9.894)**

Corporate tax payable as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Temporary tax paid in current period	51.700	19.915
Withholding income tax	(23.594)	(2.646)
Current period payment	(201)	(90)
Current Period Tax Receivable/ (Payable)	**27.905**	**17.179**

As of 30 June 2022, no provisional tax has arisen. There is TL 201 income tax withheld (As of 31 December 2021, no provisional tax has been incurred. There is TL 90 income tax withheld).

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

8 TAX ASSETS AND LIABILITIES (continued)

Deferred tax asset and liability

Carrying values of deferred tax assets and liabilities in the financial statements and tax goodwill and accounting, which are not subject to tax deduction, between the values used in the assessment and temporary differences, calculated on excluding differences in assets and liabilities recognized for the first time, which are not subject to taxation.

Recognition of deferred tax asset and liability

As of 30 June 2022 and 31 December 2021, deferred tax asset and liabilities calculated on the following items:

	30 June 2022	**31 December 2021**
Temporary Differences		
Unearned factoring interest income	112.105	91.998
Litigation and expense rediscount provisions	13.723	5.595
Factoring provisions for receivables (1st and 2nd stages)	10.715	11.461
Premium provisions	5.772	7.018
Factoring provisions for receivables (3rd stage)	4.615	5.098
Provision for severance pay	4.382	3.596
Provision for vacation pay liability	3.431	2.556
Prepaid commissions	4.417	638
Severance pay provision-actuarial loss/gain	1.988	1.988
Credits received bmv rediscount	2.049	1.377
Provisions for expense rediscounts	1.395	3.931
TFRS16 depreciation expense	1.216	2.595
Time/demand deposit provisions	704	345
Factoring receivables interest rediscount valuation differences	456	202
TFRS16 interest expense	617	1.171
Fc exchange rate valuation	240	-
Temporary differences related to deferred tax assets	**167.826**	**139.569**
Commission rediscounts for other factoring receivables	4.740	3.893
Temporary differences on tangible and intangible assets	3.173	3.849
Prepaid letter of guarantee commissions	2.145	1.202
Loans received valuation differences	1.014	409
Vehicle rental expense	901	2.105
Bond valuation differences	234	315
Building rental expense	771	1.685
Fc exchange rate valuation	-	100
Temporary differences related to deferred tax liabilities	**12.978**	**13.558**

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

8 TAX ASSETS AND LIABILITIES (continued)

	30 June 2022	31 December 2021
Deferred tax assets / (liabilities)		
Unearned factoring interest income	28.026	21.160
Litigation and expense rediscount provisions	3.431	1.256
Factoring provisions for receivables (1st and 2nd stages)	2.679	2.636
Premium provisions	1.443	1.567
Factoring provisions for receivables (3rd stage)	1.154	1.022
Provision for severance pay	1.095	719
Provision for vacation pay liability	858	511
Prepaid commissions	1.104	147
Severance pay provision-actuarial loss/gain	497	398
Credits received bmv rediscount	512	317
Provisions for expense rediscounts	349	904
TFRS16 depreciation expense	304	597
Time/demand deposit provisions	176	79
Factoring receivables interest rediscount valuation differences	114	46
TFRS16 interest expense	154	269
Fc exchange rate valuation	60	-
Deferred tax assets	**41.956**	**31.629**
Commission rediscounts for other factoring receivables	(1.185)	(895)
Temporary differences on tangible and intangible assets	(793)	(805)
Prepaid letter of guarantee commissions	(536)	(276)
Loans received valuation differences	(254)	(94)
Vehicle rental expense	(225)	(484)
Bond valuation differences	(59)	(72)
Building rental expense	(193)	(388)
Fc exchange rate valuation	-	(23)
Deferred tax liabilities	**(3.245)**	**(3.038)**
Deferred tax assets (net)	**38.712**	**28.591**

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

8 TAX ASSET AND LIABILITIES (continued)

Movements of deferred tax assets are as follows:

	1-January 30 June 2022	1-January 30 June 2021
1 January	28.591	43.661
Deferred tax income / loss	10.021	(9.894)
Unpaid tax income / (expense)	99	-
Balance at the end of the period	**38.711**	**33.767**

The Company calculates deferred income tax assets and liabilities by taking into account the effects of temporary differences arising as a result of different evaluations between BRSA Accounting and Financial Reporting Legislation and Tax Procedure Law.

9 OTHER ASSETS

Details of other assets as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Receivables from BITT accruals	10.331	348	8.097	334
Prepaid expenses	3.608	18	1.222	129
Other	203	55	88	314
	14.142	**421**	**9.407**	**777**

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

10 FUNDS BORROWED

Details of funds borrowed as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Funds borrowed	2.122.017	1.134.906	2.052.733	1.297.214
	2.122.017	**1.134.906**	**2.052.733**	**1.297.214**

Interest rates are the higher and lower rate interval for the variable and fixed rate loans as at 30 June 2022 and 31 December 2021.

	30 June 2022				31 December 2021			
	Original Amount	Interest Rate (%)	TL Equivalent Up to 1 Year	TL Equivalent 1 Year and over	Original Amount	Interest Rate (%)	TL Equivalent Up to 1 Year	TL Equivalent 1 Year and over
TL	2.122.017	22,31	2.122.017	-	2.052.733	19,75	2.052.733	-
USD	36.349	5,19	601.900	-	58.895	3,03	771.110	-
EURO	19.278	2,01	333.719	-	27.918	1,83	414.528	-
GBP	9.907	1,07	199.287	-	6.307	1,43	111.576	-
Total			**3.256.923**	**-**			**3.349.947**	**-**

TL 967.185 of the funds borrowed as at 30 June 2022 is borrowed from Takasbank Money Market (31 December 2021: TL 603.811). For the loans obtained from Takasbank Money Market, 66.495 TL collateral and 1.065,000 TL collateral were given (31 December 2021: 38.685 TL rental and 614.500 TL collateral list).

As at 30 June 2022 and 31 December 2021, the remaining funds borrowed are uncollateralized.

11 LEASE OBLIGATIONS

Details of lease obligations as at 30 June 2022 and 31 December 2021are as follows:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Nominal	8.107	-	9.131	-
Cost	(1.925)	-	(2.324)	-
Carrying Value	**6.182**	**-**	**6.807**	**-**

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

12 MARKETABLE SECURITIES ISSUED

Details of marketable securities issued as at 30 June 2022 and 31 December 2021are as follows:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Bonds				
Nominal	999.946	-	610.740	-
Cost	939.877	-	569.072	-
Carrying Value	**954.913**	**-**	**583.768**	**-**

The Company issued discounted bonds only for qualified investors.

30-Jun-22				31.12.2021			
Date of issue	Nominal value	Maturity	Interest rate (%)	Date of issue	Nominal value	Maturity	Interest rate (%)
15.04.2022	170.600	02.08.2022	18,00	19.10.2021	261.019	15.04.2022	18,25
31.05.2022	339.901	01.09.2022	21,80	05.11.2021	228.001	02.03.2022	16,40
13.06.2022	134.520	07.09.2022	24,00	22.12.2021	65.420	17.06.2022	21,50
17.06.2022	172.800	21.09.2022	24,50	24.12.2021	56.300	24.03.2022	21,00
30.06.2022	182.125	01.11.2022	28,00				
Total	**999.946**				**610.740**		

13 PROVISIONS

Details of provisions as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Provision for employee benefits	15.573	-	15.158	-
Provision for brokerage commissions	-	2.088	-	1.637
Provision for lawsuits	1.448	-	1.020	-
Other provisions	3.627	9.091	4.395	3.712
	20.648	**11.179**	**20.573**	**5.349**

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

13 PROVISIONS (Continued)

13.1 Provision for Employee Benefits

Provision for employee benefits as at 30 June 2022 includes retirement pay provision amounting to TL 6,370 (31 December 2021: TL 5.583), unused vacation accrual amounting to TL 3.431 (31 December 2020: TL2.557) and personnel bonus accrual amounting to TL 5.772 (31 December 2020: TL 7.018).

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee whose contract is terminated after one service year or who is entitled to a retirement at the age of 60 (58 for women) after 25 service years (20 for women) or who is called for military service or who is dead. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended as of 23 May 2002. The amount of compensation to be paid is equal to one month's salary and this amount for the period 01 July – 31 December 2022 is TL 15.371,40 (full), (31 December 2021: TL 8.284,51 (full). The amount of compensation to be paid is equal to one month's salary for every and each year of employment.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation.

Consequently, in the accompanying financial statements as at 30 June 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 15,80 % and a discount rate of 19,10% (31 December 2021: inflation rate of 15,80 %, discount rate of 19,10%).

Movement of retirement pay provision as at 30 June 2022 and 30 June 2021 are as follows:

	1 January-30 June 2022	**1 January-30 June 2021**
Net liability at the beginning of the period	**5.583**	**4.208**
Severance indemnity paid in the period	(108)	(235)
Recognized under income statement	895	758
Net liability at the end of period	**6.370**	**4.731**

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

13 PROVISIONS (continued)

13.1 Provision for Employee Benefits (continued)

Personnel Bonus Accrual

Movement of the personnel bonus provision as at 30 June 2022 and 30 June 2021 are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021
Balance at 1 January	**7.018**	**4.868**
Paid in the period	(4.779)	(3.162)
Reversal	(367)	(97)
Accrual for the period	3.900	1.800
Balance at the end of the period	**5.772**	**3.409**

Unused Vacation Accrual

The movement of unused vacation provisions as at 30 June 2022 and 30 June 2021 are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021
Balance at 1 January	**2.557**	**1.682**
Paid in the period	(181)	(213)
Reversal	(27)	-
Accrual for the period	1.082	632
Balance at the end of the period	**3.431**	**2.101**

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

13 PROVISIONS (continued)

13.2 Other Provisions

As at 30 June 2022, the Company has set aside TL 2.088 correspondent allowance provision, TL 1.448 continuing legal proceedings, TL 12.718 continuing legal proceedings. (31 December 2021: TL 8.107 is other wages to be paid to staff 1.637 TL is correspondent allowance provision. TL 1.020 continuing legal proceedings.)

The movement of other provision for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	30 June 2022		30 June 2021	
	TL	FC	TL	FC
Balance at 1 January	**5.415**	**5.349**	**1.667**	**737**
Paid in the period	(2.162)	(1.637)	(1.344)	(737)
Accrual for the period	1.822	7.467	773	1.153
Balance at the end of the period	**5.075**	**11.179**	**1.096**	**1.153**

14 OTHER LIABILITIES

Details of other liabilities as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Taxes payable	6.988	-	5.072	-
Prepaid commissions	4.417	-	638	-
Lenders to vendors	2.090	46	1.671	-
Temporary accounts payable	107	720	29	32
Remittances payable	-	923	-	1.469
Other creditors	61	-	57	11
Other liabilities	**13.663**	**1.689**	**7.467**	**1.512**

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

15 SHAREHOLDERS' EQUITY

15.1 Paid-in Capital

As at 30 June 2022, the Company's share capital amounts to TL 79.500 (31 December 2021: TL 79.500). As at 30 June 2022, the Company has 7.950.000.000 (31 December 2021: 7.950.000.000) total registered shares consisting of 4.004.242.970 preferred shares and 3.945.757.030 ordinary shares with a par value of Kuruş ("Kr") 1 each (31 December 2021: Kr 1).

15.2 Capital Reserves

None (31 December 2021: None).

15.3 Other Comprehensive Income or Expense

As at 30 June 2022, TL (1.491) includes actuarial gain/ losses of employee termination benefits and its deferred tax effect that will not be reclassified subsequently to profit or loss (31 December 2021: TL (1.590) includes actuarial gain/ losses of employee termination benefits and its deferred tax effect that will not be reclassified subsequently to profit or loss).

15.4 Accumulated Other Comprehensive Income or Expense

None (31 December 2021: None).

15.5 Profit Reserves

As at 30 June 2022, the Company's profit reserves comprise of the legal reserves amounting to TL 15.900 (31 December 2021: TL 13.354) and extraordinary reserves amounting to TL 251.296 (31 December 2021: TL 121.906).

15.6 Profit Distribution

Profit distribution statement approved at the General Assembly Meeting held on April 4, 2022 the is as follows.

Profit distribution table	**31 December 2021**
Net Profit for the year	131.936
Legal Reserves (-)	2.546
DISTRIBUTABLE NET PROFIT OF THE PERIOD	129.390
Net distributable profit for the period with donations added	129.390
EXTRAORDINARY RESERVES	129.390

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

16 OPERATING INCOME

The details of operating income for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2022	1 April- 30 June 2021
Factoring interest income	492.505	276.560	257.724	149.794
Factoring fee and commission income	18.616	8.693	10.576	4.309
	511.121	**285.253**	**268.300**	**154.103**

17 FINANCE EXPENSES

The details of finance expenses for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2022	1 April- 30 June 2021
Interests on loans used	213.151	146.288	117.694	74.070
Interests on issued securities	76.414	40.013	37.326	28.066
Fees and commissions given (net)	3.176	445	1.846	304
Financial leasing expenses	617	480	308	366
Other interest expense	11	13	-	9
	293.369	**187.239**	**157.174**	**102.815**

18 OPERATING EXPENSES

The details of operating expenses for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2022	1 April- 30 June 2021
Personnel expenses	26.438	16.607	14.841	9.004
IT maintenance and contract expenses	4.945	2.735	2.621	1.232
Depreciation and amortization expenses	4.752	4.989	2.352	2.501
Provision for retirement pays	895	758	412	262
Consultancy expenses	954	673	706	441
Vehicle expenses	579	456	361	291
Communication expenses	506	325	310	171
Litigation expenses	279	202	176	104
Other	1.217	5.040	781	293
	40.565	**31.785**	**22.560**	**14.299**

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

18 OPERATING EXPENSES (continued)

The details of personnel expenses classified under operating expenses for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	1 January-30 June 2022	1 January-30 June 2021	1 April-30 June 2022	1 April-30 June 2021
Salaries and wages	16.590	11.226	9.549	6.092
Bonuses	3.900	1.800	1.950	900
Social security premium employer's share	2.597	1.725	1.539	1.010
Insurance expenses	866	555	457	273
Personnel food expenses	769	328	418	159
Business immorality	302	199	179	117
Other	1.414	774	779	453
	26.438	**16.607**	**14.841**	**9.004**

19 OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	1 January-30 June 2022	1 January-30 June 2021	1 April-30 June 2022	1 April-30 June 2021
Expected losses provision reversals	12.157	16.321	2.416	2.764
Foreign exchange profits	19.211	19.777	12.268	7.242
Interests received from banks	3.940	905	2.172	541
Other	1.234	1.108	659	618
Profits on derivative financial transactions	-	853	-	10
Interests received from securities	-	2.742	-	1.717
Lawsuit provisions cancellations	-	945	-	-
	36.542	**42.651**	**17.515**	**12.892**

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

20 PROVISIONS

The details of expected credit loss for the periods ended as at 30 June 2022 and 30 June 2021 are as follows:

	1 January- 30 June 2022	1 January- 30 June 2021	1 April- 30 June 2022	1 April- 30 June 2021
Stage 1 (*)	6.328	7.115	277	2.220
Stage 2	23	135	(6)	100
Stage 3 (**)	12.199	11.919	6.873	4.317
	18.550	**19.169**	**7.144**	**6.637**

(*) TL 359 expected loss provision is included for assets classified under Cash, Cash Equivalents and Central Bank (30 June 2021: TL 16 expected loss provision is included for assets classified under Cash, Cash Equivalents and Central Bank).

(**) Includes TL 5.180 increase in foreign currency exchange rate difference and TL 186 default interest provision (30 June 2021: TL 2.469 includes foreign currency increase in expected FX loss provision and TL 373 default interest provision).

21 OTHER OPERATING EXPENSES

The details of other operating expenses for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	1 January – 30 June 2022	1 January - 30 June 2021	1 April – 30 June 2022	1 April – 30 June 2021
Foreign exchange losses	10.098	13.656	7.211	4.653
Losses on derivative financial transactions	-	219	-	219
Securities on impairment expense	-	167	-	167
Other	36	-	36	-
	10.134	**14.042**	**7.247**	**5.039**

22 EARNINGS PER SHARE

Calculation of earnings per share for the periods ended 30 June 2022 and 30 June 2021 are as follows:

	1 January – 30 June 2022	1 January – 30 June 2021	1 April- 30 June 2022	1 April- 30 June 2021
Net profit for the period	135.249	64.995	68.428	36.041
Weighted average number of shares with 1 KR of nominal value (thousand)	7.950.000.000	7.950.000.000	7.950.000.000	7.950.000.000
Earnings per thousand shares (KR)	**1,701245**	**0,817547**	**0,860730**	**0,453346**

23 RELATED PARTY TRANSACTIONS

The details of receivables and payables due from and due to related parties as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Bank balances				
Türkiye Garanti Bankası A.Ş.	2.655	24.487	91.547	10.352
Demand deposits	2.655	24.487	1.989	10.352
Term deposits	-	-	89.558	-
Garanti Bank International NV	1	8.469	1	10.514
Demand deposits	1	8.469	1	10.514
	2.656	**32.956**	**91.548**	**20.866**

The amount of cheques and notes at custody of Türkiye Garanti Bankası A.Ş. related with factoring receivables as at 30 June 2022 is TL 2.068.021 (31 December 2021: TL 2.002.631).

	30 June 2022		31 December 2021	
	TL	FC	TL	FC
Funds borrowed				
Türkiye Garanti Bankası AŞ	723.462	668.407	782.364	680.731
Garanti Bank International NV	-	314.663	-	240.923
	723.462	**983.070**	**782.364**	**921.654**

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

23 RELATED PARTY TRANSACTIONS (continued)

	30 June 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Indemnity bond:				
Türkiye Garanti Bankası A.Ş.	2.932	-	2.912	-
	2.932	-	**2.912**	-

	30 June 2022		31 December 2021	
	TL	**FC**	**TL**	**FC**
Miscellaneous Payables:				
Türkiye Garanti Bankası A.Ş.	644	-	795	-
Garanti Emeklilik ve Hayat A.Ş.	106	-	-	-
	750	-	**795**	-

Income and expenses from related parties for the periods ended 30 June 2022 and 30 June 2021 are as follow

	1 January – 30 June 2022	**1 January – 30 June 2021**	**1 April – 30 June 2022**	**1 April- 30 June 2021**
Interest income on bank deposits				
Türkiye Garanti Bankası A.Ş.	275	225	39	154
	275	**225**	**39**	**154**

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

23 RELATED PARTY TRANSACTIONS (continued)

	1 January – 30 June 2022	1 January – 30 June 2021	1 April- 30 June 2022	1 April- 30 June 2021
Interest expenses on funds borrowed				
Türkiye Garanti Bankası A.Ş.	70.248	68.213	42.530	33.126
Garanti Bank International NV	1.753	251	1.218	191
	72.001	**68.464**	**43.748**	**33.317**

	1 January - 30 June 2021	1 January – 30 June 2020	1 April-30 June 2021	1 April- 30 June 2020
Fees and commissions given				
Garanti Yatırım Menkul Kıymetler A.Ş.	1.287	759	667	493
Türkiye Garanti Bankası A.Ş.	117	77	60	39
Garanti Bank International NV	253	48	133	29
	1.657	**884**	**860**	**561**

General Administrative Expenses (*)	1 January – 30 June 2022	1 January – 30 June 2021	1 April – 30 June 2022	1 April – 30 June 2021
Türkiye Garanti Bankası AŞ	5.557	3.268	2.618	1.484
Garanti Filo Yönetim Hizmetler AŞ	1.020	962	506	607
Garanti Emeklilik ve Hayat AŞ	83	64	44	32
Garanti Finansal Kiralama AŞ	-	62	-	50
	6.660	**4.356**	**3.168**	**2.173**

(*) General Administrative Expenses comprises of rent expense, IT maintenance and contract expenses, transaction commissions, car rental expenses, travelling expenses and insurance expenses.

Salary and other benefits provided to board members and executives:

The amount of salary and other benefits provided to board members and executives by the Company for the period ended 30 June 2022 is TL 3.564 (30 June 2021: TL 1.974).

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

24 CONTINGENT ASSETS AND LIABILITIES

a. Guarantees Received

Guarantees received for the Company's factoring receivables as at 30 June 2022 and 31 December 2021are as follows:

	30 June 2022		**31 December 2021**	
	TL	**FC**	**TL**	**FC**
Sureties received (*)	-	47.275.190	-	45.498.193
Finance notes	2.200	16.680.576	2.300	12.006.677
Correspondent guarantees	-	358.435	-	263.461
Insurance coverage	186.546	105.562	134.789	52.606
Mortgage	32.280	-	33.280	-
Pledge of mortgage	281	-	281	81.664
Guarantee cheques	448	1	448	-
	221.755	**64.419.764**	**171.098**	**57.902.601**

(*) Sureties received consist of the sum of amounts signed by each guarantor for every contract within the context of the factoring contracts.

b. Guarantees Given

Guarantees given as at 30 June 2022 and 31 December 2021 consist of letters of guarantee given to the institutions below:

	30 June 2022		**31 December 2021**	
	TL	**FC**	**TL**	**FC**
Takasbank (Note 10)	1.065.000	-	614.500	-
Courts	4.913	-	5.640	85
Other	10	-	10	-
	1.069.923	**-**	**620.150**	**85**

c. Safety Securities

The details of cheques and notes in collection as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022		**31 December 2021**	
	TL	**FC**	**TL**	**FC**
Cheques in collection	2.124.672	330.842	1.830.679	386.618
Notes in collection	6.940	49.213	22.290	39.006
	2.131.612	**380.055**	**1.852.969**	**425.624**

25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

25.1 Financial Risk Management Purposes and Policies

The Company’s risk management strategy aims to measure the risks in the framework of the Company’s activities by considering the risk-return balance for the optimum allocation of the capital and growth.

In this context, for the purposes of establishing a companywide risk culture, the basic principles of risk management implementation are defined by analyzing risks according to the volume, nature and complexity of the Company's activities; ensuring compliance with international and local regulations; controlling risks for protection of financial strength for limiting any potential adverse effects of market conditions on capital and income; creating risk transparency and risk awareness.

25.1.1 Credit Risk

The Company is exposed to credit risk through its factoring transactions. The allocation and monitoring of credit risk management activities can be summarized as follows.

Under the credit allocation;

Credit committee of Garanti Faktoring A.Ş. assesses loan applications from customers on a weekly basis. Apart from this, authorized sub - committees can also grant loans by using their defined limits. Within the scope of the assessment, quality of receivables, borrower’s credibility and the content of the trade are given particular importance. With the credit limit allocation, “limit validity time" application is applied, maximum limit is granted only for one year, but with the decision of the management the time limit can be reduced to shorter periods for control purposes.

During the assessment of credit allocations, determination of the credit risk and its management is carried out basically in two ways:

1. Criteria based limit allocation; a limit allocation is made to the appropriate buyer / seller side borrower company that complies with the criteria which are determined by the Credit Committee. These criteria would be revised if necessary, depending on the market conditions, sectoral developments and the results obtained from the current allocation process. If these criteria are no longer valid for a customer after the loan allocation, any other loan disbursements are stopped, and the risk liquidation process starts.

2. Standard analysis process; Credit allocations are made through the analysis made by the Credit Department within the scope of their limits.

Credit monitoring phase;

In order to monitor the allocated credits an early warning system has been developed. Periodically, customer credibility assessments are performed. In this context, overdraft checks, overdue factoring receivables and invoices are monitored on a daily basis and, if deemed necessary, additional intelligence investigations about customers are made.

For the due date checks, investigation department performs monthly risk controls and also assess concentration level by selecting certain customers from the total risk exposure. Then loan department reviews the work performed and re-assesses the loan limits for those selected customers.

In order to follow the customers with significant exposures, the top 20 borrowers with the highest risks, or the exposure to the related parties are reported to the Asset-Liability Committee on a weekly basis.

25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.1 Financial Risk Management Purposes and Policies (continued)

25.1.2 Market Risk

The Company takes necessary precautions to safeguard itself according to the changing market conditions. The market risk is managed by taking the hedging positions and undertaking derivative transactions within the limits approved by the Board of Directors. The major cost element of the Company is the interest expenses from borrowings and it may be affected by the fluctuations in the market.

In this context, under the monitoring of the senior management, debt maturities are managed with respect to the interest expectations in the market. In addition, to manage the cash flow and liquidity risk, the maturity of factoring receivables, bank loans and deposit accounts is monitored. Daily status reports are prepared and end of day open treasury operations are reported to senior management.

Foreign exchange risk is monitored by the end of day open position limits under the Treasury Transaction Limits and end of day open positions are reported to the Company's management.

25.1.3 Liquidity Risk

Liquidity Risk is managed by the Treasury and Asset Liability Committee within the framework of the risk management policies, in order to take the necessary measures timely and accurately to avoid the liquidity shortage due to the market conditions and the balance sheet structure.

Daily liquidity management is carried out by the Treasury Department. Treasury, while performing this task, considers early warning signals for possible liquidity shortages. Medium and long-term liquidity management is carried out by the Treasury in accordance with the Asset Liability Committee decisions.

The company policy for the liquidity management is designed to have the sufficient liquidity in order to, maintain funding, utilizing any investment opportunities, fulfilment of any credit demand and any possible liquidity shortage. The Company's funding is based on bank loans and bond issues. While constituting the asset structure to ensure efficient management of liquidity, following points are taken into consideration:

• Ease of liquidity,

• Ease of liquidity of collaterals received

The necessary diversification of assets and liabilities is provided in order to fulfil the payment obligations considering the related currencies. The Company monitors cash flows from assets and liabilities and predicts future liquidity needs in TL and FX liquidity management.

Early warning systems are established and monitored by taking into consideration of both the Company's own financial indicators as well as the Turkish capital market, macroeconomic data and global market indicators. The weight of the funding sources like borrowings and bonds in the liabilities, the counterparty transaction volume concentration and the maturity structure is monitored.

25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.1 Financial Risk Management Purposes and Policies (continued)

25.1.4 Operational Risk

All operational risks are managed under the supervision of the Board of Directors and the Audit Committee in accordance with the framework that covers; risk identification, risk assessment, risk monitoring and risk control/mitigation. Each unit of the Company is responsible from their own operational risk monitoring, controlling and mitigating their operational risk by taking the necessary actions. The ultimate responsibility is on the relevant senior management.

In order to create an effective "internal control system", the Company makes necessary organizational arrangements, establishes the appropriate communication and information systems and constitutes monitoring function.

Internal Audit Department is responsible from the audit of departments at headquarters and branches and investigation of any fraudulent activities performed by the staff or third parties. It is also responsible from creating a sound internal control environment and its coordination, and also carrying out of the Company's operations within the legislation and regulations and in accordance with the Company management strategy and policy. In order to ensure compliance with national and international regulations, studies are carried out by the compliance officer in the scope of the strategy for the combat against the crime revenue and financing of terrorism.

The performance of the internal control system of the Company and the effectiveness of controlling operational risks is monitored regularly by the Internal Audit Department. In this context, system controls that constitute the internal control system, business cycle controls performed by the staff, organizational structure, segregation of duties, and basically general control environment are assessed.

This assessment can be performed centrally at the headquarters by utilizing computer-aided infrastructure or can be carried out traditionally by the "on site review". In addition, those responsible from the emergency and contingency plans and their backups are designated.

For the purposes of legal risk management, available controls that are designed for monitoring of the compliance of the Company's transactions with laws, internal policies and rules are monitored.

To strengthen the control environment in the operational areas, systemic or procedural limitations are applied. These limits that are set to limit the operational risks, are designed in accordance with the significance of the transactions for the Company, risk involved and probable amount of the loss and the qualifications of the staff. Limits are assessed and updated periodically depending on the needs. Operational risk limits are managed by determination of inconsistencies and approvals surrounding authorized signatures, authority over payments and transfers, accounting, purchase and sale and expense processes and loan disbursement process.

Operational risks are reported to the Audit Committee by the Internal Audit Department. In addition, the related business lines and units report their own operational risks to their respective senior management.

25 NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (continued)

25.1 Financial Risk Management Purposes and Policies (continued)

25.1.5 Reputation Risk

The Board of Directors and the whole staff of the Company is responsible from the protection of the reputation of the Company. Human Resources and Internal Audit Department determines the principles of the ethical rules and code of conduct of the Company and monitor the compliance of the employees to those rules.

The Company tries to avoid any kind of operation that would create a reputational risk in the eyes of regulators, its customers and other market participants and perform its maximum effort to be beneficial to the society, nature and humanity. The Company performs its all transactions and operations within the framework of compliance with the legislation, corporate governance principles, social, ethical and environmental principles.

In order to regulate the behavioural affairs of its employees and their business relationships, "Ethical Principles Procedure" and "Fraud and Unethical Behaviour Prevention Policy" documents are available as prepared by the Human Resources Department and Internal Audit Department. The Company is committed to the principles of corporate governance and shows maximum effort in the implementation of these principles. Annual report and website is regularly updated, within the framework of corporate governance principle.

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

25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

25.2 Risk Management Disclosures

25.2.1 Credit Risk

30 June 2022	**Factoring Receivables**		**Non-performing receivables**		**Other Assets**			
	Related Party	**Others**	**Related Party**	**Others**	**Related Party**	**Others**	**Cash and Cash Equivalents**	**FVPL Financial Assets**
Maximum net credit risk as at balance sheet date (A+B+C+D+E)	**-**	**4.608.787**	**-**	**9.336**	**-**	**-**	**103.670**	**17**
A. Carrying value of financial assets that are not past due nor impaired	-	4.612.439	-	-	-	-	103.670	17
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired	-	-	-	-	-	-	-	-
C. Financial assets that are past due but not impaired	-	7.063	-	-	-	-	-	-
-carrying value	-	7.063	-	-	-	-	-	-
- the part under guarantee with collateral etc	-	-	-	-	-	-	-	-
D.Net book value of impaired assets	-	(10.715)	-	9.336	-	-	(704)	-
- Past due (gross carrying value)	-	-	-	74.828	-	-	-	-
- Impairment (-)	-	(10.715)	-	(65.492)	-	-	(704)	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk		-	-	-	-	-	-	-

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

25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

25.2 Risk Management Disclosures (continued)

25.2.2 Credit Risk (continued)

31 December 2021	**Factoring Receivables**		**Non-performing receivables**		**Other Assets**				
	Related Party	**Others**	**Related Party**	**Others**	**Related Party**	**Others**	**Cash and Cash Equivalents**	**Derivative Financial Assets Held for Trading**	**FVPL Financial Assets**
Maximum net credit risk as at balance sheet date (A+B+C+D+E)	-	**4.136.435**	-	**9.752**	-	-	**153.287**	-	**15**
A. Carrying value of financial assets that are not past due nor impaired	-	4.147.343	-	-	-	-	**153.287**	-	15
B. Net book value of financial assets whose terms are reassessed, if not accepted as past due nor impaired	-	-	-	-	-	-	-	-	-
C. Financial assets that are past due but not impaired	-	554	-	-	-	-	-	-	-
-carrying value	-	554	-	-	-	-	-	-	-
- the part under guarantee with collateral etc	-	-	-	-	-	-	-	-	-
D.Net book value of impaired assets	-	(11.462)	-	9.752	-	-	(345)	-	-
- Past due (gross carrying value)	-	-	-	68.703	-	-	-	-	-
- Impairment (-)	-	(11.462)	-	(58.951)	-	-	(345)	-	-
-The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-
- Not past due (gross carrying value)	-	-	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-	-	-	-
E. Off balance sheet items that include credit risk	-	-	-	-	-	-	-	-	-

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

25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

25.2 Explanations on Risk Management (continued)

25.2.2 Liquidity Risk

The following table provides an analysis for the Company's financial liabilities by grouping the contractual maturities as at the balance sheet date. Amounts in the following table are the undiscounted contractual cash flows:

30 June 2022

Contractual Maturities	Carrying Amount	Total Expected Cash Outflows	Less than 3 months	3-12 months	1-5 years
Non-derivative financial liabilities	**4.236.689**	**4.375.624**	**3.468.092**	**902.447**	**5.085**
Funds borrowed	3.256.923	3.348.900	2.630.808	718.092	-
Securities issued	954.913	999.946	817.821	182.125	-
Factoring payable	18.671	18.671	18.671	-	-
Payable leasing transactions	6.182	8.107	792	2.230	5.085

31 December 2021

Contractual Maturities	Carrying Amount	Total Expected Cash Inflows / (Outflows)	Less than 3 months	3-12 months	1-5 years
Non-derivative financial liabilities	**3.958.723**	**4.058.077**	**2.959.947**	**1.092.003**	**6.126**
Funds borrowed	3.349.947	3.420.005	2.656.646	763.359	-
Securities issued	583.768	610.740	284.301	326.439	-
Factoring payables	18.201	18.201	18.201	-	-
Leasing	6.807	9.131	799	2.205	6.126

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

25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

25.2 Explanations on Risk Management (continued)

25.2.3 Market Risk

Foreign currency risk

Foreign currency risk is the risk arising from the value changes on financial instruments related with the change in exchange rates. The Company is exposed to currency risk due to its foreign currency borrowings. The currencies that the foreign currency risk of the Company mainly arises from are USD, Euro and GBP. As the financial statements of the Company are presented in TL, the financial statements are affected by fluctuations in these exchange rates against TL. The Company's net short/ (long) position arises from the assets, liabilities and derivative financial instruments in foreign currencies as at 30 June 2022 and 31 December 2021.

Foreign currency assets and liabilities as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022 (TL equivalent)	**31 December 2021 (TL equivalent)**
A. Foreign currency monetary assets	1.200.376	1.331.236
B. Foreign currency monetary liabilities	(1.163.826)	(1.320.113)
Net foreign currency position (A+B+C)	**36.550**	**11.123**

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

25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

25.2 Explanations on Risk Management (continued)

25.2.3 Market Risk **(continued)**

Currency Risk (continued)

The table below summarizes the Company's foreign currency position in detail as at 30 June 2022 and 31 December 2021. Carrying amounts of the Company's foreign currency monetary assets and liabilities are presented with their original currencies:

30 June 2022	**USD**	**EURO**	**GBP**	**Total**
Assets				
Cash and cash equivalents	29.406	2.657	2.098	34.161
Financial assets at fair value through profit or loss	-	17	-	17
Factoring receivables (Net)	618.407	348.972	198.416	1.165.795
Other Assets (*)	281	113	9	403
Total assets	**648.094**	**351.759**	**200.523**	**1.200.376**
Liabilities				
Funds borrowed	601.900	333.719	199.287	1.134.906
Factoring payables	5.682	7.570	2.800	16.052
Sundry creditors and other liabilities	1.679	10.895	294	12.868
Total liabilities	**609.261**	**352.184**	**202.381**	**1.163.826**
Net foreign currency position	**38.833**	**(425)**	**(1.858)**	**36.550**
Net position	**38.833**	**(425)**	**(1.858)**	**36.550**

(*) Prepaid expense amounting to TL 18 that is presented in other assets is excluded from the table.

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

25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

25.2 Explanations on Risk Management (continued)

25.2.3 Market Risk (continued)

31 December 2021	USD	EURO	GBP	Total
Assets				
Cash and cash equivalents	9.805	7.971	4.543	22.319
Financial assets at fair value through profit or loss	-	15	-	15
Factoring receivables (Net)	772.380	428.513	107.362	1.308.255
Other assets (*)	240	404	3	647
Total Assets	**782.425**	**436.903**	**111.908**	**1.331.236**
Liabilities				
Funds borrowed	771.110	414.528	111.576	1.297.214
Factoring payables	1.927	11.939	2.172	16.038
Sundry creditors and other liabilities	572	6.107	182	6.861
Total liabilities	**773.609**	**432.574**	**113.930**	**1.320.113**
Net foreign currency position	**8.816**	**4.329**	**(2.022)**	**11.123**
Net position	**8.816**	**4.329**	**(2.022)**	**11.123**

(*) Prepaid expense amounting to TL 130 that is presented in other assets is excluded from the table.

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

Foreign currency sensitivity risk

10% decrease in the TL against the relevant foreign currencies for the periods ended 30 June 2022 and 2021 results in an increase in profit before tax for the period amounting to TL 3.655 (30 June 2021: TL 2.771 increase). This analysis is made with the assumption that the other variables were held constant for the periods ended 30 June 2022 and 30 June 2021.

TL **30 June 2022**	**Profit/(Loss)**
USD	3.884
EURO	(43)
GBP	(186)
Total	**3.655**

TL **30 June 2021**	**Profit/(Loss)**
USD	545
EURO	1.888
GBP	618
Total	**3.051**

Interest Rate Risk

Weighted average effective interest rates applied to financial instruments as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022				**31 December 2021**			
	USD (%)	**EURO (%)**	**GBP (%)**	**TL (%)**	**USD (%)**	**EURO (%)**	**GBP (%)**	**TL (%)**
Assets								
Time deposits	-	-		15,29	-	-	-	20,70
Factoring receivables reflected financial assets	7,76	4,72	4,06	32,54	4,79	3,77	3,32	27,02
Funds borrowed	5,19	2,01	1,07	22,31	3,03	1,83	1,43	19,75
Issued securities	-	-	-	23,01	-	-	-	18,14

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

25 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

25.2 Explanations on Risk Management (continued)

25.2.3 Market Risk

Interest rate risk sensitivity analysis

The Company's financial instruments that have interest rate sensitivity as at 30 June 2022 and 31 December 2021 are as follows:

	Carrying Value	
	30 June 2022	**31 December 2021**
Fixed Rate		
Factoring receivables	3.488.000	3.127.298
Time deposits	66.495	128.243
Funds borrowed	2.831.452	3.002.971
Marketable securities issued	954.913	583.768
Variable Rate		
Factoring receivables	1.131.502	1.020.599
Funds borrowed	425.471	346.976

If interest rates of the floating rate instruments denominated in USD and EURO were 100 basis points higher/lower at the date of reissue and all other variables were constant as at 30 June 2022, net income for the period would decrease/increase by TL 7.060 (30 June 2021: TL 4.110) as a result of higher/lower interest expense from floating interest rate financial instruments.

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the profit through the optimisation of the debt and equity balance. The capital structure of the Company consists of debt, cash and cash equivalents and equity comprising issued capital, reserves and retained earnings disclosed in Note 16.

It is shown by the management reviews the cost of capital and the risks associated with each class of capital. As part of this review, the management considers the cost of capital and the risks associated with each class of capital and presents to the Board of Directors for approval.

The overall strategy of the Company did not differ materially from the prior period.

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

26 FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The Company calculated fair values of financial instruments using available market information and appropriate valuation methodologies. However, as the judgment is necessary to interpret market data to determine the estimated fair value, the calculated fair values may not be fully reflective of the value that could be realized in the current circumstances. Management assumes that the fair values of financial assets and liabilities at amortized cost including cash and banks, factoring receivables and short-term bank loans denominated in TL approximate their carrying values due to their short term nature.

Fair Value of Financial Instruments Classification

The table below presents the fair value determination method of the financial instruments at fair value as at 30 June 2022. The method for each level is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

30 June 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss (Net)	17	-	-	17
	17	**-**	**-**	**17**

31 December 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss (Net)	15	-	-	15
	15	**-**	**-**	**15**

27 EVENTS AFTER THE REPORTING PERIOD

None.