



Productive cooperation for the future

iş LEASING



2021 Annual Report

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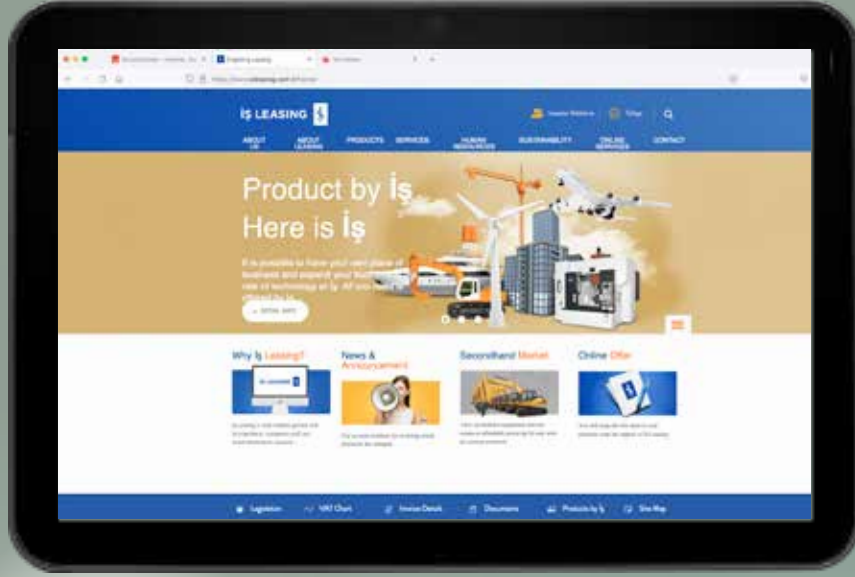


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<https://www.isleasing.com.tr/home>



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our reports



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Head Office

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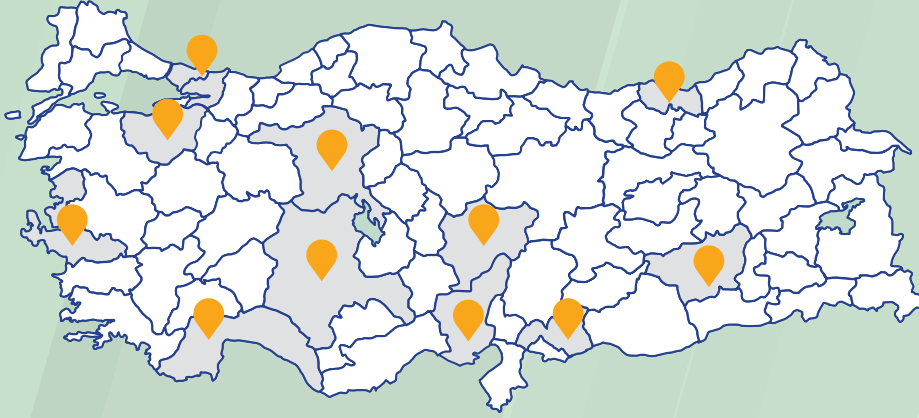
İş Kuleleri Kule 1 Kat: 6
IV. Levent 34330 İSTANBUL

İSBANK Subsidiary



About Us

Creating sustainable value



İŞ LEASING

enjoys a high customer reach through its 15 branches located in regions and cities getting the highest share out of GDP and through the extensive branch network of İşbank.

Being one of the first leasing companies established in our country, İş Leasing steers the sector with its deep-seated experience and pioneering stance.

With the support lent by İşbank Group, İş Leasing offers differentiating products and services for the financing needs of its customers' investments.

Its new product development and solution creation capabilities, lean and effective business processes that make a difference in customer experience, and its swift decision-making mechanisms make İş Leasing the preferred choice of a large customer segment.

İş Leasing acts with a commitment to create sustainable value for its customers, shareholders, employees and all other stakeholders, and integrates this approach in all its processes.

Offering service via its 15 branches (including 2 corporate branches) located in regions and cities getting the highest share of GDP, İş Leasing boasts one of the greatest number of branches in the sector and thus enjoys a high customer reach through its own branches and the extensive branch network of İşbank.

- Head Office, İstanbul
- Kozyatağı Branch, İstanbul (Corporate)
- Kartal Branch, İstanbul
- Şişli Branch, İstanbul
- Avcılar Branch, İstanbul
- Başkent Branch, Ankara (Corporate)
- Ostim Branch, Ankara
- Aegean Branch, İzmir
- South Anatolia Branch, Gaziantep
- Marmara Branch, Bursa
- Mediterranean Branch, Antalya
- Çukurova Branch, Adana
- Trabzon Branch
- Konya Branch
- Kayseri Branch
- Diyarbakır Branch

Company Profile



Regarding sustainability an integral part of its way of doing business, İş Leasing remains the choice of a large customer segment.

The Company steered the sector and contributed significantly to its growth through numerous “first”s including the first lease syndication, the first aircraft lease facility, and the first sale-and-leaseback transactions, and the first debt instrument issue based on its new product development and solution creation capabilities.

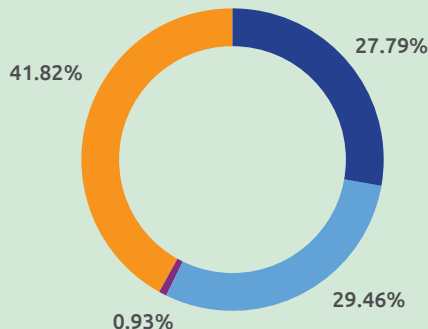
While İş Leasing leads the financing of projects that contribute to the national economy with its solid funding means, the Company particularly sustains its support uninterruptedly to sectors creating employment and added value.

Regarding sustainability an integral part of its way of doing business, İş Leasing remains the choice of a broad customer segment wishing to capitalize on their investment projects quickly, accurately and efficiently because of its high quality and solution-oriented service concept.

41.8% of İş Leasing’s shares are being traded on Borsa İstanbul under the ticker symbol “ISFIN”, while the remaining 58.2% is held by İşbank Group, along with full management control over the Company.

Incorporated in 1988 as a partnership of Türkiye İş Bankası (İşbank) Group with IFC, a member of the World Bank Group, and Société Generale, İş Leasing is one of the first leasing companies in Turkey. In 1995, İşbank acquired all of the shares held by foreign shareholders. Thanks to the synergy created with İşbank Group and primarily İşbank’s branch network extending all over the country, İş Leasing quickly became one of the leading companies in the sector.

Part of the Company’s shares was offered to the public in 2000, thus making İş Leasing one of the first leasing companies to go public.



Shareholding Structure (%)

Shareholder	Share Amount (TL)	Capital Share (%)
■ Türkiye İş Bankası A.Ş.	193,253,262.93	27.79
■ Türkiye Sınai Kalkınma Bankası A.Ş.	204,850,378.33	29.46
■ Trakya Yatırım Holding A.Ş.	6,482,770.65	0.93
■ Publicly held	290,716,233.09	41.82
Total	695,302,645.00	100.0

Strategic Principles

We are one of the sector's leading companies with our robust financial structure, funding capabilities and solution-oriented approach.

İş Leasing has espoused the strategy of ensuring “sustainable, high-quality, customer-focused and profitable growth” in order to achieve its vision and goals. The Company targets to adhere to the principles spelled out below when implementing its strategy.

PRODUCTS AND SERVICES THAT CATER TO CUSTOMER NEEDS:

- Differentiating service quality through innovative and flexible products
- Sustainable and inclusive business model
- Extensive and efficient service network
- Effective customer relationship management
- Strong channel management strategy



COMPETENT HUMAN RESOURCE:

- Deep-seated experience and know-how
- HR policies focused on employee happiness
- Implementations nurtured with employee feedback and suggestions
- Performance-based objective assessment



WELL-BALANCED RESOURCE AND RISK MANAGEMENT:

- Risk-based capital allocation
- Successful loan assessment processes paying regard to different disciplines
- High asset quality and efficient credit risk management
- Extensive and diversified funding structure
- Currency, maturity and interest rate risk management aligned with assets



DIGITAL TRANSFORMATION AND TECHNOLOGICAL ADVANCEMENT:

- Infrastructure design integrating new generation technologies
- Innovative digital transformation processes
- Technology-driven digital interaction
- Business intelligence creation supporting decision making on the back of advanced data analytics
- Data-driven agile decision-making processes



SUSTAINABILITY APPROACH

- Financing of renewable energy projects
- Energy, water, raw material and resource efficiency
- Financing projects that will support employment in the country
- Supporting the low carbon transition
- Environmental and social risk measurement of investment projects, waste management
- Corporate integrity and transformation





**We are producing
solutions for the SMEs
with our financial
support.**

**On the back of its solid
funding capabilities,
İş Leasing sustains its
support uninterruptedly
particularly to sectors
creating employment and
added value.**

Company Performance

Being one of the industry's leading service providers with its professional human resource which is set apart with its competencies, know-how and high visionary capability, coupled with the robust financial structure, İŞ Leasing displays a consistent and healthy performance on the back of its sustainable and profitable growth strategy. During 2021, while the sector's revival was sustained by the economic recovery that followed the normalization steps, demand for the leasing sector grew.

İŞ Leasing continued to offer to the real sector companies, particularly SMEs, financing sources that are compatible with their investments with the transaction volume it has realized also in 2021 despite all the negative impacts of the pandemic, and retained its title as the second biggest company in the sector owing to its superior performance. The Company focused on sustainable growth strategies and achieved performance results aligned with its targets thanks to its dynamic balance sheet management in the reporting period. The year's highlights for the Company are as follows:

- With a new transaction volume of USD 611 million and a market share of 15.3% in new business, İŞ Leasing preserved its strong position in the sector and remained in the second place in the industry in terms of leasing receivables.
- Net leasing receivables amounted to TL 11.4 billion.
- The Company increased its shareholders' equity by 25% to TL 2.1 billion.
- The Company posted a consolidated net profit of TL 310 million for an RoE of 16.1%.

While pursuing selective growth in a bid to effectively manage the competition-driven increased pressure on profit margin in a balanced manner, İŞ Leasing did not compromise its strategy of ensuring broad-based transaction volume and high-quality portfolio composition.

Thanks to the up-to-date methodology and techniques implemented for credit risk, effective risk monitoring processes and broad-based portfolio, the Company's non-performing leasing receivables ratio continued to remain significantly below the industry average and stood at 4.9% at year-end 2021.

Powered by its service model with a continually enhancing structure bolstered with its sustainable, technology-driven and customer-focused culture, İŞ Leasing has been one of the most preferred leasing companies in 2021 and increased its market share in terms of the number of customers to 13.2%.

İŞ Leasing retained its number two ranking in the sector in terms of leasing receivables by preserving its robust position on the back of new transaction volume worth USD 611 million that translated into a 15.3% market share in new business.

TL 11.4 billion

Net leasing portfolio

was registered as TL 11.4 billion in 2021.

TL 310 million

Net profit

was up by 56.9% to TL 310 million.

59.7%

Total assets

grew by 59.7% to TL 20.4 billion.

TL 2.1 billion

Shareholders' Equity

increased by 56.9% to TL 2.1 billion.

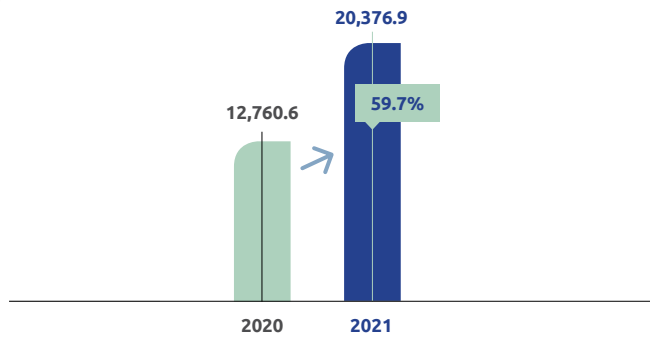
50.5%

Factoring receivables (net)

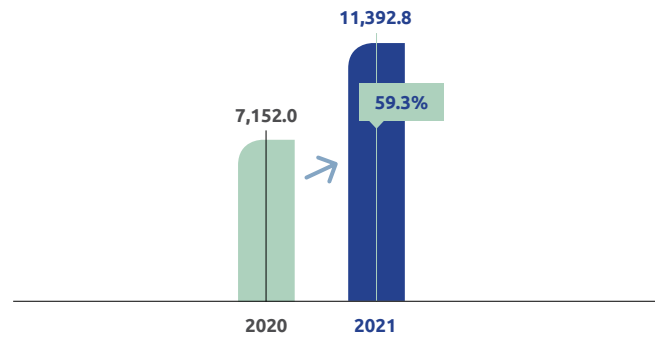
augmented by 50.5% to TL 6.7 billion.

Financial Indicators

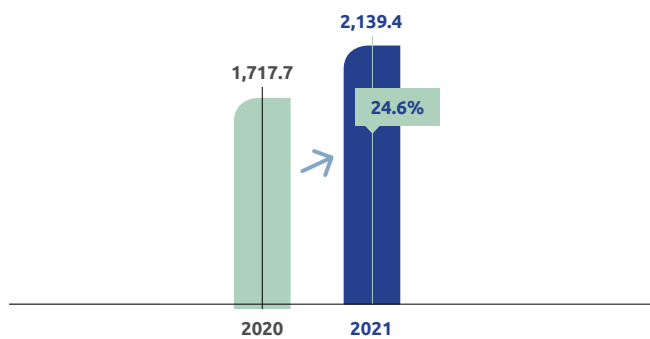
Total Assets (TL million)



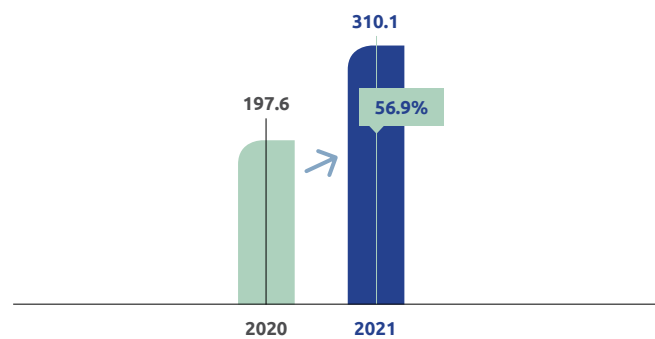
Leasing Receivables, Net (TL million)



Shareholders' Equity (TL million)



Net Profit/Loss (TL million)



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(TL million)	2020	2021	Change (%)
Total Assets	12,760.6	20,376.9	59.7
Factoring Receivables	4,419.9	6,652.5	50.5
Leasing Receivables, Net	7,152.0	11,392.8	59.3
Shareholders' Equity	1,717.7	2,139.4	24.6
Net Profit / Loss	197.6	310.1	56.9
Return on Assets (ROA) (%)	1.9	1.8	+10 pts
Return on Equity (ROE) (%)	16.1	13.2	+290 pts
Debt to Equity	8.5	6.4	+210 pts
Cost/Revenue (%)	12.7	18.5	-580 pts

Stock, Assessment and Rating

Stock Performance

Having gone up by 29.1% in 2020, the BIST 100 index also increased by 25.8% in 2021. Hence, including the 25.4% rise of 2019, the index has achieved growth for three consecutive years for the first time in the past 15 years. The index closed the year 2021 at 1,857.65.

İş Leasing, which is a Group B share, is traded on the Stars Market. Also a constituent of the BIST Corporate Governance Index by virtue of its effective corporate governance practices, the Company is also included in the BIST Financial and BIST Leasing Factoring indices. Publicly-held since 2000 and 41.8% of its shares traded on BIST, İş Leasing had a daily average trading volume of TL 29.4 billion in 2021 and closed the year with a stock price of TL 3.10.

ISFIN

PUBLICLY HELD SINCE 2000, 41.8% OF THE SHARES OF İŞ LEASING ARE TRADED ON BIST.

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**BIST
Stars
Market**

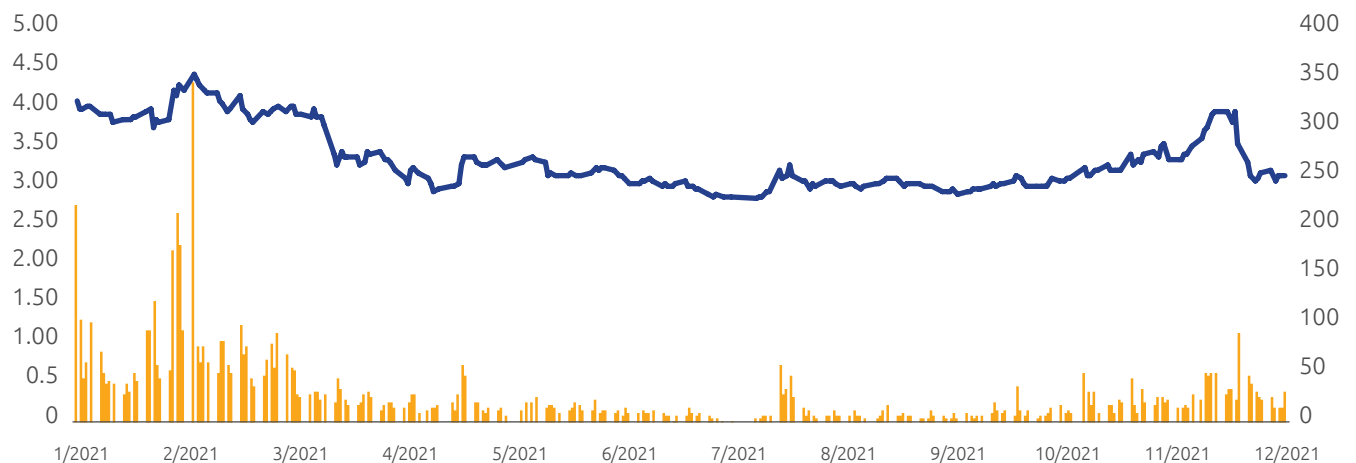
**BIST
Corporate
Governance
Index**

**BIST
Financial
Index**

**BIST
Leasing
Factoring
Index**

STOCK PERFORMANCE

Trading Volume (TL million) (right axis) ISFIN Price (TL) (left axis)



Corporate Governance

İş Leasing, a believer in the necessity of an effective corporate governance system to successfully attain its goals through sustainable performance, continually furthers its practices, maintaining a communication with its stakeholders built on the principles of accuracy, transparency, fairness, trust and accountability, and targeting best corporate governance models.

Corporate Governance Rating

In 2021, İş Leasing was assigned a corporate governance rating of 9.29 (92.91%) on a scale of 10 by Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş.

Credit Rating

In its rating report dated 10 December 2021, Fitch Ratings announced the local and international currency ratings of İş Leasing as A+(tur) and B+, respectively.

Foreign Currency

Long Term	B+
Short Term	B
Outlook	Negative

Turkish Lira

Long Term	B+
Short Term	B
Outlook	Negative

National

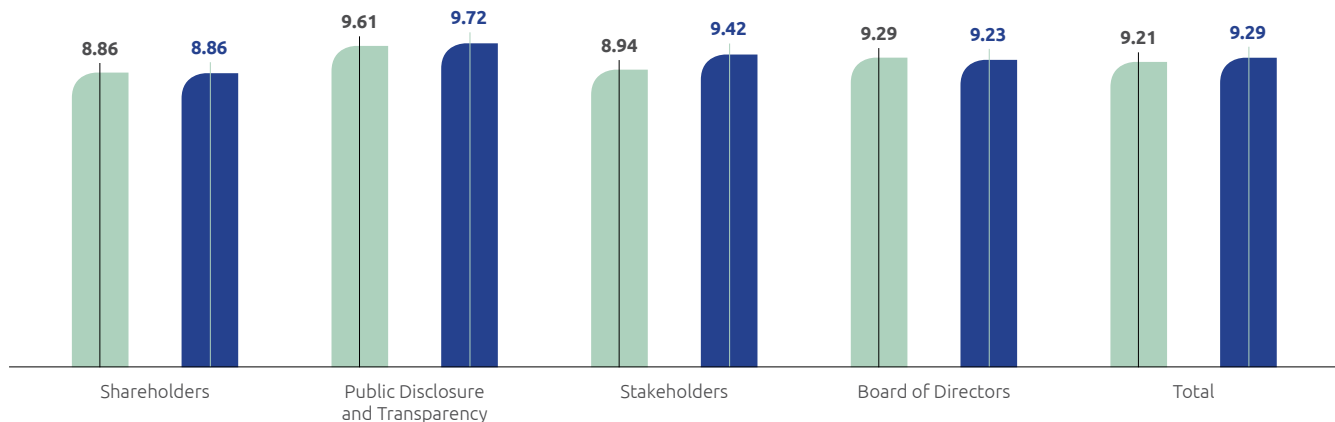
Long Term	A+(tur)
Outlook	Stable
Support Rating	4

9.29

İŞ LEASING WAS ASSIGNED A CORPORATE GOVERNANCE RATING OF 9.29 (92.91%) ON A SCALE OF 10 IN 2021.

CORPORATE GOVERNANCE RATING

Rating dated 28.12.2020 Rating dated 28.12.2021



Message from the Chairman

Dear Stakeholders,

Before presenting the annual report, financial statements and profit distribution proposal for your review and approval, which provide the results for 2021 during which İş Leasing displayed a successful performance, and which have been prepared in accordance with the Capital Market Law and applicable legislation; I would like to give an overview of the global and national economy and make a brief assessment of the leasing sector and the position of İş Leasing.

The pandemic remained as the number 1 item on the economy agenda.

During 2021, vaccination campaigns accelerated around the globe, normalization and growth tendency was captured in the first half of the year, and economic revival lost pace after the virus re-imposed itself with new variants and periodic measures and restrictions were introduced in connection therewith. As inadequate supply and procurement issues arose in view of the rapidly revived demand during normalization because of operational shutdowns and postponed investments during the lockdowns, global raw material and commodity prices showed record rises. While the problems in the supply chain led to supply-demand mismatches, an inflationary spiral outstretching from emerging countries to developed economies loomed as a new peril threatening the global economy.

Liquidity surplus in the market and strengthened economic activity that resulted from expansionary monetary policies implemented from the onset of the pandemic by many central banks led by those of advanced economies have been important factors that fueled inflationist effects. In the last quarter of the year, major central banks concluded that the inflationist tendency is permanent and thus started restricting their asset purchases and accelerating monetary policy tightening. While the Fed and the ECB, which kept their interest rates fixed, announced they would be terminating their bond buying programs, the Fed is anticipated to hike rates in 2022. In the period ahead, gradual and controlled exit from loose monetary policies in developed countries will presumably negatively affect capital flows to emerging economies.

İş Leasing strengthened its contribution to the economy by extending solid support to the SMEs and the real sector in 2021 when it converted the challenging pandemic conditions experienced in the previous year into opportunity with its strong prediction capabilities.

Murat Bilgiç
Chairman of the Board of Directors

Message from the Chairman

The Turkish economy preserved its growth momentum also in 2021 and registered 11% growth benefiting also from the base effect of the previous year.

While maintaining its growth rate estimation of 5.9% for 2021 in the World Economic Outlook Update released in January 2022, the IMF noted that global economy presented a weaker-than-projected outlook at the onset of 2022 and revised its growth projection for the whole year downwards from 4.9% to 4.4%. Estimated at 5% for developed countries in 2021, growth forecast was 6.5% for developing economies. The report projected Turkey's growth as 9% for 2021 and 3.3% for 2022.

On another note, 2021 has been a year during which the impacts of the climate crisis deepened and were manifested with fire and flood disasters. In a setting overshadowed by these developments, the Turkish Ministry of Trade published the Green Deal Action Plan of Turkey that covered nine headings in July 2021. On November 10th, Turkey has also become a party to the Paris Agreement that targets to limit global temperature rise to 1.5 degrees, and pledged to achieve a net zero target by 2053 with respect to reducing its GHG emissions.

In the medium- and long-term, deteriorated supply chain, increased energy prices, rising inflationist tendencies and the impacts of the climate crisis that are progressively becoming more concrete will potentially arise as factors curbing growth.

The Turkish economy maintains its growth tendency.

The Turkish economy preserved its growth momentum also in 2021 and registered 11% growth benefiting also from the base effect of the previous year. Private consumption and record exports that played an important part in the rapid growth with the contribution of the low base have been the drivers of the growth performance. Looking at the last quarter, the fastest growth occurred in domestic consumption.

As the depreciation of the Turkish currency accelerated particularly in the last quarter of the year, the CPI was high throughout 2021 when the high levels in exchange rates and global commodity and energy prices added to inflationist pressures on the cost side, and was recorded as 36.08% at year-end.

Although the solid exports performance displayed throughout 2021 and the recovery in tourism and transportation revenues brought along betterment in the current accounts balance, the uptrend in commodity and energy prices continues to pose an upside risk on the current deficit.

İş Leasing is determined to upgrade its service quality and competitive superiorities on the back of its strong risk perception and management, coupled with its innovative transformation and data-driven agile decision-making processes in the digitalization area.

Our target: sustainable service and success

With the normalization that gathered speed and economic activity that revitalized in 2021, the leasing sector also revived, and the business volume increased by 21% to USD 4 billion.

İş Leasing strengthened its contribution to the economy by extending solid support to the SMEs and the real sector in 2021 when it converted the challenging pandemic conditions experienced in the previous year into opportunity with its strong prediction capabilities. As our company increases its support to its customers on the back of its robust equity and diversified funding sources, it preserves its asset quality owing to effective credit risk management.

Sustainability and digitalization make the pivots of our growth roadmap. As İş Leasing acts with a strategy focused on financing renewable energy investments, it has also made a mark with its financing solutions for solar power as well.

In the coming year, adaptation to rapid change and moving forward with the right and farsighted decisions in the face of uncertainties will be key. İş Leasing is determined to upgrade its service quality and competitive superiorities on the back of its strong risk perception and management, coupled with its innovative transformation and data-driven agile decision-making processes in the digitalization area.

On behalf of the Board of Directors and myself, I would like to thank the İş Leasing family and all our stakeholders with whom we wish to share our achievements in a healthy and livable future.

Sincerely,

Murat Bilgiç
Chairman of the Board of Directors

Message from the CEO

İş Leasing consolidated its achievements with its solid performance in 2021.

In 2021 during which the effects of the pandemic upon global economy endured, demand for leasing transactions increased driven by the economic recuperation that followed the normalization steps taken.

Defying the pandemic conditions, the global economic environment, inflationist pressures and the severe depreciation of the Turkish currency, the leasing sector authored an important achievement in 2021 and attained growth. The sector's business volume went up by 21% year-on-year to reach USD 4 billion, in parallel with which financial leasing receivables rose by 45% to TL 83 billion.

At İş Leasing, we are strengthening our capability to rapidly respond to change on the back of our differentiating implementations paying regard to the environmental and social implications of our products and services, along with our solid economic performance and our contributions to the economy. As the pandemic once again acted as the main determinant upon our business model and processes in 2021, we ensured our business continuity by keeping in place the measures we have taken to protect our employees, customers, and all other stakeholders and to minimize risks relying on our digital capabilities.

We were significantly set apart from the other companies in the sector with our customer-oriented service model, and the transaction volume worth USD 611 million we have registered based on our risk and portfolio management policies that are the components of our sustainable growth strategy. We preserved our solid position in the sector with 15.3% market share we captured in new business.

While our leasing portfolio enlarged by 50% to reach TL 11.4 billion on the back of our high performance in new business, we have solidly anchored our inclusive position in the sector.

As we expanded our customer base with our effective and innovative solutions developed by our expert team, 15 branches across the country, digitalizing infrastructure, and high-quality service, we consolidated our success with our market share in terms of the number of customers, which rose to 13.2%.

We were significantly set apart from the other companies in the sector with the transaction volume worth USD 611 million and we preserved our solid position in the sector with 15.3% market share we captured in new business.

Out of our constantly growing financial leasing receivables, 20% consist of loans extended for heavy-duty and construction machinery, and 24.9% of loans extended for other machinery and equipment. The total share of 44.9% held by machinery and equipment is followed by receivables on real estate by 15.5%.

As we achieved performance results aligned with our targets thanks to dynamic balance sheet management in 2021, we booked a consolidated RoE of 16.1% in 2021. With its total assets amounting to TL 20.4 billion, our Company's shareholders' equity increased by 25% to TL 2.1 billion.

Advanced techniques we employ in credit risk and effective risk management, collections from non-performing loans and the high business volume attained helped maintain the ratio of our Company's non-performing leasing receivables significantly below the sector's average at 4.9%.

In 2021, our Company's bond issue limit of TL 3 billion was approved by the CMB and the Company issued bills and financial bonds worth TL 3.1 billion in total during the reporting period. The Company secured new financing in the amount of USD 307 million from domestic and international prestigious lenders and diversified its funding.

Acting with the resolve to achieve disciplined growth, İş Leasing aims at broad-based risk in business volume, while acting selectively by remaining adhered to its strategy for quality portfolio composition in a bid to effectively manage the profit margin pressure that aggravated as a result of competition.

U. Şafak Ögün
CEO and Member of the Board of Directors

Message from the CEO

Taking to the fore in the sector with its digitalization activities, our Company launched the Maxi-Lease service in 2021, which enables customers to make their payments online using the credit card of any bank.

We are stepping up our contention in renewable energy finance.

Positioned among the pioneering and leading companies in renewable energy finance, İŞ Leasing financed investments with a total installed capacity in excess of 162.21 MW so far in this area that it has placed in its growth focus. Having taken its cooperation further with the sector's major companies operating in solar power and cogeneration plants, our Company offers financing solutions to investors particularly for rooftop photovoltaic systems for self-consumption.

In 2021, we have taken part in the Turkey Sustainable Energy Financing Facility (TurSEFF) developed by the European Bank for Reconstruction and Development and allocated solid funding to energy efficiency and renewable energy projects. Based on the agreement concluded by early 2021, we have secured a EUR 40 million-fund from the EBRD which will be channeled for the financing of energy efficiency and renewable energy investments.

Accessing an increasing amount of funds from the leading credit finance agencies thanks to its international credibility and prestige, our Company made a new fund deal with the World Bank. With its negotiations held during 2021 and brought to completion by early 2022, the agreement covers a fund comprised of two different packages. USD 30 million-portion of the facility will be used for financing the SMEs affected by the COVID-19 pandemic and the EUR 30 million-portion will be channeled to SME-sized companies with investment plans to increase registered employment. Green themed funds we have obtained in the last few years are also significant as they attest to our sustainability vision.

Digitalization is the driving force of our development.

Realizing digital transformation on the basis of a holistic approach and capturing it in all our operational processes and services is one of the pillars of our business strategy.

As part of digitalization, our efforts are ongoing with increased momentum to upgrade our technological infrastructure, including increasing the data processing speed, improving and transforming data access and review, work processes and ways of doing work, and building strategic decision-making processes upon flexible and precise measurements.

Taking to the fore in the sector with its digitalization activities, our Company launched the Maxi-Lease service in 2021, which enables customers to make their payments online using the credit card of any bank. While the Maxi-Lease service gives the customers the chance to fulfill their payment obligations arising from their leasing transactions more quickly and in installments with a credit card, it also hands our Company the opportunity to increase portfolio security through more efficient operational processes.

Sustainability lies at the heart of our value creation model.

Considering sustainability as the pedestal of our value creation model, we are taking important steps with our commitment to embed this approach in all our work processes and practices.

We have introduced the Environmental and Social Risk Management System (ESRS) Project for holistic and systematic handling of sustainable value creation actions. As the Sustainability Committee set up in our Company for steering and coordinating our sustainability efforts forge ahead with its activities, we have set our sustainability

As we advance our services and our support to the economy in line with our sustainable, high-quality, and profitable growth strategy, we will also preserve and strengthen our brand prestige.

strategy and released our sustainability policy and environmental and social impact policy. We also compiled our exclusion list and publicly disclosed it. In 2021, we crowned our sustainability initiatives by being the first and only leasing company in the sector to publish sustainability report.

We are aware that emissions volume that increases as a result of unsustainable investments and in connection with fossil fuel use gives rise to irreversible negative impacts on human health and the environment. Along this line, we are gearing up to update our internal practices supporting net zero philosophy and to take our own steps to achieve this target.

As we aim to be part of the solution in the fight against the climate crisis in particular and all environmental and social issues in general, we have defined our goals for the 2022-2024 period in alignment with sustainable growth and value creation principles.

Our goal is to improve our environmental, economic and social sustainability performance scores and to qualify for "Borsa İstanbul Sustainability Index" in 2022.

In 2022...

2022 will be a hard-to-predict year both in our country and in the world. We will strive to operate in an inflationist environment triggered by rising commodity prices. Moreover, several factors affecting machinery procurement led by the chip crisis will produce direct implications for leasing. On the other hand, we are observing that exportation in all sectors grew significantly owing to increased external demand and procurement speed handed by Turkey's geographical position.

The Paris Climate Agreement ratified by the Turkish Parliament will transform the production processes of our firms and will soon raise numerous investments, with renewable energy and energy efficiency taking the lead among them.

It is envisaged that our sector will display a growth paralleling the growth expectations shaped by the economic conjuncture in our country. Our Company has determined its action plan in keeping with the expected growth particularly in renewable energy for self-consumption, and the anticipated increase in new machinery purchases in textile, manufacturing and agricultural industries provided that the positive trend in exports is sustained. To this end, we will increase our focus on exporter firms, while we concentrate on renewable energy, manufacturing, heavy-duty and construction machinery investments. We are aiming to take on a significant role in supporting sustainability by specifically financing clean and efficient energy investments. We are targeting to maintain and further grow the market share we have been acquiring in new business for the last three years while uncompromising our asset quality.

As we advance our services and our support to the economy in line with our sustainable, high-quality, and profitable growth strategy, we will also preserve and strengthen our brand prestige. I would like to thank our Board of Directors, our employees, all our business partners and investors, who, I am confident that, will walk with us through this process.

U. Şafak Öğün

CEO and Member of the Board of Directors



**We are making
a difference
with our corporate
competencies and
experience.**

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**We are blending our
experience and know-how
with our vision and innovation,
and upgrading our service
quality with our flexible and
effective processes.**

Financial Leasing Sector

Growth trend in the sector



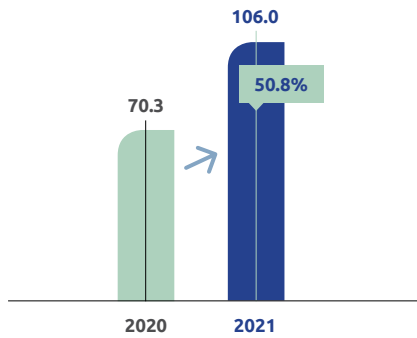
22

Total transaction volume of the sector in which 22 leasing companies operated as at year-end 2021 was up by 21% to USD 3,990 million.

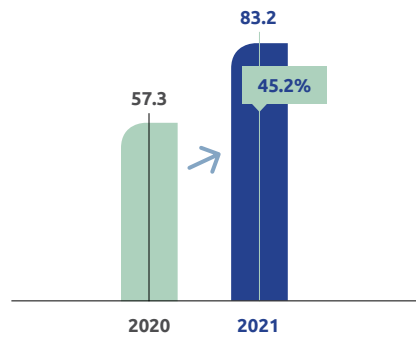
The leasing sector, which provides the financing of investment goods, holds a quite important position in the non-banking finance segment with its structure enabling it to offer long-term, flexible repayment plans aligned with cash flows, and is affected by fixed investment amounts that vary according to the course of the economy.

Having quickly adjusted to the pandemic circumstances and having held an optimistic outlook at the onset of 2021, the leasing sector kept growing in 2021; this tendency became more pronounced from the third quarter as normalization steps gained momentum.

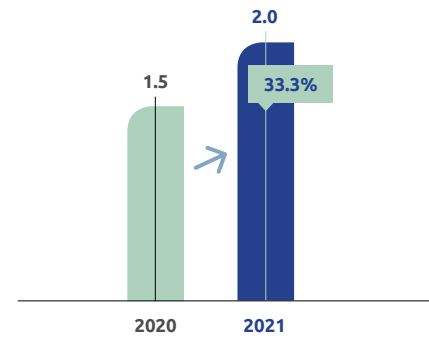
TOTAL ASSETS (TL Billion)



LEASING RECEIVABLES (TL Billion)



NET PROFIT (TL Billion)



23

Total transaction volume of the sector in which 22 leasing companies operated as at year-end 2021 was up by 21% to USD 3,990 million. Having positively benefited from the economic conjuncture in terms of volume, the sector increased its leasing receivables to TL 83 billion and total assets to TL 106 billion.

Looking at the distribution of investments in the sector, heavy duty and construction machinery take the highest share with 23%, followed by other machinery and equipment with 13%, textile machinery with 12.0% and motor vehicles with 11%.

The share of renewable energy generation equipment went up to 5.3% in 2021. The rise is also linked to the incitement of the overseas lenders that predominantly provide funding to leasing companies for allocation of the funds to green finance (renewable energy in particular) and to the SMEs.

Although the ratio of financing of private sector fixed capital investments through leasing, which averages 4.5%-5.5% in Turkey, bounced back from the bottom value it has seen in 2019 and recaptured an upturn, it was still below its potential at 3.6% in September 2021. Given the high correlation between it has with the country's growth, leasing transaction volume has the potential to grow in the existence of a stable growth path.

While the post-pandemic economic rebalancing and recuperation process influence the markets and new investments positively, the deteriorating effect of the extremely volatile exchange rates and depreciated Turkish lira upon inflation indicates that the national economy will slow down, and inflation will remain high in 2022. Coordinated policy moves aimed at preventing the interruption of the production and supply chain, protecting employment and continued healthy operation of the financial system are critical for the sector.

The period ahead presents opportunities for new customer acquisition as digital onboarding and electronic contract signing processes were introduced upon enforcement of regulatory arrangements; notwithstanding, the business volume will likely not increase in the light of the existing conjuncture given the fact that imported investment goods constitute a substantial portion of the sector's transaction volume.

Targeting export-oriented companies in the event of improved investment environment, the sector anticipates to grow in renewable energy, mining, automotive, textile, chemicals, plastic and healthcare sectors. Based on all these assumptions, the leasing sector will possibly find opportunity for further growth with the expansion of its customer base.

İş Leasing in the Sector

İş Leasing extends financing support of any scale to investments in diverse sectors on the back of its solid funding structure comprised of funds obtained from its shareholders' equity and also from international financial institutions.



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Drawing on its deep-seated experience and know-how of more than 30 years, robust financial structure and funding capability, İş Leasing services a broad array of customers from micro businesses to SMEs and corporate firms.

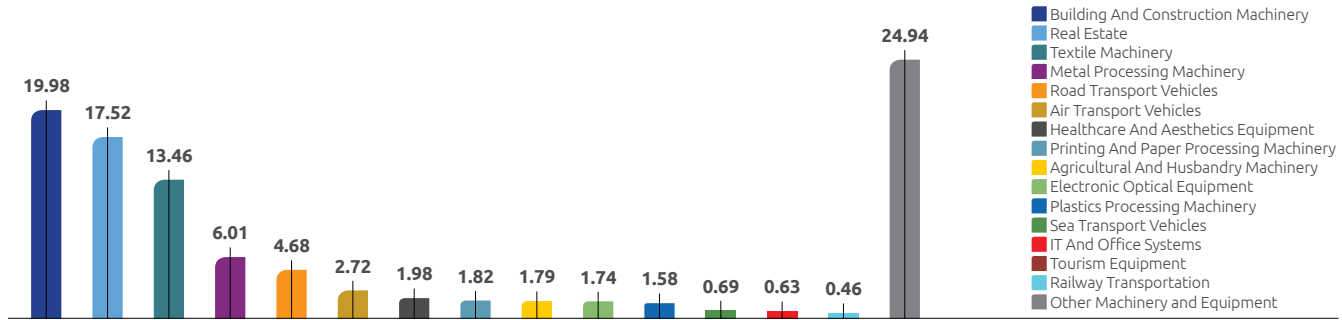
Having espoused it as a principle to continually enhance customer experience through its pioneering identity in the sector, innovative and flexible products, differentiating service quality, smart business processes that deliver fast and effective solutions, İş Leasing preserves its competitive position.

In 2021, İş Leasing preserved its solid position in the sector with 15.3% market share in new transactions and 13.2% market share in terms of the number of customers. As the Company's leasing portfolio reached TL 11.4 billion in connection with its

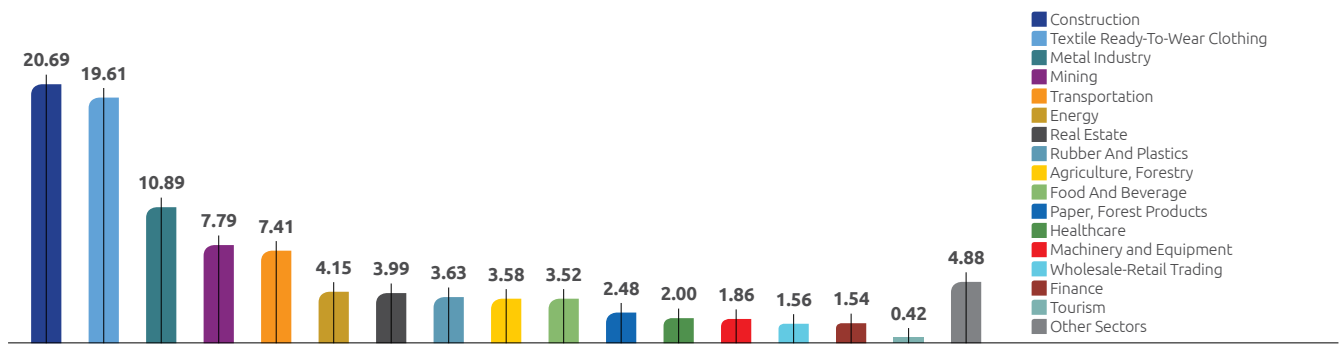
high performance in new transactions, it has also anchored its position as the second biggest company in the sector. Having 15 branches scattered across Turkey, the Company offers its customers a long-term business partnership approach that relies on trust, and continually enhances its service competence thanks to its further strengthened technological infrastructure.

İş Leasing extends financing support of any scale to investments in diverse sectors on the back of its solid funding structure comprised of funds obtained from its shareholders' equity and also from international financial institutions. Continuously building on its distribution channels with the productive collaborations it establishes with vendors, İş Leasing's business is intensified mostly in machinery and equipment, heavy-duty and construction machinery, and

EQUIPMENT DISTRIBUTION (%)



2021 SECTORAL DISTRIBUTION (%)



25



15.3% New transaction market share

In 2021, İş Leasing preserved its solid position in the sector with 15.3% market share in new business and 13.2% in the number of customers.

renewable energy equipment. Increasing its assertion in funding renewable energy projects by the day, the Company is one of the sector's most active players in this area with its financing product developed for the installation of solar power plants. As the Company commits to unrelenting execution of its sustainability activities, it has consolidated its position in the sector by allocating its robust funding facilities to energy efficiency and renewable energy projects also in 2021.

İş Leasing will keep expanding its customer base and remain as one of the indispensable service providers in the market on the back of its competent human resource which reflects its sustainability-focused vision, its agile organization that can rapidly adapt to change, and its up-to-date technological infrastructure.





We are increasing our process efficiency through digital transformation.

Carrying out digitalization based on a holistic approach, we are capturing it in all our operational processes and services, and we are transforming ourselves into a flexible and agile organization.

2021 Activities

Building success together



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İş Leasing offers products and services custom-tailored to its customers' cash flows on the back of its robust financial structure and solid funding capabilities.



13.2% market share In terms of the number of customers

Reinforcing and expanding its customer base with distinctive customer experience, İş Leasing kept solidifying its market share in terms of the number of customers in 2021.

Amid the tough market conditions presented by 2021, İş Leasing generated successful results with its service model that runs on fast, accurate and efficient processes, and reinforced its contribution to the sector and the economy by further strengthening its identity as the preferred leasing company.

SERVICES

Tailored products and services

İş Leasing offers products and services custom-tailored to its customers' cash flows on the back of its robust financial structure and solid funding capabilities.

Being one of the sector's leading companies, İş Leasing implements a powerful channel management strategy. Its sales activities are carried out through three different outlets: İşbank branches, vendors and direct marketing.

İşbank's extensive branch network presents İş Leasing with countrywide reach and servicing opportunity, and the strong synergy created with the Bank is reflected in the business volume.

İş Leasing carries out its activities within the frame of a collaboration based on productivity principle with vendors. The Company aims to ensure healthy development of vendor-originated transactions in its portfolio

and to increase channel efficiency. Efforts to this end continued without letup during 2021.

The sector's leading leasing company in customer satisfaction

İş Leasing erects its customer-focused service model on producing original solutions to the investment needs of its customers that make its most important stakeholder group.

Customer feedbacks are highly valued at İş Leasing and play a major role in the formulation of strategic decisions. Questionnaires measuring the satisfaction of customers with the service they receive are administered periodically. Customer expectations and needs are placed at the heart of product and service designs.

Amid the tough market conditions presented by 2021, İş Leasing generated successful results with its service model that runs on fast, accurate and efficient processes, and reinforced its contribution to the sector and the economy by further strengthening its identity as the preferred leasing company.

PORTFOLIO

İş Leasing believes that a healthy portfolio and effective risk management are among the essential requirements for sustainable growth. The Company actively utilizes technology assisted advanced risk management systems and uses its multi-disciplinary lending policies and risk management approach to create a broad-based, environmentally sensitive and profitable portfolio with a high credit quality.

İş Leasing manages its risk map within a well-balanced structure and avoids concentration in any one sector. Backed by a portfolio composition characterized by diverse sectors and expansive geographical distribution, the Company keeps its NPL ratio below the sector's average.

Reinforcing and expanding its customer base with distinctive customer experience, İş Leasing kept solidifying its market share in terms of the number of customers in 2021.

İŞ FAKTORİNG

İş Faktoring, of which İş Leasing is the principal shareholder, was incorporated in 1993. Possessing a broad customer base composed of companies of different scales from diverse sectors, İş Faktoring delivers factoring service in domestic and international markets in financing, guarantee and collection areas via its Head Office in İstanbul and six branches operating in Ankara, Tuzla (İstanbul), Adana, Bursa, İzmir and İstoç (İstanbul). İş Faktoring has been a member of Factors Chain International (FCI), the most important international factoring initiative in the world, since its incorporation. This membership allows the company to support its customers' international factoring transactions with an extensive correspondent network.

Faktoring posted TL 6.7 billion in total factoring receivables, TL 18 billion in turnover, TL 9 billion in total assets, and booked a net profit of TL 55.2 million. In its rating report dated 15 October 2020, Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. granted İş Faktoring a (national) long-term rating of (TR) AA- and short-term (national) rating of (TR) A+1. Both short- and long-term ratings were assigned a "stable" outlook.

2021 Activities

At İş Leasing, realizing digital transformation based on a holistic approach is one of the most crucial elements of the strategy.



In recent years, İş Leasing focused on digitalization and authored pioneering initiatives in this area.

We are following up the latest innovations in Information Technology

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INFORMATION TECHNOLOGY AND DIGITAL TRANSFORMATION

In recent years, İş Leasing focused on digitalization and authored pioneering initiatives in this area. İş Leasing gained the foreground being one of the companies that most swiftly and effectively handled the transition to teleworking format during the pandemic owing to the solid IT infrastructure it possesses.

At İş Leasing, realizing digital transformation based on a holistic approach is one of the most crucial elements of the strategy.

Uninterruptedly sustaining its financing support to the real sector, İş Leasing follows up the latest novelties in Information Technology (IT) for achieving productive growth through enhanced quality and increased speed of its products and services.

While digital transformation is regarded as an important and indispensable tool for the achievement of the Company's goals, high quality service delivery accompanying digital technology mitigates time and cost risks, brings significant efficiency in decision-support processes, and brings about positive change and

transformation in all Company processes.

For developing all services offered to its customers in line with the changes in technology and needs, İş Leasing attaches great importance to upgrading its technological infrastructure including building on its capacity to access and analyze data, increase data processing speed, improve and transform work processes, and construct strategic decision-making process on flexible and precise measurements. As the Company carries out many projects targeted at infrastructure

development and improvement along this line, it makes additional investments in necessary areas. İş Leasing is set apart in the sector with its digitalization initiatives, and authors exemplary implementations. İş Leasing introduced innovations allowing customers to make their leasing payments online using the credit card of any bank. With this

service, customers can finalize their leasing payments more quickly and have the option to pay in installments with the credit card.

Thanks to the swift operational processes it has developed, İş Leasing renders a healthy portfolio sustainable, and constantly betters the value proposition offered to its customers.

After-Sales Services and Disaster Recovery Center represent two key elements of İş Leasing's customer-focused approach to service. Offering service with a call center infrastructure and aiming to render customer satisfaction continuous, the After-Sales Services Unit responds to customers' after-sales support demands with an agile approach.

İş Leasing Disaster Recovery Center is equipped with state-of-the-art technology and assures uninterrupted service 24/7 under any circumstance.



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HUMAN RESOURCES AND TRAINING

In the second year of the pandemic, İş Leasing again focused on protecting its employees, customers and other stakeholders and kept its measures updated and in place to minimize the risks.

The rapid actions taken and digital competency at its disposal continued to allow part of employees to telework. In this period, constant communication was maintained through familiar channels, and

care was taken to extend support to employees in whatever area they might need it.

At İş Leasing, migration of HR processes to the electronic environment continued in 2021 with the purpose of more effective execution of HR processes.

HR strategy of İş Leasing prescribes management of its human resource in the most productive manner in line with the Company's vision, mission and goals.

Making a difference in the sector by supporting employees' professional and personal development, keeping them motivated and maximizing total performance are the key values.

The mission of Human Resources is defined as making İş Leasing the most preferred company by employees in the leasing sector and rendering employee satisfaction continuous. In order to place the right person in the right position, İş Leasing employs competency-based, objective measurement and evaluation methods designed specifically for each position.



**We are setting
the course of
our activities
in line with our
sustainability vision.**

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**We are increasing our
financing support to
renewable energy projects to
contribute to the low carbon
transition.**

Sustainability at İş Leasing

A holistic perspective...

İŞ LEASING'S SUSTAINABILITY STRATEGY AND 2021 ACTIVITIES

Tackling sustainability holistically with its economic, environmental and social aspects, İş Leasing targets to be a part of the solution in combating environmental and social issues. Accordingly, the Company has set its goals for the 2022-2024 period in line with its sustainable growth and value creation principle.

The Company acts with the aim of taking its sustainability efforts beyond the regulatory requirements. İş Leasing aims to ensure that environmental, economic and social sustainability factors are pursued holistically in the Company's management and product/service processes, risks and opportunities associated with these factors are effectively managed, and value is created through sustainable growth. Environmental and Social Risk Management System activities are carried out without letup in order to embed this approach in all processes and to guarantee that sustainability is internalized across the entire organization.

The main axes of İş Leasing's sustainability strategy are determined as energy, water, raw material and resource efficiency, and supporting the low carbon transition by

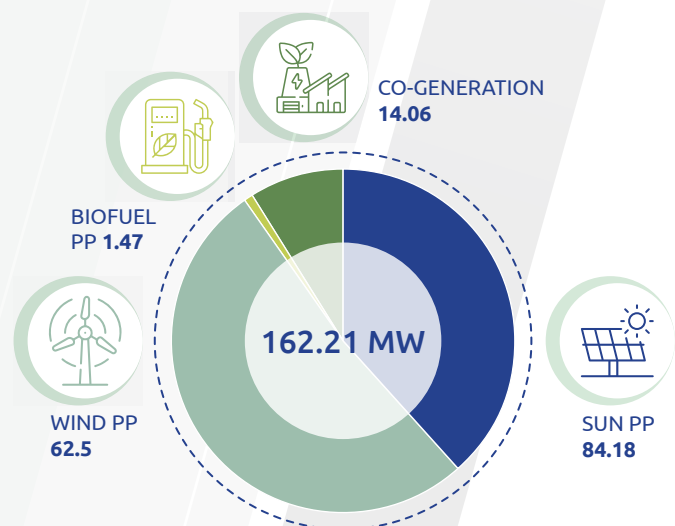
financing renewable energy projects and projects that will contribute to employment in the country. In addition, environmental and social risk measurement of investment projects, waste management, corporate integrity and transformation take place among the main focal points of the strategy.

Recognizing that emissions volume that increases as a result of unsustainable investments and in connection with fossil fuel use gives rise to irreversible negative impacts on human health and the environment, İş Leasing introduces implementations supporting net zero philosophy and takes new steps to achieve this target.

Considering sustainable management of energy generation and consumption processes, and primarily of GHG emissions as the pivots of sustainability philosophy, it is a priority for İş Leasing to finance renewable energy investments. As of 2021, the financing the Company provided to renewable energy projects amounted to USD 96 million. Total installed capacity of renewable energy projects financed by İş Leasing, which stands out particularly for its financing solutions for solar power, reached 162.21 MW cumulatively in 2021.

İş Leasing, in keeping with its corporate culture and identity, tackles sustainability holistically with all its economic, environmental and social aspects.

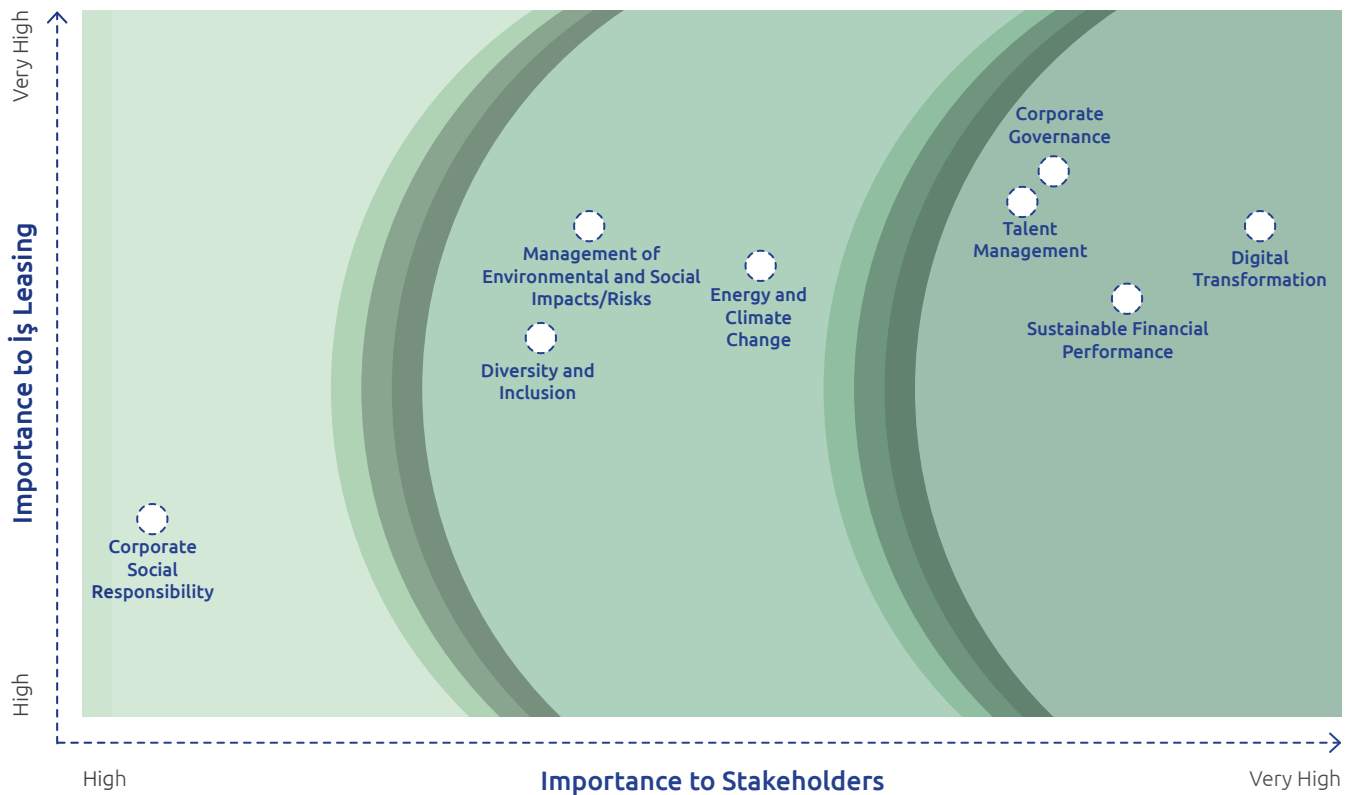
Renewable Energy Portfolio



İş Leasing contributes to the UN Sustainable Development Goals (SDGs) in the material topics it has identified.



MATERIALITY MATRIX



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Sustainability priorities determined on the basis of active stakeholder engagement

Shaping its activities around the principle of creating sustainable value for all its stakeholders, İş Leasing has conducted a materiality analysis to determine the expectations of its internal and external stakeholders from the Company. Within the scope of the study, leading institutions, the World Economic Forum (WEF) Global Risks Report, the United Nations Principles for Responsible

Investment (UN-PRI) and sectoral research were scrutinized. The topics determined based on surveys were presented for evaluation by internal and external stakeholders by way of online questionnaires. The topics identified were scored by stakeholders according to their priority, and the materiality matrix was developed according to stakeholder feedbacks.

İş Leasing contributes to the UN Sustainable Development Goals (SDGs) in the material topics it has identified.

Sustainability at İş Leasing

Support to low carbon transition



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The sustainability strategy sheds light on İş Leasing's sustainability journey.

In line with the outcomes of the materiality analysis, İş Leasing formulated its sustainability strategy around the focal areas of energy and resource efficiency, waste management, support to low carbon transition, environmental and social risk management, support to employment, corporate integrity and transformation.

The main axes of the sustainability strategy are listed below:

- Energy, Water, Raw Material and Resource Efficiency
- Financing Renewable Energy Projects
- Financing Projects that will Support Employment in the Country
- Support to Low Carbon Transition
- Environmental and Social Risk Measurement of Investment Projects
- Waste Management
- Corporate Integrity and Transformation

Undertaking leadership also in the area of sustainability, İŞ Leasing will continue to create sustainable value for all its stakeholders.

With its 2020 sustainability report, İŞ Leasing broke new ground in the sector and has been the first and only leasing company to publish a sustainability report.

In its first sustainability report published in 2021, İŞ Leasing gave an account of its governance approach to environmental, social and economic impacts arising from its operations, performance results, its forward-looking expectations and pledges.



The outline of the report, which is prepared in accordance with GRI (Global Reporting Initiative) "Core" option, consisted of the topics that were highlighted in the studies the Company carried out to identify its sustainability priorities. When conducting the studies, the fundamental reporting principles specified in the GRI Standards were considered.

İŞ Leasing 2020 Sustainability Report produced in PDF and HTML formats can be reached on the below link or by scanning the QR code.

<https://www.isleasing.com.tr/Sites/1/content/Sustainability/2020/en/index.html>



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In the period ahead, İŞ Leasing will remain committed to channeling its robust funding capabilities to energy efficiency and renewable energy projects.

Looking ahead...

In the period ahead, İŞ Leasing will remain committed to channeling its robust funding capabilities to energy efficiency and renewable energy projects.

Targeting to contribute to the national economy, the society and sustainable development goals through the investments it finances, the Company will undertake leadership also in the area of sustainability and continue to create sustainable value for all its stakeholders in keeping with its corporate and ethical approach, its support to diversity and inclusion, and its goal to contribute to the environment and the society.

Board of Directors



Murat Bilgiç
Chairman

Born in Ankara in 1968. Mr. Murat Bilgiç was graduated from the International Relations Department of the Middle East Technical University, Faculty of Economic and Administrative Sciences in 1990. He holds a Master's degree in Money-Banking Finance from the University of Birmingham. He attended the Advanced Management Program in Harvard Business School. Mr. Bilgiç began his career at İşbank in 1990 as an Assistant Inspector on the Board of Inspectors. He became an Assistant Manager in 1999 at the Corporate Loans Underwriting Department and became a Region Manager at the same department in 2002. He became the Head of Corporate Loans Underwriting Department in 2008. He was appointed Deputy Chief Executive on 25 March 2016. Since 09 June 2016, Mr. Bilgiç is the Chairman of the Board of Directors of İş Leasing.



Tufan Kurbanoğlu
Member

Born in 1971, Mr. Kurbanoğlu is a graduate of Division of Public Management of Middle East Technical University. Starting his job career as an inspector in İşbank in 1993, Mr. Kurbanoğlu is appointed as Vice Manager in Corporate Credits Monitoring and Follow-up Department in 2002. Mr. Kurbanoğlu has served as vice manager between 2002 and 2006, as manager between 2006 and 2011 and as Regional Manager in Retail Credits Monitoring and Follow-up between 2011 and 2014, and is appointed as Commercial and Corporate Credits Monitoring and Follow-up Department head in 2014, which position he still holds.



U. Şafak Ögün
General Manager / Member

Born in 1974, Mr. U. Şafak Ögün graduated from Bilkent University, Faculty of Business Administration, Department of Business Administration in 1995 and received his master's degree in International Banking and Finance at the University of Birmingham in 2002. In 2017, he attended the Advanced Management Program at Harvard Business School. At İşbank he served as Inspector between 1995-2005, Assistant Manager of Corporate Marketing Division between 2005-2007, Vice Chairman of the Board of Inspectors between 2007-2008, Corporate Banking Sales Division Manager between 2008-2009, Corporate Banking Marketing and Sales Division Manager between 2009-2016 and Güneşli Corporate Branch Manager between 2016-2021. He has been serving as the General Manager of İş Leasing since 10 May 2021.

**A. Botan Berker**

Independent Member

Ayşe Botan Berker holds a bachelor's degree in business administration from the Middle East Technical University, a master's degree in economics from the University of Delaware (USA), and a doctorate degree in finance from Marmara University. She started her professional career at the Central Bank of the Republic of Turkey (CBRT) as external borrowings specialist, where she worked on loans provided to Turkey by the World Bank, the IMF and the OECD Consortium to Aid Turkey. Following her assignment as Deputy Director of Balance of Payments, she functioned as the Director of International Institutions, which is responsible for carrying out the CBRT's borrowings from international markets. Dr. Berker served as the London Representative of the Bank between 1994 and 1996, and before leaving the CBRT in January 1999, she was Deputy Director General of the Directorate General for External Affairs. In 1999, she set up the international rating agency Fitch Ratings' Turkey Office, for which she functioned as the General Manager and Board of Directors member until March 2012. Having founded Merit Risk Yönetimi ve Finansal Danışmanlık company in April 2012, Dr. Berker is a member of the boards of directors of Turcas Enerji Holding A.Ş. and Rhea Girişim Sermayesi A.Ş. Dr. Berker is an independent Board member at Odea Bank since September 2020. She is a member of the Board of Trustees of the Turkish Educational Foundation (TEV). Dr. Ayşe Botan Berker lectures on finance at various universities. Since 23 March 2018, Mrs. Berker is a Member of the Board of Directors in İş Leasing.

**Selim Yazıcı**

Independent Member

Born in 1970 in İstanbul, Selim Yazıcı received his bachelor's degree in mechanical engineering from Yıldız Technical University in 1992, and his master's and doctorate degrees in business administration from İstanbul University in 1994 and 1999, respectively. He started his career in 1992 as a production engineer. In tandem with his graduate studies, he began an academic career in the Department of Business Administration at İstanbul University, Faculty of Political Sciences. Mr. Yazıcı became an associate professor in 2006 and professor in 2014. He taught classes in business management, management, organizational behavior, international business, project management, entrepreneurship, digitization, e-learning and business continuity management within the scope of undergraduate and graduate programs. He held a member's seat on the Board of Directors of the Faculty between 2009 and 2014, and on the Academic Board between 2010-2013. He served as the Head of the Department of Management and Organization between 2016-2019 and as Deputy Head of the Department of Business Administration between 2012-2020. He is a co-founder of FinTech İstanbul platform, established in 2016 with the objective of making Turkey a regional hub in financial technology and of developing FinTech entrepreneurship. Since 23 March 2018, Mr. Yazıcı is a Member of Board of Directors in İş Leasing.

**M. Coşkun CANGÖZ**

Independent Member

Born in Gaziantep in 1967, Mr. M. Coşkun Cangöz graduated from Ankara University, Faculty of Political Sciences, Department of Finance in 1989. He received his master's degree in economics from Ankara University, his master's degree in business administration from Exeter University, and his doctorate degree in sociology from Middle East Technical University. He started his career at Denizcilik Bankası as a Financial Analyst in 1990. Mr. Cangöz joined the Undersecretariat of Treasury in 1991 as an Assistant Specialist, and took on various duties. Mr. Cangöz worked as the General Manager of Public Finance between 2005-2012, and as the Chief Economic Advisor of the T.R. London Embassy between 2012-2015. Having served as the director of the Public Debt Management Consultancy Unit at the World Bank between 2015-2020, Mr. Cangöz has been advising international organizations since October 2020 and is the Director of the Center for Fiscal and Monetary Policy Studies at the Economic Policy Research Foundation of Turkey. Mr. Cangöz has published studies on public finance and monetary policy, in particular asset and liability management, debt and risk management, and cash management.

Board of Directors



Hasan Hepkaya
Member

Born in 1981 in Samsun, Mr. Hepkaya graduated from Hacettepe University, Department of Business Administration and started his career at Garanti Leasing in 2003. He then worked in various positions in the Corporate Marketing and Project Finance departments of Türkiye Sınai Kalkınma Bankası A.Ş. between 2005 and 2014, before serving as Project Finance and Corporate Marketing Manager between 2014-2018. Appointed as Assistant General Manager on 1 April 2019, Mr. Hepkaya is in charge of Corporate Banking Sales, Project Finance, Consultancy Services Marketing, Financial Consultancy and Economic Research Departments, and holds a member's seat on İş Leasing's Board of Directors since 2017.



Necati Çağlar
Member

Born in 1974, Mr. Çağlar graduated from Ankara University, Faculty of Political Science, Department of Public Finance. He started his career on the Board of Inspectors of İşbank on 1 January 1997. When he was IV. Grade Inspector, he was appointed as Assistant Manager in İstanbul Regional Directorate IV on 26 August 2005, Assistant Manager in Commercial Loans Department İstanbul Maltepe Regional Directorate on 27 August 2007, Kuruköprü Branch Manager on 21 May 2008, SME Loans Allocation Department Kocaeli Regional Director on 25 August 2009, SME Loans Allocation Department Bayrampaşa Regional Director on 27 December 2012, and Head of SME Loans Allocation Department on 26 February 2016. Mr. Çağlar has been serving as the Head of Commercial Loans Allocation Department since July 2020.



Doruk Yurtkuran
Member

Born in 1980, Mr. Doruk Yurtkuran graduated from the Middle East Technical University, Department of Business Administration in 2002. Starting his job career as an inspector in İşbank in 2003, Mr. Yurtkuran is appointed as Vice Manager to the Bank's Subsidiaries Division in 2012. Serving as Unit Manager in the Subsidiaries Division since January 2021, Mr. Yurtkuran holds a member's seat on the Boards of Directors of sıra İş Faktoring A.Ş., Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş., Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş., Softtech Yazılım Teknolojileri Araştırma Geliştirme Ve Pazarlama Ticaret A.Ş., Softtech Ventures Teknoloji A.Ş. ve Moka Ödeme Kuruluşu A.Ş. at the same time.

Senior Management



Sibel Doğan

Assistant General Manager

Credits, Risk Follow-up, Legal, Asset Management Unit

Born in 1977 in Sivas, Mrs. Doğan has graduated from Marmara University, Department of Public Administration. Mrs. Doğan began his career as Assistant Specialist at İşbank in 1999. She has served as Assistant Manager between 2008 and 2013, as Unit Manager between 2013 and 2018 in Corporate Credits. Since 21 May 2018 Mrs. Doğan is serving as an Assistant General Manager at İş Leasing.



Neslihan Oruç

Assistant General Manager

Financial Management, Purchasing, Operation, Human Resources, Information Technologies

Born in 1975, Ms. Neslihan Oruç graduated from the Department of Economics and holds a master's degree in finance and accounting. She started her career at Almar Tarımsal A.Ş. in 1993, and later worked for Çanakkale Seramik, Ford Otosan, and Vakıf Leasing. Ms. Oruç joined İş Leasing in 2001, where she served as a manager in Financial Management from 2002. She holds a Capital Markets Advanced Level License and Corporate Governance Rating License, as well as a Certified Public Accountant License. Ms. Oruç has been appointed as Assistant General Manager effective 01 October 2019.



Hasan Ketenci

Assistant General Manager

Sales, Marketing

Having graduated from Dokuz Eylül University, Business Administration Department, Mr. Ketenci started his professional life as an inspector at İşbank in 1998. Following his positions as Assistant Manager in the SME Loans Allocation Department and Regional Director, Mr. Ketenci was appointed as Assistant General Manager of İş Leasing in 2020.

Senior Management



Esma Toker
Commercial Sales Manager



Murat Sisli
Corporate Sales Manager



Altan İyigün
Marketing Manager



Timuçin Ülkeok
Operations Manager



Arzu Kaya Topaloğlu
Purchasing Manager



Serkan Sırak
Commercial Loans Manager



Abdurbari Kara
Corporate Loans Manager



Onur Tufan
Risk Monitoring Manager



Nuran Güneş
Legal Counselor



Seyithan Ayvazoğlu
Law Affairs Manager



Mustafa Çilli
Finance Manager



Muzaffer Eralp Ersoy
Treasury and Financial Institutions
Manager



Aslı Abacı
Human Resources Manager



Sarmen Hazaros Çakır
Information Technologies Manager



Erdem Aksular
Head of Internal Audit

(Convenience translation of a report originally issued in Turkish)

Independent Auditor's Report on the Annual Report of the Board of Directors

To the Shareholders of İş Finansal Kiralama A.Ş.

1) Opinion

We have audited the annual report of İş Finansal Kiralama A.Ş. ("the Company") and its subsidiaries ("the Group") for the period of 1/1/2021-31/12/2021.

In our opinion, the consolidated financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited full set consolidated financial statements and the information we obtained during the audit.

2) Basis for Opinion

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Our Auditor's Opinion on the Full Set Consolidated Financial Statements

We have expressed an unqualified opinion in our auditor's report dated January 28, 2022 on the full set consolidated financial statements of the Group for the period of 1/1/2021-31/12/2021.

4) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Company Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

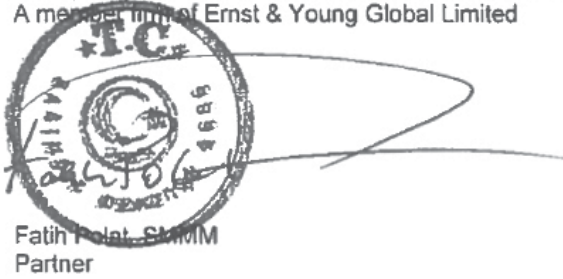
5) Auditor's Responsibilities for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code and the Communiqué, on whether the consolidated financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with InAS and the standards on auditing as issued by the Capital Markets Board of Turkey. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the consolidated financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the consolidated financial statements.

The name of the engagement partner who supervised and concluded this audit is Fatih Polat.

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



Fatih Polat, SMMM
Partner

3 March 2022
İstanbul, Türkiye

Corporate Governance Practices

Brief Annual Report of the Board of Directors

The analysis and assessment of the Board of Directors with regard to financial situation and operating results, and degree of realization of the scheduled activities and operations, and situation of the Company against the established strategic goals:

In 2021, with its transaction volume of 611 million USD, and its market share of 15,3%, İŞ Leasing maintained its strong positioning in the sector. Having decreased its leasing portfolio by 59% to 11.4 million TL over the past year, the Company further increased its shareholder's equity by 25% to 2.1 billion TL. With a net profit of 310.1 million TL in 2021, the Company recorded a return on equity of 16.1%. As a result of developed techniques applied and care and due diligence shown in credit risk management, the Company's non-performing debts ratio of leasing receivables continued to remain far below the sector average, and was recorded as 4.87%.

Its bond issuance limit of TL 3 billion approved by the Capital Markets Board of Turkey (CMB) and having issued bonds and private sector bills worth TL 3.130 billion in total during the year, İŞ Leasing diversified its funding sources by securing new financing in the aggregate amount of USD 307 million from prestigious credit agencies in Turkey and abroad.

Determination and assessment as to whether the capital of the Company is actually depleted or whether the Company is deeply in debt or not:

As of the end of 2021, capital of the Company is 695.3 million TL, and we have no finding showing, and are not of the opinion, that the capital of the Company is actually depleted or the Company is deeply in debt.

Whether the targets determined in the past periods have been reached or not, and whether the general assembly decisions have been performed or not, and if not reached or performed, the reasons thereof, and assessments:

In 2021, the Company has recorded operating results in tandem with its strategic goals thanks to its dynamic balance sheet management and by focusing on sustainable growth strategies. All decisions taken in the General Assembly meetings in the past period have been performed.

Information on direct or indirect subsidiaries of the Company and its shareholding rates: Information on direct or indirect subsidiaries of the Company and its shareholding rates are presented in details in the footnote no. 9 of financial statements.

Information on donations and grants made during the year:

Donations and grants made by the Company in 2021 are 38 thousand TL.

Lawsuits which are brought forward against the Company, and may affect its financial situation and activities, and probable results thereof:

During the period, the Company has been involved in many lawsuits as the defendant side as a part of its ordinary activities. Accordingly, there exists no legal action or legal proceedings which are not disclosed in footnotes of consolidated financial statements or for which the required provisions and reserves are not set aside and which may make material adverse effects on the financial situation or operating results of the Company.

Transactions of the controlling shareholders, directors, top echelon executives and their spouses and blood relatives and relatives by marriage up to second degree with the Company or its affiliates, which may cause conflicts of interests with the Company or its affiliates:

None.

Brief Annual Report of the Board of Directors

Opinions and comments of the Board of Directors regarding internal control system and internal audit activities:

Internal control system of the Company covers control and monitoring activities developed by the executive management in order to ensure that the daily operations of the Company are carried out effectively and efficiently within the frame of the established policies, guidelines and limits, and aims to establish a structure ensuring that the control culture is adopted and maintained throughout the Company. On the other hand, internal audit system of the Company covers the inspection, auditing and reporting processes carried out independently from the executive management in order to ensure that all operations and activities, also including internal control and risk management, are performed in accordance with the policies, strategies and goals, and that the Company assets are protected and maintained. Our Board of Directors has assigned the Audit Committee for supervision, assessment and direction of initiatives and works within the scope of internal control and internal audit activities. Internal Audit, Internal Control and Risk Management Units, reporting to the Board of Directors through the Audit Committee, ensures that risk culture is created, developed and improved throughout the Company through its risk-based audit approach. The Audit Committee of the Company periodically assesses the efficiency of internal control system and the results of internal control activities through internal audit reports prepared and issued by the Internal Audit, Internal Control and Risk Management Units, and shares with the Board of Directors its proposals and suggestions on the actions required to be taken with respect to the findings of the said reports.

Explanations on administrative and juridical sanctions imposed on the Company and members of its managerial body due to practices and acts in conflict with the laws:

None.

Information on private audits and public audits conducted during the accounting period:

During 2021 accounting period, the Company has been subject to a limited independent audit as of 30.06.2021, and to an independent audit as of 31.12.2021 by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. Furthermore, as a requirement of full certification of corporate tax, the Company's financial statements have been subject to tax audit in quarterly periods by Kuzey Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Legal transactions and actions performed with the parent company, or an affiliate of parent company, in favor of the parent company or any affiliate thereof under direction of parent company; and all other measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in the past activity year; and according to the conditions and circumstances known by them as of the time the legal transaction is performed or the measure is taken or is avoided to be taken, whether an appropriate counter-obligation is provided in each legal transaction or not, and whether the measure taken or avoided to be taken has caused damages to the company or not, and if the company has incurred damages, whether such damages are offset and balanced or not:

There exists no legal transactions and actions performed with the parent company of the Company, or an affiliate of parent company, in favor of the parent company or any affiliate thereof under direction of parent company; and no measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in the past activity year.

"Conclusion" section of the Affiliation Report:

During 2021 activity year, within the frame of the relevant provisions of the Turkish Commercial Code, our Company is affiliated to the group of companies of T. İş Bankası A.Ş. Pursuant to article 199 of the Turkish Commercial Code, our Company's Board of Directors has incorporated the following statement in its affiliation report issued about its relations with its parent company and with affiliates of its parent company:

"With respect to all transactions performed by the Company and its parent company and the affiliates thereof during the activity year of 01.01.2021 - 31.12.2021, to the best of its knowledge, all legal transactions and actions performed in favor of the parent company or any affiliate thereof under direction of parent company, and all measures taken or avoided to be taken in favor of the parent company or any affiliate thereof in 2021 activity year have been considered and evaluated. We hereby declare that our Company has not incurred damages due to a transaction conducted in 2021 within the knowledge of the Company."

Changes within the Reporting Period

Increase in the Share Capital

None.

Annual General Assembly Held within the Period

The Company's 2020 Annual General Assembly has been held at the address of İş Kuleleri, 34330, İş Bankası Oditoryum Binası, 4. Levent - İstanbul on 26 March 2021. Ordinary General Assembly Meeting of 2020 was held with the presence of the shareholders representing 600,000,000 Group A and 42,174,036,954 Group B shares from 69,530,264,500 shares corresponding to the Company's total equity of TL 695,302,645. In the meeting, the motions filed by the shareholders with respect to the agenda topics have been approved in unanimity.

Profit Distribution

Based on the Board of Directors decision no. 2833 dated 15 February 2021, it has been decided that, according to the Profit Distribution Table submitted to, and approved by, the General Assembly of Shareholders, that TL 171,605 thousand, which is the net distributable profit for the period which is calculated as TL 197,586 thousand that is the net profit for the period arising according to the CMB legislation and forming the basis of profit distribution less prior year losses in the amount of TL 18,264 thousand less TL 7,717 thousand first legal reserves set aside as first legal reserves and calculated according to the TL 154,330 thousand profit that descends in the Company's legal records, be retained and set aside as extraordinary reserves. It has also been decided that deferred tax expenses in the amount of TL 15,683 thousand included in the net profit for the period according to the Company's legal records be set off from the deferred tax provisions, which consists of the Company's deferred tax income from prior years and which were retained, and be transferred to extraordinary reserves.

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Changes in Articles of Association

None.

Company Risk Policies

Credit Risk

Overall Principles Regarding the Credit Risk Management Process:

1. The procedures and standards regarding transactions causing credit risk are set down in writing and announced to all employees concerned. As a general principle, the procedures and standards are reviewed at least annually and updated when needed.
2. Transactions causing credit risk with counterparty exposure must be conducted so as not create a concentration and be characterized as “well-diversified” by considering the level of risk. For this purpose, credit risk is monitored by criteria such as counterparty, collateral, sector, maturity and currency.
3. The credit worthiness of the counterparty is assessed by concrete data. For this purpose, a rating and/or grading system has been established and is used as a decision-supporting tool. A satisfactory performance of the counterparty with regard to liabilities is not based on the liquidity of collateral as a principle.
4. In transactions causing credit risk, the standards for acquiring collateral from the counterparty is determined in writing. The types of collateral to be obtained must be in conformity with regulations, conducted activities, market conditions and the essence of this policy.
5. Signs of complications observed in all variables that might hinder the counterparty in the fulfillment of its liabilities and which are both systemic and unique to the debtor, are evaluated as early warning signals.

To fulfill this purpose, credit risk is monitored closely by the Board of Directors. Problematic assets should be transformed into normal assets in a short period of time by judgment of efficiency. The economic value of the asset in question must be more than the resource to be allocated for this purpose.

Market Risk

Overall Principles Regarding the Market Risk Management Process:

1. Transactions performed in money and capital markets must be conducted so as not to cause a concentration of parameters such as instrument, maturity, currency, type of interest accrual and be characterized as “well-diversified” by considering the level of risk. As part of diversification, parameters such as maturity, monetary unit, etc. are monitored to avoid concentration.
2. Monitoring of the credit worthiness of issuers of financial instruments causing market risk is given particular importance. In this context, the issuer should hold an “investment grade” level rating from a credit risk rating organization or must be at the “healthy” category in internal ratings.

Liquidity Risk

Overall Principles Regarding the Liquidity Risk Management Process:

1. The primary priority is the compliance of the firm's liquidity risk to the limits set down in legislation and conformance of this risk with the basic strategies of the firm.
2. In order to maintain efficiency and sustainability in liquidity management, a range of available funds, markets, instruments and maturities must be utilized for maximum diversification.
3. In managing liquidity risk, a portfolio structure is formed to derive profit from and comply with market risk management functions, and a risk-return balance is consistently monitored without compromising liquidity requirements.
4. The firm prepares and applies an Emergency State Action and Funding Plan for extraordinary periods.

Operational Risk

Overall Principles Regarding the Operational Risk Management Process:

1. Within the firm, there is a business continuity plan approved by the Board of Directors that displays the continuity of activities in the event of extraordinary conditions, minimizing monetary and reputational loss, clearly defining the duties and responsibilities of employees in such situations, the priority of activities and the manner in which these activities will be carried out. The functionality of the plan is reviewed regularly and results are reported to the Board of Directors. Required actions are taken with respect to non-functional issues.
2. The firm must reserve and back up important documents and information apart from the regular field of activity in a safe location.
3. Operational risks must be assessed in terms of the probability of occurrence as well as the level of the effect in the event of occurrence, and necessary measures must be taken.
4. The firm systematically monitors and reports core operational risk indicators and loss data and implements the necessary measures.

Profit Distribution Policy

Principles as to profit distribution of our Company are set down in Article 26 of the Articles of Association.

Distribution of profit in our Company is decided by the General Assembly of Shareholders in line with proposals of the Board of Directors by considering the provisions of the Turkish Commercial Code, the Capital Markets Law and other laws and regulations applicable on our Company.

As profit distribution policy, it is contemplated that at least 30% of the distributable profit will be distributed in the form of cash dividends and/or dematerialized shares, providing that there exists no setback in the global and national economic conditions, and the Company's financial standing and capital adequacy ratios are at the specified levels.

Cash dividend payments are effected by no later than the end of second month following the date of meeting of the General Assembly of Shareholders where the profit distribution decision is taken. Profit share distribution in the form of bonus shares is effected upon receipt of legal permissions and licenses.

Our capital does not contain any share privileged in terms of profit shares.

No founder's jouissance shares are issued, and no profit share is paid to our Directors and employees.

The Company may distribute profit share advances to its shareholders within the frame of provisions of relevant article of the Capital Markets Law. The provisions of the relevant legislation are complied with in calculation and distribution of profit share advances.

Company Information Policy

General Framework of the Disclosure Policy

Our company provides all relevant financial information as well as other explanations and disclosures in line with the provisions of Law no. 6361 on Financial Leasing, Factoring And Financing Companies regulations pursuant to this law, the Capital Market Board legislation, the Turkish Commercial Code and the regulations governing the Exchange İstanbul where our stocks are traded. Bearing in mind generally accepted accounting principles as well as corporate governance principles, we pursue a comprehensive policy to provide information to the public at large.

The underlying goal of the disclosure policy is to ensure that shareholders, investors, employees, clients, creditors and other interested parties are provided access to the necessary information and explanations – with the exception of those related to trade secrets – in a timely, accurate, complete and comprehensive fashion, under equal conditions and as easily and inexpensively as possible.

Our company has actively adopted corporate governance principles, and in the context of informing the public, it exerts utmost effort to implement the requirements of the applicable legislation and international best practices. The İş Finansal Kiralama A.Ş. Disclosure Policy, which has been prepared with this aim in mind, has been put into effect upon approval by the Board of Directors. Modifications to the Disclosure Policy are disclosed to the public after approval by the Board of Directors. A current version of our Disclosure Policy is provided at our website.

Authorization and Responsibility

The Board of Directors is responsible for the supervision, monitoring and development of company's information policy. A Corporate Governance Committee consisting of three board members has been formed to monitor our company's compliance with corporate governance principles and provide suggestions to the Board while the Investor Relations Unit has been mandated to coordinate the information function.

The Investor Relations Unit

Our company has formed an Investor Relations Unit with the aim of establishing relations with our shareholders in a regulated fashion and efficiently responding to investor requests. The operations of the unit are been regularly reported to the Board of Directors and the Corporate Governance Committee.

Means and Methods in Disclosing Information to the Public

The methods and means used in informing the public within the framework of the Financial Leasing Legislation, the Capital Market Legislation, the Turkish Commercial Code and other concerned legislations are described below:

- Financial statements are prepared quarterly on a consolidated basis in accordance with International Accounting Standards and Turkey Accounting Standards as required by the Capital Market Board (CMB) including related footnotes and explanations as well as the independent audit report. These are sent to the Public Disclosure Platform (PDP) within legal time limits and are published on our company's website. Financial statements are also translated into English and published on the website. Financial statements prepared according to International Accounting Standards are also sent quarterly to the Financial Leasing Association (FIDER). Unconsolidated financial statements prepared according to International Accounting Standards and related information are also sent quarterly to Banking Regulation and Supervision Agency (BRSA), which are published as aggregated (Total Industry) on the BRSA website.
- Information on special circumstances required in the Capital Market Board (CMB) legislation is sent to the Public Disclosure Platform (PDP) within the required time limits. As a company policy, the disclosures of special circumstances are signed by the Assistant General Manager responsible from finance and the Accounting Manager; however should these be not in the office, they are being signed by responsables to be determined by the General Manager and submitted to the PDP. Disclosures of special circumstances are submitted to electronically reported under PDP system. Within 1 business day after the information is disclosed to the public, disclosures of special circumstances are published on our website and are accessible for further 5 years.

Company Information Policy

- Appropriate announcements are sent to the Commercial Registry Gazette and to daily newspapers in the event of changes to the articles of association, of meetings of the General Assembly, or capital increases.
- Our regular general assembly meetings are held within legal time frames every year and all activities performed to ensure the participation of shareholders to the general assembly are documented. The information regarding general assembly meetings is provided under our website www.isleasing.com.tr, to facilitate direct access of all shareholders. Starting from the date of invitation for general assembly, the annual report, financial statements and notes, profit distribution proposal, information memorandum prepared on relevant items of agenda of the general assembly, other relevant documents regarding agenda items, current articles of association, proposal on amendments of articles of association with explanation are provided for the scrutiny of our shareholders at our headquarters.
- Quarterly Operations Reports are prepared in accordance with Capital Market Board (CMB) legislation and corporate governance principles and upon approval of Board of Directors, submitted to PDP and published at our website. Company Annual Report, prepared every year prior to the General Assembly in both Turkish and English in a manner to include any relevant information and explanations is made available to shareholders and published on our website at www.isleasing.com.tr.
- It is not planned to hold regular discussions and meetings with the press. When it appears necessary or in order to respond to requests from members of the press, certain announcements are made in the written and visual media. Announcements to written and visual media and data distribution institutions may be made by the Chairman of the Board of Directors, the General Manager or his deputy and other persons designated by those authorities.
- In the Communiqué on Material Events Subject to Disclosure, the future-oriented assessments are defined as “assessments which contain future plans and predictions considered as insider information, or which give an idea to investors about the issuer’s future activities, and financial situation and performance”. Where the future-oriented assessments are intended to be made public through press and media or other means of communication, the same information is further announced through PDP (Public Disclosure Platform) concurrently. In the case of a material change in the future-oriented assessments already made public, the public is separately informed thereabout. Future-oriented prospects are made public with a prior written approval of the General Manager or the Deputy General Manager authorized by the Board of Directors of our Company.
- All meeting requests from shareholders are positively responded to and meetings are organized within the shortest possible time frame. From time to time teleconferences are organized by the Investor Relations Unit to provide information to shareholders and stakeholders. Such information is posted in Turkish and English on our website www.isleasing.com.tr to timely provide them to all market participants under equal conditions.
- In order to convey the company’s sectoral performance, financial results, vision, strategies and targets to shareholders in a most efficient manner, the Investor Relations Unit accepts meeting requests from shareholders, investment houses, analysts and investors, actively arranges meetings and road-shows with interested parties and visits investors both in Turkey and abroad. Furthermore, to achieve effective publicity of our Company, The Investor Relations Unit prepares presentations and reports which are posted in Turkish and English on our website www.isleasing.com.tr to timely provide them to all market participants under equal conditions.
- Upon request of our shareholders, creditors, rating agencies and organizations doing research on our company, financial statements and related information are sent by the Investor Relations Unit via e-mail. Within the framework of corporate governance principles, in the section “Special to the Investor” which is posted both in Turkish and in English on our website www.isleasing.com.tr, detailed information and data are given on our company. Every question from shareholders and other parties is answered by way of e-mails, letters, or telephone and similar means through the coordination of the Investor Relations Unit.

Other Disclosures

Disclosures other than those mentioned above are made available to the public in line with the authorizations specified in the list of authorized signatories.

Corporate Website of İş Finansal Kiralama A.Ş. (www.isleasing.com.tr)

Our Company's website is used actively and frequently to inform the public. Prepared in both Turkish and English, the website contains the information and data determined by the regulatory authorities and required by the principles of corporate governance. The site contains announcements on upcoming General Assembly meetings, agenda items and related information, documents and reports and procedures for participating in the General Assembly meeting. In addition, the company's disclosure policy and ethical standards are also featured on the website. The web site is monitored and kept up to date by the Investor Relations Unit.

Monitoring News and Rumors About the Company

In order to follow-up the news and rumors about our company appearing on press-publication organs or web sites, the services of a company specialized in media monitoring services are being utilized. All news appearing about our company is sent by the service provider to our company on a daily basis.

In the event that news or rumors appear on written and visual media which are of significance to affect stakeholders investment decisions or the value of capital market instruments, are not originated by representative authorized persons of the Company, have a different content than the information previously made public through disclosure documents; an immediate disclosure is made to the public as to the validity and completeness of such information. In the event the information necessitates declaration of special circumstances, then the disclosure is made in the form of disclosure of special circumstances.

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Deferring Disclosure of Internal Information

Bearing the responsibility, our company may defer the disclosure of internal information in order to prevent damage to its legal rights and interests. No disclosure is made to the public regarding the internal information during the deferment period. Our company is responsible to take all kinds of measures to prevent the deferral from forming a risk of deceiving the public and the information is kept confidential during the deferment period.

Measures to ensure the confidentiality of information are subject to Board of Directors approval. By the time the reasons for deferral are eliminated, an announcement is made to public and immediately to PDP; containing the internal information, the decision to defer and the reasons for deferral.

Company Information Policy

Criteria in Determining Persons with Administrative Responsibility

When determining the persons who have administrative responsibility, the duties of such individuals within the company and the content of information accessed by such persons are taken as criteria. Accordingly, managers and other employees having information on only a part of the operations of the company and who have limited access to information about all activities are not evaluated in the context of the persons having access to inside information.

In this context, Board Members and Auditors, the General Manager and Assistant General Manager as well as the unit managers and some company employees with access to complete information about the company such as asset-liability structure, profit and loss, cash flows, strategic objectives, etc. and authority to administrative decisions that may affect the company at a macro-level are identified as persons with administrative responsibility.

The Announcements of the Statements Regarding the Company's Indirect or Direct Legal and Commercial Relations due to Capital, Management and Audit with real and legal persons

The Company's statements regarding its indirect or direct legal and commercial relations due to capital, management and audit with real and legal persons, are done within the framework of the CMB's regulations.

Confidentiality of Information to be Disclosed to the Public

All information of the Company, encountered during the period of service which are in the nature of trade secret, and are not desired to be known by persons other than those authorized by the Company, shall be considered as "Company Information". All employees are obligated to protect company information during and after the termination of their service.

Company Ethical Rules, outlining the rules of professional ethics and the sanctions to be applied by the company in case of discordance, in accordance with existing laws and regulations, are published and announced to all staff. Necessary measures are taken to prevent the usage of insider information.

The list of persons with access to internal information is kept up-to-date within the company. Persons having access are required to keep such information confidential until it is announced to the public by a declaration of special circumstances. In order to ensure confidentiality until the declaration of special circumstances, company employees with access to internal information are informed about their responsibilities arising from relevant legislation. Independent auditors, consultants or other persons and institutions rendering services and having temporary access to internal information are contractually covered with a confidentiality clause.

Company Ethical Principles

COMPANY ETHICAL PRINCIPLES

I. GENERAL PROVISIONS:

Article 1. Purpose And Scope:

Basic purpose of the Professional Ethical Principles of the Association of Financial Institutions (the "Association"), applicable on all kinds of relations and affairs of companies, being members of the Association, with each other or with their customers, shareholders or employees, or with other entities and institutions, is to maintain the continuity of professional reputation, and to protect stability, trust and confidence in the relevant sectors with regard to fields of business of financial leasing, factoring and finance companies.

İş Finansal Kiralama A.Ş. Ethical Principles ("Ethical Principles") determines and sets down the rules and principles required to be complied with in all kinds of relations and affairs of İş Finansal Kiralama A.Ş. (the "Company") with the Association members, and with its customers, shareholders and employees ("Employees"), and with other entities and institutions, and forms a basis for sanctions to be imposed by the Company in the case of breach of these principles.

Ethical Principles will be published in the Company's corporate internet site (www.isleasing.com.tr) and the Company's internal publications. It is the responsibility of Managers of the Company to communicate these Ethical Principles to all Employees, and to ensure that the Employees place the required importance on these rules, and to endeavor and show leadership for compliance with these rules. The Board of Directors, Senior Management, Managers and Employees are all liable to comply with these principles.

Article 2. Grounds:

These Ethical Principles are relied upon the "Financial Leasing, Factoring and Finance Companies Professional Ethical Principles" published and made effective by the Association of Financial Institutions (the "Association") on 18 March 2015, and the provisions of "Corporate Governance Communiqué" published by the Capital Markets Board.

Article 3. General Principles:

For the sake of trust and stability in financial markets, and for effective operation of crediting systems by also taking into consideration the requirements of economic development, and for prevention of practices and actions which may cause substantial damages in economy, and with a view to safeguarding the social interests and for protection of environment, the Company and the Employees perform their duties and functions and take actions in tandem with the following general principles.

a) Honesty:

In performing its activities, and in all its relations with its customers, Employees, shareholders, group companies, and with Association members, vendors, and other entities and institutions, the Company adheres to and acts in line with the principle of honesty.

b) Neutrality:

The Company does not discriminate between its Employees and customers, and refrains from acting in a biased and prejudiced way.

In providing its services to its Customers, the Company does not make any discrimination on the basis of such differences as national or ethnic origin, religion, financial and social status, or gender.

c) Reliability:

In all of its services and actions, the Company gives clear, understandable and true information to its customers and offers its customer services completely and timely, within a mutual trust atmosphere.

Company Ethical Principles

d) Transparency:

The Company keeps its customers informed clearly, understandably and explicitly about such issues as rights and obligations, benefits and risks of products and services provided to the customers.

e) Safeguarding The Social Interests, And Respect For Environment:

In all its activities and operations, in addition to profitability, the Company makes a point of giving support to social and cultural activities in the light of the principles of safeguarding the social interests and of respect for environment.

f) Prevention Of Laundering Of Crime Revenues:

Within the framework of international norms and national applicable laws, the Company adopts it as an important principle to fight against laundering of crime revenues and against corruptions and similar other crimes, and does its best in order to enter into cooperation with both Association members and other entities and institutions and concerned authorities. The Company internally takes the necessary measures and organizes training programs for its Employees in connection therewith.

g) Insider Trading:

The Company takes all kinds of actions in order to prevent use of insider information.

II. RELATIONS OF COMPANY WITH PUBLIC ENTITIES AND ADMINISTRATIONS:

Article 4. Relations with Public Entities and Administrations:

In its relations with public entities and administrations, the Company acts in line with honesty, accountability and transparency principles, and ensures that all information, documents and records requested for audit and control purposes pursuant to the laws are provided accurately, completely and timely.

Other than issues which are solely concerned with the Company itself, the Company will inform the Association before taking comments and opinions of public entities and administrations on issues which may ultimately be binding on the Financial Leasing Sector.

III. RELATIONS WITH MEMBERS OF THE ASSOCIATION:

Article 5. Exchange of Information:

To the extent allowed by the applicable laws and regulations, the Company exchanges information with members of the Association accurately and systematically on all and any subjects whatsoever.

Article 6. Personnel Movements:

The Company refrains from all kinds of acts which may lead to unfair competition about employment of personnel.

In spite of freedom of contract and movement in terms of employment of personnel pursuant to the Labor Act and other relevant applicable laws and regulations, the Company takes care to ensure that its personnel recruitments do not interrupt services of other companies. The Company acts honestly and objectively in providing information that may be requested by other companies about its ex-employees.

Article 7. Competition:

The Company considers and treats competition as a legitimate contest among all companies operating in financial leasing, factoring and finance sector enabling the market actors to take their economic decisions freely. Therefore, in its activities carried out within free market economy, the Company avoids all kinds of acts, behaviors and statements which may lead to unfair competition, within the frame of principles of not only safeguarding its own interests, but also:

- a) ensuring continuity of trust in financial leasing, factoring and finance companies in general; and
- b) endeavoring for further development of the sector; and
- c) safeguarding joint interests of market players.

This principle is both valid for the Company as a separate legal personality, and covers the acts, behaviors and statements of Managers and Employees of the Company as well.

Article 8. Advertisements and Promotions:

In its advertisements and promotions aimed at promotion and marketing of both its own financial products and the products and services of members of the Association, the Company complies with the laws and general ethical rules, and acts honestly and realistically, and refrains from all kinds of acts or behaviors which may damage the prestige and reputation of its sector, and may misrepresent its sector.

In its advertisements and promotions, the Company does not use any words or phrases defaming or humiliating other Association members or products and services of other Association members.

IV. RELATIONS OF COMPANY WITH ITS CUSTOMERS:

Article 9. Information of Customers:

With respect to all kinds of products and services offered to its customers, the Company gives true, accurate and complete information to its customers in a timely manner at all stages of service relations and in all aspects, by strictly complying with the limitations set forth in the applicable laws.

Article 10. Customer Secrets:

The Company is under obligation to keep in strict confidence all kinds of information and documents of customers and not to divulge them to third parties, other than persons and entities who are clearly and legally authorized to request information and documents.

Article 11. Service Quality:

The Company considers service quality as a condition precedent of meeting the customer needs and expectations through top quality services to be provided. The Company makes sure that two basic elements of this concept, i.e. technological infrastructure and qualified human resources, are used for continuous development in service quality.

The Company provides services of the same quality and same level to all customers. However, identification of target markets, and differentiation of organizational structure and product range or mix according to the target masses, or adoption of different approaches towards customers in different risk groups cannot be construed as a discrimination among customers or as categorization of customers.

Company Ethical Principles

Article 12. Customer Complaints:

The Company establishes a system capable of responding to all kinds of questions of its customers with respect to its services, and keeps its customers informed about the services.

The Company delves into causes of customer complaints, and takes actions required for non-repetition of just complaints. The Company informs its Employees for correction of mistakes leading to complaints and for prevention of repetition thereof.

Article 13. Security:

The Company takes all kinds of technical and legal actions for the sake of transactional security in all and any service environments due to changing service channels and technological developments. The Company informs its customers about actions taken by itself and actions required to be taken by the customers.

V. RELATIONS WITH EMPLOYEES:

The Company adopts a strategy respectful for rights and interests of its Employees and applying contemporary human resources policies. The Company accepts and treats collaboration and solidarity as important elements of work environment; encourages mutual respect; assures continuity of peace at work; creates appropriate environments where the Employees may express themselves and uses such environments for development of the Company and its Employees; and supports social events and activities of the Employees based on voluntary participation.

Article 14. General Qualifications of Employees:

The Company makes sure that its Employees have the knowledge and the sense of responsibility necessitated by their job positions and duties.

Article 15. Recruitment and Career Development:

The Company provides equal opportunities both in recruitment and in career development without any discrimination among its Employees. Departing from the principle of best management of human resources, the Company provides training courses, seminars and similar other facilities needed by its Employees to reach the knowledge level according to the necessities of the time and the profession.

In professional promotion of its Employees, the Company takes into account not only their knowledge, skills and personal successes, but also their loyalty to Ethical Principles and their care shown in implementation of principles.

Article 16. Representation Principles and Work Environment:

The Company issues internal regulations requiring its Employees to be clean and well-groomed in line with reputation of profession and knowing that they represent the Company.

The Company takes actions in order to increase motivation of its Employees in all service units and for the sake of provision of service under better conditions, and creates a healthy and safe work environment.

The Company takes required actions in order to prevent all kinds of harassment, especially mobbing, and holds an investigation in the case of allegations thereof. If a mobbing act is detected as a result of investigation, it takes the required actions and applies the sanctions required as per the pertinent laws.

Article 17. Working Hours:

The Company ensures that adequate personnel of a number fit for the workload are recruited and employed. It organizes its Employees in such manner to use them with maximum efficiency within working hours, and shows maximum efforts to ensure that overtime work is not needed, and the Employees regularly use their annual leaves.

Article 18. Rights Of Employees:

The Company assures that all rights of the Employees arising out of the applicable laws and regulations are recognized and granted fully, accurately and timely.

Article 19. Relations of Employees with Customers:

The Company issues internal regulations precluding its Employees from:

- a) entering into non-ethical relations with customers such as debt/credit and surety relations; and
- b) getting gifts from existing or potential customers; and
- c) deriving personal benefits from their own business relations or from opportunities of customers by using their personal positions.

VI. PROFESSIONAL RULES AND ETHICAL PRINCIPLES TO BE ABIDED BY COMPANY EMPLOYEES:

Article 20. Professional Rules and Ethical Principles to be Abided by Employees:

The Employees are obliged:

- a) to comply with the current applicable laws and regulations in the course of performance of their job duties; and
- b) to keep their customers informed about benefits and risks of products and services offered to them; and
- c) to provide unbiased and fair services to customers receiving the same services; and
- d) not to disclose any secrets of the Company and its customers, which come to their knowledge in the course of performance of their job duties, to third parties other than the authorities legally and clearly authorized to request them; and
- e) not to cause any loss of reputation of the Company in their works and behaviors; and
- f) not to engage in activities which may lead to their identification as a “Commercial Enterprise” or as an “Artisan or Tradesman”; and
- g) not to act contrary to justice, integrity, honesty, reliability and social responsibility principles; and
- h) to enter into cooperation and to establish respectful and attentive communication with other employees in tandem with joint purposes and motives in performing their job duties and obligations; and
- i) not to use the assets and resources of the Company inefficiently and for non-intended purposes; and

Company Ethical Principles

- j) not to derive personal benefits from their own business relations or from opportunities of customers by using their personal positions; and
- k) to immediately refuse offers made to them for provision of benefits, and to report such offers to official authorities and their superiors; and
- l) to direct potential customers first of all to the Company; and
- m) not to enter into non-ethical relations with customers such as debt/credit and surety relations; and
- n) not to accept gifts from existing or potential customers other than common usage and practices; and
- o) to assume responsibility and accountability with respect to their duties in the course of performance of services; and
- p) not to ruin the reputation of the Company and other financial institutions and not to engage in defamatory or humiliating acts towards business partners, shareholders, employees and customers by using their own identity or by concealing their identity or by using misleading identities in media and social media environments, profile accounts or other communications; and
- q) not to take acts binding on the Company, and not to give deceptive and un-true statements by overriding their authority in performance of their job duties.

Article 21. Development of Ethical Principles of Companies:

The Company may at any time and in its sole option make proposals to the Board of Directors of the Association for development and if required, for amendment and revision of the Ethical Principles.

VII. RELATIONS OF COMPANY WITH THE ASSOCIATION:

Article 22. Relations with the Association:

In its relations with the Association, the Company acts in line with honesty and transparency principles, and ensures that all requested information, documents and records are transmitted accurately, completely and timely.

The Company will not make public:

- a) information about other members of the Association; and
- b) correspondences exchanged by the Association with public entities and administrations; and
- c) agreements signed by the Association with its service providers, advisors and consultants; and
- d) any kind of confidential information and documents sent and provided by the Association.

VIII. RELATIONS OF COMPANY WITH ITS SHAREHOLDERS:

Article 23. Relations with Shareholders:

The Company protects the rights and interests of shareholders as outlined and determined by the applicable laws, and shows maximum efforts to create value against resources provided by shareholders. The Company makes sure that the required information is disclosed to shareholders and to public accurately, completely and timely. The resources, assets and working time of the Company are managed efficiently on the basis of sustainable growth and profitability.

IX. OTHER PROVISIONS:

Article 24. Compliance with Laws and Legal Actions:

The Company complies with all laws and regulations within the fields of business of the Company, and all policies and working principles published by the Board of Directors of the Company. The Company establishes the systems required for keeping of all operational and legal records completely and in accordance with the laws, and keeps all records, and issues all reports. The Company ensures that agreements signed with other persons and entities are open, clear and understandable and compliant with laws and the Ethical Principles. Other than those authorized in accordance with the principles and limits set forth in the signature circular or the relevant special authorization certificate, the Company takes actions to prevent any Employee from entering into engagements binding on the Company.

Article 25. Public Disclosure:

The Company publishes all public disclosures, statements or bulletins through its legal representatives in compliance with the laws. The Company ensures that disclosures that are newsworthy or for promotion purposes are made by the Company representatives designated in accordance with the information policy of the Company. Information requests of third parties, which are by nature in confidential category for the Company, are responded within the knowledge of the Top Management.

Article 26. Confidentiality:

The Company and its Employees know that all financial and trade secrets of the Company, and all information which, if disclosed, may weaken the competitive power of the Company, and personnel rights and information, and agreements signed with business partners are "confidential" by nature, and they protect and keep them in strict confidence. Information and documents obtained as a requirement of business may in no case and for no purpose whatsoever be shared with unauthorized persons or entities inside or outside the Company, and be used for speculative purposes or personal interests.

Article 27. Detection of Breaches, and Sanction:

Transactions or acts alleged to be contrary to the Association's Ethical Principles and Professional Rules and Decisions are first of all evaluated in the relevant sector committees, and then presented to the decision of the Board of Directors of the Association. If the Board of Directors of the Association decides that a company has breached these Ethical Principles, then it may inflict an administrative fine pursuant to article 42.3 of the Law no. 6361, and it is separately reported to the Banking Regulation and Supervision Authority.

Article 28. Effective Date:

These Ethical Principles have entered into force as of 30.06.2015.

Corporate Governance Principles Declaration

İstanbul, 14.02.2022

To Board of Directors of İş Finansal Kiralama A.Ş.

CORPORATE GOVERNANCE PRINCIPLES DECLARATION

Pursuant to the "Corporate Governance Communiqué" no. II-17.1 of the Capital Markets Board of Turkey (CMB), which went into force upon its publication in the Official Gazette issue 28871 dated 03 January 2014, it has been deemed appropriate for companies traded on Borsa İstanbul (BİST) to incorporate their declaration of compliance with Corporate Governance Principles and their compliance reports in their annual reports and to post the same on their websites. Under the Capital Market legislation, our Company's corporate governance principles reports for each year have been published on our corporate website (www.isleasing.com.tr) and in our respective annual reports since 2005.

Our Company sees great benefit in enforcing and implementing the corporate governance principles across our Company both with respect to the development of national and international capital markets, and with respect to our Company's interests. Implementation of corporate governance principles at our Company is a continuous and dynamic process, and hence, corporate governance notion is maintained with an expanding scope.

Under this context, being listed under the corporate governance index of Borsa İstanbul, as a result of the rating process performed by Saha Kurumsal Yönetim ve Kredi Derecelendirme A.Ş. in 2021, considering the emphasis on corporate governance rules, the willingness to perform this process consistently and dynamically and the improvement realized in the process since the previous rating score, corporate governance rating score of our company has been rated as 9.29 (92.91) and the rating report has been announced to public. This rating report has also been shared with the public under our company website (www.isleasing.com.tr), concerning to increase this corporate governance rating score, the protection of rights of shareholders, informing the public and maintaining transparency, Sustainability Strategy and the adjustment to the said rules in decisions and transactions concerning stakeholders and Board of Directors are aimed and in this context, effort for corporate governance compliance is maintained under the supervision of our committee.

It is targeted to achieve maximum compliance with these principles in the protection of our shareholders' rights, public disclosures, ensuring transparency, and decisions and transactions concerning stakeholders and the Board of Directors.

To this end, activities for ensuring compliance with corporate governance principles are carried on under the supervision of our Committee. Within this framework, Corporate Governance Principles Compliance Report and Corporate Governance Information Form for 2021 fiscal year, which incorporates the aspects of those principles that can and cannot be implemented, has been prepared in line with our Company's priorities in this respect, and attached hereto.

We have reviewed the **Corporate Governance Principles Compliance Report** and **Corporate Governance Information Form**, which has been prepared in accordance with the Corporate Governance Principles and the Company's Corporate governance practices and which will be included in the Company's annual report. As a result of our assessment, the said Report has been deemed in conformity with our declaration above, and presented for your information.

Sincerely,

İş Finansal Kiralama A.Ş.

Corporate Governance Committee



Neslihan Oruç
Member



Doruk Yurtkuran
Member



M. Coşkun Cangöz
Member



Prof. Dr. Selim Yazıcı
Chairman

Corporate Governance Principles Compliance Report

PART I – STATEMENT OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

İş Finansal Kiralama Anonim Şirketi (the Company or İş Leasing) is governed by the Corporate Governance Principles set forth in the Capital Markets legislation, and this statement describes the Company's responsibilities and the degree of compliance within the frame of the Capital Markets Board of Turkey (CMB) Corporate Governance Communiqué.

İş Leasing addresses its rights and responsibilities primarily towards its shareholders and its employees, customers and other relevant parties within the frame of efficient governance and oversight based on the principles of accountability, equality, transparency and responsibility that make up the universal elements of the corporate governance concept. The Company pursues its operations in compliance with all the compulsory articles of Corporate Governance Principles, putting all necessary policies and measures into practice.

As per the Capital Market Board's decision 2/49 dated 10 January 2019, Corporate Governance Compliance Report numbered II-17.1 will be done on KAP platform using Corporate Compliance Report (URF) and Corporate Governance Information Form (KYBF) templates. Related reports may be found at www.kap.org.tr/tr/sirket-bilgileri/ozet/988-is-finansal-kiralama-a-s

Information explaining reporting through templates is presented below.

Further details regarding the level of compliance with the Corporate Governance Principles are presented in the relevant sections of this report.

PART II - SHAREHOLDERS

1. Investor Relations Unit

There is an Investor Relations Department at the Company, which is responsible for maintaining relationships with shareholders.

Name and Surname	Position	Telephone Number	E-Mail Address
Neslihan Oruç	Assistant General Manager	+90 212 350 74 70	neslihanoruc@isleasing.com.tr
Mustafa Çilli	Financial Management Manager	+90 212 350 74 73	mustafacilli@isleasing.com.tr
Firuze Kutlu	Supervisor	+90 212 350 74 72	firuzekutlu@isleasing.com.tr

The Investor Relations Department reports directly to Mr. Şafak Öğün, General Manager. Ms. Neslihan Oruç holds Capital Market Activities Advanced Level License and Corporate Governance Rating Expertise License.

The activities of the Investor Relations Department are regularly reported to the Board of Directors and the Corporate Governance Committee. The Investor Relations Department basically carries out the following duties:

- Ensure that the records in relation to shareholders are kept in a healthy, secure and up-to-date manner,
- Respond to shareholders' written inquiries about the Company, save for those that are not publicly disclosed, are confidential and/or trade secrets,
- Ensure that General Assembly Meetings are convened in accordance with the applicable legislation, the Company's Articles of Association and other internal regulations; prepare the documents that may be useful to shareholders; ensure that the records of voting results are kept and reports covering the results are sent to shareholders,
- Oversee and monitor any and all matters related to public disclosure under the legislation and the Company's Information Policy,

Prepare informative reports for investors; organize presentations and meetings as and when necessary.

Corporate Governance Principles Compliance Report

The Investor Relations Department responded to 87 verbal and 36 written inquiry received from the shareholders during the reporting period, and records on shareholders were kept up-to-date.

2. Exercise of Shareholders' Right to Information

All inquiries of shareholders, save for trade secrets or undisclosed information, are being satisfied by the Investor Relations Department within the frame of applicable legislation. The inquiries are first addressed by someone no lower than a Department Manager in the hierarchy, and are responded to in the fastest and the most efficient manner.

All explanations in relation to capital increases, profit distribution, General Assembly meetings, and other matters frequently required under the public disclosure regulations and any information concerning the occurrences with a potential impact on the exercise of shareholders' rights are made public on the Company website, and individual inquiries are fulfilled by the Investor Relations Department.

Pursuant to legislation, minority shareholders are entitled to request appointment of a special auditor from the General Assembly of Shareholders for inspecting some specific events. The Company's shareholders did not request appointment of a special auditor from the General Assembly during 2021. Nevertheless, the request for appointment of a special auditor has not been set forth as an individual right in the Company's Articles of Association.

3. General Assembly Meetings

The arrangements related to the Company's General Assembly meetings are covered in the "Articles of Association" and "General Assembly Guidelines", which are also posted on the Company website.

During the reporting period, one General Assembly meeting was held, which was the 2020 Ordinary General Assembly Meeting. The said meeting was held both physically and electronically on 26 March 2021. The procedures prior to the General Assembly were handled in accordance with the Corporate Governance Principles, and the decisions concerning the General Assembly have been shared with the public within due time. 2020 Ordinary General Assembly Meeting was convened with a quorum of 61,52% and was not attended by any stakeholders other than shareholders, or by media members.

Since the Company's Articles of Association do not contain a provision setting out the participation of media members and stakeholders other than shareholders in the General Assembly meetings, media members and stakeholders other than shareholders are not admitted to General Assembly meetings.

The announcements for the meeting including the meeting place, date, time, agenda and sample proxy form were made in due time by being placed in the Trade Registry Gazette and Dünya daily, as well as on the Public Disclosure Platform (in Turkish: KAP) and the Company website; the same were also sent by certified mail to shareholders who are recorded in the share ledger within the same period of time. Before the meeting, the annual report, financial statements and reports, profit distribution proposal, informative document on the General Assembly meeting agenda items, other documents forming the basis of agenda items, and the latest version of the Articles of Association have been made available at the Company headquarters and on the Company website for examination by shareholders.

Shareholders were given the opportunity to ask questions and make suggestions at every stage of the meeting. Shareholders exercised their right to ask questions during the meeting, which were responded to forthwith, and this has been covered in the meeting minutes. No agenda item suggestions were received during the General Assembly meeting. General Assembly meeting minutes have been delivered to shareholders upon conclusion of the meeting and were also posted on the Public Disclosure Platform and the Company website.

During the General Assembly meeting held in 2021, information was provided on the donations and aids made during the reporting period under a dedicated agenda item.

4. Voting Rights and Minority Rights

Pursuant to the Articles of Association, each share entitles its holder to one vote. Although the shares making up the Company's capital do not entail any voting privilege, holders of Class A shares have the privilege to nominate the members of the Board of Directors and to have their consent sought for modifications to be made to the Articles of Association.

There are no cross-shareholding relationships with any company.

There are no members on the Board of Directors, who have been elected with minority votes. The Articles of Association grant no minority rights to those who hold less than one twentieth of the capital.

5. Dividend Right and Profit Distribution Policy

No shares entail any privileges in dividend distribution. The full text of the Company's publicly disclosed Profit Distribution Policy is available in the annual report and on the Company website.

Profit for 2020 has been distributed in accordance with the resolution passed in the Ordinary General Assembly Meeting held in 2021.

6. Share Transfer

Shares are transferred subject to the Company's Articles of Association and the provisions of applicable legislation.

PART III – PUBLIC DISCLOSURE AND TRANSPARENCY

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7. Information Policy

The Company Information Policy is publicly disclosed and presented for the information of shareholders at the General Assembly Meeting, as and when it is updated. The Information Policy, in English and Turkish languages, is posted on the Company website and in the annual report.

The Investor Relations Department is responsible for executing the Information Policy.

There are no material changes in the Company's planned administration and operations for the future.

8. Company Internet Site (www.isleasing.com.tr) and its Content

Prepared in Turkish and English languages, the corporate website covers all the matters set out by Corporate Governance Principles and regulatory authorities, and care is taken to keep the website up-to-date at all times.

Corporate Governance Principles Compliance Report

9. Annual Report

The Company's annual reports are developed so as to cover the information and data required by applicable legislation.

PART IV - STAKEHOLDERS

10. Keeping Stakeholders Informed

The Company's stakeholders are kept regularly informed through material event disclosures, General Assembly meeting minutes, annual reports, financial reports, Public Disclosure Platform and the Company website.

Employees are informed on the Company's goals and activities through performance appraisal meetings held, and all employees have access to memorandums posted on the corporate portal, which is set up to function as the internal information sharing system.

Any act subject to complaint can be communicated by the relevant stakeholder directly to the addressee, the Internal Audit Unit, the Investor Relations Department and the Company's senior management through internal platforms or the Company website; any such complaints raised are forwarded to the Corporate Governance Committee and the Audit Committee.

11. Stakeholder Participation in Management

The Company's Articles of Association do not contain any provisions setting out stakeholder participation in the Company's management. Within the frame of the provisions of the Articles of Association, shareholders are involved in decision-making regarding the Company's administration by casting votes in the General Assembly meetings.

There is a suggestion system in place whereby employees can convey their suggestions regarding the Company's operations. There is an online communication environment at İş Leasing that facilitates communication of any and all demands and complaints by the employees directly to the senior management.

12. Human Resources Policy

The Company's Human Resources Policy is outlined below:

- The Company espoused the principle of giving equal opportunities to individuals with equal qualifications in recruiting, and the recruitment criteria have been documented in writing.
- No discrimination on the basis of race, religion, language and sex is allowed among employees; respecting human rights is promoted and care is taken to safeguard employees against internal physical and emotional abuse.
- Care is taken to provide a safe working environment and working conditions at high standards, and to further improve them as needed.
- Objective data are taken into consideration in making decisions about training, appointment and promotion.
- Employees are informed of decisions that are of concern to them, along with developments.
- Training plans are made to support employee development, and necessary arrangements are made for participation in training programs.

The Company executives did not receive any complaints from the employees with respect to discrimination during the

reporting period.

The Company's Corporate Portal, which is set up to enhance internal information sharing and to increase the effectiveness of communication with the employees, gives all employees quick access to legislation, the activities of departments, job descriptions and distribution of tasks, performance management practices, current announcements and reference sources.

An orientation program is implemented at the Company that is designed to speed up the adaptation of new hires to the working environment and to help increase their productivity at work.

Job descriptions, individual targets, performance and rewarding criteria are determined by the Company management and announced to employees.

13. Code of Ethics and Social Responsibility

The Company has embraced the Ethical Principles announced by the Association of Financial Institutions, which are posted on the Company website.

The Company takes care to make sure that the projects that it extends financing to are compliant with the relevant legislation on environmental and public health; in addition, the Company extends support to social responsibility projects that it deems appropriate.

PART IV – BOARD OF DIRECTORS

14. Structure and Formation of the Board of Directors

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Members of the Board of Directors of İş Leasing are presented below.

First & Last Name	Position	Executive/Non-Executive	Term of Office
Murat Bilgiç	Chairman	Non-Executive	2 years
O. Tufan Kurbanoğlu	Deputy Chairman	Non-Executive	2 years
U. Şafak Öğün	General Manager/Member	Executive	2 years
A. Botan Berker	Independent Member	Non-Executive	2 years
Selim Yazıcı	Independent Member	Non-Executive	2 years
M. Coşkun Cangöz	Member	Non-Executive	2 years
Hasan Hepkaya	Member	Non-Executive	2 years
Necati Çağlar	Member	Non-Executive	2 years
Doruk Yurtkuran	Member	Non-Executive	2 years

The Board of Directors is made up of non-executive members, save for the General Manager.

Three independent members, who satisfy the independence criteria set out in the Corporate Governance Principles serve on

Corporate Governance Principles Compliance Report

the Board of Directors; no circumstances arose that would prejudice the independence of the members during the reporting period. Declarations of independence by the relevant members are quoted below:

INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors; and
- That I am deemed a resident of Turkey according to the Income Tax Law; and
- That I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.

Name & Surname: Dr. A. Botan Berker

Date: 26.03.2021

Signature:



INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors;
- That I am deemed a resident of Turkey according to the Income Tax Law;
- That I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.

Name & Surname: Prof. Dr. Selim Yazıcı

Date: 26.03.2021

Signature



Corporate Governance Principles Compliance Report

INDEPENDENCE STATEMENT

I, the undersigned, hereby declare, state and warrant:

- That I have not served as a director to İş Finansal Kiralama A.Ş. for more than six years in total during the recent ten years;
- That no direct or indirect employment, capital or other material commercial relations have been established in the recent five years between the Company, or any one of the related parties of the Company, or other legal entities connected in management and capital terms to the shareholders directly or indirectly holding 5% or more shares in the capital of the Company on one hand, and me and my spouse and my blood relatives and relatives by marriage up to third degree on the other hand;
- That during the recent five years I have not worked in or served as a director to service providers managing the operations and organization of the Company as a whole or in part within the frame of contracts, and particularly, the firms engaged in audit, rating and consultancy services for the Company;
- That during the recent five years I have not worked as partner, employee or director in any one of the firms supplying material services and products to the Company;
- That if I hold shares due to my office in the Board of Directors, I hold less than 1% of shares, and my shares are not preferential or privileged;
- That I have the required professional training, knowledge and experience as required for performance of my duties assumed by me as an independent member of the Board of Directors;
- That I am deemed a resident of Turkey according to the Income Tax Law;

vThat I have strong ethical standards, professional reputation and experience which enable me to make positive contributions to operations and activities of the Company, and to protect my neutrality in conflicts of interests among the partners of the Company, and to give decisions freely in consideration of the rights of stakeholders;

therefore, I am going to perform my duties and functions as a director of the Company as an independent member of the Board of Directors.

Name & Surname: M. Coşkun Cangöz

Date: 21.10.2021

Signature



The Company did not impose any specific rules governing outside positions to be held by the members of the Board of Directors. The arrangements set forth in the Corporate Governance Principles are followed in this respect. Outside positions held by the members of the Board of Directors are presented below:

First & Last Name	Entity	Position
Murat Bilgiç	Türkiye İş Bankası A.Ş. / Group company	Deputy Chief Executive
	İş Faktoring A.Ş. / Group company	Chairman of the Board of Directors
O. Tufan Kurbanoğlu	Türkiye İş Bankası A.Ş. / Group company	Division Manager, Commercial and Corporate Loans Monitoring and Recovery Division
U. Şafak Öğün	Association of Financial Institutions	Member of the Board of Directors
A. Botan Berker	Merit Risk Yönetimi ve Danışmanlık Ltd. / Out-group	Executive Partner
	Odeabank/ Out-group	Member of the Board of Directors
Selim Yazıcı	İş Girişim Sermayesi A.Ş. /Group company	Independent Member of the Board of Directors
M. Coşkun Cangöz	Türkiye Ekonomi Politikaları Araştırma Vakfı/ Out-group	Director
Hasan Hepkaya	Türkiye Sınai Kalkınma Bankası A.Ş. / Group company	Deputy Chief Executive
	Türkiye İş Bankası A.Ş. / Group company	Manager, Subsidiaries Division
	Topkapı Danışmanlık Elektronik Hizmetler Pazarlama ve Ticaret A.Ş./ Out-group	Member of the Board of Directors
Doruk Yurtkuran	Softtech Yazılım Teknolojileri Araştırma Geliştirme Ve Pazarlama Ticaret A.Ş./ Out-group	Member of the Board of Directors
	Softtech Ventures Teknoloji A.Ş./ Out-group	Member of the Board of Directors
	Kasaba Gayrimenkul İnşaat Taahhüt ve Ticaret A.Ş./ Out-group	Member of the Board of Directors
	İş Faktoring A.Ş. / Group company	Member of the Board of Directors

Members of the Board of Directors have been elected as per the motion given by the holders of Class A privileged shares at the Ordinary General Assembly Meeting. There is one woman member.

15. Operating Principles of the Board of Directors

The Board of Directors meets at a frequency that will guarantee effective fulfillment of its duties. Agendas for the Board of Directors meetings are prepared by the Chairman of the Board, who seeks proposals from the other members and the General Manager, as well. Information and documents related to the matters covered in the Board of Directors meeting agenda are presented for consideration by the members in advance of the meeting.

During 2021, four Board meetings took place; full attendance was secured in the meetings held in March, July, October and December. All decisions in the meetings were passed unanimously. The Board of Directors passed 115 decisions, either during the meetings or based on the examination of relevant files.

The questions posed and assessments made by the members, and grounds for dissenting votes, if applicable, are entered into the meeting minutes. No members cast dissenting votes in any of the meetings held in 2021.

Duties and responsibilities of the members of the Board of Directors are expressly stated in the Articles of Association. Pursuant to the Company's Articles of Association, Board members do not have weighted votes or vetoing rights. As per the Articles of Association, the Board of Directors meets with the majority of its full membership and decisions are passed by the majority of those who are present in the meeting. There is not a specific written internal guideline defining how Board of Directors meetings will be made.

During 2021, all related party transactions and transaction basics were laid down for the approval of the Board of Directors. All related decisions were passed unanimously, and there were no related party transactions or transactions of a material nature which had to be submitted to the General Assembly for approval by reason of withdrawal of consent by independent members in 2021. There are no decisions referred to the General Assembly by reason of related party or material transactions.

Corporate Governance Principles Compliance Report

"Officers' Liability Insurance" policy has been purchased for indemnification of losses that the Company and/or third parties may sustain due to the faults of the Company's Board members or executives committed in the performance of their jobs.

16. Number, Structure and Independence of the Board of Directors Committees

Within the frame of the provisions set out in the applicable legislation, Audit Committee, Early Detection of Risk Committee and Corporate Governance Committee have been set up under the Board of Directors at the Company. The committees present information on their activities and the results of their meetings to the Board of Directors when necessary. The operating principles of the committees are posted on the Company website.

Audit Committee

Formed of three members, the Audit Committee is headed by Ms. A. Botan Berker, a non-executive independent Board member. The other member of the Committee is Mr. Selim Yazıcı and Mr. M. Coşkun Cangöz, a non-executive independent Board member.

The duties and operating principles of the Audit Committee have been approved by the Board of Directors and put into force. The Committee carries out its activities within the frame of these principles.

Duties and Operating Principles of the Audit Committee

Article 1 Purpose and Scope

This Regulation covers the establishment of an Audit Committee, and regulation of the duties and responsibilities of this Committee as well as its operational procedures in order to ensure that the Board of Directors fulfills its supervisory and audit duties and responsibilities in a healthy manner.

Article 2 Justification

This Regulation has been prepared based on the Corporate Governance Communiqué of the Capital Markets Board.

Article 3 Establishment of the Audit Committee

An audit committee is established by at least two members to be selected from among the Board members. The members of the Committee elect a Chairman among themselves.

All of the Committee members are elected from among the independent members of the Board.

If possible, at least one of the members of the Audit Committee should be elected from the Board members having a minimum 5 years of experience in audit/accounting and finance topics.

Committee membership automatically ends upon the termination of the Board membership of the relevant member.

Article 4 Duties and Responsibilities of the Audit Committee

The duties and responsibilities of the Audit Committee have been outlined below.

The Audit Committee supervises the operation and efficiency of the Company's accounting system, disclosure of its financial information, its independent audit and its internal control and internal audit system.

The selection of the independent audit firm, commencement of the independent audit process after preparing the independent audit contracts, and the subsequent works of the independent audit firm at all times is conducted under the supervision of the Audit Committee.

The Audit Committee determines the name of the independent audit firm and the services to be procured from it, and submits this list to the approval of the Board of Directors.

The Audit Committee determines the methods and criteria to apply to the processing and settling of the complaints sent to the Company regarding the Company's accounting, internal control and audit system, and the independent audit as well as the treatment of the Company's disclosures made by the Company's employees on the subjects of the independent audit within the framework of the confidential principle.

The Audit Company submits in writing to the Board of Directors its assessments on the accuracy and authenticity of the annual and interim financial statements to be disclosed to public and the conformance of these statements with the accounting principles adopted by the Company also by taking the opinions of the Company's managers and independent auditors.

The Audit Committee also performs other works and assignments to be assigned to it by the Board of Directors.

Article 5 The Audit Committee's Operation Principles and Procedures

The Audit Committee meets at least once every three months and at least four times annually.

The Committee meets with the attendance of all its members, and the decision quorum for the Committee is the majority of the present.

The Committee keeps a minute book and all decisions taken by the Committee are recorded in this book under a separate log number.

The results of the Committee's meetings are issued as an official report which includes the assessments and decisions together with their justifications, and submitted to the Board of Directors within at least one month following the relevant meeting.

The decisions of the Committee take effect upon the approval by the Board of Directors.

The Audit Committee immediately sends its determinations, assessments and suggestions regarding the area of its responsibility to the Board of Directors in writing.

The activities and the meeting results of the Committee are announced at the annual activity report. The annual activity report also provides how many times the Audit Committee has submitted written notifications to the Board of Directors during the given fiscal year.

The Audit Committee may invite other people to its meetings as needed to get their opinions on a subject.

Internal Audit Unit determines the agenda of the meetings, makes the calls for the meetings, ensures the communication between the members of the Committee, keeps the minute book, and fulfills other secretarial works of the Committee

The resources and support needed by the Committee during the execution of its duty are provided by the Board of Directors.

Subject to the approval of the Board of Directors, the Committee may benefit from the opinions of the independent experts as may be needed on a subject related with its activities requiring specialization. The charge of such consultancy services needed by the Committee is paid by the Company.

The members of the Audit Committee conduct their duties within the framework of the principles of independence and neutrality.

Corporate Governance Principles Compliance Report

Article 6 Validity

The clauses of this Regulation take effect on the date approved by the Board of Directors and are executed by the Board of Directors.

Relevant Decisions of the Board of Directors

Decision	Effective Date	Revision	Relevant Articles
27.05.2014 / 2151	27.05.2014	1.0	All

During 2021, the Audit Committee met 4 times and passed 7 decisions. In the meetings held, the Committee discussed and evaluated the following topics:

- Distribution of duties within the Committee has been decided and the Head of the Committee has been elected.
- The Independent Audit Firm has been designated and presented for approval to the Board of Directors.
- Upon getting the opinions of the responsible Company managers, it has been established that the consolidated financial statements and their notes, and annual reports have been prepared accurately and in accordance with the applicable legislation and generally accepted principles and norms, and they have been presented for approval to the Board of Directors for subsequent disclosure.
- It has been established, as also confirmed by the opinions of responsible managers in the Company, that unconsolidated financial statements and their notes have been drawn up accurately and in accordance with the applicable legislation and generally-accepted principles and standards, and they have been presented for approval to the Board of Directors.
- Information Systems Regulatory Compliance Report that has been prepared by the Internal Audit Department and Internal Control and Risk Management Department has been approved and presented for approval to the Board of Directors.
- It has been established that the Committee did not determine any negative findings with respect to the entry of the Company's commercial transactions into accounting records, to the operation and efficiency of the internal control system, and fulfillment of tax and legal obligations during the reporting period, and that all are in order.
- Findings, opinions and suggestions that resulted from the audit activities carried out by Internal Audit and Internal Control units were first shared with, and evaluated by, those who conducted the relevant activities, and it was ensured that necessary complementary and preventive actions were taken.
- Internal control, file audit and department/unit audit reports drawn up during the reporting period by Internal Audit and Internal Control units have been examined, and presented for the approval of the Board of Directors.
- 2022 audit plan and 2022 Internal Control and Risk Management Activity Plan developed by the Company have been discussed and approved.

Corporate Governance Committee

Formed of four members, the Corporate Governance Committee also functions as the Nomination Committee and the Remuneration Committee. Mr. Selim Yazıcı, non-executive independent Board member, serves as the head of the Committee, whereas the other members are Mr. Coşkun Cangöz and Mr. Doruk Yurtkuran, non-executive Board members, and Ms. Neslihan Oruç, Investor Relations Department Manager.

The duties and operating principles of the Corporate Governance Committee have been approved by the Board of Directors and put into force. The Committee carries out its activities within the frame of these principles.

Duties and Operating Principles of the Corporate Governance Committee

Article 1 Purpose and Scope

This Regulation covers the establishment of a Corporate Governance Committee and regulation of the duties and responsibilities of this Committee as well as its operational principles and procedures in order to ensure that the Board of Directors fulfills its duties and responsibilities on corporate governance in a healthy manner.

The duties of the Nominating Committee and Compensation Committee will be fulfilled by the Corporate Governance Committee until their establishment.

Article 2 Justification

This Regulation has been prepared based on the Corporate Governance Communiqué of the Capital Markets Board.

Article 3 Establishment of the Corporate Governance Communiqué

Corporate governance Committee is established by appointment of at least two members from among the Board members and the Manager of the Investor Relations Unit/Department.

The members of the Committee elect a Chairman among themselves. The Chairman of the Committee is elected from among the independent members of the Board. Persons who are not Board members but having specialization on their subjects can also become members to the Corporate Governance Committee.

If the Corporate Governance Committee has two members elected from the Board of Directors, both of these members are required to be from the independent members of the Board; and if the Committee has more than two board members, then majority of these members should be independent members. General Manager cannot become a member of the Committee.

The Manager of the Investors Relations Unit/Department is required to work full-time in the company and be positioned as a member of the Corporate Governance Committee.

Corporate Governance Committee membership automatically ends upon the termination of the Board membership.

Article 4 Duties and Responsibilities of the Corporate Governance Committee

The duties and responsibilities of the Corporate Governance Committee have been outlined below.

The Corporate Governance Committee establishes whether or not the corporate governance principles are duly applied in the Company, and determines the reasons if they are not applied and lay down the conflicts of interest emerging due to the non-application of these principles in the Company, and advises the Board of Directors for the improvement of the corporate governance applications.

The Corporate Governance Committee supervises the activities of the Company's Investment Relations Department.

The Committee lays down the fundamental principles regarding the communication of the Company with the investors, and reviews these principles on a regular basis.

The Corporate Governance Committee, together with the Investors Relations Department, further submits to the Board of Directors its advice for the improvement of the communication between the Company and the shareholders, and the elimination and settlement of the possible disputes in between.

The Corporate Governance Committee reviews the Corporate Governance Principles Compliance Report of the Company prior to its being published in the Company's annual activity report, and submits its opinions to the Board of Directors.

Corporate Governance Principles Compliance Report

The Corporate Governance Committee prepares its advice and assessments for the identification or amendment of the Company's Disclosure Policy and submits it to the Board of Directors. It also oversees to ensure that the Disclosure Policy covers at least the minimum obligatory content laid down by the laws and regulations regarding the communication of the Company with the stakeholders, and it reviews the content, quality, consistency and accuracy of the documents, presentations and explanations to ensure that they are prepared in accordance with the Disclosure Policy.

The Corporate Governance Committee works for infusing the corporate governance culture into the Company and its adoption by the managers and employees at all levels. It follows the domestic and international developments on corporate governance front and monitors their possible effects for the Company.

The duties and responsibilities of the Corporate Governance Committee on nominations have been outlined below.

The Corporate Governance Committee works for setting up a transparent system for the identification, assessment and training of the candidates for board membership and the managerial positions with administrative responsibility and for adoption of proper policies and strategies on this subject.

The Corporate Governance Committee makes regular assessments on the structure and productivity of the Board of Directors and submits its advice on possible changes to the Board of Directors.

The Corporate Governance Committee is responsible for performing the jobs regarding the nomination of the independent member candidates for the Board which are stipulated by the laws and regulations and which are compulsory for the Group including the Company as announced by the Board each year.

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The duties and responsibilities of the Corporate Governance Committee on the salaries and remunerations have been outlined below:

The Corporate Governance Committee lays down and oversees the principles, criteria and practices to apply to the compensations of the members of the Board of Directors and executives with administrative responsibility in view of the Company's long term targets.

It submits to the Board of Directors its suggestions about the wages to be offered to the Board members and executives with administrative responsibility as set forth, also in consideration with the degree of realization of the criteria applicable to such compensation.

It provides its assessments and suggestions on the creation and amendment of the Company's compensation policy which sets the compensation principles for the members of the Board of Directors and the managers with administrative responsibility, and submits its opinions to the Board of Directors.

The Corporate Governance Committee also fulfills other duties and responsibilities within its area of responsibility as may be delegated to it by the Board of Directors.

Article 5 The Corporate Governance Committee's Operation Principles and Procedures

The Corporate Governance Committee meets at least once every three months and four times annually.

The Committee meets with the attendance of all its members and takes its decisions by majority vote.

The Committee keeps a decision book and the decisions taken by the Committee are recorded in this book with a log number.

The results of the Committee's meetings are issued as an official report and the assessments and decisions of the Committee are submitted to the Board of Directors within at least one month following the relevant meeting of the Committee.

The decisions of the Committee take effect upon the approval of the Board of Directors.

The Corporate Governance Committee immediately submits its findings, assessments and suggestions on the area of its work and responsibility to the Board of Directors in writing.

The Corporate Governance Committee may invite other people to its meetings as needed to get their opinions on a subject.

The Investor Relations Unit/Department determines the agenda of the meetings, makes the calls for the meetings, ensures the communication within the members of the Committee, keeps the minute book, and fulfills other secretarial works of the Committee.

The resources and support needed by the Committee during the execution of its duty are provided by the Board of Directors.

Subject to the approval of the Board of Directors, the Committee may benefit from the opinions of the independent experts as may be needed on a subject related with its activities requiring specialization. The charge of such consultancy services needed by the Committee is provided by the Company.

The members of the Corporate Governance Committee conduct their duties within the framework of the principles of independence and neutrality.

Article 6 Validity

The clauses of this Regulation take effect on the date approved by the Board of Directors and are executed by the Board of Directors.

Relevant Decisions of the Board of Directors

Decision	Effective Date	Revision	Relevant Articles
27.05.2014 / 2151	27.05.2014	1.0	All

During 2021, the Corporate Governance Committee met 4 times and passed 8 decisions. In the meetings held, the Committee discussed and evaluated the following topics:

- Corporate governance principles compliance report, which was prepared by the Company and covers the 2021 operating period, has been studied and presented for the approval of the Board of Directors.
- Salary rises for 2021 for Company employees have been determined and presented for the approval of the Board of Directors.
- Distribution of duties within the Committee has been decided and the Head of the Committee has been elected.
- Proposed nominees for the independent member seats on the Board of Directors have been evaluated, giving due consideration to whether they satisfy the independence criteria, and the report thereon has been presented to the Board of Directors.
- The operation and efficiency of the Investor Relations Department has been discussed, and it has been established that activities were carried out duly with respect to informing the investors and public disclosure.
- It has been established that activities were carried out duly across the Company with respect to implementation of Corporate Governance Principles, and that there are no material complaints that the Company received from stakeholders.

Early Detection of Risk Committee

Formed of two members, Early Detection of Risk Committee is headed by Ms. A. Botan Berker, non-executive independent Board member. Mr. Doruk Yurtkuran, non-executive Board members, is the other member of the Committee.

The duties and operating principles of the Early Detection of Risk Committee have been approved by the Board of Directors and put into force. The Committee carries out its activities within the frame of these principles.

Corporate Governance Principles Compliance Report

Duties and Operating Principles of the Early Detection of Risk Committee

Article 1 Purpose and Scope

This Regulation covers the establishment of the Early Detection of Risk Committee and regulation of the duties and responsibilities as well as the operation procedures and principles of this Committee in order to ensure the Board of Directors fulfills its duties and responsibilities in the area of risk management in a well manner.

Article 2 Justification

This Regulation has been prepared based on the Article 378 of the Turkish Commercial Code and the Corporate Governance Communiqué published by the Capital Markets Board.

Article 3 Establishment of the Early Detection of Risk Committee

Early Detection of Risk Committee is established comprising at least two members to be elected from among the members of the Board of Directors.

Committee members elect a Chairman from among them. The Committee's Chairman should be elected from among the independent members of the Board of Directors. Persons who are not members of the Board of Directors but specialized on their areas can become members of the Committee.

Both members of the Committee have to be independent members of the Board of Directors if the Committee is consisted of two members, and majority of the Committee members should be independent if the Committee is consisted of more than two members. General Manager cannot be a member of the Committee.

The membership to the Early Detection of Risk Committee ends upon the termination of the Board membership of the relevant member, if applicable.

Article 4 Duties and Responsibilities of the Early Detection of Risk Committee

Early Detection of Risk Committee conducts works aimed at early perception of risks that may imperil the existence, development and sustenance of the Company; taking the required measures regarding the identified risks; and management of such risks.

It submits in writing to the Board of Directors its suggestions and opinions regarding the establishment and development of the Company's risk management system capable of minimizing the effects of the risks for all stakeholders including mainly the shareholders.

It reviews the Company's risk management system at least once a year.

It supervises the realization of the risk management applications in accordance with the decisions of the Board of Directors and the Committee.

It reviews the determinations and assessments regarding the risk management that will be included to the Company's annual activity report.

Early Detection of Risk Committee also fulfills other duties and responsibilities in its area of responsibility as may be assigned to it by the Board of Managers.

Article 5 Operation Principles and Procedures of Early Detection of Risk Committee

Early Detection of Risk Committee meets at least every three months and at least four times a year.

The Committee meets with the attendance of all its members, and the decision quorum for the Committee is the majority of the present.

The Committee keeps a minute book where the decisions taken are recorded with a separate log number.

The results of the Committee's meetings are issued as an official report which includes the assessments and decisions together with their justifications, and submitted to the Board of Directors within at least one month following the relevant meeting.

The Committee's decisions take effect upon the approval of the Board of Directors.

The Early Detection of Risk Committee immediately sends its determinations, assessments and suggestions regarding the area of its responsibility to the Board of Directors in writing.

Early Detection of Risk Committee may invite other persons to its meetings and take their opinions as it may deem necessary.

Setting the agenda of the Committee's meeting, making calls for the meeting, ensuring the communication with the Committee members, keeping the minute book and other secretarial works of the Committee are performed by the unit in charge of the risk management.

All kinds of resources and support needed during the Committee's fulfillment of its duty are provided by the Board of Directors.

The Committee may benefit from the opinions of the independent experts as it may need regarding its activities subject to the approval of the Board of Directors. The fee of the consultancy service needed by the Committee is paid by the Company.

The members of the Early Detection of Risk Committee fulfill their duties in compliance with the principles of independence and neutrality.

Article 6 Validity

The provisions of this Regulation take effect on the date of their approval by the Board of Directors and are executed by the Board of Directors.

Relevant Board Decisions

Decision	Effective Date	Revision	Relevant Articles
27.05.2014 / 2151	27.05.2014	1.0	All

- During 2021, the Corporate Governance Committee met four times and passed thirteen decisions. In the meetings held, the Committee discussed and evaluated the following topics:
- Distribution of duties within the Committee has been decided and the Head of the Committee has been elected.
- Periodic risk reports prepared by the Risk Management Unit has been evaluated by the Committee; it has been established that the risks specified in the reports remain within the limits set by the Board of Directors for individual risks to be carried and for total risk exposure. The reports have been presented for the information of the Board of Directors.
- Risk management systems have been reviewed, necessary activities were carried out to update the risk management strategy and policies to be pursued by the Company for taking necessary action and managing the risks, and the same have been presented for the information of the Board of Directors.

Corporate Governance Principles Compliance Report

17. Risk Management and Internal Control Mechanism

Potential risks that the Company may be exposed to are defined in the Risk Catalogue. Risk policies have been prepared for risk categories that are critical for the Company's operations, and internal control processes have been established for all practices, procedures and workflows. Internal implementation controls and audits are being carried out by Internal Audit, Internal Control and Risk Management units.

The Early Detection of Risk Committee regularly reviews the processes for risk measurement, assessment and management, and reports its activities to the Board of Directors on a monthly basis. Moreover, the Audit Committee monitors the efficiency of the Company's risk management and internal control activities through internal audit activities, and reports the same to the Board of Directors.

18. Strategic Goals of the Company

Strategic goals of the Company are set by the Board of Directors, taking into consideration competitive conditions, overall economic conjuncture, general projections regarding national and international financial markets, and the Company's medium and long-term targets. The members of the Board of Directors and the Company executives discuss and evaluate the strategies and goals set in a detailed and thorough manner. The office of the General Manager of the Company is responsible for implementing the defined strategy and goals.

Actualizations with respect to the approved strategy and goals are reported to the Board of Directors on a monthly basis. The topics reviewed in the Board meetings include the Company's position in the sector, its activities, the actualization levels of the annual budget and targets, financial structure and performance, the alignment level of reporting and operations to international standards, and the reasons and possible actions that can be taken in case of non-achievement of the goals.

19. Financial Rights

The Remuneration Policy, which covers the criteria used for determining any rights, benefits and remunerations provided to the Company employees, is available on the Company website.

Attendance fees paid to the members of the Board of Directors are determined by the General Assembly and disclosed on the Public Disclosure Platform.

During 2021, benefits, allowances, resources in cash and in kind, insurance and similar benefits provided to the members of the Board of Directors and the Company's senior executives amounted to TL 5,965 thousand.

Members of the Board of Directors and senior executives are not disbursed loans or credit, nor are they granted guarantee in their favor.

CORPORATE GOVERNANCE INFORMATION FORM

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
Corporate Governance Compliance Report						
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7- Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	No such transaction took place in 2021.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.		X				Since the Company's Articles of Association do not contain any provisions regarding participation of stakeholders other than shareholders and media in General Shareholders' Meetings, stakeholders other than media, shareholders and employees are not admitted to General Shareholders' Meetings.

Corporate Governance Principles Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.4. VOTING RIGHTS						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.			X			Pursuant to the Articles of Association, each share entitles its holder to one vote. While the shares constituting the Company's capital do not possess any voting privileges, Class (A) shareholders have the privilege of nominating candidates for the seats on the Board of Directors and pursuance of their consent for amendments to the Articles of Association.
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			The Company's Articles of Association do not grant minority rights to those holding less than one twentieth of the Company's capital.
1.6. DIVIDEND RIGHT						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.	X					
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.		X				Since we do not have access to our shareholders' data, the related update is made by the MKK (Central Securities Depository) on PDP (Public Disclosure Platform).
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.	X					
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.					X	No surveys/consultations were deemed necessary since there are no material decisions that significantly affect stakeholders. Such studies will naturally be carried out in the event that there is such a decision.

Corporate Governance Principles Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3. HUMAN RESOURCES POLICY						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.		X				The Company has adopted an employment policy ensuring equal opportunities. Under the Company's organizational structure and current practice, the subordinate working under each managerial position is trained for the relevant managerial position and is considered a management trainee; the Board of Directors is authorized to make the appointments to key management positions.
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.		X				Employees are notified of decisions made about them or developments that might impact them. The Company develops mechanisms to involve employees in decision-making processes, and ensures the same through periodic questionnaires administered.
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.			X			There are no internal regulations on this topic.
3.3.9 - A safe working environment for employees is maintained.	X					
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3-The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.		X				A "Directors and Officers Liability Insurance" has been obtained for indemnification of potential losses that the Company's Board of Directors members and executives might cause to the Company and/or third parties. The sum insured is not more than 25% of the capital.

Corporate Governance Principles Compliance Report

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.		X				One woman member serves on the Board of Directors. While the Company does not have a specific policy about the matter, the structure of the Board of Directors is reviewed annually and this point is taken into consideration when identifying nominees.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.		X				Information, documents and presentations relevant to the Board meeting agenda are made available for review by Board of Directors members 3 to 5 days in advance of the meeting date, by ensuring equal information flow.
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	No such situation occurred to date. In the event that a member who is unable to attend the meeting but provides his/her opinions in writing, the same will naturally be presented for the information of other members.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				While no restrictions are imposed on external commitments of the members of the Board of Directors, the duties assumed by the Board members are shared with the shareholders in General Shareholders' Meetings.

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.5. BOARD COMMITTEES						
4.5.5 - Board members serve in only one of the Board's committees.			X			Three independent members serve on the Company's Board of Directors. Since the Corporate Governance Communiqué mandates the presence of independent members on each committee, Board members necessarily serve on more than one committee.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	During 2021, the committees did not receive any consultancy services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.		X				The committee members informed the Board members about the matters discussed and the decisions passed in committee meetings. The Internal Audit Department and Internal Control, Risk Management, Compliance and Regulations Department presented 21 reports to the Audit Committee and 12 to the Early Detection of Risk Committee.
4.6. FINANCIAL RIGHTS						
4.6.1-The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			Although the Company's annual and medium-term targets are not publicly disclosed, The Board of Directors conducts financial performance evaluations at certain intervals. The Board of Directors members are not individually assessed.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.			X			Remunerations, benefits and allowances provided to the Board of Directors members and the Company's executives are disclosed collectively.

Corporate Governance Principles Compliance Report

CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organised by the company during the year

The Company neither organized nor attended an investor conference.

1.2. Right to Obtain and Examine Information

The number of special audit request(s)

0

The number of special audit requests that were accepted at the General Shareholders' Meeting

0

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)

<https://www.kap.org.tr/tr/Bildirim/1001523>

Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time

Not provided.

The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9

There are no transactions that are not approved by the majority of independent Board members or by unanimous votes of present Board members in the context of Principle 1.3.9.

The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)

There are no related party transactions in the context of Article 9 of the Communiqué on Corporate Governance.

The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)

There are no common and continuous transactions requiring public disclosure in the context of Article 10 of the Communiqué on Corporate Governance.

The name of the section on the corporate website that demonstrates the donation policy of the company

<https://www.isleasing.com.tr/investor-relations/corporate-governance/donation-policy/>

The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved

<https://www.kap.org.tr/tr/Bildirim/269935>

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting

Stakeholder participation in the General Assembly are set out in Article 20 of the Articles of Association and Article 5 of the General Assembly Internal Directive.

Identified stakeholder groups that participated in the General Shareholders' Meeting, if any

Besides shareholders and their proxies, Board of Directors members and the representative of the independent audit firm participated in the 2020 General Assembly meeting. Some stakeholders such as the Company employees attended the meeting as observers within our Company's knowledge.

1.4. Voting Rights

Whether the shares of the company have differential voting rights

Yes

In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.

Class (A) shareholders have the privilege to nominate candidates for seats on the Board of Directors and pursuance of their consent for amendments to the Articles of Association. Class (A) shareholders have 600,000,000 votes.

The percentage of ownership of the largest shareholder

29.46%

1.5. Minority Rights

Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association

No

If yes, specify the relevant provision of the articles of association.

-

1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	https://www.isleasing.com.tr/investor-relations/corporate-governance/profit-distribution-policy/
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	It was decided not to distribute, but to set it aside as extraordinary reserves, the distributable net profit for the period in the amount of TL 171,605 thousand, which is calculated by deducting prior year losses in the amount of TL 18,264 thousand from the net profit for the period in the amount of TL 197,586 thousand that is the basis of profit distribution that arises pursuant to the CMB legislation and after setting aside first legal reserves in the amount of TL 7,717 thousand which is calculated based on the profit figure of TL 154,330 thousand descended in the Company's legal records. It was also decided to set off the deferred tax expenses in the amount of TL 15,683 thousand, which is included within the Company's net profit for the period according to legal records, from the deferred tax provisions which consist of the Company's deferred tax income in prior periods and which are not allowed to be distributed, and to transfer the same to the extraordinary reserves account.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	https://www.kap.org.tr/tr/Bildirim/921065

General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
26.03.2021	0	61.52%	0.06%	60.92%	https://www.isleasing.com.tr/yatirimci-iliskileri/genel-kurul/genel-kurul-tutanaklari-ve-hazirun-cetveli/	https://www.isleasing.com.tr/yatirimci-iliskileri/genel-kurul	None	0	https://www.kap.org.tr/tr/Bildirim/921065

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	https://www.isleasing.com.tr/investor-relations/
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	The Shareholding Structure is posted at https://www.isleasing.com.tr/investor-relations/company-information/partnership-structure/ Information about Real or Legal Persons Directly or Indirectly Holding 5% or More Shares in the Capital as disclosed by the Central Registry Agency (MKK) is posted at https://www.kap.org.tr/tr/sirket-bilgileri/genel/988-is-finansal-kiralama-a-s
List of languages for which the website is available	Turkish and English

Corporate Governance Principles Compliance Report

2.2. Annual Report	
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Corporate Governance Practices/ Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Corporate Governance Practices/ Number, Structure and Independence of the Board of Directors Committees
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Corporate Governance Practices/ Board of Directors /Operating Principles of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Corporate Governance Practices/ Brief Annual Report of the Board of Directors
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Corporate Governance Practices/ Brief Annual Report of the Board of Directors
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Corporate Governance Practices/ Brief Annual Report of the Board of Directors
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There are no cross ownership relationships.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	General Assessment/ Human Resources and Training

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	https://www.isleasing.com.tr/investor-relations/corporate-governance/compensation-policy-for-employees/
The number of definitive convictions the company was subject to in relation to breach of employee rights	None.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Audit Committee- Corporate Governance Committee
The contact detail of the company alert mechanism	Any conduct subject to reporting can be directly communicated by the related stakeholder to the respondents, Internal Audit, Investor Relations Department or the Company's Executive Management. Any such reports are forwarded to the Corporate Governance Committee and the Audit Committee. Established within İş Leasing, the Ethics Line aims for stakeholders and other third parties to convey their observations and opinions to the Ethics Line representatives about the issues they think do not comply with the principles, and accordingly, to implement the relevant review procedures. https://www.isleasing.com.tr/Surdurulebilirlik/etik/

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	https://www.isleasing.com.tr/investor-relations/corporate-governance/stakeholders-policy/
Corporate bodies where employees are actually represented	Employee participation in management is provided through annual performance assessment meetings, the internal suggestion system, CEO messaging line, and the internal annual meetings.
3.3. Human Resources Policy	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	The role of the Board of Directors with respect to developing a succession plan for key managerial positions consists of the Company's organizational structure and existing practices; training the subordinate working under each managerial position for that relevant managerial position and considering each such individual as a management trainee; the Board of Directors is authorized to make the appointments to key management positions.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/ https://www.isleasing.com.tr/investor-relations/corporate-governance/stakeholders-policy/ https://www.isleasing.com.tr/human-resources/human-resources-policy/
Whether the company provides an employee stock ownership program	None
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/
The number of definitive convictions the company is subject to in relation to health and safety measures	None.
3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the code of ethics	https://www.isleasing.com.tr/investor-relations/corporate-governance/ethical-principles/
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	The Company does not prepare corporate social responsibility reports. The Company carries out various activities within the frame of its corporate social responsibility understanding with the aim of contributing to social life and the environment; the Company extends support to projects addressing matters falling under social responsibility such as education, health, and environmental protection, etc., in addition to sectoral initiatives conducted along this line.
Any measures combating any kind of corruption including embezzlement and bribery	Within the framework of international norms and national regulatory framework, the Company espouses it as an important principle to combat the laundering of proceeds of crime, corruption and similar crimes, and takes care to cooperate with other Association-member companies, other related organizations, institutions and authorities. To this end, the Company has internally published an "Anti-Bribery and Anti-Corruption Policy". The Company also takes necessary measures related to this matter and organizes training programs for employees.

Corporate Governance Principles Compliance Report

4. BOARD OF DIRECTORS -I

4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	27.12.2021
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	Murat Bilgiç (Chairman), O. Tufan Kurbanoğlu (Vice Chairman)
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Internal Audit, Internal Control, Risk Management, Compliance and Regulations Department presented 21 reports to the Audit Committee, and 12 to the Committee of Early Detection of Risk.
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Corporate Governance Practices/ Brief Annual Report of the Board of Directors
Name of the Chairman	Murat Bilgiç
Name of the CEO	U. Şafak Öğün
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	The functions of the Chairman of the Board and the General Manager who is the Chief Executive Officer are fulfilled by different individuals.
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	This information is provided in the section titled "Operating Principles of the Board of Directors" of the Corporate Governance Compliance Report which is incorporated in the annual report.
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	1 person, 9.09%

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independence Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
MURAT BİLGİÇ	Non-executive	Not independent director	09.06.2016				Yes
OLGUN TUFAN KURBANOĞLU	Non-executive	Not independent director	26.03.2014				Yes
UYGAR ŞAFAK ÖĞÜN	Executive	Not independent director	10.05.2021				Yes
AYŞE BOTAN BERKER	Non-executive	Independent director	23.03.2018	Provided in the Annual Report	Considered	No	Yes
SELİM YAZICI	Non-executive	Independent director	23.03.2018	Provided in the Annual Report	Considered	No	Yes
MEHMET COŞKUN CANGÖZ	Non-executive	Independent director	21.10.2021	Provided in the Annual Report	Considered	No	Yes
HASAN HEPKAYA	Non-executive	Not independent director	10.01.2017				Yes
NECATİ ÇAĞLAR	Non-executive	Not independent director	18.08.2020				Yes
DORUK YURTKURAN	Non-executive	Not independent director	17.08.2018				Yes

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	100.00%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	Care is taken to provide the information and documents relevant to the Board of Directors meeting to all Board members at least 3 days in advance of the meeting date, as a rule.
The name of the section on the corporate website that demonstrates information about the board charter	The related information is provided in Article 11 of the Company's Articles of Association which is available on the corporate website, under the tab Investor Relations / Company Information.
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	None.
4.5. Board Committees	
Page numbers or section names of the annual report where information about the board committees are presented	Corporate Governance Compliance Report / Number, Structure and Independence of the Board of Directors Committees
Link(s) to the PDP announcement(s) with the board committee charters	https://www.kap.org.tr/tr/Bildirim/363138

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Composition of Board Committees -I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		A. Botan BERKER	Yes	Board member
Audit Committee		Selim YAZICI	No	Board member
Audit Committee		M. Coşkun CANGÖZ	No	Board member
Corporate Governance Committee		Selim YAZICI	Yes	Board member
Corporate Governance Committee		M. Coşkun CANGÖZ	No	Board member
Corporate Governance Committee		Doruk YURTKURAN	No	Board member
Corporate Governance Committee		Neslihan ORUÇ	No	Not a board member
Committee of Early Detection of Risk		A. Botan BERKER	Yes	Board member
Committee of Early Detection of Risk		Doruk YURTKURAN	No	Board member

Corporate Governance Principles Compliance Report

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Practices/Corporate Governance Compliance Report/Audit Committee
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Practices/Corporate Governance Compliance Report/Corporate Governance Committee
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	The functions of the Nomination Committee are fulfilled by the Corporate Governance Committee. Corporate Governance Practices/Corporate Governance Compliance Report/Corporate Governance Committee
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Corporate Governance Practices/Corporate Governance Compliance Report/Committee of Early Detection of Risk
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	The functions of the Remuneration Committee are fulfilled by the Corporate Governance Committee. Corporate Governance Practices/Corporate Governance Compliance Report/Corporate Governance Committee

4.6. Financial Rights

Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Corporate Governance Practices/Brief Annual Report of the Board of Directors
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	https://www.isleasing.com.tr/investor-relations/corporate-governance/remuneration-policy/
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Corporate Governance Practices/Corporate Governance Compliance Report / Financial Rights

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	The Percentage Of Non-executive Directors	The Percentage Of Independent Directors In The Committee	The Number Of Meetings Held In Person	The Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	4	Decisions passed by the committee are communicated, and information is provided verbally in BoD meetings.
Corporate Governance Committee		75%	50%	4	Decisions passed by the committee are communicated, and information is provided verbally in BoD meetings.
Committee of Early Detection of Risk		100%	50%	4	Decisions passed by the committee are communicated, and information is provided verbally in BoD meetings.

Statement of Compliance with Sustainability Principles

İstanbul, 02 March 2022

To the Board of Directors of İş Finansal Kiralama A.Ş.

İş Leasing acts with the target of surpassing the regulatory requirements, particularly the matters specified in the Sustainability Principles Compliance Framework of the Capital Markets Board of Türkiye (CMB).

Many of the activities İş Leasing undertakes in relation to sustainability coincide with the principles set forth in the “Sustainability Principles Compliance Framework” enforced by the CMB in 2020. In this scope, İş Leasing achieved compliance with part of the principles covered in the optional “Sustainability Principles Compliance Framework” developed by the CMB with the “comply or explain” approach. Full compliance could not be achieved with some of the principles yet due to various reasons such as the difficulties in practice, uncertainties in overall national and international arena, incompatibility of certain principles with the Company’s existing structure, and the fact the compliance principles will be determined according to findings from studies that are currently in progress.

To contribute to our Company’s goal to generate sustainable value, maximum compliance is targeted to be attained in the future with the principles with which full compliance has not yet been achieved. To this end, sustainability activities are carried on under the supervision of our Committee.

Accordingly, the Statement of Compliance with Sustainability Principles for 2021 operating period is presented in the Appendix, which incorporates the implemented and unimplemented aspects of the said principles and which has been prepared in line with our Company’s priorities in this respect.

We have reviewed the Sustainability Principles Compliance Report that has been prepared for inclusion within the Company’s annual report as per the Sustainability Principles. As a result of our assessment, the said Report has been found to be in conformity with our statement above, and presented for your information.

Sincerely,

İş Finansal Kiralama A.Ş.

Corporate Governance Committee

Neslihan Oruç
Member

Doruk Yurtkuran
Member

M. Coşkun Cangöz
Member

Prof. Dr. Selim Yazıcı
Chairman

Sustainability Principles Compliance Report

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
A. General		
A1. Strategy, Policy and Targets		
The Board of Directors determines ESG material issues, risks and opportunities and puts forward ESG policies accordingly. As far as the effective implementation of these policies; In-partnership directives, business procedures etc. can be developed. The Board of Directors takes decisions regarding these policies and	Yes	https://www.isleasing.com.tr/surdurulebilirlik/
Designates the Partnership Strategy, appropriate to the ESG policies, risks and opportunities. Sets and discloses short and long-term targets in line with the partnership strategy and ESG policies.	Yes	2020 Sustainability Report, Page 30
A2. Implementation / Monitoring		
Determines and publicly discloses the committees / units responsible for the execution of ESG policies. The committee / unit in charge reports the activities carried out with respect to the policies to the Board of Directors at least once a year and in any case within the maximum periods specified for the public disclosure of the annual activity reports in the relevant regulations of the Board.	Yes	https://www.isleasing.com.tr/surdurulebilirlik/ 2020 Sustainability Report, Page 35-36
Belirlenen kısa ve uzun vadeli hedefler doğrultusunda uygulama ve eylem planlarını oluşturur ve kamuya açıklar.	Partially	2020 Sustainability Report, Page 42
Determines the Key Performance Indicators (KPI) of ESG and shares comparative data on a yearly basis. In the presence of verifiable qualified data, it presents KPIs with local and international industry comparisons.	Partially	Performance indicators are given comparatively on the basis of years in the sustainability report. However, there are no comparable and verifiable local or international sector comparisons in terms of indicators shared with the public. 2020 Sustainability Report, Page 61-62-63
Discloses innovation activities that improve the sustainability performance for business processes or products and services.	Yes	2020 Sustainability Report, Page 29
A3. Reporting		
Reports its sustainability performance, goals and actions at least once a year and shares with public. Explains the information regarding the sustainability activities within the annual report.	Yes	2020 Sustainability Report 30
It is essential to share information that is important for stakeholders in order to understand the position, performance and development of the partnership in a direct and concise manner. It can also explain comprehensive information and data on the corporate website, and arrange separate reports that directly meet the needs of other stakeholders.	Yes	2020 Sustainability Report
Takes maximum care in terms of transparency and reliability. Objectively explains all kinds of improvements on priority issues in the reports and disclosures on the basis of balanced approach.	Yes	2020 Sustainability Report, Page 21-22
Provides information about which of the United Nations (UN) 2030 Sustainable Development Goals the activities are related to.	Yes	2020 Sustainability Report, Page 32
Provides information regarding the lawsuits filed and / or concluded on environmental, social and corporate governance issues.	Yes	There are no lawsuits filed and/or concluded against our Company on environmental, social and corporate governance issues.

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
A4. Verification		
If verified by independent third parties (independent assurance providers for sustainability), the sustainability performance measurements is shared with public and endeavors to increase the aforementioned verification processes.	Partially	Environmental and Social performance indicators have not yet been verified by an independent third party organization.
B. Environmental Principles		
Shares the policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs in the field of environmental management.	Partially	2020 Sustainability Report, Page 38
Complies with environmental laws and other relevant regulations and explains them.	Yes	2020 Sustainability Report Page 19-41
Explains the constraints regarding reporting period, reporting data, data collection period and reporting conditions of the environmental report to be prepared, under the Sustainability principles.	Yes	2020 Sustainability Report, Page 63-64-65
Explains the highest person responsible from the partnership regarding the environment and climate change issue, relevant committees and their duties.	Yes	2020 Sustainability Report, Page 35-36
Describes the incentives it offers for the management of environmental issues, including the achievement of targets	Yes	2020 Sustainability Report, Page 58
Explains how environmental challenges are integrated into business goals and strategies.	Yes	2020 Sustainability Report, Page 37-38-39
Explains the sustainability performances for business processes or products and services and the activities to help improve this performance.	Yes	2020 Sustainability Report, Page 56
Elucidates not just in terms of direct operations but also how environmental issues are managed along the value chain and how supplier and customers are integrated in its strategies.	Yes	2020 Sustainability Report, Page 60
Explains whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international), explains the cooperation with the associations, related organizations and non-governmental organizations it is a member of on the subject of environment, and the duties it has taken, if any, and the activities it supports.	No	It is targeted to be reported starting from 2021.
Environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality.	No	It is targeted to be reported starting from 2021.
Gives a full environmental impact report regarding the effects of energy management, water and wastewater management, waste management, biodiversity impacts), periodically, in a comparable manner.	No	It is targeted to be reported starting from 2021.
Discloses the details of the standards, protocols, methodology and base year it uses to collect and calculate its data.	No	It will be evaluated in the forthcoming period.
Explains the status of the environmental indicators (increase or decrease) for the year it has been reported in comparison with previous years.	No	It will be evaluated in the forthcoming period.

Sustainability Principles Compliance Report

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
Sets short- and longterm targets to reduce its environmental impact and discloses these targets It is recommended that these are Science-Based Targets as suggested in the United Nations Conference of the Parties on Climate Change. Provides information whether there is an actual progress in the reporting year according to the goals set before.	Partially	Our company has published the "List of Unfinanced Activities" list, and investments for the activities included in this list are not financed. Actions to reduce greenhouse gas emissions of third parties will be evaluated in the forthcoming period.
Explains the strategies and actions it takes against the climate crises.	Partially	2020 Sustainability Report, Page 41-42-43 The environmental benefits and cost savings achieved will be measured and announced in the forthcoming period.
Describes the program or procedures to prevent or minimize the potential negative impact of the products and / or services it offers; explains the actions of third parties to reduce greenhouse gas emissions.	Yes	2020 Sustainability Report, Page 63
Explains the actions taken to reduce its environmental impacts, the total number of projects and enterprises carried out, and the environmental benefits/ gains and cost savings they provide.	Yes	2020 Sustainability Report, Page 63
Reports the data of total energy consumption (excluding raw materials) and explains the energy consumption as Scope-1 and Scope-2.	Yes	2020 Sustainability Report, Page 25-28-29-30
Provides information regarding the electricity, heat, steam and cooling which are generated and consumed during the reported year.	Yes	2020 Sustainability Report, Page 43
Carries out and explain studies on increasing the use of renewable energy, transition to zero or low carbon electricity.	Partially	2020 Sustainability Report, Page 42 Emission reduction amounts resulting from operational activities will be measured and announced in the forthcoming period. Calculation of emission reduction arising from leasing activities will be evaluated in the forthcoming period.
Discloses renewable energy production and consumption data.	No	It will be evaluated in the forthcoming period.
Conducts energy efficiency projects and explains the amount of energy consumption and emission reduction with respect to these activities.	No	It will be evaluated in the forthcoming period.
Reports the amount of water withdrawn from surface and underground, water used, recycled and discharged, its sources and procedures (total withdrawal by source, water sources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	No	It will be evaluated in the forthcoming period.
Explains whether its operations and activities are included in any carbon pricing system (emission trading system, Cap & Trade or carbon tax).	No	It will be evaluated in the forthcoming period.
Explains information regarding the accumulated or purchased carbon credit during the reporting period.	Partially	2020 Sustainability Report, Page 63

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
C. Social		
C1. Human Rights and Employee Rights		
Formulates the corporate Human Rights and Employee Rights Policy, which is fully compliant with the Universal Declaration of Human Rights, the ILO Conventions that Turkey has confirmed, and the legal framework and regulations governing the human rights and working life in Turkey. Discloses the policy in question and the roles and responsibilities associated with its implementation.	Partially	https://www.isleasing.com.tr/insan-kaynaklari/insan-kaynaklari-politikamiz/ https://www.isleasing.com.tr/yatirimci-iliskileri/kurumsal-yonetim/menfaat-sahipleri-politikasi/ Roles and responsibilities regarding the implementation of the policy will be evaluated in the forthcoming period.
Ensures equal rights regarding recruitment process. Taking the supply and value chain effects into account, it includes fair labor, improvement of labor standards, women's employment and inclusion issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies.	Yes	https://www.isleasing.com.tr/yatirimci-iliskileri/kurumsal-yonetim/etik-ilkeler/
Explains the measures taken along the value chain to protect the rights of groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or measures taken for minority rights / equal opportunity.	Partially	It will be evaluated in the forthcoming period.
Reports developments on discrimination, inequality, human rights violations, and practices that prevent and correct forced labor. Explains the regulations which are against the employment child workers.	Partially	Regulations against child labor Sustainability Report, Page 38-39 Reporting of developments regarding preventive and corrective practices will be evaluated in the forthcoming period.
It determines the processes of conflict resolution by establishing mechanisms for employee investment (training, development policies), compensation, vested benefits, union rights, work / life balance solutions and talent management. Regularly explains the activities carried out to ensure employee satisfaction.	Yes	Sustainability Report, Page 53-54 https://www.isleasing.com.tr/yatirimci-iliskileri/kurumsal-yonetim/menfaat-sahipleri-politikasi/ https://www.isleasing.com.tr/yatirimci-iliskileri/kurumsal-yonetim/ucetlendirme-politikasi/ https://www.isleasing.com.tr/yatirimci-iliskileri/kurumsal-yonetim/calisanlara-yonelik-tazminat-politikasi/ https://www.isleasing.com.tr/yatirimci-iliskileri/kurumsal-yonetim/etik-ilkeler/
It develops occupational health and safety policies and makes them public. Explains the precautions taken for work accidents and health protection and accident statistics.	Partially	Sustainability Report, Page 52 Reporting of accident statistics will be evaluated in the forthcoming period..
Establishes the protection of personal data and data security policies and makes them public.	Yes	https://www.isleasing.com.tr/kisisel-verilerin-korunmasi/
Establishes a Code of Conduct (including work, work ethics, compliance processes, advertising and marketing ethics, open information, etc.) and shares them with the public.	Yes	https://www.isleasing.com.tr/yatirimci-iliskileri/kurumsal-yonetim/etik-ilkeler/
Explains the works within the scope of social investment, social responsibility, financial inclusion and access to finance.	Yes	Sustainability Report, Page 57-58
Organizes informative meetings and training programs for employees on ESG policies and practices.	Yes	Training was given to all employees by Escarus on 18-19/11/2021.

Sustainability Principles Compliance Report

PRINCIPLES	COMPLIANCE STATUS	EXPLANATIONS
C2. Stakeholders, International Standards and Initiatives		
Conducts activities in the field of sustainability, taking into account the needs and priorities of all stakeholders (employees, customers, suppliers, and service providers, public institutions, shareholders, community and non-governmental organizations, etc.).	Yes	Sustainability Report, Page 28
Puts in order a customer satisfaction policy regarding the management and resolution of customer complaints and makes public disclosure.	Yes	Sustainability Report, Page 22
Conducts a continuous and transparent communication with stakeholders; It evaluates which stakeholders, their purpose, the issue and frequency of the communication, and the progresses in sustainability activities.	Yes	Sustainability Report, Page 26
Discloses the international reporting standards it has adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), The Task Force on ClimateRelated Financial Disclosures (TCFD), etc.) to the public.	Yes	Sustainability Report, Page 64-65-66-67
Whether one is a signatory or a member, it provides disclosure of the international organizations or principles (Equator Principles, United Nations Environment Programme - Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC) Principles, United Nations Principles for Responsible Investment (UNPRI), etc.), and the international principles it has adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles) to the public.	Yes	Sustainability Report, Page 32
Shows concrete efforts to incorporate with Borsa İstanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, MSCI ESG Indices, etc.).	No	The Company aims to be included in the BIST Sustainability Index.
D. Kurumsal Yönetim İlkeleri		
Makes the maximum effort to comply with all Corporate Governance Principles as well as the Corporate Governance Principles that must be mandatorily applied according to the Capital Markets Board Corporate Governance Communiqué No II-17.1	Yes	Annual Report, Page 83-96
Takes the issue of sustainability, environmental impacts of its activities and principles in this regard into consideration while determining its corporate governance strategy.	Yes	Sustainability Report, Page 28-29
Takes the necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders, as stated in the Corporate Governance Principles. Consults to the opinions of stakeholders in determining measures and strategies in the field of sustainability.	Yes	Sustainability Report, Page 31-41-49-55
Operates on raising awareness on the issue of sustainability and its importance, through social responsibility projects, awareness activities and trainings.	Yes	Sustainability Report, Page 57-58
Strives to become a member of international standards and initiatives on sustainability and show contribution to studies.	Yes	Sustainability Report, Page 60
Explains anti-bribery and corruption policies and programs in line with the principle of honesty in terms of tax.	Yes	Sustainability Report, Page 23

Declaration of Audit Committee on Internal Control Environment

İş Finansal Kiralama A.Ş.

Declaration of Audit Committee on Internal Control Environment

İş Leasing has regulated the fundamental duties, authorities and responsibilities regarding its risk management and internal control activities via the "Internal Control and Risk Management Activities Procedure" and "Internal Audit Activities Procedure", approved and released by the Board of Directors. The Board of Directors has appointed the Audit Committee to monitor, evaluate and manage the activities carried out under internal control and internal audit procedures.

The internal control system of the company targets to establish and maintain a company-wide internal control culture internalized by all employees, as a contributing approach covering all operations. The internal audit system on the other hand, comprises the identification and application of precautions designed to eliminate factors threatening, endangering or having the probability to endanger assets, data, information and personnel safety; and to ensure the compliance of company operations to legal and internal regulations. Through its risk based audit approach, the Internal Control and Risk Management Department and Internal Audit Department, which are reporting to the Board of Directors via the Audit Committee, assures the implementation of above referred actions by contributing to the formation, development and improvement of a company-wide risk culture.

The procedures regarding company operations, work flows, segregation of duties, authorizations and limits are continually reviewed and updated in parallel with changing conditions, risks and needs. Activity work flows incorporate complete and adequate controls addressing identified risks, hereby allowing a controlled execution of operations. Functional segregation of duties, transaction approval authorizations and limits, system controls, post transaction controls and other transaction specific controls ensure the execution of activities continuously in an efficient, correct and safe manner.

The facts, arguments and suggestions determined through the auditing activity of the Internal Control and Risk Management Department and Internal Audit Department are first communicated and evaluated with the related executing parties. By this token, preemptive and complementary measures are implemented swiftly while accommodating and applicable solutions are introduced. All this activity is monitored closely and evaluated by the Internal Control and Risk Management Department and Internal Audit Department as well as the executing parties.

The Audit Committee periodically evaluates the effectiveness of the internal control system and the results of internal control activities through internal audit reports prepared by the Internal Audit and Risk Management Department and Internal Audit Department; and shares its suggestions regarding the measures to be taken in relation to the reported findings with the Board of Directors. In the light of all these considerations, the Committee has not detected any downside effect regarding the efficiency of company's internal control system and results of internal control operations, and has concluded that it is duly acted.

İstanbul, 01 February 2022



President of Audit Committee and
Board Member
A. Botan BERKER



Audit Committee and
Board Member
Selim YAZICI



Audit Committee and
Board Member
M. Coşkun CANGÖZ

General Meeting Agenda

CONCERNING THE ORDINARY ASSEMBLY MEETING OF İŞ FİNANSAL KİRALAMA ANONİM ŞİRKETİ TO BE HELD ON 25 MARCH 2022 AGENDA

1. Opening and forming of the meeting's Presidential Board;
2. Reading and discussing the Board of Directors' Annual Report, Declaration of Compliance on Corporate Governance Principles and Independent Auditor Report relating to 2021 activities and operations;
3. Reading, discussing and approval of Financial Statements of 2021;
4. Approval of Directors elected as per article 363 of the Turkish Commercial Code and article 9 of the Articles of Association for the seats vacated in the Board of Directors during the period;
5. Release of the Directors;
6. Discussing and deciding the Profit Distribution Proposal of the Board of Directors, determining the Profit Distribution Date;
7. Election of Directors and determination of their term of office, and information of the shareholders about the outside duties and jobs of the Directors and their justification, according to the existing registered Articles of Association;
8. Determination of remunerations payable to the Directors;
9. Giving permission to persons named by the relevant applicable laws for performance of the transactions referred to in articles 395 and 396 of the Turkish Commercial Code;
10. Giving information about the transactions mentioned in article 1.3.6 of the Corporate Governance Principles;
11. Election of Independent Audit Firm.
12. Informing the General Assembly about the donations made in 2021;
13. Determination of the upper limit for donations to be made within the year 2022 pursuant to 5th paragraph of article 19 of the Capital Markets Law;

Venue of Meeting: İş Kuleleri, 34330, İş Bankası Oditoryum Binası, 4.Levent – İstanbul

Date of Meeting: 25 March 2022, 10:00 hours

Profit Distribution Proposal

İŞ FİNANSAL KİRALAMA A.Ş. 2021 Profit Distribution Table (Thousand TL)

1.	Paid in/Issued Share Capital		695,303
2.	General Legal Reserves (According to Statutory Records)		53,911
Information on profit distribution privileges according to Articles of Association			
		As per SPK	As per Statutory Books
3.	Profit for he Period	456,120	317,160
4.	Taxes (-) (**)	146,057	109,870
5.	Net Profit for he Period (=)	310,063	207,289
6.	Previous Years' Losses (-)	-	-
7.	General Legal Reserve (-)	10,364	10,364
8.	NET DISTRIBUTABLE PROFIT (=)	299,699	196,925
9.	Donation Made During the Year (+)	38	-
10.	Net Distributable Profit determined with the addition of donations made during the year	299,737	-
11.	First Dividend to Shareholders	-	-
	-Cash	-	-
	-Stocks	-	-
	- Total	-	-
12.	Dividends to Holders of Preferred Shares	-	-
13.	Other Dividend -To Board of Directors, -To Employ-ees, -To Persons other than Shareholders	-	-
14.	Dividend to Holders of Usufruct Shares	-	-
15.	Second Dividend to Shareholders	-	-
16.	General Legal Reserves	-	-
17.	Statutory Reserves	-	-
18.	Other Reserves	-	-
19.	EXTRAORDINARY RESERVES	299,699	196,925
20.	Other Sources Planned to be Distributed (*)	-	-

(*) It has been considered by the Banking Regulation and Supervision Agency that the income amounts related to deferred tax assets cannot be qualified as cash or internal resources, and therefore, the part of the period profit arising from the aforementioned assets should not be subject to profit distribution and capital increase. Therefore the deferred tax income amounting TL 40.416 Thousand, which is included to the net profit for the period is booked within the extraordinary reserves amounting TL 299.699 Thousand.

İŞ FİNANSAL KİRALAMA A.Ş. 2021 DIVIDEND RATE TABLE

	GROUP	TOTAL DIVIDEND		TOTAL DIVI-DEND / NET DISTRIBUTABLE PROFIT FOR THE PERIOD	DIVIDEND FOR EACH 1 TL NOMINAL SHARE	
		CASH (THOUSAND TL)	BONUS (TOHUSAND TL)		AMOUNT (TOHUSAND TL)	RATE (%)
GROSS	A	-	-	-	-	-
	B	-	-	-	-	-
	TOTAL	-	-	-	-	-

Board Decision Regarding Financial Statements

İstanbul, 28 January 2022

To the Board of Directors of

İŞ FİNANSAL KİRALAMA A.Ş.

I submit the subjects regarding the approval and disclosure of the audited consolidated financial statements and notes for the period 01.01.2021 – 31.12.2021 for your approval.



U. Şafak ÖĞÜN
General Manager

It is decided to admit the Head Office's proposal above.

Decision Number: 2935 Decision Date: 28.01.2022



Murat BİLGİÇ
Chairman



O. Tufan KURBANOGĞLU
Vice President



U. Şafak ÖĞÜN
Member



A. Botan BERKER
Member



Selim YAZICI
Member



M. Coşkun CANGÖZ
Member



Hasan HEPKAYA
Member



Necati ÇAĞLAR
Member



Doruk YURTKURAN
Member

Audit Committee Decision

İŞ FİNANSAL KİRALAMA A.Ş. AUDIT COMMITTEE

Decision No : 201

Decision Date : 28.01.2022

Decision No : 2022.201

Meeting Hour : 11:00

Agenda Item No : 1.

SUBJECT: Regarding financial statements of the period 01.01.2021 – 31.12.2021

We confirm that the consolidated financial statements and footnotes of the Company pertaining to the period 01.01.2021 – 31.12.2021 which have been subject to an independent audit are accurate and that they have been prepared in accordance with the relevant legislation as well as with generally accepted accounting principles and standards. We have also consulted with the executives in charge of the company during our audit. We deem it appropriate to submit the said financial statements and their footnotes to the Board of Directors for approval and public disclosure.



A. Botan BERKER
Chairman of Committee



Selim YAZICI
Member



M. Coşkun CANGÖZ
Member

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Consolidated Financial Statements as at and For The Year Ended 31 December 2021

(Convenience Translation of Consolidated Financial Statements and Related Disclosures and Footnotes Originally Issued in Turkish,
See Note 2.1)

Convenience Translation of the Independent Auditors' Report Originally Prepared and Issued in Turkish

Independent Auditor's Report

To the Shareholders of İş Finansal Kiralama A.Ş.

Report on the audit of the Financial Statements

Opinion

We have audited the accompanying consolidated statement of financial position of İş Finansal Kiralama A.Ş. ("the Company"), and its subsidiary (all together referred to as "the Group"), which comprise the consolidated statement of balance sheet as at December 31, 2021 and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the Communiqué on Financial Leasing, Factoring and Uniform chart of Accounts which shall be applied by Finance Companies published in Official Gazette dated December 24, 2013 and numbered 28861 and Regulation, Communiqué and Circular on Accounting Policies of Financial Leasing, Factoring, Financing and Saving Finance Companies and their Financial Statements and announcements published by the Banking Regulation and Supervision Authority ("BRSA") together referred as "BRSA Accounting and Financial Reporting Legislation" which includes provisions of Turkish Financial Reporting Standards ("TFRS") for the matters which are not regulated by the aforementioned regulations.

Basis for opinion

We conducted our audit in accordance with Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<p><i>Accounting of TFRS 9 "Financial Instruments" standard and recognition of impairment on financial assets and related important disclosures</i></p> <p>As presented in disclosure 3, 8 and 9, the Group recognizes expected credit losses for the financial assets. We considered the impairment of financial assets as a key audit matter due to:</p> <ul style="list-style-type: none"> – Financial assets in balance sheet and off-balance sheet that are subject to expected credit loss calculation is material for the consolidated financial statements. – Complex and comprehensive requirements of TFRS 9 – The policies that is established by the Group management to calculate the expected credit losses has the legislation and other required risks – The new, important and complex judgments and estimations in the calculation of expected credit losses and – The complex disclosure requirement of TFRS. 	<ul style="list-style-type: none"> – Evaluating the appropriateness of accounting policies based on requirements of TFRS 9, and global and local requirements – Evaluating the reasonableness of management's key estimates and judgements in expected credit loss calculations, including the responses to COVID19, through selection of methods, models, assumptions and data sources and evaluating the appropriateness of accounting policies based on the requirements of TFRS 9, our business understanding and industry practice – Involving Financial risk management specialists to challenge significant assumptions / judgements relating to credit risk grading, significant increase in credit risk, definition of default probability of default, macro-economic variables, and recovery rates – Evaluating the impact of Covid-19 outbreak on staging of financial assets and macroeconomic parameters used in expected credit losses together with forward-looking estimates and significant assumptions – Assessing the completeness, accuracy and relevance of the data used for the calculation of expected credit loss – Testing mathematical accuracy of Expected credit loss by using samples. – Evaluating the reasonableness and the accuracy of post-model adjustments.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with InASs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditor's Report

Reports on independent auditor's responsibilities arising from other regulatory requirements

1. Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company of January 28, 2022.
2. In accordance with Article 402 paragraph 4 of the Turkish Commercial Code ("TCC"); no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2021 are not in compliance with the TCC and provisions of the Company's articles of association in relation to financial reporting.
3. In accordance with Article 402 paragraph 4 of the TCC; the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The partner in charge of the audit resulting in this independent auditor's report is Fatih Polat.

Additional paragraph for convenience translation into English of financial statements as of December 31, 2021 and independent auditors' report originally issued in Turkish

As explained in detail in Note 2.1, the effects of differences between accounting principles and standards set out by regulations in conformity with BRSA Accounting and Financial Reporting Legislation, accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS") have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position, results of operations and changes in financial position and cash flows in accordance with the accounting principles generally accepted in such countries and IFRS.

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

Fatih Polat, SMMM
Partner

January 28, 2022
İstanbul, Turkey

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İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Consolidated Statement of Financial Position (Balance Sheet) As at 31 December 2021

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

ASSETS	Notes	Reviewed Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	TOTAL	TL	FC	TOTAL
I. CASH, CASH EQUIVALENTS and CENTRAL BANK	4	41.649	429.853	471.502	17.169	365.156	382.325
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	5	-	-	-	3.186	-	3.186
III. DERIVATIVE FINANCIAL ASSETS	6	-	-	-	-	6.098	6.098
IV. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Net)	7	404.862	-	404.862	319.297	-	319.297
V. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)	8	8.267.951	9.777.376	18.045.327	5.783.681	5.788.145	11.571.826
5.1 Factoring Receivables	8	4.874.483	1.797.516	6.671.999	3.258.710	1.158.430	4.417.140
5.1.1 Discounted Factoring Receivables (Net)		1.657.216	657.468	2.314.684	1.126.688	415.468	1.542.156
5.1.2 Other Factoring Receivables		3.217.267	1.140.048	4.357.315	2.132.022	742.962	2.874.984
5.2 Savings Financing Receivables		-	-	-	-	-	-
5.2.1 From the Savings Fund Pool		-	-	-	-	-	-
5.2.2 From equity		-	-	-	-	-	-
5.3 Financing loans		-	-	-	-	-	-
5.3.1 Consumer Loans		-	-	-	-	-	-
5.3.2 Credit Cards		-	-	-	-	-	-
5.3.3 Installment Commercial Loans		-	-	-	-	-	-
5.4 Lease Receivables (Net)	9	3.309.893	8.063.052	11.372.945	2.383.394	4.778.593	7.161.987
5.4.1 Finance Lease Receivables		4.308.928	8.799.222	13.108.150	2.995.236	5.272.830	8.268.066
5.4.2 Opeeralional Lease Receivables		-	-	-	-	-	-
5.4.3 Unearned Income (-)		(999.035)	(736.170)	(1.735.205)	(611.842)	(494.237)	(1.106.079)
5.5 Other Financial Assets Measured at Amortised Cost		-	-	-	-	-	-
5.6 Non-Performing Loans	8,9	522.228	283.277	805.505	541.249	9.488	550.737
5.7 Expected Credit Loss (-)/Specific Provisions (-)		(438.653)	(366.469)	(805.122)	(399.672)	(158.366)	(558.038)
VI. EQUITY INVESTMENTS		-	-	-	-	-	-
6.1 Investments in Associates (Net)		-	-	-	-	-	-
6.2 Subsidiaries (Net)		-	-	-	-	-	-
6.3 Joint Ventures (Net)		-	-	-	-	-	-
VII. TANGIBLE ASSETS (Net)	11	23.277	-	23.277	18.126	-	18.126
VIII. INTANGIBLE ASSETS (Net)	12	7.032	-	7.032	4.718	-	4.718
IX. INVESTMENT PROPERTY (Net)		-	-	-	-	-	-
X. CURRENT TAX ASSET	21	12.390	-	12.390	3.601	-	3.601
XI. DEFERRED TAX ASSET	13	89.070	-	89.070	48.677	-	48.677
XII. OTHER ASSETS	15	259.391	1.063.226	1.322.617	169.454	231.246	400.700
SUB TOTAL		9.105.622	11.270.455	20.376.077	6.367.909	6.390.645	12.758.554
XIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	14	838	-	838	2.058	-	2.058
13.1 Held for Sale		838	-	838	2.058	-	2.058
13.2 Discontinued Operations		-	-	-	-	-	-
TOTAL ASSETS		9.106.460	11.270.455	20.376.915	6.369.967	6.390.645	12.760.612

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

Consolidated Statement of Financial Position (Balance Sheet) As at 31 December 2021

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

LIABILITIES		Notes	Reviewed Current Period 31 December 2021			Audited Prior Period 31 December 2020		
			TL	FC	TOTAL	TL	FC	TOTAL
I.	FUNDS BORROWED	16	5.578.976	9.790.324	15.369.300	3.616.879	5.790.629	9.407.508
II.	FACTORING PAYABLES		-	-	-	-	-	-
III.	LIABILITIES FROM THE SAVING FUND POOL		-	-	-	-	-	-
IV.	LEASE PAYABLES	18	2.907	-	2.907	3.519	115	3.634
V.	SECURITIES ISSUED (Net)	19	1.658.151	-	1.658.151	1.146.096	-	1.146.096
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITY	6	-	84.615	84.615	-	5.915	5.915
VIII.	PROVISIONS	20	18.518	10.461	28.979	17.147	6.412	23.559
8.1	Restructuring Provisions		-	-	-	-	-	-
8.2	Reserves For Employee Benefits		17.567	-	17.567	14.217	-	14.217
8.3	General Provisions		-	-	-	-	-	-
8.4	Other Provisions		951	10.461	11.412	2.930	6.412	9.342
IX.	CURRENT PERIOD TAX LIABILITY	21	84.352	-	84.352	18.660	-	18.660
X.	DEFERRED TAX LIABILITY		-	-	-	-	-	-
XI.	SUBORDINATED LOANS		-	-	-	-	-	-
	OTHER LIABILITY	17	136.602	872.566	1.009.168	104.419	333.123	437.542
	SUB TOTAL		7.479.506	10.757.966	18.237.472	4.906.720	6.136.194	11.042.914
XII.	PAYABLES RELATED TO ASSETS FOR SALE AND DISCONTINUED OPERATIONS (Net)		-	-	-	-	-	-
12.1	Held For Sale		-	-	-	-	-	-
12.2	Discontinued Operations		-	-	-	-	-	-
XIII.	SHAREHOLDER'S EQUITY		2.139.443	-	2.139.443	1.717.698	-	1.717.698
13.1	Paid-in Capital	23	695.303	-	695.303	695.303	-	695.303
13.2	Capital Reserves	23	1.763	-	1.763	1.938	-	1.938
13.2.1	Share Premiums		-	-	-	-	-	-
13.2.2	Share Cancellation Profits		-	-	-	-	-	-
13.2.3	Other Capital Reserves		1.763	-	1.763	1.938	-	1.938
13.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss	23	(187)	-	(187)	(263)	-	(263)
13.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss	23	339.948	-	339.948	263.459	-	263.459
13.5	Profit Reserves	24	652.128	-	652.128	474.100	-	474.100
13.5.1	Legal Reserves		65.098	-	65.098	56.130	-	56.130
13.5.2	Statutory Reserves		-	-	-	-	-	-
13.5.3	Extraordinary Reserves		587.030	-	587.030	417.970	-	417.970
13.5.4	Other Profit Reserves		-	-	-	-	-	-
13.6	Profit or Loss		310.063	-	310.063	179.322	-	179.322
13.6.1	Prior Periods Profit/Loss	25	-	-	-	(18.264)	-	(18.264)
13.6.2	Current Period Profit/Loss		310.063	-	310.063	197.586	-	197.586
	Non-Controlling Interests	22	140.425	-	140.425	103.839	-	103.839
	TOTAL LIABILITIES		9.618.949	10.757.966	20.376.915	6.624.418	6.136.194	12.760.612

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

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Consolidated Statement of Off Balance Sheet Items

As at 31 December 2021

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

OFF-BALANCE SHEET ITEMS	Notes	Reviewed Current Period 31 December 2021			Audited Prior Period 31 December 2020		
		TL	FC	TOTAL	TL	FC	TOTAL
I. IRREVOCABLE FACTORING TRANSACTIONS		24.850	758.099	782.949	61.791	410.811	472.602
II. REVOCABLE FACTORING TRANSACTIONS		549.788	146.412	696.200	225.283	119.935	345.218
III. SAVING FINANCE AGREEMENTS TRANSACTIONS		-	-	-	-	-	-
IV. COLLATERALS RECEIVED	38	64.004.709	136.089.099	200.093.808	46.662.956	73.920.723	120.583.679
V. COLLATERALS GIVEN	26	1.398.072	1.853	1.399.925	945.079	31.821	976.900
VI. COMMITMENTS		596.435	3.052.604	3.649.039	297.757	824.940	1.122.697
6.1 Irrevocable Commitments		-	860.394	860.394	-	220.765	220.765
6.2 Revocable Commitments		596.435	2.192.210	2.788.645	297.757	604.175	901.932
6.2.1 Lease Commitments		596.435	2.192.210	2.788.645	297.757	604.175	901.932
6.2.1.1 Finance Lease Commitments		596.435	2.192.210	2.788.645	297.757	604.175	901.932
6.2.1.2 Operational Lease Commitments		-	-	-	-	-	-
6.2.2 Other Revocable Commitments		-	-	-	-	-	-
VII. DERIVATIVE FINANCIAL INSTRUMENTS	26	227.459	284.923	512.382	182.765	184.312	367.077
7.1 Derivative Financial Instruments for Risk Management		-	-	-	-	-	-
7.1.1 Fair Value Hedges		-	-	-	-	-	-
7.1.2 Cash Flow Hedges		-	-	-	-	-	-
7.1.3 Net Foreign Investment Hedges		-	-	-	-	-	-
7.2 Derivative Financial Instruments Held For Trading		227.459	284.923	512.382	182.765	184.312	367.077
7.2.1 Forward Foreign Currency Purchases/Sales		-	-	-	-	-	-
7.2.2 Swap Purchases/Sales		227.459	284.923	512.382	182.765	184.312	367.077
7.2.3 Put/call options		-	-	-	-	-	-
7.2.4 Futures purchases/sales		-	-	-	-	-	-
7.2.5 Others		-	-	-	-	-	-
VIII. ITEMS HELD IN CUSTODY		1.606.281	316.735	1.923.016	781.364	137.396	918.760
TOTAL OFF-BALANCE SHEET ITEMS		68.407.594	140.649.725	209.057.319	49.156.995	75.629.938	124.786.933

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

Consolidated Statement of Profit or Loss For the Year Ended 31 December 2021

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

			Reviewed Current Period 01.01-31.12.2021	Reviewed Prior Period 01.01-31.12.2020
	PROFIT OR LOSS STATEMENT	Dipnot		
I.	OPERATING INCOME	29	1.528.644	884.338
	FACTORING INCOME		649.043	348.306
1.1	Factoring Interest Income		627.973	337.177
1.1.1	Discounted		304.224	106.553
1.1.2	Other		323.749	230.624
1.2	Factoring Commission Income		21.070	11.129
1.2.1	Discounted		8.582	4.801
1.2.2	Other		12.488	6.328
	INCOME FROM FINANCING LOANS		-	-
1.3	Interest income from Financing Loans		-	-
1.4	Fees and Commission Income from Financing Loans		-	-
	LEASE INCOME		879.601	536.032
1.5	Finance Lease Income		878.101	535.043
1.6	Operational Lease Income		1.500	989
1.7	Fees and Commission Income from Lease Operations		-	-
	SAVING FINANCE INCOME		-	-
1.8	Dividends Received from Savings Financing Receivables		-	-
1.9	Fees and Commissions Received from Savings Financing Activities		-	-
II.	FINANCING EXPENSES (-)	32	(1.005.175)	(505.291)
2.1	Interest Expense on Funds Borrowed		(717.409)	(411.117)
2.2	Interest Expense on Factoring Payables		-	-
2.3	Interest Expense of Finance Leasing Expenses		(692)	(523)
2.4	Interest Expense on Securities Issued		(251.125)	(76.416)
2.5	Other Interest Expenses		-	-
2.6	Fees and Commissions Paid		(35.949)	(17.235)
III.	GROSS PROFIT/LOSS (I+II)		523.469	379.047
IV.	OPERATING EXPENSES (-)	30	(105.963)	(90.297)
4.1	Personal Expenses		(66.999)	(58.738)
4.2	Employee Severance Indemnity Expense		(2.789)	(2.180)
4.3	Research and Development Expenses		-	-
4.4	General Administration Expenses		(35.465)	(29.328)
4.5	Other		(710)	(51)
V.	GROSS OPERATING PROFIT/LOSS (III+IV)		417.506	288.750
VI.	OTHER OPERATING INCOME	31	508.728	259.167
6.1	Interest Income on Bank Deposits		3.819	1.565
6.2	Interest Income on Marketable Securities Portfolio		-	-
6.3	Dividend Income		17.274	6.812
6.4	Gains on Securities Trading		165	131
6.5	Income From Derivative Financial Instruments		13.942	46.453
6.6	Foreign Exchange Gains		300.883	116.418
6.7	Other		172.645	87.788
VII.	PROVISION EXPENSES (-)	33	(322.857)	(196.876)
7.1	Specific Provisions		-	-
7.2	Expected Credit Losses		(322.857)	(196.876)
7.3	General Provisions		-	-
7.4	Other		-	-

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

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Consolidated Statement of Profit or Loss For the Year Ended 31 December 2021

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

			Reviewed Current Period 01.01-31.12.2021	Reviewed Prior Period 01.01-31.12.2020
	PROFIT OR LOSS STATEMENT	Dipnot		
VIII.	OTHER OPERATING EXPENSES (-)	34	(118.659)	(78.245)
8.1	Impairment Losses on Securities Portfolio		-	-
8.2	Impairment Losses on Tangible and Intangible Assets		-	-
8.3	Losses on Securities Trading		-	-
8.4	Losses From Derivative Financial Instruments		(106.288)	(61.674)
8.5	Foreign Exchange Losses		-	(7.881)
8.6	Other		(12.371)	(8.690)
IX.	NET OPERATING PROFIT (V+...+VIII)		484.718	272.796
X.	AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XI.	PROFIT/LOSS FROM ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD		-	-
XII.	NET MONETARY POSITION GAIN/LOSS		-	-
XIII.	PROFIT/LOSS ON CONTINUING OPERATIONS BEFORE TAX (IX+X+XI+XII)		484.718	272.796
XIV.	TAX PROVISION FOR CONTINUING OPERATIONS (±)	35	(146.057)	(63.175)
14.1	Current Tax Provision		(186.473)	(78.858)
14.2	Deferred Tax Income Effect (+)		-	-
14.3	Deferred Tax Expense Effect (-)		40.416	15.683
XV.	NET PERIOD PROFIT/LOSS FROM CONTINUING OPERATIONS (XIII±XIV)		338.661	209.621
XVI.	INCOME ON DISCONTINUED OPERATIONS		-	-
16.1	Income on Assets Held for Sale		-	-
16.2	Gain on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
16.3	Other Income on Discontinued Operations		-	-
XVII.	EXPENSE ON DISCONTINUED OPERATIONS (-)		-	-
17.1	Expense on Assets Held for Sale		-	-
17.2	Loss on Sale of Associates, Subsidiaries and Jointly Controlled Entities (Joint Ventures)		-	-
17.3	Other Expense on Discontinued Operations		-	-
XVIII.	PROFIT/LOSS ON DISCONTINUED OPERATIONS BEFORE TAX (XVI-XVII)		-	-
XIX.	TAX PROVISION FOR DISCONTINUED OPERATIONS (±)		-	-
19.1	Current Tax Provision		-	-
19.2	Deferred Tax Expense Effect (+)		-	-
19.3	Deferred Tax Income Effect (-)		-	-
XX.	NET PERIOD PROFIT/LOSS FROM DISCONTINUED OPERATIONS (XVIII±XIX)		-	-
	NON-CONTROLLING INTEREST		(28.598)	(12.035)
XXI.	NET PROFIT FOR THE PERIOD (XV+XX)		310.063	197.586
	EARNINGS PER SHARE (**)	36	0,0045	0,0028
	Earnings Per Share from Continued Operations		0,0045	0,0028
	Earnings Per Share from Discontinued Operations		-	-
	DILUTED EARNINGS PER SHARE	36	0,0045	0,0028
	Earnings Per Share from Continued Operations		0,0045	0,0028
	Earnings Per Share from Discontinued Operations		-	-

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 December 2021

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

	Reviewed Current Period	Reviewed Prior Period
PROFIT/LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT	01.01-31.12.2021	01.01-31.12.2020
I. CURRENT PERIOD PROFIT/LOSS	338.661	209.621
II. OTHER COMPREHENSIVE INCOME	84.963	234.144
2.1 Items that will not be Reclassified to Profit or Loss	76	325
2.1.1 Tangible Assets Revaluation Increases/Decreases	-	-
2.1.2 Intangible Assets Revaluation Increases/Decreases	-	-
2.1.3 Employee Benefits Re-Measuring Loss/Income	99	402
2.1.4 Other Comprehensive Income that will not be Reclassified to Profit or Loss	-	-
2.1.5 Taxes related with Comprehensive Income that will not be Reclassified to Profit or Loss	(23)	(77)
2.2 Items that may be Reclassified subsequently to Profit or Loss	84.887	233.819
2.2.1 Foreign Exchange Differences for Foreign Currency Transactions	-	-
2.2.2 Value Increases or Decreases on Assets Held for Sales	84.887	233.819
2.2.3 Cash Flow Hedge Income/Losses	-	-
2.2.4 Net Investment Hedge Income/Losses	-	-
2.2.5 Other Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
2.2.6 Taxes related with Comprehensive Income that may be Reclassified subsequently to Profit or Loss	-	-
III. Current Tax Income/Expense	423.624	443.765

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Consolidated Statement of Changes in Shareholders' Equity

For the Year Ended 31 December 2021

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

						Other Accumulated Comprehensive Income that will be not reclassified to Profit/Loss			
		Dipnot	Paid-in Capital	Share Premium	Share Cancellation Profits	Other Capital Reserves	1	2	3
CHANGES IN EQUITY									
Prior Period (01.01 - 31.12.2020) (Audited)									
I.	Balance at the Beginning of the Period		695.303	-	-	1.938	-	(588)	-
II.	Correction Made According to TAS 8		-	-	-	-	-	-	-
2.1	Effect of Correction of Errors		-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-
III.	New Balance (I+II)	23	695.303	-	-	1.938	-	(588)	-
IV.	Total Comprehensive income		-	-	-	-	-	325	-
V.	Cash Capital Increase		-	-	-	-	-	-	-
VI.	Capital Increase from internal reserves		-	-	-	-	-	-	-
VII.	Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-
IX.	Subordinated Loans		-	-	-	-	-	-	-
X.	Increases/Decreases due to other changes		-	-	-	-	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-
11.1	Dividend Paid		-	-	-	-	-	-	-
11.2	Transfer to Reserves		-	-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+XI)			695.303	-	-	1.938	-	(263)	-
Current Period (01.01 - 31.12.2021) (Audited)									
I.	Balance at the Beginning of the Period		695.303	-	-	1.938	-	(263)	-
II.	Correction Made According to TAS 8		-	-	-	-	-	-	-
2.1	Effect of Correction of Errors		-	-	-	-	-	-	-
2.2	Effect of Changes in Accounting Policies		-	-	-	-	-	-	-
III.	New Balance (I+II)	23	695.303	-	-	1.938	-	(263)	-
IV.	Total Comprehensive income		-	-	-	-	-	76	-
V.	Cash Capital Increase		-	-	-	-	-	-	-
VI.	Capital Increase from internal reserves		-	-	-	-	-	-	-
VII.	Paid-in-Capital Inflation Adjustment		-	-	-	-	-	-	-
VIII.	Convertible Bonds		-	-	-	-	-	-	-
IX.	Subordinated Loans		-	-	-	-	-	-	-
X.	Increases/Decreases due to other changes		-	-	-	(175)	-	-	-
XI.	Profit Distribution		-	-	-	-	-	-	-
11.1	Dividend Paid		-	-	-	-	-	-	-
11.2	Transfer to Reserves		-	-	-	-	-	-	-
11.3	Other		-	-	-	-	-	-	-
Balance at the End of the Period (III+IV+.....+XI+XII)			695.303	-	-	1.763	-	(187)	-

1. Revaluation increase/decrease of property and equipment,

2. Employee benefits re-measuring income/loss,

3. Other (Other comprehensive income related with equity pick up investment portions and accumulated other comprehensive income components that will not be re-classified to profit/loss)

4. Foreign currency translation differences for foreign operations,

5. Net change in fair value of available-for-sale financial assets,

6. Other (Cash flow hedge income/(losses), accumulated other comprehensive income components that may re-classified subsequently to profit/loss)

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

Other Accumulated Comprehensive Income that may be reclassified subsequently to Profit/Loss			Profit Reserves	Prior Period Profit/ (Loss)	Net Current Period Profit/ Loss	Non- Controlling Interest	Total Equity
4	5	6					
-	55.960	-	396.081	(24.537)	84.292	65.484	1.273.933
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	55.960	-	396.081	(24.537)	84.292	65.484	1.273.933
-	207.499	-	-	-	197.586	38.355	443.765
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	78.019	6.273	(84.292)	-	-
-	-	-	-	-	-	-	-
-	-	-	78.019	6.273	(84.292)	-	-
-	-	-	-	-	-	-	-
-	263.459	-	474.100	(18.264)	197.586	103.839	1.717.698
-	263.459	-	474.100	(18.264)	197.586	103.839	1.717.698
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	263.459	-	474.100	(18.264)	197.586	103.839	1.717.698
-	76.489	-	-	-	310.063	36.996	423.624
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(1.294)	-	-	(410)	(1.879)
-	-	-	179.322	18.264	(197.586)	-	-
-	-	-	-	-	-	-	-
-	-	-	179.322	18.264	(197.586)	-	-
-	-	-	-	-	-	-	-
-	339.948	-	652.128	-	310.063	140.425	2.139.443

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Notes to the Consolidated Statement of Cash Flow

For the Year Ended 31 December 2021

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

	Notes	Reviewed Current Period	Reviewed Prior Period
		01.01-31.12.2021	01.01-31.12.2020
A. CASH FLOWS FROM OPERATING ACTIVITIES			
1.1 Operating Profit Before Changes in Operating Assets And Liabilities		877.894	399.201
1.1.1 Interests Received/Lease Income		1.474.305	850.981
1.1.2 Interest Paid/Lease Expenses		(908.563)	(472.993)
1.1.3 Dividends Received		17.274	6.812
1.1.4 Fees and Commissions Received		21.070	11.129
1.1.5 Other Income	31	91.630	29.114
1.1.6 Collections from Non-performing Receivables		81.015	58.674
1.1.7 Payments to Personnel and Service Suppliers	21	(58.741)	(52.601)
1.1.8 Taxes Paid		(122.092)	(79.944)
1.1.9 Others		281.996	48.029
1.2 Changes in Operating Assets and Liabilities		(1.283.237)	(1.188.182)
1.2.1 Net (Increase) Decrease in Factoring Receivables		(1.603.129)	(1.299.022)
1.2.2 Net (Increase) Decrease in Financing Loans		-	-
1.2.3 Net (Increase) Decrease in Lease Receivables		(1.246.763)	(1.006.141)
1.2.4 Net (Increase) Decrease in Savings Financing Receivables		-	-
1.2.5 Net (Increase) Decrease in Other Assets		(930.651)	(170.141)
1.2.6 Net Increase (Decrease) in Factoring Payables		-	-
1.2.7 Net Increase (Decrease) in Lease Payables		(727)	2.794
1.2.8 Net Increase (Decrease) in Funds Borrowed		2.049.113	1.070.046
1.2.9 Net Increase (Decrease) in Due Payables		-	-
1.2.10 Net Increase (Decrease) in Other Liabilities		448.920	214.282
I. Net Cash Provided from/(Used in) Operating Activities		(405.343)	(788.981)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
2.1 Cash Paid for Purchase Of Associates, Subsidiaries and Joint-ventures		(3.429)	-
2.2 Cash Obtained From Sale of Associates, Subsidiaries and Joint-Ventures		10.472	800
2.3 Purchases of Tangible and Intangible Assets	11,12	(17.072)	(14.205)
2.4 Proceeds From Sale of Tangible and Intangible Assets	11,12	570	526
2.5 Cash Paid for Purchase of Financial Assets Available for Sale		-	-
2.6 Proceeds From Sale of Financial Assets Available for Sale		-	-
2.7 Cash Paid for Purchase of Held-to-Maturity Investment Securities		-	-
2.8 Proceeds from Sale of Held-to-Maturity Investment Securities		-	-
2.9 Other		872	-
II. Net cash used in investing activities		(8.587)	(12.879)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
3.1 Cash obtained from funds borrowed and securities issued		4.317.899	1.486.941
3.2 Cash used for repayment of funds borrowed and securities issued		(3.820.574)	(730.033)
3.3 Equity instruments issued		-	-
3.4 Dividends paid		-	-
3.5 Payments for finance leases		-	-
3.6 Other		-	-
III. Net Cash Used in Financing Activities		497.325	756.908
IV. Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents		5.780	5.550
V. Net Increase/(Decrease) in Cash and Cash Equivalents		89.175	(39.402)
VI. Cash and Cash Equivalents at the Beginning of the Period	4	382.325	421.727
VII. Operating Profit Before Changes in Operating Assets And Liabilities	4	471.500	382.325

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

Consolidated Statement of Profit Distribution For the Year Ended 31 December 2021

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

İŞ FİNANSAL KİRALAMA A.Ş. PROFIT DISTRIBUTION TABLE (**)		Current Period 31 December 2021 (*)	Prior Period 31 December 2020
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	456.120	260.760
1.2	Taxes And Duties Payable(-)	(146.057)	(63.174)
1.2.1	Corporate Tax (Income tax)	(186.473)	(78.865)
1.2.2	Income Withholding Tax	-	-
1.2.3	Other Taxes And Duties	40.416	15.683
A.	NET INCOME FOR THE YEAR (1.1-1.2)	310.063	197.586
1.3	Prior Year Losses(-)	-	(18.264)
1.4	First Legal Reserves (-)	(10.364)	(7.717)
1.5	Other Statutory Reserves(-)(**)	-	-
B	NET INCOME AVAILABLE FOR DISTRIBUTION [(a)-(1.3+1.4+1.5)]	299.699	171.605
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Owners Of Ordinary Shares	-	-
1.6.2	To Owners Of Preferred Shares	-	-
1.6.3	To Owners Of Preferred Shares (pre-emptive rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And loss sharing certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Preferred Shares	-	-
1.9.3	To Owners Of Preferred Shares (pre-emptive rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	-
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	-
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES	-	-
2.1	DISTRIBUTED RESERVES	-	-
2.2	Second Legal Reserves(-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Preferred Shares	-	-
2.3.3	To Owners Of Preferred Shares (pre-emptive rights)	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE	-	-
3.1	To Owners Of Ordinary Shares	0,45	0,28
3.2	To Owners Of Ordinary Shares (%)	%45	%28
3.3	To Owners Of Preferred Shares	-	-
3.4	To Owners Of Preferred Shares (%)	-	-
IV.	DIVIDEND PER SHARE	-	-
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Preferred Shares	-	-
4.4	To Owners Of Preferred Shares (%)	-	-

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

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Notes to the Consolidated Financial Statements

As at 31 December 2021

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

1. ORGANIZATION AND OPERATIONS OF THE COMPANY

İş Finansal Kiralama A.Ş. ("the Company") was incorporated on 9 March 1988 to operate in Turkey in accordance with Finance Lease, Factoring, Financing and Saving Finance Companies Law No: 6361. The core business of the Company is leasing operations, both domestic and abroad, and it started its leasing operations in July 1988. The head office of the Company is located at İş Kuleleri Kule:1 Kat:6 34330 Levent-İstanbul/Turkey.

The Company has purchased nominal shares of İş Faktoring A.Ş. ("İş Faktoring") amounting to TL 12.517 in consideration of USD 10.952.375 on 11 August 2004. The Company owns 78,23% of the İş Faktoring A.Ş. and it has been consolidated in the accompanying financial statements. The Company and its subsidiary run their operations in accordance with "Finance Lease, Factoring, Financing and Saving Finance Companies Law" published on the Official Gazette no. 28496 dated 13 December 2012 and "Regulation on Principles for Establishment and Operations of Finance Lease, Factoring, Financing and Saving Finance Companies" of Banking Regulation and Supervision Agency ("BRSA").

The ultimate parent of the Company is Türkiye İş Bankası A.Ş. The main shareholders of the Company are Türkiye İş Bankası A.Ş. with 27,79% and Türkiye Sınai Kalkınma Bankası A.Ş. ("TSKB") with 29,46% participation. The Company's 41,82% of shares are publicly traded and listed on the Borsa İstanbul.

As at 31 December 2021, the Company and its subsidiary ("the Group") have 255 employees (31 December 2020: 250 employees).

Dividend Payable

As at 31 December 2021, the Company does not have any dividend payable.

Approval of the Financial Statements

The consolidated financial statements and consolidated profit and loss table of the Group as at 31 December 2021 have been approved by the Board of Directors of the Group and authorized for issue as at 27 October 2021. The General Assembly and/or legal authorities have power to amend the consolidated financial statements after its issue.

2. BASIS OF THE FINANCIAL STATEMENTS

2.1 Basis of the Presentation

Accounting Standards Applied

The Group prepared accompanying consolidated financial statements accordingly to the "Communiqué on Uniform Chart of Accounts and Prospectus to be implemented by Financial Leasing, Factoring, Financing and Saving Finance Companies" and "Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Saving Finance Companies" the published in the Official Gazette dated 24 December 2013 and numbered 28861 published by "Banking Regulation and Supervision Agency" (BRSA) and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and their additions and comments issued by Public Oversight Accounting and Auditing Standards' Authority ("POA") and other regulations, communiqués, and circulars announced by the Banking Regulation and Supervision Agency (all together refer to as "BRSA Accounting and Reporting Legislation") in respect of accounting and financial reporting.

The COVID-19 pandemic, which spread globally in the first half of 2020 in China, had effects on both economic and social life. In addition to the social life impacts of the cautions taken to ensure that the other content pandemic is taken under control, the consequences of adversely affecting the limited global economic activity continue. In order to reduce this negativity and in the economic environment, various measures have been reported by cycling within the normalization process in our country as well as in other cases where the pandemic is effective. The Company, together with the company included in the consolidation, continues the segments to this period, with the deferment of the customer's debts that are due for sale, a grace period and the allocation of existing/additional limits. During the calculation of estimated loan provisions in the financial statements dated 31.12.2021, it was evaluated for the impact of the COVID-19 outbreak, third Section note "G. Financial Instruments" is given instead.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In particular, information about significant accounting estimates used are described in the following notes:

Notes to the Consolidated Financial Statements As at 31 December 2021

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of the Presentation (Continued)

Accounting Standards Applied (Continued)

Note 5 - Financial assets and liabilities at fair value through profit or loss

Note 8 - Factoring receivables

Note 9 - Lease receivables

Note 20 - Provisions

Note 26 - Provisions, contingent assets and liabilities

Basis of Consolidation

The details of the Group's subsidiary as at 31 December 2021 and 31 December 2020 are as follows:

<u>Subsidiary</u>	<u>Establishment and operation location</u>	<u>Shareholding rate %</u>	<u>Voting right rate %</u>	<u>Core business</u>
İş Faktoring A.Ş.	Istanbul	78,23	78,23	Factoring operations

The accompanying consolidated financial statements include the accounts of the Company and its subsidiary on the basis set out in "Subsidiaries" section below. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

In determining control power, existing and convertible voting rights are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

As at 31 December 2021 and 31 December 2020, the Company owns 78,23% of İş Faktoring A.Ş. As the Company has the power to control the operations of the İş Faktoring A.Ş., the financial statements of İş Faktoring A.Ş. have been fully consolidated in the accompanying consolidated financial statements.

(ii) Transactions eliminated on consolidation

Financial statements of İş Faktoring A.Ş. have been fully consolidated in the accompanying financial statements and profit or loss table and the investment balance in the Company's statement of financial position have been eliminated against the paid-in capital of İş Faktoring A.Ş. Intra-group balances, transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The accounting policies of the subsidiary have been adjusted when necessary to align them with the policies adopted by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(iii) Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interest in equity since the date of the combination

Offsetting

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

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Notes to the Consolidated Financial Statements As at 31 December 2021

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.2 Changes in Accounting Policies

Accounting policies taken as the basis in preparing the financial statements of the accounting periods ended on December 31, 2021 are applied consistently with the financial statements prepared as of December 31, 2020.

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates relate to a specific period, they are applied in the period they relate to whereas if the changes are related to future periods, they are applied both in the period the change is made and prospectively in the future periods. There has not been any significant change in the accounting estimates of the Group in the current period. Material accounting errors are adjusted retrospectively and prior periods' consolidated financial statements are restated.

2.4 Changes in Standards and Interpretations

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

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

Interest Rate Benchmark Reform - Phase 2 - Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform - Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Notes to the Consolidated Financial Statements As at 31 December 2021

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows (Continued)

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Notes to the Consolidated Financial Statements

As at 31 December 2021

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the the Group.

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

On January 15, 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

Amendments to TFRS 3 - Reference to the Conceptual Framework

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

Amendments to TAS 16 - Proceeds before intended use

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

There is no transition relief for the first time adopters.

Notes to the Consolidated Financial Statements As at 31 December 2021

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

Amendments to TAS 37 - Onerous contracts - Costs of Fulfilling a Contract

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

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, they clarify how entities use measurement techniques and inputs to develop accounting estimates. 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.

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.

Amendments to IAS 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.

İş Finansal Kiralama Anonim Şirketi and Its Subsidiary

Notes to the Consolidated Financial Statements

As at 31 December 2021

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

2. BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.4 Changes in Standards and Interpretations (Continued)

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 to 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.
- TAS 41 Agriculture - Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Revenue

Finance lease income: Initial value of leased assets at the beginning of the leasing period under the Finance Lease, Factoring, Financing and Saving Finance Companies Law No: 6361 is recognized as finance lease receivables in the consolidated statement of financial position. Interest income resulting from the difference between the total finance lease receivables and the investment value of the leased assets are recognized in the period in which the relevant receivable portion for each accounting period is distributed over the related period using the fixed interest rate through the leasing period. The interest income not accrued yet is followed up under the account of unearned interest income.

Factoring revenue: Consists of factoring interest and commission income collected or accrued on advances given to the customers. Factoring commission income is a certain percentage of the total amount of invoices subject to factoring transactions.

Other interest income: The outstanding amount of the principal and cash inflows to be calculated over the expected life of the asset is reduced to the related period at the effective interest rate. Dividend income from equity share investments is recognized when the shareholders have the right to receive the dividend. Fee and commissions collected or paid on any transactions are recorded on accrual basis.

b. Tangible Assets

Tangible assets, acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated depreciation and impairment losses, and tangible assets acquired after 31 December 2004 are carried at acquisition cost less accumulated depreciation and impairment losses.

Tangible assets are depreciated over the estimated useful lives of the related assets on a straight-line basis over the cost. The estimated useful life, residual values and amortization method of tangible assets are reviewed at each reporting period and corrected if necessary.

Leasehold improvements are depreciated on a straight-line basis at the lower of over their lease periods or over the useful life of the leasehold improvements.

Expenses incurred to replace any part of tangible fixed assets are capitalized. Subsequent expenditures may be capitalized if they increase the future economic benefits of the asset. All other expense items are accounted on an accrual basis in the consolidated statement of income.

Notes to the Consolidated Financial Statements

As at 31 December 2021

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Tangible Assets (Continued)

The estimated useful lives for the current and comparative periods are as follows:

<i>Definition</i>	<i>Years</i>
Furniture and fixtures	
Other tangible assets	5 years
Leasehold improvements	5 years
Operational Leasing Assets	3 years

Gains and losses on disposal of an item of tangible assets are determined by comparing the proceeds from disposal with the carrying amount of tangible assets, and are recognized net within other operating income/expense in the consolidated statement of income.

The estimated useful life, residual values and amortization method of intangible assets are reviewed at each reporting period and corrected if necessary.

c. Intangible Assets

Intangible assets include computer software, licenses and goodwill. Computer software and licenses acquired before 1 January 2005 are carried at restated cost for the effects of inflation in TL units current at the 31 December 2004 less accumulated amortisation and impairment losses and intangible assets acquired after 31 December 2004 are carried at acquisition cost less accumulated amortisation and impairment losses. The estimated useful lives, residual values and amortization method of intangible assets other than goodwill are reviewed at each reporting date. Amortization is charged on a straight-line basis over their estimated useful lives. The useful lives of computer software and licenses are 5 years.

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 in the statement of income as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Computer software development costs recognized as assets are amortized over their estimated useful lives, not exceeding five years.

The estimated useful life, residual value and amortization method of intangible assets are reviewed at each reporting period and corrected if necessary.

d. Impairment of Non-Financial Assets

Assets that have an indefinite useful life, like goodwill, are not subject to amortization, but tested annually for impairment. Assets that are subject to 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. 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). Impaired non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date.

e. Borrowing Costs

All borrowing costs are recorded in the income statement on accrual basis.

f. Financial Assets Held For Sale

Assets that are expected to be disposed by sale rather than usage (or disposal asset group) are classified as held for sale. Immediately before classification as held for sale, the assets (or disposal asset group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal asset group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in the consolidated profit or loss table. Gains are not recognized in excess of any cumulative impairment loss.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments

Financial Assets

As of 1 January 2018, the Group within the scope of "IFRS 9 Financial Instruments", classifies and accounts its financial assets as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" or "Financial Assets at Measured at Amortised Cost" by taking into account their business model and contractual cash flow characteristics. Financial assets are recognized or derecognized according to IFRS 9 "Recognition and Derecognition in the financial statements" requirements. The Company recognizes a financial asset in its statement of financial position when it becomes a party to the contractual provisions of the financial instrument. Financial assets are measured at their fair value on initial recognition in the financial statements.

Financial Assets at Fair Value Through Profit or Loss

Financial assets other than financial assets that are measured at amortized cost or at fair value through other comprehensive income, are measured at fair value through profit or loss. Financial assets at fair value through profit or loss are financial assets held for the purpose of generating profit from short-term fluctuations in price or similar factors in the market or being part of a portfolio for profitability in the short term, regardless of the acquisition reason. Financial assets at fair value through profit or loss are initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. Gains or losses arising from the valuation are related to profit or loss.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortized cost are those financial assets where the group has the intention and ability to held to the maturity, fixed or determinable payment plan, fixed-term debt instruments. Financial assets measured at amortized cost by using the effective interest rate method, net of any provision for impairment.

Financial Assets at Fair Value Through Other Comprehensive Income

The Group has equity investments and debt securities quoted on an active market and investments in fair values are classified as financial assets carried at fair value through other comprehensive income. The Group has equity instruments that are not traded and not quoted in an active market whose fair value differences are reflected in other comprehensive income and are measured at cost, since their fair value cannot be measured reliably.

Gains and losses arising from changes in the fair value impairment loss recognized in the income statement, interest and monetary assets and interest and monetary assets calculated using the effective interest method are recognized in other comprehensive income and the financial assets are accumulated in the fund of revaluation. In the event that the investment is disposed of or is impaired, the total profit/loss accumulated in the revaluation fund of financial assets is classified in the income statement.

Dividends on equity instruments recognized at fair value through other comprehensive income are recognized in income statement when the Company's right to receive payment is established.

Financial Lease Receivables, Factoring Receivables and Expected Credit Loss

In accordance with the "IFRS 9-Financial Instruments, the Group recognizes expected credit loss allowance on financial assets at fair value through other comprehensive income or financial assets measured at amortized cost.

Under IFRS 9, the expected credit loss and specific provision is calculated according to the "three-stage" impairment model based on the change in the loan quality of financial assets after initial recognition and detailed in the following headings:

Stage 1:

An important determinant for calculating the expected credit loss in accordance with IFRS 9 is to assess whether there is a significant increase in the credit risk of the financial asset. Financial assets that have not experienced a significant increase in credit risk since the initial recognition are monitored in the first stage. Impairment for credit risk for the financial assets is equal to the 12-month expected credit losses.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Stage 2:

Financial assets that experienced a significant increase in the credit risk since initial recognition, are transferred to Stage 2. The expected credit loss of these financial assets are measured at an amount equal to the instrument's lifetime expected credit loss. In order to classify a financial asset in the second stage, the following criteria is considered:

- Overdue between 30-90 days
- Restructuring of the loan
- Significant deterioration in the probability

In the event of a significant deterioration in the probability of default, the credit risk is considered to be increased significantly and the financial asset is reclassified as stage 2.

Stage 3

Financial assets with sufficient and fair information for impairment at the reporting date, are classified in the third stage. Expected credit loss of these financial assets is measured at an amount equal to the lifetime expected credit loss. The following basic factors are considered for the classification of a financial asset in the third stage:

- More than 90 days past due
- Whether the credit rating is weakened, has suffered a significant weakness or can not be collected or there is a certain opinion on this matter

Specific provision is provided for factoring receivables in Stage 3.

Based on the decision of brsa dated 16.09.2021's previously COVID-19th 17.03.2020 with effect from the date of the outbreak within the scope of its financial assets-performing loans for the classification of prescribed 90-day delay period of 180 days to be implemented as decided to begin a 90-day delay despite a "to be liquidated Receivables" account for receivables that are not transferred to the corresponding models according to their own risk companies related to the application be continued separation have been terminated. On the other hand, as of 01.10.2021, it has been decided to grant a period of up to 180 days for loans whose delay period does not exceed 180 days.

Cash and cash equivalents

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

Financial liabilities

Financial liabilities and equity instruments issued by the Group 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 Group 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 initially measured at fair value on the balance sheet and are subsequently re-measured at fair value. The change in fair value is accounted under the statement of profit or loss. The net gain or loss recognized in profit or loss includes any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on effective interest method.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Financial Instruments (Continued)

Other financial liabilities (Continued)

The effective interest method that calculates the amortized cost of a financial liability and allocates interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to net present value of financial liabilities

Derivative financial instruments and hedge accounting

The Group's activities exposes primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments (primarily foreign currency forward and currency swap contracts) to hedge its risks associated with foreign currency and interest rate fluctuations. Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured at fair value at subsequent reporting dates.

h. Business Combinations

The acquisitions of subsidiaries are accounted for by using the purchase method. The cost of the acquisition is measured at the aggregate of fair value, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for the control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under TFRS 3 "Business Combinations" are recognized at fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations", which are recognized and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. Goodwill is measured at cost less accumulated impairment. When the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, excess amount is recognized immediately as profit.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling party's proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

i. Effects of Changes in Exchange Rates

The individual financial statements of each entity within the group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

The foreign currency exchange rates used by the Group as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
USD	12,9775	7,3405
EUR	14,6823	9.0079
GBP	17,4530	9,9438
CHF	14,1207	8,2841
100 JPY	11,2434	7,0930
AUD	9,3950	5,6076

In preparation of the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the prevailing exchange rates at the transaction date. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting 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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Earnings Per Share

Earnings per share presented in the accompanying consolidated income statement is determined by dividing net income by the weighted average number of shares in issue during the year. In case the number of shares increases through rights issue as a result of capital increases from internal sources, earnings per share calculations are made by restating the weighted average number of shares in comparison periods. The correction refers to the consideration of the number of shares used in the calculation as if the unpaid issue was performed at the beginning of the comparison period.

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

k. Events After the Reporting Period

Subsequent events means the events occurred between the reporting date and the authorization date for the announcement of the financial statements. In accordance with IAS 10 "Events After Reporting Period Date"; subsequent balance sheet events that provide additional information about the Group's position at the balance sheet dates (adjusting events) are reflected in the consolidated financial statements. Events that does not require adjustment of financial statements are disclosed in the notes when material.

l. Provisions, Contingent Liabilities and Contingent Assets:

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", a provision is recognized when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the specified criteria are not met, the Group discloses the related issues in the accompanying notes. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability if the time value of the money is significant to the provision.

Contingent assets are disclosed in the notes and not recognized unless they are realized.

m. Segment Reporting

The Group has two different operating segments, leasing and factoring, that is used by management to make decisions about resources to be allocated to the segments and assess their performance, and for which discrete financial information is available (Note 27).

n. Taxes on Income

Turkish Tax Legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense or credit comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Taxes on Income (Continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, investment incentives, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxes related to fair value measurement of available for sale assets are charged or credited to Other Comprehensive Income and subsequently recognized in profit or loss together with the deferred gains that are realized.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

o. Employee Benefits/Reserve for Employee Termination Benefits

In accordance with the existing social legislation in Turkey, the Group is required to make certain lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are recognized in the accompanying consolidated financial statements as accrued. The computation of the liability is based upon the retirement pay ceiling announced by the government.

In accordance with IAS 19 "Employee Benefits", the Group calculated the employee severance indemnities incurred due to retirement of its employees by discounting the future liabilities to their present values, by using actuarial method and reflected to the consolidated financial statements. The main estimates used are as follows:

	31 December 2021	31 December 2020
Discount rate	3,50%	4,07%
Expected rate of salary/limit increase	15,07%	8,00%
Probability of retirement	100%	100%

p. Statement of Cash Flows

The Group presents statement of cash flows as an integral part of its financial statements to inform the users of financial statements about its ability to manage changes in its net assets, its financial structure and the amount and timing of its cash flows under changing conditions.

In the statement of cash flows, the cash flows for the period are reported with a classification of operating, investment and financing activities. Cash flows related with operating activities compose of the cash flows arising from core operations of the Company. Cash flows related with investment activities compose of cash flows that the Group generates from or uses in investment activities (tangible and financial investments). Cash flows related with financing activities represent resources that the Group uses for financing activities and the reimbursements of such resources.

r. Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are reclassified as dividend payables by netting off from the retained earnings in the period in which they are approved and disclosed.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Related Parties

In accordance with IAS 24 "Related Party Disclosures" shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties. Related party transactions consist of the transfer of the assets and liabilities between related parties by a price or free of charge. For the purpose of the accompanying consolidated financial statements, shareholders of the Company, the companies controlled by/associated with them, key management and the Board members of the Company are referred to as related parties (Note 10).

4. CASH AND CASH EQUIVALENTS

As at 31 December 2021 and 31 December 2020, the details of the banks are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Demand Deposits	40.149	216.970	17.169	20.943
Time Deposits	1.499	212.882	-	344.213
Interest accrual	1	1	-	-
	41.649	429.853	17.169	365.156

The details of the time deposits as at 31 December 2021 are as follows:

Currency	Interest Rate (%)	Maturity	31 December 2021
TL	16,00%	1.10.2021	1.500
USD	0,05%-1,10%	1.10.2021	181.645
Euro	0,01% - 0,30%	01.10.2021-18.10.2021	31.238
			214.383

The details of the time deposits as at 31 December 2020 are as follows:

Currency	Interest Rate (%)	Maturity	31 December 2020
USD	0,05%	4.01.2021	73.970
Euro	0,01% - 1,25%	04.01.2021-19.01.2021	270.243
			344.213

As at 31 December 2021, TL 393.789 portion of total foreign currency deposits (31 December 2020: TL 347.353) and TL 5.564 portion of total TL deposits (31 December 2020: TL 5.775) consist of accounts at the Group's main shareholder, Türkiye İş Bankası A.Ş.

The reconciliation of carrying value of cash and cash equivalents in the accompanying consolidated statement of financial position and the statement of cash flow is as follows:

	31 December 2021	31 December 2020
Demand deposits	257.119	38.112
Time deposits (1-3 months) (excluding accrual)	214.381	344.213
Cash and cash equivalents	471.500	382.325

As at 31 December 2021 and 31 December 2020, there is no blockage on cash and cash equivalents.

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5. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Assets at fair value through profit or loss/Expected Credit Loss

As at 31 December 2021 and 31 December 2020, details of financial assets at fair value through profit or loss and expected loss provision are as follows:

	31 December 2021	
	TL	FC
Debt securities issued by private sector ^(*)	400	-
Specific provisions/Expected Credit Loss(-)	(400)	-
Mutual funds	-	-
	-	-
	31 December 2020	
	TL	FC
Debt securities issued by private sector ^(*)	400	-
Specific provisions/Expected Credit Loss(-)	(400)	-
Mutual funds	3.186	-
	3.186	-

^(*) In its meeting held on 11 February 2016, Borsa İstanbul A.Ş. (Istanbul Stock Exchange) Board of Directors has decided to delist the debt instruments coded TRSAYNS51619, TRSAYNSK1619 and TRSAYNS21711 ISIN of Aynes Gıda Sanayi ve Ticaret A.Ş., the debt instruments of which are listed in BIST Debt Instruments Market Definite Trading Market, due to failure of the named Company in its coupon payment of 2 February 2016 relating to its debt instrument coded TRSAYNS51619 ISIN. The coupon payments and the principal payment of the debt instrument coded TRSAYNSK1619 ISIN included in the assets of the Group have not been made by Aynes Gıda Sanayi ve Ticaret A.Ş., the Group has recognized allowance for impairment losses on the debt instrument amounting to its total carrying amount.

The Group has no investments in Türkiye İş Bankası A.Ş. (31 December 2020: TL 3.186).

6. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

Derivative financial assets are measured at fair value and if the valuation difference is positive they are classified as "Derivative Financial Assets available for sale", if it is negative they are classified as "Derivative Financial Liabilities available for sale".

Derivative Financial Assets

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Swap Transactions	-	-	-	6.098
	-	-	-	6.098

Derivative Financial Liabilities

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Swap Transactions	-	84.615	-	5.915
	-	84.615	-	5.915

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7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

As at 31 December 2021 and 31 December 2020, details of financial assets at fair value through other comprehensive income are as follows:

Name of the investment	Core business	Incorporation and location	Voting right (%)	Ownership Rate (%)		Carrying Amount	
				31 December 2021	31 December 2020	31 December 2021	31 December 2020
Quoted Investments:							
İş Yatırım Menkul Değerler A.Ş. (İş Yatırım)	Investment and Securities Services	İstanbul	4,86	4,86	4,86	397.404	304.786
İş Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Private Equity	İstanbul	0,00	0,00	0,89	-	10.472
Unquoted investments:							
Yatırım Finansman Menkul Değerler A.Ş.	Investment and Securities Services	İstanbul	0,06	0,06	0,06	29	39
Efes Varlık Yönetimi A.Ş.	Asset Management	İstanbul	5,72	5,72	5,72	7.429	4.000
TOTAL						404.862	319.297

8. FACTORING RECEIVABLES

As at 31 December 2021 and 31 December 2020 details of factoring receivables are as follows:

	31 December 2021	31 December 2020
Factoring receivables	6.754.249	4.464.208
Factoring interest income accrual (-)	(82.250)	(47.068)
Total factoring receivables	6.671.999	4.417.140
Stage 1 (Expected Credit Loss)	(44.126)	(31.688)
Stage 2 (Expected Credit Loss)	(3.453)	(2.393)
Total factoring receivables	6.624.420	4.383.059
Non-performing factoring receivables	223.358	227.049
Specific provisions- Stage 3	(195.254)	(190.251)
Factoring receivables, net	6.652.524	4.419.857

As at 31 December 2021, the rating of factoring receivables are as follows:

Ratings 31 December 2021	Stage 1	Stage 2	Stage 3	Total
Total portfolio	6.616.539	55.460	223.358	6.895.357
Very good	3.372.409	-	-	3.372.409
Standard	3.244.130	-	-	3.244.130
Substandard	-	55.460	223.358	278.818
Expected credit losses	(44.126)	(3.453)	(195.254)	(242.833)
Factoring receivables, net	6.572.413	52.007	28.104	6.652.524

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8. FACTORING RECEIVABLES (Continued)

As at 31 December 2020, the rating of factoring receivables are as follows:

Ratings - 31 December 2020	Stage 1	Stage 2	Stage 3	Total
Total portfolio	4.357.472	59.668	227.049	4.644.189
Very good	1.921.786	-	-	1.921.786
Standard	2.435.686	-	-	2.435.686
Substandard	-	59.668	227.049	286.717
Expected credit losses	(31.688)	(2.393)	(190.251)	(224.332)
Factoring receivables, net	4.325.784	57.275	36.798	4.419.857

The movement of expected credit loss and specific provisions are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Provision at the beginning of the period	(224.332)	(208.548)
Additions	(39.834)	(55.685)
Collections	26.575	39.584
Exchange difference income/expense	(5.427)	-
Write-off ^(*)	185	317
Provision at the end of the period	(242.833)	(224.332)

(*) As at 31 December 2021 tarihi, The Group's non-performing factoring receivables amounting to TL 189 was written-of from the assets regarding the protocol signed and the provision amounting to TL 185 allocated for the mentioned receivables. As at 31 December 2020, The Group's non-performing factoring receivables amounting to TL 317 was written-of from the assets regarding the protocol signed and the provision amounting to TL 317 allocated for the mentioned receivables.

As at 31 December 2021, the average interest rates applicable for the factoring receivables are 26,64% for TL, for 4,15% USD, 3,25% for EUR and 4,76% for GBP (31 December 2020: 20,70% for TL, for 6,13% USD, 4,07% for EUR and 2,98% for GBP).

As of 31 December 2021 TL 423.598 thousand, EUR 318.143 thousand, USD 116.316 thousand Bin and GBP 33.599 thousand factoring receivables have variable interest rates, (31 December 2020: TL 479.408 thousand, EUR 259.171 thousand, USD 38.403 thousand and GBP 44.432 thousand), TL 4.447.791 thousand, EUR 410.446 thousand, USD 898.580 thousand and GBP 4.051 thousand factoring receivable have stable interest rates (31 December 2020: TL 2.794.164 thousand, EUR 537.754 thousand, USD 266.499 thousand, GBP 26 thousand).

The details of the factoring receivables based on types of factoring transactions are as follows:

	30 December 2021	31 December 2020
Domestic irrevocable	3.761.394	2.479.710
Foreign irrevocable	376.023	268.312
Domestic revocable	2.243.849	1.377.729
Foreign revocable	271.258	294.106
	6.652.524	4.419.857

The Group's aging of non-performing factoring receivables is as follows:

	31 December 2021	31 December 2020
Up to 90 days	433	854
Between 90 - 180 days	1.543	2.537
Between 180 - 360 days	2.017	7.066
Over 360 days	219.365	216.592
	223.358	227.049

The Group has contractual sureties as collateral for the above non-performing factoring receivables.

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8. FACTORING RECEIVABLES (Continued)

As at 31 December 2021, standard and close monitoring factoring receivables and the close monitoring factoring receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan		
Extended for 1 or 2 Times	-	435
Extended for 3,4 or 5 Times	-	13.126
Extended for More than 5 Times	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan		
0-6 Months	-	435
6 Months - 12 Months	-	-
1 - 2 Years	-	-
2 -5 Years	-	13.126
5 Years and More	-	-

As at 31 December 2020, standard and close monitoring factoring receivables and the close monitoring factoring receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan	-	-
Extended for 1 or 2 Times	-	152
Extended for 3,4 or 5 Times	-	14.784
Extended for More than 5 Times	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan	-	-
0-6 Months	-	-
6 Months - 12 Months	-	152
1 - 2 Years	-	-
2 -5 Years	-	14.784
5 Years and More	-	-

9. LEASE RECEIVABLES

A. Financial Lease Receivables

As at 31 December 2021, details of finance lease receivables are as follows:

	Short Term	Long Term	Total
Financial Lease Receivables	5.462.937	7.645.213	13.108.150
Unearned interest income (-)	(860.286)	(874.919)	(1.735.205)
Subtotal	4.602.651	6.770.294	11.372.945
Expected Credit Loss- Stage 1	(6.655)	(78.845)	(85.500)
Expected Credit Loss - Stage 2	(89.324)	(48.321)	(137.645)
Total Financial Lease Receivables	4.506.672	6.643.128	11.149.800
Non- Performing Lease Receivables	504.941	77.206	582.147
Specific provision- Stage 3	(294.166)	(44.978)	(339.144)
Net finance lease receivables	4.717.447	6.675.356	11.392.803

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

	Carried value			Expected credit loss and specific provision		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial Assets	471.502	-	-	(217)	-	-
Financial Lease Receivables	10.986.201	386.744	582.147	(85.500)	(137.645)	(339.144)

As at 31 December 2020, details of finance lease receivables are as follows:

	Short Term	Long Term	Total
Financial Lease Receivables	3.450.997	4.817.069	8.268.066
Unearned interest income (-)	(558.192)	(547.887)	(1.106.079)
Subtotal	2.892.805	4.269.182	7.161.987
Expected Credit Loss- Stage 1	(1.605)	(20.293)	(21.898)
Expected Credit Loss - Stage 2	(17.794)	(130.733)	(148.527)
Total Financial Lease Receivables	2.873.406	4.118.156	6.991.562
Non- Performing Lease Receivables	320.278	3.410	323.688
Specific provision- Stage 3	(161.561)	(1.720)	(163.281)
Net finance lease receivables	3.032.123	4.119.846	7.151.969

	Carried value			Expected credit loss		
	Stage 1	Stage 2	Stage 3	Stage 2	Stage 2	Stage 3
Financial Lease Receivables	382.325	-	-	(126)	-	-
Financial Assets	6.335.453	826.533	323.688	(21.898)	(148.527)	(163.281)

As at 31 December 2021, the rating of finance lease receivables are as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	159.429	-	-	159.429
A (Very good))	278.405	10.600	1	289.006
A- (Good)	618.095	326	75.813	694.234
B+ (Enough)	1.749.675	4.611	162.453	1.916.739
B (Reasonable)	2.137.989	212.911	139.230	2.490.130
B- (Close Monitoring)	2.039.438	36.749	116.465	2.192.652
C+ (Insufficient)	1.341.098	62.099	10.320	1.413.517
C (Suspicious)	1.636.902	48.902	43.650	1.729.454
Scoring				
Y (High)	282.476	3.417	5.351	291.244
O (medium)	606.368	4.395	19.375	630.138
D (Low)	136.326	2.734	9.489	148.549
Expected Loss Provisions	(85.499)	(137.645)	(339.145)	(562.289)
Leasing receivables	10.900.702	249.099	243.002	11.392.803

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2020, the rating of finance lease receivables are as follows:

Ratings	Stage 1	Stage 2	Stage 3	Total
Internal ratings				
A+ (Excellent)	25.645	-	-	25.645
A (Very good))	17.754	-	1	17.755
A- (Good)	336.896	9.895	17	346.808
B+ (Enough)	1.264.507	122.461	146.066	1.533.034
B (Reasonable)	1.447.092	212.377	10.321	1.669.790
B- (Close Monitoring)	1.388.437	65.774	107.503	1.561.714
C+ (Insufficient)	809.582	69.029	10.986	889.597
C (Suspicious)	604.119	331.963	17.763	953.845
Scoring				
Y (High)	89.476	2.333	3.824	95.633
O (medium)	294.852	10.695	18.095	323.642
D (Low)	57.093	2.006	9.113	68.212
Expected Loss Provisions and specific provision	(21.898)	(148.527)	(163.281)	(333.706)
Leasing receivables	6.313.555	678.006	160.408	7.151.969

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As at 31 December 2021, standard and close monitoring leasing receivables and the close monitoring leasing receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan		
Extended for 1 or 2 Times	305.882	305.882
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan		
0-6 Months	-	-
6 Months - 12 Months	305.882	305.882
1 - 2 Years	-	-
2 -5 Years	-	-
5 Years and More	-	-

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2020, standard and close monitoring leasing receivables and the close monitoring leasing receivable amendments made related to the extension of the payment plan as follows:

	Standard Receivables	Receivables Under Close Monitoring
Number of Amendments Related to the Extension of the Payment Plan	-	-
Extended for 1 or 2 Times	-	14.426
Extended for 3,4 or 5 Times	-	-
Extended for More than 5 Times	-	-
	Standard Receivables	Receivables Under Close Monitoring
The Time Extended via the Amendment on payment Plan	-	-
0-6 Months	-	-
6 Months - 12 Months	-	14.426
1 - 2 Years	-	-
2 -5 Years	-	-
5 Years and More	-	-

As at 31 December 2021, analysis of finance lease receivables according to their maturities is as follows:

	2021	2022	2023	2024	2025	2026 and after	Toplam
Finance lease receivables (gross)	5.405.589	3.778.218	2.334.211	1.089.441	378.003	142.546	13.128.008
Unearned interest	(860.285)	(518.944)	(222.311)	(81.499)	(26.600)	(25.566)	(1.735.205)
Finance lease receivables (net)	4.545.304	3.259.274	2.111.900	1.007.942	351.403	116.980	11.392.803

As at 31 December 2020, analysis of finance lease receivables according to their maturities is as follows:

	2021	2022	2023	2024	2025	2026 and after	Toplam
Finance lease receivables (gross)	3.437.568	2.255.037	1.449.577	737.954	271.933	105.979	8.258.048
Unearned interest	(558.192)	(302.353)	(162.362)	(53.825)	(14.647)	(14.700)	(1.106.079)
Finance lease receivables (net)	2.879.376	1.952.684	1.287.215	684.129	257.286	91.279	7.151.969

As at 31 December 2021, the average compound interest rates applicable for the finance lease receivables are 20,55% for TL, 6,48% for USD, 4,69% for EUR (31 December 2020: 16,94% for TL, 7,11% for USD, 4,88% for EUR and 3,92% for CHF).

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2021, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency	Principal (Net) (TL)	Unearned interest in foreign currency	Unearned interest (TL)
USD	109.944.569	1.426.806	13.178.558	171.025
EUR	447.438.994	6.569.433	38.491.583	565.145
TL	-	3.396.564	-	999.035
Total		11.392.803		1.735.205

As at 31 December 2020, details of finance lease receivables in terms of currency types are as follows:

Currency	Principal in foreign currency	Principal (*) (Net) (TL)	Unearned interest in foreign currency	Unearned interest (TL)
USD	120.619.728	885.409	17.861.740	131.114
EUR	416.586.571	3.752.570	40.303.216	363.047
CHF	468.464	3.881	9.139	76
TL	-	2.510.109	-	611.842
Total		7.151.969		1.106.079

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The collaterals obtained by the Group, except for the leased assets, for its all finance lease receivables, except for non-performing finance lease receivables are as follows (if the amount of collaterals exceeds the amount of receivables during the calculation of collaterals, only the corresponding portion of the receivable is included in the below table):

Collateral type:	31 December 2021	31 December 2020
Mortgages	457.661	370.340
Sureties of credit guarantee fund	138.927	115.521
Pledged equity	67.746	94.628
Letters of guarantee	18.762	7.925
Pledged shares	15.376	26.149
Pledged movable	1.252	6.102
Cash blockages	958	1.584
Account pledge	51	-
	700.733	622.249

In addition to collaterals above, the Group also has sureties amounting to TL 10.061.420 pledged vehicles amounting to TL 122.407, pledged accounts receivable to TL 387.007 (31 December 2020: sureties amounting to TL 6.187.761, pledged vehicles amounting to TL 31.460, pledged accounts receivable to TL 240.356).

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

As at 31 December 2021 and 31 December 2020 details of overdue finance lease receivables are as follows:

	31 December 2021	31 December 2020
Up to 30 days	98.583	70.963
Between 30 - 60 days	3.488	8.880
Between 60 - 90 days	2.619	5.749
Between 90 - 180 days ^(*)	345	15.047
Total overdue	105.035	100.639

^(*) With the regulation published in the Official Gazette dated 15 August 2018 and numbered 30510, debtors who have a credit relationship with financial leasing companies are allowed to fulfill their obligations. Firms that applied within the scope of Financial Restructuring Framework Agreements were followed in the 90-180 band and classified in the 2nd stage until the end of the process. The Group makes provisions by its risk policies.

Details of the collaterals obtained by Group for overdue lease receivables mentioned above are as follows:

Collateral type	31 December 2021	31 December 2020
Mortgages	89.005	107.251
Pledged equity	20.756	19.321
Letters of guarantee	2.787	908
Sureties of credit guarantee fund	1.731	6.783
Pledged movable	1.251	-
Commercial Enterprise Pledge	-	16.149
	115.530	150.412

In addition to above guarantees, the Group also has sureties amounting to TL 431.069, pledged vehicles amounting to TL 6.743, (31 December 2020: sureties amounting to TL 632.754, pledged vehicles amounting to TL 6.949).

In determining the recoverability of the finance lease receivables, the Group considers any change in the credit quality of receivables from the date that receivable was initially recognized to the reporting date. The Group does not have significant credit risk concentration. The sectoral distribution of the finance lease receivables are given in Note 38.

As at 31 December 2021 and 31 December 2020, the aging of non-performing finance lease receivables is as follows:

	31 December 2021	31 December 2020
Between 90 - 240 days	17.405	5.136
Between 240 - 360 days	2.811	8.294
Over 360 days	216.943	122.038
Uninvoiced non-performing finance lease receivables	375.346	191.064
Unearned interest of non-performing finance lease receivables	(30.448)	(2.884)
	582.147	323.688

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9. LEASE RECEIVABLES (Continued)

A. Financial Lease Receivables(Continued)

Collaterals obtained for non-performing finance lease receivables as at 31 December 2021 and 31 December 2020 are as follows:

Guarantee type:	30 December 2021	31 December 2020
Mortgages	4.956	5.832
Letter of Guarantee	2	2
	4.958	5.834

In addition to the above collaterals, the Group also has sureties amounting to TL 339.145, pledged vehicles amounting to TL 3.261 and leased equipments amounting to TL 234.783 (31 December 2020: sureties amounting to TL 163.280, pledged vehicles amounting to TL 1.597 and leased equipments amounting to TL 152.97).

Movement of expected loss provision for financial lease receivables is as follows:

Movement of expected credit losses:	1 January- 31 December 2021	1 January- 31 December 2020
Provision at the beginning of the period	(333.706)	(253.255)
Provision set during the period	(283.023)	(141.191)
Write-off (*)	-	41.651
Collections	54.440	19.089
Provision at the end of the period	(562.289)	(333.706)

(*) Consists of amount written-off in accordance with Article 4/A of the Regulation Amending the Regulation on Accounting Practices and Financial Statements of Financial Leasing, Factoring, Financing and Saving Finance Companies, which was published in the Official Gazette dated 27 November 2019 and numbered 30961 and began to enact as of 19/07/2019.

B. Operating Lease Receivables

As at 31 December 2021 and 31 December 2020 analysis of time lease receivables occurred from operating lease receivables according to their maturities is as follows :

	31 December 2021	31 December 2020
2021 Year	-	1.215
2022 Year	2.122	744
2023 Year	1.945	650
2024 Year	731	-
	4.798	2.609

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10. RELATED PARTIES

As at 31 December 2021 and 31 December 2020, details of related party receivables and payables are as follows:

	31 December 2021	31 December 2020
<u>Finance lease receivables from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş.	9.942	5.617
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	1.278	2.635
Toksöz Spor Malzemeleri Ticaret A.Ş.	-	188
KKB Kredi Kayıt Bürosu A.Ş.	-	100
Total	11.220	8.540
<u>Factoring receivables from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	4.017	4.068
Nevotek Bilişim Ses Ve İletişim Sist.San. Ve Tic. A.Ş.	4.192	1.461
Total	8.209	5.529
<u>Payables to related parties</u>		
Anadolu Anonim Türk Sigorta Şirketi (Sigorta Primi)	51.298	23.790
İş Merkezleri Yönetim ve İşletim A.Ş.	128	26
Türkiye İş Bankası A.Ş.	18	227
İş Net Elekt.Bilgi Ür.Dağ.Tic.ve İlet.Hiz.A.Ş.	13	102
KKB Kredi Kayıt Bürosu A.Ş.	5	4
Anadolu Hayat Emeklilik A.Ş.	-	1
Softtech Yazılım Teknolojileri	-	200
İş Faktoring A.Ş.	-	4
Total	51.462	24.354
<u>Deposits placed to related parties</u>		
Türkiye İş Bankası A.Ş. Vadeli Mevduat	180.937	332.070
Türkiye İş Bankası A.Ş. Vadesiz Mevduat	218.416	21.058
Türkiye Sınai Kalkınma Bankası A.Ş.Vadesiz Mevduat	374	85
İşbank AG Vadesiz Mevduat	51	143
Total	399.778	353.356
<u>Derivative financial assets held for trading from related parties</u>		
	31 December 2021	31 December 2020
Türkiye Sınai Kalkınma Bankası A.Ş.	-	348
Total	-	348
<u>Derivative financial liabilities held for trading from related parties</u>		
	31 December 2021	31 December 2020
Türkiye İş Bankası A.Ş.	84.615	-
Total	84.615	-
<u>Finance lease liability to related parties</u>		
Türkiye İş Bankası A.Ş.	220	137
İş Gayrimenkul Yatırım Ort.A.Ş.	6	5
Total	226	142

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10. RELATED PARTIES (Continued)

As at 31 December 2021 and 31 December 2020, details of borrowings from related parties are as follows:

Borrowings from related parties

Türkiye İş Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 December 2021
TL	19,19%-25,59%	14.01.2022-15.09.2022	2.705.751
EUR	2,53%-4,20%	03.01.2022-15.06.2022	910.981
Avro	1,71%-2,53%	03.01.2022-24.06.2022	1.930.635
			5.547.367
Currency	Interest Rate %	Maturity	31 December 2020
TL	8,84% - 19,75%	14.01.2021-06.09.2021	1.175.274
EUR	2,78% - 4,00%	05.01.2021-01.03.2021	632.804
Avro	1,75%-4,75%	04.01.2021-23.08.2021	1.509.689
			3.317.767

Türkiye Sınai Kalkınma Bankası A.Ş.

Currency	Interest Rate %	Maturity	31 December 2021
ABD Doları	2,86%-3,26%	29.06.2026-04.08.2023	366.292
EUR	1,96%-3,79%	30.06.2022-01.06.2026	623.970
			990.262
Currency	Interest Rate %	Maturity	31 December 2020
ABD Doları	1,99%-3,79	17.12.2021-01.06.2026	130.725
EUR	2,79%	29.06.2026	497.582
			628.307

İş Bank AG

Currency	Interest Rate %	Maturity	31 December 2021
TL	1,30%-2,77%	19.04.2022-26.08.2024	188.901
			188.901
Currency	Interest Rate %	Maturity	31 December 2020
TL	1,15% - 2,77%	26.02.2021-17.11.2023	159.843
			159.843

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10. RELATED PARTIES (Continued)

For the periods ended 31 December 2021 and 31 December 2020, finance income and expenses from related parties are as follows:

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
<u>Finance lease interest income from related parties</u>		
Radore Veri Merkezi Hizm.A.Ş.	1.693	950
Bayek Tedavi Sağlık Hizmetleri ve İşletmeciliği A.Ş.	338	738
Toksöz Spor Malzemeleri Ticaret A.Ş.	18	126
KKB Kredi Kayıt Bürosu A.Ş.	1	132
Total	2.050	1.946
<u>Operating Lease Income from related parties</u>		
Türkiye Sınai Kalkınma Bankası A.Ş.	1.319	841
TSKB Gayrimenkul Değerleme A.Ş.	182	144
TSKB Sürdürülebilirlik Danışmanlığı A.Ş.	-	4
Total	1.501	989
<u>Interest income from related parties</u>		
Türkiye İş Bankası A.Ş.	140	105
Total	140	105
<u>Dividend income from related parties</u>		
İş Yatırım Menkul Değerler A.Ş.	17.270	6.810
Yatırım Finansman Menkul Değerler A.Ş.	4	2
Total	17.274	6.812
<u>Finance expense</u>		
Türkiye İş Bankası A.Ş.	180.776	104.259
Türkiye Sınai Kalkınma Bankası A.Ş.	26.630	26.970
İş Yatırım Menkul Değerler A.Ş.	7.427	3.243
İşbank AG	3.405	760
Total	218.238	135.232
<u>Rent expense</u>		
Türkiye İş Bankası A.Ş.	3.389	3.018
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	47	41
Total	3.436	3.059

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10. RELATED PARTIES (Continued)

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
<u>Factoring commission income from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	95	100
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	31	14
Toksöz Spor Malzemeleri	-	10
Total	126	124
<u>Factoring interest income from related parties</u>		
Ortopro Tıbbi Aletler San ve Tic. A.Ş.	412	690
Nevotek Bil.Ses ve İlet. Sist. San.ve Tic. A.Ş	225	124
Toksöz Spor Malzemeleri	-	220
Anadolu Cam Sanayii A.Ş	-	80
Total	637	1.114
<u>Commission income</u>		
Anadolu Anonim Türk Sigorta Şirketi	9.468	4.219
Total	9.468	4.219
<u>Finance lease expence</u>		
Türkiye İş Bankası A.Ş.	220	137
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	6	5
Total	226	142
<u>Mutual funds income</u>		
Türkiye İş Bankası A.Ş.	464	298
Total	464	298

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10. RELATED PARTIES (Continued)

As at 31 December 2021 and 31 December 2020, nominal values of derivative transactions with Türkiye Sınai Kalkınma Bankası A.Ş. are as follows:

	31 December 2021		31 December 2020	
	Purchase	Sale	Purchase	Sale
Swap Transactions	-	-	7.912	7.341
Total	-	-	7.912	7.341

As at 31 December 2021 and 31 December 2020, the amount of the Group's issued debt securities in related parties' securities portfolio are as follows:

	31 December 2021	31 December 2020
Türkiye İş Bankası A.Ş.	427.760	5.687
Millî Reasürans T.A.Ş.	67.783	59.269
İş Yatırım Ortaklığı A.Ş.	9.616	-
Anadolu Hayat Emeklilik A.Ş.	-	105.100
Anadolu Anonim Türk Sigorta Şirketi	-	14.852
İş Yatırım Menkul Değerler A.Ş.	-	26
İş Gayrimenkul Yatırım Ortaklığı A.Ş.	-	260
	505.159	185.194

Total salaries and similar benefits paid to the (key management) ^(*)

For the periods ended 31 December 2021 and 31 December 2020, total salary and benefits paid to the key management during year comprised the following:

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Salaries and other short-term benefits ^(**)	12.334	10.559
	12.334	10.559

^(*) The Group's key management consists of members of the board of directors, general manager and assistant general managers.

^(**) Consists of monetary benefits such as; salaries, bonuses and premiums along with vehicle rentals and other associated expenses.

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11. TANGIBLE ASSETS

For the periods ended 31 December 2021 and 31 December 2020, movements in tangible assets are as follows.

	Furniture and Fixtures	Leasehold Improvements	Assets Subject to Operational Lease	Vehicles	Other Tangible Assets	Right of Use	Real Estate	Total
Cost								
Opening balance at 1 January 2021	9.500	4.407	3.180	1.282	1.456	7.521	8.750	36.096
Additions	6.651	1.015	1.702	-	-	3.259	-	12.627
Transfer	-	-	-	(1.099)	-	1.099	-	-
Disposals	(1.034)	-	(1.080)	-	-	(302)	-	(2.416)
Closing balance at 31 December 2021	15.117	5.422	3.802	183	1.456	11.577	8.750	46.307
Accumulated depreciation								
Opening balance at 1 January 2021	(5.745)	(4.001)	(1.105)	(415)	(1.456)	(4.868)	(380)	(17.970)
Depreciation for the period	(1.240)	(279)	(1.179)	(9)	-	(4.024)	(175)	(6.906)
Transfer	-	-	-	371	-	(371)	-	-
Disposals	464	-	1.080	-	-	302	-	1.846
Closing balance at 31 December 2021	(6.521)	(4.280)	(1.204)	(53)	(1.456)	(8.961)	(555)	(23.030)
Carrying amounts at 31 December 2021	8.596	1.142	2.598	130	-	2.616	8.195	23.277
Carrying amounts at 31 December 2021	3.755	406	2.075	867	-	2.653	8.370	18.126
Cost								
Opening balance at 1 January 2020	6.860	4.269	1.511	410	1.456	3.294	8.750	26.550
Additions	3.346	138	2.099	872	-	5.349	-	11.804
Disposals	(706)	-	(430)	-	-	(1.122)	-	(2.258)
Closing balance at 31 December 2020	9.500	4.407	3.180	1.282	1.456	7.521	8.750	36.096
Accumulated depreciation								
Opening balance at 1 January 2020	(5.040)	(3.855)	(804)	(52)	(1.456)	(2.721)	(205)	(14.133)
Depreciation for the period	(895)	(146)	(731)	(363)	-	(3.259)	(175)	(5.569)
Disposals	190	-	430	-	-	1.112	-	1.732
Closing balance at 31 December 2020	(5.745)	(4.001)	(1.105)	(415)	(1.456)	(4.868)	(380)	(17.970)
Carrying amounts at 31 December 2020	3.755	406	2.075	867	-	2.653	8.370	18.126
Carrying amounts at 31 December 2020	1.820	414	707	358	-	573	8.545	12.417

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12. INTANGIBLE ASSETS

For the periods ended 31 December 2021 and 31 December 2020, movements in intangible assets except goodwill are as follows:

	31 December 2021	31 December 2020
<u>Cost</u>		
Opening balance at 1 January	12.302	9.901
Additions	4.445	2.401
Disposals	-	-
Closing balance at the end of the period	16.747	12.302
<u>Amortization</u>		
Opening balance at 1 January	(7.750)	(6.102)
Amortization for the period	(2.131)	(1.648)
Disposals	-	-
Closing balance at the end of the period	(9.881)	(7.750)
Carrying amounts^(*)	6.866	4.552

(*) The Group's intangible assets consist of computer software.

Goodwill

The Company has purchased nominal shares of İş Faktoring A.Ş. amounting to TL 12.517 in consideration of USD 10.952.375 on 11 August 2004. The ownership rate of the Company in this subsidiary is 78,23%. Goodwill has arisen amounting to TL 166 on purchased equity of TL 16.603. As at 31 December 2021, net amount of goodwill is TL 166 (31 December 2020: TL 166). Based on TFRS 3, for the annual periods beginning on 1 January 2005, after the reporting period ended on 30 June 2004 the Group has ceased amortization of goodwill arising from the acquisitions before 31 December 2004.

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13. DEFERRED TAX ASSETS AND LIABILITIES

As at 31 December 2021 and 31 December 2020 details of deferred tax assets and deferred tax liabilities based on the temporary differences calculated by the prevailing tax rate are as follows:

Temporary time differences subject to deferred tax	31 December 2021	31 December 2020
Expected Credit Losses for Doubtful Receivables	346.202	264.076
Financial assets valuation difference	84.615	(183)
Unearned factoring income	82.250	47.068
Provision for lawsuit	10.966	8.816
Reserve for employee benefits	8.340	6.633
Employee bonus accrual	3.028	5.533
Unused vacation provision	2.799	2.051
Prepaid expenses	2.252	1.039
Expected credit losses of financial assets	343	182
Expense accruals	103	344
IFRS-16 Adjustment	38	-
Measurement difference of monetary items in the foreign currency according to TAS	(703)	-
Tax base differences in tangible and intangible assets	(6.488)	(3.860)
Finance lease adjustment	(37.383)	(7.254)
Finance lease income accruals	(109.039)	(81.057)
	387.323	243.388
Deferred tax assets/(liabilities)	31 December 2021	31 December 2020
Expected Credit Loss for Doubtful Receivables	79.627	52.815
Unearned factoring income	18.917	9.414
Provision for lawsuit	2.522	1.763
Reserve for employee benefits	1.918	1.327
Valuation differences on financial instruments	19.461	(37)
Expense accruals	518	208
Employee bonus accrual	696	1.107
Unused vacation provision	644	410
Prepaid expenses	24	68
Provision for expected loss	79	36
IFRS-16 Adjustment	9	-
Measurement difference of monetary items in the foreign currency according to TAS	(176)	-
Tax base differences in tangible and intangible assets	(1.492)	(772)
Finance lease adjustment	(8.598)	(1.451)
Finance lease income accruals	(25.079)	(16.211)
Deferred tax asset	89.070	48.677

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13. DEFERRED TAX ASSETS AND LIABILITIES (Continued)

The Corporate Tax rate will be applied as 25% for corporate income for the taxation period of 2021 and as 23% for corporate income for the taxation period of 2022 with the the corporate tax law No. 5520, Article 13 published in the Official Gazette numbered 31462, dated 22 April 2021. This amendment will be effective as of July 1, 2021 for the taxation of corporate earnings for periods beginning on January 1, 2021. In the financial statements dated December 31, 2021, the tax rate for the period was 25%, and in deferred tax calculations 23% was used as the tax rate due to the fact that the tax rate change will take effect as of April 22, 2021.

Movements in deferred tax assets are as follows:

	31 December 2021	31 December 2020
Opening balance at 1 January	48.677	33.071
Deferred tax income/(expense)	40.416	15.683
Classified in Equity	(23)	(77)
Closing balance at at 31 December	89.070	48.677

14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

As at 31 December 2021 and 31 December 2020, details of assets held for sale and discontinued operations are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Assets held for sale ^(*)	838	-	2.058	-
	838	-	2.058	-

(*) Consist of properties which is included in Group asset acquired as a result of the legal proceedings in relation to its non-performing receivables.

15. OTHER ASSETS

As at 31 December 2021 and 31 December 2020, details of other assets are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Leasing Contracts in Progress	188.235	366.273	108.493	36.605
Advances Given for Lease Transactions	19.795	682.632	22.715	187.996
Other Finance Lease Receivables	20.041	11.418	14.477	5.957
Commissions expense on debt securities issued and funds borrowed	14.682	-	11.029	-
Amounts to be invoiced	3.286	60	2.545	37
Advanced given	25	-	40	-
Deposits given	30	-	30	-
Others	13.297	2.843	10.125	651
	259.391	1.063.226	169.454	231.246

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16. FUNDS BORROWED

As at 31 December 2021 and 31 December 2020, details of funds borrowed are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Short-term borrowings	5.572.802	5.895.656	3.594.768	3.699.037
Short-term portion of long-term borrowings	4.116	565.830	14.740	302.445
Total short-term borrowings	5.576.918	6.461.486	3.609.508	4.001.482
Long-term borrowings	2.058	3.328.838	7.371	1.789.147
Total long-term borrowings	2.058	3.328.838	7.371	1.789.147
Total borrowings	5.578.976	9.790.324	3.616.879	5.790.629

As at 31 December 2021 and 31 December 2020, borrowings has no collateral.

As at 31 December 2021 and 31 December 2020, details of short term borrowings based on types of currency are as follows:

Currency (*)	Interest rate %	Original Currency Amount	30 December 2021
TL	14,50%-26,00%	5.475.497.000	5.475.497
USD	1,65%-4,20%	120.465.074	1.584.264
Euro	0,70%-3,79%	287.943.537	4.246.512
GBP	1,26%-1,74%	2.117.415	38.043
Interest accruals			124.142
TOTAL			11.468.458
Currency (*)	Interest rate %	Original Currency Amount	31 December 2020
TL	7,14%-26,53%	3.537.420.000	3.537.420
USD	0,75%-4,00%	124.924.113	917.005
Euro	0,40%-4,84%	301.429.345	2.715.246
GBP	1,21%-2,03	4.618.457	45.925
Interest accruals			78.209
TOTAL			7.293.805

(*) Foreign currency indexed borrowings have been presented in TL column in the accompanying consolidated statement of financial position.

As at 31 December 2021 and 31 December 2020, details of long-term borrowings and short-term portion of long-term borrowings based on types of currency are as follows:

Currency	Interest rate %	Original Currency Amount	31 December 2021
TL	17,11%	6.173.568	6.174
USD	1,65% - 3,26%	66.217.696	864.613
Euro	0,80% - 4,24%	206.374.666	3.030.055
TOTAL			3.900.842
Currency	Interest rate %	Original Currency Amount	31 December 2020
USD	1,75% - 2,79%	27.827.059	204.265
Euro	0,80% - 4,24%	211.973.740	1.909.438
TOTAL			2.113.703

As at 31 December 2021 and 31 December 2020, compounded interest rates have been presented.

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16. FUNDS BORROWED (Continued)

As 31 December 2021 and 31 December 2020, details of borrowings based on types of interest rate are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Fixed rate	5.411.876	6.814.921	3.494.113	4.040.343
Variable rate	167.100	2.975.403	122.766	1.750.286
	5.578.976	9.790.324	3.616.879	5.790.629

Fair values of the funds borrowed are presented in Note 38.

As at 31 December 2021 the Group has available credit limit of TL 16.746.913 which has fulfilled all necessary conditions but has not been used. (31 December 2020: TL 14.939.105).

17. OTHER LIABILITIES

As at 31 December 2021 and 31 December 2020, details of miscellaneous payables are as follows:

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Payables to suppliers for lease transactions	16.387	665.294	10.137	252.110
Advances received ^(**)	90.075	165.015	67.340	61.097
Banking and Insurance Transaction Tax	6.188	-	4.723	-
Social Security Premium Liability	1.087	-	916	-
Income Tax Liability	954	-	827	-
Deferred Income	247	-	434	-
Other Tax and Liabilities	123	-	77	-
Value Added Tax	56	-	47	-
Other ^(*)	21.485	42.257	19.918	19.916
	136.602	872.566	104.419	333.123

^(*) The Group insures the equipments that are subject to the leasing transactions and pays for the relevant costs in instalments. Other payables consist of the Group's insurance premium payables and payables to suppliers resulting from intercorporate daily operations of the Group. The Group purchases generally in cash from the suppliers. The Group has a financial risk management policy that enables the Group to pay all its payables at their maturities.

^(**) Advances received consist of advances received from lessees in accordance with the leasing agreements for machinery and equipments that are not readily in use of the customers.

18. LEASE PAYABLES

	31 December 2021	31 December 2020
Lease Payables	2.907	3.634
	2.907	3.634

As of 31 December 2021 and 31 December 2020, the group's forward-looking debt arising from leasing transactions is as follows:

	31 December 2021	31 December 2020
2021	-	1.631
2022	1.333	1.465
2023	1.272	538
2024	302	-
	2.907	3.634

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19. DEBT SECURITIES ISSUED

	31 December 2021		31 December 2020	
	TL	FC	TL	FC
Bills bonds	1.616.922	-	1.119.597	-
Interest accruals	41.229	-	26.499	-
	1.658.151	-	1.146.096	-

As of 31 December 2021, The characteristics of financing bills issued by the group are as follows:

ISIN CODE	Maturity Starting Date	Nominal Value of Capital Market Instrument Sold	Maturity Date	Sale Type	Coupon Period
TRFISFN22213	19.08.2021	45.788.500	15.02.2022	Qualified Investor	Payment at maturity
TRFISFN12214	24.09.2021	188.058.000	24.01.2022	Qualified Investor	Payment at maturity
TRFISFN22221	26.10.2021	129.671.648	23.02.2022	Qualified Investor	Payment at maturity
TRFISFN22239	26.11.2021	168.159.250	24.02.2022	Qualified Investor	Payment at maturity
TRFISFN42211	07.12.2021	47.412.500	06.04.2022	Qualified Investor	Payment at maturity
TRFISFN22247	09.12.2021	340.595.500	07.02.2022	Qualified Investor	Payment at maturity
TRFISFN32212	24.12.2021	144.483.000	01.03.2022	Qualified Investor	Payment at maturity

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20. PROVISIONS

As at 31 December 2021 and 31 December 2020, reserve for employee benefits are as follows:

	31 December 2021	31 December 2020
Reserve for employee severance indemnity	8.340	6.633
Vacation pay provision	2.799	2.051
Provision for employee bonus	6.428	5.533
	17.567	14.217

Under the Turkish Labor Law, the companies are required to pay termination benefits to each employee who has qualified for such amount at the end of its employment contract. Also, employees who are entitled to retirement are required to be paid retirement pay in accordance with the requirements of Act no. 2422 dated 6 March 1981, Act no. 4447 dated 25 August 1999 and the amended Article 60 of the existing Social Insurance Code no. 506. Some transitional provisions related to the pre-retirement service term were excluded from the scope of the Law since the related law was amended on 23 May 2002.

IAS 19 - "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. As at 31 December 2021 and 31 December 2020, the following actuarial assumptions are used in the calculation of the total liability:

	31 December 2021	31 December 2020
Discount rate	3,50%	4,07%
Inflation	15,07%	8,00%
Estimated probability of retirement	100%	100%

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20. PROVISIONS (Continued)

For the periods ended 31 December 2021 and 31 December 2020, movements in reserve for employee severance indemnity are as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	6.633	5.449
Interest cost	1.267	675
Service cost	1.478	1.176
Actuarial difference	(99)	(402)
Reversed severance indemnity provision	33	328
Amounts paid to employee severance indemnity	(972)	(593)
Balance at the end of the year	8.340	6.633

The movement of the vacation pay liability for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	2.051	1.447
Increase during the period	748	604
Balance at the end of the year	2.799	2.051

The movement of the provision for employee bonus for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	5.533	4.538
Increase during the period	7.510	5.533
Reversals	-	(1.842)
Payment made during the period	(6.615)	(2.696)
Balance at the end of the year	6.428	5.533

As at 31 December 2021 and 31 December 2020, other provisions are as follows:

	31 December 2021	31 December 2020
Provision for lawsuits	10.966	8.816
Provision for general administrative expenses	343	182
Expected Credit Loss for Financial Assets	103	344
	11.412	9.342

Movements in other provisions for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	General provision for financial lease receivables	Provision for lawsuits	Provision for administrative expenses	Expected Credit Loss for Financial Assets
31 December 2021				
At the beginning of the year	-	8.816	344	182
Period Expense	-	4.109	1.733	343
Payments	-	-	(1.679)	-
Cancellations	-	(1.959)	(295)	(182)
At the end of the period	-	10.966	103	343
31 December 2020				
At the beginning of the year	-	6.874	171	69
Period Expense	-	1.942	1.421	182
Payments	-	-	(1.241)	-
Cancellations	-	-	(7)	(69)
At the end of the period	-	8.816	344	182

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21. CURRENT PERIOD TAX ASSET AND PAYABLE

The current years tax asset as at 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Refundable VAT	11.704	3.322
Income taxes withheld	686	279
Total	12.390	3.601

As at 31 December 2021 and 31 December 2020, details of current year tax liability are as follows:

	31 December 2021	31 December 2020
Current period corporate tax provision (Note:35)	186.473	78.858
Payments During the Term	(103.432)	(59.307)
Taxes paid for the current period	1.311	(891)
Corporate tax payable	84.352	18.660

For the periods ended 31 December 2021 and 31 December 2020, movements of corporate tax payable are as follows:

	31 December 2021	31 December 2020
Corporate Tax Payable at the Beginning of the Term	18.660	20.637
Current Period Expense	186.473	78.858
Tax Payable	1.311	-
Prior Period Corporate Tax Provision	-	(891)
Payments During the Term	(122.092)	(79.944)
Corporate tax payable	84.352	18.660

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22. NON-CONTROLLING INTERESTS

The Company owns 78,23% of İş Faktoring A.Ş. As at 31 December 2021, the non-controlling interests amounting to 140.425 (31 December 2020: TL 103.839) have been calculated on the total equity of the subsidiary and the non-controlling interests amounting to TL 28.598 (31 December 2020: TL 12.035) have been calculated on the net profit of the subsidiary.

The movements of non-controlling interests for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Balance at the beginning of the year	103.839	65.484
From the Profit/Loss of the year	28.598	12.035
Affiliate Sales Adjustment	(410)	-
Fair value changes of marketable securities	8.398	26.320
Balance at the end of the year	140.425	103.839

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23. PAID-IN CAPITAL AND CAPITAL RESERVES

As at 31 December 2021 nominal capital of the Company is 695.303 TL, the share capital of the Company consists 69.530.264.500 of shares Kurus 1 price.

As at 31 December 2021 and 31 December 2020, shareholders and their ownership percentages are as follows:

Shareholders	(%)	31 December 2021	(%)	31 December 2020
Türkiye Sınai Kalkınma Bankası A.Ş.	29,46	204.850	29,46	204.850
Türkiye İş Bankası A.Ş.	27,79	193.253	27,79	193.253
Trakya Yatırım Holding A.Ş.	0,93	6.483	0,93	6.483
Türkiye Şişe ve Cam Fab. A.Ş.	0,00	-	0,05	306
Publicly traded	41,82	290.717	41,77	290.411
TOTAL	100	695.303	100	695.303

Group A shareholders have the privilege of nominating board of directors members and audit committee members. As a result of this privilege, board of directors members and audit committee members are selected among the candidates nominated by Group A shareholders. Allocation of Group A shares among shareholders is as follows;

Shareholders	31 December 2021	31 December 2020
Türkiye İş Bankası A.Ş.	300.000.000	300.000.000
Türkiye Sınai Kalkınma Bankası A.Ş.	255.000.000	255.000.000
Trakya Yatırım Holding A.Ş.	45.000.000	45.000.000
Total	600.000.000	600.000.000

Any change in the articles of association of the Company is subject to the consent of Group A shareholders.

Capital Reserves

	31 December 2021	31 December 2020
Other Capital Reserves ^(*)	1.763	1.938
Accumulated Other Comprehensive Income/Expenditure Not Reclassified in Profit/Loss		
<i>Accumulated Other Comprehensive Income/Expenditure Reclassified in Profit/Loss</i>	(187)	(263)
Other Comprehensive Income or Expenses to be Reclassified in Profit or Loss ^(**)	339.948	263.459
Total	339.761	263.196

^(*) Comprised of bonus shares obtained from associates, subsidiaries and jointly controlled entities

^(**) Other Comprehensive Income or Expenses to be reclassified in profit or Loss consists of the valuation differences arisen from the fair value of the financial assets.

24. PROFIT RESERVES

As at 31 December 2021 and 31 December 2020, details of profit reserves are as follows:

	31 December 2021	31 December 2020
Legal reserves	65.098	56.130
Extraordinary reserves	587.030	417.970
Total	652.128	474.100

^(*) As per the BRSA, income associated with deferred tax assets shall not be considered as cash or internally generated source and accordingly such amounts taking part of net period profit shall not be included in profit distribution and capital increase. The Group has deferred tax amounting to TL 38.309 classified in extraordinary tax income reserves which will not be considered in profit distribution and capital increase as at 31 December 2021 (31 December 2020: TL 22.626).

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24. PROFIT RESERVES (Continued)

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. Legal reserves, if less than 50% of the paid-in capital, can only be used to net-off the losses. TL 8.968 calculated on legal profit has been transferred to legal reserves by a decision of the Company's Board of Directors.

25. PRIOR YEARS' PROFIT/LOSS

The group has no profit and loss as of December 31, 2021 (31 December 2020: 18.264).

26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2021, TL 1.399.925 of letters of guarantee are given to customs, authorities and banks (31 December 2020: TL 976.900).

As at 31 December 2021, the total risk of litigations filed and currently pending against the Group amounting to approximately TL 18.519 (31 December 2020: TL 15.246). The Group has provided a provision amounting to TL 10.966 for litigations (31 December 2020: TL 8.816) in the accompanying consolidated financial statements (Note 20). The Group management does not anticipate any further provision for the remaining litigations.

As at 31 December 2021, the Group has letter of credit commitments of USD 23.776.373, 36.714.7230, EUR 904.999 CHF (509.210 TL) (31 December 2020: USD 7.337.324, EUR 18.528.743 (TL 220.765)).

As at 31 December 2021 has no factoring commitment. (31 December 2020: None)

As at 31 December 2021, the Group has lease commitments of USD 17.902.095, EUR 133.486.312 and full TL 596.434.956 (TL 2.788.645) (31 December 2020 USD 31.604.511, EUR 41.317.302 and full TL 297.756.781 (TL 901.932)).

As at the reporting date, the Group does not have any guarantees, pledges or mortgages given for the purpose of guaranteeing any third party payables.

As at 31 December 2021 details of derivatives are as follows:

	31 December 2021	
	Amount as Original Currency	TL
Currency Swap Purchases:		
TL	227.458.559	227.459
		227.459
Currency Swap Sales:		
USD	10.343.589	134.234
EUR	10.263.304	150.689
		284.923

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26. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

As at 31 December 2020 details of derivatives transactions are as follows:

	31 December 2020	
	Amount as Original Currency	TL
Currency Swap Purchases:		
EUR	396.912	3.575
TL	182.765.000	182.765
		186.340
Currency Swap Sales:		
USD	18.000.000	132.129
EUR	5.000.000	45.040
CHF	430.650	3.568
		180.737

Group's derivative transactions performed with related parties are presented in Note 10.

As of 31 December 2021, there is an unrealized loss amounting to TL 84.615 (Note 6) consisting of changes in the fair value of derivative contracts and associated with profit and loss (31 December 2020: TL 6.098 unrealized gain and TL 5.915 unrealized loss).

As at 31 December 2021 analysis of derivative transactions according to their maturities is as follows:

	Short Term	Long Term	Total
Currency Swap Purchases	227.459	-	227.459
Currency Swap Sales	284.923	-	284.923

As at 31 December 2020, analysis of derivative transactions according to their maturities is as follows:

	Short Term	Long Term	Total
Currency Swap Purchases	186.340	-	186.340
Currency Swap Sales	180.737	-	180.737

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27. SEGMENT REPORTING

Information regarding the Group's operating business segments is based on the Group's management and internal reporting structure.

Segment capital expenditure is the total cost incurred during the period to acquire tangible assets and intangible assets.

Business segments

The Group comprises the following main business segments:

- Leasing Includes the Group's finance lease activities
- Factoring operations Includes the Group's factoring activities

31 December 2021	Leasing	Factoring	Consolidation Adjustments	Consolidated
Total assets	13.480.875	6.949.806	(53.766)	20.376.915
Total liabilities	11.932.152	6.305.320	-	18.237.472
Net profit for the year	207.289	131.372	(28.598)	310.063
31 December 2020	Leasing	Factoring	Consolidation Adjustments	Consolidated
Total assets	8.169.136	4.645.242	(53.766)	12.760.612
Total liabilities	6.874.241	4.168.673	-	11.042.914
Net profit for the year	154.330	55.291	(12.035)	197.586

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27. SEGMENT REPORTING (Continued)

31 December 2021	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	879.601	649.043	-	1.528.645
Financial Expenses (-)	(523.158)	(482.017)	-	(1.005.175)
Gross Profit/Loss	356.443	167.026	-	523.469
Operating Expense (-)	(64.393)	(41.570)	-	(105.963)
Gross Operating Profit/Loss	292.050	125.456	-	417.506
Other Operating Income	420.511	88.217	-	508.728
Provisions (-)	(283.023)	(39.834)	-	(322.857)
Other operating Expenses (-)	(112.379)	(6.280)	-	(118.659)
Net Operating Profit/Loss	317.159	167.559	-	484.718
Profit or Loss from Continuing Operations before tax	317.159	167.559	-	484.718
Provision for Taxes from Continuing Operations (±)	(109.870)	(36.187)	-	(146.057)
Net Profit or Loss from Continuing Operations	207.289	131.372	-	338.661
Non-controlling Interests	-	-	(28.598)	(28.598)
Net Profit or Loss for the Period	207.289	131.372	(28.598)	310.063
Fixed Asset Additions	9.652	7.420	-	17.072
Depreciation and Amortisation	(4.933)	(4.104)	-	(9.037)
31 December 2020	Leasing	Factoring	Consolidation Adjustments	Total
Operating Income	536.033	348.305	-	884.338
Financial Expenses (-)	(253.550)	(251.741)	-	(505.291)
Gross Profit/Loss	282.483	96.564	-	379.047
Operating Expense (-)	(52.816)	(37.481)	-	(90.297)
Gross Operating Profit/Loss	229.667	59.083	-	288.750
Other Operating Income	182.231	76.936	-	259.167
Provisions (-)	(141.135)	(55.741)	-	(196.876)
Other operating Expenses (-)	(69.609)	(8.636)	-	(78.245)
Net Operating Profit/Loss	201.154	71.642	-	272.796
Profit or Loss from Continuing Operations	201.154	71.642	-	272.796
Provision for Taxes from Continuing Operations (±)	(46.824)	(16.351)	-	(63.175)
Net Profit or Loss from Continuing Operations	154.330	55.291	-	209.621
Non-controlling Interests	-	-	(12.035)	(12.035)
Net Profit or Loss for the Period	154.330	55.291	(12.035)	197.586
Fixed Asset Additions	10.239	3.966	-	14.205
Depreciation and Amortisation	(3.846)	(3.371)	-	(7.217)

28. EVENTS AFTER THE REPORTING PERIOD

İş Finansal Kiralama A.Ş. The financing bond with a nominal amount of 130.000.000 TL issued by the Capital Markets Board has been registered by the Capital Markets Board with the decision number 15/500 dated 25.03.2021, and the issuance of the bond was realized as a private placement on 12.01.2021 and the maturity is 08.04.2022

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29. OPERATING INCOME

For the periods ended 31 December 2021 and 31 December 2020, details of operating income are as follows:

	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Finance Lease income	878.101	535.043
Operating lease income	1.500	989
Factoring income	649.043	348.306
	1.528.644	884.338

30. OPERATING EXPENSES

For the periods ended 31 December 2021 and 31 December 2020, operating expenses are as follows:

	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Personnel expenses	(66.999)	(58.738)
Depreciation and amortization expenses	(9.037)	(7.217)
Office rent expenses	(5.253)	(4.718)
Information technology expenses	(5.112)	(4.236)
Board of Directors attendance fee	(3.157)	(2.867)
Provision for employee severance	(2.789)	(2.180)
BRSA participation fee	(2.287)	(1.730)
Taxes, duties and charges	(2.244)	(1.979)
Consultancy expenses	(974)	(964)
Advertising Ad Expenses	(939)	(558)
Travel and car expenses	(838)	(820)
Write-off expense	(710)	(51)
Communication expense	(476)	(431)
Insurance expense	(301)	(197)
Capital increase expense	(180)	(81)
Expenses of Keeping on the Rank	(161)	(17)
Other general administrative expenses	(4.506)	(3.513)
	(105.963)	(90.297)

31. OTHER OPERATING INCOME

For the periods ended 31 December 2021 and 31 December 2020, details of other operating income are as follows:

	01.01.2021 -31.12.2021	01.01.2020 -31.12.2020
Income from derivative financial transactions	300.883	116.418
Foreign exchange gains	81.015	58.674
Collections from prior period non-performing receivables and cancellation income	17.274	6.812
Dividend income	13.942	46.453
Interest income	9.468	4.219
Commission income	3.984	1.696
Other	82.162	24.895
	508.728	259.167

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32. FINANCE EXPENSES

For the periods ended 31 December 2021 and 31 December 2020, details of finance expenses are as follows:

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Interest expense on funds borrowed	(717.409)	(411.117)
Interest expense on debt securities issued	(251.125)	(76.416)
Fees and commissions expense	(35.949)	(17.235)
Interest expense related to rents	(692)	(523)
	(1.005.175)	(505.291)

33. PROVISIONS

For the periods ended 31 December 2021 and 31 December 2020, details of provision for non-performing receivables are as follows:

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Specific Provisions	(322.857)	(196.876)
	(322.857)	(196.876)

34. OTHER OPERATING EXPENSES

For the periods ended 31 December 2021 and 31 December 2020, details of other operating expenses are as follows:

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Losses From Derivative Financial Instruments	(106.288)	(61.674)
Foreign Exchange Losses	-	(7.881)
Other	(12.371)	(8.690)
	(118.659)	(78.245)

Derivative financial instruments with a view to direct the Group's financial risks (forward and currency swap contracts) consist of combination of more than one sub-transaction as time or spot. Entire such transactions are not trading and are preferred due to economic worth occurred at the maturity. Although, entire such transactions do not cover all conditions for hedge accounting, buy-sell spot transactions at the transaction date are recorded at initial amounts, buy-sell transactions that held to maturity date are recorded in fair values. Measurement differences of such sub-transactions which are integrated and fixed by the initial date economic worth at the maturity date on initial measurement of buy-sell transactions and measurement at the maturity date of buy-sell transactions cause the differences on income/expense components in the inperiods.

The difference as foreign currency expenses difference between loss is at amounting TL 10.976 from measurement difference of such transactions in the Group's financial statements as at 31 December 2021 (31 December 2020: TL 2.560 foreign exchange loss). The difference is expected to be substantially expired at the maturity of transactions.

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35. TAXATION

For the periods ended 31 December 2021 and 31 December 2020, details of tax expense are as follows:

	01.01.2021- 31.12.2021	01.01.2020- 31.12.2020
Current corporate tax charge	(186.473)	(78.858)
Current corporate tax charge	40.416	15.683
	(146.057)	(63.175)

The reported tax expenses for the period is different than the amounts computed by applying the statutory tax rate of the Company to profit before income tax of the Group, as shown in the following reconciliation:

	%	31 December 2021	%	31 December 2020
Net profit for the period		338.661		209.621
Total tax expense		146.057		63.175
Profit before tax		484.718		272.796
Income tax using the Group's tax rate	25,00	121.180	22,00	60.015
Non-deductible expenses	10,35	50.145	0,98	2.667
Tax exempt income	(0,89)	(4.318)	(0,55)	(1.499)
other	(4,32)	(20.950)	0,73	1.992
Total income tax expense	30,14	146.057	23,16	63.175

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Corporate Tax

The Group is subject to the Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

Turkish tax legislation does not allow a parent company to file a tax return on its consolidated financial statements. Therefore, the tax liabilities reflected in this consolidated financial statements are calculated separately for all companies included in the scope of consolidation.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The Corporate Tax rate will be applied as 25% for corporate income for the taxation period of 2021 and as 23% for corporate income for the taxation period of 2022 with the the corporate tax law No. 5520, Article 13 published in the Official Gazette numbered 31462, dated 22 April 2021. This amendment will be effective as of July 1, 2021 for the taxation of corporate earnings for periods beginning on January 1, 2021. In the financial statements dated December 31, 2021, the tax rate for the period was 25%, and in deferred tax calculations 23% was used as the tax rate due to the fact that the tax rate change will take effect as of April 22, 2021.

Temporary tax in Turkey is calculated and accrued on a quarterly basis. the temporary tax rate, which should be calculated on corporate earnings at the stage of taxation of corporate earnings for 2021 as of the interim tax periods, is 20% for 31.03.2021 and 25% for 30.06.2021, 30.09.2021 and 31.12.2021(December 31, 2020: 22%). According to the Turkish tax legislation, the financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However, the losses incurred cannot be retrospectively deducted from the profits incurred in previous years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1 April and 30 April of the following year (between 1st and 30th of the following fourth month of the tax year for the tax responsible who have special tax years). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

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35. TAXATION (Continued)

Transfer Pricing

In Turkey, the transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

Purchase, sale, manufacturing and construction operations, leasing and leasing transactions, borrowing and issuing money, bonuses, fees and similar transactions that require payments are considered as purchase or sale of goods or services in every condition. Companies are required to fill in the transfer pricing form which will be included in the annex of the annual corporate tax return. In this form, the amounts of all transactions with related companies and the methods of transfer pricing related to these transactions are specified in the related accounting period.

36. EARNINGS PER SHARE

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

Earnings per share is calculated by dividing net income distributable to shareholders by the weighted average number of shares issued.

The weighted average number of shares of the Group and earnings per share for the periods ended 31 December 2021 and 31 December 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Weighted average number of outstanding shares ^(*)	69.530.264.500	69.530.264.500
Net profit for the year (TL)	310.063	197.586
Basic earnings per share (full TL)	0,45	0,28

^(*) As at 31 December 2021, the share capital of the Company consists 69.530.264.500 of shares having Kurus 1 nominal price.

	31 December 2021	31 December 2020
Number of shares at beginning of the year	69.530.264.500	69.530.264.500
Capital increase	-	-
Number of shares at end of the year	69.530.264.500	69.530.264.500

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37. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR UNDERSTANDING OF THE FINANCIAL STATEMENTS

None.

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital by sustaining its status as a going concern while maximizing the return to stakeholders through the optimization of the debt and the equity balance.

Although there is no change in the capital risk management strategy in 2021, the debt/equity ratio is 15% (31 December 2020: 16%). As at 31 December 2021 and 31 December 2020, the leverage ratios are as follows:

	31 December 2021	31 December 2020
Funds borrowed	15.369.300	9.407.508
Debt securities issued	1.658.151	1.146.096
Other liabilities	1.009.168	437.542
Total liabilities	18.036.619	10.991.146
Cash and Cash Equivalents (-)	(471.502)	(382.325)
Net liabilities	17.565.117	10.608.821
Total shareholders' equity	2.139.443	1.717.698
Shareholders' equity/liabilities	12%	16%

According to the credit rating reports of Fitch issued at 10.12.2021 credit ratings of the Company are as follows:

Foreign Currency

Long term	B+
Short term	B
Outlook	Negative

TL

Long term	B+
Short term	B
Outlook	Negative

National

Long term	A+(tur)
Outlook	Stable
Support	4

(b) Significant accounting policies

The Group's accounting policies on financial instruments are disclosed in Note 3 "Significant accounting policies".

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(c) Categories of financial instruments

Financial Assets:	31 December 2021	31 December 2020
Cash and Cash Equivalents	471.502	382.325
Financial Assets at Fair Value Through Profit or Loss	-	3.186
Derivative Financial Assets	-	6.098
Finance lease receivables and non-performing receivables, net	11.392.803	7.151.969
Leasing Contracts in Progress	554.508	145.098
Advances Given for Lease Transactions	702.427	210.711
Other Finance Lease Receivables	31.459	20.434
Factoring receivables and non-performing factoring receivables, Net	6.652.524	4.419.857
Financial Assets at Fair Value Through Other Comprehensive Income	404.862	319.297
Financial Liabilities:		
Derivative financial liabilities at fair value	(84.615)	(5.915)
Finance Lease Obligations	(2.907)	(3.634)
Other liabilities	(1.009.168)	(437.542)
Funds borrowed	(15.369.300)	(9.407.508)
Debt securities issued	(1.658.151)	(1.146.096)

(*) Included in other receivables.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(d) Financial risk management objectives

The Group's corporate treasury function provides services to the business, coordinates access to domestic and international markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risk. Such risks include market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk.

The Group uses derivative instruments to minimize the effects of such risks and it also uses such instruments for hedging. The Group does not enter into or trade any financial instruments (including derivative financial instruments) for speculative purposes.

In order to minimize potential risks, the Group reports monthly to the risk management committee which is in charge of monitoring risks and the policies applied.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates (refer to section f), interest rates (refer to section g) and equity prices will affect the Group's income or the value of its holdings of financial instruments. To manage risks relating to exchange rates and interest rates, the Group uses various derivative financial instruments including the following:

- "Forward foreign exchange contracts" to hedge the exchange rate risk arising from operations.
- "Currency swaps" to control the exchange rate risk of foreign currency denominated liabilities.

At the Group level, market risk exposures are measured by sensitivity analysis.

There has been no change in the Group's exposure to market risks or the method it uses to manage and measure such risks.

(f) Currency risk management

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its consolidated financial position and cash flows. The Group manages this currency risk by using the foreign exchange derivative contracts.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

As 31 December 2021 and 31 December 2020, details of foreign currency denominated assets and liabilities are as follows:

31 December 2021 ^(*)	USD (000)	Avro (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	TL Equivalent
Banks	15.645	15.014	4	180	27.004	5	429.853
Finance lease receivables	109.945	447.439	-	-	-	-	7.996.240
Factoring receivables ^(*)	76.142	48.294	-	2.096	-	-	1.781.136
Advances given for lease transactions	12.581	34.202	-	867	18.400	-	682.632
Leasing contracts in progress	10.502	15.664	-	-	-	-	366.273
Other receivables from leasing transactions	174	624	-	-	-	-	11.418
Other assets	34	127	-	30	-	-	2.903
Total assets ^(**)	225.023	561.364	4	3.173	45.404	5	11.270.455
Funds borrowed ^(*)	(187.525)	(496.208)	-	(2.119)	-	-	(9.802.337)
Lease Obligations							-
Other provisions	(10)	(704)	-	-	-	-	(10.461)
Other Liabilities	(13.275)	(47.618)	-	(51)	-	-	(872.566)
Total liabilities ^(**)	(200.810)	(544.530)	-	(2.170)	-	-	(10.685.364)
Balance sheet position	24.213	16.834	4	1.003	45.404	-	585.091
Off balance sheet position	(10.344)	(10.263)	-	-	-	-	(284.923)
Net foreign currency position	13.869	6.571	4	1.003	45.404	5	300.168

^(*) As at 31 December 2021, foreign currency indexed borrowings amounting to EUR 818 (Total: TL 23.091) are presented in TL column in the accompanying consolidated statement of financial position.

^(**) As at 31 December 2021, derivative financial assets amounting to TL 84.615 are not included.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

31 December 2020 ^(*)	USD (000)	Avro (000)	CHF (000)	GBP (000)	JPY (000)	AUD (000)	TL Equivalent
Banks	10.950	31.073	1	489	26	-	365.156
Finance lease receivables	120.620	416.587	468	-	-	-	4.641.860
Factoring receivables ^(*)	41.538	88.469	-	4.471	-	-	1.146.285
Advances given for lease transactions	6.733	15.233	12	126	-	-	187.996
Leasing contracts in progress	357	3.773	-	-	-	-	36.605
Other receivables from leasing transactions	112	570	-	-	-	-	5.957
Other assets	21	59	-	-	-	-	688
Total assets ^(**)	180.331	555.764	481	5.086	26	-	6.384.547
Funds borrowed ^(*)	(153.856)	(516.000)	-	(4.620)	-	-	(5.823.394)
Lease Obligations	-	(13)	-	-	-	-	(115)
Other provisions	(2)	(709)	-	(1)	-	-	(6.412)
Other Liabilities	(12.986)	(26.303)	(2)	(84)	(115)	-	(333.123)
Total liabilities ^(**)	(166.844)	(543.025)	(2)	(4.705)	(115)	-	(6.163.044)
Balance sheet position	13.487	12.739	479	381	(89)	-	221.503
Off balance sheet position	(18.000)	(4.603)	(431)	-	-	-	(177.162)
Net foreign currency position	(4.513)	8.136	48	381	(89)	-	44.341

^(*) As at 31 December 2020, foreign currency indexed borrowings amounting to EUR 3.637 (Total: TL 50.140) are presented in TL column in the accompanying consolidated statement of financial position.

^(**) As at 31 December 2021, derivative liabilities amounting to TL 5.915 and derivative financial assets amounting to TL 6.098 are not included.

Foreign currency sensitivity

The Group is mainly exposed to USD and EUR exchange rate risks.

The table below indicates the sensitivity of the Group to USD and Euro when there is a 15% of change in such exchange rates. The Group uses 15% of rate change when it reports its foreign currency risk to the top management and this rate represents the top management's expectation on the exchange rate fluctuations. Sensitivity analysis made in relation to the Group's exposure to foreign currency at the reporting period is determined based on the fluctuations at the beginning of the fiscal year and the analysis are fixed during the reporting period. Positive amount refers to an increase in the net profit.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit/(Loss)		Equity ^(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2021				
15% change of the USD against TL				
1- Net USD asset/liability	47.134	(47.134)	47.134	(47.134)
2- Hedged portion of TL against USD risk (-)	(20.136)	20.136	(20.136)	20.136
3- Net effect of USD (1+ 2)	26.998	(26.998)	26.998	(26.998)
15% change of the Euro against TL				
4- Net Euro asset/liability	37.074	(37.074)	37.074	(37.074)
5- Hedged portion of TL against Euro risk (-)	(22.603)	22.603	(22.603)	22.603
6- Net effect of Euro (4+5)	14.471	(14.471)	14.471	(14.471)
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	3.400	(3.400)	3.400	(3.400)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	3.400	(3.400)	3.400	(3.400)
TOTAL (3+6+9)	44.869	(44.869)	44.869	(44.869)

^(*) Includes profit/loss effect.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Foreign currency sensitivity (Continued)

	Profit/(Loss)		Equity ^(*)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
31 December 2020				
15% change of the USD against TL				
1- Net USD asset/liability	14.850	(14.850)	14.850	(14.850)
2- Hedged portion of TL against USD risk (-)	(19.819)	19.819	(19.819)	19.819
3- Net effect of USD (1+ 2)	(4.969)	4.969	(4.969)	4.969
15% change of the Euro against TL				
4- Net Euro asset/liability	17.213	(17.213)	17.213	(17.213)
5- Hedged portion of TL against Euro risk (-)	(6.220)	6.220	(6.220)	6.220
6- Net effect of Euro (4+5)	10.993	(10.993)	10.993	(10.993)
15% change of other foreign currencies against TL				
7- Net other foreign currencies asset/liability	627	(627)	627	(627)
8- Hedged portion of TL against other currencies risk (-)	-	-	-	-
9- Net effect of other foreign currencies (7+8)	627	(627)	627	(627)
TOTAL (3+6+9)	6.651	(6.651)	6.651	(6.651)

^(*) Includes profit/loss effect.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(f) Currency risk management (Continued)

Forward foreign exchange contracts and currency swaps

The Group uses forward foreign exchange contracts and currency swaps to cover the risks of receipts and payments, expected sales and purchases in a certain foreign currency.

(g) Interest rate risk management

The Group is exposed to interest rate risk as the Group borrows funds at both fixed and variable rates. Such risk is managed by making a proper classification between fixed and variable rate liabilities.

Interest rate sensitivity

The interest rate sensitivity analysis below is based on the Group's exposure to interest rate risk at the reporting date and estimated interest rate fluctuations at the beginning of the fiscal year, and is fixed during the reporting period. The Group management makes its sensitivity analysis based on a 100 base point interest rate fluctuation scenario. This rate is also used in reporting to the top management.

As at 30 September 2021 and 31 December 2020, the interest rate profile of the Group's interest-bearing financial instruments is as follows:

	31 December 2021	31 December 2020
Fixed rate instruments		
Financial assets:		
Cash and Cash Equivalents	214.383	344.213
Finance lease receivables	11.341.481	7.136.244
Other Finance Lease Receivables	-	-
Factoring receivables	5.760.867	3.598.443
Financial liabilities:		
Funds borrowed	12.226.797	7.534.456
Debt securities issued	1.658.151	1.146.096
Variable rate instruments		
Financial assets:		
Finance lease receivables	51.322	15.725
Factoring receivables	891.657	821.414
Financial liabilities:		
Borrowings	3.142.503	1.873.052

If interest rates were 100 base points higher at the reporting date and all other variables were fixed:

Interest income from finance leases with variable interest rates would be higher at an amount of TL 749 (31 December 2020: TL 163).

Interest income from factoring transactions with variable interest rates would be higher at an amount of TL 8.794 (31 December 2020: TL 4.231).

Interest expense on funds borrowed with variable interest rates would be higher at an amount of TL 29.959 (31 December 2020: TL 12.537).

(h) Other price risks

The Group is exposed to equity securities price risks because of equity investments. Equity securities are held especially for strategic purposes rather than trading purposes. These investments are not traded by the Group.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(h) Other price risks (Continued)

Equity price sensitivity

Sensitivity analysis below is determined based on the equity share price risks exposed as at the reporting date.

Equity price risk is the risk that the fair values of equities decrease as a result of the changes in the levels of equity indices and the value of individual stocks.

If data used in the valuation method were 15% higher/lower and all other variables were fixed:

The effect on equity (without tax effects) as a result of change in the fair value of equity instruments quoted to Borsa İstanbul (Istanbul Stock Exchange) held as financial assets available for sale in the accompanying consolidated financial statements, due to a reasonably possible change in equity indices, with all other variables held constant, would be TL 27.908 (31 December 2020: TL 41.882).

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure to credit risks and credit ratings of its counterparties are monitored periodically. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee.

Finance lease receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Sectoral allocation of finance lease receivables is as follows:

	31 December 2021 (%)	31 December 2020 (%)
Construction	20,69	18,10
Textile	19,61	16,48
Metal industry	10,89	12,39
Mining	7,79	6,81
Transportation	7,41	9,85
Energy	4,15	5,33
Real Estate	3,99	4,45
Rubber, Plastic	3,63	3,99
Agriculture and forestry	3,58	2,32
Food and beverage	3,52	3,46
Forestry products and paper	2,48	2,61
Healthcare	2,00	3,02
Machinery and Equipment	1,86	1,33
Wholesale-Per.Tic.	1,56	1,45
Finance	1,54	1,90
Tourism	0,42	0,59
Other	4,88	5,92
	100,00	100,00

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2021, exposure to credit risk based on categories of financial instruments is as follows:

	Receivables				Cash and Cash Equivalents	Financial Assets at Fair value through profit/ loss	Financial Assets at Fair Value Through Other Comprehensive Income ^(***)	Derivative Financial Assets
	Finance Lease Receivables		Factoring Receivables					
	Related party	Third party	Related party	Third party				
31 December 2021								
Exposure to maximum credit risk as at reporting date ^(*)	11.220	11.381.583	8.209	6.644.315	-	4.357.315	404.862	6.671.999
- The portion of maximum risk covered by guarantee	-	705.691	-	1.338.117	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	11.220	10.808.384	8.209	6.420.449	-	4.357.315	404.862	6.671.999
- The portion covered by guarantee	-	585.203	-	1.337.950	-	-	-	-
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	341	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	553.341	-	167	-	-	-	-
- The portion covered by guarantee	-	115.530	-	167	-	-	-	-
D. Net carrying value of impaired assets	-	19.858	-	223.358	-	-	-	-
- Overdue (gross book value)	-	392.738	-	223.358	-	-	-	-
- Impairment (-)	-	(482.274)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) ^(**)	-	4.958	-	-	-	-	-	-
- Not past due (gross book value)	-	189.409	-	-	-	-	-	-
- Impairment (-)	-	(80.015)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) ^(**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks								

^(*) Guarantees received are not taken into account in the calculation

^(**) Includes collaterals for the assets impaired but not overdue.

^(***) Equity securities are not included in the table as they don't have market risk.

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As at 31 December 2021

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

38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

As at 31 December 2020 exposure to credit risk based on categories of financial instruments is as follows:

	Receivables				Cash and Cash Equivalents	Financial Assets at Fair value through profit/loss	Financial Assets at Fair Value Through Other Comprehensive Income ^(***)	Derivative Financial Assets
	Finance Lease Receivables		Factoring Receivables					
31 December 2020	Related party	Third party	Related party	Third party				
Exposure to maximum credit risk as at reporting date ^(*)	8.540	7.143.429	5.529	4.414.328	3.186	2.881.082	319.297	4.417.140
- The portion of maximum risk covered by guarantee	-	628.083	-	781.980	-	-	-	-
A. Net carrying value of financial assets which are neither impaired nor overdue	8.540	6.363.333	5.529	4.187.165	3.186	2.881.082	319.297	4.417.140
- The portion covered by guarantee	-	471.837	-	781.926	-	-		
B. Net carrying value of financial assets that are restricted, otherwise which will be regarded as overdue or impaired	-	-	-	60	-	-	-	-
C. Net carrying value of financial assets which are overdue but not impaired	-	790.114	-	54	-	-	-	-
- The portion covered by guarantee	-	150.412	-	54	-	-	-	-
D. Net carrying value of impaired assets	-	(10.018)	-	227.049	-	-	-	-
- Overdue (gross book value)	-	318.320	-	227.049	-	-	-	-
- Impairment (-)	-	(333.267)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc) ^(**)	-	5.834	-	-	-	-	-	-
- Not past due (gross book value)	-	5.368	-	-	-	-	-	-
- Impairment (-)	-	(439)	-	-	-	-	-	-
- Covered portion of net book value (with letter of guarantee etc.) ^(**)	-	-	-	-	-	-	-	-
E. Off balance sheet items with credit risks	-	-	-	-	-	-	-	-

(*) Guarantees received are not taken into account in the calculation.

(**) Includes collaterals for the assets impaired but not overdue.

(***) Equity securities are not included in the table as they don't have market risk.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(i) Credit risk management (Continued)

Collaterals obtained for finance lease receivables and factoring receivables including past dues and non-performing receivables are as follows:

	31 December 2021		31 December 2020	
	Nominal Değeri	Gerçeğe Uygun Değeri ^(*)	Nominal Değeri	Gerçeğe Uygun Değeri ^(*)
Sureties	165.842.699	15.714.973	98.019.666	9.988.918
Collaterals of factoring transaction	20.771.589	1.188.433	13.211.260	643.880
Mortgage	7.299.100	541.801	4.789.727	449.268
Share certificates	1.651.177	387.007	1.495.459	240.357
Pledged shares	1.615.035	-	868.065	-
Guaranties of factoring transaction	1.532.042	15.376	1.032.695	26.149
Pledged commercial	526.345	67.746	473.636	94.628
Sureties of credit guarantee fund	341.753	138.927	229.846	115.521
Pledged vehicles	259.620	125.669	140.141	33.058
Guarantors	88.419	-	80.724	-
Commercial receivable insurance	74.250	70.000	64.504	64.504
Collaterals given by vendors	32.444	-	18.351	-
Cash blockages	24.278	19.262	17.490	8.425
Ship mortgage	19.398	-	35.067	-
Funds bonds as collateral	8.728	958	6.627	1.584
Collaterals of leasing transaction	4.399	-	3.276	-
Letters of guarantee	1.900	1.252	30.367	6.102
Pledged machines	502	-	502	-
Pledged account	130	51	-	-
Pledged movable	-	-	66.276	-
	200.093.808	18.271.455	120.583.679	11.672.394

^(*) In determination of the fair value, lower of collateral amount or fair value up to the credit exposure amount has been taken into account.

(j) Liquidity risk management

The Group management formed liquidity risk management policy for the Group's short, medium and long term funding and liquidity management requirements. The Group manages its liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by constantly monitoring forecasts and actual cash flows and matching the maturity profile of financial assets and liabilities.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

Liquidity risk table

The following table details the maturities of non-derivative financial assets and liabilities. The tables below have been drawn up based on the undiscounted contractual amounts of the financial assets and liabilities based on their maturities. Interest amounts to be collected and to be disbursed regarding the Group's assets and liabilities have also been included in the table below.

31 December 2021

Sözleşme Uyarınca Vadeler	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Assets:						
Banks	471.502	471.506	454.289	17.217	-	-
Financial Assets at Fair value through profit and Loss	-	-	-	-	-	-
Lease Receivables ^(*)	11.392.803	13.018.969	1.268.867	4.027.684	7.579.872	142.546
Factoring Receivables	6.652.524	6.931.989	5.135.858	1.780.638	15.493	-
Other Lease Receivables	31.459	31.459	31.459	-	-	-
Total Assets	18.548.288	20.453.923	6.890.473	5.825.539	7.595.365	142.546

Non-derivative Financial Liabilities:

Funds Borrowed	15.369.300	15.809.389	8.050.717	4.378.613	3.380.059	-
Debt Securities Issued	1.658.151	1.697.020	1.647.020	50.000	-	-
Lease Obligations	2.907	3.313	674	1.580	1.059	-
Other Liabilities	1.009.168	1.009.168	965.218	43.901	49	-
Total Liabilities	18.039.526	18.518.890	10.663.629	4.474.094	3.381.167	-

31 December 2020

Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Assets:						
Banks	382.325	382.327	371.764	10.563	-	-
Financial Assets at Fair value through profit and Loss	3.186	3.186	3.186	-	-	-
Lease Receivables ^(*)	7.151.969	8.176.991	951.654	2.404.858	4.714.500	105.979
Factoring Receivables	4.419.857	4.539.338	3.475.768	1.045.567	18.003	-
Other Lease Receivables	20.434	20.434	20.434	-	-	-
Total Assets	11.977.771	13.122.276	4.822.806	3.460.988	4.732.503	105.979

Non-derivative Financial Liabilities:

Funds Borrowed	9.407.508	9.656.615	5.481.683	2.280.939	1.856.037	37.956
Debt Securities Issued	1.146.096	1.163.840	1.053.840	110.000	-	-
Lease Obligations	3.634	4.255	582	1.451	2.222	-
Other Liabilities	437.542	437.541	433.241	4.251	49	-
Total Liabilities	10.994.780	11.262.251	6.969.346	2.396.641	1.858.308	37.956

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

Liquidity risk table (Continued)

The following table details the maturities of derivative financial assets and liabilities as at 31 December 2021 and 31 December 2020.

31 December 2021 Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows from derivatives	-	227.459	-	227.459	-	-
Cash outflows from derivatives	(57.464)	284.923	-	284.923	-	-
31 December 2020 Contractual Maturities	Carrying Amount	Contractual Cash Flows (I+II+III+IV)	Less than 3 Months (I)	3-12 Months (II)	1-5 Years (III)	More than 5 Years (IV)
Cash inflows from derivatives	5.603	186.340	118.326	68.014	-	-
Cash outflows from derivatives	-	180.737	110.107	70.630	-	-

(k) Fair value of financial instruments

Except for the items below, the Group management estimates that the carrying amount of the financial assets and liabilities approximate to their fair value.

Fair value of the financial instruments is determined based on the reliable data provided from financial markets in Turkey. Fair value of other financial assets is determined by the benchmarking market value of a similar financial asset or by assumption methods which includes discounting future cash flows with current interest rates.

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

The table below refers to the comparison of carrying amounts and fair values of financial instruments:

31 December 2021	Financial assets and liabilities	Financial assets Measured at amortized cost	Loans and receivables	Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities Measured at amortized cost	Carrying amount	Fair value	Notes
Financial Assets								
Cash and Cash Equivalents	-	471.502	-	-	-	471.502	471.502	4
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	404.862	-	404.862	404.862	7
Derivative financial assets	-	-	-	-	-	-	-	6
Finance lease receivables and non-performing lease receivables	-	-	11.392.803	-	-	11.392.803	11.083.017	9
Factoring receivables and non-performing factoring receivables	-	-	6.652.524	-	-	6.652.524	6.652.524	8
Financial liabilities								
Derivative financial Liabilities	84.615	-	-	-	-	84.615	84.615	6
Other liabilities	-	-	-	-	1.009.168	1.009.168	1.009.168	17
Lease Payables	-	-	-	-	2.907	2.907	2.907	18
Funds borrowed	-	-	-	-	15.369.300	15.369.300	15.390.535	16
Debt securities issued	-	-	-	-	1.658.151	1.658.151	1.662.902	19

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(k) Fair value of financial instruments (Continued)

31 December 2020	Financial assets and liabilities	Financial assets Measured at amortized cost	Loans and receivables	Financial Assets at Fair Value Through Other Comprehensive Income	Financial liabilities Measured at amortized cost	Carrying amount	Fair value	Notes
Financial Assets								
Cash and Cash Equivalents	-	382.325	-	-	-	382.325	382.325	4
Financial Assets at Fair Value Through Profit or Loss	3.186	-	-	-	-	3.186	3.186	5
Financial Assets at Fair Value Through other comprehensive Income	-	-	-	319.297	-	319.297	319.297	7
Derivative financial assets	6.098	-	-	-	-	6.098	6.098	6
Finance lease receivables and non- performing lease receivables	-	-	7.151.969	-	-	7.151.969	7.096.693	9
Factoring receivables and non-performing factoring receivables	-	-	4.419.857	-	-	4.419.857	4.419.857	8
Financial liabilities								
Derivative financial Liabilities	5.915	-	-	-	-	5.915	5.915	6
Other liabilities	-	-	-	-	437.542	437.542	437.542	17
Lease Payables	-	-	-	-	3.634	3.634	3.634	18
Funds borrowed	-	-	-	-	9.407.508	9.407.508	9.373.845	16
Debt securities issued	-	-	-	-	1.146.096	1.146.096	1.147.837	19

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38. ADDITIONAL INFORMATION ON FINANCIAL INSTRUMENTS (Continued)

(I) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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 asset or liability that are not based on observable market data (unobservable inputs).

31 December 2021	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Derivative financial assets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	397.404	-	-	397.404
Total financial assets carried at fair value	397.404	-	-	397.404
Derivative financial liabilities	-	84.615	-	84.615
Total financial liabilities carried at fair value	-	84.615	-	84.615
31 December 2020	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	-	3.186	-	3.186
Derivative financial assets	-	6.098	-	6.098
Financial Assets at Fair Value Through Other Comprehensive Income	315.258	-	-	315.258
Total financial assets carried at fair value	315.258	9.284	-	324.542
Derivative financial liabilities	-	5.915	-	5.915
Total financial liabilities carried at fair value	-	5.915	-	5.915

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39. INFORMATION ON SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRMS

As at 31 December, The Group's independent audit fee is 210 TL (2020, 192 TL).

As at 31 December, The Group's tax audit fee is 119 TL (2020, 40 TL).

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